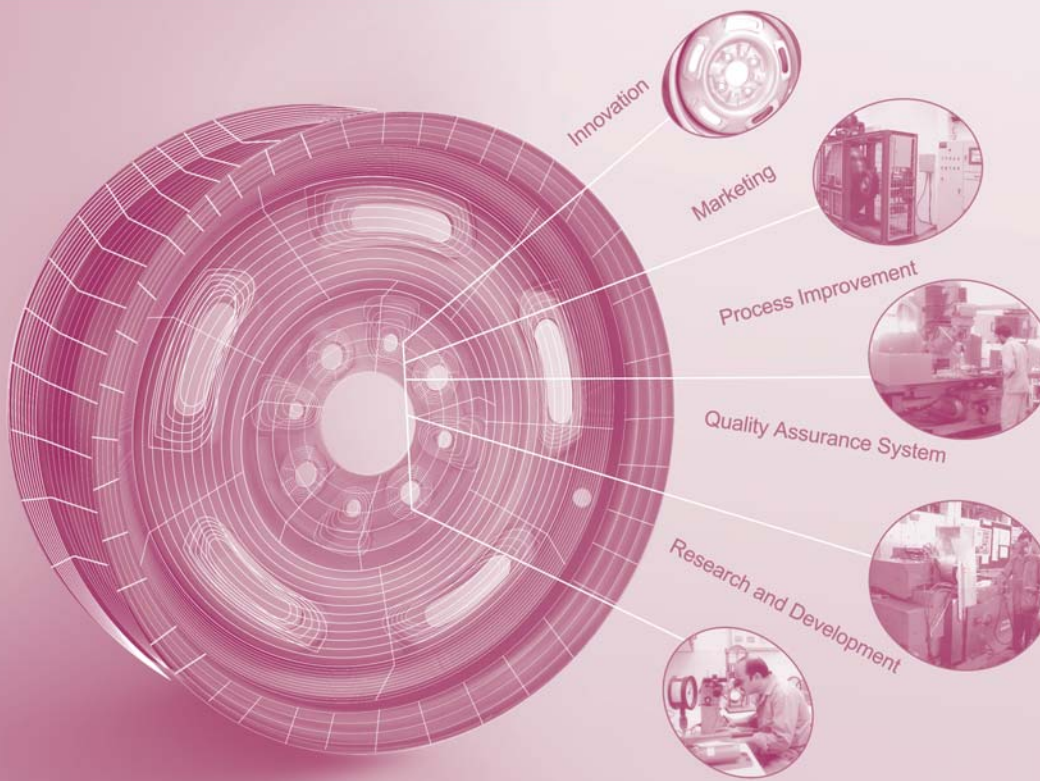




Manufacturers of Automotive Wheels in Pakistan

INNOVATION & STRENGTH



1st Quarterly Accounts September 30, 2011 (Un-Audited)

Baluchistan Wheels Limited





CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Muhammad Siddique Misri	Chairman
Mr. Razak H.M. Bengali	Chief Executive
Mr. Muhammad Irfan Ghani	Chief Operating Officer
Syed Haroon Rashid	Director (Nominee - NIT)
Syed Zubair Ahmed Shah	Director (Nominee - NIT)
Mr. Muhammad Javed	Director
Mr. Irfan Ahmed Qureshi	Director

COMPANY SECRETARY

Mr. Irfan Ahmed Qureshi

BOARD AUDIT COMMITTEE

Syed Haroon Rashid - Chairman
Director
Syed Zubair Ahmed Shah - Member
Director
Mr. Muhammad Irfan Ghani - Member
Chief Operating Officer
Mr. Muhammad Yasin Younus Ladha - Secretary
G.M (Finance)

