



BALUCHISTAN WHEELS LIMITED

Manufacturers of Automotive Wheels in Pakistan

2ND QUARTER / HALF-YEARLY
ACCOUNTS
(UN-AUDITED)

DECEMBER
2018



MOVING AROUND THE WORLD



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BALUCHISTAN WHEELS LIMITED
Manufacturers of Automotive Wheels in Pakistan

CORPORATE INFORMATION

CHAIRMAN (Non-Executive Director)

Syed Haroon Rashid

CHIEF EXECUTIVE

Mr. Razak H.M. Bengali

INDEPENDENT DIRECTOR

Mr. Anis Wahab Zuberi

EXECUTIVE DIRECTORS

Mr. Muhammad Siddique Misri

Director Marketing/ Business Development

Mr. Muhammad Irfan Ghani

Chief Operating Officer

NON-EXECUTIVE DIRECTORS

Syed Zubair Ahmed Shah

(Nominee - NIT)

Mr. Irfan Ahmed Qureshi

Mr. Muhammad Javed

Mrs. Saba Nadeem

CHIEF FINANCIAL OFFICER

Mr. Muhammad Yasin Yunus Ladha

COMPANY SECRETARY

Mr. Muhammad Asad Saeed

AUDIT COMMITTEE

Mr. Anis Wahab Zuberi

Independent, Non-Executive Director

Syed Zubair Ahmed Shah

Non-Executive Director (Nominee - NIT)

Syed Haroon Rashid

Non-Executive Director

Mr. Irfan Ahmed Qureshi

Non-Executive Director

Mrs. Saba Nadeem

Non-Executive Director

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Syed Zubair Ahmed Shah

Non-Executive Director (Nominee - NIT)

Mr. Muhammad Irfan Ghani

Chief Operating Officer(Executive Director)

Mr. Anis Wahab Zuberi

Independent, Non-Executive Director

Mr. Muhammad Javed

Non-Executive Director

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) / Chief Financial Officer

Lt. Col. (R) Mehboob Ahmed

GM (Maintenance)

Mr. Muhammad Asad Saeed

D.G.M (Finance) / Company Secretary

Mr. Kumail Irfan Ghani

D.G.M (Supply & Services)

Mr. Fareed Abdul Razzak

D.G.M (Finance)

CHIEF INTERNAL AUDITOR

Hafiz Shoaib Ahmed Chauhan

EXTERNAL AUDITORS

EY Ford Rhodes

(Chartered Accountants)

LEGAL ADVISOR

Mohsin Tayebaly & Company

(Advocates)

TAX CONSULTANTS

Baker Tilly Mehmood Idrees Qamar

(Chartered Accountants)

EY Ford Rhodes

(Chartered Accountants)

BANKERS

Habib Bank Limited

Bank Al-Habib Limited

Faysal Bank Limited

National Bank of Pakistan

Bank Alfalah Limited

Industrial and Commercial Bank of China

SHARE REGISTRAR

Chairman

THK Associates (Pvt) Limited

Member

1st Floor, 40-C, Block-6, P.E.C.H.S

Member

Karachi - 75400.

Member

UAN#+92(21) 111-000-322

Member

Direct:+92 (21) 34168270

Fax#+92 (21) 34168271

Chairman

HEAD OFFICE

Member

1st Floor, State Life Building # 3

Member

Dr. Ziauddin Ahmed Road, Karachi.

Member

E-mail: bwlfin@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 are pleased to present the Un-Audited Condensed Interim Financial Statements for the half ended December 31, 2018.

FINANCIAL RESULTS

By the Grace of Allah, your Company has posted after tax profit of Rs.53.730 million (1HFY18: Rs. 43.773 million) which translate into basic EPS of Rs. 4.03 (1HFY18: Rs. 3.28 per share) despite the prevailing difficult / depressed economic condition of the Country.

