



BIAFO INDUSTRIES LIMITED

18TH ANNUAL REPORT 2006

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CORPORATE INFORMATION

Board of Directors

Executive Directors

M. Afzal Khan	Chairman
Khawaja Amanullah Askari	Chief Executive Officer
M. Salim	Director

Non Executive Directors

Abdul Maajid Qureshi	Director
S. M. Sibtain	Director
Maj. Gen (Rd.) S. Z. M. Askree	Director
M. Humayun Khan	Director
M. Zafar Iqbal	Director
M. Zafar Khan	Director
Adnan Aurangzeb	Director
Ms. Shirin Safdar	Director

Company Secretary

Khawaja Shaiq Tanveer

Audit Committee

M. Salim	Chairman
Abdul Maajid Qureshi	Member
Ms. Shirin Safdar	Member

Auditors

KPMG Taseer Hadi & Co. Chartered Accountants.

Bankers

Bank of Khyber	ABN-Ambro Bank
National Bank of Pakistan	Allied Bank of Pakistan
Habib Bank Limited	Union Bank Limited
Bank Alfalah Limited	

Registered Office / Share's Department

Biafo Industries Limited

Office No: 203-204, 2nd Floor, Muhammad Gulistan Khan House,
82-East, Fazal-UI-Haq Raod, Blue Area, Islamabad-Pakistan
Tel: + 92 51 2277358, + 92 51 2277359, Fax:+ 92 51 2274744
Website: www.biafo.com , e-mail: management@biafo.com, biafo@hotmail.com.

Factory

Biafo Industries Limited

Plot No: 70, Phase III, Industrial Estate, Hattar, District Haripur, N.W.F.P -Pakistan
Tel: + 92 995 617312, Fax:+ 92 995 617497
Website: www.biafo.com , e-mail: plant@biafo.com

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 18th Annual General Meeting of Biafo Industries Limited will be held on Monday 30th October 2006 at 11.30 a.m. at # 203,2nd Floor, M. Gulistan Khan House, 82-East Fazal-ul-Haq Road, Blue Area, Islamabad to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the 17TH Annual General Meeting held on October 27, 2005.
2. To receive and adopt the Audited Accounts of the Company for the year ended June 30, 2006 together with Auditors' report and Directors' report thereon.
3. To appoint Auditors for the year 2006-2007 and to fix their remuneration. Retiring Auditors M/s KPMG Taseer Hadi & Co. Chartered Accountants being eligible offer themselves for reappointment for the year 2006-2007.

SPECIAL BUSINESS

4. To consider and approve as ordinary resolution
"Resolved that the remuneration of each director (Other than a regularly paid Chief Executive and full time working Director) for each meeting of the Board and the Sub-Committee(s) of the Board that he/she attends shall be the amount fixed by the Board of Directors from time to time. Every Director (Excluding a regularly paid Chief Executive and a full time working Director) shall be entitled to be reimbursed his/her reasonable and proper traveling expenses."
5. To transact such other business as may be placed before the meeting with the permission of the Chairman.

By order of the Board

**Khawaja Shaiq Tanveer
Company Secretary**

Islamabad: October 05, 2006.

NOTES:

1. Share Transfer Books of the Company will remain closed from October 24, 2006 to October 30, 2006 both days inclusive.
2. A member entitled to attend and vote at the meeting shall be entitled to appoint another person, as his/her and proxy to attend demand or join in demanding a poll, speak and vote instead of his/her and a proxy so appointed shall have such rights, as attending, speaking and voting at the meeting as are available to a member. Proxies in order to be effective must be received at the registered office of the company not later than 48 hours

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1. before the meeting duly stamped, signed and witnessed. A proxy need not be a member of the Company.
3. CDC Shareholders or their proxies are required to bring with them their original National Identity cards or Passports along with the Participant's ID numbers and their Account Numbers at the time of attending the Annual General Meeting in order to authenticate their usual documents required for such purposes.
4. Shareholders are requested to promptly notify in writing to the Company of any change in their address.

STATEMENT U/S 160(1) OF THE COMPANIES ORDINANCE 1984

The company presently disburses Rs. 500/- as Directorship fee under the clause No.58 (a) of the Articles of Association which reads as follows:

Article 58(a): The ordinary remuneration of a Director, other than the regularly paid Chief Executive and full time working Directors, shall not exceed rupees five hundred per meeting of the Board of Directors or a Committee of such Board attended by him.

Considering that there has been a substantial increase in the scope of work and the contribution of Directors towards fulfilling their responsibilities in conformance with the Code of Corporate Governance and the Companies Ordinance 1984, the Board of Directors in their meeting held on October 05, 2006 had approved that the clause 58(a) of Articles of Association shall be amended as

“The remuneration of each director (Other than a regularly paid Chief Executive and full time working Director) for each meeting of the Board and the Sub-Committee(s) of the Board that he/she attends shall be the amount fixed by the Board of Directors from time to time. Every Director (Excluding a regularly paid Chief Executive and a full time working Director) shall be entitled to be reimbursed his/her reasonable and proper traveling expenses.”

DIRECTORS' REPORT

Your Directors are pleased to present the 18th Annual Report of the company for the year ended June 2006.

During the year under review the company faced the loss of its respected Director Lt.Gen. (R) G. S Butt. His valuable service and guidance since the inception of the company are greatly appreciated. The casual vacancy was filled by Mr. M. Zafar Iqbal who brings with him a wealth of experience to your Board.

FINANCIAL RESULTS:

This year has been a milestone in the history of the company insofar as this year the company as wiped out all its accumulated losses and created a surplus profit to carry forward thereby strengthening its balance sheet. The company has achieved its highest net sales of Rs. 307.58 M which was an increase of 42.9% over the previous year. Profit for the year rose 111.2% to Rs. 70.44 M (despite increase in depreciation charge of Rs.11.76 M). Profit after taxation of Rs. 71.567 M rose by 126.27% resulting in the earning per share (EPS) rising to Rs. 3.58 as compared to Rs. 1.58 in the previous financial year.

Sales increased in all sectors including cement, construction and mining, large projects, agency business and exports to Saindak and Duddar Lead & Zinc projects.

Your management efforts in maintaining controls on cost continue, despite pressure of price increases.

Due to increased sales and better cash flow management the company was able to substantially reduce its financial liabilities, the major impact of which will be reflected in the following year's figures. All debt obligations were met on a timely basis.

PRODUCTION:

Details of production are covered in Note 35. Production increased by 28.6% in explosives 9.36% in Detonating Cord and 81% in Electric Detonators over previous period. The company has been giving greater resources and focus to maintain reliability of production equipment and personnel. Training of personnel is being upgraded through contract with National Productivity Organization. Increase in production capability by de-blocking and streamlining of process flows has given the management the confidence of more than doubling production to meet future demand increase.

FUTURE PROSPECTS:

Continuity of economic policy and the focus on development & improvement of infrastructure will generate investment in Hydel Projects, Mining and Oil & Gas Exploration and Road & Building Construction which will positively impact demand for explosive and accessories in the coming period.

DEPRECIATION:

Your Board has decided to raise depreciation charged on Plant and Machinery to 10% on straight line basis and we feel these rates represent a realistic future useful life of the Plant.

DIVIDEND:

Your Board considers it prudent to declare a NIL Dividend for the year under review, as the Company needs to strengthen its Balance Sheet after many years of adverse results. Therefore NIL Dividend has been declared for the financial period under review.

CODE OF CORPORATE GOVERNANCE:

We are pleased to report that the company has taken necessary measures to comply with the provision of the code of Corporate Governance as incorporated in listing regulations of the Stock Exchanges.

The Board regularly reviews the company's strategic direction. Business plans and targets are set by the Chairman/Chief Executive & are reviewed by the Board. The Board is committed to maintain a high standard of good corporate governance. The company is in the process of implementing the provisions set out by Securities & Exchange Commission of Pakistan (SECP) and the accordingly amended listing rules by Stock Exchanges.

