



Baluchistan Wheels Limited

BWL-moving the nation ahead



3rd Quarterly Accounts March 31, 2011 (Un-Audited)



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. 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)

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 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: 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 3rd Quarterly Accounts of the Company for the period ended March 31, 2011.

Operational and Financial Performance

The sales during the nine-month period under review were Rs. 1,113 million as compared to Rs. 1,003 million which is 11% more than the corresponding previous period. The sales of Car Wheels have improved by 13%. It has gone to Rs. 593 million as compared to Rs. 523 million in the corresponding period. The sales of Truck / Bus Wheels were Rs. 70 million as compared to Rs. 99 million of the previous period which is 29% less than the previous period. The Tractor Wheels sales have improved by 22% to Rs. 407 million as compared to Rs. 335 million for the period of nine months under review. The exports sales were Rs. 23 million as compared to Rs. 29 million in the corresponding period last year.

The gross profit was Rs. 201 million as compared to Rs. 182 million of the previous period. The profit after taxation was Rs. 71 million as compared to Rs. 63 million of the previous period.

In terms of percentage the current period gross profit is 18% which is same as of the previous period.

The administrative expenses and distribution costs have increased due to the impact of overall price increase etc. The finance costs also remained within the same vicinity. In the next quarter, 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. 23.1 (ii) in the financial statements for the year ended June 30, 2010, 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 & now 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 Annual Accounts for the year ended June 30, 2010, the Auto industry after going through the steady growth & a steep decline in 2009, had again started recovery in the year 2010, despite the recent floods which had impacted our economy badly but lately Government of Pakistan again altered the import policy by allowing import of 5 years old used cars instead of 3 years as allowed earlier.



DIRECTORS' REPORT

This inconsistency in the policy will have long term negative effects on the production & growth of the local industry which had invested billions of rupees in the capacity enhancement, balancing & modernization. Similarly, the vending industry also invested a lot of money in the plant & machinery to support the original equipment suppliers to meet their demand for parts & accessories.

It will not be out of place to mention here that engineering industry is the backbone for any industrial development, it creates jobs, brings in technology and contributes in the national exchequer by way of taxation etc, and in Pakistan there existed a perfect competition between various car assemblers, such a policy will have long term negative impact on our industry because a new car has no apple to apple comparison with a second hand one. It is hoped that the Government will review its policy again in the best interest of the country.

Recent imposition of 17% sales tax on tractors will increase the prices of tractors which may depress the production & sales of the tractors & will effect our wheels sales too .

In spite of all these constraints it is hoped & prayed that the industry will come out of this situation too.

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

MUHAMMAD SIDDIQUE MISRI
CHAIRMAN

RAZAK H. M. BENGALI
CHIEF EXECUTIVE

Karachi: April 15, 2011



CONDENSED INTERIM BALANCE SHEET AS AT MARCH 31, 2011

ASSETS	Note	March 31, 2011 (Rupees in thousand) (Un-audited)	June 30, 2010 (Audited)
NON CURRENT ASSETS			
Property, plant and equipment	4	380,774	399,774
Intangible asset		358	440
Long-term investment		878	611
Long-term loans and advances		1,886	1,826
Long-term deposits		2,679	2,679
		386,575	405,330
CURRENT ASSETS			
Stores, spare parts and loose tools		53,595	53,539
Stock-in-trade		406,548	403,513
Trade debts		152,214	120,664
Loans and advances	5	28,960	13,544
Trade deposits and short-term prepayments		1,241	1,976
Bank balances	6	10,448	12,377
		653,006	605,613
TOTAL ASSETS		1,039,581	1,010,943
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		133,343	133,343
Reserves		691,617	636,546
		824,960	769,889
NON CURRENT LIABILITIES			
Long-term financing	7	15,830	19,786
Long-term deposits		426	154
Deferred taxation		54,025	56,874
		70,281	76,814
CURRENT LIABILITIES			
Trade and other payables		111,688	124,753
Accrued mark-up		2,350	695
Murabaha finance		-	9,930
Current portion of:			
- long-term financing	7	7,915	7,915
- long-term deposits		120	369
Taxation - net		22,267	20,578
		144,340	164,240
CONTINGENCIES AND COMMITMENTS	8		
TOTAL EQUITY AND LIABILITIES		1,039,581	1,010,943

