



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

MOVING AROUND THE WORLD

# HALF YEARLY/ 2ND QUARTERLY ACCOUNTS DECEMBER 31, 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	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 first six months ended on December 31, 2015.

### **Financial Results**

The company has achieved an impressive growth in revenue and profit before and after tax as compared to similar period of last year. The sale under review was Rs.745 million as compared with Rs.634 million while profit before and after tax was Rs.113 and Rs.80 million respectively as compared with Rs.41 million and Rs.33 million respectively. In terms of percentage the G.P was 23 % as compared with 17 % to similar period of last year while operating profit was 15 % as compared with 7 % to similar period of last year.

The Sale of wheels to Automotive Industry maintained growth momentum during the first half of the year. Major factor for improvement is the Punjab Government's "Apna Rozgar" self employment scheme and ever declining leasing rates as well as improved economic conditions and declining fuel prices.

The sale of wheels to Truck / Bus industry declined by 33 million (40%) despite the fact that the sale of trucks and buses by OEMs have surged in the country and the assemblers / manufacturers have shown robust growth. Total units sold by the Truck/Bus industry for July to December, 2015 were 2,194 Trucks & 451 Buses as compared to 1,629 Trucks & 255 Buses for the same period of last year (Figures as released by PAPAAM).

In the light of these figures, BWL could have increased its share in Truck/Bus wheels segment, but for this OEM's will have to give a lending hand to our company & to have a supportive attitude, so that the wheels which the OEM's are importing can be localized as the BWL has the potential & capability to cater the requirement of Truck/Bus Industry and this will not only help BWL to grow but also save the precious foreign exchange for the country as well.

The sale of wheels to tractor industry declined by 30 million (25 %) as compared with previous year mainly due to delay of subsidized scheme for tractors announced by the government of Sindh and Punjab provinces as farmers are reluctant to buy and are waiting for the launch of the scheme to avail themselves of the subsidy. Moreover, the floods in Punjab and decrease of commodity prices internationally as well as locally have severely hampered the purchasing power of the farmers. Additionally, the tractor manufacturers in the country were unable to introduce new model of less engine power capacity tractor to attract the small farmers hence reducing tractors sales.

Despite this, your company has achieved remarkable growth in terms of sales and profit. The major factors leading to improvement are its focus on improved working capital and cash flow management, just in time (JIT) inventory planning management, receiving and saving cash while getting long pending Income Tax refunds and exemptions certificates for withholding taxes, improvement in customers collection system (CCS), prudent investment in stocks of shares and mutual funds and last but not least controlling expenses, which is very critical for survival of any vending industry.



## DIRECTORS' REPORT

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### **NBP and related Matters.**

Thanks to Almighty Allah, your company won another case in the Lahore High Court, Rawalpindi Bench filed by Privatisation Commission, Government of Pakistan., against Abdul Qadir Tawakal, Saleem Kapoorwala, National Bank of Pakistan and Baluchistan Wheels Limited for recovery of money amounting to Rs.206.91 million against sale of shares of the company. Since the company has not acknowledged the said claim and neither issued any counter guarantees. The Honorable Court dismissed the suit. Now only one 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 half yearly financial statements for the half year ended on Dec 31, 2015. 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**

Steep decline in oil prices, improved credit rating from international rating agencies and fall in inflation and discount rates have developed positive business sentiments in automobile sector. With improved security situation in the country and business friendly policies by the government, we expect market to improve.

However, since the Rozgar Scheme by Government of Punjab is over, we expect major decline in car wheel sales, until or unless the Government announces any other similar scheme. The demand of tractor wheels are at its bottom and if the government gives incentive to farmers then the sales for this sector might increase. Whereas the trucks and buses are expected to get a major boost from initiation of project under China Pak Economic Corridor (CPEC).

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 :

### **Acknowledgement**

We take this opportunity to thank our customers and all the stakeholders 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.

February 20, 2016  
Karachi.

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

## **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 2015**, 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.