As required by the Code of Corporate Governance, your directors are pleased to report that:

- Financial statement prepared by the management of the company, present fairly its state of affairs, the results of its operations, cash flow & changes in equity.
- Proper books of account of the company have been maintained.
- Accounting policies have been consistently applied in preparation of financial statements and accounting estimates, except for those disclosed in the accounts & accounting estimates are based on reasonable & prudent judgment.
- International accounting standards as applicable in Pakistan have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- The system of internal controls is sound and has been effectively implemented and monitored.
- There is no significant doubt about the company's ability to continue as a going concern
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as on June 30, 2006 except for those stated in the financial statements.

- o No trades in the shares of the listed company were carried out by the directors, CEO, CFO, Company Secretary and their spouses and minor children.
- o A statement as to the value of investment of Provident Fund as on June 30, 2006 is Rs. 2,358,155/-.

A total of 5 meetings of the Board of Directors were held during year (July 05 to June 06). The attendance by each Director is given as follows:

<u>NAME ATTENDED</u>		<u>NO. OF MEETINGS</u>
Mr. M. Afzal Khan	Chairman	5
Mr. Khawaja Amanullah Askari	Managing Director	5
Mr. M. Maajid Qureshi	Director	3
Mr. S. M. Sibtain	Director	2
Lt. Gen (Rtd) G. S. Butt	Director	4
Mr. M. Salim	Director	4
Ms. Shirin Safdar	Director	2
Maj. Gen (Rtd) S.Z.M. Askree	Director	5
M. Zafar Khan	Director	4
M. Humayun Khan	Director	4
Mr. Adnan Aurangzeb	Director	4

Leave of absence is granted in all cases to the Directors.

AUDITORS:

The present auditors M/s KPMG Taseer Hadi & Company, Chartered Accountants retire and being eligible offer themselves for reappointment.

ACKNOWLEDGEMENT;

Your Board would like to take this opportunity to express its special appreciation to all the employees of the company without whose continued commitment and hard work the challenges of new opportunities could not be achieved. We also acknowledge the support and cooperation of our major share holder, customers, suppliers and our Bankers specially Habib Bank Ltd, Bank of Khyber, ABN AMRO, National Bank of Pakistan, Union Bank Ltd. and Bank Alfalah Limited.

PATTERN OF SHARE HOLDING

Pattern of share holding is enclosed.

On Behalf of Board

Islamabad
5th. October, 2006

Khawaja Amanullah Askari
Chief Executive

Stakeholders Information

		2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00	1998-99	1997-98	1996-97	1995-96	1994-95
<u>Investor Information</u>													
Paid up Capital	Rs. In '000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	140,000	140,000	140,000	140,000
Shareholder Equity	Rs. In '000	295,388	223,821	172,653	149,350	185,859	181,762	188,654	193,293	55,633	99,041	127,971	88,063
Accumulated Profit / (Loss)	Rs. In '000	14,354	(62,547)	(88,689)	(113,766)	(114,482)	(114,709)	(107,871)	(223,906)	(180,837)	(137,430)	(108,499)	(51,936)
Net Sales	Rs. In '000	307,582	215,236	182,533	99,499	92,911	85,212	78,830	68,374	67,632	56,193	67,546	29,202
Gross Profit / (Loss)	Rs. In '000	97,847	60,914	56,125	23,320	26,527	19,286	17,667	2,959	1,995	4,489	2,538	(12,905)
Profit / (Loss) for the year	Rs. In '000	70,443	33,343	24,792	(557)	239	(6,892)	116,090	(43,069)	(43,407)	(28,930)	(56,563)	(51,936)
Profit / (Loss) after taxation	Rs. In '000	71,568	31,629	23,303	(0.534)	0.228	(6,892)	(4,639)	(43,069)	(43,407)	(28,931)	(56,563)	(51,936)
Fixed Assets	Rs. In '000	281,216	301,640	282,299	292,351	297,351	307,444	312,766	317,025	333,320	350,563	368,750	284,089
<u>Performance Results</u>													
Earning Per Share	Rs. 10/Share	3.58	1.58	1.17	(0.03)	0.01	(0.34)	(0.23)	(2.15)	(3.10)	(2.07)	(4.04)	(3.71)
Break-up Value	Rs. 10/Share	14.77	11.19	8.63	7.47	9.29	9.09	9.43	9.66	3.97	7.07	9.14	6.29
Return On Capital	%	35.78	15.81	11.65	(0.0003)	0.0001	(3.45)	(2.32)	(21.53)	(31.01)	(20.67)	(40.40)	(37.10)
Gross Profit to Share Holder Equity	%	33.12	27.22	32.51	15.61	14.27	10.61	9.36	1.53	3.59	4.53	1.98	(14.65)
Current Ratio	:	3.02	2.72	1.24	1.19	1.15	1.45	1.34	0.32	0.39	0.51	0.65	1.17
Fixed Asset Turnover Ratio	Times	1.09	0.71	0.65	0.34	0.31	0.28	0.25	0.22	0.20	0.16	0.18	0.10
Inventory Turnover Ratio	Times	9.96	9.84	7.78	4.97	5.59	5.80	5.21	5.07	5.56	4.15	4.03	2.32
Gross Profit Ratio	%	31.81	28.30	30.75	23.44	28.55	22.63	22.41	4.33	2.95	7.99	3.76	(44.19)
Net Profit Ratio	%	23.27	14.70	12.77	(0.001)	0.000	(8.09)	(5.88)	(62.99)	(64.18)	(51.49)	(83.74)	(177.85)

STATEMENT OF COMPLIANCE

WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance contained in the Listing Regulations of the Karachi, Lahore and Islamabad stock exchanges for the purpose of establishing a framework of good corporate governance, whereby, a listed company is managed in compliance with best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:-

1. The Company encourages representation of independent non-executive directors on its Board of Directors. At present the Board includes 08 independent non-executive directors out of total strength of 11 members.
2. The directors have confirmed that none of them is serving as a director in ten or more listed companies including this company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or being a member of stock exchange has been declared as a defaulter by that stock exchange.
4. All the casual vacancies occurred in the Board were filled up by the directors within 30 days thereof.
5. The Board has prepared "Statement of Ethics and Business Practices" which has been signed by all the Directors and employees of the Company.
6. The Board has formulated and adopted vision and mission statement.
7. All the powers of the Board have been duly exercised and decision on material transactions including appointment and determination of remuneration and terms and conditions of employment of the CEO and other Executive directors have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board Meetings, along with agenda and working papers were circulated at least seven days before the meetings. The minutes of the meeting were appropriately recorded and circulated within thirty days of the respective meeting.

9. All the Directors on the Board are fully conversant with their duties and responsibilities as Director of corporate bodies. It has accordingly not been felt necessary to put them through any orientation.
10. No new appointments of CEO, CFO, and Company Secretary have been made during the year. Internal Auditors have been appointed by the CEO as per recommendation of the Board.
11. The Directors' report for this year has been prepared in compliance with requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the company were duly endorsed by CEO and CFO before the approval of the Board.
13. The Directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
14. The company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an audit committee. It comprises 04 members, out of which 03 members are non-executive directors including the Chairman of the committee.
16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has outsourced the internal audit function to Riasat Khan & Co who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company and they are involved in the internal audit function..
18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.

19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulation and the auditors have confirmed that they have observed IFAC guidelines in this regard.

20. We confirm that all other material principles contained in the Code of Corporate Governance have been complied with.



M. AFZAL KHAN
Chairman

ISLAMABAD:
October 05, 2006

REVIEW REPORT TO THE MEMBERS

ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

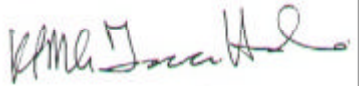
We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of Biafo Industries Limited ("the Company") to comply with the Listing Regulations of the Stock Exchanges where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance.

ISLAMABAD
October 05,2006


KPMG TASEER HADI & CO.
CHARTERED ACCOUNTANTS

AUDITORS' REPORT

TO THE MEMBERS

We have audited the annexed balance sheet of Biafo Industries Limited ("the Company") as at 30 June 2006 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.


