

Half Yearly / 2nd Quarterly Accounts  
December 31, 2013

(Un-Audited)



**BALUCHISTAN WHEELS LIMITED**



## 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 Ahmad 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

### COMPANY SECRETARY

Mr.Irfan Ahmed Qureshi

### BOARD AUDIT COMMITTEE

Mr. Anis Wahab Zuberi	(Independent, Non-Executive Director)	Chairman
Syed Zubair Ahmad Shah	(Non-Executive Director)	Member
Miss Maheen Irfan Ghani	(Non-Executive Director)	Member
Mr.Muhammad Asad Saeed	(Head of Internal Audit)	Secretary

### BOARD HUMAN RESOURCE AND REMUNERATION COMMITTEE

Syed Zubair Ahmad Shah	(Non-Executive Director)	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 Ladha	(G.M Finance)	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.Muhammad Javed	S.G.M (Technical)
Mr.Irfan Ahmed Qureshi	S.G.M (Finance) / Company Secretary
Mr.Shaikh Muhammad Iqbal	G.M (Sales)
Mr.Sajid Nadri	G.M (Research & Development)
Mr.Muhammad Yasin Ladha	G.M (Finance)
Mr.Nisar Ahmed	G.M (Supply & Services)
Mr.Arshad Ali Siddiqui	D.G.M (Human Resources)

### BANKERS

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

### LEGAL ADVISORS

Mohsin Tayebaly & Co.  
(Advocates)

### 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

### SHARE REGISTRAR

Shares & Corporate Services (Pvt) Ltd  
Mehersons Estate,Block-E,  
Talpur Road,Karachi-74000  
Telephone# 32429632-35,32401634  
Fax# 32420015

### 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 2nd Quarter / Half Yearly Accounts of the Company for the period ended December 31, 2013.

### **Operational and Financial Performance**

The sales during the period under review were Rs.570 million as compared to Rs.556 million which is slightly better than the last corresponding period (2.52%). The sales of Car Wheels have improved by 13%. It has gone to Rs.308 million as compared to Rs.274 million in the corresponding period. Similarly, the sales of Truck / Bus Wheels were Rs.50 million as compared to Rs.32 million of the previous period which is 55% more than the previous period. The Tractor Wheels sales has gone down by 20% to Rs.174 million as compared to Rs. 218 million for the period of six months under review. The exports sales were Rs.20 million as compared to Rs.16 million in the corresponding period of last year.

Overall at the national level, the sales of locally manufactured cars has gone to 52,879 units as compared to 50,587 units in the corresponding period of last year which has also slightly improved by 4%. The slow pace of improvement in sales of locally assembled cars is due to the large inventory of used cars imported upto 5 years old and general slowdown in the sales of cars due to uncertain economic conditions.

The tractor sales have declined due to the imposition of sales tax at standard/general rate of 17% which the Pakistani farmer is still not able to afford and which has been further explained at the future outlook of the report.

The gross profit was Rs.95 million as compared to Rs.84 million of the previous period. The profit after taxation was Rs.29 million as compared to Rs.25 million of the previous period.

In terms of percentage the current period gross profit is 17% as compared to 15% of the previous period. There is an increase in distribution cost & administrative expenses due to the inflationary pressure which is because of the increase in fuel & power and other elements of cost. The other operating expenses remain within the same vicinity.

The reduction in financial cost is due to the better cash flow management. The increase in other operating income is due to the impact of exchange gain because of the timely booking of the foreign exchange cover and also due to recovery of a certain bad debts which were provided earlier.

### **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 has paid to PC, which the Company does not acknowledge as briefly explained at Note No. 24.1.2 in the financial statements for the year ended June 30, 2013, has been heard by the High Court of Sindh and the orders were expected, but has been sent for final arguments again because of July 31, 2009 decision of the Honorable Supreme Court of



## DIRECTORS' REPORT

Pakistan where by several Judges were removed and the Honorable Judge who had heard this matter was also removed and as such this matter had been finally argued and reheard & was reserved for Judgment, but the latest development is that the Honorable Judge who heard the case has also been transferred, and now the matter will be argued & heard again. The management and its legal counsel are hopeful that the ultimate outcome of the matter will be in Company's favour.

