

Half Yearly/2nd  
Quarterly Accounts  
(Un-Audited) | December 31,  
**2016**

MOVING AROUND THE WORLD



**BALUCHISTAN WHEELS LIMITED**  
Manufacturers of Automotive Wheels in Pakistan



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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Syed Haroon Rashid	Chairman (Non-Executive Director)
Mr. Razaq H.M. Bengali	Chief Executive (Executive Director)
Mr. Muhammad Siddique Miani	Director Marketing/Business Development (Executive Director)
Mr. Muhammad Irfan Ghani	Chief Operating Officer (Executive Director)
Syed Zubair Ahmed Shah	Non-Executive Director (Nominee - NIT)
Mr. Anis Wahab Zuberi	Independent Director
Mrs. Gulbano Razaq	Non-Executive Director
Miss Maheen Irfan Ghani	Non-Executive Director
Mrs. Saba Nadeem	Non-Executive Director

### CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY

Mr. Muhammad Yasin Yunus Latha

### BOARD AUDIT COMMITTEE

Mr. Anis Wahab Zuberi	Independent Director	Chairman
Syed Zubair Ahmed Shah	Non-Executive Director (Nominee - NIT)	Member
Syed Haroon Rashid	Non-Executive Director	Member
Miss Maheen Irfan Ghani	Non-Executive Director	Member
Mrs. Saba Nadeem	Non-Executive Director	Member
Hafiz Shoaib Ahmed Chauhan	Chief Internal Auditor	Secretary

### MANAGEMENT COMMITTEE

Mr. Razaq H.M. Bengali	Chief Executive
Mr. Muhammad Siddique Miani	Director Marketing/ Business Development
Mr. Muhammad Irfan Ghani	Chief Operating Officer
Mr. Sajid Nadi	S.G.M (Technical)
Mr. Muhammad Yasin Yunus Latha	S.G.M (Finance) / Company Secretary
U. Col. (R) Mehboob Ahmed	GM (Maintenance)
Mr. Muhammad Asad Saeed	D.G.M (Finance)
Mr. Kumail Irfan Ghani	D.G.M (Supply & Services)
Mr. Faraz Abdul Razaq	D.G.M (Finance)

### BOARD HUMAN RESOURCE AND REMUNERATION COMMITTEE

Syed Zubair Ahmed Shah	Non-Executive Director (Nominee - NIT)	Chairman
Mr. Muhammad Irfan Ghani	Chief Operating Officer (Executive Director)	Member
Mr. Anis Wahab Zuberi	Independent Director	Member
Mrs. Gulbano Razaq	Non-Executive Director	Member
Mr. Muhammad Yasin Yunus Latha	S.G.M (Finance) / Company Secretary	Secretary

### BANKERS

Habib Bank Limited  
Faysal Bank Limited  
Bank Alfalah Limited  
Bank Al-Habib Limited  
National Bank of Pakistan

### LEGAL ADVISOR

Mohsin Tayebally & Company  
(Advocates)

### EXTERNAL AUDITORS

EY Ford Rhodes  
(Chartered Accountants)

### TAX CONSULTANTS

EY Ford Rhodes  
(Chartered Accountants)  
Baker Tilly Mahmood Idrees Qamar  
(Chartered Accountants)

### CHIEF INTERNAL AUDITOR

Hafiz Shoaib Ahmed Chauhan

### SHARE REGISTRAR

THK Associates (Pvt) Limited  
1st Floor, 40-C, Block-6, P.E.C.H.S.,  
Karachi-75400.  
UAN # +92(21) 111-000-322  
Direct +92 (21) 34168270  
Fax # +92 (21) 34168271

### HEAD OFFICE

1st Floor, State Life Building # 3  
Dr. Ziauddin Ahmed Road, Karachi.  
E-mail: [bwlin@cybernet.pk](mailto:bwlin@cybernet.pk)  
Website: <http://www.bwheels.com>  
Telephone: #35689258, 35683474, 35687502  
Fax: #35684003

### FACTORY AND REGISTERED OFFICE

Main RCD Highway, Hub Chowki,  
Lasbella, Baluchistan.  
Telephone # (0853) 363426, 363428  
Fax # (0853) 364025



## DIRECTORS' REPORT

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The directors of your company take pleasure in presenting the unaudited condensed interim financial statements for the first six months ended December 31, 2016.

