



Baluchistan Wheels Limited

BWL-moving the nation ahead



1st Quarterly Accounts September 30, 2010 (Un-Audited)



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	Dy. GM (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. GM HR(Secretary)

RELATED PARTIES

Staff Retirement Funds

BANKERS

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

LEGAL ADVISOR

Mohsin Tayebaly & Company
(Advocates)

EXTERNAL AUDITORS

Ernst &Young Ford Rhodes Sidat Hyder
(Chartered Accountants)

CHIEF INTERNAL AUDITOR

Mr. Muhammad 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

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FACTORY AND REGISTERED OFFICE

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Lasbella, Baluchistan.
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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, 2010 for the year to end on June 30, 2011.

Operational and Financial Performance

The sales during the period under review was Rs. 333 million as compared to Rs. 290 million which is 15% more than the corresponding period of last year. The Car Wheels sale was Rs. 188 million as compared to Rs. 175 million which is 7 % higher than the last year corresponding period. Truck / Bus Wheels sale was Rs. 31 million as compared to Rs. 14 million which is 121% more than the last year corresponding period. Tractor Wheels sale was Rs. 103 million as compared to Rs. 86 million which is 20% more than the last year corresponding period. The export sales were Rs. 11 million as compared to Rs. 9 million in the preceding corresponding period.

The gross profit (GP) was Rs. 57 million as compared to Rs. 40 million of the last year corresponding period. In terms of percentage the current period GP is 17% as compared to 14% of the previous year's corresponding period. The improvement in Gross Profit is due to overall increase in sales & production which resulted in better absorption of expenses.

The administrative, distribution, financial cost & other expenses have slightly increased due to inflationary pressures etc. The profit after taxation was Rs. 18 million as compared to Rs. 10 million in 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. 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 & 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, 2010, the auto industry was on the path of steady & improved Sales, but recent floods have affected the growth and have generated uncertainty on future prospects of growth and the demand for Cars, Tractors, Trucks and Buses can not be forecast for the near /mid-term period. Never-the-less, the people of Pakistan possess a strong will & courage to come out of any such odd situations, we are also 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 22, 2010



INTERIM CONDENSED BALANCE SHEET AS AT SEPTEMBER 30, 2010

	Note	September 30, 2010 (Rupees in thousand) (Un-audited)	June 30, 2010 (Audited)
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	4	391,055	399,774
Intangible asset	5	412	440
Long-term investment		828	611
Long-term loans and advances		1,608	1,826
Long-term deposits		2,679	2,679
		<u>396,582</u>	<u>405,330</u>
CURRENT ASSETS			
Stores, spare parts and loose tools		57,259	53,539
Stock-in-trade		444,447	403,513
Trade debts		130,152	120,664
Loans and advances	6	17,672	13,544
Trade deposits and short-term prepayments		4,982	1,976
Bank balances	7	15,583	12,377
		<u>670,095</u>	<u>605,613</u>
TOTAL ASSETS		<u><u>1,066,677</u></u>	<u><u>1,010,943</u></u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	8	133,343	133,343
Reserves		654,575	636,546
		<u>787,918</u>	<u>769,889</u>
NON CURRENT LIABILITIES			
Long-term financing	9	19,786	19,786
Long-term deposits		214	154
Deferred taxation		56,042	56,874
		<u>76,042</u>	<u>76,814</u>
CURRENT LIABILITIES			
Trade and other payables		103,833	124,753
Accrued mark-up		427	695
Murabaha finance	10	77,690	9,930
Current portion of:			
- long-term financing	9	7,915	7,915
- long-term deposits		134	369
Taxation - net		12,718	20,578
		<u>202,717</u>	<u>164,240</u>
CONTINGENCIES AND COMMITMENTS	11		
TOTAL EQUITY AND LIABILITIES		<u><u>1,066,677</u></u>	<u><u>1,010,943</u></u>

The annexed notes from 1 to 17 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, 2010
(UN-AUDITED)**

	Note	September 30, 2010 (Rupees in thousand)	September 30, 2009
Sales - net		333,188	290,469
Cost of sales		(276,301)	(250,661)
Gross profit		56,887	39,808
Distribution costs		(8,218)	(7,048)
Administrative expenses		(16,147)	(14,521)
Other operating expenses		(2,415)	(1,588)
Finance costs		(2,719)	(2,325)
		(29,499)	(25,482)
Operating profit		27,388	14,326
Other operating income		99	414
Profit before taxation		27,487	14,740
Taxation	12	(9,675)	(4,800)
Profit after taxation		17,812	9,940
Basic and diluted earnings per share (Rupees)	13	1.33	0.75

The annexed notes from 1 to 17 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, 2010
(UN-AUDITED)**

	September 30, 2010	September 30, 2009
Note	(Rupees in thousand)	
Profit after taxation for the period	17,812	9,940
Other comprehensive income / (loss)		
Unrealised gain / (loss) due to changes in fair value of available for sale investments during the period	217	399
Total comprehensive income for the period	<u>18,029</u>	<u>10,339</u>

The annexed notes from 1 to 17 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, 2010
(UN-AUDITED)

