



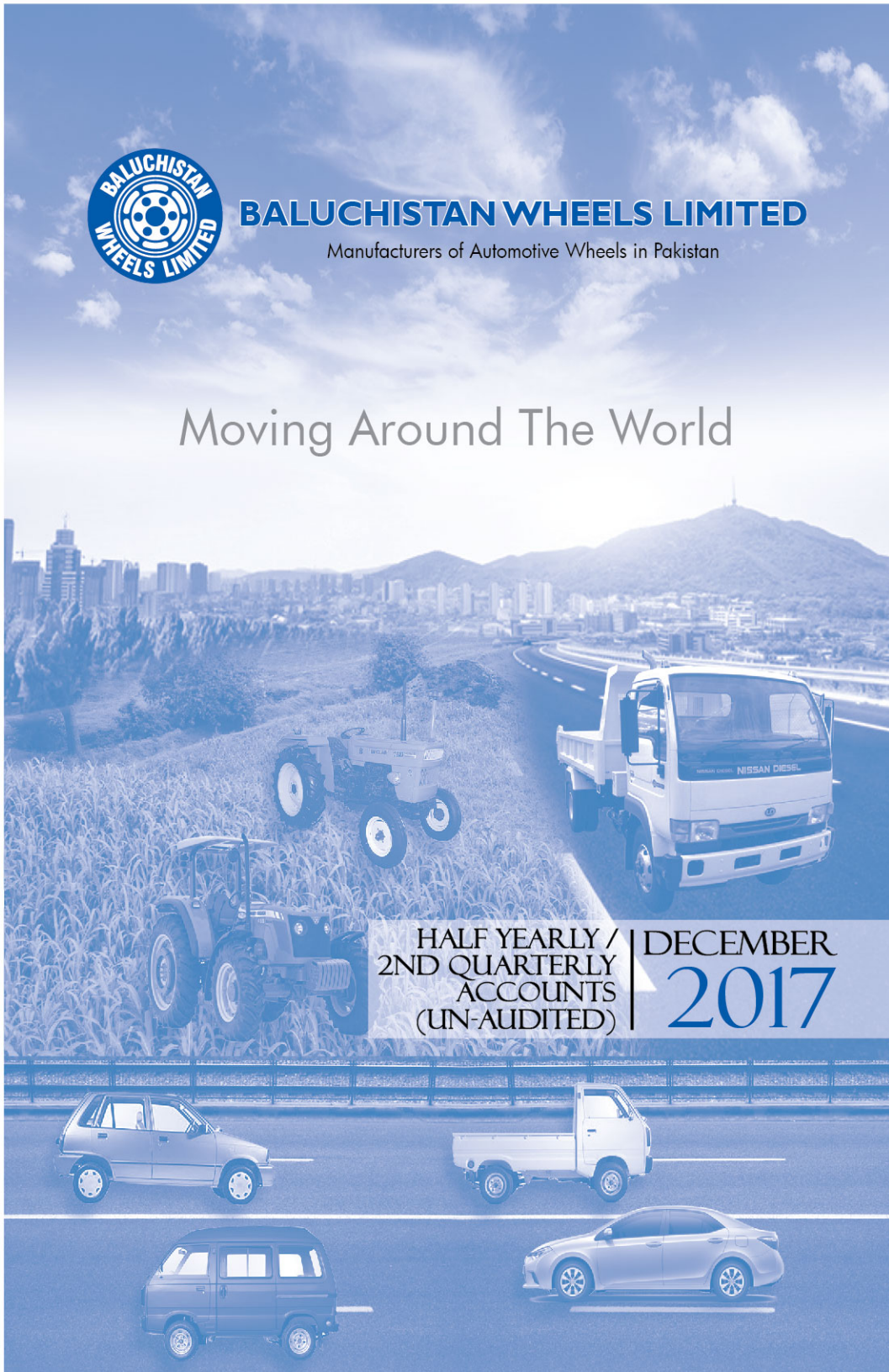
BALUCHISTAN WHEELS LIMITED

Manufacturers of Automotive Wheels in Pakistan

Moving Around The World

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

DECEMBER
2017





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CORPORATE INFORMATION

CHAIRMAN (Non-Executive Director)