### **Financial Results**

Overall at the national level the production of Cars declined by 2.5% with the total production of 90,222 units during the period July-Dec 2016 as compared to the 92,514 units in the corresponding period of last year, whereas the production of Trucks & Buses increased by 58% (i.e. 4,475 units produced during the period July to December 2016 as compared to 2,825 units during the same period of last year) due to increased demand under CPEC and improved law and order situations. Similarly, the production of Tractors increased by 63% (i.e. 21,336 units produced during the period July to December 2016 as compared to 13,064 units during the same period of last year).

The sales during the period under review was Rs. 673 million as compared to Rs. 745 million which is 10% less than the corresponding period of last year. The car wheels sale was Rs. 415 million as compared to Rs. 574 million which is 28% lower than the corresponding period of last year, mainly due to the completion of Government of Punjab's Apna Rozgar Self-employment Scheme. The sale of Truck/Bus wheels increased by Rs. 39 million (i.e. 76%) from Rs. 52 million to Rs. 92 million. The growth is mainly generated by the Truck production which increased by 116%. The sale of Tractors wheels increased by Rs. 64 million i.e. 68% from Rs. 93 million to Rs. 157 million during the period under review as compared to the corresponding previous period. The Tractors sales improved due to reduction in General Sales Tax rate on Tractors to 5%, subsidies on fertilizers and better crop yield having the positive impact on our sales too.

The Gross profit declined by 31% to Rs. 118 million as against Rs. 172 million of last year's corresponding period. Similarly the company earned profit after taxation of Rs. 47 million as compared to Rs. 80 million of the previous year's corresponding period i.e. decreased by 41%. The decline in sales and low production resulted in less absorption of fixed overheads, besides increase in the imported steel prices and other elements of cost resulted in lower gross profit and had also an impact on the net profit.

### **NBP and Related Matters**

The case is pending in the High Court of Sindh which has been briefly explained in note No.24 of the Annual Audited Financial statements for the year ended on June 30, 2016. The management and its legal counsel are hopeful that the ultimate outcome of the matter will also be in the company's favor (Insha-Allah).

### **Future Outlook**

'Automotive Development Policy' (ADP) 2016-2021 envisaged development of Automobile industry. It's not only provide ample opportunities for the existing industry to grow but will also helps the new entrants to establish new facilities in the Country and resultantly auto vending industry will grow.

The Bus sector will flourish due to the recently announced School Bus Scheme for the Punjab Province which was inaugurated by the Honorable Prime Minister of Pakistan. The Truck sector will also boost due to the robust progress of China Pakistan Economic Corridor (CPEC).

Similarly, the Tractor business will improve due to the continuation of subsidies on fertilizers till June 2017 and expected discount for Farmers in the shape of Tractors Schemes.



## DIRECTORS' REPORT

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The measures taken by the Government of Pakistan will nourish the Auto Industry. Besides this low markup rates, easy financing procedures and improved law and order situations in the Country will also compliment the Auto Industry to grow, that will enable us to maintain our revenue, but due to hike in the prices of commodities like Steel & Oil in the International Markets our net profit margin will likely be impacted. However, the management will try its best efforts to reduce various costs so as to maintain the profitability.

### Acknowledgement

We take this opportunity to thank our customers and all the stakeholders who have reposed their trust and confidence in the company and acknowledge the efforts of the entire BWL team including our staff and workers and look forward to their continued support.

May Allah bless us and help us to achieve success for your company and for the benefit of all stakeholders, and the country in general. Aameen!

For and on Behalf of the Board of Directors

**Razak H.M. Bengali**  
Chief Executive

Karachi: January 27, 2017

## **AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION**

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### **Introduction**

We have reviewed the accompanying condensed interim balance sheet of **Baluchistan Wheels Limited** (the Company) as at **31 December 2016**, 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 (herein after referred to as "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed 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.