The annexed notes from 1 to 13 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 PERIOD ENDED MARCH 31, 2011
(UN-AUDITED)**

	Nine-Month Ended		Quarter Ended	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
Note	----- (Rupees in thousand) -----			
Sales - net	1,113,128	1,003,661	406,185	348,288
Cost of sales	912,021	821,864	329,116	278,715
Gross profit	201,107	181,797	77,069	69,573
Distribution costs	26,368	25,181	11,356	8,266
Administrative expenses	47,441	43,948	15,460	14,928
Other operating expenses	8,725	8,242	3,435	3,132
Finance costs	9,755	9,612	2,403	4,267
	92,289	86,983	32,654	30,593
Operating profit	108,818	94,814	44,415	38,980
Other operating income	814	1,512	226	259
Profit before taxation	109,632	96,326	44,641	39,239
Taxation	9 (38,160)	(33,144)	(15,782)	(13,135)
Net profit for the period	71,472	63,182	28,859	26,104
Basic earnings per share (Rupees)	10 5.36	4.74	2.16	1.96

The annexed notes from 1 to 13 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 PERIOD ENDED MARCH 31, 2011
(UN-AUDITED)**

	March 31, 2011	March 31, 2010
	(Rupees in thousand)	
Profit after taxation for the period	71,472	63,182
Other comprehensive income		
Unrealised gain due to changes in fair value of available for sale investments during the period	267	311
Total comprehensive income for the period	<u>71,739</u>	<u>63,493</u>

The annexed notes from 1 to 13 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 PERIOD ENDED MARCH 31, 2011
(UN-AUDITED)**

	March 31, 2011	March 31, 2010
	(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	109,632	96,326
Adjustment for non-cash charges and other items:		
Depreciation	32,445	33,463
Amortisation	82	83
Provision for employees' benefits	3,653	2,981
Provision for doubtful debts	1,130	-
Reversal of doubtful debts	(177)	(276)
Provision for compensated absences	101	258
Provision for slow moving stores, spare parts and loose tools	2,382	4,958
Reversal of slow moving stock in trade	(630)	(1,847)
Provision for warranty	442	2,503
Finance costs	9,755	9,612
Dividend income	(43)	-
Gain on disposal of fixed assets	-	(625)
Profit on deposit accounts	(161)	(209)
	48,979	50,901
Operating profit before working capital changes	158,611	147,227
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(2,437)	(882)
Stock-in-trade	(2,405)	(42,588)
Trade debts	(32,504)	(33,929)
Loans and advances	(15,416)	(9,044)
Trade deposits and short-term prepayments	735	(2,700)
	(52,027)	(89,143)
	106,584	58,084
Increase / (decrease) in current liabilities		
Trade and other payables	(16,945)	(45,674)
Cash generated from operations	89,639	12,410
Long-term loans and advances-net	(60)	228
Long-term deposits-net	23	117
Income tax paid	(42,433)	(43,646)
Finance costs paid	(8,100)	(8,912)
Employees' benefits paid	(1,870)	(399)
Net cash generated from / (used in) operating activities	37,199	(40,202)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(10,662)	(34,729)
Proceeds from sale of fixed assets	1,761	2,586
Profit received on deposit accounts	161	209
Dividend received	43	-
Net cash used in investing activities	(8,697)	(31,934)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term financing	(3,956)	(3,957)
Repayment of Murabaha finance	(9,930)	-
Dividend paid	(16,545)	(19,828)
Net cash used in financing activities	(30,431)	(23,785)
Net decrease in cash and cash equivalents	(1,929)	(95,921)
Cash and cash equivalents at the beginning of the period	12,377	30,510
Cash and cash equivalents at the end of the period	10,448	(65,411)
Cash and cash equivalents comprise:		
Cash and bank balances	10,448	12,820
Short-term running finance	-	(78,231)
	10,448	(65,411)

