



BALUCHISTAN WHEELS LIMITED
Manufacturers of Automotive Wheels in Pakistan

MOVING AROUND THE WORLD

3RD QUARTERLY
ACCOUNTS
MARCH 31,
2016
(Un-Audited)





CONTENTS

Corporate Information -----	02
Directors' Report-----	03
Condensed Interim Balance Sheet-----	04
Condensed Interim Profit and Loss Account -----	05
Condensed Interim Statement of Comprehensive Income -----	06
Condensed Interim Cash Flow Statement-----	07
Condensed Interim Statement of Changes in Equity -----	08
Notes to the Condensed Interim Financial Statements -----	09



CORPORATE INFORMATION

BOARD OF DIRECTORS

Syed Haroon Rashid	Chairman (Non-Executive Director)
Mr. Razak H.M. Bengali	Chief Executive (Executive Director)
Mr. Muhammad Siddique Misri	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, Non- Executive Director
Mrs. Gulbano Razak	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 Ladha

BOARD AUDIT COMMITTEE

Mr. Anis Wahab Zuberi	Independent, Non-Executive Director	Chairman
Syed Zubair Ahmed Shah	Non-Executive Director (Nominee - NIT)	Member
Miss Maheen Irfan Ghani	Non-Executive Director	Member
Hafiz Shoaib Ahmed Chauhan	Head of Internal Audit	Secretary

MANAGEMENT COMMITTEE

Mr. Razak H.M. Bengali	Chief Executive
Mr. Muhammad Siddique Misri	Director Marketing/ Business Development
Mr. Muhammad Irfan Ghani	Chief Operating Officer
Mr. Sajid Nadri	S.G.M (Technical)
Mr. Muhammad Yasin Yunus Ladha	S.G.M (Finance) / Company Secretary
Mr. Muhammad Asad Saeed	D.G.M (Finance)
Mr. Fareed Abdul Razzak	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
Syed Haroon Rashid	Chairman (Non-Executive Director)	Member
Mrs. Gulbano Razak	Non-Executive Director	Member
Mr. Muhammad Yasin Yunus Ladha	S.G.M (Finance) / Company Secretary	Secretary

BANKERS

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

LEGAL ADVISOR

Mohsin Tayebaly & Company
(Advocates)

EXTERNAL AUDITORS

Ernst & Young Ford Rhodes Sidat Hyder
(Chartered Accountants)

TAX CONSULTANTS

Ernst & Young Ford Rhodes Sidat Hyder
(Chartered Accountants)
Baker Tilly Mehmood Idrees Qamar
(Chartered Accountants)

HEAD OF INTERNAL AUDIT

Hafiz Shoaib Ahmed Chauhan

SHARE REGISTRAR

THK Associates (Pvt) Limited
2nd Floor, State Life Building #3
Dr. Ziauddin Ahmed Road, Karachi.
E-mail: secretariat@thk.com.pk
UAN# +92 (21) 111-000-322,
Direct: +92 (21) 35693094-95
Fax# +92 (21) 35655595

HEAD OFFICE

1st Floor, State Life Building # 3
Dr. Ziauddin Ahmed Road, Karachi.
E-mail: bwfin@cyber.net.pk
Website: <http://www.bwheels.com>
Telephone# 35689259, 35683474, 35687502
Fax# 35684003

FACTORY AND REGISTERED OFFICE

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



DIRECTORS' REPORT

The Directors of your company take pleasure in presenting the unaudited condensed interim financial statements for the nine months ended March 31, 2016.

Financial Results

The company has achieved remarkable growth in revenue as well as profit before and after tax as compared to similar period of last year. The sale under review was Rs.1.068 billion as compared with Rs. 984 million while profit before and after tax was Rs. 184 and Rs. 130 million respectively as compared with Rs. 75 and Rs. 57 million respectively. In terms of percentage the G.P was 25 % as compared with 18 % to similar period of last year while operating profit was 17 % as compared with 8 % to similar period of last year.

The Sale of wheels to car industry increased by Rs. 143 million (21 %) and sale of wheels to Truck and Bus industry declined by Rs. 32 million (33 %) while the sale of wheels to tractor industry declined by Rs. 37 million (20 %) as compared with same period of previous year. Due to robust growth in automobile sector we achieved the impressive result but after closure of "Apna Rozgar Scheme" by Punjab Government now it seems difficult to continue in future with the same pace of acceleration.