We conduct our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:-

- (a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;

- (b) in our opinion-
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

- (a) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2006 and of the profit, its cash flows and changes in equity for the year then ended; and
- (b) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

ISLAMABAD
October 05,2006



KPMG TASEER HADI & CO.
CHARTERED ACCOUNTANTS

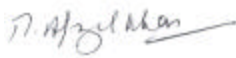
BIAFO INDUSTRIES LIMITED
BALANCE SHEET AS AT 30 JUNE 2006

	NOTE	2006 Rupees	2005 Rupees
NON CURRENT ASSETS			
PROPERTY, PLANT AND EQUIPMENT	4	281,215,991	301,639,723
LONG TERM DEPOSITS	5	544,749	544,749
		<u>281,760,740</u>	<u>302,184,472</u>
CURRENT ASSETS			
Stores, spares and loose tools	6	5,341,982	5,423,111
Stock in trade	7	30,869,364	21,877,076
Trade debts	8	44,689,777	36,103,117
Advances	9	3,052,467	2,961,146
Trade deposits and short term prepayments	10	893,219	910,706
Income tax - net		9,428,490	4,583,532
Other receivables	11	241,707	127,500
Cash and bank balances	12	7,733,204	5,185,854
		<u>102,250,210</u>	<u>77,172,042</u>
CURRENT LIABILITIES			
Trade and other payables	13	27,569,162	17,702,102
Accrued markup	14	384,875	1,384,331
Short term borrowings	15	5,923,568	9,270,952
Current portion of:			
Long term financing	16	7,861,653	10,359,038
Liabilities against assets subject to finance lease	17	890,329	637,396
		<u>42,629,587</u>	<u>39,353,819</u>
NET CURRENT ASSETS		59,620,623	37,818,223
NON CURRENT LIABILITIES			
LONG TERM FINANCING	16	17,051,398	81,584,559
LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE	17	1,971,455	2,117,851
PROVISION FOR STAFF RETIREMENT BENEFITS	18	329,836	1,192,375
DEFERRED TAXATION	19	26,639,878	31,286,987
		<u>45,992,567</u>	<u>116,181,772</u>
		<u>295,388,796</u>	<u>223,820,923</u>
CONTINGENCIES AND COMMITMENTS			
	20		
REPRESENTED BY:			
SHARE CAPITAL AND RESERVES			
Share capital	21	200,000,000	200,000,000
Unappropriated profit/(accumulated loss)		14,354,696	(62,547,599)
		<u>214,354,696</u>	<u>137,452,401</u>
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT -net of tax			
	22	81,034,100	86,368,522
		<u>295,388,796</u>	<u>223,820,923</u>

These financial statements were authorized for issue by the Board of Directors in their meeting held on 05 October 2006.

The annexed notes 1 to 36 form an integral part of these financial statements.

Islamabad
October 05, 2006


Director

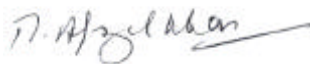

Chief Executive

**BIAFO INDUSTRIES LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2006**

	NOTE	2006 Rupees	2005 Rupees
GROSS SALES	23	400,141,682	282,560,760
Less: Sales tax		31,793,976	22,718,498
Discounts		<u>60,766,102</u>	<u>44,605,927</u>
NET SALES		307,581,604	215,236,335
Less: Cost of sales	24	<u>209,734,023</u>	<u>154,322,363</u>
GROSS PROFIT		97,847,581	60,913,972
Selling and distribution expenses	25	(7,482,920)	(7,341,082)
Administrative expenses	26	<u>(11,112,652)</u>	<u>(9,847,606)</u>
		79,252,009	43,725,284
Finance cost	27	(9,103,950)	(10,293,556)
Other operating income / (loss)	28	<u>294,850</u>	<u>(88,111)</u>
PROFIT FOR THE YEAR		70,442,909	33,343,617
Workers' profit participation fund	13.2	<u>(3,522,145)</u>	<u>(1,667,181)</u>
PROFIT BEFORE TAXATION		66,920,764	31,676,436
Taxation	29		
Current		-	(1,400,488)
Deferred		<u>4,647,109</u>	<u>1,353,055</u>
		<u>4,647,109</u>	<u>(47,433)</u>
PROFIT AFTER TAXATION		<u><u>71,567,873</u></u>	<u><u>31,629,003</u></u>
EARNINGS PER SHARE - BASIC AND DILUTED	30	<u><u>3.58</u></u>	<u><u>1.58</u></u>

The annexed notes 1 to 36 form an integral part of these financial statements.

Islamabad
October 05, 2006



Director



Chief Executive

BIAFO INDUSTRIES LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2006

	NOTE	2006 Rupees	2005 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		66,920,764	31,676,436
Adjustments for:			
Depreciation		25,020,313	13,259,754
Finance cost		9,103,950	10,293,556
Provision for workers profit participation fund		3,522,145	1,667,181
Provision for doubtful debts and advances		-	60,348
Bad debts written off		79,174	-
Provision for staff retirement benefits		35,836	489,907
Loss/(gain) on sale of fixed assets		(242,524)	88,280
		<u>37,518,894</u>	<u>25,859,026</u>
Operating profit before working capital changes		104,439,658	57,535,462
Working capital changes			
Decrease in store, spares and loose tools		81,129	431,183
(Increase) / decrease in stock in trade		(8,992,288)	1,572,618
Increase in trade debts		(8,665,834)	(2,470,424)
(Increase) / decrease in advances, deposits, prepayments and other receivables		(188,041)	(1,841,860)
(Decrease)/ increase in trade, other payables and accrued liabilities		6,385,902	(6,349,616)
		<u>(11,379,132)</u>	<u>(8,658,099)</u>
Cash generated from operations		93,060,526	48,877,363
Finance cost paid		(10,103,406)	(9,476,453)
Retirement benefits paid		(898,375)	(2,190,823)
Taxes paid		(4,844,958)	(596,418)
		<u>(15,846,739)</u>	<u>(12,263,694)</u>
Net cash from operating activities		77,213,787	36,613,669
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(4,093,947)	(1,476,430)
Proceeds from disposal of property, plant and equipment		1,048,890	850,000
Long term deposits		-	13,700
Net cash used in investing activities		(3,045,057)	(612,730)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of finance lease liabilities		(1,202,464)	(1,740,698)
Payment of loans from directors and shareholders		(9,386,963)	-
Payment of loans from financial institutions		(57,643,583)	(10,614,239)
Dividend paid		(40,986)	(7,886,375)
Net cash used in financing activities		(68,273,996)	(20,241,312)
NET INCREASE IN CASH AND CASH EQUIVALENTS		5,894,734	15,759,627
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		(4,085,098)	(19,844,725)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	31	<u>1,809,636</u>	<u>(4,085,098)</u>

The annexed notes 1 to 36 form an integral part of these financial statements.

Islamabad
October 05, 2006



Director



Chief Executive

BIAFO INDUSTRIES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2006

	Issued, subscribed and paid up capital	Unappropriated profit/(accumula ted loss)	Total
	Rupees	Rupees	Rupees
Balance as at 01 July 2004	200,000,000	(88,689,418)	111,310,582
Net profit for the year	-	31,629,003	31,629,003
Incremental depreciation on surplus on revaluation of property, plant and equipment during the year - net of deferred tax	-	2,512,816	2,512,816
Final dividend for the year ended 30 June 2004 @ Rs. 0.40 per share	-	(8,000,000)	(8,000,000)
Balance as at 01 July 2005	200,000,000	(62,547,599)	137,452,401
Net profit for the year	-	71,567,873	71,567,873
Incremental depreciation on surplus on revaluation of property, plant and equipment during the year - net of deferred tax	-	5,334,422	5,334,422
Balance as at 30 June 2006	<u>200,000,000</u>	<u>14,354,696</u>	<u>214,354,696</u>

The annexed notes 1 to 36 form an integral part of these financial statements.

Islamabad
October 05, 2006



Director



Chief Executive

BIAFO INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

1. STATUS AND 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 has set up its industrial undertaking in Hattar Industrial Estate N.W.F.P. with its registered office in Islamabad, Pakistan.

2. STATEMENT OF COMPLIANCE AND SIGNIFICANT ESTIMATES

2.1 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984. Approved accounting standards comprise such International Accounting Standards as notified under the provisions of the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan differ from the requirements of these standards, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives take precedence.

