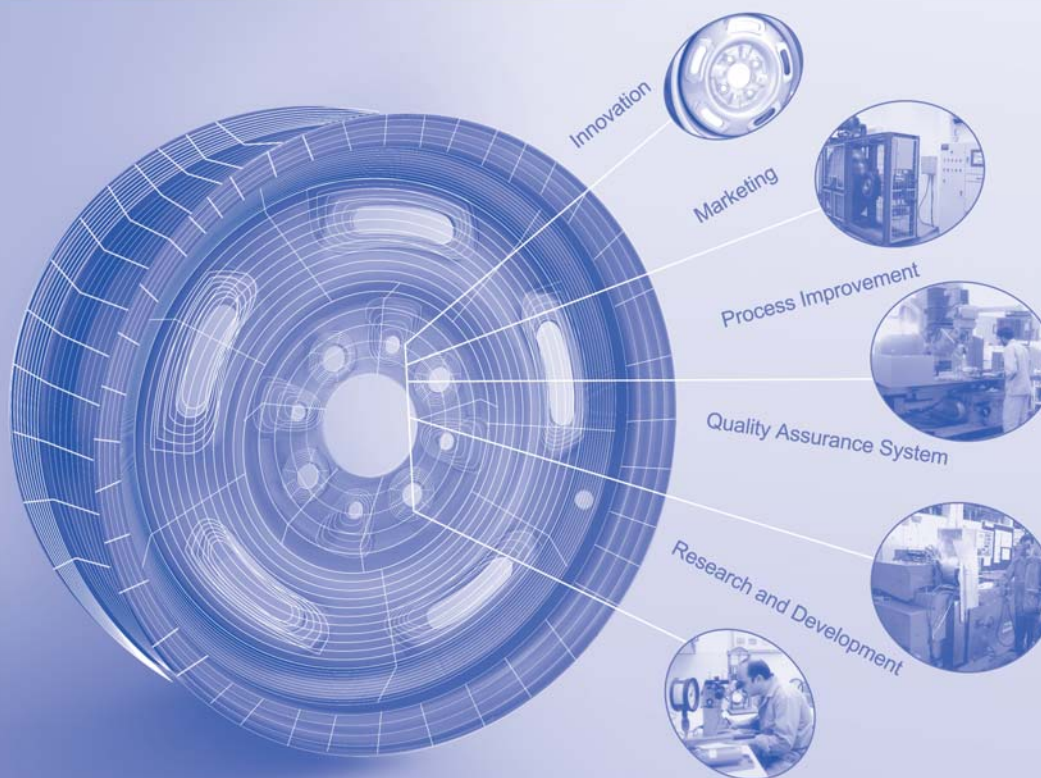




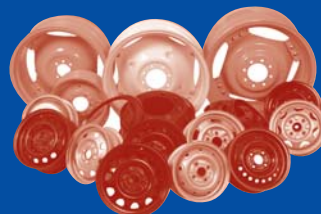
Manufacturers of Automotive Wheels in Pakistan

INNOVATION & STRENGTH



Half Yearly/2nd Quarterly Accounts December 31, 2011 (Un-Audited)

Baluchistan Wheels Limited





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

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)

MANAGEMENT COMMITTEE

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

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

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 Alfalah Limited
National Bank of Pakistan

LEGAL ADVISOR

Mohsin Tayebaly & Company
(Advocates)

EXTERNAL AUDITORS

Ernst & Young Ford Rhodes Sidat Hyder
(Chartered Accountants)

TAX CONSULTANTS

Ernst & Young Ford Rhodes Sidat Hyder
(Chartered Accountants)

Baker Tilly Mehmood Idrees Qamar
(Chartered Accountants)

CHIEF INTERNAL AUDITOR

Mr. Muhammed Asad Saeed

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: 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 2nd Quarter / Half Yearly Accounts of the Company for the period ended December 31, 2011.

Operational and Financial Performance

The sales during the period under review were Rs.655 million as compared to Rs.707 million which is 7% less than the corresponding previous period. The sales of Car Wheels have improved by 20%. It has gone to Rs.439 million as compared to Rs.367 million in the corresponding period. Similarly, the sales of Truck / Bus Wheels were Rs.45 million as compared to Rs.60 million of the previous period which is 25% less than the previous period. The Tractor Wheels sales has gone down by 48% to Rs.127 million as compared to Rs.246 million for the period of six months under review and this is the main cause of drop in sales. The exports sales were Rs.22 million as compared to Rs.17 million in the corresponding period last year.

The gross profit was Rs.119 million as compared to Rs.124 million of the previous period. The profit after taxation was Rs.41 million as compared to Rs.43 million of the previous period.