Overall at the national level the production of Cars improved by 5% with the total production of 113,494 units during the period July-December 2018 as compared to the 107,787 units in the corresponding period of last year, whereas the production of Trucks & Buses declined by 13% i.e. 4,266 units produced during the period July-December 2018 as compared to 4,923 units during the same period of last year. Similarly, the production of Tractors decreased by 20% i.e. 25,969 units produced during the period July-December 2018 as compared to 32,614 units during the same period of last year.

During the period (July to December 2018)the Company had overall consolidated revenue of Rs. 866 million improved by 1% as compared to Rs. 856 million of corresponding period of last year. The Car wheels sale was improved to Rs. 462 million compared to Rs. 407 million (up by 14%) during the same period of last year. The Truck/Bus wheels sale declined significantly by 30% from Rs. 150 million to Rs. 105 million of the corresponding period of last year. The decline is mainly due to the restriction on purchase of vehicles for the non-filers and the slowdown of the implementation of the China Pakistan Economic Corridor (CPEC) projects. However the Tractor Wheels Sales remain the same in terms of value to Rs. 276 million but in terms of quantity the sale declined by 14% due to the slow economic activity particularly in agriculture sector.

The gross profit increased in absolute terms by Rs. 18.852 million from Rs. 135.538 million to Rs. 154.390 million. The Company earned net profit after taxation of Rs. 53.730 million compared to Rs. 43.773 million in the same period of last year, increased by 22%. The main reason for increase in net profit after taxation is due to the charging of accelerated depreciation on addition of Plant & Machinery during the period under review.

Administrative expenses increased by Rs. 5.710 million (i.e. 12%) from Rs. 46.285 million to Rs. 51.995 million primarily due to the salaries & wages and other related expenses. Other operating expenses increased by Rs. 5.304 million (i.e. 102%) from Rs. 5.181 million to Rs. 10.485 million mainly on account of Exchange losses on imports due to the restrictions imposed by State Bank of Pakistan on forward cover bookings/hedging of foreign exchange transactions.



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 June 30, 2018. The management and its legal counsel are hopeful that the ultimate outcome of the matter will be in the company's favour (Insha-Allah).

FUTURE OUTLOOK

The second supplementary/mini budget 2019 as announced by the Government on January 23rd, 2019 has allowed non-filers to buy cars (locally manufactured) upto 1300 cc (Subject to approval). This will have a positive impact on the local Automobile Industry and resultantly have an effect on our sales too.

Further, the Government has proposed to reduce the Regulatory Duty on Tractor diesel engines and parts and also proposed to reduce tax on banks financing for agricultural loans in the recently announced mini budget may be helpful to boost the sale of tractors.

In the year 2019 the local Car manufacturers will likely to introduce new Car models and your Company has successfully developed wheels for their upcoming models as per the International Quality Standards and this will also put positive impact on our future revenue.

The management is aware to the challenges ahead and is continuously evolving strategies and adopting measures to meet future challenges and maintain business growth.

ACKNOWLEDGEMENT

We take this opportunity to thank our customers and all the stakeholders who 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 stake holders, and the Country in general. Aameen!

For and on Behalf of the Board

Razak H.M. Bengali
Chief Executive

Muhammad Siddique Misri
Director

Karachi: February 15, 2019



مستقبل کے خدو خال۔

حکومت کے اعلان کردہ دوسرے ضمنی / منی بجٹ ۲۰۱۹ء میں نان فاکرز کو 1300cc تک کی کار (مقامی طور پر تیار کردہ) خریدنے کی اجازت کا اعلان کیا گیا ہے جو کہ مقامی آٹو انڈسٹری پر مثبت اثرات مرتب کرے گا اور اس کی وجہ سے ہماری سیلز پر بھی اثر پڑے گا۔

اس کے علاوہ ضمنی بجٹ میں ٹریکٹر ڈیزل انجن اور پارٹس پر ریگولیٹری ڈیوٹی کو کم کرنے کی بھی تجویز کیا ہے اور زرعی قرضوں کیلئے مالیاتی اداروں پر ٹیکس کم کرنے کی تجویز بھی زیر غور ہے جسکی وجہ سے ٹریکٹرز کی فروخت کو بڑھنے میں مدد ملے گی۔