Syed Haroon Rashid

CHIEF EXECUTIVE

Mr. Razak H. M. Bengali

INDEPENDENT DIRECTOR

Mr. Anis Wahab Zuberi

EXECUTIVE DIRECTOR

Mr. Muhammad Siddique Misri	Director Marketing/ Business Development
Mr. Muhammad Irfan Ghani	Chief Operating Officer

NON-EXECUTIVE DIRECTOR

Syed Zubair Ahmed Shah (Nominee - NIT)
Mr. Muhammad Javed
Mr. Irfan Ahmed Qureshi
Mrs. Saba Nadeem

CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY

Mr. Muhammad Yasin Yunus Ladha

AUDIT COMMITTEE

Mr. Anis Wahab Zuberi	Independent, Non-Executive Director	Chairman
Syed Zubair Ahmed Shah	Non-Executive Director (Nominee - NIT)	Member
Syed Haroon Rashid	Non-Executive Director	Member
Mr. Irfan Ahmed Qureshi	Non-Executive Director	Member
Mrs. Saba Nadeem	Non-Executive Director	Member

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Syed Zubair Ahmed Shah	Non-Executive Director (Nominee - NIT)	Chairman
Mr. Muhammad Irfan Ghani	Chief Operating Officer(Executive Director)	Member
Mr. Anis Wahab Zuberi	Independent, Non-Executive Director	Member
Mr. Muhammad Javed	Non-Executive Director	Member

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
Lt. Col. (R) Mehboob Ahmed	G.M (Maintenance)
Mr. Muhammad Asad Saeed	D.G.M (Finance)
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

EY Ford Rhodes
(Chartered Accountants)

Baker Tilly Mehmood Idrees Qamar
(Chartered Accountants)

BANKERS

Habib Bank Limited
Faysal Bank Limited
Bank Alfalah Limited
Bank Al-Habib Limited
National Bank of Pakistan
Industrial and Commercial Bank of China

SHARE REGISTRAR

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

HEAD OFFICE

1st Floor, State Life Building # 3
Dr. Ziauddin Ahmed Road, Karachi.
E-mail: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 are pleased to present the Un-Audited Condensed Interim Financial Statements for the half year ended December 31, 2017.

FINANCIAL RESULTS

During the period (July to December 2017) the Company had overall consolidated revenue of Rs. 856 million improved by 27% as compared to Rs. 673 million of corresponding period of last year. The Car wheels sale was down marginally to Rs. 407 million compared to Rs. 415 million (down by 2%) during the same period of last year. The Truck/Bus wheels sale was Rs. 150 million as compared to Rs. 91 million which is 65% higher than the corresponding period of last year. The growth is mainly attributed to the increase in Truck production due to increasing demand under China Pakistan Economic Corridor (CPEC). Tractor wheels sale increased significantly by 76% to Rs. 276 million as compared to Rs. 157 million during the same period of last year. The increase in sale of Tractor wheels is due to the reduction in General Sales Tax (GST) rate on Tractors to 5%, subsidies on fertilizers and better crop yields having a positive impact on our sales too.

The gross profit increased in absolute terms by Rs. 18.012 million from Rs. 117.527 million to Rs. 135.538 million. The company earned net profit after taxation of Rs. 43.773 million compared to Rs. 47.256 million in the same period of last year, decreased by 7%. The main reason for decline in net profit after taxation is substantial decline in other income as the company earned other income of Rs. 13.566 million due to availability of surplus funds by investing in debt and equity markets in the corresponding period of last year.

Distribution cost increased by Rs. 5.466 million (i.e. 27%) from Rs. 20.374 million to Rs. 25.840 million mainly due to the increased sale of Tractor wheels during the period as compared to the same period of last year. Administrative expenses increased by Rs. 5.390 million (i.e. 13%) from Rs. 40.895 million to Rs. 46.285 million primarily due to the salaries & wages and other related expenses. Previously the company earned other income of Rs. 13.566 million which turned into other loss of Rs. 0.129 million due to the non availability of surplus funds.

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, 2017. 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

After a robust performance in fiscal year 2016-2017 the economy maintained its growth. The Automobile industry performed well during the 1st half of the Financial Year 2017-2018. Availability of low interest rate financing sources and development of infrastructure facilities has been the main source of demand.

Your Company is committed to invest in various projects for modernizing of Plant and Machinery in order to deliver quality products to its customers. Different measures have been taken to eliminate bottlenecks and enhance productivity.

