



The elections of Pakistan German Business Forum (PGBF) were held on Saturday the 13th February, 2010. It is a matter of Pride and Honor that the Chief Executive of Baluchistan Wheels Limited, Mr. Razak H. M. Bengali has been elected as Director as well as Vice President of this forum for a period of three (03) years.



CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Muhammad Siddique Misri
Mr. Razak H.M. Bengali
Mr. Muhammad Irfan Ghani
Syed Haroon Rashid
Syed Zubair Ahmed
Mr. Muhammad Javed
Mr. Irfan Ahmed Qureshi

Chairman
Chief Executive
Chief Operating Officer
Director (Nominee - NIT)
Director (Nominee - NIT)
Director
Director

LEGAL ADVISOR

Mohsin Tayebaly & Company
(Advocates)

EXTERNAL AUDITORS

Ernst & Young Ford Rhodes Sidat Hyder
(Chartered Accountants)

CHIEF INTERNAL AUDITOR

Mr. Muhammad Asad Saeed

COMPANY SECRETARY

Mr. Irfan Ahmed Qureshi

BOARD AUDIT COMMITTEE

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

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

MANAGEMENT COMMITTEE

Mr. Muhammad Siddique Misri
Mr. Razak H.M. Bengali
Mr. Muhammad Irfan Ghani
Mr. Muhammad Javed
Mr. Irfan Ahmed Qureshi
Mr. Badruddin A. Ali
Mr. Sheikh Muhammad Iqbal
Mr. Sajid Nadri
Mr. Yasin Younus Ladha
Mr. Arshad Ali Siddiqui

Chairman
Chief Executive
Chief Operating Officer
Director / S.G.M (Technical)
Director / S.G.M (Finance) / Company Secretary
G.M (Supply & Services)
G.M (Sales)
G.M (Research & Development)
G.M (Finance)
D.G.M (Human Resources)

FACTORY AND REGISTERED OFFICE

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

BOARD HUMAN RESOURCES AND COMPENSATION COMMITTEE

Mr. Muhammad Siddique Misri
Mr. Razak H.M. Bengali
Mr. Muhammad Irfan Ghani
Mr. Arshad Ali Siddiqui

Chairman
Chief Executive (Member)
Chief Operating Officer (Member)
Dy. General Manager HR (Secretary)

RELATED PARTIES

Staff Retirement Funds

BANKERS

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



DIRECTORS' REPORT

Your Directors are pleased to present 2nd Quarter / Half Yearly Accounts of the Company for the period ended December 31, 2009.

Operational and Financial Performance

The sales during the period under review were Rs. 655 million as compared to Rs. 567 million which is 16% more than the corresponding previous period. The sales of Car Wheels have improved by 32%. It has gone to Rs. 349 million as compared to Rs. 266 million in the corresponding period. Similarly, the sales of Truck / Bus Wheels were Rs. 55 million as compared to Rs. 34 million of the previous period which is 62% more than the previous period. The Tractor Wheels sales have slightly improved to Rs. 220 million as compared to Rs. 218 million for the period of six months under review. The exports sales were Rs. 19 million as compared to Rs. 30 million in the corresponding period last year.

The gross profit was Rs. 112 million as compared to Rs. 71 million of the previous period. The profit after taxation was Rs. 37 million as compared to Rs. 20 million of the previous period.

In terms of percentage the current period gross profit is 17% as compared to 13% of the previous period. The improvement in gross profit is due to improvement in sales/ productivity resulting in better absorption of overheads and other components of cost etc.

The administrative expenses and distribution costs have also increased slightly due to the impact of overall price increase etc. The finance costs have decreased significantly due to re-payment of long term loan installments, decrease in markup rates and control over the borrowing during the period under review. In the next six months, the financial expenses are likely to go up because of import of Raw Material and the increased prices of Pakistan Steel Mills.

Our sales are directly linked with the Auto Industry sales. The Auto Industry is showing the signs of improvement and therefore it reflects on the performance of our company during the period under review.

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. 22.1 (ii) in the financial statements for the year ended June 30, 2009, 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 whereby several Judges were removed and the Honorable Judge who had heard this matter was also removed and as such this matter is now likely to be fixed for rehearing. The management and its legal counsel are hopeful that the ultimate outcome of the matter will be in Company's favour.