**EY Ford Rhodes**  
**Chartered Accountants**  
**Review Engagement Partner: Arif Nazeer**

**Date:** January 27, 2017

**Place:** Karachi



## CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2016

		(Un-audited) December 31, 2016	(Audited) June 30, 2016
	Note	----- (Rupees in '000) -----	
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	375,812	305,947
Long-term loans and advances		3,664	3,719
Long-term deposits		5,063	4,140
		<u>384,539</u>	<u>313,806</u>
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		49,796	46,522
Stock-in-trade	6	417,947	468,685
Trade debts		84,871	77,347
Loans and advances		22,142	29,276
Trade deposits and short-term prepayments		4,472	2,869
Other receivable		2,545	1,962
Short term investments	7	281,139	354,064
Taxation - net		28,951	-
Bank balances		12,666	44,051
		<u>904,529</u>	<u>1,024,776</u>
<b>TOTAL ASSETS</b>		<u><b>1,289,068</b></u>	<u><b>1,338,582</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital		133,343	133,343
Reserves		1,032,614	1,052,030
		<u>1,165,957</u>	<u>1,185,373</u>
<b>NON-CURRENT LIABILITIES</b>			
Liabilities against assets subject to finance leases	8	6,454	-
Long-term deposits		758	646
Deferred taxation		16,314	19,976
		<u>23,526</u>	<u>20,622</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		89,115	120,079
Current portion of:			
- Liabilities against assets subject to finance leases	8	4,102	2,576
- Long-term deposit		901	836
Provision for warranty		3,403	3,445
Taxation - net		-	3,364
Sales tax payable - net		2,064	2,287
		<u>99,585</u>	<u>132,587</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	9		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>1,289,068</b></u>	<u><b>1,338,582</b></u>

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

**RAZAK H.M. BENGALI**  
CHIEF EXECUTIVE

**MUHAMMAD SIDDIQUE MISRI**  
DIRECTOR



## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE HALF YEAR ENDED DECEMBER 31, 2016 (UN-AUDITED)

	Half-Year Ended		Quarter Ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
	(Rupees in '000')			
Turnover - net	673,484	744,787	350,994	361,182
Cost of sales	(555,957)	(572,824)	(291,482)	(251,893)
<b>Gross profit</b>	<b>117,527</b>	<b>171,963</b>	<b>59,512</b>	<b>109,289</b>
Distribution costs	(20,374)	(18,640)	(11,684)	(9,149)
Administrative expenses	(40,895)	(39,838)	(24,123)	(23,428)
Other expenses	(5,587)	(8,943)	(2,947)	(5,963)
Finance costs	(723)	(327)	(545)	(128)
	(67,579)	(67,748)	(39,299)	(38,668)
Other income	13,566	8,474	10,533	4,750
<b>Profit before taxation</b>	<b>63,514</b>	<b>112,689</b>	<b>30,746</b>	<b>75,371</b>
<b>Taxation</b>				
Current	(19,364)	(35,981)	(10,318)	(24,039)
Prior	(556)	(68)	(556)	(68)
Deferred	3,662	3,218	4,774	3,218
	(16,258)	(32,831)	(6,100)	(20,889)
<b>Net profit for the period</b>	<b>47,256</b>	<b>79,858</b>	<b>24,646</b>	<b>54,482</b>
<b>Earnings per share- basic and diluted (Rupees)</b>	<b>3.54</b>	<b>5.99</b>	<b>1.85</b>	<b>4.09</b>

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

**RAZAK H.M. BENGALI**  
CHIEF EXECUTIVE

**MUHAMMAD SIDDIQUE MISRI**  
DIRECTOR





**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2016**  
**(UN-AUDITED)**

	<u>Half-Year Ended</u>		<u>Quarter Ended</u>	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
	----- (Rupees in '000') -----			
<b>Net profit for the period</b>	47,256	79,858	24,646	54,482
<b>Other comprehensive income /</b>				
<b>(loss) to be reclassified to profit</b>				
<b>or loss in subsequent periods:</b>				
Unrealised loss due to changes				
in fair value of available-for-sale				
investments	-	(620)	-	(104)
<b>Total comprehensive income</b>				
<b>for the period</b>	<u>47,256</u>	<u>79,238</u>	<u>24,646</u>	<u>54,378</u>

The annexed notes1 to 12 form an integral part of these condensed interim financial statements.