2.2 SIGNIFICANT ESTIMATES

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgment about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised if the revision affect only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgment made by management in the application of approved accounting standards that have significant affect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the ensuing paragraphs.

2.2.1 Property, plant and equipment

The company reviews the useful lives of property, plant and equipment on regular basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipments with a corresponding affect on the depreciation charge and impairment. In addition, the company is carrying certain property, plant and equipments at revalued amounts determined by an independent valuer. Valuation is sensitive to changes in the underlying assumptions.

2.2.2 Taxation

The company takes into account the current income tax law and decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by the income tax department at the assessment stage and where the company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

2.3 NEW ACCOUNTING STANDARDS AND IFRIC INTERPRETATIONS THAT ARE NOT YET EFFECTIVE

The following standards, amendments and interpretations of approved accounting standards are effective for accounting periods beginning on or after 1 July 2006 and are not expected to have a significant effect on the Company's financial statements or not relevant to the Company:

IAS 1 (Amendment), Presentation of Financial Statements Capital Disclosures;
IAS 19 (Amendment), Employee Benefits contractual agreement between the multi employer plan and defined benefit plans
IAS 39 (Amendment), Cash Flow Hedge Accounting of Forecast Intergroup Transactions;
IAS 39 (Amendment), The Fair Value Option;
IAS 21 (Amendment), The Effects of Changes in Foreign Exchange Rates: net investment in foreign operation;
IFRIC 4 - Determining whether an Arrangement Contains a Lease;
IFRIC 5 - Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds;
IFRIC 6 - Liabilities arising from Participating in a specific market - Waste Electrical and Electronic Equipment; and
IFRIC 9 - Reassessment of Embedded Derivatives (1 June 2006)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Accounting convention

These financial statements have been prepared under the historical cost convention as modified by revaluation of certain property, plant and equipment .

BIAFO INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

3.2 Property, plant and equipment.

Owned

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any except for buildings and plant and machinery which are stated at revalued amounts less accumulated depreciation and land which is stated at revalued amount. Capital work in progress is stated at cost accumulated to the balance sheet date less impairment losses, if any. Surplus arising out of revaluation of property, plant and equipment is transferred to " Surplus on revaluation of Property, Plant and Equipment ".

Depreciation is charged to income applying the straight line method at rates specified in note 4.

Depreciation is charged from the date the asset is available for use up to the date of its retirement. Normal repairs are charged to income as and when incurred while major renewals and improvements are capitalized. Gain/ loss on disposal of property, plant and equipment is taken to the profit and loss account.

Revaluation surplus to the extent of excess depreciation charged on revalued property, plant and equipment is taken to unappropriated profit, net of deferred tax.

Leased

Assets under finance lease are stated at lower of the present value of minimum lease payments under the lease agreements and the fair value of assets less accumulated depreciation. Related obligations under the leases are accounted for as liabilities. Finance cost is calculated at the rate implicit in the leases and charged to income. Leased assets are depreciated over the useful economic life of the assets using the straight line method at the rates given in note 3 to the financial statements.

Change in accounting estimate

During the year the Company has revised its estimates regarding the useful lives of property, plant and equipment. Accordingly, the rate of depreciation on plant and machinery and office equipment has been charged as disclosed in note 4 to the financial statements. This change in accounting estimate has been accounted for prospectively under International Accounting Standard - 8 "Accounting Policies, Changes in Accounting Estimates and Errors". This change has resulted in increasing the depreciation charge for the year by Rs. 11.594 million with a corresponding decrease in carrying amount of property, plant and equipment and the profit for the year.

3.3 Revenue recognition

Revenue is recognized when right to ownership is transferred and there is probable flow of economic resources to the organization usually at the time of delivery of goods to the customers. Interest on bank deposits is recognized on a time proportion basis.

3.4 Stock in trade

These are principally stated at lower of cost and net realizable value. Cost is determined as follows:

Material in transit:	at material cost plus other charges paid thereon
Raw material:	at moving average cost
Work in process:	at material cost
Finished goods:	at average cost and related manufacturing expenses

Net realizable value signifies the estimated selling price in the ordinary course of business less net estimated cost of completion and selling expenses.

3.5 Stores spares and loose tools

These are valued at moving average costs less impairment loss, if any.

3.6 Taxation

Current:

Provision for taxation is based on taxable income at the current rates of taxes after taking into account tax credit and tax rebates realizable, if any.

Deferred:

Deferred tax is provided using balance sheet liability method providing for temporary differences between the carrying amounts of assets and liabilities for financial statements and the corresponding tax bases used in the computation of tax. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using the tax rates enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

BIAFO INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

3.7 Staff retirement benefits

Gratuity

The Company was operating an unfunded gratuity scheme for its workers under the existing labor laws. Provision was made in the financial statements to cover the obligation under the scheme based on one month's last drawn gross salary for each completed year of service. Effective 01 July 2004, the scheme was replaced by a provident fund scheme as mentioned below. All outstanding liability against gratuity scheme has been paid to employees of the company during the year.

Provident fund

The Company has established a recognized provident fund for the management employees. Effective 01 July 2004, the benefit is also available to workers of the company. Provision is made in the financial statements for the amount payable by the company to the fund in this regard. Monthly contribution is made to the fund equally by the company and the employees at the rate of 8.33% of the basic salary.

Compensated absences

The company provides for compensated absences of its employees on unavailed leaves.

3.8 Foreign currency transactions

Foreign currency transactions are translated in to Pak. Rupees using the exchange rates prevailing at the date of transaction. All monetary assets and liabilities in foreign currencies are translated in to Pak. Rupees at the rates of exchange prevailing at the balance sheet date. Foreign exchange gains and losses on translation are included in income currently.

3.9 Borrowing costs

All borrowing costs are charged to the profit and loss account.

3.10 Financial instruments

Financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instruments. The Company de-recognizes a financial asset or a portion of financial asset when, and only when, the company loses control of the contractual right that comprise the financial asset or portion of financial asset. While a financial liability or part of financial liability is de-recognized from the balance sheet when, and only when, it is extinguished i.e., when the obligation specified in the contract is discharged, cancelled or expired.

Financial assets mainly comprise long term deposits, trade debts, advances, other receivables, cash and bank balances. Financial liabilities are classified according to the substance of the contractual arrangements entered into. Significant financial liabilities are obligations under lease finance, long term loans, creditors, accrued and other liabilities.

All financial assets and liabilities are initially measured at fair value. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost, as the case may be.

3.11 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount reported in the balance sheet, if the Company has a legal enforceable right to set off the transactions and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.12 Trade and other payables

Liabilities for trade and other payables are carried at cost which is fair value of the consideration to be paid in the future for goods and services received.

3.13 Trade and other receivables

Trade and other receivable are stated at original invoice amount as reduced by appropriate provision for impairment. Known impaired receivables are written off, while receivables considered doubtful of recovery are fully provided for.

3.14 Provisions

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimates can be made of the amount of obligation.

3.15 Dividend appropriation

Dividends are recognized in the financial statements as liability in the period in which they are declared.

3.16 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand, cash with banks on current and deposit accounts and bank borrowings that are repayable on demand and form an integral part of the company's cash management.