DIRECTORS' REPORT

Future Outlook

As reported in the Annual Accounts for the year ended June 30, 2009, the Government of Pakistan has taken corrective steps by withdrawing 5% FED on cars above 850cc, withdrawal of 35% L/C margin on import and withdrawal of 2.5% With-Holding tax at registration, all these steps are bearing fruits. As per the data released by the Pakistan Automobile Manufacturers Association (PAMA), local Car sales have surged by 34% to 48,344 units as compared to 36,079 units in the same period in 2008, the Tractor sales have increased by 27% to 34,027 units as compared to 26,714 units in the same period in 2008 and the Trucks / Buses sales were 1,813 units as compared to 1,853 units in same period in 2008.

It is hoped that the trend continuous and your Company will also be benefiting from this, however, increase in utilities like Fuel, Power, Gas and Deprecation of Pakistani Rupees against US Dollars & other currencies will have pressure on costs.

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

MUHAMMAD SIDDIQUE MISRI
CHAIRMAN

RAZAK H. M. BENGALI
CHIEF EXECUTIVE

Karachi: February 18, 2010

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 2009** and the related condensed interim profit and loss account and condensed interim statements of comprehensive income, cash flows and changes in equity, together with the notes forming part thereof (here-in-after referred to as "interim financial information") for the six-months' period then ended. 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

Karachi: February 18, 2010



CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2009

ASSETS	Note	December 31, 2009 (Rupees in thousands) (Un-audited)	June 30, 2009 (Audited)
NON CURRENT ASSETS			
Property, plant and equipment	4	416,336	410,982
Intangible assets		495	-
Long-term investments		529	315
Long-term loans and advances		1,696	2,005
Long-term deposits		3,683	3,573
		422,739	416,875
CURRENT ASSETS			
Stores, spare parts and loose tools		57,993	64,293
Stock-in-trade		322,783	325,773
Trade debts		146,769	92,550
Loans and advances	5	19,493	20,084
Trade deposits and short-term prepayments		2,039	512
Taxation - net		7,293	3,435
Bank balances	6	11,355	30,510
		567,725	537,157
TOTAL ASSETS		990,464	954,032
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	7	133,343	133,343
Reserves		606,553	589,262
		739,896	722,605
NON CURRENT LIABILITIES			
Long-term financing	8	23,744	27,701
Long-term deposits		240	327
Deferred liabilities		59,806	59,411
		83,790	87,439
CURRENT LIABILITIES			
Trade and other payables		95,607	133,956
Accrued mark-up		2,332	1,898
Short-term running finance	9	60,685	-
Current portion of:			
Long-term financing	8	7,915	7,916
Long-term deposits		239	218
		166,778	143,988
CONTINGENCIES AND COMMITMENTS	10		
TOTAL EQUITY AND LIABILITIES		990,464	954,032

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

MUHAMMAD SIDDIQUE MISRI
CHAIRMAN

RAZAK H. M. BENGALI
CHIEF EXECUTIVE



**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE HALF-YEAR ENDED DECEMBER 31, 2009
(UN-AUDITED)**

	Half-Year Ended		Quarter Ended	
	December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008
Note -----	(Rupees in thousands) -----			
Sales - net	655,373	566,811	364,904	264,179
Cost of sales	543,149	495,340	292,488	241,807
Gross profit	112,224	71,471	72,416	22,372
Distribution costs	16,915	11,129	9,867	5,923
Administrative expenses	29,020	27,582	14,499	14,752
Other operating expenses	5,110	2,405	3,522	397
Finance costs	5,345	11,504	3,020	6,816
	56,390	52,620	30,908	27,888
Operating profit	55,834	18,851	41,508	(5,516)
Other operating income	1,253	5,376	839	3,075
Profit / (loss) before taxation	57,087	24,227	42,347	(2,441)
Taxation	11 (20,009)	(4,497)	(15,209)	4,837
Net profit for the period	37,078	19,730	27,138	2,396
Basic earnings per share (Rupees)	12 2.78	1.48	2.04	0.18

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

**MUHAMMAD SIDDIQUE MISRI
CHAIRMAN**

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



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED DECEMBER 31, 2009
(UN-AUDITED)**

	December 31, 2009	December 31, 2008
	(Rupees in thousands)	
Profit after taxation for the period	37,078	19,730
Other comprehensive income / (loss)		
Unrealised gain / (loss) due to changes in fair value of available for sale investments	214	(194)
Total comprehensive income for the period	<u>37,292</u>	<u>19,536</u>

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

**MUHAMMAD SIDDIQUE MISRI
CHAIRMAN**

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



CONDENSED INTERIM CASH FLOW STATEMENT FOR THE HALF-YEAR ENDED DECEMBER 31, 2009 (UN-AUDITED)