MANAGEMENT COMMITTEE

Mr. Muhammad Siddique Misri	Chairman
Mr. Razak H.M. Bengali	Chief Executive
Mr. Muhammad Irfan Ghani	Chief Operating Officer
Mr. Muhammad Javed	Director / S.G.M (Technical)
Mr. Irfan Ahmed Qureshi	Director / S.G.M (Finance) / Company Secretary
Mr. Badruddin A. Ali	G.M (Supply & Services)
Mr. Shaikh Muhammad Iqbal	G.M (Sales)
Mr. Sajid Nadri	G.M (Research & Development)
Mr. Muhammad Yasin Younus Ladha	G.M (Finance)
Mr. Arshad Ali Siddiqui	D.G.M (Human Resources)

BOARD HUMAN RESOURCES AND COMPENSATION COMMITTEE

Mr. Muhammad Siddique Misri	Chairman
Mr. Razak H.M. Bengali	Chief Executive (Member)
Mr. Muhammad Irfan Ghani	Chief Operating Officer (Member)
Mr. Arshad Ali Siddiqui	Dy. General Manager HR (Secretary)

RELATED PARTIES

Staff Retirement Funds

BANKERS

Habib Bank Limited
Faysal Bank Limited
Standard Chartered Bank (Pakistan) Limited
Bank Alfalah Limited
National Bank of Pakistan

LEGAL ADVISORS

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)

CHIEF INTERNAL AUDITOR

Mr. Muhammad Asad Saeed

SHARE REGISTRARS

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: bwfifin@cyber.net.pk
Website: <http://www.bwheels.com>
Telephone# 35689259, 35683474, 35687502
Fax# 35684003

FACTORY AND REGISTERED OFFICE

Main RCD Highway, Hub Chowki,
Lasbella, Baluchistan.
Telephone # (0853) 363426, 363428
Fax # (0853) 364025



DIRECTORS' REPORT

Your Directors are pleased to present Un-audited Financial Statements of the Company for the First Quarter ended on September 30, 2011 for the year to end on June 30, 2012.

Operational and Financial Performance

The sales during the period under review was Rs. 328 million as compared to Rs. 333 million which is 1.5% less than the corresponding period of last year. The Car Wheels sale was Rs. 217 million as compared to Rs. 188 million which is 15 % higher than the last year corresponding period. Truck / Bus Wheels sale was Rs. 21 million as compared to Rs. 31 million which is 32% less than the last year corresponding period. Tractor Wheels sale was Rs. 73 million as compared to Rs. 103 million which is 29% less than the last year corresponding period. The export sales were Rs. 10 million as compared to Rs. 11 million in the preceding corresponding period.

The gross profit (GP) was Rs. 52 million as compared to Rs. 57 million of the last year corresponding period. In terms of percentage the current period GP is 16% as compared to 17% of the previous year's corresponding period.

The administrative expenses remained under control, distribution expenses have decreased due to drop in tractor sales, financial cost & other operating expenses have slightly increased due to inflationary pressures etc. The profit after taxation was Rs. 18 million which is within the vicinity of the corresponding period of last year.

NBP and Related Matters

NBP suit for recovery against the Company (BWL) and Privatization Commission (PC) for payment amounting to Rs. 91.25 million it has paid to PC, which the Company does not acknowledge as briefly explained at Note No. 25.1 in the financial statements for the year ended June 30, 2011, 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 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

As reported in the financial statements for the year ended June 30, 2011, the auto industry was on the path of steady & improved sales. On the tractors front 16% GST impact coupled with the fall in cotton prices, higher urea prices and floods, has significantly eroded tractor sales. Accordingly the two leading assemblers of tractors have suspended / curtailed their production to absorb unsold stocks at factory and with dealers. It is hoped that tractors sales will start improving in the coming quarters.

Similarly, the demand for local truck and bus is also low, a noticeable number of trucks and commercial vehicles are entering the market under various schemes like gift and transfer of baggage.

The cars sales is flourishing and the introduction of yellow cab scheme will have positive effect on the sales besides purchase by rural / urban population.

