

A View
**Baluchistan
Wheels
Limited**



VISION

MISSION

To Produce Automotive Wheels and Allied Products of International Quality Standard of ISO 9002 and contribute towards national economy by import substitution, exports, taxation, employment and consistently compensate the stake holders through stable returns.



TABLE OF CONTENTS

04	Corporate Information
06	Notice of the Meeting
08	Our Management Team
10	Directors' Report to the Shareholders
16	Pattern of Shareholding
17	Breakup of Shareholding
19	Statement of Compliance with the Code of Corporate Governance
21	Statement of Compliance with the Best Practices on Transfer Pricing
22	Review Report to the Members on Statement of Compliance with the Best Practices of the Code of Corporate Governance
23	Auditors' Report
24	Balance Sheet
25	Profit and Loss Account
26	Statement of Comprehensive Income
27	Cash Flow Statement
28	Statement of Changes in Equity
29	Notes to the Financial Statements
54	Six years at a Glance
	Form of Proxy





Mr. Muhammad Siddique Misri
Chairman



Mr. Razak H. M. Bengali
Chief Executive



Mr. Muhammad Irfan Ghani
Chief Operating Officer

CORPORATE

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)



Syed Haroon Rashid
Director (Nominee - NIT)



Syed Zubiar Ahmed Shah
Director (Nominee - NIT)



Mr. Muhammad Javed
Director



Mr. Irfan Ahmed Qureshi
Director

INFORMATION

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)

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

1st Floor,State Life Building # 3

Dr.Ziauddin Ahmed Road,Karachi.

E-mail:bwlfm@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

NOTICE OF THE MEETING

NOTICE IS HEREBY GIVEN that the Thirtyth Annual General Meeting of the Company will be held at the Company's Registered Office, Main RCD Highway, Hub Chowki, District Lasbella, Baluchistan, on Saturday, October 23, 2010 at 10:00 am.to transact the following business :-

1. To confirm the minutes of the Extraordinary General Meeting, held on June 12, 2010.
2. To receive, consider and adopt the Audited Accounts for the year ended June 30, 2010 together with the Directors' and Auditors' reports thereon.
3. To approve a final cash dividend of Rs. 1.25 per share i.e. 12.5% in addition to interim dividend of Rs. 1.25 per share i.e. 12.5% already paid making a total cash dividend of Rs. 2.50 per share i.e. 25% for the year ended June 30, 2010.
4. To appoint Auditors for the year 2010-2011 and to fix their remuneration. The present Auditors M/s.Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, retire and being eligible, offer themselves for reappointment.The Board of Directors has recommended appointment of M/s. Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, as Auditors for the year 2010-2011.
5. To consider any other Business with the permission of the Chair.

BY ORDER OF THE BOARD

Irfan Ahmed Qureshi
Company Secretary

Karachi: September 23, 2010



NOTES:

1. The Share Transfer Books of the Company will remain closed from October 16, 2010 to October 23, 2010 (both days inclusive).
2. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote for him/her. A proxy must be a member of the Company.
3. An instrument of proxy and the power of attorney or other authority (if any) under which it is signed, or notarially certified copy of such power of attorney, is order to be valid must be deposited at the Head Office of the Company not less than 48 hours before the time of the meeting.
4. Shareholders are advised to immediately notify of any change in their addresses to our Share Registrar:
Shares & Corporate Services (Pvt) Ltd,
Mehersons Estate, Block-E, Talpur Road, Karachi-74000.
Telephone # 32429632-35, Fax # 32420015
3. CDC Account holders will further have to follow the under mentioned guidelines as laid down in Circular I dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his Identity by showing his Computerised National Identity Card (CNIC) or Original Passport at the time of attending the meeting .

The shareholders registered on CDS are also requested to bring their participants ID numbers and account number in CDS.

In case of corporate entity, the Board of Directors resolution / power of attorney with Specimen Signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

The proxy form shall be witnessed by two persons whose names, address and CNIC numbers shall be mentioned on the form Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form. The proxy shall produce his original CNIC or Original passport at the time of meeting.

Transport will be provided to members from the Karachi Stock Exchange Building to attend the meeting. Departure from Stock Exchange Building will be at 09:00 a.m.

Members are requested to bring their CNIC / Original Passport at the time of attending the meeting.

MANAGEMENT



Mr. Muhammad Siddique Misri
Chairman



Mr. Razak H. M. Bengali
Chief Executive



Mr. Muhammad Irfan Ghani
Chief Operating Officer



TEAM



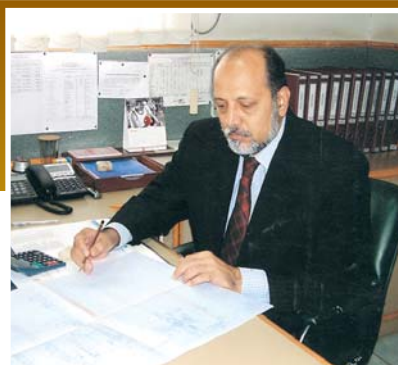
Mr. Muhammad Javed
Director/Senior GM (Technical)



Mr. Irfan Ahmed Qureshi
Director/Senior GM Finance/Company Secretary



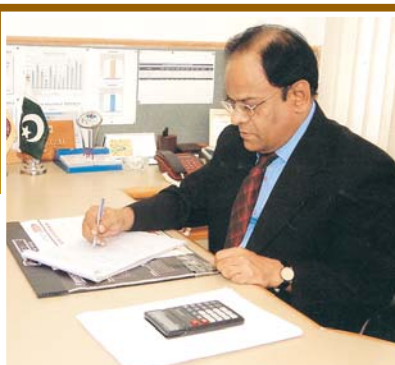
Mr. Badruddin A. Ali
GM (Supply & Services)