	December 31, 2009	December 31, 2008
	(Rupees in thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	57,087	24,227
Adjustment for non-cash charges and other items:		
Depreciation	21,839	19,779
Amortisation	55	-
Provision for employees' benefits	1,481	1,800
(Reversal) / provision for doubtful debts	(276)	1,175
Provision for compensated absences	258	1,648
Provision for slow moving stores, spare parts and loose tools	4,958	2,121
Reversal of slow moving stock in trade	(1,847)	(2,314)
Provision for / (reversal of) warranty	2,503	(3,306)
Finance costs	5,345	11,504
Deferred income on sale and leaseback arrangement	-	(94)
Gain on disposal of fixed assets	(527)	(4)
Gain on sale of mutual fund units	-	(458)
Profit on deposit accounts	(191)	(80)
	33,598	31,771
Operating profit before working capital changes	90,685	55,998
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	1,343	(6,638)
Stock-in-trade	4,836	(186,208)
Trade debts	(53,944)	35,137
Loans and advances	589	7,129
Trade deposits and short-term prepayments	(1,527)	(1,131)
Short-term investments	-	76,815
Other receivables	-	(20,026)
	(48,703)	(94,922)
	41,982	(38,924)
Increase / (decrease) in current liabilities		
Trade and other payables	(37,880)	52,464
Cash generated from operations	4,102	13,540
Long-term loans and advances-net	309	332
Long-term deposits-net	44	(201)
Income tax paid	(29,270)	(29,069)
Finance costs paid	(4,911)	(8,387)
Employees' benefits and compensated absences paid	(367)	(199)
Net cash used in operating activities	(30,093)	(23,984)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(29,225)	(72,158)
Proceeds from sale of fixed assets	1,315	12
Profit received on deposit accounts	191	80
Net cash used in investing activities	(27,719)	(72,066)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing	(3,957)	45,512
Repayment of liabilities against assets subject to finance lease	-	(1,398)
Dividend paid	(18,071)	(16,561)
Net cash (used in) / generated from financing activities	(22,028)	27,553
Net decrease in cash and cash equivalents	(79,840)	(68,497)
Cash and cash equivalents at the beginning of the period	30,510	52,205
Cash and cash equivalents at the end of the period	(49,330)	(16,292)
Cash and cash equivalents comprise:		
Cash and bank balances	11,355	11,014
Short-term running finance	(60,685)	(27,306)
	(49,330)	(16,292)

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

**MUHAMMAD SIDDIQUE MISRI
CHAIRMAN**

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



**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED DECEMBER 31, 2009
(UN-AUDITED)**

	Share capital	Reserves			Total reserves	Total
		General reserves	Unrealised gain/(loss) on available for sale investments	Unappropriated profit		
----- (Rupees in thousands) -----						
Balance as at June 30, 2008	133,343	160,000	647	409,139	569,786	703,129
Final dividend @ Rs. 1.25 per share	-	-	-	(16,668)	(16,668)	(16,668)
Net profit for the period	-	-	-	19,730	19,730	19,730
Other comprehensive loss for the period	-	-	(194)	-	(194)	(194)
Total comprehensive income / (loss) for the period	-	-	(194)	19,730	19,536	19,536
Balance as at Dec 31, 2008	<u>133,343</u>	<u>160,000</u>	<u>453</u>	<u>412,201</u>	<u>572,654</u>	<u>705,997</u>
Balance as at June 30, 2009	133,343	160,000	171	429,091	589,262	722,605
Final dividend @ Rs. 1.50 per share	-	-	-	(20,001)	(20,001)	(20,001)
Net profit for the period	-	-	-	37,078	37,078	37,078
Other comprehensive income for the period	-	-	214	-	214	214
Total comprehensive income for the period	-	-	214	37,078	37,292	37,292
Balance as at Dec 31, 2009	<u>133,343</u>	<u>160,000</u>	<u>385</u>	<u>446,168</u>	<u>606,553</u>	<u>739,896</u>

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

**MUHAMMAD SIDDIQUE MISRI
CHAIRMAN**

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



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED DECEMBER 31, 2009
(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 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, 2009.

2.2. The figures of the condensed interim profit and loss account and consolidated interim statement of comprehensive income for the quarters ended December 31, 2008 and December 31, 2009 and notes forming part thereof have not been reviewed by the auditors of the Company as they have reviewed the cumulative figures for the half years ended December 31, 2008 and December 31, 2009.

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, 2009, except for the presentation changes resulting from the adoption of IAS 1 - "Presentation of Financial Statements (Revised)" as described below:

IAS 1 - Presentation of Financial Statements (Revised)

The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition, the standard introduces the statement of comprehensive income: it presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Company has elected to present two statements.