۲۰۱۹ء میں مقامی کارمینوفیکچررز نے متوقع طور پر نئے ماڈل کی گاڑیاں متعارف کرانے کا اعلان کر رکھا ہے اور آپکی کمپنی نے کامیابی سے اُنکے نئے ماڈلز کی گاڑیاں کے پیسے آزمائشی بنیاد پر عالمی معیار کے مطابق تیار کر رکھے ہیں جسکا مثبت اثر ہماری مستقبل کی آمدنی پر پڑے گا۔

آپکی مینجمنٹ مستقبل میں غیر متوقع حالات سے نمٹنے کیلئے مستقل بنیادوں پر حکمت عملی تیار کرتی ہے تاکہ ترقی کا سفر جاری رہے۔

اظہار تشکر۔

ہم اس موقع پر اپنے تمام صارفین اور اسٹیک ہولڈرز کا شکریہ ادا کرتے ہیں جنہوں نے ہم پر مکمل اعتماد اور بھروسے کا اظہار کیا۔ ہم اپنے عملے اور کارکنان سمیت تمام بلوچستان و ہیلز لمیٹڈ کی ٹیم کی کوششوں اور مسلسل تعاون کرنے پر انکا شکریہ ادا کرتے ہیں۔

اللہ تعالیٰ ہمیں برکت دے اور خصوصاً ہمیں اور ہمارے تمام اسٹیک ہولڈرز کو اور عموماً پورے ملک کو ترقی اور کامیابی عطا فرمائے (آمین)۔

بحکم بورڈ آف ڈائریکٹرز

جناب محمد صدیق مصری
ڈائریکٹر

جناب رزاق ایچ ایم بنگالی
چیف ایگزیکٹو

کراچی، ۱۵ فروری ۲۰۱۹ء

ڈائریکٹرز رپورٹ

آپ کی کمپنی کے ڈائریکٹرز نہایت مسرت کے ساتھ ۳۱ دسمبر ۲۰۱۸ء کو ختم ہونے والے پہلی ششماہی کے غیر جانچ شدہ عبوری مالیاتی رپورٹ پیش کرتے ہیں۔

مالیاتی نتائج

اللہ تعالیٰ کی مہربانی سے ملک کے مشکل معاشی حالات کے باوجود پہلی ششماہی میں آپ کی کمپنی نے 53.730 ملین روپے کا بعد از ٹیکس منافع کمایا جو کہ فی شیئر آمدنی کے حساب سے 4.03 روپے بنتا ہے جبکہ گزشتہ سال کے اسی مدت میں بعد از ٹیکس منافع 43.773 ملین روپے تھا جو کہ فی شیئر آمدنی کے حساب سے 3.28 روپے تھا۔ جو گزشتہ سال کے اسی مدت کے مقابلے میں 9.957 ملین روپے زیادہ ہے۔

مجموعی طور پر ملکی سطح پر زیر جائزہ مدت کے دوران کاروں کے 113,494 یونٹس تیار کئے گئے جو گزشتہ سال کے اسی مدت کے 107,787 یونٹس کے مقابلے میں 5% فیصد زیادہ رہے۔ جبکہ اسکے برعکس ٹرک/بس کی پیداوار 4,266 یونٹس رہی جو گزشتہ سال کے اسی دورانیے کے 4,923 یونٹس کے مقابلے میں 13% فیصد کم رہی۔ بالکل اسی طرح ٹریکٹرز کے 25,969 یونٹس تیار کئے گئے جبکہ گزشتہ سال کے اسی دورانیے میں 32,614 ٹریکٹرز تیار کئے گئے تھے جو 20% فیصد کم رہے۔