Due to recent devaluation of Pak Rupee against the US Dollar and increase in discount rate by the State Bank of Pakistan, there might be a possibility of decline in Car Sales. However, the demand of Truck/Bus & Tractor will remain high & these sectors will outperform. Similarly your company will maintain its profitability.

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 stakeholders, and the Country in general. Aameen!

For and on Behalf of the Board of Directors

Razak H.M. Bengali
Chief Executive

Karachi: February 08, 2018



ڈائریکٹر رپورٹ

آپ کی کمپنی کے ڈائریکٹرز 31 دسمبر 2017 کو ختم ہونے والی پہلی ششماہی کی غیر جانچ شدہ (Un-Audited) عبوری مالیاتی رپورٹ پیش کرتے ہیں۔

مالیاتی نتائج۔

زیر جائزہ مدت کے دوران ہماری فروخت 856 ملین روپے رہی جو کہ گزشتہ سال کی اسی مدت کی فروخت 673 ملین روپے کے مقابلے میں 27% فیصد زیادہ رہی۔ گاڑی کے پہیوں کی فروخت 407 ملین روپے رہی جو کہ گزشتہ سال کی اسی مدت کے 415 ملین روپے کی فروخت کے مقابلے میں صرف 2% فیصد کم رہی۔ ٹرک/بس کے پہیوں کی فروخت 150 ملین روپے رہی جو کہ پچھلی مدت کی فروخت 91 ملین روپے کے مقابلے میں 65% فیصد زیادہ رہی۔ جسکی بنیادی وجہ سی پیک (CPEC) پر عملدرآمد کے نتائج میں ٹرک کی بڑھتی ہوئی طلب کی وجہ سے پیداوار میں اضافہ ہے۔ ٹریکٹر کے پہیوں کی فروخت 276 ملین روپے رہی جو کہ پچھلے عرصے کی 157 ملین روپے کی فروخت کے مقابلے میں غیر معمولی طور پر 76% فیصد زائد رہی۔ ٹریکٹر کے پہیوں کی فروخت میں اضافے کی بنیادی وجہ جنرل سیلز ٹیکس کی شرح کو 5% فیصد تک محدود کرنا، کھاد پر سبسڈی برقرار رکھنا اور بہتر فصل کی پیداوار ہے جسکا براہ راست اثر ہماری فروخت پر بھی پڑا۔

غیر خالص منافع 18.012 ملین روپے کے اضافے کے ساتھ 135.538 ملین روپے رہا جو گزشتہ سال اسی مدت میں 117.527 ملین روپے تھا۔ اس کے برعکس کمپنی کا بعد از ٹیکس منافع 7% فیصد کم کی کے ساتھ 43.773 ملین روپے رہا جو کہ گزشتہ سال کے اسی مدت میں 47.256 ملین روپے تھا۔ بعد از ٹیکس منافع میں کمی کی بنیادی وجہ اضافی فنڈز کی قلت کی وجہ سے دوسری آمدنی میں کمی ہے جو کہ کمپنی نے ماضی میں ڈیٹ اور ایکویٹی سکیورٹیز میں سرمایہ کاری کر کے کمائی رہی ہے۔

تفصیلاً کاری کے اخراجات میں 5.466 ملین روپے (27%) فیصد اضافہ ہوا۔ جسکی بنیادی وجہ ٹریکٹر کے پہیوں کی فروخت میں اضافہ ہے۔ انتظامی اخراجات میں 5.390 ملین روپے (13%) فیصد اضافہ ہوا جسکی بنیادی وجہ تنخواہ اور دیگر متعلقہ اخراجات میں اضافہ ہے۔ اضافی فنڈز جو کہ کمپنی ماضی میں ڈیٹ اور ایکویٹی سکیورٹیز میں سرمایہ کاری کرتی رہی ہے، کی قلت کی وجہ سے دوسرے ذرائع آمدنی میں کافی کمی آئی ہے۔

NBP اور متعلقہ معاملات۔

یہ مقدمہ سندھ ہائی کورٹ میں زیر التوا ہے اور اسکے بارے میں تفصیل 30 جون 2017 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 امید ہیں کہ اس مقدمہ کا نتیجہ ہمارے حق میں آئے گا۔

