



BALUCHISTAN WHEELS LIMITED
Manufacturers of Automotive Wheels in Pakistan

MOVING AROUND THE WORLD

1ST QUARTERLY
ACCOUNTS
SEPTEMBER
2015
(Un-Audited)





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	Sr. Manager (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
Website: <http://www.thk.com.pk>
Telephone # 35655595
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

Your Directors are pleased to present Un-audited Financial Statements of the Company for the First Quarter ended on September 30, 2015.

Business Review

The sales during the period under review was Rs. 384 million as compared to Rs. 313 million which is 22% higher than the corresponding period last year. The car wheels sale was Rs. 294 million as compared to Rs. 207 million which is 42% higher than the last year corresponding period. The Truck/ Bus wheels sale was Rs. 19 million as compared to Rs. 42 million which is 55% less than the last year corresponding period. The Tractors Wheels sale was Rs. 65 million as compared to Rs. 49 million which is 34% more than the last year corresponding period.

Overall at National level the production of Cars is higher by 14,442 units, which was 47% more than the last year corresponding period. The production of Cars during the period under review was 45,133 units as compared to 30,691 units in the same period of last year. The Tractors production is decreased by 4,581 units which was 39% less than the last year corresponding period. The production of Tractors was 7,315 units as compared to 11,896 units in the same period of last year. While 1,349 Trucks/ Buses were produced as against production of 1,165 Trucks/ Buses in the same period of last year which was 184 units (16%) higher than the last year corresponding period.

Financial Performance

The gross profit (GP) was Rs. 63 million as compared to Rs. 57 million of the last corresponding period. In terms of percentage the current GP is 16% as compared to 18% of the previous year corresponding period.

The distribution cost, administrative expenses, other operating expenses and the finance cost remained under control. The profit after taxation was Rs. 25 million as compared to Rs. 18 million in the corresponding period last year.

NBP and Related Matters

NBP suit for recovery against the Company (BWL) and Privatization Commission (PC) for payment amounting to Rs. 91.25 million it had paid to PC, which the Company does not acknowledge as briefly explained at Note No. 22.1 in the financial statements for the year ended June 30, 2015. The case was first heard by Mr. Justice Faisal Arab during 2008 and the matter was concluded and the announcement of judgement was reserved. Unfortunately, no judgment was announced and the matter was sent to the office for fixing the same.

The case was then heard by Honorable Justice of Sindh High Court Mr. Justice Salman Talibuddin and various hearings were made and the order was expected but the case has been sent for final arguments again because of July 31, 2009 decision of the Honorable Supreme Court of Pakistan where by several Judges were removed and the Honorable Judge who had heard this matter was also removed.

Thereafter, the matter was again fixed before Mr. Justice Faisal Arab. The case was reheard and was argued during 2010. During various hearings the parties concluded their arguments and Mr. Justice Faisal Arab reserved the matter for announcement of judgment. Again no judgment was announced and the matter was sent to the office for fixing the same for rehearing.

The matter was then fixed before Honorable Justice Mrs. Ashraf Jahan and then transferred in the Court of Honorable Justice Mr. Justice Aziz ur Rehman who has now been transferred to the divisional bench. The case will be reheard again after reconstitution of bench. The efforts were made by both the lawyers of BWL & NBP for concluding the matter, and the latest development is that the case is reheard by the Honorable Judge. The management and its legal counsel are hopeful that the ultimate outcome of the matter will be in Company's favour.



DIRECTORS' REPORT

Board Audit Committee

The Board Audit Committee has been reconstituted as follows:

- | | |
|-------------------------------|-------------|
| 1. Mr. Anis Wahab Zuberi | (Chairman) |
| 2. Syed Zubair Ahmed Shah | (Member) |
| 3. Miss Maheen Irfan Ghani | (Member) |
| 4. Hafiz Sohaib Ahmed Chauhan | (Secretary) |

Mr. Anis Wahab Zuberi & Miss Maheen Irfan Ghani have replaced Mrs. Gulbano Razak & Mrs. Saba Nadeem. Further, Mr. Anis Wahab Zuberi is the Chairman of the Committee in place of Syed Zubair Ahmed Shah. The Board appreciates the services rendered by the outgoing members of the Committee.

Future Outlook

As reported in the Annual Report for the year ended June 30, 2015, the Government of Pakistan (GoP) is working hard to bring improvement in the economy and it is expected that GDP will grow, with improvement in the agriculture and industrial sector growth and bringing the idle capacity to production. It all depends upon the upcoming auto policy and your management is hopeful that forthcoming auto policy will be industry friendly. As our sales are directly linked with the Auto Sales, therefore, any improvement or decline in Auto Sales will have a direct impact on our sales too.