**RAZAK H.M. BENGALI**  
**CHIEF EXECUTIVE**

**MUHAMMAD SIDDIQUE MISRI**  
**DIRECTOR**



## CONDENSED INTERIM CASH FLOW STATEMENT FOR THE HALF YEAR ENDED DECEMBER 31, 2016 (UN-AUDITED)

	December 31, 2016	December 31, 2015
	----- (Rupees in '000') -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	63,514	112,689
<b>Adjustments for:</b>		
Depreciation	17,288	16,778
(Gain) on disposal of fixed assets	(286)	(141)
Finance costs	723	327
Provision/(Reversal) of provision for slow moving stores, spare parts and loose tools	452	(1,189)
Reversal of provision for slow moving stock-in-trade	(3,906)	(24,311)
Provision for doubtful debts - net	855	33,986
Provision for compensated absences	230	443
Provision for warranty claims - net	186	135
Provision for employees' benefits	1,844	1,620
Profit on deposit accounts / treasury bills	(9,726)	(5,245)
Dividend income	(245)	(41)
Gain on redemption / revaluation of investments	(1,948)	(2,734)
	5,467	19,608
	68,981	132,297
<b>Increase / (decrease) in current assets</b>		
Stores, spare parts and loose tools	(3,726)	1,109
Stock-in-trade	54,644	51,410
Trade debts	(8,380)	(14,812)
Loans and advances	7,134	(8,368)
Accrued income	2,545	442
Trade deposits, short-term prepayments and other receivables	(2,187)	32
Sales tax refundable - net	-	(32)
	50,030	29,781
	119,011	162,078
<b>(Decrease) in current liabilities</b>		
Trade and other payables	(31,578)	(8,527)
Sales tax payable - net	(223)	(6,172)
	87,210	147,379
Employees' benefits paid	(2,316)	(525)
Income tax paid	(52,236)	(46,157)
Long-term loans and advances-net	54	67
Long-term deposits - net	(746)	517
<b>Net cash generated from operating activities</b>	31,966	101,281
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(89,378)	(22,453)
Proceeds from disposal of fixed assets	2,512	1,501
Profit received on deposit accounts	7,181	4,803
Short term investments redeemed / (made)	72,925	(126,539)
Dividend received	245	41
Gain on redemption of investments	1,768	-
<b>Net cash used in investing activities</b>	(4,747)	(142,647)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Liabilities against assets subject to finance lease - net	7,981	(1,230)
Finance costs paid	(692)	(328)
Dividend paid	(65,893)	(39,629)
<b>Net cash used in financing activities</b>	(58,604)	(41,187)
<b>Net decrease in cash and cash equivalents</b>	(31,385)	(82,553)
<b>Cash and cash equivalents at the beginning of the period</b>	44,051	255,013
<b>Cash and cash equivalents at the end of the period</b>	12,666	172,460

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

**RAZAK H.M. BENGALI**  
CHIEF EXECUTIVE

**MUHAMMAD SIDDIQUE MISRI**  
DIRECTOR



## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED DECEMBER 31, 2016 (UN-AUDITED)

	Issued, subscribed and paid-up Capital	Reserves					Total
		General reserves	Unrealised Gain / (loss) on remeasurement of available-for-sale investments	Re-meas-urement Gain / (loss) on gratuity fund	Unappropriated profit	Total reserves	
(Rupees in '000')							
Balance as at June 30, 2015	133,343	160,000	1,595	1,622	780,653	943,670	1,077,213
Final dividend for the year ended June 30, 2015 @ Rs. 3 per share	-	-	-	-	(40,000)	(40,000)	(40,000)
Net profit for the period	-	-	-	-	79,858	79,858	79,858
Other comprehensive loss	-	-	(520)	-	-	(520)	(520)
Total comprehensive/(loss)/income	-	-	(520)	-	79,858	79,238	79,238
Balance as at December 31, 2015	133,343	160,000	975	1,622	820,506	983,106	1,116,448
Balance as at June 30, 2016	133,343	160,000	-	(1,892)	893,322	1,052,030	1,185,373
Final dividend for the year ended June 30, 2016 @ Rs. 5 per share	-	-	-	-	(66,672)	(66,672)	(66,672)
Net profit for the period	-	-	-	-	47,256	47,256	47,256
Other comprehensive Income	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	47,256	47,256	47,256
Balance as at December 31, 2016	133,343	160,000	-	(1,892)	874,596	1,032,614	1,165,957