### Future Outlook

The Government of Pakistan initially imposed sales tax on the tractor @ 16% in March 2011 from zero rating which resulted in the sharp decline of tractors sales and thereafter, it was reduced to 5% w.e.f February 02, 2012, & it was decided that it will be fully imposed in tranches @10% w.e.f January 1, 2013 & from 1st of January 2014 the sales tax was brought at par of 17% and this has resulted in the drastic drop of sales of tractors and has forced the assemblers to reduce their production and lately some of them have even stopped production temporarily. It will not be out of place to mention here that in the years 2009-2010, 2010-2011 tractor industry had produced 70,000 tractors each year respectively which dropped down to 30,000 units only, and upto December 2013 the production was 17,805 units only, although the cost of tractors in Pakistan is one of the lowest in the world but due to the imposition of sales tax which our farmer cannot afford, the production has comedown where as in India the tractors is still zero rated for sales tax purpose & due to the sales tax the government is also loosing by the way of income tax and other levies etc.

In addition, w.e.f October 04, 2014, vide SRO No. 897(1)2013, 2% additional sales tax has also been imposed on the auto parts & accessories which is not adjustable this will also have a negative impact on the cost of auto production.

Although the sales value of truck/bus wheels have slightly improved but the demand for local trucks / buses is still low, a noticeable number of trucks and commercial vehicles are entering the market under various schemes like gift and transfer of baggage.

We are hopeful that things will be emerging positively very soon.

### Acknowledgment

We thank our valued customers for their 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 efforts and dedication.

For and on Behalf of the Board of Directors

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

**Muhammad Irfan Ghani**  
Director

Karachi: February 19, 2014

## **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** at **31 December 2013**, 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 month period then ended (here-in-after referred to as "interim financial information"). Management is responsible for the preparation and presentation of this 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.

**Ernst & Young Ford Rhodes Sidat Hyder**  
**Chartered Accountants**

**Review Engagement Partner's Name:** Omar Mustafa Ansari

Karachi: February 19, 2014



## CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2013

		(Un-audited) December 31, 2013	(Audited) June 30, 2013
<b>ASSETS</b>	Note	(Rupees in thousand)	
<b>NON-CURRENT ASSETS</b>			
			(Restated)
Property, plant and equipment	4	344,199	354,354
Intangible asset		55	110
		<u>344,254</u>	<u>354,464</u>
Long-term investment		657	755
Long-term loans and advances		2,357	1,818
Long-term deposits		5,436	4,636
		<u>352,704</u>	<u>361,673</u>
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools		43,709	45,703
Stock-in-trade	5	559,738	502,672
Trade debts		134,584	134,255
Loans and advances		16,678	16,673
Trade deposits and short-term prepayments		4,105	3,218
Short-term investment		-	20,067
Taxation - net		42,025	18,773
Bank balances		11,611	34,713
		<u>812,450</u>	<u>776,074</u>
<b>TOTAL ASSETS</b>		<u><b>1,165,154</b></u>	<u><b>1,137,747</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Share capital		133,343	133,343
Reserves		838,561	829,490
		<u>971,904</u>	<u>962,833</u>
<b>NON-CURRENT LIABILITIES</b>			
Liabilities against assets subject to finance lease		786	1,626
Long-term deposits		997	892
Deferred taxation		40,734	40,404
		<u>42,517</u>	<u>42,922</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		89,621	113,867
Accrued mark-up		533	1,124
Short - term borrowings	6	54,858	-
Sales tax payable		-	10,019
Current portion of:			
Liabilities against assets subject to finance lease		3,043	4,039
Long-term deposits		10	-
Provision for warranty		2,668	2,943
		<u>150,733</u>	<u>131,992</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	7		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>1,165,154</b></u>	<u><b>1,137,747</b></u>

The annexed notes 1 to 10 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, 2013  
(UN-AUDITED)**