The auto industry / sector has great potential for growth. If there is a political stability in the country and GoP announces long term friendly policy for the Auto Industry which is an engine for industrial growth then vending auto industry will also grow.

We are hopeful that the major players in the auto sector like Indus Motors Company Limited & Pak Suzuki Motor Company Limited are going to do well in the future because of successful launch of Toyota New Model and the ongoing Government of Punjab Suzuki Taxi Scheme. The Tractors sales are also expected to improve due to the recent Tractor scheme announced by Government of Punjab as well as the Government of Sindh. Further, if the Government encourages the local Truck/Bus industry, then this sector may also turn around.

Your Management is expecting positive outlook for future.

Acknowledgement

We thank our valued customers for the patronage of our products, and are pleased to record our appreciation for the services rendered by the staff members and workers, and look forward to their continued support and dedication.

For and on Behalf of the Board of Directors

MUHAMMAD IRFAN GHANI
DIRECTOR

MUHAMMAD SIDDIQUE MISRI
DIRECTOR

Karachi: October 14, 2015

Statement under section 241(2) of the Companies Ordinance, 1984

The Chief Executive of the Company is presently out of the Country, therefore these financial statements have been signed by two Directors of the Company duly authorized by the Board of Directors.



CONDENSED INTERIM BALANCE SHEET AS AT SEPTEMBER 30, 2015

ASSETS	Note	(Un-audited) September 30, 2015	(Audited) June 30, 2015
		------(Rs.in '000)-----	
NON-CURRENT ASSETS			
Property, plant and equipment	4	307,487	307,284
Long-term investments		1,223	1,739
Long-term loans and advances		2,806	2,998
Long-term deposits		5,740	5,740
		317,256	317,761
CURRENT ASSETS			
Stores, spare parts and loose tools		49,173	44,018
Stock-in-trade	5	428,345	452,579
Trade debts		156,530	59,981
Loans and advances		31,919	15,043
Trade deposits and short-term prepayments		2,146	2,287
Other receivable		-	521
Short term investments		51,167	-
Taxation - net		60,404	47,041
Bank balances		107,100	255,013
		886,784	876,483
TOTAL ASSETS		1,204,040	1,194,244
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		133,343	133,343
Reserves		968,730	943,870
		1,102,073	1,077,213
NON-CURRENT LIABILITIES			
Liabilities against assets subject to finance leases		1,964	2,569
Long-term deposits		1,357	706
Deferred taxation		17,592	17,592
		20,913	20,867
CURRENT LIABILITIES			
Trade and other payables		63,202	83,631
Accrued mark-up		3	2
Sales tax payable		11,269	6,172
Current portion of:			
- Liabilities against assets subject to finance leases		2,523	2,523
- Long-term deposits		205	205
Provision for warranty		3,852	3,631
		81,054	96,164
CONTINGENCIES AND COMMITMENTS	6		
TOTAL EQUITY AND LIABILITIES		1,204,040	1,194,244

The annexed notes 1 to 9 form an integral part of these condensed interim financial statements.

MUHAMMAD IRFAN GHANI
DIRECTOR

MUHAMMAD SIDDIQUE MISRI
DIRECTOR

Statement under section 241(2) of the Companies Ordinance, 1984

The Chief Executive of the Company is presently out of the Country, therefore these financial statements have been signed by two Directors of the Company duly authorized by the Board of Directors.



**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED SEPTEMBER 30, 2015
(UN-AUDITED)**

	September 30, 2015	September 30, 2014
	------(Rs.in '000)-----	
Turnover - net	383,605	313,310
Cost of sales	(320,931)	(256,471)
Gross profit	62,674	56,839
Distribution costs	(9,491)	(8,759)
Administrative expenses	(16,410)	(17,029)
Other expenses	(2,980)	(3,562)
Other income	3,724	873
	(25,157)	(28,477)
Operating profit	37,517	28,362
Finance costs	(199)	(620)
Profit before taxation	37,318	27,742
Taxation	(11,942)	(9,432)
Profit after taxation	25,376	18,310
 (Rupees)	
Earnings per share - Basic and diluted	1.90	1.37

The annexed notes 1 to 9 form an integral part of these condensed interim financial statements.

MUHAMMAD IRFAN GHANI
DIRECTOR

MUHAMMAD SIDDIQUE MISRI
DIRECTOR

Statement under section 241(2) of the Companies Ordinance, 1984

The Chief Executive of the Company is presently out of the Country, therefore these financial statements have been signed by two Directors of the Company duly authorized by the Board of Directors.



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED SEPTEMBER 30, 2015
(UN-AUDITED)**

	September 30, 2015	September 30, 2014
	------(Rs.in '000)-----	
Net profit for the period	25,376	18,310
Other comprehensive income / (loss) to be reclassified to profit or loss in subsequent periods		
Unrealised (loss) due to changes in fair value of available for sale investments	(516)	(42)
Total comprehensive income for the period	<u>24,860</u>	<u>18,268</u>

The annexed notes 1 to 9 form an integral part of these condensed interim financial statements.

