



CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Muhammad Siddique Misri
Mr. Razak H.M. Bengali
Mr. Muhammad Irfan Ghani
Mr. Syed Haroon Rashid
Mr. 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)

COMPANY SECRETARY

Mr. Irfan Ahmed Qureshi

CHIEF INTERNAL AUDITOR

Mr. Muhammed Asad Saeed

BOARD AUDIT COMMITTEE

Mr. Syed Haroon Rashid - Chairman
Director
Mr. Syed Zubair Ahmed - Member
Director
Mr. Muhammad Irfan Ghani - Member
Chief Operating Officer
Mr. Yasin Younus Ladha - Secretary
Dy. General Manager Finance

SHARE REGISTRAR

Shares & Corporate Services (Pvt) Ltd
Mehersons Estate, Block-E,
Talpur Road, Karachi-74000
Telephone#2429632-35,2401634
Fax#2420015

MANAGEMENT COMMITTEE

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

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

HEAD OFFICE

1st Floor, State Life Building # 3
Dr. Ziauddin Ahmed Road, Karachi.
E-mail: bwlfm@cyber.net.pk
Website: <http://www.bwheels.com>
Telephone#5689259,5683474,5687502
Fax#5684003

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
National Bank of Pakistan
Bank Aflah Limited



DIRECTORS' REPORT

Your Directors are pleased to present Un-audited Financial Statements of the Company for the First Quarter ended on September 30, 2009 for the year to end on June 30, 2010.

Operational and Financial Performance

The sales during the period under review were Rs. 290 million as compared to Rs. 303 million which is 4% less than the corresponding period of last year. The Car Wheels sale was Rs. 175 million as compared to Rs. 134 million which is 31 % higher than the last year corresponding period. Truck / Bus Wheels sale was Rs. 14 million as compared to Rs. 32 million which is 56% less than the last year corresponding period. Tractor Wheels sale was Rs. 86 million as compared to Rs. 114 million which is 25% less than the last year corresponding period. The export sales were Rs.9 million as compared to Rs.8 million in the preceding year corresponding period.

The gross profit (GP) was Rs. 40 million as compared to Rs. 49 million of the last year corresponding period. In terms of percentage the current period GP is 14% as compared to 16% of the previous year corresponding period. The drop in gross profit is due to the overall increase in the other input costs like Steel, Paints & Chemicals, Fuel & Power etc. coupled with the weakening of Pak Rupee against other strong currencies and the same had affected the bottom line of the profit and loss accounts.

The administrative expenses and distribution costs have also slightly increased due to inflationary pressures etc. The financial costs have decreased due to reduction of long term loan and better cash flow management. The profit after taxation was Rs. 10 million as compared to Rs. 17 million 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. 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.

Future Outlook

The global economic recession turned out to be worst for the auto industry, weakening of our economy due to economic pressures and political uncertainties badly effected the sales of Cars & Truck/Bus, now the economy is slightly showing the signs of recovery. The control of inflation, partial resolution of circular debts and improvement in external accounts has upgraded the sovereign credit rating. The corrective measures taken by the government in auto sector by withdrawing 5% FED on cars above 850CC, withdrawal of 35% L/C margin on imports and withdrawal of 2.5% withholding tax at registration, the demand for automobile is slowly picking up. This will have a better effect on our future sales and profitability 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 Irfan Ghani
Chief Operating Officer/Director

Irfan Ahmed Qureshi
Director

Muhammad Javed
Director

Karachi: October 22, 2009



BALANCE SHEET AS AT SEPTEMBER 30, 2009

	Note	September 30, 2009 (Rupees in thousand) (Un-audited)	June 30, 2009 (Audited)
ASSETS			
NON CURRENT ASSETS			
Fixed assets	4	405,371	410,982
Long-term investments		714	315
Long-term loans and advances		1,536	2,005
Long-term deposits		3,683	3,573
		411,304	416,875
CURRENT ASSETS			
Stores, spare parts and loose tools		63,952	64,293
Stock-in-trade		319,022	325,773
Trade debts		97,768	92,550
Loans and advances	5	39,642	20,084
Trade deposits and short- term prepayments		2,954	512
Taxation-net		12,214	3,435
Bank balances	6	5,759	30,510
		541,311	537,157
TOTAL ASSETS		952,615	954,032
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital		133,343	133,343
Reserves		599,601	589,262
		732,944	722,605
NON CURRENT LIABILITIES			
Long-term financing	7	27,701	27,701
Long-term deposits		338	327
Deferred liabilities		58,551	59,411
		86,590	87,439
CURRENT LIABILITIES			
Trade and other payables		103,655	133,956
Accrued mark-up		2,130	1,898
Short-term borrowings	8	19,148	-
Current portion of:			
Long-term financing	7	7,916	7,916
Long-term deposits		232	218
		133,081	143,988
CONTINGENCIES AND COMMITMENTS	9		
TOTAL EQUITY AND LIABILITIES		952,615	954,032

The annexed notes from 1 to 14 form an integral part of these interim condensed financial statements.