	Half-Year Ended		Quarter Ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
----- (Rupees in thousand) -----				
<b>SALES - NET</b>	<b>570,084</b>	556,231	<b>299,870</b>	263,124
Cost of sales	<b>(474,989)</b>	(472,376)	<b>(260,573)</b>	(220,273)
<b>GROSS PROFIT</b>	<b>95,095</b>	83,855	<b>39,297</b>	42,851
Distribution costs	<b>(14,768)</b>	(12,591)	<b>(8,661)</b>	(6,922)
Administrative expenses	<b>(36,029)</b>	(32,758)	<b>(20,844)</b>	(16,384)
Other operating expenses	<b>(3,402)</b>	(3,295)	<b>(897)</b>	(1,724)
Finance costs	<b>(1,270)</b>	(2,449)	<b>(812)</b>	(1,467)
	<b>(55,469)</b>	(51,093)	<b>(31,214)</b>	(26,497)
<b>OPERATING PROFIT</b>	<b>39,626</b>	32,762	<b>8,083</b>	16,354
Other operating income	<b>4,620</b>	733	<b>2,878</b>	(143)
<b>PROFIT BEFORE TAXATION</b>	<b>44,246</b>	33,495	<b>10,961</b>	16,211
<b>Taxation</b>				
Current	<b>(14,748)</b>	(4,696)	<b>(4,014)</b>	2,881
Prior	-	236	-	236
Deferred	<b>(330)</b>	(4,039)	-	(4,671)
	<b>(15,078)</b>	(8,499)	<b>(4,014)</b>	(1,554)
<b>NET PROFIT FOR THE PERIOD</b>	<b>29,168</b>	24,996	<b>6,947</b>	14,657
<b>BASIC EARNINGS PER SHARE (RUPEES)</b>	<b>2.19</b>	1.87	<b>0.52</b>	1.09

The annexed notes 1 to 10 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, 2013  
(UN-AUDITED)**

	December 31, 2013 (Rupees in thousand)	December 31, 2012 (Restated)
<b>Profit after taxation for the period</b>	<b>29,168</b>	24,996
<b>Other comprehensive loss to be classified to profit and loss in subsequent period</b>		
Unrealised loss due to changes in fair value of available for sale investments during the period	(96)	(28)
<b>Total comprehensive income for the period</b>	<b><u>29,072</u></b>	<u>24,968</u>

The annexed notes 1 to 10 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, 2013  
(UN-AUDITED)**

	December 31, 2013	December 31, 2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>(Rupees in thousand)</b>	
Profit before taxation	44,246	33,495
<b>Adjustment for non-cash charges and other items:</b>		
Depreciation	19,124	19,940
Amortisation	55	55
Provision for employees' benefits	1,698	1,977
(Reversal)/ provision for doubtful debts	(1,336)	1
Provision for compensated absences	-	(176)
Dividend income	-	(38)
Provision for / (reversal of) slow moving stock in trade	(6,254)	(810)
Provision for / (reversal of) warranty	302	(1,390)
Finance costs	1,270	2,449
Gain on disposal of fixed assets	(574)	(192)
Profit on deposit accounts	(410)	(183)
Gain on redemption of mutual fund units	(939)	(151)
	12,936	21,482
Operating profit before working capital changes	57,182	54,977
<b>(Increase) / decrease in current assets</b>		
Stores, spare parts and loose tools	1,994	(1,601)
Stock-in-trade	(50,812)	(68,849)
Trade debts	1,007	22,387
Loans and advances	(8,005)	(2,211)
Trade deposits and short-term prepayments	(887)	(1,214)
	(56,703)	(51,488)
	479	3,489
<b>(Decrease) / increase in current liabilities</b>		
Trade and other payables	(15,743)	50,777
<b>Cash (used in) / generated from operations</b>	(15,264)	54,266
Long-term loans and advances - net	(539)	456
Long-term deposits - net	(685)	1,165
Income tax paid	(38,949)	(35,045)
Finance costs paid	(1,861)	(1,421)
Employees' benefits paid	(80)	(122)
<b>Net cash (used in) / generated from operating activities</b>	(57,378)	19,299
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(9,601)	(31,853)
Proceeds from sale of fixed assets	9,206	1,417
Dividend received	-	38
Gain on mutual fund	939	151
Profit received on deposit accounts	410	183
<b>Net cash generated from / (used in) investing activities</b>	954	(30,064)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Short term borrowings - net	54,858	677
Repayment of liabilities against assets subject to finance lease	(1,838)	(1,599)
Dividend paid	(19,698)	(19,741)
<b>Net cash generated from / (used in) financing activities</b>	33,322	(20,663)
<b>Net decrease in cash and cash equivalents</b>	(23,102)	(31,428)
<b>Cash and cash equivalents at the beginning of the period</b>	34,713	48,331
<b>Cash and cash equivalents at the end of the period</b>	11,611	16,903