زیر جائزہ مدت کے دوران ہماری فروخت 866 ملین روپے رہی جو کہ گزشتہ سال کی اسی مدت کی فروخت 856 ملین روپے کے مقابلے میں صرف 1% فیصد زیادہ رہی۔ کار کے پیہوں کی فروخت 462 ملین روپے رہی جو کہ گزشتہ سال کی اسی مدت کے 407 ملین روپے کی فروخت کے مقابلے میں 14% فیصد زیادہ رہی۔ ٹرک/بس کے پیہوں کی فروخت 105 ملین روپے رہی جو کہ پچھلی مدت کی فروخت 150 ملین روپے کے مقابلے میں 30% فیصد کم رہی جسکی بنیادی وجہ نان فاکلز پر گاڑیوں کی فروخت پر پابندی اور CPEC پروجیکٹ پر سست روی سے عمل پیرا ہونا ہے۔ ٹریکٹرز کے پیہوں کی فروخت 276 ملین روپے رہی جو کہ پچھلے عرصے میں بھی کم و بیش یہی تھی لیکن تعداد کے حساب سے ٹریکٹرز کے پیہوں کی فروخت میں 14% فیصد کمی ہوئی جسکی وجہ سست معاشی سرگرمیاں ہیں خاص طور پر زراعت کا شعبہ ہیں۔

غیر خالص منافع 18.852 ملین روپے 14% فیصد اضافے کے ساتھ 154.390 ملین روپے رہا جو گزشتہ سال اسی مدت میں 135.538 ملین روپے تھا، اسی طرح کمپنی کا بعد از ٹیکس منافع 9.957 ملین روپے 22% فیصد اضافے کے ساتھ 53.730 ملین روپے رہا جو کہ گزشتہ سال کے اسی مدت میں 43.773 ملین روپے تھا۔ جسکی بنیادی وجہ زیر جائزہ مدت میں نئے پلانٹ اور مشینری پر Accelerated Depreciation ہے۔

انتظامی اخراجات 5.710 ملین روپے (12%) فیصد کے اضافے کے ساتھ 51.995 ملین روپے رہے جو کہ گزشتہ سال کے اسی مدت میں 46.285 ملین روپے تھے جسکی بنیادی وجہ تنخواہ اور دیگر متعلقہ اخراجات میں اضافہ ہے۔ دیگر آپریشنل اخراجات میں 5.304 ملین روپے (102%) فیصد کا اضافہ ہوا جسکی بنیادی وجہ امپورٹڈ خام مال پر غیر ملکی زرمبادلہ میں نقصان کا ہونا ہے جو کہ اسٹیٹ بینک آف پاکستان کی طرف سے غیر ملکی زرمبادلہ کے فارورڈ کوں پر پابندی کی وجہ سے ہوا۔

NBP اور متعلقہ معاملات

یہ مقدمہ سندھ ہائی کورٹ میں زیر التوا ہے اور اسکے بارے میں تفصیل 30 جون 2018 کو ختم ہونے والے مالی سال کے آڈیٹڈ مالیاتی رپورٹ کے نوٹ نمبر 24 میں درج ہے۔ آپ کی کمپنی کی انتظامیہ اور وکلاء پر اُمید ہیں کہ اس مقدمہ کا نتیجہ ہمارے حق میں آئے گا۔ (انشاء اللہ)



Building a better
working world

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INDEPENDENT AUDITORS' REVIEW REPORT

To the members of Baluchistan Wheels Limited (the Company)

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Baluchistan Wheels Limited (the Company) as at 31 December 2018 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows, and condensed interim statement of changes in equity and notes to the financial statements for the six months period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the three months ended 31 December 2018 and 2017 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended 31 December 2018.

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 statements 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 statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditors' report is Tariq Feroz Khan.