مستقبل کے خدوخال:-

مالی سال 2016-2017 میں بہترین کارکردگی کے بعد معیشت نے اپنی ترقی کو برقرار رکھا۔ آٹو موبائل انڈسٹری نے مالی سال 2017-2018 کی پہلی ششماہی کے دوران اچھی کارکردگی کا مظاہرہ کیا جسکی بنیادی وجہ سستی ذرائع فنانسنگ اور بنیادی انفراسٹرکچر کی ڈویلپمنٹ ہے۔ اپنے گاہکوں کو معیاری مصنوعات کی فراہمی کیلئے آپ کا ادارہ پلانٹ اور مشینری کو جدت پر استوار کرنے کیلئے مستقل سرمایہ کاری کر رہا ہے۔ پیداوار کی رفتار کو بڑھانے کے لیے مزید اقدامات کئے گئے ہیں۔

روپے کی قدر میں کمی اور اسٹیٹ بینک آف پاکستان کی جانب سے سود کی شرح میں اضافہ کی وجہ سے کاری فروخت میں کمی واقع ہو سکتی ہے۔ تاہم ٹرک/بس اور ٹریکٹر کی ڈیمانڈ میں اضافہ ہوگا اور یہ شعبہ بہترین کارکردگی کا مظاہرہ کریں گے۔ اس وجہ سے امید ہے کہ آپ کی کمپنی بھی اپنے منافع کو برقرار رکھ سکے گی۔ آپ کی مینجمنٹ مستقبل میں غیر متوقع حالات سے نمٹنے کیلئے مستقل بنیادوں پر حکمت عملی تیار کرتی ہے تاکہ ترقی کا سفر جاری رہے۔

اتحاد فکر:-

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 ہیلو 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 رزاق ایچ ایم بنگالی

چیف ایگزیکٹو

کراچی، ۰۸ فروری ۲۰۱۸ء



EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530
Pakistan

UAN: +9221 111 11 39 37 (EYFR)
Tel: +9221 3565 0007-11
Fax: +9221 3568 1965
ey.khi@pk.ey.com
ey.com/pk

Auditors' report to the members on review of interim financial information

Introduction

We have reviewed the accompanying condensed interim balance sheet of Baluchistan Wheels Limited (the Company) as at 31 December 2017, 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: Tariq Feroz Khan

Date: 22 February 2018

Place: Karachi

A member firm of Ernst & Young Global Limited



CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2017

ASSETS	Note	(Un-audited) December 31, 2017 ------(Rs.in '000)-----	(Audited) June 30, 2017
NON-CURRENT ASSETS			
Property, plant and equipment	6	392,370	367,269
Long-term loans and advances		4,615	4,275
Long-term deposits		5,777	5,063
		<u>402,762</u>	<u>376,607</u>
CURRENT ASSETS			
Stores, spare parts and loose tools		54,917	55,930
Stock-in-trade	7	633,064	518,874
Trade debts		172,270	95,781
Loans and advances		15,810	32,592
Trade deposits and short-term prepayments		2,440	1,694
Other receivables		-	2,894
Short-term investments	8	7,667	261,671
Taxation - net		140,490	77,553
Sales tax refundable - net		2,161	8,554
Bank balances		15,613	27,530
		<u>1,044,432</u>	<u>1,083,073</u>
		<u>1,447,194</u>	<u>1,459,680</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
25,000,000 (30 June 2017: 25,000,000)			
ordinary shares of Rs.10/- each		250,000	250,000
Issued, subscribed and paid-up capital		133,343	133,343
Reserves		1,098,178	1,107,742
		<u>1,231,521</u>	<u>1,241,085</u>
NON-CURRENT LIABILITIES			
Liabilities against assets subject to finance leases		7,978	4,958
Long-term deposits		1,485	874
Deferred taxation		30,823	29,179
		<u>40,286</u>	<u>35,011</u>
CURRENT LIABILITIES			
Trade and other payables		160,915	176,569
Short term running finance	9	5,205	-
Current portion of liabilities against assets subject to finance lease		5,092	2,948
Provision for warranty		4,175	4,067
		<u>175,387</u>	<u>183,584</u>
CONTINGENCIES AND COMMITMENTS	10	<u>1,447,194</u>	<u>1,459,680</u>

The annexed notes 1 to 13 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 PROFIT AND LOSS ACCOUNT (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2017