MUHAMMAD IRFAN GHANI
DIRECTOR

MUHAMMAD SIDDIQUE MISRI
DIRECTOR

Statement under section 241(2) of the Companies Ordinance, 1984

The Chief Executive of the Company is presently out of the Country, therefore these financial statements have been signed by two Directors of the Company duly authorized by the Board of Directors.



CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE PERIOD ENDED SEPTEMBER 30, 2015
(UN-AUDITED)

	September 30, 2015	September 30, 2014
	------(Rs.in '000)-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	37,318	27,742
Adjustment for:		
Depreciation	8,102	9,909
Provision for employees' benefits	810	-
Finance costs	199	620
Provision for warranty	249	-
Gain on revaluation / redemption of mutual funds	(1,167)	(823)
Profit on deposit accounts	(2,557)	(50)
	5,636	9,656
	42,954	37,398
Working capital changes:		
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(5,155)	(3,185)
Stock-in-trade	24,234	(24,095)
Trade debts	(96,549)	(109,215)
Loans and advances	(16,876)	(17,562)
Trade deposits & short-term prepayments & other receivable	662	(1,886)
Sales tax refundable - net	-	347
	(93,684)	(155,596)
Increase / (decrease) in current liabilities		
Trade and other payables	(22,442)	(23,461)
Sales tax payable - net	5,097	-
	(68,075)	(141,659)
Cash used in operation	(68,075)	(141,659)
Long-term loans and advances-net	192	(782)
Long-term deposits-net	651	50
Income tax paid	(25,303)	(23,377)
Finance costs paid	(198)	(625)
Employees' benefits paid	(435)	-
Net cash used in operating activities	(93,168)	(166,393)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(8,283)	(6,752)
Proceeds from sales of fixed assets	419	-
Short term Investment	(50,000)	83,678
Gain on revaluation/redemption of mutual funds	1,167	823
Profit received on deposit accounts	2,557	50
Net cash (used in)/ generated from investing activities	(54,140)	77,799
CASH FLOWS FROM FINANCING ACTIVITIES		
Short-term borrowing - net	-	67,850
Repayment of liabilities against assets subject to finance lease	(605)	(1,092)
Net cash (used in)/ generated from financing activities	(605)	66,758
Net decrease in cash and cash equivalents	(147,913)	(21,836)
Cash and cash equivalents at the beginning of the period	255,013	28,905
Cash and cash equivalents at the end of the period	107,100	7,069

The annexed notes 1 to 9 form an integral part of these condensed interim financial statements.

MUHAMMAD IRFAN GHANI
DIRECTOR

MUHAMMAD SIDDIQUE MISRI
DIRECTOR

Statement under section 241(2) of the Companies Ordinance, 1984

The Chief Executive of the Company is presently out of the Country, therefore these financial statements have been signed by two Directors of the Company duly authorized by the Board of Directors.



**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED SEPTEMBER 30, 2015
(UN-AUDITED)**

	Reserves					Total reserves	Total
	Issued, subscribed and paid-up Capital	General reserves	Unrealised gain / (loss) on revaluation of available-for-sale investments	Actuarial gain/ (loss) on gratuity fund	Unappropriated profit		
----- (Rs. in '000) -----							
Balance as at 30 June 2014	133,343	160,000	603	2,533	714,718	877,854	1,011,197
Net profit for the period	-	-	-	-	18,310	18,310	18,310
Other comprehensive loss	-	-	(42)	-	-	(42)	(42)
Total comprehensive income	-	-	(42)	-	18,310	18,268	18,268
Balance as at 30 September 2014	<u>133,343</u>	<u>160,000</u>	<u>561</u>	<u>2,533</u>	<u>733,028</u>	<u>896,122</u>	<u>1,029,465</u>
Balance as at 30 June 2015	133,343	160,000	1,595	1,622	780,653	943,870	1,077,213
Net profit for the period	-	-	-	-	25,376	25,376	25,376
Other comprehensive loss	-	-	(516)	-	-	(516)	(516)
Total comprehensive income	-	-	(516)	-	25,376	24,860	24,860
Balance as at 30 September 2015	<u>133,343</u>	<u>160,000</u>	<u>1,079</u>	<u>1,622</u>	<u>806,029</u>	<u>968,730</u>	<u>1,102,073</u>

The annexed notes 1 to 9 form an integral part of these condensed interim financial statements.

MUHAMMAD IRFAN GHANI
DIRECTOR

MUHAMMAD SIDDIQUE MISRI
DIRECTOR

Statement under section 241(2) of the Companies Ordinance, 1984

The Chief Executive of the Company is presently out of the Country, therefore these financial statements have been signed by two Directors of the Company duly authorized by the Board of Directors.