EY Ford Rhodes

Chartered Accountants
Place: Karachi
Date: 22 February 2019



**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018**

	Note	December 31, 2018 (Un-audited) ------(Rupees in '000)-----	June 30, 2018 (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	464,763	494,967
Long-term loans and advances		3,811	3,855
Long-term deposits		4,797	5,777
		<u>473,371</u>	<u>504,599</u>
CURRENT ASSETS			
Stores, spare parts and loose tools		56,786	54,455
Stock-in-trade	5	716,573	532,188
Trade debts		130,100	165,572
Loans and advances		15,149	24,805
Trade deposits and short-term prepayments		2,852	2,049
Other receivables		70	928
Short-term investments	6	3,843	5,516
Taxation – net		137,549	141,608
Sales tax refundable – net		20,398	-
Bank balances		19,677	31,116
		<u>1,102,997</u>	<u>958,237</u>
TOTAL ASSETS		<u>1,576,368</u>	<u>1,462,836</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
25,000,000 (June 30, 2018: 25,000,000) ordinary shares of Rs.10/- each		250,000	250,000
		<u>250,000</u>	<u>250,000</u>
Issued, subscribed and paid-up capital		133,343	133,343
Reserves		1,149,374	1,135,647
		<u>1,282,717</u>	<u>1,268,990</u>
NON-CURRENT LIABILITIES			
Liabilities against assets subject to finance leases		2,410	5,306
Long-term deposits		1,947	1,710
Deferred taxation		36,441	34,958
		<u>40,798</u>	<u>41,974</u>
CURRENT LIABILITIES			
Trade and other payables		135,531	133,499
Accrued mark-up		2,099	-
Short term running finance	7	101,041	-
Current portion of Liabilities against assets subject to finance lease		5,580	5,257
Unclaimed dividend		6,910	5,281
Provision for warranty		1,692	5,033
Sales tax payable		-	2,802
		<u>252,853</u>	<u>151,872</u>
CONTINGENCIES AND COMMITMENTS	8		
		<u>1,576,368</u>	<u>1,462,836</u>

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

RAZAK H.M BENGALI
CHIEF EXECUTIVE

MUHAMMAD YASIN YUNUS LADHA
CHIEF FINANCIAL OFFICER

MUHAMMAD SIDDIQUE MISRI
DIRECTOR



**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2018**

	Half-Year Ended		Quarter Ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	-----Rs. in '000-----			
Turnover – net	865,930	855,782	349,103	440,893
Cost of sales	(711,540)	(720,244)	(283,865)	(380,135)
Gross profit	154,390	135,538	65,238	60,758
Distribution cost	(23,289)	(25,840)	(7,616)	(12,757)
Administrative expenses	(51,995)	(46,285)	(26,909)	(25,278)
Other expenses	(10,485)	(5,181)	(6,309)	(1,500)
Finance cost	(3,215)	(1,365)	(2,354)	(935)
	(88,984)	(78,671)	(43,188)	(40,470)
Other income / (loss)	1,887	(129)	1,718	(1,137)
Profit before taxation	67,293	56,738	23,768	19,151
Taxation				
Current	(10,255)	(12,104)	3,583	(760)
Prior	(1,825)	783	(76)	783
Deferred	(1,483)	(1,644)	(3,351)	(1,875)
	(13,563)	(12,965)	156	(1,852)
Profit after taxation for the period	53,730	43,773	23,924	17,299
Earnings per share- basic and diluted (Rs)	4.03	3.28	1.79	1.30

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

RAZAK H.M BENGALI
CHIEF EXECUTIVE

MUHAMMAD YASIN YUNUS LADHA
CHIEF FINANCIAL OFFICER

MUHAMMAD SIDDIQUE MISRI
DIRECTOR



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2018**

	Half year ended		Quarter ended	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
	-----Rs. in '000-----			
Profit after taxation for the period	53,730	43,773	23,924	17,299
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	53,730	43,773	23,924	17,299