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

Acknowledgement

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/CHIEF OPERATING OFFICER

Karachi: October 10, 2011



INTERIM CONDENSED BALANCE SHEET AS AT SEPTEMBER 30, 2011

	Note	September 30, 2011 (Rupees in thousand) (Un-audited)	June 30, 2011 (Audited)
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	4	383,128	394,140
Intangible asset	5	303	330
Long-term investment		697	925
Long-term loans and advances		2,149	1,939
Long-term deposits		9,379	10,838
		395,656	408,172
CURRENT ASSETS			
Stores, spare parts and loose tools		51,527	51,702
Stock-in-trade		527,172	440,673
Trade debts		111,516	133,364
Loans and advances	6	44,746	26,722
Trade deposits and short-term prepayments		1,394	1,355
Other receivables		10,991	5,733
Bank balances	7	6,021	41,391
		753,367	700,940
TOTAL ASSETS		1,149,023	1,109,112
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	8	133,343	133,343
Reserves		732,559	715,189
		865,902	848,532
NON CURRENT LIABILITIES			
Liabilities against assets subject to finance lease		4,040	4,501
Long-term deposits		361	335
Deferred taxation		50,596	50,596
		54,997	55,432
CURRENT LIABILITIES			
Trade and other payables		63,385	104,211
Accrued mark-up		3,000	918
Murabaha finance		60,339	6,773
Short term borrowing	9	85,620	67,473
Current portion of:			
- liabilities against assets subject to finance lease		1,737	1,668
- long-term deposits		122	117
Taxation - net		13,921	23,988
		229,148	205,148
CONTINGENCIES AND COMMITMENTS	10		
TOTAL EQUITY AND LIABILITIES		1,149,023	1,109,112

The annexed notes from 1 to 15 form an integral part of these interim condensed financial statements.

RAZAK H.M. BENGALI
CHIEF EXECUTIVE

MUHAMMAD IRFAN GHANI
DIRECTOR/CHIEF OPERATING OFFICER



**INTERIM CONDENSED PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED SEPTEMBER 30, 2011
(UN-AUDITED)**

	Note	September 30, 2011 (Rupees in thousand)	September 30, 2010
Sales - net		328,354	333,188
Cost of sales		(276,513)	(276,301)
Gross profit		51,841	56,887
Distribution costs		(6,647)	(8,218)
Administrative expenses		(15,121)	(16,147)
Other operating expenses		(2,663)	(2,415)
Finance costs		(4,265)	(2,719)
		(28,196)	(29,499)
Operating profit		23,145	27,388
Other operating income		2,925	99
Profit before taxation		26,070	27,487
Taxation	11	(8,472)	(9,675)
Profit after taxation		17,598	17,812
Basic earnings per share (Rupees)	12	1.32	1.33

The annexed notes from 1 to 15 form an integral part of these interim condensed financial statements.

RAZAK H.M. BENGALI
CHIEF EXECUTIVE

MUHAMMAD IRFAN GHANI
DIRECTOR/CHIEF OPERATING OFFICER



**INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED SEPTEMBER 30, 2011
(UN-AUDITED)**

	September 30, 2011	September 30, 2010
	(Rupees in thousand)	
Profit after taxation for the period	17,598	17,812
Other comprehensive income / (loss)		
Unrealised gain / (loss) due to changes in fair value of available for sale investments during the period	(228)	217
Total comprehensive income for the period	<u>17,370</u>	<u>18,029</u>

The annexed notes from 1 to 15 form an integral part of these interim condensed financial statements.

RAZAK H.M. BENGALI
CHIEF EXECUTIVE

MUHAMMAD IRFAN GHANI
DIRECTOR/CHIEF OPERATING OFFICER



INTERIM CONDENSED CASH FLOW STATEMENT
FOR THE PERIOD ENDED SEPTEMBER 30, 2011
(UN-AUDITED)