	Half-Year Ended		Quarter Ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
	----- (Rs. in '000) -----			
Turnover - net	855,782	673,484	440,893	350,994
Cost of sales	(720,244)	(555,957)	(380,135)	(291,482)
Gross profit	135,538	117,527	60,758	59,512
Distribution cost	(25,840)	(20,374)	(12,757)	(11,684)
Administrative expenses	(46,285)	(40,895)	(25,278)	(24,123)
Other operating expenses	(5,181)	(5,587)	(1,500)	(2,947)
Finance cost	(1,365)	(723)	(935)	(545)
	(78,671)	(67,579)	(40,470)	(39,299)
Other income / (loss)	(129)	13,566	(1,137)	10,533
Profit before taxation	56,738	63,514	19,151	30,746
Taxation				
Current	(12,104)	(19,364)	(760)	(10,318)
Prior	783	(556)	783	(556)
Deferred	(1,644)	3,662	(1,875)	4,774
	(12,965)	(16,258)	(1,852)	(6,100)
Profit after taxation for the period	43,773	47,256	17,299	24,646
Earnings per share- basic and diluted (Rs)	3.28	3.54	1.30	1.85

The annexed notes 1 to 13 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, 2017**

	Half-Year Ended		Quarter Ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
	(Rs. in '000)			
Profit after taxation for the period	43,773	47,256	17,299	24,646
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>43,773</u>	<u>47,256</u>	<u>17,299</u>	<u>24,646</u>

The annexed notes 1 to 13 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 CASH FLOW STATEMENT (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2017

	December 31, 2017	December 31, 2016
	------(Rs.in '000)-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	56,738	63,514
Adjustments for non-cash items:		
Depreciation	21,199	17,288
Gain on disposal of fixed assets	(248)	(286)
Finance cost	1,365	723
Provision for slow moving stores, spare parts and loose tools	1,555	452
Reversal of provision for slow moving stock in trade - net	(2,774)	(3,906)
Provision for doubtful debts - net	918	855
Provision for compensated absences	500	230
Provision for warranty claims	108	186
Provision for employees' benefits	2,057	1,844
Profit on treasury bills and deposit accounts	(2,019)	(9,726)
Dividend income	(119)	(245)
Loss / (gain) on redemption and revaluation of mutual fund units / listed shares	2,718	(1,948)
	25,260	5,467
	81,998	68,981
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(542)	(3,726)
Stock-in-trade	(111,416)	54,644
Trade debts	(77,407)	(8,380)
Loans and advances	16,782	7,134
Accrued income	-	2,545
Trade deposits, short-term prepayments and other receivables	(4)	(2,187)
Sales tax refundable - net	6,393	-
	(166,194)	50,030
	(84,196)	119,011
Decrease in current liabilities		
Trade and other payables	(19,304)	(31,578)
Sales tax payable - net	-	(223)
	(103,500)	87,210
Employees' benefits paid	(76)	(2,316)
Income tax paid	(74,258)	(52,236)
Long-term loans and advances	(340)	54
Long-term deposits - net	(103)	(746)
Net cash (used in) / generated from operating activities	(178,277)	31,966
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(46,989)	(89,378)
Proceeds from disposal of fixed assets	937	2,512
Profit received on treasury bills and bank accounts	4,171	7,181
Short-term Investments made	(6,653)	-
Short-term Investments redeemed	257,939	72,925
Dividend received	119	245
Gain on redemption of investments	-	1,768
Net cash generated from / (used in) investing activities	209,524	(4,747)
CASH FLOWS FROM FINANCING ACTIVITIES		
Liabilities against assets subject to finance lease -net	5,164	7,981
Finance cost paid	(694)	(692)
Dividend paid	(52,839)	(65,893)
Net cash used in financing activities	(48,369)	(58,604)
Net decrease in cash and cash equivalents	(17,122)	(31,385)
Cash and cash equivalents at the beginning of the period	27,530	44,051
Cash and cash equivalents at the end of the period	10,408	12,666

The annexed notes 1 to 13 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, 2017**