3.17 Impairment

The carrying amounts of the Company's assets are analyzed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss if any. Impairment losses are recognized as expense in the profit and loss account

BIAFO INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED ON 30 JUNE 2006

4 PROPERTY, PLANT AND EQUIPMENT

	Leasehold land	Building on leasehold land	Plant and machinery	Fork lifter	Tools and equipment	Tube well	Office equipment	Furniture and fixtures	Electric appliances	Vehicles - owned	Vehicles - Leased	Total
(Amounts in Rupees)												
Cost												
Balance as at 01 July 2004	11,760,000	46,347,369	329,157,143	708,458	998,926	306,600	1,304,654	1,447,113	292,330	2,046,326	3,033,479	397,402,398
Surplus on revaluation	23,520,000	(18,793,260)	(97,986,420)	-	-	-	-	-	-	-	-	(93,259,680)
Additions during the year	-	301,741	573,169	-	-	-	433,699	68,196	99,625	-	2,360,000	3,836,430
Disposals	-	-	-	-	-	-	-	-	-	-	(1,027,905)	(1,027,905)
Adjustments	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 30 June 2005	35,280,000	27,855,850	231,743,892	708,458	998,926	306,600	1,738,353	1,515,309	391,955	2,046,326	4,365,574	306,951,243
Balance as at 01 July 2005	35,280,000	27,855,850	231,743,892	708,458	998,926	306,600	1,738,353	1,515,309	391,955	2,046,326	4,365,574	306,951,243
Surplus on revaluation	-	-	-	-	-	-	-	-	-	-	-	-
Additions during the year	-	-	2,067,400	-	-	-	331,543	26,900	59,570	64,125	2,853,409	5,402,947
Disposals	-	-	(60,270)	-	-	-	-	-	-	(1,733,826)	-	(1,794,096)
Adjustments	-	-	-	-	-	-	-	-	-	757,500	(757,500)	-
Balance as at 30 June 2006	35,280,000	27,855,850	233,751,022	708,458	998,926	306,600	2,069,896	1,542,209	451,525	1,134,125	6,461,483	310,560,094
Depreciation												
Balance as at 01 July 2004	-	18,144,518	92,221,284	529,744	596,031	201,015	904,529	825,182	129,605	998,607	552,772	115,103,287
Depreciation charge for the year	-	742,557	11,853,537	22,339	53,973	13,198	92,611	83,956	23,322	130,965	243,296	13,259,754
Release on revaluation	-	(18,887,075)	(104,074,821)	-	-	-	-	-	-	-	-	(122,961,896)
Disposals	-	-	-	-	-	-	-	-	-	-	(89,625)	(89,625)
Adjustments	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 30 June 2005	-	-	-	552,083	650,004	214,213	997,140	909,138	152,927	1,129,572	706,443	5,311,520
Balance as at 01 July 2005	-	-	-	552,083	650,004	214,213	997,140	909,138	152,927	1,129,572	706,443	5,311,520
Depreciation charge for the year	-	696,396	23,194,625	22,339	53,973	13,198	219,064	88,910	32,147	120,669	578,992	25,020,313
Release on revaluation	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	(715)	-	-	-	-	-	-	(987,015)	-	(987,730)
Adjustments	-	-	-	-	-	-	-	-	-	401,235	(401,235)	-
Balance as at 30 June 2006	-	696,396	23,193,910	574,422	703,977	227,411	1,216,204	998,048	185,074	664,461	884,200	29,344,103
Carrying amounts - 2005	35,280,000	27,855,850	231,743,892	156,375	348,922	92,387	741,213	606,171	239,028	916,754	3,659,131	301,639,723
Carrying amounts - 2006	35,280,000	27,159,454	210,557,112	134,036	294,949	79,189	853,692	544,161	266,451	469,664	5,577,283	281,215,991
Rates of depreciation - 2005	-	2.50%	5%	10%	10%	10%	10%	10%	10%	10%	10%	
Rates of depreciation - 2006	-	2.50%	10%	10%	10%	10%	10-33.33%	10%	10%	10%	10%	

4.1 Depreciation for the year has been allocated as under:

	2006 Rupees	2005 Rupees
Cost of sales	24,120,888	12,906,164
Administrative expenses	621,606	257,801
Selling and distribution costs	277,819	95,789
	25,020,313	13,259,754

4.2 As referred in note 22 to these financial statements, land, building and plant and machinery are carried at revalued amounts. Had there been no revaluation, related figures of revalued property, plant and equipment would have been as follows:

	2006 Rupees	2005 Rupees
Leasehold land	7,015,883	7,015,883
Building on leasehold land	36,514,038	38,058,825
Plant and machinery	126,612,118	146,916,406
	170,142,039	191,991,114

4.3 Land, building and plant and machinery of the Company were revalued on 30 June 2005 by an independent valuer Asrem (Private) Limited (formerly Resources & Assets Management International). Land and building were revalued on the market basis and plant and machinery under the depreciated replacement cost basis. The previous revaluation was carried out on 20 November 1996.

4.4 GAIN ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

Particular	Cost Rupees	Book value Rupees	Sale Price Rupees	Gain Rupees	Mode of disposal	Name and address
Honda City	757,500	328,985	328,985	-	Company's policy	Mr. Amanullah Askari, Chief Executive, Islamabad
Hyundai Santro	476,913	210,897	275,000	64,103	Company's policy	Mr. Tariq Majeed, Employee, Islamabad
Suzuki Bolan	433,913	178,194	355,100	176,906	Company's policy	Mr. Altaf, Employee, Islamabad
Honda CD-70 motorcycle	65,500	28,735	30,250	1,515	Company's policy	Mr. Naseer Ahmad, Employee, Islamabad
Compressor	60,270	59,555	59,555	-	Trade in	Ashraf Brothers, Rawalpindi
Total	1,794,096	806,366	1,048,890	242,524		

BIAFO INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

	2006	2005
	Rupees	Rupees
5. LONG TERM DEPOSITS		
These represent interest free deposits and are repayable on discontinuation of services:		
Pakistan Telecommunication Company Limited	414,400	414,400
Islamabad Electric Supply Company Limited	9,099	9,099
Sui Northern Gas Pipelines Limited	15,950	15,950
Central Depository Company (Guarantee) Limited	37,500	37,500
Others	67,800	67,800
	544,749	544,749
6. STORES, SPARES AND LOOSE TOOLS		
Stores	941,607	922,022
Spares	4,368,939	4,469,653
Loose tools	31,436	31,436
	5,341,982	5,423,111
7. STOCK IN TRADE		
Raw materials	25,172,497	16,105,652
Packing materials	979,265	808,153
Work in process	746,222	944,517
Finished goods	3,971,380	4,018,754
	30,869,364	21,877,076
8. TRADE DEBTS		
Considered good (8.1)	44,689,777	36,103,117
Considered doubtful	1,479,333	1,640,162
	46,169,110	37,743,279
Less: Provision for doubtful debts	1,640,162	1,640,162
Bad debts written off against provision	(160,829)	-
	1,479,333	1,640,162
	44,689,777	36,103,117
8.1 Trade debts include amounts due from an associated undertaking of Rs. Nil (2005: Rs. 128,449).		
	2006	2005
	Rupees	Rupees
9. ADVANCES		
Advances to suppliers (9.1)	2,389,013	2,515,799
Advances to employees	663,454	445,347
	3,052,467	2,961,146
9.1 Advances to suppliers		
Considered good	2,389,013	2,515,799
Considered doubtful	142,955	142,955
	2,531,968	2,658,754
Less: Provision for doubtful advances	(142,955)	(142,955)
	2,389,013	2,515,799
10. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS		
Trade deposits	376,544	376,544
Prepayments	516,675	534,162
	893,219	910,706

BIAFO INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

	2006	2005
	Rupees	Rupees
11. OTHER RECEIVABLES		
Considered good	241,707	127,500
Considered doubtful	11,918	11,918
	<u>253,625</u>	<u>139,418</u>
Less: Provision for doubtful receivables	11,918	11,918
	<u>241,707</u>	<u>127,500</u>
12. CASH AND BANK BALANCES		
Cash in hand	115,376	70,243
With banks on:		
Current accounts (12.1)	7,545,715	4,058,765
Deposit account (12.2)	72,113	1,056,846
	<u>7,617,828</u>	<u>5,115,611</u>
	<u>7,733,204</u>	<u>5,185,854</u>
12.1	This includes Rs. 5,769,092 (2005 : Rs. 3,454,533) in foreign currency accounts.	
12.2	These carry markup at the rate of 3-4% per annum (2005: 2-3% per annum).	
13. TRADE AND OTHER PAYABLES		
Creditors	9,554,963	8,212,238
Advances from customers (13.1)	615,326	669,144
Accrued liabilities	1,880,280	1,144,553
Usance letters of credit	8,144,890	2,138,602
Withholding tax payable	179,478	120,123
Sales tax	1,194,207	1,470,256
Insurance	1,950,478	1,803,028
Worker's profit participation fund (13.2)	3,522,145	1,667,181
Unclaimed dividend	72,637	113,624
Payable to employees retirement benefit fund	79,760	68,539
Others	374,998	294,814
	<u>27,569,162</u>	<u>17,702,102</u>
13.1	This include advance from an associated undertaking amounting to Rs.282,659 (2005: Rs. Nil).	
13.2	Workers' profit participation fund	
Opening balance	1,667,181	1,239,600
Allocation of profit	3,522,145	1,667,181
Interest for the year	-	85,474
	<u>5,189,326</u>	<u>2,992,255</u>
Payment during the year.	(1,667,181)	(1,325,074)
	<u>3,522,145</u>	<u>1,667,181</u>
14. ACCRUED MARKUP	2006	2005
	Rupees	Rupees
Accrued mark-up on		
Long term financing		
- Secured	319,621	1,130,537
- Unsecured	49,540	233,443
	<u>369,161</u>	<u>1,363,980</u>
Short term borrowings - secured	15,714	20,351
	<u>384,875</u>	<u>1,384,331</u>