Mr. Sajid Nadri
G M (Research & Development)



Mr. Muhammad Yasin Younus Ladha
GM (Finance)



Mr. Shaikh Muhammad Iqbal
GM (Sales)



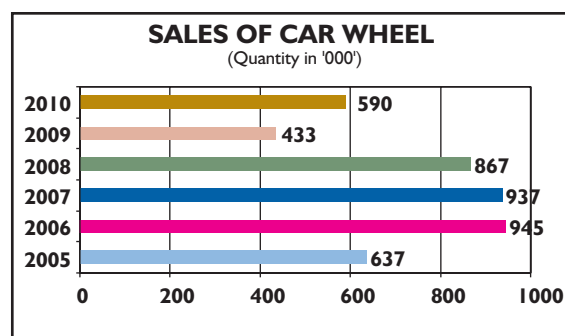
Mr. Arshad Ali Siddiqui
Dy. GM (Human Resources)

DIRECTORS' REPORT

Your Directors are pleased to present Annual Accounts for the year ended June 30, 2010.

OPERATIONAL PERFORMANCE

This year your Company has generated an overall consolidated sales revenue of Rs. 1.38 billion as compared to Rs. 1.09 billion in the previous year. The Car wheels sale was Rs. 721 million as compared to Rs. 557 million in the previous year. The Truck / Bus wheels sale was Rs. 124 million as compared to Rs. 49 million in the previous year. The Tractor wheels sale has improved to Rs. 462 million as compared to Rs. 415 million in the previous year. The exports were Rs. 43 million as compared to Rs. 45 million in the previous year. This increase has been in line with the performance of automobile industry in Pakistan. At the National Level, production of Passenger Cars increased by 44% from 84,308 units produced in 2009 to 121,647 units produced during the current year. Similarly, the production of Trucks / Buses increased by 7% from 3,792 units produced in 2009 to 4,053 units produced in 2010. Production of Tractors also increased by 19% from 59,968 units in 2009 to 71,607 units produced during 2010. The production of LCV's Vans and Jeeps, however, dropped by 2% from 16,158 units produced in 2009 to 15,768 units produced during the year under review.



FINANCIAL PERFORMANCE

The Gross Profit of the Company increased by 103% from Rs. 132 million in 2009 to Rs. 268 million during 2010. Similarly, Profit after Tax has also increased by 127% from Rs. 37 million during previous year to Rs. 84 million during the current year. This influx in revenue corroborate with the revival of Automobile Industry at the National level. Figure on the sales & profitability of your Company during the year under review, vis-à-vis, previous year are summarized below:

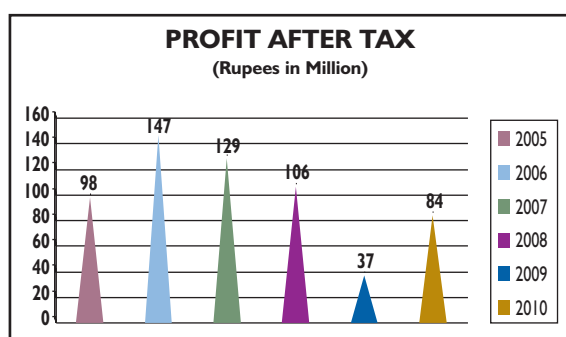
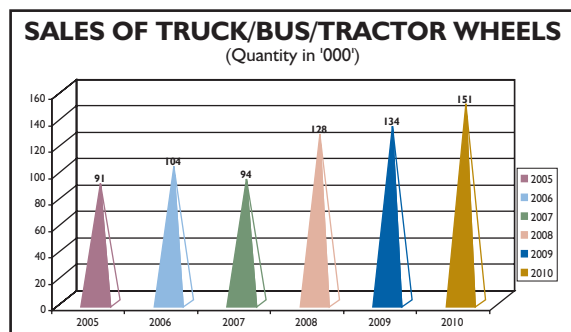
	2010	2009
	(Rs. in thousand)	
Sales	1,380,901	1,095,824
Gross Profit	267,810	132,083
Profit before Tax	148,355	53,007
Profit after Tax	83,657	36,620
Earning per Share (Rs.)	6.27	2.75

PROPOSED DIVIDEND

The Board of Directors has proposed a final cash dividend of Rs. 1.25 per share for the year ended June 30, 2010 in addition to Rs. 1.25 per share already paid as interim dividend thus totaling Rs. 2.50 per share amounting Rs. 33.34 million (2009 Rs. 1.50 per share amounting Rs. 20 million) at the meeting held on September 23, 2010, for approval of members at the Annual General Meeting to be held on October 23, 2010. The financial statements, however, do not reflect these appropriations in compliance with the revised Fourth Schedule to the Companies Ordinance, 1984.

HUMAN RESOURCE

We firmly believe that our officers, staff and workforce are the backbone of our business. The management believes in encouraging the talented and dedicated employees, who are frequently sent for training at National and International Institutions to update their professional and technical skills. This year also officers from technical & administration departments attended seminars & courses at various institutions to upgrade their skills.



SAFETY, HEALTH & ENVIRONMENT

The Company is actively managing health and safety risks associated with our manufacturing processes and is working towards improving the procedures to reduce and control the risk of accidents or injuries during work.

Apart from this, healthy activities of sports are encouraged, and we have a cricket as well as a football team. Every measure is being taken to preserve nature and to maintain clean environment at workplaces.