### **Chartered Accountants**

**Review Engagement Partner:** Khurram Jameel

Date: February 20, 2016

Place: Karachi



## CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2015

		(Un-audited) December 31, 2015	(Audited) June 30, 2015
	Note	-----Rs. in '000-----	
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	311,599	307,284
Long-term investments		1,119	1,739
Long-term loans and advances		2,931	2,998
Long-term deposits		5,740	5,740
		<u>321,389</u>	<u>317,761</u>
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		44,098	44,018
Stock-in-trade	5	425,480	452,579
Trade debts		40,827	59,981
Loans and advances		23,411	15,043
Trade deposits and short-term prepayments		1,933	2,287
Other receivables		843	521
Short-term investments	6	129,273	-
Sales tax refundable - net		32	-
Taxation - net		57,149	47,041
Bank balances		172,460	255,013
		<u>895,506</u>	<u>876,483</u>
<b>TOTAL ASSETS</b>		<u><b>1,216,895</b></u>	<u><b>1,194,244</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital		133,343	133,343
Reserves		983,105	943,870
		<u>1,116,448</u>	<u>1,077,213</u>
<b>NON-CURRENT LIABILITIES</b>			
Liabilities against assets subject to finance lease		1,223	2,569
Long-term deposits		1,428	706
Deferred taxation		14,374	17,592
		<u>17,025</u>	<u>20,867</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		77,016	83,631
Accrued mark-up		1	2
Sales tax payable - net		-	6,172
Current portion of liabilities against assets subject to finance lease		2,639	2,523
Current portion of long-term deposits		-	205
Provision for warranty		3,766	3,631
		<u>83,422</u>	<u>96,164</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	7	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>1,216,895</b></u>	<u><b>1,194,244</b></u>

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

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

**MUHAMMAD IRFAN GHANI**  
DIRECTOR



## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE HALF YEAR ENDED DECEMBER 31, 2015 (UN-AUDITED)

	Half-Year Ended		Quarter Ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	-----Rs. in '000-----			
Turnover - net	744,787	633,653	361,182	320,343
Cost of sales	(572,824)	(527,448)	(251,893)	(270,977)
<b>Gross profit</b>	<b>171,963</b>	<b>106,205</b>	<b>109,289</b>	<b>49,366</b>
Distribution costs	(18,640)	(18,586)	(9,149)	(9,827)
Administrative expenses	(39,838)	(40,843)	(23,428)	(23,814)
Other expenses	(8,943)	(5,654)	(5,963)	(2,092)
Other income	8,474	1,833	4,750	960
	(58,947)	(63,250)	(33,790)	(34,773)
<b>Operating profit</b>	<b>113,016</b>	<b>42,955</b>	<b>75,499</b>	<b>14,593</b>
Finance costs	(327)	(2,176)	(128)	(1,556)
<b>Profit before taxation</b>	<b>112,689</b>	<b>40,779</b>	<b>75,371</b>	<b>13,037</b>
<b>Taxation</b>				
Current	(35,981)	(13,544)	(24,039)	(4,112)
Prior	(68)	3,896	(68)	3,896
Deferred	3,218	2,149	3,218	2,149
	(32,831)	(7,499)	(20,889)	1,933
<b>Net profit for the period</b>	<b>79,858</b>	<b>33,280</b>	<b>54,482</b>	<b>14,970</b>
<b>Earnings per share (Rupees)</b>	<b>5.99</b>	<b>2.49</b>	<b>4.09</b>	<b>1.12</b>

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

RAZAK H.M. BENGALI  
CHIEF EXECUTIVE

MUHAMMAD IRFAN GHANI  
DIRECTOR



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME  
FOR THE HALF YEAR ENDED DECEMBER 31, 2015  
(UN-AUDITED)**

	Half-Year Ended		Quarter Ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	-----Rs. in '000-----			
<b>Net profit for the period</b>	<b>79,858</b>	<b>33,280</b>	<b>54,482</b>	<b>14,970</b>
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods</b>				
Unrealised (loss) / gain due to changes in fair value of available-for-sale investments	(620)	561	(104)	603
<b>Total comprehensive income for the period</b>	<b><u>79,238</u></b>	<b><u>33,841</u></b>	<b><u>54,378</u></b>	<b><u>15,573</u></b>