The annexed notes 1 to 10 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, 2013  
(UN-AUDITED)**

	Reserves			Total reserves	Total	
	Share capital	General reserves	Unrealised gain/(loss) on available for sale investments			Unappropriated profit
----- (Rupees in thousand) -----						
<b>Balance as at June 30, 2012</b>	133,343	160,000	564	630,357	790,921	924,264
Effect of retrospective application of change in an accounting policy resulting from adoption of IAS - 19	-	-	-	(455)	(455)	(455)
<b>Balance as at June 30, 2012- restated</b>	<u>133,343</u>	<u>160,000</u>	<u>564</u>	<u>629,902</u>	<u>790,466</u>	<u>923,809</u>
Net profit for the year	-	-	-	24,996	24,996	24,996
Other comprehensive loss	-	-	(28)	-	(28)	(28)
Final dividend	-	-	(28)	24,996	24,968	24,968
	-	-	-	(20,001)	(20,001)	(20,001)
<b>Balance as at December 31, 2012 - restated</b>	<u>133,343</u>	<u>160,000</u>	<u>536</u>	<u>634,897</u>	<u>795,433</u>	<u>928,776</u>
<b>Balance as at June 30, 2013</b>	133,343	160,000	611	666,215	826,826	960,169
Effect of retrospective application of change in an accounting policy resulting from adoption of IAS - 19	-	-	-	2,664	2,664	2,664
<b>Balance as at June 30, 2013- restated</b>	<u>133,343</u>	<u>160,000</u>	<u>611</u>	<u>668,879</u>	<u>829,490</u>	<u>962,833</u>
Net profit for the year	-	-	-	29,168	29,168	29,168
Other comprehensive loss	-	-	(96)	-	(96)	(96)
	-	-	(96)	29,168	29,072	29,072
Final dividend	-	-	-	(20,001)	(20,001)	(20,001)
<b>Balance as at December 31, 2013</b>	<u>133,343</u>	<u>160,000</u>	<u>515</u>	<u>678,046</u>	<u>838,561</u>	<u>971,904</u>

The annexed notes 1 to 10 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, 2013 (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. BASIS OF PREPARATION

2.1 These condensed interim financial statements of the Company for the six months period ended December 31, 2013 have been prepared in accordance with the requirements of the International Accounting Standard (IAS) - 34 "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where the requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

2.2 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 Company's annual financial statements for the year ended June 30, 2013.

2.3 The figures of the condensed interim profit and loss account for the quarters ended December 31, 2013 and 2012 and notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the accumulated figures for the half years ended December 31, 2013 and 2012.

### 3. ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those of the previous financial year except: for adoption of accounting policy in respect of ijarah as explained in note 3.3 and adoption of new, amended and revised standards and interpretations of IFRSs as explained below:

#### New, Amended and Revised Standards and Interpretations of IFRSs

The Company has adopted the following revised standard, amendments and interpretation of IFRSs which became effective for the current period:

IAS 19	- Employee Benefits (Revised)
IFRS 7	- Financial Instruments : Disclosures (Amendment)
	- Amendments enhancing disclosures about offsetting of financial assets and financial liabilities
IFRIC 20	- Stripping Costs in the Production Phase of a Surface Mine