STATEMENT UNDER SECTION 241(2) OF THE COMPANIES ORDINANCE, 1984

The Chief Executive Officer of the company being presently out of the country, the financial statements have been signed by the Chief Operating Officer and two other Directors.

Muhammad Irfan Ghani
Chief Operating Officer/Director

Irfan Ahmed Qureshi
Director

Muhammad Javed
Director



PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED SEPTEMBER 30, 2009
(UN-AUDITED)

	September 30, 2009	September 30, 2008
Note	(Rupees in thousand)	
Sales-net	290,469	302,632
Cost of sales	250,661	253,533
Gross profit	39,808	49,099
Distribution costs	7,048	5,206
Administrative expenses	14,521	12,830
Other operating expenses	1,588	2,008
Finance costs	2,325	4,688
	<u>25,482</u>	<u>24,732</u>
Operating profit	14,326	24,367
Other operating income	414	2,301
Profit before taxation	14,740	26,668
Taxation	10	9,334
Profit after taxation	9,940	17,334
Basic and diluted earnings per share (Rupees)	0.75	1.30

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Director

Muhammad Javed
Director



CASH FLOW STATEMENT
FOR THE PERIOD ENDED SEPTEMBER 30, 2009
(UN-AUDITED)

	September 30, 2009	September 30, 2008
	(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	14,740	26,668
Adjustments for:		
Depreciation	10,503	9,840
Amortization	28	-
Provision for employees' benefits	1,000	-
Finance cost	2,325	4,688
Deferred income on sale and leaseback arrangement	-	(47)
Reversal of provision for warranty	(52)	-
Gain on redemption of mutual fund units	-	(458)
Profit on deposit accounts	(102)	(37)
Gain on sale of fixed assets	(207)	-
	13,495	13,986
	28,235	40,654
Working capital changes:		
(Increase)/decrease in current assets		
Stores, spare parts and loose tools	341	(5,012)
Stock-in-trade	6,751	(186,563)
Trade debts	(5,218)	6,525
Loans and advances	(19,558)	(43,212)
Trade deposits and short-term prepayments	(2,442)	(1,463)
Investments	-	76,815
	(20,126)	(152,910)
Increase/(decrease) in current liabilities		
Trade and other payables	(30,927)	19,496
	(22,818)	(92,760)
Cash used in operations		
Long-term loans and advances-net	469	278
Long-term deposits-net	(110)	(88)
Income tax paid	(14,443)	(17,320)
Finance cost paid	(2,093)	(2,731)
Employees' benefits paid	(323)	-
Net cash used in operating activities	(39,318)	(112,621)
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(5,333)	(3,955)
Proceeds from sale of fixed assets	650	-
Profit received on deposit accounts	102	37
Gain on redemption of mutual fund units	-	458
Net cash used in investing activities	(4,581)	(3,460)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of liabilities against assets subject to finance lease	-	(606)
Net decrease in cash and cash equivalents	(43,899)	(116,687)
Cash and cash equivalents at the beginning of the period	30,510	52,205
Cash and cash equivalents at the end of the period	(13,389)	(64,482)
Cash and cash equivalents comprise:		
Cash and bank balances	5,759	5,883
Short-term borrowings	(19,148)	(70,365)
	(13,389)	(64,482)

The annexed notes from 1 to 14 form an integral part of these interim condensed financial statements.

STATEMENT UNDER SECTION 241(2) OF THE COMPANIES ORDINANCE, 1984

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Director

Muhammad Javed
Director



STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED SEPTEMBER 30, 2009
(UN-AUDITED)

	Share capital	General reserves	Unrealised gain/(loss) on available for sale investments	Unappropriated profit	Total reserves	Total
Balance as at June 30, 2008	133,343	160,000	647	409,139	569,786	703,129
Net profit for the period	-	-	-	17,334	17,334	17,334
Unrealised loss on available for sale investments	-	-	(109)	-	(109)	(109)
Balance as at September 30, 2008	<u>133,343</u>	<u>160,000</u>	<u>538</u>	<u>426,473</u>	<u>587,011</u>	<u>720,354</u>
Balance as at June 30, 2009	133,343	160,000	171	429,091	589,262	722,605
Net profit for the period	-	-	-	9,940	9,940	9,940
Unrealised gain on available for sale investments	-	-	399	-	399	399
Balance as at September 30, 2009	<u>133,343</u>	<u>160,000</u>	<u>570</u>	<u>439,031</u>	<u>599,601</u>	<u>732,944</u>

The annexed notes from 1 to 14 form an integral part of these interim condensed financial statements.