ENERGY CONSERVATION

Increasing energy costs have driven industry to conserve energy. Some effective measures taken in the Company to conserve energy are as under:

- In the new plant the roof and side walls have transparent sheets and glasses, in day time working for which minimum lights are required. Estimated 5,000 KW are saved monthly.
- Power factor management improved by installing additional capacitors in the LT Panels which have reduced power penalty to zero from December 2009.
- In E.D Paint Shop centralized water heating system for pretreatment chemicals was converted to individual heating, resulting in removal of three 4 KW Motors, with estimated of 5,400 KW (two shifts monthly), and reducing gas consumption.

NATIONAL CAUSE DONATION

The country was hit by severe Floods during the last couple of month and your management & the company as a gesture of goodwill and moral responsibility pooled up substantial funds and distributed foods & medicine under the guidance of the chairman in the flood affected areas to provide immediate relief to the suffering humanity.

COMMUNITY INVESTMENT & WELFARE SCHEMES

Direct and indirect rewards to the workforce like Worker-of-the-Month Award, Haj Scheme, Special Health Allocation and many other such benefits are instituted by the Company. Labour laws are strictly enforced and simultaneously the company maintains cordial relationship with CBA.



RESEARCH & DEVELOPMENT & QUALITY CONTROL

In the business of producing a critical component for the automobile industry, all efforts are made to ensure and administer strict quality controls for which we have a quality control department which strictly watches the quality from ordering of material to its usage / consumption and each & every step is monitored and controlled online as well as at the testing lab where testing equipments have been installed.

The Company is thoroughly concentrating on areas of Research & Development (R&D). The purpose of R&D is to reduce the process losses, develop new tools indigenously and maintain the existing tools in order to meet the customer's requirements

COMPANY'S CONTRIBUTION TO THE ECONOMY OF THE COUNTRY

Your company being an import substitution unit is contributing to the economy by saving foreign exchange and is operating as a critical vending industry for the auto assemblers. During the year under review, your company contributed to national exchequer by paying income tax, sales tax, federal excise duty and other indirect taxes to the tune of Rs. 276 million. Besides, it is also providing employment opportunities to the local people residing in Hub and other adjoining areas.

STATEMENT OF CORPORATE AND FINANCIAL REPORTING FRAMEWORK

- a. The financial statement, prepared by the management of the company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- b. Proper books of accounts of the company have been maintained.
- c. Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- d. International Accounting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements.
- e. The system of internal control is sound in design and is effectively implemented and monitored. The process of review will continue and any weaknesses in controls will be removed.
- f. There are no significant doubts upon the company's ability to continue as going concern.
- g. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- h. Key operating and financial data for last six years in summarized form is annexed.
- i. Outstanding Taxes and Levies:
Please refer to Note No. 30 to the annexed audited accounts.



A View of the Shareholders of Baluchistan Wheels Limited attending the 29th Annual General Meeting



Mr. Muhammad Javed, Director / Sr. GM-Technical receiving "Timely Development Award" of Corolla car wheels & IMV wheels from Indus Motor Company Limited in suppliers Convention Ceremony - 2010.



- j. The following is the value of investments based on respective audited accounts:

Executive Provident Fund	Rs. 49 million
Non-Executive Provident Fund	Rs. 17 million
Gratuity Fund	Rs. 29 million

Based on audited accounts as at June 30, 2009.

- k. During the year 05 meetings of the Board of Directors were held. Attendance by each Director is as follows:

Name of Director	No. of Meetings Attended
Mr. Muhammad Siddique Misri	05
Mr. Razak H.M. Bengali	04
Mr. Muhammad Irfan Ghani	04
Syed Zubair Ahmed Shah	05
Syed Haroon Rashid	03
Mr. Muhammad Javed	05
Mr. Irfan Ahmed Qureshi	05

- l. The pattern of shareholding is annexed.

- m. Purchase of shares by CEO, Directors, Company Secretary, CFO, their spouses and minor children is given below:

No. of Shares Purchased

1. Mrs. Gulbano Razak (W/o Mr. Razak H.M. Bengali)	76,533
2. Mrs. Kausar Irfan (W/o Mr. Muhammad Irfan Ghani)	19,514

STATEMENT OF ETHICS AND BUSINESS PRACTICES

The Board regularly reviews the company's strategic direction. Annual plans and performance targets for business are set and are reviewed by the Board in the light of the company's overall objectives. The Board is committed to maintain high standards of good corporate governance. As a leading wheel manufacturer, reputation for high ethical standards is central to business success. Treatment of stakeholders with respect, courtesy and competence, ensuring clear consciousness in all decisions and operations and on this basis code of business principles has been developed and acknowledged by each Director and employee of the company.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

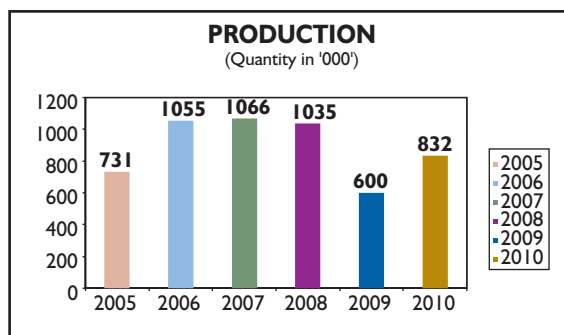
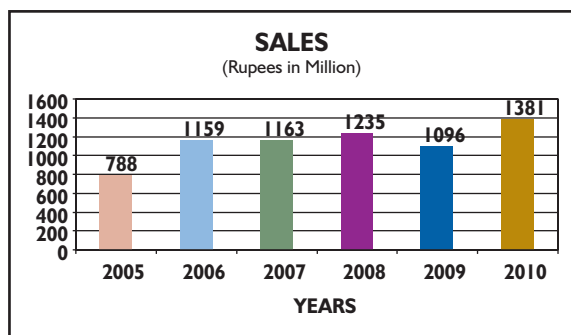
The requirements of the Code of Corporate Governance set out by the Karachi Stock Exchange in its Listing Rules, relevant for the year ended June 30, 2010 have been complied with. A statement to this effect is annexed with the report.