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



CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2018

	December 31, 2018	December 31, 2017
	----- (Rupees in '000') -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	67,293	56,738
Adjustments for non-cash items:		
Depreciation	23,964	21,199
Gain on disposal of operating fixed assets	(2,099)	(248)
Finance costs	3,215	1,365
Provision for slow moving stores, spare parts and loose tools	1,425	1,555
Reversal of provision for slow moving stock in trade - net	(924)	(2,774)
Provision for doubtful debts – net	3,306	918
Provision for compensated absences	255	500
Reversal / provision for warranty claims - net	(3,341)	108
Provision for employees' benefits	2,017	2,057
Profit on treasury bills and deposit accounts	(357)	(2,019)
Dividend income	(49)	(119)
Loss on redemption and revaluation of mutual fund units / listed shares	1,427	2,718
	28,839	25,260
	96,132	81,998
(Increase) / Decrease in current assets		
Stores, spare parts and loose tools	(3,756)	(542)
Stock-in-trade	(183,461)	(111,416)
Trade debts	32,166	(77,407)
Loans and advances	9,656	16,782
Trade deposits, short-term prepayments and other receivables	55	(4)
Sales tax refundable – net	(23,200)	6,393
	(168,540)	(166,194)
	(72,408)	(84,196)
Increase / (Decrease) in current liabilities		
Trade and other payables	1,199	(19,304)
	(71,209)	(103,500)
Employees' benefits paid	(1,440)	(76)
Income tax paid	(8,021)	(74,258)
Long-term loans and advances	44	(340)
Long-term deposits – net	1,217	(103)
Net cash used in operating activities	(79,409)	(178,277)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	4,793	(46,989)
Proceeds from disposal of fixed assets	3,547	937
Profit received on treasury bills and bank accounts	357	4,171
Short-term Investments made	(13,220)	(6,653)
Short-term Investments redeemed	13,466	257,939
Dividend received	49	119
Net cash generated from investing activities	8,992	209,524
CASH FLOWS FROM FINANCING ACTIVITIES		
Liabilities against assets subject to finance lease –net	(2,573)	5,164
Finance cost paid	(1,116)	(694)
Dividend paid	(38,374)	(52,839)
Net cash used in financing activities	(42,063)	(48,369)
Net decrease in cash and cash equivalents	(112,480)	(17,122)
Cash and cash equivalents at the beginning of the period	31,116	27,530
Cash and cash equivalents at the end of the period	(81,364)	10,408

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

RAZAK H.M BENGALI
CHIEF EXECUTIVE

MUHAMMAD YASIN YUNUS LADHA
CHIEF FINANCIAL OFFICER

MUHAMMAD SIDDIQUE MISRI
DIRECTOR



**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2018**

	Issued, subscribed and paid-up capital	General Reserve	Revenue reserve Remeasurement loss on gratuity fund	Unappropriated Profit	Total reserves	Total equity
	(Rupees in '000')					
Balance as at July 01, 2017	133,343	160,000	(5,850)	953,592	1,107,742	1,241,085
Final dividend for the year ended June 30, 2017 @ Rs. 4 per share	-	-	-	(53,337)	(53,337)	(53,337)
Profit after taxation	-	-	-	43,773	43,773	43,773
Other comprehensive Income	-	-	-	-	-	-
Total comprehensive income	-	-	-	43,773	43,773	43,773
Balance as at December 31, 2017	<u>133,343</u>	<u>160,000</u>	<u>(5,850)</u>	<u>944,028</u>	<u>1,098,178</u>	<u>1,231,521</u>
Balance as at July 01, 2018	133,343	160,000	(12,397)	988,044	1,135,647	1,268,990
Final dividend for the year ended June 30, 2018 @ Rs. 3 per share	-	-	-	(40,003)	(40,003)	(40,003)
Profit after taxation	-	-	-	53,730	53,730	53,730
Other comprehensive Income	-	-	-	-	-	-
Total comprehensive income	-	-	-	53,730	53,730	53,730
Balance as at December 31, 2018	<u>133,343</u>	<u>160,000</u>	<u>(12,397)</u>	<u>1,001,771</u>	<u>1,149,374</u>	<u>1,282,717</u>

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

RAZAK H.M BENGALI
CHIEF EXECUTIVE

MUHAMMAD YASIN YUNUS LADHA
CHIEF FINANCIAL OFFICER

MUHAMMAD SIDDIQUE MISRI
DIRECTOR



**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF-YEAR ENDED DECEMBER 31, 2018**

1. CORPORATE INFORMATION

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. These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2. These condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2018. These condensed interim financial statements are unaudited, however, have been subject to limited scope review by the auditors and are being submitted to the shareholders as required by the listing regulation of Pakistan Stock Exchange Limited and Section 237 of the Companies Act, 2017.