		December 31, 2009	June 30, 2009
	Note	(Rupees in thousands)	
		(Un-audited)	(Audited)
4. PROPERTY, PLANT AND EQUIPMENT			
Opening Net Book Value (NBV)		403,674	362,693
Additions to operating property, plant and equipment		33,341	84,491
		<u>437,015</u>	<u>447,184</u>
Disposals during the period / year (NBV)		(788)	(88)
Depreciation charged during the period / year		(21,838)	(43,422)
		<u>414,389</u>	<u>403,674</u>
Capital work-in-progress	4.1	1,947	7,308
		<u>416,336</u>	<u>410,982</u>
4.1. Capital work-in-progress			
Civil works		<u>1,947</u>	<u>7,308</u>



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED DECEMBER 31, 2009
(UN-AUDITED)**

	December 31, 2009	June 30, 2009	
	(Rupees in thousands)		
	(Un-audited)	(Audited)	
5. LOANS AND ADVANCES			
Loans - secured, considered good			
Current portion of long term loans	248	269	
Advances			
Considered good			
Current portion of long term advances - secured	1,493	1,378	
For expenses - unsecured	1,191	511	
To suppliers - unsecured	16,257	17,622	
Letters of credit fee and margin - unsecured	304	304	
	<u>19,245</u>	<u>19,815</u>	
Considered doubtful	757	757	
Less: Provision for doubtful advances	<u>757</u>	<u>757</u>	
	<u>19,493</u>	<u>20,084</u>	
6. BANK BALANCES			
Current accounts	8,008	7,522	
Deposit accounts	3,347	22,988	
	<u>11,355</u>	<u>30,510</u>	
7. SHARE CAPITAL			
7.1. Authorised capital			
December 31, 2009	25,000,000	25,000,000	
June 30, 2009	25,000,000	25,000,000	
Number of ordinary shares of Rs.10/- each			
	<u>250,000</u>	<u>250,000</u>	
7.2. Issued, subscribed and paid-up capital			
9,276,000	9,276,000	9,276,000	- Fully paid in cash
4,058,250	4,058,250	4,058,250	- Issued as fully paid bonus shares
	<u>13,334,250</u>	<u>13,334,250</u>	
	<u>133,343</u>	<u>133,343</u>	
8. LONG-TERM FINANCING			
This represents the utilized portion of demand finance facility of Rs. 31.659 million (June 30, 2009: Rs. 55.616 million) available from a local commercial bank.			
9. SHORT-TERM RUNNING FINANCE			
The facilities for short-term running finance available from various commercial banks amounted to Rs. 130 million (June 30, 2009: Rs. 130 million).			
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, 2009 except for the following:			
	December 31, 2009	June 30, 2009	
	(Rupees in thousands)		
	(Un-audited)	(Audited)	
Commitments			
Capital commitments - plant and machinery	<u>2,655</u>	<u>-</u>	
Letters of credit issued by commercial banks	<u>102,520</u>	<u>89,933</u>	



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED DECEMBER 31, 2009
(UN-AUDITED)**

11. TAXATION	Half-Year Ended	
	December 31, 2009	December 31, 2008
	(Rupees in thousands) ----- (Un-audited)-----	
Current	19,150	299
Prior	464	474
Deferred	395	3,724
	20,009	4,497

12. EARNINGS PER SHARE - Basic	Half-Year Ended		Quarter Ended	
	December 31, 2009	December 31, 2008	December 31, 2009	December 31, 2008
	----- (Un-audited) -----			
Profit after taxation (Rupees `000)	37,078	19,730	27,138	2,396
Weighted average number of ordinary shares in issue during the period	13,334,250	13,334,250	13,334,250	13,334,250
Earnings per share - Basic (Rupees)	2.78	1.48	2.04	0.18

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

13. TRANSACTIONS WITH RELATED PARTIES	Half-Year Ended	
	December 31, 2009	December 31, 2008
	(Rupees in thousands) ----- (Un-audited)-----	
Name of the related party and relationship with the Company	Nature of transactions	
Retirement benefit funds		
- Provident funds	Contribution during the period	1,482 1,466
- Gratuity fund	Provision for the period	1,481 1,800
Key management personnel		
Sale of vehicles		303 -
Sale of split air conditioners		12 -
Sale of generators		- 8
Staff		
Sale of computers		- 4

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 **February 18, 2010** 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.

**MUHAMMAD SIDDIQUE MISRI
CHAIRMAN**

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