The annexed notes from 1 to 13 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 PERIOD ENDED MARCH 31, 2011
(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, 2009	133,343	160,000	171	429,091	589,262	722,605
Net profit for the period	-	-	-	63,182	63,182	63,182
Other comprehensive income for the period	-	-	311	-	311	311
Total comprehensive income for the period	-	-	311	63,182	63,493	63,493
Final dividend for the year ended (June 30, 2009 @ Rs. 1.5 per share)	-	-	-	(20,001)	(20,001)	(20,001)
Balance as at March 31, 2010	<u>133,343</u>	<u>160,000</u>	<u>482</u>	<u>472,272</u>	<u>632,754</u>	<u>766,097</u>
Balance as at June 30, 2010	133,343	160,000	467	476,079	636,546	769,889
Net profit for the period	-	-	-	71,472	71,472	71,472
Other comprehensive income for the period	-	-	267	-	267	267
Total comprehensive income for the period	-	-	267	71,472	71,739	71,739
Final dividend for the year ended (June 30, 2010 @ Rs. 1.25 per share)	-	-	-	(16,668)	(16,668)	(16,668)
Balance as at March 31, 2011	<u>133,343</u>	<u>160,000</u>	<u>734</u>	<u>530,883</u>	<u>691,617</u>	<u>824,960</u>

The annexed notes from 1 to 13 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 PERIOD ENDED MARCH 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

These condensed interim financial statements of the Company for the nine-month ended March 31, 2011 are un-audited and has 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.

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 Company's annual financial statements for the year ended June 30, 2010.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements for the year ended June 30, 2010, except as follows:

The Company has adopted the following amended IFRS and related interpretations which became effective during the period:

IAS 32 - Financial Instruments: Presentation - Classification of Rights Issues (Amendment)
IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments

In April 2009, International Accounting Standards Board issued amendments to various standards primarily with a view to removing inconsistencies and clarifying wording. These improvements are made in the following standards:

- IFRS 5 - Non-Current Assets Held for Sale and Discontinued Operations
- IFRS 8 - Operating Segments
- IAS 1 - Presentation of Financial Statements
- IAS 7 - Statement of Cash Flows
- IAS 17 - Leases
- IAS 36 - Impairment of Assets
- IAS 39 - Financial Instruments: Recognition and Measurement

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



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2011
(UN-AUDITED)**

	Note	March 31, 2011 (Rupees in thousand) (Un-audited)	June 30, 2010 (Audited)
4. PROPERTY, PLANT AND EQUIPMENT			
Opening Net Book Value (NBV)		399,774	403,674
Additions to property, plant and equipment	4.1	9,128	43,408
		<u>408,902</u>	<u>447,082</u>
Disposals during the period / year (NBV)	4.1	(1,760)	(1,962)
Depreciation charged during the period / year		<u>(32,445)</u>	<u>(45,346)</u>
		<u>374,697</u>	<u>399,774</u>
Capital work-in-progress(plant & machinery)		6,077	-
		<u>380,774</u>	<u>399,774</u>

4.1. Additions and disposals to property, plant and equipment

	March 31, 2011		June 30, 2010	
	Addition (Rupees in thousand)	Disposal	Addition (Rupees in thousand)	Disposal
Land	-	-	-	-
Building	-	-	8,511	-
Plant and machinery	5,354	-	26,812	(443)
Electrical installation	-	-	-	-
Furniture and fitting	-	-	232	-
Office equipment	339	(13)	576	(12)
Computers	91	-	271	-
Vehicles	3,344	(1,747)	7,006	(1,507)
Library books	-	-	-	-
	<u>9,128</u>	<u>(1,760)</u>	<u>43,408</u>	<u>(1,962)</u>