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2015
(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 in Karachi Stock Exchange. The registered office of the Company is situated at Main RCD Highway, Hub Chowki Lasbella, Baluchistan.

2. STATEMENT OF COMPLIANCE

These condensed interim financial statements of the company for the period ended September 30, 2015 are unaudited and are being submitted to the shareholders in accordance with the requirement of Section 245 of the Companies Ordinance, 1984 and International Accounting Standard (IAS) 34 'Interim Financial Reporting'. The 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, 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 June 30, 2015.

4. PROPERTY, PLANT AND EQUIPMENT

		(Un-audited) September 30, 2015		(Audited) June 30, 2015
	Note	------(Rs.in '000)-----		
Opening Net Book Value (NBV)		307,284		351,705
Additions during the period/ year	4.1	8,283		26,038
Depreciation charged during the period / year		(8,102)		(43,614)
Disposals during the period / year (NBV)	4.1	(419)		(26,845)
Closing Net Book Value (NBV)		<u>307,046</u>		<u>307,284</u>
Capital work-in-progress		441		-
		<u>307,487</u>		<u>307,284</u>

	(Un-audited) September 30, 2015		(Audited) June 30, 2015	
	Additions at cost	Disposals at written down value	Additions at cost	Disposals at written down value
	------(Rs.in '000)-----			
4.1 Additions and disposals to property, plant and equipment:				
Building	1,107	-	4,014	-
Plant and machinery	-	-	14,658	22,416
Furniture and fittings	-	-	1,381	11
Vehicles	6,748	348	3,606	4,326
Office equipment	278	32	1,784	85
Computer	150	39	595	7
	<u>8,283</u>	<u>419</u>	<u>26,038</u>	<u>26,845</u>



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2015
(UN-AUDITED)**

		(Un-audited) September 30, 2015	(Audited) June 30, 2015
		------(Rs.in '000)-----	
5. STOCK-IN-TRADE			
Raw material and components		155,742	128,439
Finished goods		156,670	186,965
Work-in-process		90,046	110,706
Scrap stock		50,579	44,963
		<u>453,037</u>	<u>471,073</u>
Stock-in-transit		30,755	36,953
		<u>483,792</u>	<u>508,026</u>
Provision for slow moving stock	5.1	(55,447)	(55,447)
		<u>428,345</u>	<u>452,579</u>

5.1 Movement in provision is as follows:

Balance at the beginning of the period / year	55,447	28,328
Provision during the period / year	-	27,119
Balance at the end of the period / year	<u>55,447</u>	<u>55,447</u>

6. CONTINGENCIES AND COMMITMENTS

There were no major changes in the status of contingencies and commitments as reported in the financial statements for the year ended June 30, 2015 except for the following:

	(Un-audited) September 30, 2015	(Audited) June 30, 2015
------(Rs.in '000)-----		
Commitments		
Outstanding letters of credit	<u>67,731</u>	<u>88,503</u>
Commitment for rentals payable under Ijarah contract in respect of vehicle is as follows:		
Within one year	2,796	2,796
One year to five years	699	1,398
	<u>3,495</u>	<u>4,194</u>

7. TRANSACTIONS WITH RELATED PARTIES

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



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2015
(UN-AUDITED)**

<u>Transactions</u>		(Un-audited)	
		September 30, 2015	September 30, 2014
		------(Rs.in '000)-----	
Nature of relationship	Nature of transactions		
Staff retirement benefit plans			
- Provident funds	Contribution during the period	<u>1,164</u>	<u>1,042</u>
- Gratuity fund	Contribution during the period	<u>810</u>	<u>-</u>
Executives			
	Sales of vehicle	<u>348</u>	<u>-</u>
	Remuneration	<u>2,267</u>	<u>3,689</u>
Executive Directors			
	Remuneration	<u>11,779</u>	<u>8,530</u>
Non-executive directors			
	Fee	<u>290</u>	<u>180</u>
Balances			
Amount receivable			
Loan and advances	Loan to key management personnel	<u>1,715</u>	<u>1,075</u>

8. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on **October 14, 2015** by the Board of Directors of the Company.

9. GENERAL

- 9.1** The figures of the corresponding period have been re-arranged wherever necessary. However, there were no material classifications to report.
- 9.2** Figures have been rounded off to the nearest thousand rupees unless otherwise stated.

MUHAMMAD IRFAN GHANI
DIRECTOR

MUHAMMAD SIDDIQUE MISRI
DIRECTOR

Statement under section 241(2) of the Companies Ordinance, 1984

The Chief Executive of the Company is presently out of the Country, therefore these financial statements have been signed by two Directors of the Company duly authorized by the Board of Directors.

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>