2.3. The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended December 31, 2018 and December 31, 2017 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 years ended December 31, 2018 and December 31, 2017.

3. ACCOUNTING POLICIES

The accounting policies and the methods of computations 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, 2018 except for;

New / Revised Standards, Interpretations and Amendments

The Company has adopted the following standards and amendment to IFRSs which became effective for the current period:

Standard or Interpretation

IFRS 2	- Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)
IFRS 4	- Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)
IFRS 9	- Financial Instruments
IFRS 15	- Revenue from Contracts with Customers
IAS 40	- Investment Property: Transfers of Investment Property (Amendments)
IFRIC 22	- Foreign Currency Transactions and Advance Consideration

The adoption of the above standards and amendments in the accounting standards did not have effect on the accounting policies of the Company except for the adoption of IFRS 15 "Revenue from contracts with customers" and IFRS 9 "Financial Instruments" which are as follows:



IFRS 15 Revenue from Contracts with Customers

According to IFRS 15, revenue is recognized to depict the transfer of promised goods or services to a customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue is recognized when, or as, the customer obtains control of the goods or services. IFRS 15 also includes guidance on the presentation of contract balances, that is, assets and liabilities arising from contracts with customers, depending on the relationship between the entity's performance and the customer's payment. IFRS 15 supersedes IAS 11, Construction Contracts and IAS 18, Revenue as well as related interpretations.

The Company has assessed that significant performance obligation in contracts with customers are closely related and therefore are discharged over the period of the relationship with relevant customers. Hence, the Company has concluded that it is in compliance with the requirements of the new accounting standard."

IFRS 9 Financial Instruments

IFRS 9 'Financial Instruments' has replaced IAS 39 'Financial Instruments: Recognition and Measurement' for annual periods beginning on or after 1 July 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. The Company has applied IFRS 9 retrospectively, with the initial application date of 1 July 2018 as notified by the Securities and Exchange Commission of Pakistan (SECP).

The Company's financial assets mainly include trade debts, loans, investment in equity instruments, other ancillary deposits/receivables and bank balances held with commercial banks.

The adoption of IFRS 9 has changed the accounting for impairment losses for financial assets by replacing the incurred losses model approach with a forward looking Expected Credit Loss (ECL) approach. ECL are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

Considering the nature of the financial assets, the Company has applied the standard's simplified approach and has calculated ECL based on life time ECL. For this purpose, the management has conducted an exercise to assess the impairment of its financial assets using historical data and forward looking information. Based on such exercise, the Company has concluded that it is in compliance with the requirements of the new accounting standard and that the impact of impairment on its financial assets is immaterial to these condensed interim financial statements.

		December 31, 2018 (Unaudited)	June 30, 2018 (Audited)
	Note	-----Rs. in '000-----	
4. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	464,763	435,886
Capital work-in-progress	4.2	-	59,081
		464,763	494,967
4.1. Operating fixed assets			
Opening net book value (NBV)		435,886	367,139
Additions during the period / year (cost)	4.1.1	62,682	115,667
Depreciation for the period / year		(23,964)	(45,671)
Disposals during the period / year (NBV)	4.1.1	(9,841)	(1,249)
Closing net book value (NBV)		464,763	435,886



December 31, 2018		June 30, 2018	
Additions at cost (Un-audited)	Disposals at NBV	Additions at cost (Audited)	Disposals at NBV (Audited)
-----Rs. in '000-----			

4.1.1. Additions and disposals to operating fixed assets:

Plant and machinery	60,891	9,059	106,265	560
Furniture and fittings	-	83	-	-
Office equipment	1,791	121	1,146	-
Computer	-	-	316	-
Vehicles- owned	-	578	739	689
Vehicles- leased	-	-	7,201	-
	<u>62,682</u>	<u>9,841</u>	<u>115,667</u>	<u>1,249</u>

	December 31, 2018 (Unaudited)	June 30, 2018 (Audited)
Note	-----Rs. in '000-----	

4.2. Capital work-in-progress

Opening balance	59,081	130
Capital expenditure incurred during the period/year	404	59,093
	<u>59,485</u>	<u>59,223</u>
Transferred to operating fixed assets during the period / year	(59,485)	(142)
Closing balance	<u>-</u>	<u>59,081</u>