Shaikh Muhammad Iqbal, General Manager - Sales receiving "In time delivery Award" from Indus Motor Company Limited in suppliers Convention Ceremony.



Shaikh Muhammad Iqbal, General Manager - Sales in a meeting with customer Mr. Neile Hickin of BEPCO, England at stand in Automechanika Frank Fort Germany.



FUTURE OUTLOOK

The Auto industry after a steady growth in the past, witnessed a steep decline in the year 2009 which was the worst year for the industry because it was also hit by world economic recession & meltdown. During the year under review the industry started reviving & there was a growth in the production of Cars by 44% (from 84,308 units in the year 2009 to 121,647 units in the year 2010) & Tractors by 19% (from 59,968 units in the year 2009 to 71,607 units in the year 2010). Recent Floods have affected the growth and have generated uncertainty on future prospects of growth. The loss of crops, property & infrastructure is expected to cost negative consequences on overall industrial growth and development at the National level at least for in the short run. It is estimated that a total of 1.48 million acres of agriculture land has been affected, slowdown in agricultural growth is likely to negatively impact demand for vehicles & tractors in the short term which can not be estimated at this point of time. Once the situation settle then some concrete estimates can be drawn.

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, 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. The management and its legal counsel are hopeful that the ultimate outcome of the matter will be in Company's favour.

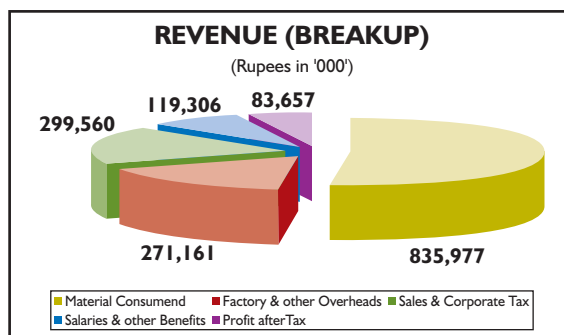
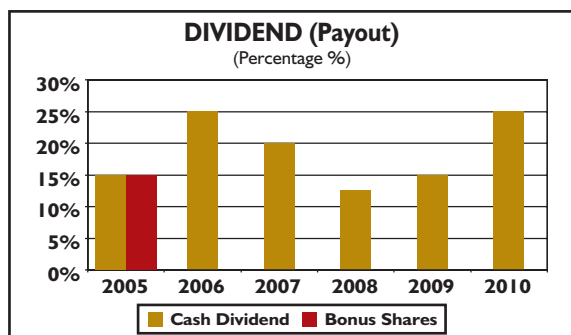
DIRECTORS & BOARD AUDIT COMMITTEE

The following persons have been re-elected as Director for a period of three years at the Extra Ordinary General Meeting held on June 12, 2010.

1. Mr. Muhammad Siddique Misri
2. Mr. Razak H. M. Bengali
3. Mr. Muhammad Irfan Ghani
4. Syed Haroon Rashid
5. Syed Zubair Ahmed Shah
6. Mr. Muhammad Javed
7. Mr. Irfan Ahmed Qureshi



Similarly, the constitution of the Board Audit Committee also remained the same i.e. Syed Haroon Rashid as Chairman, Syed Zubair Ahmed Shah & Mr. Muhammad Irfan Ghani as members.



AUDITORS

The Audit Committee has recommended to appoint M/s. Ernst Young Ford Rhodes Sidat Hyder., Chartered Accountants, for re-appointment at the time of Annual General Meeting (AGM). The present Auditors, M/s. Ernst Young Ford Rhodes Sidat Hyder., Chartered Accountants, retire and offer themselves for re-appointment subject to their eligibility under the law at the time of appointment at the AGM.

TRANSFER PRICING

Your company has fully complied with the best practices on transfer pricing as contained in the listing regulation No.38 of the Karachi Stock Exchange except the sale of cars & other assets to the officers and executive directors at WDV as per the company policy.

BASIC EARNINGS PER SHARE

Based on the net profit for the current year, the earnings per share was Rs. 6.27 (2009: Rs. 2.75).

ACKNOWLEDGEMENT

The Board would like to record its appreciation for the valuable services rendered by Management, Officers and Workers of the Company enabling the Company to achieve its objectives.

We also acknowledge the support and cooperation received from the Government, business partners, bankers, and all the other stakeholders.