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

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

**MUHAMMAD IRFAN GHANI**  
DIRECTOR



## CONDENSED INTERIM CASH FLOW STATEMENT FOR THE HALF YEAR ENDED DECEMBER 31, 2015 (UN-AUDITED)

	December 31, 2015	December 31, 2014
	-----Rs. in '000-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	112,689	40,779
<b>Adjustments for:</b>		
Depreciation	16,778	20,242
(Gain) on disposal of fixed assets	(141)	(456)
Finance costs	327	2,176
Reversal of provision for slow moving inventory	(25,500)	(4,379)
Provision for doubtful debts	33,966	116
Provision for compensated absences	443	582
Provision for warranty	135	330
Provision for employees' benefits	1,620	499
(Profit) on deposit accounts / Treasury bills	(5,245)	(98)
Dividend income	(41)	-
Gain on revaluation of investment at fair value through profit or loss	(2,734)	(822)
	<u>19,608</u>	<u>18,190</u>
	132,297	58,969
<b>(Increase) / decrease in current assets</b>		
Stores, spare parts and loose tools	1,109	(8,018)
Stock-in-trade	51,410	(61,026)
Trade debts	(14,812)	(52,077)
Loans and advances	(8,368)	1,485
Accrued income	442	-
Trade deposits, short-term prepayments and other receivables	32	4,524
Sales tax refundable - net	(32)	1,792
	<u>29,781</u>	<u>(113,320)</u>
	162,078	(54,351)
<b>(Decrease) / increase in current liabilities</b>		
Trade and other payables	(8,527)	(11,191)
Sales tax payable - net	(6,172)	(341)
	<u>147,379</u>	<u>(65,883)</u>
Employees' benefits paid	(525)	(197)
Income tax paid	(46,157)	(48,204)
Long-term loans and advances-net	67	-
Long-term deposits - net	517	(100)
<b>Net cash generated from / (used in) operating activities</b>	<u>101,281</u>	<u>(114,384)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(22,453)	(11,009)
Proceeds from disposal of fixed assets	1,501	2,362
Profit received	4,803	98
Investments made during the period	(126,539)	83,678
Dividend received	41	-
Proceeds from redemption of investments	-	822
<b>Net cash (used in) / generated from investing activities</b>	<u>(142,647)</u>	<u>75,951</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Short-term borrowings - net	-	50,878
Repayment of liabilities against assets subject to finance lease	(1,230)	(2,074)
Finance costs paid	(328)	(1,526)
Dividend paid	(39,629)	(29,601)
<b>Net cash (used in) / generated from financing activities</b>	<u>(41,187)</u>	<u>17,677</u>
<b>Net decrease in cash and cash equivalents</b>	<u>(82,553)</u>	<u>(20,756)</u>
<b>Cash and cash equivalents at the beginning of the period</b>	<u>255,013</u>	<u>28,905</u>
<b>Cash and cash equivalents at the end of the period</b>	<u>172,460</u>	<u>8,149</u>

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

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

**MUHAMMAD IRFAN GHANI**  
DIRECTOR



## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED DECEMBER 31, 2015 (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	-	-	-	-	33,280	33,280	33,280
Other comprehensive income	-	-	561	-	-	561	561
Total comprehensive income	-	-	561	-	33,280	33,841	33,841
Balance as at December 31, 2014	<u>133,343</u>	<u>160,000</u>	<u>1,164</u>	<u>2,533</u>	<u>717,997</u>	<u>881,694</u>	<u>1,015,037</u>
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	-	-	-	-	79,858	79,858	79,858
Other comprehensive loss	-	-	(620)	-	-	(620)	(620)
Total comprehensive income	-	-	(620)	-	79,858	79,238	79,238
Balance as at December 31, 2015	<u>133,343</u>	<u>160,000</u>	<u>975</u>	<u>1,622</u>	<u>820,508</u>	<u>983,105</u>	<u>1,116,448</u>

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

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

**MUHAMMAD IRFAN GHANI**  
DIRECTOR



## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 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 on Pakistan Stock Exchange Limited (formerly on Karachi Stock Exchange Limited). 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 are unaudited but subject to limited scope review by auditors, except for the figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended December 31, 2015 and December 31, 2014. These are required to be presented to the shareholders under Section 245 of the Companies Ordinance, 1984 and 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.