NBP and related Matters

The case is pending in the High Court of Sindh which has been briefly explained in Note No.22 in the Annual Audited Financial Statements for the year ended on June 30, 2015, and Note No. 7 of the condensed interim financial statements for the period ended March 31, 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

We foresee decline in car segment sales due to the reason mentioned above while tractor and truck / bus sales are improving from the month of March'16 and we expect it to continue to grow till the end of the year. However the increase in sales from tractors and truck/bus would not be able to offset completely the loss of revenue and profit we might suffer from the car segment.

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 achieve success for your company and for the benefit of all stakeholders, and the country in general. Ameen

Razak H.M. Bengali
Chief Executive

April 25, 2016
Karachi.



CONDENSED INTERIM BALANCE SHEET AS AT MARCH 31, 2016

ASSETS	Note	(Un-audited) March 31, 2016	(Audited) June 30, 2015
-----Rs. in '000-----			
NON-CURRENT ASSETS			
Property, plant and equipment	4	306,709	307,284
Long-term investments		-	1,739
Long-term loans and advances		3,480	2,998
Long-term deposits		5,740	5,740
		315,929	317,761
CURRENT ASSETS			
Stores, spare parts and loose tools		50,085	44,018
Stock-in-trade	5	501,440	452,579
Trade debts		83,821	59,981
Loans and advances		28,057	15,043
Trade deposits and short-term prepayments		2,047	2,287
Other receivables		471	521
Short-term investments	6	133,895	-
Taxation - net		35,862	47,041
Bank balances		148,393	255,013
		984,071	876,483
TOTAL ASSETS		1,300,000	1,194,244
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		133,343	133,343
Reserves		1,033,656	943,870
		1,166,999	1,077,213
NON-CURRENT LIABILITIES			
Liabilities against assets subject to finance lease		586	2,569
Long-term deposits		1,239	706
Deferred taxation		16,941	17,592
		18,766	20,867
CURRENT LIABILITIES			
Trade and other payables		107,737	83,631
Accrued mark-up		-	2
Sales tax payable - net		449	6,172
Current portion of:			
Liabilities against assets subject to finance lease		2,639	2,523
Long-term deposits		-	205
Provision for warranty		3,410	3,631
		114,235	96,164
CONTINGENCIES AND COMMITMENTS	7		
TOTAL EQUITY AND LIABILITIES		1,300,000	1,194,244

The annexed notes 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 PERIOD ENDED MARCH 31, 2016
(UN-AUDITED)

	Nine Month Ended		Quarter Ended	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
-----Rs. in '000-----				
Turnover - net	1,068,002	983,918	323,215	350,265
Cost of sales	(797,846)	(810,292)	(225,022)	(282,844)
Gross profit	270,156	173,626	98,193	67,421
Distribution costs	(26,374)	(28,439)	(7,734)	(9,853)
Administrative expenses	(58,368)	(59,688)	(18,530)	(18,845)
Other expenses	(15,158)	(9,111)	(6,215)	(3,457)
Other income	13,979	2,169	5,505	336
	(85,921)	(95,069)	(26,974)	(31,819)
Operating profit	184,235	78,557	71,219	35,602
Finance costs	(591)	(3,123)	(264)	(947)
Profit before taxation	183,644	75,434	70,955	34,655
Taxation				
Current	(54,438)	(28,319)	(18,457)	(14,775)
Prior	(68)	3,896	-	-
Deferred	651	5,575	(2,567)	3,426
	(53,855)	(18,848)	(21,024)	(11,349)
Net profit for the period	129,789	56,586	49,931	23,306
Earnings per share (Rupees)	9.73	4.24	3.74	1.75

The annexed notes 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 PERIOD ENDED MARCH 31, 2016
(UN-AUDITED)**

	Nine Month Ended		Quarter Ended	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
	-----Rs. in '000-----			
Net profit for the period	129,789	56,586	49,931	23,306
Other comprehensive income to be reclassified to profit or loss in subsequent periods				
Unrealised gain / (loss) due to change in fair value of available-for-sale investments	-	345	-	(216)
Total comprehensive income for the period	<u>129,789</u>	<u>56,931</u>	<u>49,931</u>	<u>23,090</u>

The annexed notes 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 PERIOD ENDED MARCH 31, 2016
(UN-AUDITED)