For and on Behalf of the Board

Muhammad Siddique Misri
Chairman

Razak H.M. Bengali
Chief Executive

Karachi: September 23, 2010



PATTERN OF SHAREHOLDING

"FORM 34"

AS AT JUNE 30, 2010

NO. OF SHAREHOLDERS	FROM	RANGE	TO	NO. OF SHARES
604	1	-	100	26,899
551	101	-	500	145,186
103	501	-	1000	74,520
95	1001	-	5000	172,762
6	5001	-	10000	42,851
3	10001	-	15000	33,062
2	15001	-	20000	35,535
5	20001	-	25000	116,091
2	25001	-	30000	56,530
2	35001	-	40000	72,825
1	40001	-	45000	41,001
1	50001	-	55000	50,300
1	95001	-	100000	100,000
1	110001	-	115000	115,000
1	120001	-	125000	121,900
1	140001	-	145000	140,473
1	190001	-	195000	191,618
1	245001	-	250000	249,649
1	285001	-	290000	287,500
2	340001	-	345000	682,382
1	350001	-	355000	353,683
1	375001	-	380000	376,165
2	400001	-	405000	807,827
1	435001	-	440000	437,201
1	815001	-	820000	818,775
1	905001	-	910000	907,350
1	960001	-	965000	962,920
1	1245001	-	1250000	1,249,000
1	1280001	-	1285000	1,282,825
1	1590001	-	1595000	1,592,160
1	1790001	-	1795000	1,790,260
1,396				13,334,250

SHAREHOLDERS CATEGORY	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES HELD	PERCENTAGE
INDIVIDUALS	1,350	7,964,030	59.73
JOINT STOCK COMPANIES	24	1,706,663	12.80
FINANCIAL INSTITUTIONS	12	3,189,379	23.92
INSURANCE COMPANIES	1	341,693	2.56
INVESTMENT COMPANIES	5	4,553	0.03
CHARITABLE INSTITUTION	1	172	-
LEASING COMPANIES	1	100,000	0.75
UNLISTED PUBLIC COMPANIES	1	230	-
OTHERS	1	27,530	0.21
	1,396	13,334,250	100.00



PATTERN OF SHAREHOLDING - BREAKUP

AS AT JUNE 30, 2010

CATEGORIES OF SHAREHOLDERS	NO. OF SHAREHOLDERS	SHARES HELD	PERCENT %
RELATED PARTIES	-	-	-
NIT AND ICP	2	2,896,773	21.72%
1 M/S. NATIONAL BANK OF PAKISTAN, TRUSTEE DEPTT.		2,555,080	
2 M/S. STATE LIFE INSURANCE CORP. OF PAKISTAN		341,693	
DIRECTORS, CEO & THEIR SPOUSE AND MINOR - CHILDREN	8	5,143,008	38.57%
1 MR. MUHAMMAD SIDDIQUE MISSRI		1,790,260	
2 MRS. MEHTAB BIBI		437,201	
3 MR. RAZZAK H.M. BENGALI		907,350	
4 MRS. GUL BANO		353,683	
5 MR. MUHAMMAD IRFAN GHANI		1,249,000	
6 MRS. KAUSAR IRFAN		403,714	
7 MR. MUHAMMAD JAVED		1,300	
8 MR. IRFAN AHMED QURESHI		500	
EXECUTIVES	-	-	-
PUBLIC SECTORS COMPANIES AND CORPORATIONS	-	-	-
BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCIAL INSTITUTION, INSURANCE - COMPANIES, MODARABAs, AND MUTUAL FUNDS	13	597,551	4.48%
1 M/S. BANKERS TRUST COMPANY		86	
2 M/S. MORGAN STANLEY TRUST COMPANY		718	
3 M/S. CROSBY SECURITIES PTE LTD.		833	
4 M/S. SOMERS NOMINEES (FAR EAST) LTD.		590	
5 M/S. NATIONAL DEV. FINANCE CORP.INVESTERS		438	
6 M/S. IDBP (ICP UNIT)		30	
7 M/S. FAYSAL BANK LIMITED		249,649	
8 M/S. HABIB BANK AG ZURICH, DEIRA DUBAI		265	
9 M/S. THE BANK OF PUNJAB		340,689	
10 M/S. ROYAL BANK OF SCOTLAND		1,638	
11 M/S. BANK OF SCOTLAND		718	
12 M/S. MORGAN STANLEY BANK LUXEMBOURG		1,322	
13 M/S. PRUDENTIAL INVESTMENT BANK LIMITED		575	
Bal. C/F	23	8,637,332	64.77%

CATEGORIES OF SHAREHOLDERS	NO. OF SHAREHOLDERS	SHARES HELD	PERCENT %
Bal. B/F	23	8,637,332	64.78%
SHAREHOLDERS HOLDING TEN PERCENT OR MORE - VOTING INTEREST IN THE COMPANY	-	-	-
INDIVIDUALS	1,341	2,820,319	21.15%
OTHERS	32	1,876,599	14.07%
1 M/S. M/S. NATIONAL MOTORS LIMITED		230	
2 M/S. GENERAL MODARABA SERVICES (PVT) LTD		18	
3 M/S. BOLAN CASTINGS LIMITED		287,500	
4 M/S. MILLAT TRACTORS LIMITED		1,282,825	
5 M/S. PRUDENTIAL SECURITIES LIMITED		718	
6 M/S. INVEST CAPITAL INVESTMENT BANK LIMITED		287	
7 M/S. AMCAP SECURITIES (PVT) LTD		200	
8 M/S. AZIZ FIDAHUSEIN & COMPANY (PVT) LTD.		40	
9 M/S. JAN MOHD. A.LATIF NINI & SONS (PVT) LTD		29,000	
10 M/S. Y.S. SECURITIES & SERVICES (PVT) LTD.		862	
11 M/S. VALIKA ART FABRICS LTD		1,437	
12 M/S. SATTAR CHINOY SECURITIES PVT LTD		11,500	
13 M/S. S.H. BUKHARI SECURITIES (PVT) LIMITED		86	
14 M/S. ACE SECURITIES (PVT.) LIMITED		500	
15 M/S. DJM SECURITIES (PRIVATE) LIMITED		35,450	
16 M/S. B & B SECURITIES (PRIVATE) LIMITED		50,300	
17 M/S. DARSON SECURITIES (PVT) LIMITED		3,200	
18 M/S. AWJ SECURITIES (SMC-PRIVATE) LIMITED.		187	
19 M/S. MUHAMMAD AHMED NADEEM SECURITIES (SMC-PV		287	
20 M/S. MSMANJAR FINANCIALS (PVT) LTD.		345	
21 M/S. PEARL CAPITAL MANAGEMENT (PRIVATE) LIMIT		10	
22 M/S. AMCAP SECURITIES (PVT) LTD		1,525	
23 M/S. DURVESH SECURITIES (PVT) LTD		69	
24 M/S. KHAWAJA SECURITIES (PVT.) LIMITED		87	
25 M/S. NATIONAL DEV. FINANCE CORP.INVESTERS		438	
26 M/S. HABIB BANK AG ZURICH, DEIRA DUBAI		265	
27 M/S. NATIONAL INVESTMENT TRUST LIMITED		41,001	
28 M/S. RS HOLDINGS (PRIVATE) LIMITED		300	
29 M/S. SECURITY LEASING CORPORATION LIMITED		100,000	
30 M/S. LOADS LIMITED		230	
31 M/S. TRUSTEES ARVABAI&FAKHRUDDIN MEMORIAL FDN		172	
32 M/S. CDC - TRUSTEE JS PENSION SAVINGS FUND -		27,530	
*** TOTAL ***	1,396	13,334,250	100.00%



STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance (the Code) contained in the listing regulation no.35 of the Karachi Stock Exchange (Guarantee) Ltd for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of the Corporate Governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors and representation of minority interests on its Board of Directors (BOD). At present BOD includes two non-executive Directors.
2. The Directors have confirmed that none of them is serving as a director in more than ten listed companies including this Company.
3. All the resident Directors of the Company are registered as tax payers and none of them has defaulted in payment of any loan to a banking company, a DFI or NBFIs or, being a member of stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred during the year. However, during the year elections of Directors were held and all the Directors were re-elected as mentioned in the Directors Report.
5. The Company has prepared and circulated a "Statement of Ethics and Business Practices", which has been signed by all the Directors and Employees of the Company.
6. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of BOD have been duly exercised and decisions on material transactions, and significant matters are documented by a resolution passed by BOD, including appointment and determination of remuneration and terms and conditions of employment of the Chairman, CEO, COO, CFO / Company Secretary and other Executive Directors, have been taken by BOD.
8. The meetings of BOD were presided over by the Chairman and, in his absence, by a director elected by BOD for this purpose and BOD met at least once in every quarter. Written notices of the BOD meetings, along with the agenda were circulated at least seven days before the meeting. The minutes of the meeting were appropriately recorded and circulated.
9. The Board has arranged an orientation course for its Directors to further apprise them of their duties and responsibilities.
10. No new appointment of CFO/Company Secretary and Head of Internal Audit has been made during the year.

11. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by the CEO and CFO before the approval of BOD.
13. The Directors, CEO and Executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The BOD has formed an Audit Committee. It comprises three members, of whom two are Non-Executive Directors including the Chairman of the committee.
16. The meetings of the Audit Committee were held at least once in every quarter prior to approval of interim and final results of the Company as required by the Code. The terms of reference to the Committee have been formed and advised to the Committee for compliance.
17. There is an effective Internal Audit function. Head of Internal Audit is suitably qualified and experienced and is conversant with the policies and procedures of the Company and he is involved in the internal audit function on a full time basis.
18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the Firm, their spouses and minor children do not hold shares of the Company and that the Firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by (ICAP).
19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
20. The transactions with related parties are placed before the Board of Directors and the Board Audit Committee for review and approval. A complete party-wise record of related party transactions has been maintained by the Company.
21. We confirm all other material principles contained in the Code have been complied with as stated above, except that presently the position of the CFO and Company Secretary is held by the same person. The decision in respect of the position of CFO and Company Secretary has been taken by BOD keeping in view the size of the Company and orientation courses for the Directors has been conducted during the current year.

On behalf of the Board of Directors

Muhammad Siddique Misri
Chairman

Razak H.M. Bengali
Chief Executive

Karachi: September 23, 2010



STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES ON TRANSFER PRICING

The Company has fully complied with the best practices on Transfer Pricing as contained in the regulation No.38 of the Karachi Stock Exchange (Guarantee) Ltd. Further, certain fixed assets of the Company are sold to the Executive & Working Directors at book value as per the Company policy as disclosed in note 3.1.2 of the Financial Statements.

On Behalf of the Board of Directors

Muhammad Siddique Misri
Chairman

Razak H.M. Bengali
Chief Executive

Karachi: September 23, 2010



REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) for the year ended **30 June 2010** prepared by the Board of Directors of **Baluchistan Wheels Limited** (the Company) to comply with the Listing Regulation no. 35 of the Karachi Stock Exchange (Guarantee) Limited where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, Sub-Regulation (xiii) of Listing Regulations 35 notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated January 19, 2010 requires the company to place before the board of directors for their consideration and approval of related party transactions, distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance for the year ended **30 June 2010**.