STATEMENT UNDER SECTION 241(2) OF THE COMPANIES ORDINANCE, 1984

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Muhammad Irfan Ghani
Chief Operating Officer/Director

Irfan Ahmed Qureshi
Director

Muhammad Javed
Director



NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2009 (UN-AUDITED)

1. THE COMPANY AND ITS OPERATIONS

Baluchistan Wheels Limited 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 interim condensed 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 interim condensed 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.

3. ACCOUNTING POLICIES

The accounting policies followed for the preparation of these interim condensed financial statements are the same as those applied in the preparation of annual financial statements for the year ended June 30, 2009.

	Note	September 30, 2009 (Rupees in thousand) (Un-audited)	June 30, 2009 (Audited)
4. FIXED ASSETS			
Property, plant and equipment	4.1	397,566	403,674
Capital work-in-progress	4.2	7,282	7,308
Intangible assets	4.3	523	-
		<u>405,371</u>	<u>410,982</u>
4.1 Property, plant and equipment			
Opening Net Book Value (NBV)		403,674	362,693
Additions to operating property, plant and equipment		4,839	84,491
		<u>408,513</u>	<u>447,184</u>
Disposals during the period / year (NBV)		443	88
Depreciation charged during the period / year		<u>10,504</u>	<u>43,422</u>
		<u>10,947</u>	<u>43,510</u>
		<u>397,566</u>	<u>403,674</u>
4.2 Capital work-in-progress			
Civil works		<u>7,282</u>	<u>7,308</u>
		<u>7,282</u>	<u>7,308</u>



NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2009
(UN-AUDITED)

	September 30, 2009	June 30, 2009
	(Rupees in thousand)	
	(Un-audited)	(Audited)
4.3 Intangible assets		
ERP software	523	-
	523	-
5. LOANS AND ADVANCES		
Loans - secured, considered good		
Current portion of long term loans	321	269
Advances		
Considered good		
Current portion of long term advances - secured	1,562	1,378
For expenses - unsecured	1,226	511
To suppliers - unsecured	36,229	17,622
Letters of credit fee and margin - unsecured	304	304
	39,321	19,815
Considered doubtful		
	757	757
Less: Provision for doubtful advances	757	757
	-	-
	39,642	20,084
6. BANK BALANCES		
Current accounts	1,933	7,522
Deposit accounts	3,826	22,988
	5,759	30,510
7. LONG-TERM FINANCING		
This represents the utilized portion of demand finance facility to Rs. 35.616 million (June 30, 2009: Rs. 55.616 million) available from a local commercial bank.		
8. SHORT-TERM BORROWINGS		
The facilities for short-term running finance available from various commercial banks amounted to Rs. 130 million (June 30, 2009: Rs. 130 million).		
9. 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:		
Commitments		
Capital Commitments-Plant & machinery	16,460	-
Letters of credit issued by commercial banks	86,581	89,933



NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2009
(UN-AUDITED)

	September 30, 2009	September 30, 2007
	(Rupees in thousand)	
	(Un-audited)	
10. TAXATION		
Current	5,663	9,334
Deffered	<u>(863)</u>	<u>-</u>
	<u>4,800</u>	<u>9,334</u>
11. EARNINGS PER SHARE - Basic and Diluted		
Profit after taxation (Rs. In '000')	<u>9,940</u>	<u>17,334</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 and diluted	<u>Re. 0.75</u>	<u>Rs. 1.30</u>

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

12. TRANSACTIONS WITH RELATED PARTIES

Retirement benefit plans	Nature of transaction		
Provident funds	Contribution during the period	<u>743</u>	<u>572</u>
Gratuity fund	Provision for the period	<u>1,000</u>	<u>-</u>

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

13. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on **October 22, 2009**, by the Board of Directors of the Company.

14. GENERAL

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

14.2. Figures have been rounded off to the nearest rupee.

STATEMENT UNDER SECTION 241(2) OF THE COMPANIES ORDINANCE, 1984

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Muhammad Irfan Ghani
Chief Operating Officer/Director

Irfan Ahmed Qureshi
Director

Muhammad Javed
Director