BIAFO INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

	2006	2005
	Rupees	Rupees
15. SHORT TERM BORROWINGS - secured		
Bank of Khyber		
Running finance (15.1)	-	151,760
Export refinance (15.2)	2,506,940	4,035,400
	2,506,940	4,187,160
National Bank of Pakistan		
Running finance (15.3)	3,416,628	83,792
Export refinance/FE-25 (composite) facility (15.4)	-	5,000,000
	3,416,628	5,083,792
	5,923,568	9,270,952

15.1 The running finance facility has a sanctioned limit of Rs. 10 million (2005: Rs. 10 million) and carries mark up @ one year KIBOR plus 400 bps with floor of 14% per annum (2005: six months KIBOR plus 2% per annum) payable on quarterly basis.

15.2 The export refinance facility has a sanctioned limit of Rs. 20 million and carries mark up as per State Bank of Pakistan's prescribed rates.

The facilities mentioned in note 15.1 and 15.2 are secured as follows:

-First charge ranking pari passu with Habib Bank Limited on all existing & future assets of the company for Rs.14.130 million duly registered with the Securities and Exchange Commission of Pakistan (SECP).

- Second charge on all the existing and future assets of the company for Rs. 21.04 Million duly registered with SECP.

- First exclusive hypothecation charge on the stock of the company for Rs.29 Million, duly registered with SECP.

15.3 The running finance facility has a sanctioned limit of Rs. 15 million (2005: Rs. 15 million) and carries mark up @ 6 months KIBOR + 2% pa with floor of 8% (2005: 6 months KIBOR + 4.5% pa with floor of 7.5%) payable on quarterly basis. The facility is secured by way of pledge of stocks with 25% margin and lien on receivables for Rs. 22 million.

15.4 The export refinance/FE-25 (composite) facility has a sanctioned limit of Rs. 10 million (2005: Rs. 5 million) and carries mark up for export refinance as per State Bank of Pakistan's prescribed rates and for FE-25 at LIBOR plus 2% per annum. The facility is secured by way of pledge of stocks and spares with 25% margin and lien on receivables.

BIAFO INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

	2006	2005
	Rupees	Rupees
16. LONG TERM FINANCING		
These are made-up of:		
Loans from financial institutions - secured		
Habib Bank Limited (16.1)	17,051,398	32,370,984
ABN Amro Bank (16.2)	-	39,826,612
	17,051,398	72,197,596
Loans from directors and shareholders - unsecured (16.3)	-	9,386,963
Consultancy Charges - unsecured		
Balance Payable	-	3,278,000
Transferred to current maturity	-	(3,278,000)
	-	-
	17,051,398	81,584,559
16.1 Habib Bank Limited		
Opening Balance		
Demand Finance - I	30,523,457	40,081,927
Demand Finance - II	8,928,565	12,499,995
	39,452,022	52,581,922
Less:		
Repaid during the year	(14,538,971)	(13,129,900)
Transferred to current maturity	(7,861,653)	(7,081,038)
	(22,400,624)	(20,210,938)
	17,051,398	32,370,984

As a result of restructuring agreement with Habib Bank Limited dated August 26, 1999, the loan aggregating Rs. 300.729 million has been reclassified into Demand Finance - I and Demand Finance -II, amounting to Rs. 70 million and Rs. 25 million, respectively.

The marked up price of the above loans is Rs. 144.485 million, calculated on the basis of a mark up @ 14.235% per annum. The loan is repayable in sixteen half yearly installments commencing July 2000.

In case, default is made in payment of any two consecutive installments, subject to a three months' notice period, the bank is entitled to claim at once the entire outstanding balance including the rebate allowed amounting to Rs. 322.468 million.

These facilities are secured by way of :

- First prior charge (equitable mortgage) on all the present and future fixed assets of the Company
- First prior floating hypothecation charge on all the moveable and immoveable properties and assets of the Company
- Personal guarantees of sponsor directors.
- Pledge of shares (Sponsors: 3 million shares , Orient Trading Company Limited: 6 million shares)

16.2 ABN Amro Bank

This facility was prepaid during the year by the Company.

16.3 Loans from directors and shareholders - unsecured

These loans were repaid during the year by the Company.

BIAFO INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

17. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

These represent vehicles acquired under lease agreements with a leasing company. The liability represents total of minimum lease payments discounted at rates ranging between 10.5 % to 17.25 % per annum, being the effective rate of borrowing. The purchase option is available to the company on payment of lease installments and surrender of key deposit money under the lease agreements.

The amount of future payments and the period in which these payments will become due are as under:

	2006	2005
	Rupees	Rupees
Minimum lease payments		
Payable within one year	1,247,460	956,330
Payable after one year but not later than five years	2,343,650	2,600,290
	3,591,110	3,556,620
Less: Finance charge relating to future periods	729,326	801,373
Principal outstanding	2,861,784	2,755,247
Less: Current portion shown under current liabilities	890,329	637,396
	1,971,455	2,117,851

18. PROVISION FOR STAFF RETIREMENT BENEFITS

This comprises of:

Provision for gratuity

Obligation at beginning of the year	864,525	1,654,275
Charge for the year	33,850	109,550
Less: Benefits paid	898,375	899,300
Obligation at end of the year	-	864,525

Provision for compensated absences

Obligation at beginning of the year	327,850	1,239,016
Charge for the year	1,986	380,357
Less: Benefits paid	-	1,291,523
Obligation at end of the year	329,836	327,850
	329,836	1,192,375

19. DEFERRED TAXATION

The net balance of deferred tax is in respect of the following major temporary differences:

Accelerated depreciation	(27,306,672)	(28,851,123)
Unused tax losses	27,708,147	29,661,793
Obligation under finance lease	690,009	741,248
Retirement benefits	115,443	417,331
Provision for doubtful debts, advances and receivables	567,801	624,091
Surplus on revaluation of property, plant and equipment	(28,414,606)	(31,286,987)
	(26,639,878)	(28,693,647)
Less: Valuation reserve	-	2,593,340
	(26,639,878)	(31,286,987)

- 19.1** Valuation reserve has been reversed on the basis of management's assessment of projected taxable profits for the future years, arising due to improved market conditions, which are likely to prevail during the period of recovery of the asset.

BIAFO INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

20. CONTINGENCIES AND COMMITMENTS

20.1 Contingencies

20.1.1 Industrial Estate Hattar of Sarhad Development Authority (NWFP) has raised an additional demand of Rs. 6,203,400 against the Company relating to additional payment to be made to original owners of the land for which lease was signed and full payment was made in 1991. The Company has not acknowledged the claim and has filed an appeal against the demand before the Civil Judge, Haripur. The court has stayed the demand and the matter is pending adjudication. Management of the Company is confident of a favorable outcome of this case.

20.1.2 Federation of Pakistan has filed a petition in Supreme Court of Pakistan against the order of Lahore High Court regarding 2nd payment of refund of import license fee amounting to Rs. 1,569,809 which was refunded by export promotion bureau to the company in the light of that order. The matter is pending adjudication. Management of the company is confident of a favorable outcome of this case.