	March 31, 2011 (Rupees in thousand) (Un-audited)	June 30, 2010 (Audited)
5. LOANS AND ADVANCES		
Loans - secured, considered good		
Current portion of long term loans	527	293
Advances		
Considered good		
Current portion of long term advances - secured	1,450	1,615
For expenses - unsecured	746	811
To suppliers - unsecured	25,933	10,521
Letters of credit fee and margin - unsecured	304	304
	<u>28,433</u>	<u>13,251</u>
Considered doubtful	231	231
Less: Provision for doubtful advances	231	231
	<u>-</u>	<u>-</u>
	<u>28,960</u>	<u>13,544</u>
6. BANK BALANCES		
Current accounts	7,539	3,720
Deposit accounts	2,909	8,657
	<u>10,448</u>	<u>12,377</u>



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2011
(UN-AUDITED)**

7. LONG-TERM FINANCING

This represents the utilized portion of demand finance facility of Rs.23.745 million (June 30, 2010: Rs.27.701 million) available from a local commercial bank.

8. 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, 2010 except for the following:

	March 31, 2011 (Rupees in thousand) (Un-audited)	June 30, 2010 (Rupees in thousand) (Audited)
Commitments:		
Capital commitments		
Plant and machinery under letter of credit	<u>8,519</u>	<u>1,735</u>
Other commitments		
Letters of credit issued by commercial banks	<u>135,858</u>	<u>177,160</u>

9. TAXATION

	Nine-Month Ended	
	March 31, 2011 (Rupees in thousand) ----- (Un-audited) -----	March 31, 2010
Current	<u>40,965</u>	30,846
Prior	<u>44</u>	464
Deferred	<u>(2,849)</u>	1,834
	<u>38,160</u>	<u>33,14</u>

10. EARNINGS PER SHARE - Basic

	Nine-Month Ended		Quarter Ended	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
	----- (Un-audited) -----			
Profit after taxation (Rupees '000')	<u>71,472</u>	<u>63,182</u>	<u>28,859</u>	<u>26,104</u>
Weighted average number of ordinary shares in issue during the period	<u>13,334,250</u>	<u>13,334,250</u>	<u>13,334,250</u>	<u>13,334,250</u>
Earnings per share - Basic (Rupees)	<u>5.36</u>	<u>4.74</u>	<u>2.16</u>	<u>1.96</u>

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



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2011
(UN-AUDITED)**

		Nine-Month Ended	
		March 31, 2011	March 31, 2010
		(Rupees in thousand)	
		----- (Un-audited)-----	
13. TRANSACTIONS WITH RELATED PARTIES			
Name of the related party and relationship with the Company	Nature of transactions		
Retirement benefit funds			
- Provident funds	Contribution during the period	<u>2,415</u>	<u>2,220</u>
- Gratuity fund	Provision for the period	<u>3,653</u>	<u>2,981</u>
Key management personnel			
	Sale of vehicles	<u>1,468</u>	<u>669</u>
	Sale of split air conditioners	<u>13</u>	<u>12</u>
Officers & Staff			
	Sale of vehicles	<u>279</u>	<u>-</u>

12. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on **April 15, 2011**, by the Board of Directors of the Company.

13. GENERAL

- 13.1.** The figures of the corresponding period have been re-arranged wherever necessary. However, there were no material classifications to report.
- 13.2.** Figures have been rounded off to the nearest thousand rupees, unless otherwise stated.

**MUHAMMAD SIDDIQUE MISRI
CHAIRMAN**

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

If undelivered please return to:



Baluchistan Wheels Limited

1st Floor, State Life Building # 3,
Dr. Ziauddin Ahmed Road, Karachi.
Telephone # 35689259, 35683474, 35687502

Fax # 35684003

E-mail: bwlfm@cyber.net.pk

Website: <http://www.bwheels.com>