The adoption of the above revision, amendments, improvements and interpretation of the standards did not have any effect on the financial statements, except for IAS 19 'Employees Benefits' as described in note 3.1

#### Improvements to Accounting Standards Issued by the IASB

IAS 1	- Presentation of Financial Statements - Clarification of the requirements for comparative information
IAS 16	- Property, Plant and Equipment - Clarification of Servicing Equipment
IAS 32	- Financial Instruments: Presentation - Tax Effects of Distribution to Holders of Equity Instruments
IAS 34	- Interim Financial Reporting - Interim Financial Reporting and Segment Information for Total Assets and Liabilities



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED DECEMBER 31, 2013  
(UN-AUDITED)**

Certain new standards have been issued by IASB which are effective for accounting periods beginning on or after January 01, 2013 but are yet to be notified by the SECP for the purpose of applicability in Pakistan.

**3.1 Change in accounting policy**

Amendments to IAS 19 range from fundamental changes to simple clarification and rewording. The significant changes to IAS 19 include the following:

- For defined benefit plans, the option to defer recognition of actuarial gains and losses (i.e., the corridor approach) has been removed. As revised, actuarial gains and losses are recognised in other comprehensive income when they occur. Amounts recorded in the profit and loss account are limited to current and past service costs, gains or losses on settlements, and net interest income (expense). All other changes in the net defined benefit obligation are recognised directly in other comprehensive income with no subsequent recycling through the profit and loss account.
- The distinction between short-term and long-term employee benefits will be based on the expected timing of settlement rather than the employee's entitlement to the benefits.
- The revised standard has new or revised disclosure requirements. The disclosures now include quantitative information regarding the sensitivity of the defined benefit obligation to a reasonably possible change in each significant actuarial assumption.

This change in accounting policy has been accounted for retrospectively as required under International Accounting Standard - 8 'Accounting Policies, Changes in Accounting Estimates and Errors', and the comparative financial statements have been re-stated. The impact on condensed interim statement of financial position, condensed interim profit and loss account and condensed interim statement of comprehensive income based on actuarial valuation as of June 30, 2013 is as follows:

	<b>(Audited) June 30, 2013</b>	<b>(Audited) June 30, 2012</b>
	(Rupees in '000)	(Rupees in '000)
<b>3.2 Impact of adoption of IAS 19 (revised)</b>		
<b>Impact on condensed interim statement of financial position</b>		
(Decrease) / Increase in trade and other payables	<u>(2,664)</u>	<u>455</u>
Increase / (decrease) in reserves	<u>2,664</u>	<u>(455)</u>
<b>(Un-audited) December 31, 2012</b>		
<b>(Rupees in '000)</b>		
<b>Impact on condensed interim profit and loss account</b>		
Increase in net profit for the period		<u>-</u>
<b>Impact on condensed interim statement of comprehensive income</b>		
Increase in actuarial gain for the period		<u>-</u>



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED DECEMBER 31, 2013  
(UN-AUDITED)**

**3.3 Adoption of new accounting policy**

During the period the Company adopted new accounting policy in respect of Ijarah. Leases under Shariah compliant Ijarah contracts, where a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as Ijarah. Rentals under these arrangements are charged to profit and loss account on straight line basis over the lease term.

	Note	(Un-audited) December 31, 2013	(Audited) June 30, 2013
(Rupees in thousand)			
<b>4. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	4.1	<b>336,199</b>	354,354
Capital work-in-progress		<b>8,000</b>	-
		<u><b>344,199</b></u>	<u>354,354</u>
<b>4.1 Operating fixed assets</b>			
Opening Net Book Value (NBV)		<b>354,354</b>	360,500
Additions during the period / year - at cost	4.2	<b>9,601</b>	36,829
Depreciation charged during the period / year		<b>(19,124)</b>	(40,782)
Transfer from capital work-in-progress		-	200
Disposals during the period / year (NBV)	4.2	<b>(8,632)</b>	(2,393)
Closing Net Book Value(NBV)		<u><b>336,199</b></u>	<u>354,354</u>