In terms of percentage the current period gross profit is 18.11% as compared to 17.54% of the previous period. There is a slight improvement in the Gross Profit.

The administrative expenses remained within the same vicinity, the finance costs have also increased due to the borrowing to finance procurement of steel etc. The distribution expenses have declined due to the drop in sales of tractors resulting in less freight for upcountry. Similarly, other operating expenses also remained within the same vicinity.

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. 25.1(ii) 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.



DIRECTORS' REPORT

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 had suspended / curtailed their production to absorb unsold stocks at factory and with dealers. This has resulted in decline of tractor wheels sales to Rs.127 million as compared to Rs.246 million in the corresponding period which is 48% lower. Subsequent to the period under review the Government of Pakistan has reduced sales tax on tractors to 5% effective February 2012 which will be increased to 10% from January 2013 & standard rates of sales tax will again be applicable from January 2014.

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.

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
CHIEF OPERATING OFFICER

Karachi: February 17, 2012

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** as at **31 December 2011** and 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 (here-in-after referred to as the "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 Engagement 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 17, 2012



CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2011

	Note	December 31, 2011 (Rupees in thousand) (Un-audited)	June 30, 2011 (Audited)
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	4	373,728	394,140
Intangible asset		275	330
Long-term investment		538	925
Long-term loans and advances		1,837	1,939
Long-term deposits		8,112	10,838
		384,490	408,172
CURRENT ASSETS			
Stores, spare parts and loose tools		49,214	51,702
Stock-in-trade	5	497,380	440,673
Trade debts		101,051	133,364
Loans and advances		11,462	26,722
Trade deposits and short-term prepayments		2,150	1,355
Other receivables		-	5,733
Bank balances		15,466	41,391
		676,723	700,940
TOTAL ASSETS		1,061,213	1,109,112
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		133,343	133,343
Reserves		729,208	715,189
		862,551	848,532
NON CURRENT LIABILITIES			
Liabilities against assets subject to finance lease		3,527	4,501
Long-term deposits		402	335
Deferred taxation		49,558	50,596
		53,487	55,432
CURRENT LIABILITIES			
Trade and other payables		84,856	104,211
Accrued mark-up		3,929	918
Murabaha		2,822	6,773
Short-term borrowings		36,815	67,473
Current portion of:			
- liabilities against assets subject to finance lease		1,828	1,668
- long-term deposits		126	117
Taxation - net		14,799	23,988
		145,175	205,148
CONTINGENCIES AND COMMITMENTS	6		
TOTAL EQUITY AND LIABILITIES		1,061,213	1,109,112

The annexed notes from 1 to 9 form an integral part of these condensed interim financial statements.

RAZAK H.M. BENGALI
CHIEF EXECUTIVE

MUHAMMAD IRFAN GHANI
DIRECTOR/CHIEF OPERATING OFFICER



**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE HALF YEAR ENDED DECEMBER 31, 2011
(UN-AUDITED)**

	Half-Year Ended		Quarter Ended	
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
----- (Rupees in thousand) -----				
Sales - net	654,740	706,943	326,386	373,755
Cost of sales	(536,151)	(582,905)	(259,638)	(306,604)
Gross profit	118,589	124,038	66,748	67,151
Distribution costs	(12,691)	(15,012)	(6,044)	(6,794)
Administrative expenses	(32,589)	(31,981)	(17,468)	(15,834)
Other operating expenses	(5,288)	(5,290)	(2,625)	(2,875)
Finance costs	(8,560)	(7,352)	(4,295)	(4,633)
	(59,128)	(59,635)	(30,432)	(30,136)
Operating profit	59,461	64,403	36,316	37,015
Other operating income	3,831	588	906	489
Profit before taxation	63,292	64,991	37,222	37,504
Taxation				
Current	(24,443)	(25,605)	(15,971)	(15,098)
Prior	1,188	(44)	1,188	(876)
Deferred	1,038	3,271	1,038	3,271
	(22,217)	(22,378)	(13,745)	(12,703)
Net profit for the period	41,075	42,613	23,477	24,801
Basic earnings per share	Rs. 3.08	Rs. 3.20	Rs. 1.76	Rs. 1.86

The annexed notes from 1 to 9 form an integral part of these condensed interim financial statements.