20.1.3 Refer note 29 for contingencies related to taxation.

20.2 Commitments

20.2.1 Outstanding letter of credit opened by a bank on behalf of the Company for the import of raw materials amounted to Rs.20.9 million (2005: Rs. 11.923 million) at the year end.

21. SHARE CAPITAL

21.1 Issued, subscribed and fully paid up capital

	2006	2005		2006	2005
	Numbers	Numbers		Rupees	Rupees
	14,000,000	14,000,000	Ordinary shares of Rs. 10 each issued for cash	140,000,000	140,000,000
	6,000,000	6,000,000	Ordinary shares of Rs. 10 each issued in lieu of restructuring arrangement with lender.	60,000,000	60,000,000
	<u>20,000,000</u>	<u>20,000,000</u>		<u>200,000,000</u>	<u>200,000,000</u>

21.1 Authorized share capital

This represents 25 million (2005: 25 million) ordinary shares of Rs. 10 each.

22. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT -net of tax

Opening Balance	117,655,509	121,521,380
Transferred to accumulated losses in respect of incremental depreciation charged during the year - net of deferred tax	(5,334,422)	(2,512,816)
Related deferred tax liability	(2,872,381)	(1,353,055)
	<u>(8,206,803)</u>	<u>(3,865,871)</u>
	109,448,706	117,655,509
Less: Provision for deferred taxation on depreciable surplus	(28,414,606)	(31,286,987)
	<u>81,034,100</u>	<u>86,368,522</u>

23. GROSS SALES

Local	300,546,942	218,147,144
Exports (23.1)	99,594,740	64,524,409
	<u>400,141,682</u>	<u>282,671,553</u>
Less: Sales return	-	110,793
	<u>400,141,682</u>	<u>282,560,760</u>

23.1 This represents sales made in Saindak and Dudder Export Processing Zones.

BIAFO INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

	2006	2005
	Rupees	Rupees
24. COST OF SALES		
Materials consumed (24.1)	147,286,816	111,109,563
Stores and spares consumed	1,920,153	3,338,596
Packing materials consumed	6,280,970	5,413,130
Fuel and power	4,536,511	3,756,126
Salaries, wages and other benefits (24.2)	12,807,793	10,561,261
Insurance	646,222	530,699
Repairs and maintenance	1,667,379	990,162
Other production expenses	10,221,622	7,999,183
Depreciation (3.1)	24,120,888	12,906,164
	<u>209,488,354</u>	<u>156,604,884</u>
Work in process :		
Opening	944,517	156,897
Closing	(746,222)	(944,517)
	<u>198,295</u>	<u>(787,620)</u>
Cost of goods manufactured	209,686,649	155,817,264
Finished goods:		
Opening	4,018,754	2,523,853
Closing	(3,971,380)	(4,018,754)
	<u>47,374</u>	<u>(1,494,901)</u>
	<u>209,734,023</u>	<u>154,322,363</u>
24.1 Materials consumed		
Opening stock	16,105,652	19,840,937
Add: Purchases	<u>156,353,661</u>	<u>107,374,278</u>
	172,459,313	127,215,215
Less: Closing stock	<u>25,172,497</u>	<u>16,105,652</u>
	<u>147,286,816</u>	<u>111,109,563</u>
24.2 This includes Rs. 321,053 (2005: Rs. 297,778) charged on account of defined contribution plan.		
25. SELLING AND DISTRIBUTION COSTS		
Salaries, wages and other benefits (25.1)	3,442,098	3,039,231
Staff traveling and conveyance	871,117	579,946
Transportation charges	655,372	976,135
Telephone, telex and postage	63,956	36,932
Entertainment	6,552	14,515
Printing and stationary	49,744	23,144
Vehicle running and maintenance	559,022	484,337
Insurance	466,675	142,289
Provision for doubtful debts and advances	-	48,429
Bad debts written off	79,174	132,368
Storage site development expenditure	-	962,306
Other charges	1,011,391	805,661
Depreciation (4.1)	277,819	95,789
	<u>7,482,920</u>	<u>7,341,082</u>
25.1 This include Rs. 74,622 (2005: Rs. 73,618) charged on account of defined contribution plan.		

BIAFO INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

26. ADMINISTRATIVE EXPENSES	2006 Rupees	2005 Rupees
Director's remuneration	2,810,840	2,527,545
Salaries, wages and other benefits (26.1)	2,341,175	2,532,393
Director's traveling and conveyance	1,339,537	1,314,982
Staff traveling and conveyance	139,587	91,414
Electricity, gas and water	213,010	190,213
Telephone, telex and postage	601,093	763,316
Rent, rates and taxes	892,873	802,009
Legal and professional charges	583,040	378,060
Donations (26.2)	230,000	-
Auditors' remuneration (26.3)	250,000	315,000
Printing and stationery	234,384	229,744
Entertainment	71,733	102,320
Other expenses	783,774	342,809
Depreciation	621,606	257,801
	<u>11,112,652</u>	<u>9,847,606</u>
26.1	This includes Rs.67,689 (2005: Rs. 67,004) charged on account of defined contribution plan.	
26.2	Donations relate to earthquake relief activities carried out by the Company during the year. Donations did not include any amount paid to any person or organization in which a director or his spouse had any interest.	
	2006 Rupees	2005 Rupees
26.3	Auditors' remuneration;	
	Annual audit fee	150,000
	Review of half yearly financial statements	50,000
	Other certifications	50,000
	Out of pocket expenses	-
	<u>250,000</u>	<u>315,000</u>
27. FINANCE COST		
Mark up on long term loans - secured	6,114,008	7,661,558
Mark up on loan from directors and shareholders	598,388	938,696
Mark up on finance lease - secured	430,456	205,704
Mark up on short term borrowings - secured	1,988,047	861,402
Exchange loss/ (gain)	(584,268)	120,875
Bank charges	557,319	419,847
Mark up on workers' profit participation fund	-	85,474
	<u>9,103,950</u>	<u>10,293,556</u>
28. OTHER OPERATING INCOME/(LOSS)		
From financial assets		
Interest on Bank deposits	152	169
From non-financial assets		
Gain/(loss) on Sale of Vehicles	242,524	(88,280)
Services	52,174	-
	294,698	-
	<u>294,850</u>	<u>(88,111)</u>

BIAFO INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

29. TAXATION	2006 Rupees	2005 Rupees
Current	-	1,400,488
Deferred		
Current year	(2,053,769)	(1,353,055)
Prior years'	(2,593,340)	-
	<u>(4,647,109)</u>	<u>(1,353,055)</u>
	<u>(4,647,109)</u>	<u>47,433</u>

29.1 Reconciliation of tax income with accounting profit:

Profit before taxation	66,920,764	31,676,436
Tax rate	35%	35%
Tax on accounting profit	23,422,267	11,086,753
Tax effect of temporary differences	5,501,609	1,158,965
Tax effect of business losses	(19,558,342)	(8,580,383)
Tax effect of lower tax rate on certain income	(9,365,534)	(3,665,335)
Effect of reversal of valuation reserve	(1,774,728)	-
Reversal of deferred tax liability on incremental depreciation	(2,872,381)	(1,353,055)
Provision for minimum taxation	-	1,400,488
	<u>(4,647,109)</u>	<u>47,433</u>

29.2 In view of tax loss for the year ended 30 June 2005, the company is only liable to pay minimum tax required under section 113 of the Income Tax Ordinance, 2001 at the rate of one-half of one percent of local sales. The Company has not provided for minimum tax, as the management is of the view that minimum tax payment will be available for adjustment against future taxable profits of the Company.

29.3 Tax authorities have finalized assessments of the Company upto and including the assessment year 2002-2003 (income year ended 30 June 2002). Tax returns filed for Tax Years 2003 to 2005 (income years ended 30 June 2003 to 2005) stand assessed in terms of section 120 of the Income Tax Ordinance 2001.