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Karachi: September 23, 2010



AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Baluchistan Wheels Limited** (the Company) as at **30 June 2010** and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion :
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for change in note 2.26 to the accompanying financial statements with which we concur;
 - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at **30 June 2010** and of the profit, comprehensive income, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and was deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Audit Engagement Partner: Shariq Ali Zaidi

Karachi: September 23, 2010



BALANCE SHEET

AS AT JUNE 30, 2010

	Note	2010 (Rupees in thousand)	2009
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	3	399,774	410,982
Intangible asset	4	440	-
Long-term investment	5	611	315
Long-term loans and advances	6	1,826	2,005
Long-term deposits	7	2,679	3,573
		405,330	416,875
CURRENT ASSETS			
Stores, spare parts and loose tools	8	53,539	64,293
Stock-in-trade	9	403,513	325,773
Trade debts	10	120,664	92,550
Loans and advances	11	13,544	20,084
Trade deposits and short-term prepayments	12	1,976	512
Taxation - net	13	-	3,435
Bank balances	14	12,377	30,510
		605,613	537,157
TOTAL ASSETS		1,010,943	954,032
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	15	133,343	133,343
Reserves	16	636,546	589,262
		769,889	722,605
NON CURRENT LIABILITIES			
Long-term financing	17	19,786	27,701
Long-term deposits	18	154	327
Deferred taxation	19	56,874	59,411
		76,814	87,439
CURRENT LIABILITIES			
Trade and other payables	20	124,753	133,956
Accrued mark-up	21	695	1,898
Murabaha finance	22	9,930	-
Current portion of:			
- long-term financing	17	7,915	7,916
- long-term deposits	18	369	218
Taxation - net		20,578	-
		164,240	143,988
CONTINGENCIES AND COMMITMENTS	23		
TOTAL EQUITY AND LIABILITIES		1,010,943	954,032

The annexed notes from 1 to 42 form an integral part of these financial statements.

Muhammad Siddique Misri
Chairman

Razak H.M. Bengali
Chief Executive



PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED JUNE 30, 2010

	Note	2010 (Rupees in thousand)	2009
Sales - net	24	1,380,901	1,095,824
Cost of sales	25	(1,113,091)	(963,741)
Gross profit		267,810	132,083
Distribution costs	26	(35,715)	(24,054)
Administrative expenses	27	(61,892)	(55,986)
Other operating expenses	28	(12,404)	(4,483)
Finance costs	29	(12,219)	(18,455)
		(122,230)	(102,978)
Operating profit		145,580	29,105
Other operating income	30	2,775	23,902
Profit before taxation		148,355	53,007
Taxation	31	(64,698)	(16,387)
Profit after taxation		83,657	36,620
Basic and diluted earnings per share (Rupees)	32	6.27	2.75

The annexed notes from 1 to 42 form an integral part of these financial statements.

Muhammad Siddique Misri
Chairman

Razak H.M. Bengali
Chief Executive



STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2010

	Note	2010 (Rupees in thousand)	2009
Profit after taxation for the year		83,657	36,620
Other comprehensive income/ (loss)			
Unrealised gain/(loss) due to changes in fair value of available for sale investment arising during the year	5.1	296	(476)
Total comprehensive income		<u>83,953</u>	<u>36,144</u>

The annexed notes from 1 to 42 form an integral part of these financial statements.

Muhammad Siddique Misri
Chairman

Razak H.M. Bengali
Chief Executive



CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2010

	Note	2010 (Rupees in thousand)	2009
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	34	116,285	160,488
Income tax paid		(49,024)	(32,846)
Finance cost paid		(13,422)	(16,646)
Employees' benefits paid		(4,367)	(4,443)
Long-term loans and advances - net		179	386
Long-term deposits -net		872	192
Net cash generated from operating activities		50,523	107,131
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(37,194)	(84,294)
Proceeds from sale of fixed assets		2,587	96
Profit received on deposit accounts		310	561
Net cash used in investing activities		(34,297)	(83,637)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long-term financing		(7,915)	(25,804)
Repayment of liabilities against asset subject to finance lease		-	(2,798)
Proceeds from Murabaha finance		9,930	-
Dividends paid		(36,374)	(16,587)
Net cash used in financing activities		(34,359)	(45,189)
Net decrease in cash and cash equivalents		(18,133)	(21,695)
Cash and cash equivalents at the beginning of the year		30,510	52,205
Cash and cash equivalents at the end of the year	14	12,377	30,510

The annexed notes from 1 to 42 form an integral part of these financial statements.

Muhammad Siddique Misri
Chairman

Razak H.M. Bengali
Chief Executive



STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2010

	Issued, subscribed and paid-up share capital	General reserves	Reserves Unrealised gain/(loss) on revaluation of available- for-sale- investments	Unappr- opriated profit	Total reserves	Total
	----- (Rupees in thousand) -----					
Balance at June 30, 2008	133,343	160,000	647	409,139	569,786	703,129
Profit for the year	-	-	-	36,620	36,620	36,620
Other comprehensive loss	-	-	(476)	-	(476)	(476)
Total comprehensive (loss) / income	-	-	(476)	36,620	36,144	36,144
Final dividend for the year ended June 30, 2008 @ Rs. 1.25 per share	-	-	-	(16,668)	(16,668)	(16,668)
Balance at June 30, 2009	133,343	160,000	171	429,091	589,262	722,605
Profit for the year	-	-	-	83,657	83,657	83,657
Other comprehensive income	-	-	296	-	296	296
Total comprehensive income	-	-	296	83,657	83,953	83,953
Final dividend for the year ended June 30, 2009 @ Rs. 1.50 per share	-	-	-	(20,001)	(20,001)	(20,001)
Interim dividend for the year ended June 30, 2010 @ Rs. 1.25 per share	-	-	-	(16,668)	(16,668)	(16,668)
Balance at June 30, 2010	133,343	160,000	467	476,079	636,546	769,889

The annexed notes from I to 42 form an integral part of these financial statements.