(Un-audited)		(Audited)	
December 31, 2013		June 30, 2013	
Additions at cost	Disposals at written down value	Additions at cost	Disposals at written down value

-----Rs. in '000-----

**4.2. Additions and disposals to property, plant and equipment**

Building	720	-	1,133	-
Plant and machinery	660	-	30,513	-
Electrical installations	-	-	422	-
Furniture and fixtures	62	-	-	-
Vehicles	8,000	8,632	3,867	2,372
Office equipment	159	-	580	13
Computer	-	-	314	8
	<u>9,601</u>	<u>8,632</u>	<u>36,829</u>	<u>2,393</u>



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED DECEMBER 31, 2013  
(UN-AUDITED)**

	Note	(Un-audited) December 31, 2013	(Audited) June 30, 2013
(Rupees in thousand)			
<b>5. STOCK-IN-TRADE</b>			
Raw material		212,613	312,701
Work-in-progress		119,594	62,483
Finished goods		148,586	113,895
Scrap stock		46,784	46,066
		<u>527,577</u>	<u>535,145</u>
Stock-in-transit		58,380	-
		<u>585,957</u>	<u>535,145</u>
Provision for slow moving stock	5.1	<u>(26,219)</u>	<u>(32,473)</u>
		<u>559,738</u>	<u>502,672</u>

**5.1 Provision for slow moving stock**

Provision at the beginning of the period / year	32,473	17,208
Charge for the period / year	-	17,200
Reversal for the period / year	<u>(6,254)</u>	<u>(1,935)</u>
	<u>26,219</u>	<u>32,473</u>

**6. SHORT-TERM BORROWINGS**

The Company has availed short-term running finance facilities from two commercial banks, aggregating to Rs. 54.858 million (June 30, 2013: Rs. Nil), during the current period. These facilities carry mark-up at the rate ranging between three months KIBOR plus 1.15% to 1.25% (June 30, 2013: three months KIBOR plus 1.15% to 1.25%) per annum. These facilities are secured against first pari passu charge by way of hypothecation over stock and debts of the Company.

**7. 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, 2013 except for the following:

	(Un-audited) December 31, 2013	(Audited) June 30, 2013
(Rupees in thousand)		
<b>Commitments</b>		
Capital commitments - plant and machinery	<u>21,468</u>	<u>939</u>
Letters of credit issued by commercial banks	<u>27,731</u>	<u>93,267</u>
ljarah rental		
Less than 1 year	2,852	-
1 to 5 years	<u>5,466</u>	-
	<u>8,318</u>	-



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED DECEMBER 31, 2013  
(UN-AUDITED)**

**8. TRANSACTIONS WITH RELATED PARTIES**

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

<u>Transactions</u>		<u>Un-audited</u>	
<u>Nature of relationship</u>	<u>Nature of transactions</u>	<u>Half-year ended December 31, 2013</u>	<u>Half-year ended December 31, 2012</u>
-----Rs. in '000-----			
<b>Retirement benefit funds</b>			
- Provident funds	Contribution during the period	<u>2,077</u>	<u>1,820</u>
- Gratuity fund	Provision charge for the period	<u>1,698</u>	<u>1,977</u>
<b>Sale of vehicle / equipment</b>	Director	<u>756</u>	<u>13</u>
<b>Remuneration</b>	Directors	<u>23,983</u>	<u>14,099</u>
	Executives	<u>6,091</u>	<u>3,106</u>
		<b>(Un-audited)</b>	<b>(Audited)</b>
		<b>December 31, 2013</b>	<b>June 30, 2013</b>
-----Rs. in '000-----			
<b>Balances</b>			
<b>Amount receivable / payable</b>			
Loan and advances	Loan to key management personnel	<u>1,894</u>	<u>1,477</u>
Trade and other payables	Provident fund	<u>2</u>	<u>235</u>
	Gratuity fund	<u>3,712</u>	<u>2,014</u>

**9. DATE OF AUTHORIZATION FOR ISSUE**

These condensed interim financial statements were authorized for issue on February 19, 2014 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**