	September 30, 2011	September 30, 2010
	(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	26,070	27,487
Adjustment for:		
Depreciation	10,645	10,734
Amortisation	28	27
Provision for employees' benefits	1,602	1,000
Finance costs	4,265	2,719
Reversal of provision for warranty	(1,975)	(84)
Gain on disposal of fixed assets	(847)	-
Profit on deposit accounts	(1)	(24)
	13,717	14,372
	39,787	41,859
Working capital changes:		
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	175	(3,721)
Stock-in-trade	(86,499)	(40,934)
Trade debts	21,848	(9,421)
Loans and advances	(18,024)	(4,128)
Trade deposits and short-term prepayments	(39)	(3,005)
Other receivables	(5,258)	-
	(87,797)	(61,209)
Increase / (decrease) in current liabilities		
Trade and other payables	(36,332)	(20,050)
	(84,342)	(39,400)
Cash used in operations	(84,342)	(39,400)
Long-term loans and advances-net	(210)	(175)
Long-term deposits-net	1,428	(218)
Income tax paid	(18,698)	(18,365)
Finance costs paid	(2,183)	(2,987)
Employees' benefits paid	(3,878)	(1,774)
Net cash used in operating activities	(107,883)	(62,919)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(1,142)	(2,268)
Proceeds from sale of fixed assets	2,356	619
Profit received on deposit accounts	1	24
Net cash generated from/(used in) in investing activities	1,215	(1,625)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Murabaha finance- net	53,566	67,760
Repayment of liabilities against assets subject to finance lease	(392)	-
Dividend paid	(23)	(10)
Net cash inflow from financing activities	53,151	67,750
Net (decrease)/increase in cash and cash equivalents	(53,517)	3,206
Cash and cash equivalents at the beginning of the period	(26,082)	12,377
Cash and cash equivalents at the end of the period	(79,599)	(15,583)
Cash and cash equivalents comprise:		
Cash and bank balances	6,021	15,583
Short-term running finance	(85,620)	-
	(79,599)	15,583

The annexed notes from 1 to 15 form an integral part of these interim condensed financial statements.

RAZAK H.M. BENGALI
 CHIEF EXECUTIVE

MUHAMMAD IRFAN GHANI
 DIRECTOR/CHIEF OPERATING OFFICER



**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED SEPTEMBER 30, 2011
(UN-AUDITED)**

	Share capital	Reserves			Total reserves	Total
		General reserves	Unrealised gain/(loss) on revaluation of available for sale investments	Unappropriated profit		
----- (Rupees in thousand) -----						
Balance as at June 30, 2010	133,343	160,000	467	476,079	636,546	769,889
Net profit for the period	-	-	-	17,812	17,812	17,812
Other comprehensive income for the period	-	-	217	-	217	217
Total comprehensive income for the period	-	-	217	17,812	18,029	18,029
Balance as at September 30, 2010	<u>133,343</u>	<u>160,000</u>	<u>684</u>	<u>493,891</u>	<u>654,575</u>	<u>787,918</u>
Balance as at June 30, 2011	133,343	160,000	781	554,408	715,189	848,532
Net profit for the period	-	-	-	17,598	17,598	17,598
Other comprehensive loss for the period	-	-	(228)	-	(228)	(228)
Total comprehensive income for the period	-	-	(228)	17,598	17,370	17,370
Balance as at September 30, 2011	<u>133,343</u>	<u>160,000</u>	<u>553</u>	<u>572,006</u>	<u>732,559</u>	<u>865,902</u>

The annexed notes from 1 to 15 form an integral part of these interim condensed financial statements.

RAZAK H.M. BENGALI
CHIEF EXECUTIVE

MUHAMMAD IRFAN GHANI
DIRECTOR/CHIEF OPERATING OFFICER



**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2011
(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

These condensed interim financial statements are unaudited and are being submitted to the shareholders in accordance with the requirement of Section 245 of the Companies Ordinance, 1984 and International Accounting Standard (IAS) 34 'Interim Financial Reporting'. The condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Company for the year ended June 30, 2011.

3. SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended June 30, 2011.

	September 30, 2011	June 30, 2011
	(Rupees in thousand)	
	(Un-audited)	(Audited)
4. PROPERTY, PLANT AND EQUIPMENT		
Opening Net Book Value (NBV)	394,140	399,774
Additions to operating property, plant and equipment	1,142	40,054
	395,282	447,082
Disposals during the period / year (NBV)	(1,509)	(1,900)
Depreciation charged during the period / year	(10,645)	(43,788)
	383,128	394,140
5. INTANGIBLE ASSET		
Software	303	330
6. LOANS AND ADVANCES		
Loans - secured, considered good		
Current portion of long term loans	612	578
Advances		
Considered good		
Current portion of long term advances - secured	1,722	1,489
For expenses - unsecured	1,407	1,062
To suppliers - unsecured	40,701	23,289
Letters of credit fee and margin - unsecured	304	304
	44,134	26,144
Considered doubtful		
Less: Provision for doubtful advances	231	231
	231	231
	-	-
	44,746	26,722



**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2011
(UN-AUDITED)**

	September 30, 2011	June 30, 2011	
	(Rupees in thousand)		
	(Un-audited)	(Audited)	
7. BANK BALANCES			
Current accounts	3,111	38,474	
Deposit accounts	<u>2,910</u>	<u>2,917</u>	
	<u>6,021</u>	<u>41,391</u>	
8. SHARE CAPITAL			
September 30, 2011	September 30, 2011	June 30, 2011	
Number of ordinary shares of Rs.10/- each	(Rupees in thousand)		
	(Un-audited)	(Audited)	
8.1. Authorised capital			
<u>25,000,000</u> 25,000,000 Ordinary shares	<u>250,000</u>	<u>250,000</u>	
8.2. Issued, subscribed and paid-up capital			
9,276,000 9,276,000 - Issued for cash	92,760	92,760	
<u>4,058,250</u> 4,058,250 - Issued as bonus shares	<u>40,583</u>	<u>40,583</u>	
<u>13,334,250</u> <u>13,334,250</u>	<u>133,343</u>	<u>133,343</u>	
9. SHORT TERM BORROWING			
Running finance under mark-up arrangement	<u>85,620</u>	<u>67,473</u>	
10. 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, 2011 except for the following:			
	September 30, 2011	June 30, 2011	
	(Rupees in thousand)		
	(Un-audited)	(Audited)	
Commitments			
Letters of credit issued by commercial banks	<u>106,745</u>	<u>220,914</u>	



**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2011
(UN-AUDITED)**

	Quarter Ended	
	September 30, 2011	September 30, 2010
11. TAXATION	(Rupees in thousand) (Un-audited)	
Current	8,472	10,507
Deferred	-	(863)
	<u>8,472</u>	<u>9,675</u>
12. EARNINGS PER SHARE - Basic		
Profit after taxation (Rupees `000)	<u>17,598</u>	<u>17,812</u>
Weighted average number of ordinary shares in issue during the period	<u>13,334,250</u>	<u>13,334,250</u>
Earnings per share - Basic (Rupees)	<u>1.32</u>	<u>1.33</u>

There is no dilution effect on basic earnings per share of the Company.

	Quarter Ended	
	September 30, 2011	September 30, 2010
13. TRANSACTIONS WITH RELATED PARTIES	(Rupees in thousand) (Un-audited)	
Name of the related party and Nature of transactions relationship with the Company		
Retirement benefit funds		
- Provident funds	Contribution during the period	<u>836</u>
		<u>805</u>
- Gratuity fund	Provision for the period	<u>766</u>
		<u>1,000</u>
Key management personnel		
	Sale of vehicles	<u>-</u>
		<u>328</u>
	Sale of split air conditioner	<u>18</u>
		<u>13</u>
Officers & staff		
	Sale of vehicles	<u>-</u>
		<u>278</u>

Transactions with related parties are carried out at arm's length prices using admissible valuation methods.

14. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on **October 10, 2011**, by the Board of Directors of the Company.

15. GENERAL

15.1. The figures of the corresponding period have been re-arranged wherever necessary. However, there were no material classifications to report.

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

RAZAK H.M. BENGALI
CHIEF EXECUTIVE

MUHAMMAD IRFAN GHANI
DIRECTOR/CHIEF OPERATING OFFICER

If undelivered please return to:



Baluchistan Wheels Limited

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E-mail: bwlfm@cyber.net.pk
Website: <http://www.bwheels.com>