	Issued, subscribed and paid-up Capital	Reserves			Total equity	
		General reserve	Remeasu- rement loss on gratuity fund	Unappropriated profit		Total reserves
----- (Rs. in '000) -----						
Balance as at 30 June 2016	133,343	160,000	(1,892)	893,922	1,052,030	1,185,373
Final dividend for the year ended June 30, 2016 @ Rs. 5 per share	-	-	-	(66,672)	(66,672)	(66,672)
Net profit after tax for the period	-	-	-	47,256	47,256	47,256
Other comprehensive Income	-	-	-	-	-	-
Total comprehensive income	-	-	-	47,256	47,256	47,256
Balance as at 31 December 2016	<u>133,343</u>	<u>160,000</u>	<u>(1,892)</u>	<u>874,506</u>	<u>1,032,614</u>	<u>1,165,957</u>
Balance as at 30 June 2017	133,343	160,000	(5,850)	953,592	1,107,742	1,241,085
Final dividend for the year ended 30 June 2017 @ Rs. 4 per share	-	-	-	(53,337)	(53,337)	(53,337)
Net profit after tax for the period	-	-	-	43,773	43,773	43,773
Other comprehensive Income	-	-	-	-	-	-
Total comprehensive income	-	-	-	43,773	43,773	43,773
Balance as at 31 December 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>

The annexed notes 1 to 13 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 (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2017

1. THE COMPANY AND ITS OPERATIONS

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

2. STATEMENT OF COMPLIANCE

Effective 30th May 2017, the Companies Act, 2017 (the Act) has been promulgated, however, Securities and Exchange Commission of Pakistan (SECP) vide its circular No. 23 of 2017 dated October 04, 2017 communicated its decision that the companies whose financial year closes on or before December 31, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Furthermore, Institute of Chartered of Pakistan has obtained clarification from SECP regarding the said circular, which explains that this circular also covers interim financial information of companies for the periods ending on or before December 31, 2017. Accordingly, these condensed interim financial information has been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards as applicable in Pakistan comprise of International Accounting Standard - 34 'Interim Financial Reporting' and provisions of and directives issued under the repealed Companies Ordinance, 1984. In case where requirements differ, the provision of or directives issued under the repealed Companies Ordinance, 1984 have been followed.

Currently, the Company is assessing the impact of the requirements of the Companies Act 2017, on the financial statements for the future periods in terms of accounting and disclosure requirements.

3. BASIS OF PREPARATION

These condensed interim financial information are un-audited but subject to limited scope review by the statutory auditors as required by the Code of Corporate Governance under the Rule Book of Pakistan Stock Exchange and Section 237 of the Companies Act, 2017. These condensed interim financial information do not include all the information and disclosures required in the annual financial information, and should be read in conjunction with the financial information of the Company for the year ended June 30, 2017.

The figures of the condensed interim profit and loss account for the quarter ended December 31, 2017 and December 31, 2016 and notes forming part thereof have not been reviewed by the statutory auditors of the Company, as they are required to review only the cumulative figures for the half year ended December 31, 2017 and December 31, 2016.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial information are the same as those adopted in the preparation of the annual financial information for the year ended June 30, 2017 except for the adoption of standards becomes effective during the current period. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.



NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2017

4.1 Revised standards, amendments and interpretations of IFRSs

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

IAS 7 Statement of Cash flows: Disclosures - Disclosure Initiative (Amendment).
IAS 12 Income Taxes - Recognition of Deferred Tax Assets for Unrealized losses (Amendments)

The adoption of the above amendments to accounting standards did not have any material impact on these condensed interim financial information of the Company.

In addition to the above, improvements to various accounting standards have also been issued by the IASB. The Company expects that such improvements to the standards do not have any material impact on the interim financial information of the Company.

5. ACCOUNTING ESTIMATES AND ACCOUNTING POLICIES

The preparation of these condensed interim financial information in conformity with the approved accounting standards, as applicable in Pakistan, requires the management to make estimates, judgments that affect the application of policies and the reported amount of assets and liabilities and income and expenses.

Estimates and judgments made by the management in the preparation of this condensed interim financial information are the same as those that were applied to the annual audited financial information of the Company for the year ended June 30, 2017. The Company's financial risk management objectives and policies are consistent with those disclosed in the financial information as at and for the year ended June 30, 2017.

Income tax expense is recognized based on the best estimate of the weighted average annual effective income tax rate for the full financial year.