RAZAK H.M. BENGALI
CHIEF EXECUTIVE

MUHAMMAD IRFAN GHANI
DIRECTOR/CHIEF OPERATING OFFICER



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED DECEMBER 31, 2011
(UN-AUDITED)**

	December 31, 2011	December 31, 2010
	(Rupees in thousand)	
Net profit for the period	41,075	42,613
Other comprehensive income / (loss)		
Unrealised (loss) / gain due to changes in fair value of available for sale investments during the period	(387)	221
Total comprehensive income for the period	<u>40,688</u>	<u>42,834</u>

The annexed notes from 1 to 9 form an integral part of these condensed interim financial statements.

RAZAK H.M. BENGALI
CHIEF EXECUTIVE

MUHAMMAD IRFAN GHANI
DIRECTOR/CHIEF OPERATING OFFICER



**CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED DECEMBER 31, 2011
(UN-AUDITED)**

	December 31, 2011	December 31, 2010
	(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	63,292	64,991
Adjustment for non-cash charges and other items:		
Depreciation	21,436	21,631
Amortisation	55	55
Provision for employees' benefits	1,532	2,453
Provision for doubtful debts	58	953
Provision for compensated absences	22	101
Provision for slow moving stores, spare parts and loose tools	5,710	2,382
Reversal of slow moving stock in trade	-	(630)
(Reversal) / provision for warranty	(2,227)	444
Finance costs	6,941	7,352
Dividend income	(28)	-
Gain on disposal of fixed assets	(939)	-
Profit on bank balances	(51)	(85)
	32,509	34,656
Operating profit before working capital changes	95,801	99,647
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(3,222)	(3,501)
Stock-in-trade	(56,707)	13,298
Trade debts	34,214	8,934
Loans and advances	15,260	1,267
Trade deposits and short-term prepayments	(795)	238
Other receivables	5,733	-
	(5,517)	20,236
	90,284	119,883
Decrease in current liabilities		
Trade and other payables	(13,868)	(30,004)
Cash generated from operations	76,416	89,879
Long-term loans and advances-net	102	195
Long-term deposits-net	2,650	(12)
Income tax paid	(35,378)	(37,989)
Employees' benefits paid	(3,854)	(1,806)
Net cash inflow from operating activities	39,936	50,267
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(4,096)	(3,246)
Proceeds from sale of property, plant and equipments	4,011	887
Dividend received	28	-
Profit received on bank balances	51	85
Net cash used in investing activities	(6)	(2,274)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term financing	-	(3,956)
Repayment of murabaha	(3,951)	(9,930)
Repayment of short term borrowings - net	(30,658)	-
Finance costs paid	(5,549)	(7,111)
Repayment of liabilities against asset subject to finance lease	(814)	-
Dividend paid	(24,883)	(16,539)
Net cash used in financing activities	(65,855)	(37,536)
Net (decrease) / increase in cash and cash equivalents	(25,925)	10,457
Cash and cash equivalents at the beginning of the period	41,391	12,377
Cash and cash equivalents at the end of the period	15,466	22,834

The annexed notes from 1 to 9 form an integral part of these condensed interim financial statements.

RAZAK H.M. BENGALI
CHIEF EXECUTIVE

MUHAMMAD IRFAN GHANI
DIRECTOR/CHIEF OPERATING OFFICER



**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED DECEMBER 31, 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
Final dividend @ Rs.1.25 per share	-	-	-	(16,668)	(16,668)	(16,668)
Net profit for the period	-	-	-	42,613	42,613	42,613
Other comprehensive income	-	-	221	-	221	221
Total comprehensive income for the period	-	-	221	42,613	42,834	42,834
Balance as at December 31, 2010	<u>133,343</u>	<u>160,000</u>	<u>688</u>	<u>502,024</u>	<u>662,712</u>	<u>796,055</u>
Balance as at June 30, 2011	133,343	160,000	781	554,408	715,189	848,532
Final dividend @ Rs. 2.00 per share	-	-	-	(26,669)	(26,669)	(26,669)
Net profit for the period	-	-	-	41,075	41,075	41,075
Other comprehensive income / (loss)	-	-	(387)	-	(387)	(387)
Total comprehensive income / (loss) for the period	-	-	(387)	41,075	40,688	40,688
Balance as at December 31, 2011	<u>133,343</u>	<u>160,000</u>	<u>394</u>	<u>568,814</u>	<u>729,208</u>	<u>862,551</u>

The annexed notes from 1 to 9 form an integral part of these condensed interim financial statements.

RAZAK H.M. BENGALI
CHIEF EXECUTIVE

MUHAMMAD IRFAN GHANI
DIRECTOR/CHIEF OPERATING OFFICER



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED DECEMBER 31, 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 on the 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 have been prepared in accordance with International Accounting Standard-34 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirement differ, the provision 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 the financial statements of the Company for the year ended June 30, 2011.
- 2.3. These condensed interim financial statements are unaudited but subject to limited scope review by the auditors except for the figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended December 31, 2011 and December 31, 2010.

3. ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements of the Company for the year ended June 30, 2011, except for the adoption of following new and amended standards and interpretations which became effective during the period:

IFRS 7 - Financial Instruments: Disclosures
IAS 24 - Related Party Disclosures (Revised)
IFRIC 14 - Prepayments of a Minimum Funding Requirement (Amendment)

In May 2010, International Accounting Standards Board issued amendments to various standards primarily with a view to removing inconsistencies and clarifying wordings. These improvements are listed below:

IFRS 7 - Financial Instruments: Disclosures
IAS 1 - Presentation of Financial Statements
IAS 34 - Interim Financial Reporting
IFRIC 13 - Customer Loyalty Programmes (Fair value of award credits)

The adoption of the above standards, amendments, interpretations and improvements did not have any effect on these condensed interim financial statements.

	Note	December 31, 2011 (Rupees in thousand) (Un-audited)	June 30, 2011 (Audited)
4. PROPERTY, PLANT AND EQUIPMENT			
Opening written down value (WDV)		394,140	399,774
Additions during the period / year - at cost	4.1	4,096	40,054
		398,236	439,828
Disposals during the period / year - at WDV	4.1	(3,072)	(1,900)
Depreciation charged during the period / year		(21,436)	(43,788)
Closing WDV		373,728	394,140



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED DECEMBER 31, 2011
(UN-AUDITED)**

4.1. Additions and disposals to property, plant and equipment

	December 31, 2011		June 30, 2011	
	Additions (Rupees in thousand) (Un-Audited)	Disposals	Additions (Rupees in thousand) (Audited)	Disposals
Building	-	-	146	-
Plant and machinery	-	-	28,362	-
Office equipment	364	21	339	23
Computers	30	-	123	-
Vehicles	3,702	3,051	11,084	1,877
	<u>4,096</u>	<u>3,072</u>	<u>40,054</u>	<u>1,900</u>

	December 31, 2011	June 30, 2011
	(Rupees in thousand) (Un-audited)	(Audited)
5. STOCK-IN-TRADE		
Raw material	188,110	188,265
Work-in-process	113,011	101,728
Finished goods	149,822	110,994
Scrap stock	31,195	39,990
	<u>482,138</u>	<u>440,977</u>
Stock-in-transit	17,419	1,873
	<u>499,557</u>	<u>442,850</u>
Less: Provision for slow moving items	2,177	2,177
	<u>497,380</u>	<u>440,673</u>

6. CONTINGENCIES AND COMMITMENTS

There were no major changes in the status of contingencies as reported in the financial statements for the year ended June 30, 2011.

	December 31, 2011	June 30, 2011
	(Rupees in thousand) (Un-audited)	(Audited)
Commitments		
Letters of credit issued by commercial banks	212,073	220,914
Outstanding custom duties against stock in transit	4,857	724

7. TRANSACTIONS WITH RELATED PARTIES

Related parties of the Company comprise holding company, associates, directors, key management personnel, retirement benefit plans, major suppliers and Government of Pakistan (GoP). Transactions and balances with related parties are as follows:



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED DECEMBER 31, 2011
(UN-AUDITED)**

<u>Transactions</u>		<u>Half Year Ended</u>	
		<u>December 31, 2011</u>	<u>December 31, 2010</u>
<u>Nature of relationship</u>	<u>Nature of transactions</u>	<u>(Rupees in thousand) (Un-audited)</u>	
Retirement benefit funds			
- Provident funds	Contribution during the period	<u>1,662</u>	1,605
- Gratuity fund	Expense for the period	<u>1,532</u>	2,453
Key management personnel			
	Sale of fixed assets	<u>906</u>	608
	Remuneration - Director	<u>14,502</u>	12,501
	- Executive	<u>3,172</u>	3,084
Officers & Staff			
	Sale of fixed assets	<u>125</u>	279
Balances			
Amount receivable / payable			
Loan and advances	Advances to key management personnel	<u>893</u>	-
	Loan to key management personnel	<u>377</u>	-
Trade and other payables	Provident fund	<u>1,007</u>	927
	Gratuity fund	<u>3,325</u>	5,360

8. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on **February 17, 2012** by the Board of Directors of the Company.

9. GENERAL

Figures have been rounded off to the nearest thousand Rupees.

RAZAK H.M. BENGALI
CHIEF EXECUTIVE

MUHAMMAD IRFAN GHANI
DIRECTOR/CHIEF OPERATING OFFICER

If undelivered please return to:



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