	March 31, 2016	March 31, 2015
	-----Rs. in '000-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	183,644	75,434
Adjustments for:		
Depreciation	25,452	30,192
(Gain) on disposal of fixed assets	(765)	(458)
Finance costs	591	3,123
(Reversal) / Provision for slow moving stores & spares & stock in trade	(34,706)	4,106
Provision for doubtful debts-net	33,744	116
Provision for compensated absences	442	448
(Reversal) / Provision for warranty claim - net	(13)	549
Provision for employees' benefits	2,421	743
(Profit) on deposit accounts / treasury bills	(8,214)	(244)
Dividend income	(41)	-
(Gain) on revaluation / redemption of investment at fair value through profit or loss	(4,419)	(822)
	14,492	37,753
	198,136	113,187
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(4,878)	(6,865)
Stock-in-trade	(15,344)	(13,997)
Trade debts	(57,584)	(89,034)
Loans and advances	(13,013)	(2,551)
Accrued income	(447)	-
Trade deposits, short-term prepayments and other receivables	290	6,581
Sales tax refundable - net	-	1,792
	(90,976)	(104,074)
	107,160	9,113
(Decrease) / increase in current liabilities		
Trade and other payables	23,032	(7,802)
Sales tax payable - net	(5,723)	5,370
	124,469	6,681
Employees' benefits paid	(2,110)	(1,138)
Income tax paid	(43,326)	(43,699)
Long-term loans and advances-net	(482)	2,440
Long-term investment	1,739	-
Long-term deposits - net	327	(52)
Net cash generated from / (used in) operating activities	80,617	(35,768)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(26,862)	(11,276)
Proceeds from disposal of fixed assets	2,751	4,227
Profit received	7,767	244
Investments made during the period	(130,674)	83,678
Dividend received	41	-
Proceeds from redemption of investments	1,875	822
Net cash (used in) / generated from investing activities	(145,102)	77,695
CASH FLOWS FROM FINANCING ACTIVITIES		
Liabilities against assets subject to finance lease - net	(1,867)	(2,867)
Finance costs paid	(593)	(2,838)
Dividend paid	(39,675)	(29,601)
Net cash (used in) / generated from financing activities	(42,135)	(35,306)
Net (decrease) / increase in cash and cash equivalents	(106,620)	6,621
Cash and cash equivalents at the beginning of the period	255,013	28,905
Cash and cash equivalents at the end of the period	148,393	35,526

The annexed notes 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 PERIOD ENDED MARCH 31, 2016
(UN-AUDITED)**

	Issued, subscribed and paid-up Capital	General reserves	Reserves			Total reserves	Total
			Unrealised gain/(loss) on revaluation of available- for-sale investments	Actuarial gain on gratuity fund	Unappropriated profit		
----- (Rs. in '000) -----							
Balance as at June 30, 2014	133,343	160,000	603	2,533	714,718	877,854	1,011,197
Final dividend for the year ended June 30, 2014 @ Rs. 2.25 per share	-	-	-	-	(30,001)	(30,001)	(30,001)
Net profit for the period	-	-	-	-	56,586	56,586	56,586
Other comprehensive income	-	-	345	-	-	345	345
Total comprehensive income	-	-	345	-	56,586	56,931	56,931
Balance as at March 31, 2015	133,343	160,000	948	2,533	741,303	904,784	1,038,127
Balance as at June 30, 2015	133,343	160,000	1,595	1,622	780,653	943,870	1,077,213
Final dividend for the year ended June 30, 2015 @ Rs. 3 per share	-	-	-	-	(40,003)	(40,003)	(40,003)
Net profit for the period	-	-	-	-	129,789	129,789	129,789
Other comprehensive	-	-	(1,595)	-	1,595	-	-
Total comprehensive income	-	-	(1,595)	-	131,384	129,789	129,789
Balance as at March 31, 2016	133,343	160,000	-	1,622	872,034	1,033,656	1,166,999

The annexed notes 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 PERIOD ENDED MARCH 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 the Pakistan Stock Exchange (formerly on the Karachi Stock Exchange). The registered office of the Company is situated at Main RCD Highway, Hub Chowki, Lasbella, Baluchistan.

2. BASIS OF PREPARATION

These condensed interim financial statements of the company for the nine months period ended March 31, 2016 have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 'Interim Financial Reporting' and provisions of or directives issued under the Companies Ordinance, 1984. In case where requirement differs, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. 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 Company's annual financial statements for the year ended June 30, 2015.

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 30 June 2015 except as follows:

The Company has adopted the following standards which became effective for the current period:

- IFRS 10 - Consolidated Financial Statements
- IFRS 11 - Joint Arrangements
- IFRS 12 - Disclosures of Interests in Other Entities
- IFRS 13 - Fair Value Measurement

The adoption of the above amendments to accounting standards and interpretations did not have any material effect on these condensed interim financial statements of the Company.