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

**RAZAK H. M. BENGALI**  
CHIEF EXECUTIVE

**MUHAMMAD SIDDIQUE MISRI**  
DIRECTOR



## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2016 (UN-AUDITED)

### 1. THE COMPANY AND ITS OPERATIONS

Baluchistan Wheels Limited (the Company) was incorporated in Pakistan on June 16, 1980. The Company is engaged in manufacturing and marketing of automotive wheel rims for trucks, buses, tractors, cars, and mini commercial vehicles. The Company is listed on Pakistan Stock Exchange Limited. The registered office and factory of the Company is situated at Main RCD Highway, Hub Chowki, Lasbella, Baluchistan, Pakistan.

### 2. BASIS OF PREPARATION

#### 2.1. Statement of compliance

These condensed interim financial statements of the Company for the half year ended December 31, 2016 have been prepared in accordance with the requirements of the 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.

These condensed interim financial statements are un-audited but subject to limited scope review by the auditors and are being submitted to the shareholders as required under Section 245 of the Company Ordinance, 1984. These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the financial statements of the Company for the year ended June 30, 2016.

The figures of the condensed interim profit and loss account for the quarter ended September 30, 2016 and September 30, 2015 and notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the cumulative figures for the half year ended December 31, 2016 and December 31, 2015.

#### 2.2. Functional and presentation currency

These condensed interim financial statements are presented in Pakistan Rupees which is the Company's functional and presentation currency.

### 3. ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended June 30, 2016 except for the adoption of new and amended standards and interpretations as follows:

#### New/revised standards, interpretations and amendments

The Company has adopted the following amendments to IFRS which became effective for the current period:

- IFRS 10 - Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements: Investment Entities: Applying the Consolidation Exception (Amendment)
- IFRS 11 - Joint Arrangements: Accounting for Acquisition of Interest in Joint Operation (Amendment)
- IAS 1 - Presentation of financial Statements: Disclosure Initiative (Amendment)
- IAS 16 - Property, Plant and Equipment and IAS 38 Intangible Assets: Clarification of Acceptable method of Depreciation and Amortization (Amendment)
- IAS 16 - Property, Plant and Equipment and IAS 41 Agriculture: 'Agriculture - Bearer Plants' (Amendment)
- IAS 27 - Separate Financial Statements: Equity Method in Separate Financial Statements (Amendment)



## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2016 (UN-AUDITED)

In addition to the above standard and interpretation, improvements to various accounting standards have also been issued by the IASB and are generally effective for current period. The adoption of the above amended standard / improvement and interpretation did not have any material effect on the condensed interim financial statements.

#### 4. ACCOUNTING ESTIMATES AND FINANCIAL RISK MANAGEMENT ACCOUNTING POLICIES

The preparation of these condensed interim financial statements require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and areas where assumptions and estimates are significant are same as those applied to the financial statements as at and for the year ended June 30, 2016. The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2016.

		(Un-audited) December 31, 2016	(Audited) June 30, 2016
	Note	----- (Rupees in '000') -----	
<b>5. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating assets	5.1	321,154	302,423
Capital work-in-progress	5.2	54,658	3,524
		<u>375,812</u>	<u>305,947</u>

##### 5.1. Operating assets

Opening net book value (NBV)		302,423	307,284
Additions during the period / year (cost)	5.1.1	38,245	32,749
Depreciation for the period / year		(17,288)	(35,609)
Disposals during the period / year (NBV)	5.1.1	(2,226)	(2,001)
Closing NBV		<u>321,154</u>	<u>302,423</u>

	(Un-audited) December 31, 2016		(Audited) June 30, 2016	
	Additions at cost	Disposals at NBV	Additions at cost	Disposals at NBV
	----- (Rupees in '000') -----			