		(Un-audited) December 31, 2015	(Audited) June 30, 2015
	Note	----- (Rs. in '000) -----	
<b>4. PROPERTY, PLANT AND EQUIPMENT</b>			
Opening net book value (NBV)		<b>307,284</b>	351,705
Additions during the period / year (cost)	4.1	<b>22,453</b>	26,038
Depreciation for the period / year		<b>(16,778)</b>	(43,614)
Disposals during the period / year (NBV)	4.1	<b>(1,360)</b>	(26,845)
Closing NBV		<u><b>311,599</b></u>	<u>307,284</u>



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED DECEMBER 31, 2015  
(UN-AUDITED)**

	(Un-audited) December 31, 2015		(Audited) June 30, 2015	
	Additions at cost	Disposals at NBV	Additions at cost	Disposals at NBV
------(Rs. in '000)-----				
<b>4.2. Additions and disposals to property, plant and equipment:</b>				
Building	2,183	-	4,014	-
Plant and machinery	10,944	-	14,658	22,416
Furniture and fittings	-	-	1,381	11
Vehicles	8,850	1,289	3,606	4,326
Office equipment	326	32	1,784	85
Computer	150	39	595	7
	<u>22,453</u>	<u>1,360</u>	<u>26,038</u>	<u>26,845</u>
			(Un-audited) December 31, 2015	(Audited) June 30, 2015
------(Rs. in '000)-----				
<b>5. STOCK-IN-TRADE</b>	Note			
Raw material			155,874	128,439
Finished goods			127,909	186,965
Work-in-process			112,554	110,706
Scrap stock			39,258	44,963
			<u>435,595</u>	<u>471,073</u>
Stock-in-transit			21,021	36,953
			<u>456,616</u>	<u>508,026</u>
Provision for slow moving stock	5.1		(31,136)	(55,447)
			<u>425,480</u>	<u>452,579</u>
<b>5.1 Provision for slow moving stock</b>				
Balance at the beginning of the period / year			55,447	28,328
(Reversal) / provision for the period / year			(24,311)	27,119
Balance at the end of the period / year			<u>31,136</u>	<u>55,447</u>
<b>6. SHORT TERM INVESTMENTS</b>				
<b>Investments at fair value through profit or loss Account</b>				
- Mutual funds			51,846	-
- Listed shares			28,137	-
			<u>79,983</u>	-
<b>Held to maturity</b>				
- Treasury bills	6.1		49,290	-
			<u>129,273</u>	-
<b>6.1</b>	These carry interest rate of 6.26% per annum, having maturity in February 2016.			



## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED DECEMBER 31, 2015 (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 for the recovery of the same against the Company. However, the Company has filed a law suit in the Honorable High Court of Sindh which is currently pending in adjudication. The management, based on the legal advice, is confident that the ultimate outcome will be in favor of the Company. Accordingly, no provision has been made in this respect in these condensed interim financial statements.

	(Un-audited) December 31, 2015	(Audited) June 30, 2015
Note	------(Rs. in '000)-----	
<b>Commitments</b>		
Outstanding letters of guarantees	3,196	2,721
Outstanding letters of credit	151,971	88,503
Capital commitments	-	874
Commitments for rentals payable under Ijarah contracts in respect of vehicles, and plant and machinery are as follows:		
Within one year	2,792	2,796
One year to five years	-	1,398
	2,792	4,194

### 8. TRANSACTIONS WITH RELATED PARTIES

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

	Un-audited	
	Half-year ended December 31, 2015	Half-year ended December 31, 2014
Transactions during the period	------(Rs. in '000)-----	
<b>Directors and key management personnel</b>		
Sale of fixed assets	1,430	944
Remuneration	27,996	20,021
Fee (Non-executive directors)	680	520
<b>Retirement benefit plans</b>		
Contribution / charge	3,933	2,573



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED DECEMBER 31, 2015  
(UN-AUDITED)**

	(Un-audited) December 31, 2015	(Audited) June 30, 2015
	------(Rs. in '000)-----	
<b>Balances as at period / year end</b>		
Loans and advances	<u>2,105</u>	<u>2,155</u>
Trade and other payables	<u>3,154</u>	<u>2,154</u>

**9. DATE OF AUTHORIZATION FOR ISSUE**

These condensed interim financial statements were authorized for issue on **February 20, 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 IRFAN GHANI**  
DIRECTOR

*If undelivered please return to:*



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CORPORATE