		(Unaudited) March 31, 2016	(Audited) June 30, 2015
	Note	----- (Rs. in '000) -----	
4. PROPERTY, PLANT AND EQUIPMENT			
Opening net book value (NBV)		307,284	351,705
Additions during the period / year (cost)	4.1	26,862	26,038
Depreciation for the period / year		(25,452)	(43,614)
Disposals during the period / year (NBV)	4.1	(1,985)	(26,845)
Closing NBV		<u>306,709</u>	<u>307,284</u>



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2016
(UN-AUDITED)**

	(Un-audited) March 31, 2016		(Audited) June 30, 2015	
	Additions at cost	Disposals at NBV	Additions at cost	Disposals at NBV
------(Rs. in '000)-----				
4.1 Additions and disposals to property, plant and equipment:				
Building	4,266	-	4,014	-
Plant and machinery	13,890	625	14,658	22,416
Furniture and fittings	-	-	1,381	11
Vehicles	8,215	1,289	3,606	4,326
Office equipment	342	32	1,784	85
Computer	149	39	595	7
	26,862	1,985	26,038	26,845
			(Un-audited) March 31, 2016	(Audited) June 30, 2015
			------(Rs. in '000)-----	
5. STOCK-IN-TRADE		Note		
Raw material			154,306	128,439
Finished goods			160,265	186,965
Work-in-process			116,035	110,706
Scrap stock			44,049	44,963
			474,655	471,073
Stock-in-transit			48,714	36,953
			523,369	508,026
Provision for slow moving stock		5.1	(21,929)	(55,447)
			501,440	452,579
5.1 Provision for slow moving stock				
Balance at the beginning of the period / year			55,447	28,328
(Reversal) / provision for the period / year			(33,518)	27,119
Balance at the end of the period / year			21,929	55,447
6. SHORT TERM INVESTMENTS				
Investments at fair value through profit or loss				
- Mutual funds			72,774	-
- Listed shares			11,123	-
			83,897	-
Held to maturity				
- Treasury bills		6.1	49,998	-
			133,895	-
6.1	These carry interest rate of 6.15% per annum, having maturity in May 2016.			



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2016
(UN-AUDITED)**

7. CONTINGENCIES AND COMMITMENTS

Contingencies

During the year ended 30 June 2004, National Bank of Pakistan made the payment to Privatization Commission (PC) 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 legal advice, is confident 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.

	(Unaudited) March 31, 2016	(Audited) June 30, 2015
	------(Rs. in '000)-----	
Commitments		
Outstanding letters of guarantees	<u>3,196</u>	<u>2,721</u>
Outstanding letters of credit	<u>84,815</u>	<u>88,503</u>
Capital commitments	<u>5,722</u>	<u>874</u>
Commitments for rentals payable under Ijarah contracts in respect of vehicles, and plant and machinery are as follows:		
Within one year	<u>2,094</u>	<u>2,796</u>
One year to five years	<u>-</u>	<u>1,398</u>
	<u>2,094</u>	<u>4,194</u>

8. TRANSACTIONS WITH RELATED PARTIES

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

	Un-audited	
	Nine-month Ended March 31, 2016	Nine-month Ended March 31, 2015
	------(Rs. in '000)-----	
Transactions during the period		
Directors and key management personnel		
Sale of fixed assets	<u>1,430</u>	<u>2,801</u>
Remuneration	<u>37,283</u>	<u>28,229</u>
Fee (Non-executive directors)	<u>880</u>	<u>750</u>
Retirement benefit plans		
Contribution / charge	<u>5,928</u>	<u>3,605</u>



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2016
(UN-AUDITED)**

	March 31, 2016 (Un-audited)	June 30, 2015 (Audited)
	------(Rs. in '000)-----	
Balances as at period / year end		
Loans and advances	<u>2,136</u>	<u>2,155</u>
Trade and other payables	<u>2,384</u>	<u>2,154</u>

9. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on **April 25, 2016**, by the Board of Directors of the Company.

10. GENERAL

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

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

**MUHAMMAD SIDDIQUE MISRI
DIRECTOR**

If undelivered please return to:



Baluchistan Wheels Limited

1st Floor, State Life Building # 3,
Dr. Ziauddin Ahmed Road, Karachi.
Telephone # 35689259, 35683474, 35687502
Fax # 35684003
E-mail: bwlfm@cyber.net.pk
Website: <http://www.bwheels.com>