##### 5.1.1. Additions and disposals to property, plant and equipment:

Building	830	-	5,309	-
Plant and machinery	22,103	-	17,998	625
Office equipment	644	24	930	48
Computer	320	-	297	39
Vehicles- Owned	4,348	2,202	8,215	1,289
Vehicles- Leased	10,000	-	-	-
	<u>38,245</u>	<u>2,226</u>	<u>32,749</u>	<u>2,001</u>



## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2016 (UN-AUDITED)

		(Un-audited) December 31, 2016	(Audited) June 30, 2016
	Note	---- (Rupees in '000') ----	
<b>5.2. Capital work-in-progress</b>			
At the beginning of the period / year		3,524	-
Additions during the period / year	5.2.1	55,488	7,726
Transfer to operating assets during the period / year		(4,354)	(4,202)
Closing balance		<u>54,658</u>	<u>3,524</u>
5.2.1. It includes additions in plant and machinery amounting to Rs.54.658 million (June 30, 2016: Rs. 3.524 million).			
		(Un-audited) December 31, 2016	(Audited) June 30, 2016
	Note	---- (Rupees in '000') ----	
<b>6. STOCK-IN-TRADE</b>			
Raw material and components		114,313	136,884
Work-in-process		133,454	144,751
Finished goods		56,583	152,582
Scrap stock		46,552	42,547
		<u>350,902</u>	<u>476,764</u>
Stock-in-transit		91,890	20,672
		<u>442,792</u>	<u>497,436</u>
Provision for slow moving stock	6.1	(24,845)	(28,751)
		<u>417,947</u>	<u>468,685</u>
<b>6.1. Provision for slow moving stock</b>			
Balance at the beginning of the period / year		28,751	55,447
Reversal of provision for the period / year		(3,906)	(26,696)
Balance at the end of the period / year		<u>24,845</u>	<u>28,751</u>
<b>7. SHORT TERM INVESTMENTS</b>			
<b>Fair value through profit or loss</b>			
- Listed shares		19,674	51,279
- Mutual funds		-	53,187
		<u>19,674</u>	<u>104,466</u>
<b>Held to maturity</b>			
- Treasury bills	7.1	261,465	249,598
		<u>281,139</u>	<u>354,064</u>
7.1. These carry interest rate ranging between from 5.86% to 5.90% per annum, having maturity in February 2017.			



## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2016 (UN-AUDITED)

### 8. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASES

During the period, leased asset was acquired at financing rate of 6 Months Kibor plus 1.5%, other terms and conditions are same as disclosed in the annual financial statements for the year ended June 30, 2016.

### 9. CONTINGENCIES AND COMMITMENTS

#### Contingencies

- 9.1. During the year ended 30 June 2004, the National Bank of Pakistan (NBP) has made the payment to the Privatization Commission amounting to Rs. 91.25 million and filed a suit in the Honorable High Court of Sindh for the recovery of the same against the Company. The management, based on the advice of its legal counsel is hopeful that the ultimate outcome will be in favor of the Company. Accordingly, no provision is considered necessary in these condensed interim financial statements in respect of the above matter.
- 9.2. In the year 2001, the Company has filed a suit before the High Court of Sindh at Karachi, against NBP for redemption of Charge on Asset which was given by the Company in anticipation of a prospective loan / finance to be provided by NBP to the Company. As the proposed loan / finance have not been obtained from NBP by the Company, the charge should have been redeemed by NBP. Currently, the matter is at the state of evidence of the parties. In the opinion of legal counsel, no financial implications to the Company will arise as a result of this suit and accordingly, no provision has been made in this respect in these condensed interim financial statements.
- 9.3. Some former non-executive employees have filed cases against the Company on various matters before the law court (NIRC, Karachi) which are pending subjudice. In the opinion of legal counsel, currently it is not possible to assess any anticipated loss or damage which may likely to occur therefrom and accordingly, no provision has been made in this respect in these condensed interim financial statements.