5. STOCK-IN-TRADE

Raw material and components	331,014	211,283
Work-in-process	161,425	143,066
Finished goods	183,288	97,671
Scrap stock	59,672	63,527
	<u>735,399</u>	<u>515,547</u>
Stock-in-transit	-	36,391
	<u>735,399</u>	<u>551,938</u>
Provision for slow moving stock	5.1 (18,826)	(19,750)
	<u>716,573</u>	<u>532,188</u>

5.1. Movement in provision is as follows:

Balance at the beginning of the period / year	19,750	25,072
Provision made during the period / year	-	424
	<u>19,750</u>	<u>25,496</u>
Reversal of provision for the period / year	(924)	(5,746)
Balance at the end of the period / year	<u>18,826</u>	<u>19,750</u>

6. SHORT TERM INVESTMENTS

- Listed shares – fair value through profit or loss	<u>3,843</u>	<u>5,516</u>
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7. SHORT TERM RUNNING FINANCE - secured

These facilities are obtained from three commercial banks under mark-up arrangements and are secured by way of hypothecation charge ranking pari passu over company's stock and debts amounting to Rs. 335 million of which Rs. 101.041 million (June 30, 2018 : Rs. Nil) utilized as of the reporting date. The rates of mark-up of these finances are ranging between 0.75% and 1% plus three months average KIBOR and is secured against the stock and book debts of the Company for Rs. 463.6 million.



8. CONTINGENCIES AND COMMITMENTS

8.1. Contingencies

There is no change in the status of contingencies as disclosed in the annual audited financial statements for the year ended 30 June 2018, except as described below:

On September 27, 2018, the Deputy Commissioner Inland Revenue (DCIR) has passed an amendment order u/s 122(1) (5) of the Income Tax Ordinance, 2001, for the Tax year 2017 and thereby creating demand of Rs.28.392 million. Being aggrieved, the Company filed an appeal before the Commissioner Inland Revenue Appeals – I [CIR(A-I)], which is not yet decided.

Based on tax advisor's confirmation, the case is at early stage therefore the outcome of the above appeal cannot be ascertained and consequently any future potential liabilities. Accordingly, no provision has been made in these condensed interim financial statements.

December 31, 2018 (Unaudited)	June 30, 2018 (Audited)
-----Rs. in '000-----	

8.2. Commitments

Outstanding letters of guarantees	<u>4,512</u>	<u>4,512</u>
Outstanding letters of credit	<u>135,485</u>	<u>167,536</u>

9. TRANSACTIONS WITH RELATED PARTIES

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

Half-year Ended December 31, 2018 (Un-audited)	Half-year Ended December 31, 2017
-----Rs. in '000-----	

Relationship

Nature of transactions

Key Management Personnel	Sales of fixed asset	<u>-</u>	<u>476</u>
Key Management Personnel	Remuneration	<u>36,369</u>	<u>29,823</u>
Non-executive directors	Meeting Fee	<u>1,400</u>	<u>1,560</u>

Staff retirement funds

Contribution to gratuity fund	<u>2,017</u>	<u>2,058</u>
Contribution to provident fund	<u>3,165</u>	<u>3,037</u>

10. CASH AND CASH EQUIVALENTS

Cash and bank balances	<u>19,677</u>	<u>10,408</u>
Short term running finance	<u>(101,041)</u>	<u>-</u>
	<u>(81,364)</u>	<u>10,408</u>



11. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial information were authorized for issue on **February 15, 2019**, by the Board of Directors of the Company.

12. GENERAL

- 12.1.** Key management personnel remuneration corresponding figure in related party transactions note has been revised in line with the new definition of executives in the Companies Act, 2017.
- 12.2.** Figures have been rounded off to the nearest thousand rupees unless otherwise stated.



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BALUCHISTAN WHEELS LIMITED
Manufacturers of Automotive Wheels in Pakistan



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