29.4 The principal issues in the assessments finalised by the taxation authorities were determination and carry forward of business losses declared by the company and computation of income attributable to export operations. The company filed application before the Alternative Dispute Resolution Committee [ADRC] for assessment years 1995-96 to 1998-99 for carry forward of losses. The application was favourably considered by the ADRC and on recommendations thereof, CBR has directed the taxation officer to take cognizance of brought forward losses on account of depreciation. The company has accordingly considered availability of these losses while recognising deferred tax asset thereon.

BIAFO INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

30. EARNINGS PER SHARE - Basic	2006	2005
There is no dilutive effect on the basic earnings per share of the company which is based on: Net Profit for the year (Rupees)	<u>71,567,873</u>	<u>31,629,003</u>
Average number of shares outstanding during the year (Number)	<u>20,000,000</u>	<u>20,000,000</u>
Earnings per share (Rupees)	<u>3.58</u>	<u>1.58</u>

	2006	2005
	Rupees	Rupees
31. CASH AND CASH EQUIVALENTS		
These are made up as follows:		
Cash in hand	115,376	70,243
Bank balances	7,617,828	5,115,611
Short term borrowings	<u>(5,923,568)</u>	<u>(9,270,952)</u>
	<u>1,809,636</u>	<u>(4,085,098)</u>

32. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

DESCRIPTION	2006			2005		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)
Managerial remuneration	984,000	1,583,988	1,984,572	951,000	1,526,000	-
Retirement benefits	49,680	-	60,972	50,545	-	-
Bonus	193,160	-	151,500	-	-	-
Total	<u>1,226,840</u>	<u>1,583,988</u>	<u>2,197,044</u>	<u>1,001,545</u>	<u>1,526,000</u>	<u>-</u>
Number of persons	<u>1</u>	<u>2</u>	<u>3</u>	<u>1</u>	<u>2</u>	<u>0</u>

- Meeting fee of Rs. 21,100 (2005: Rs. 28,000) has been paid to the directors.

- Chief Executive and a director are also provided with Company's maintained cars.

33. RELATED PARTY TRANSACTIONS

Related parties comprise directors, key management personnel, entities over which the directors are able to exercise influence and employees' fund. Transactions with related parties, other than remuneration and benefits to key management personnel under the terms of their employment are as follows:

	2006	2005
	Rupees	Rupees
Associated undertaking - sole proprietorship concern of a director of the Company		
Sale of explosives	2,624,358	2,339,017
Balance payable at the year end	282,659	-
Balance receivable at the year end	-	128,449
Major shareholder		
Payments of consultancy charges	3,278,000	3,283,500
Directors and shareholders		
Repayment of loans to directors and shareholders	9,386,963	-
Mark up on loans from directors and shareholders	598,388	938,696
Employee fund		
Contribution towards employees' provident fund	476,170	515,360

**BIAFO INDUSTRIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

35. CAPACITY AND PRODUCTION

Product	Units	Rated Production capacity	Actual production	
			2006	2005
Tovex water gell and powder explosives	Kgs	6,000,000	3,602,025	2,801,100
Detonator - plain	Nos.	8,000,000	6,410,950	6,452,900
Detonator - electric	Nos.	450,000	201,652	111,710
Safety fuse	Meter	1,500,000	18,000	261,950
Detonating cord	Meter	1,500,000	1,915,125	1,751,210

The shortfall in production of certain products is due to the gap between market demand and the available capacity. Due to certain modifications made to the plant, the actual capacity has been enhanced over and above the rated/capacity. However, the actual capacity at the year end can not be determined with certainty.

36. GENERAL

36.1 Figures have been rounded off to the nearest Rupee.



Director



Chief Executive

**Islamabad
October 05, 2006**

PATTERN OF SHAREHOLDING AS AT JUNE 30, 2006

NO. OF SHAREHOLDERS	SHARE HOLDING		TOTAL NUMBER OF SHARES HELD
	FROM	TO	
18	1	100	1,100
129	101	500	59,900
90	501	1,000	89,300
144	1,001	5,000	899,800
27	5,001	10,000	228,700
12	10,001	15,000	156,200
13	15,001	20,000	241,700
6	20,001	25,000	143,000
1	25,001	30,000	30,000
3	30,001	35,000	97,000
4	40,001	45,000	180,000
4	45,001	50,000	200,000
1	50,001	55,000	50,500
7	55,001	60,000	420,000
2	65,001	70,000	138,500
1	80,001	85,000	83,000
2	85,001	90,000	179,000
1	90,001	95,000	94,300
7	95,001	100,000	700,000
2	145,001	150,000	300,000
4	195,001	200,000	800,000
1	200,001	205,000	205,000
1	220,001	225,000	225,000
2	225,001	230,000	456,500
1	255,001	260,000	255,500
1	270,001	275,000	275,000
1	295,001	300,000	297,000
1	310,001	315,000	310,000
1	350,001	355,000	352,500
1	365,001	370,000	368,000
1	395,001	400,000	400,000
2	495,001	500,000	1,000,000
1	2,350,001	2,355,000	2,354,000
1	2,405,001	2,410,000	2,409,500
1	59,955,001	6,000,000	6,000,000
494			20,000,000

SHAREHOLDER'S CATEGORY	NUMBERS OF SHAREHOLDERS	NUMBERS OF SHARE HELD	PERCENTAGE
INDIVIDUALS	470	13,374,700	66.87%
JOINT STOCK COMPANIES	20	6,333,200	31.67%
MUTUAL FUND	1	10,000	0.05%
OTHERS	3	282,100	1.41%
	494	20,000,000	100.00

AS ON JUNE 30, 2006

CATEGORIES OF SHAREHOLDERS	NUMBER	SHARES HELD	% AGE
Directors, CEO & their Spouse and Minor Children			
M. Zafar Iqbal	1	1,000,000	5.00
M.Salim	1	310,000	1.55
Mrs. Ishrat Askari w/o Kh.Amanullah Askari	1	294,300	1.47
Abdul Maajid Qureshi	1	200,000	1.00
Mrs. Zahida Qureshi w/o Abdul Maajid Qureshi	1	200,000	1.00
M. Afzal Khan	1	150,000	0.75
Adnan Aurangzeb	1	100,000	0.50
M. Zafar Khan	1	90,000	0.45
M.Humayun Khan	1	60,000	0.30
Ms. Shirin Safdar	1	45,000	0.23
S.M. Sibtain	1	20,200	0.10
Khawaja Amanullah Askari	1	5,700	0.03
Syed Zaffar Mehdi Askari	1	500	0.00
Banks, Development Finance Institutions, Non Banking Finance Institutions, Insurance Companies, Modarba & Mutual Funds	19	625,300	3.13
Other Individuals	459	6,135,500	30.68
Shareholders holding 10% or more shares in the company:			
Orient Trading Ltd.	1	6,000,000	30.00
Aqeel Karim Dhedhi	1	2,409,500	12.05
Abdul Rashid	1	2,354,000	11.77
TOTAL	494	20,000,000	100.00

FORM OF PROXY

The Secretary
Biafo Industries Limited
Office No: 203-204, 2nd Floor,
Mohammad Gulistan Khan House
Fazal-e-Haq Road, Blue Area,
Islamabad.

I / We _____

Of _____

being member of BIAFO INDUSTRIES LIMITED and holder of

_____ Ordinary Shares as per Share

Register Folio (Number) _____ and / or CDC Participant I.D.No. and Sub
Account No. _____ hereby appoint of

_____ of _____ (Name)

as my/our proxy to vote for me/us and on my/our behalf at the 18th Annual General Meeting of the Company to be held at its registered office, 203, 2nd floor M. Gulistan Khan House, 82 East Fazal – ul – Haq road Blue area Islamabad on October 30, 2006 and any adjournment thereof.

Signed _____ day of _____ 2006

WITNESSES:

1. Signature _____

Name _____

Address _____

NIC or _____

Passport No. _____

Signature

(Signature should agree with the specimen signature registered with the Company)

2. Signature _____

Name _____

Address _____

NIC or _____

Passport No. _____

Note:

1. A member entitled to be present and vote at the Meeting may appoint a proxy to attend and vote for him/her. A proxy need not be a member of the Company.
2. Proxies' in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the Meeting.
3. CDC Shareholders and their Proxies must each attach an attested photocopy of their National identity Card or Passport with this proxy form.