	September 30, 2010	September 30, 2009
	(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	27,487	14,740
Adjustment for:		
Depreciation	10,734	10,504
Amortisation	27	27
Provision for employees' benefits	1,000	1,000
Finance costs	2,719	2,325
Reversal of provision for warranty	(84)	(52)
Gain on disposal of fixed assets	-	(207)
Profit on deposit accounts	(24)	(102)
	14,372	13,495
Working capital changes:	41,859	28,235
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	(3,721)	341
Stock-in-trade	(40,934)	6,751
Trade debts	(9,421)	(5,218)
Loans and advances	(4,128)	(19,558)
Trade deposits and short-term prepayments	(3,005)	(2,442)
	(61,209)	(20,126)
Increase / (decrease) in current liabilities		
Trade and other payables	(20,050)	(30,927)
	(39,400)	(22,818)
Cash used in operations	(39,400)	(22,818)
Long-term loans and advances-net	(175)	469
Long-term deposits-net	(218)	(110)
Income tax paid	(18,365)	(14,443)
Finance costs paid	(2,987)	(2,093)
Employees' benefits paid	(1,774)	(323)
Net cash used in operating activities	(62,919)	(39,318)
CASH FLOWS FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(2,268)	(5,333)
Proceeds from sale of fixed assets	619	650
Profit received on deposit accounts	24	102
Net cash used in investing activities	(1,625)	(4,581)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Murabah finance	67,760	-
Dividend paid	(10)	-
Net cash inflow from financing activities	67,750	-
Net increase/(decrease) in cash and cash equivalents	3,206	(43,899)
Cash and cash equivalents at the beginning of the period	12,377	30,510
Cash and cash equivalents at the end of the period	15,583	(13,389)
Cash and cash equivalents comprise:		
Cash and bank balances	15,583	5,759
Short-term running finance	-	(19,148)
	15,583	(13,389)

The annexed notes from 1 to 17 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, 2010
(UN-AUDITED)**

	Reserves			Total reserves	Total	
	Share capital	General reserves	Unrealised gain/(loss) on revaluation of available for sale investments			Unappropriated profit
----- (Rupees in thousand) -----						
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
Other comprehensive income for the period	-	-	399	-	399	399
Total comprehensive income for the period	-	-	399	9,940	10,339	10,339
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>
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>

The annexed notes from 1 to 17 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, 2010
(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, 2010.

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, 2010.

	September 30, 2010	June 30, 2010
	(Rupees in thousand)	
	(Un-audited)	(Audited)
4. PROPERTY, PLANT AND EQUIPMENT		
Opening Net Book Value (NBV)	399,774	403,674
Additions to operating property, plant and equipment	2,632	43,408
	402,406	447,082
Disposals during the period / year (NBV)	(620)	(1,962)
Depreciation charged during the period / year	(10,731)	(45,346)
	391,055	399,774
5. INTANGIBLE ASSET		
Software	412	440
6. LOANS AND ADVANCES		
Loans - secured, considered good		
Current portion of long term loans	569	293
Advances		
Considered good		
Current portion of long term advances - secured	1,465	1,615
For expenses - unsecured	883	811
To suppliers - unsecured	14,451	10,521
Letters of credit fee and margin - unsecured	304	304
	17,103	13,251
Considered doubtful		
Less: Provision for doubtful advances	231	231
	-	-
	17,672	13,544



**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2010
(UN-AUDITED)**

	September 30, 2010	June 30, 2010		September 30, 2010	June 30, 2010
	(Rupees in thousand)			(Rupees in thousand)	
				(Un-audited)	(Audited)
7. BANK BALANCES					
Current accounts	2,316	3,720			
Deposit accounts	<u>13,267</u>	<u>8,657</u>			
	<u>15,583</u>	<u>12,377</u>			
8. SHARE CAPITAL					
	September 30, 2010	June 30, 2010		September 30, 2010	June 30, 2010
	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>	<u>4,058,250</u>	- 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. LONG-TERM FINANCING					
This represents the utilized portion of demand finance facility of Rs. 27.701 million (June 30, 2010: Rs. 27.701 million) available from a local commercial bank.					
10. MURABAHA FINANCE					
This represents murabaha finance facility obtained from various commercial banks amounted to Rs. 105 million (June 30, 2010: Rs. 105 million)					
11. 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:					
				September 30, 2010	June 30, 2010
				(Rupees in thousand)	
				(Un-audited)	(Audited)
Commitments					
Capital commitments					
Plant and machinery under letter of credit				-	1,735
Other commitments					
Letters of credit issued by commercial banks				<u>75,677</u>	<u>177,160</u>



**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2010
(UN-AUDITED)**

	Quarter Ended	
	September 30, 2010	September 30, 2009
	(Rupees in thousand)	
	(Un-audited)	
12. TAXATION		
Current	10,507	5,663
Deferred	(832)	(863)
	9,675	4,800

13. EARNINGS PER SHARE - Basic		
Profit after taxation (Rupees `000)	17,812	9,940
Weighted average number of ordinary shares in issue during the period	13,334,250	13,334,250
Earnings per share - Basic (Rupees)	1.33	0.75

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

14. UNAVAILABLE CREDIT FACILITIES

The facilities for short-term running finance available from various commercial banks amounted to Rs. 130 million (June 30, 2010: Rs. 130 million)

	Quarter Ended	
	September 30, 2010	September 30, 2009
	(Rupees in thousand)	
	(Un-audited)	

15. TRANSACTIONS WITH RELATED PARTIES

Name of the related party and Nature of transactions relationship with the Company

Retirement benefit funds

- Provident funds	Contribution during the period	805	743
- Gratuity fund	Provision for the period	1,000	1,000

Key management personnel

Sale of vehicles	328	-
Sale of split air conditioner	13	-

Officers & staff

Sale of vehicles	278	-
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Transactions with related parties are carried out at arm's length prices using admissible valuation methods.



**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2010
(UN-AUDITED)**

16. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on **October 22, 2010**, by the Board of Directors of the Company.

17. GENERAL

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

17.2. 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:



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