	(Un-audited) December 31, 2016	(Audited) June 30, 2016
<b>Commitments</b>	<b>----</b>	<b>----</b>
	<b>----- (Rupees in '000') -----</b>	
Outstanding letters of credit	<u>150,233</u>	<u>94,526</u>
Capital commitments	<u>2,939</u>	<u>56,881</u>
Commitments for rentals payable under Ijarah contract in respect of vehicle is as follows:		
Within one year	-	1,395
One year to five years	-	-
	<u>-</u>	<u>1,395</u>

### 10. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise of directors, other key management personnel and retirement benefit plans. Transactions with related parties are as follows:



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED DECEMBER 31, 2016  
(UN-AUDITED)**

	(Un-audited)	
	Half Year Ended December 31, 2016	Half Year Ended December 31, 2015
	----- (Rupees in '000') -----	
<b>Transactions during the period</b>		
<b>Directors and key management personnel</b>		
Sale of fixed assets	2,032	1,430
Remuneration	38,984	27,996
Fee (Non-executive directors)	1,020	680
<b>Retirement benefit plans</b>		
Contribution / charge	4,508	3,933

**11. DATE OF AUTHORIZATION FOR ISSUE**

These condensed interim financial statements were authorized for issue on **January 27, 2017** by the Board of Directors of the Company.

**12. GENERAL**

Figures have been rounded off to the nearest thousand rupees unless otherwise stated.

**RAZAK H.M. BENGALI**  
CHIEF EXECUTIVE

**MUHAMMAD SIDDIQUE MISRI**  
DIRECTOR





## ڈائریکٹر رپورٹ

حال ہی میں ہمارے وزیر اعظم محترم جناب نواز شریف صاحب نے صوبہ پنجاب کے لیے اسکول بس اسکیم متعارف کروائی ہے جسکی وجہ سے بس انڈسٹری ترقی پائے گی۔ اس کے ساتھ ساتھ سی پیک (CPEC) پر بھی تیزی سے عملدرآمد کی وجہ سے ڈاک انڈسٹری بھی بڑھے گی۔

اسی طرح ٹریڈر انڈسٹری میں بھی ہجری کے آثار متوقع ہیں جسکی بنیادی وجہ جان ۲۰۱۷ تک کھاد پر سبسڈی اور کسانوں کو حکومت کی جانب سے دعاموں میں ٹریڈرز کی متوقع فراہمی ہے۔

مکوئی اقدامات، کم ترین شرح سود، ٹرانسپورٹ کے آسان طریقے کار اور ملک میں امن و امان کی بہتر صورتحال کی وجہ سے آٹو انڈسٹری کی نشوونما کے کافی مواقع متوقع ہیں جسکی وجہ سے کئی کی فروخت کو برقرار رکھنے میں مدد ملے گی، لیکن اس کے ساتھ ساتھ بین الاقوامی مارکیٹ میں اسٹیل اور اسٹیل کی بڑھتی ہوئی قیمتیں ہمارے منافع پر اثر انداز ہوں گی۔ لیکن آپ کی جنجنت اپنی صلاحیتوں کو بروئے کار لاتے ہوئے اخراجات میں کمی لانے کی کوشش کرے گی تاکہ اپنے منافع کو برقرار رکھ سکے۔

اعلیٰ ہمتی:

ہم اس موقع پر اپنے تمام صارفین اور اسٹیک ہولڈرز کا شکریہ ادا کرتے ہیں جنہوں نے ہم پر مکمل اعتماد اور بحرو سے کا اظہار کیا۔ ہم اپنے محفل اور کارکنان سمیت تمام بلوچستان و گلگت بلتستان کی تمام کوششوں اور مسلسل تعاون کرنے پر الٹا شکریہ ادا کرتے ہیں۔ اللہ تعالیٰ ہمیں برکت دے خصوصاً ہمیں اور ہمارے تمام اسٹیک ہولڈرز کو اور عموماً پورے ملک کو ترقی اور کامیابی عطا فرمائے (آمین)۔

بلکیم پور ڈآف ڈائریکٹرز

جناب رزاق ایچ ایم بیگلی

چیف ایگزیکٹو

کراچی، ۲۷ جنوری ۲۰۱۷ء



## ڈائریکٹر رپورٹ

آپ کی کمپنی کے ڈائریکٹرز نہایت مسرت کے ساتھ 31 دسمبر 2016 کو ختم ہونے والے پہلے ششماہی کے Un-Audited معیاری مالیاتی رپورٹ پیش کرتے ہیں۔