		(Un-audited) December 31, 2017	(Audited) June 30, 2017
	Note	----- (Rs. in '000') -----	
6. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	6.1	392,370	367,139
Capital work-in-progress	6.2	-	130
		<u>392,370</u>	<u>367,269</u>
6.1 Operating fixed assets			
Opening net book value (NBV)		367,139	302,423
Additions during the period / year (cost)	6.1.1	47,119	105,713
Depreciation for the period / year		(21,199)	(37,838)
Disposals during the period / year (NBV)	6.1.1	(689)	(3,159)
Closing NBV		<u>392,370</u>	<u>367,139</u>



**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2017**

	(Un-audited) December 31, 2017		(Audited) June 30, 2017	
	Additions at cost	Disposals at NBV	Additions at cost	Disposals at NBV
	------(Rs.in '000)-----			
6.1.1 Additions and disposals to operating fixed assets:				
Building	-	-	830	-
Plant and machinery	38,179	-	88,039	-
Furniture and fittings	-	-	-	-
Office equipment	684	-	1,291	24
Computer	316	-	358	-
Vehicles- Owned	739	689	13,195	3,135
Vehicles- Leased	7,201	-	2,000	-
	<u>47,119</u>	<u>689</u>	<u>105,713</u>	<u>3,159</u>

	(Un-audited) December 31, 2017	(Audited) June 30, 2017
	------(Rs.in '000)-----	
6.2 Capital work-in-progress		
Balance at the beginning of the period / year	130	3,524
Additions during the period / year	-	55,010
Transfer to operating assets during the period / year	(130)	(58,404)
Balance at the end of the period / year	<u>-</u>	<u>130</u>

7. STOCK-IN-TRADE

Raw material and components	289,951	168,872
Work-in-process	151,888	222,337
Finished goods	137,182	91,969
Scrap stock	61,620	56,647
	<u>640,641</u>	<u>539,825</u>
Stock-in-transit	14,721	4,121
	<u>655,362</u>	<u>543,946</u>
Provision for slow moving stock	7.1 (22,298)	(25,072)
	<u>633,064</u>	<u>518,874</u>

7.1 Movement in provision is as follows:

Balance at the beginning of the period / year	25,072	28,751
Provision made during the period	578	5,960
	<u>25,650</u>	<u>34,711</u>
Reversal of provision for the period	(3,352)	(9,639)
Balance at the end of the period / year	<u>22,298</u>	<u>25,072</u>



**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2017**

	(Un-audited) December 31, 2017	(Audited) June 30, 2017
	------(Rs.in '000)-----	
8. SHORT TERM INVESTMENTS		
Held for trading		
- Listed shares	7,667	3,732
Held to maturity		
- Treasury bills	-	257,939
	<u>7,667</u>	<u>261,671</u>

9. SHORT TERM RUNNING FINANCE - secured

As at 31 December 2017, the Company has an aggregate running finance facility from three commercial banks amounting to Rs.335 million (30 June 2017: Rs.335 million) out of which Rs.5.2 million (30 June 2017: Nil) is utilized as of the balance sheet date.

The arrangement from commercial banks are secured by way of hypothecation charge ranking pari passu over company's stock and debts. The outstanding balances are subject to mark-up ranging from three months' KIBOR plus 100 basis points to three months' KIBOR plus 125 basis points. (30 June 2017: three months' KIBOR plus 100 basis points and three months' KIBOR plus 125 basis points).

10. CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

There is no change in the status of contingencies as disclosed in the annual audited financial statements for the year ended 30 June 2017.

	(Un-audited) December 31, 2017	(Audited) June 30, 2017
	------(Rs.in '000)-----	
10.2 Commitments		
Outstanding letters of guarantees	4,512	3,622
Outstanding letters of credit	126,742	362,054
Capital commitments	76,362	30,304

11. 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:



**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2017**

		(Un-audited)	
		Half-year Ended December 31, 2017	Half-year Ended December 31, 2016
		------(Rs.in '000)-----	
<u>Relationship</u>	<u>Nature of transactions</u>		
Key Management Personnel	Sales of fixed asset	<u>476</u>	<u>2,032</u>
Key Management Personnel	Remuneration	<u>15,577</u>	<u>12,989</u>
Executives Directors	Remuneration	<u>24,501</u>	<u>25,995</u>
Non-executive directors	Meeting Fee	<u>1,560</u>	<u>1,020</u>
Retirement benefit plans	Contribution during the period	<u>5,095</u>	<u>4,508</u>

12. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial information were authorized for issue on **February 08, 2018** by the Board of Directors of the Company.

13. GENERAL

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

RAZAK H. M. BENGALI
CHIEF EXECUTIVE

MUHAMMAD YASIN YUNUS LADHA
CHIEF FINANCIAL OFFICER

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>