### مالیاتی نتائج۔

مجموعی طور پر پہلی سٹھ ماہ (جولائی تا دسمبر 2016) کے دوران گازیوں کے 90,222 پنٹس تیار کئے گئے جو گزشتہ ششماہی کی اسی مدت کے 92,514 پنٹس کے مقابلے میں 2.5% فیصد کم رہے۔ جبکہ ٹرک ایس کی بیرونی 4,475 پنٹس رسی جو گزشتہ اسی دورانیے کے 8,225 پنٹس کے مقابلے میں 58% فیصد زیادہ رسی جسکی بنیادی اپنی ایک (CPEC) پر تجزی سے عملدرآمد اور ملک میں امن وامان کی بہتر صورتحال ہے۔ اسی طرح ٹریکٹرز کے 21,336 پنٹس تیار کئے گئے جب کے گزشتہ دورانیے میں 13,064 ٹریکٹرز تیار کئے گئے تھے جو 63% فیصد زیادہ رہے۔

زیر جائزہ مدت کے دوران ہماری فروخت 673 ملین روپے رسی جو کہ گزشتہ سال کی اسی مدت کی فروخت 745 ملین روپے کے مقابلے میں 10% فیصد کم رہی۔ گازی کے پیپوں کی فروخت 415 ملین روپے رسی جو کہ گزشتہ سال کی اسی مدت کے 574 ملین روپے کی فروخت کے مقابلے میں 28% فیصد کم رہی۔ جس کی بنیادی وجہ پنجاب گورنمنٹ کی اپنا روزگار اسکیم کی تکمیل ہے۔ ٹرک ایس کے پیپوں کی فروخت 92 ملین روپے رسی جو کہ تکمیل مدت کی فروخت 52 ملین روپے کے مقابلے میں 76% فیصد زیادہ رہی۔ ٹریکٹرز کے پیپوں کی فروخت 157 ملین روپے رسی جو کہ پچھلے عرصے کی 93 ملین روپے کی فروخت کے مقابلے میں 68% فیصد کم رہی۔ ٹریکٹرز کے پیپوں کی فروخت میں اضافے کی بنیادی وجہ جرنل سٹارٹنگس میں 5% فیصد کمی کی، کماؤ پر سبسڈی اور دیگر فاصل کی بیرونی ہے جو کہ براہ راست اثر ہماری فروخت پر رہا۔

مجموعی منافع 31% فیصد کمی کے بعد 118 ملین رہا جو کہ گزشتہ سال اسی مدت میں 172 ملین روپے تھا، جبکہ کمپنی نے منافع بعد از ٹیکس 47 ملین روپے کمایا جو کہ پچھلے سال اسی مدت میں 80 ملین روپے کے مقابلے میں 41% فیصد کم رہا۔ فروخت اور بیرونی میں کمی کی وجہ سے بیرونی لاگت فی پیرہ بڑھ گئی اس کے ساتھ ساتھ اسٹیل کی درآمدی قیمت میں اضافہ بھی رہا۔ لیکن مجموعی منافع اور منافع بعد از ٹیکس کم رہا۔

### NBP اور متعلقہ معاملات۔

یہ مقدمہ سندھ ہائی کورٹ میں زیر التوا ہے اور اسکے بارے میں تفصیل 30 جون 2016 کو ختم ہونے والے مالی سال کے آڈیٹ مالیاتی رپورٹ کے نوٹ نمبر 24 میں درج ہے۔ آپ کی کمپنی کی انتظامیہ اور وکلاء پرامید ہیں کہ اس مقدمہ کا نتیجہ ہمارے حق میں آئے گا۔

### مستقبل کے خدوخال۔

آٹوموٹیو ایجوپمنٹ پالیسی برائے سال 2016-2021 آٹو موٹر ایگزیکٹو کی بحتری پر توجہ دیتی ہے۔ یہ نہ صرف موجودہ صنعت کو ترقی کے مواقع فراہم کرے گی بلکہ اس کے ساتھ ساتھ نئے سرمایہ کاروں کو ملک میں سے پائنت لگانے میں مددگار ثابت ہوگی۔ جس کے نتیجے میں آٹو اینڈ ایگزیکٹو کی فروغ پائے گی۔



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