Muhammad Siddique Misri
Chairman

Razak H.M. Bengali
Chief Executive



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

1. THE COMPANY AND ITS OPERATIONS

- 1.1** 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 and factory of the Company is situated at Main RCD Highway, Hub Chowki, Lasbella, Baluchistan, Pakistan.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Basis of preparation

These financial statements have been prepared under the historical cost convention, except for certain investment in securities which are carried at fair value as stated in note 2.6 below and certain staff retirement benefits at present value.

2.3 Property, plant and equipment

Owned

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except for the freehold land which is stated at cost.

Depreciation is charged to profit and loss account applying the reducing balance method except for computers which are depreciated on straight line method at the rates stated in note 3.1.

Maintenance and normal repairs are charged to profit and loss account as and when incurred. Major renewals and improvements are capitalised.

An item of property, plant and equipment derecognized upon disposal or when no future economic benefits are expected from its use or disposal then gain or loss on disposal of property, plant and equipment is included in profit and loss account.

Assets subject to finance lease

The Company accounts for operating assets acquired under finance leases by recording the assets and the related liability at the amounts which are determined on the basis of the discounted value of minimum lease payments. Financial charges are allocated to the accounting period in a manner so as to provide a constant periodic rate of charge on the outstanding liability. Depreciation is charged to income applying the same basis as for owned assets.

Income on sale and lease back arrangement is deferred and amortized over the lease term.

Capital work-in-progress

These are stated at cost less impairment losses, if any, and represent expenditures connected with specific assets incurred during the construction / erection period. These are transferred to specific assets as and when assets are available for use.



2.4 Intangible assets

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses, if any. These are amortized using the straight line method reflecting the pattern in which the economic benefits of the asset are consumed by the Company.

2.5 Impairment

The Company assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Company makes an estimate of the asset's recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The recoverable amount of property, plant and equipment is the higher of net selling price and value in use.

2.6 Investments

The management of the Company determines the appropriate classification of its investments at the time of purchases and these are initially recognized at fair value, plus, in case of investment at fair value through profit or loss, directly attributable transaction cost.

Investments at fair value through profit or loss

Investments at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

Held-to-maturity

Investments with fixed maturity, where management has both the intent and ability to hold to maturity, are classified as held-to-maturity. Such investments are initially recognised at cost and subsequently remeasured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on acquisition, over the period to maturity. Any gain or loss arising on derecognition / impairment in value of such investments is taken to profit and loss account.

Available-for-sale

Investments that are not held for trading but may be sold in response to the need for liquidity or change in market rates are classified as available-for-sale. Investments in quoted equity securities are initially recorded at cost and subsequently remeasured at fair value. The resulting gain or loss is recognised directly as a component of equity until the investment is sold, or otherwise disposed off, or until the investment is determined to be impaired, at which time, the cumulative gain or loss previously reported in equity is taken to profit and loss account.

2.7 Stores, spare parts and loose tools

These are valued at lower of weighted average cost and estimated Net Realisable Value (NRV) except items in transit which are stated at invoice value plus other charges paid thereon to the balance sheet date.

Provision / write off, if required, is made in the accounts for slow moving, obsolete and unusable items to bring their carrying value down to NRV based on management judgment.

Net realisable value signifies the estimated selling price in the ordinary course of business less estimated cost of completion and estimated necessary to make the sale.

2.8 Stock-in-trade

Raw materials and components except for those in transit are valued at lower of weighted average cost and Net Realisable Value (NRV).

Work in process is valued at lower of average manufacturing cost and NRV.



Finished goods are valued at lower of average manufacturing cost and NRV. Average manufacturing cost comprises the cost of direct materials and labour and a proportion of manufacturing overheads based on normal capacity.

Stock in transit is valued at cost comprising invoice value plus other charges incurred thereon.

Scrap stocks are valued at NRV.

NRV signifies the estimated selling price in the ordinary course of business less cost of completion and costs necessarily to be incurred to make the sale.

Provision is made for obsolete inventory based on management's judgment.

2.9 Trade debts

Trade debts are recognised and carried at original invoice amount which is the fair value of the consideration given, less provision for doubtful debts. When the recovery of the amount is considered uncertain by the management, a provision is made for the same. Bad debts are written-off as incurred.

2.10 Loans and advances

These are stated at cost, which is the fair value of consideration given, less provision for any doubtful receivables.

2.11 Taxation

Current

Provision for current taxation is based on taxable income for the year determined in accordance with the prevailing law for taxation on income. The charge for current tax is calculated using prevailing tax rates. The charge for current tax also includes adjustments for prior years or otherwise considered necessary for such years. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

Deferred

Deferred tax is provided using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. In this regard, the effects on deferred taxation of the portion of income expected to be subject to final tax regime is adjusted in accordance with the requirement of Accounting Technical Release - 27 of the Institute of Chartered Accountants of Pakistan, if considered material.

2.12 Trade and other payables

These are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

2.13 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

2.14 Provision for warranty

The management estimates at each balance sheet date a liability that could arise as a result of the Company's obligation to repair and replace products under warranty. The provision for warranty is maintained at the rate of two percent of last six months' turnover.

2.15 Financial instruments

All financial assets and liabilities are recognised at the time when the Company becomes party to the contractual provisions of the instrument and are derecognised in case of assets, when the contractual rights under the instrument are realised, expired or surrendered and in case of liability, when the obligation is discharged, cancelled or expired.

Any gain / loss on the recognition and derecognition of the financial assets and liabilities is taken to profit and loss account.

2.16 Offsetting of financial assets or liabilities

A financial asset and a financial liability are off-set and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set-off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Corresponding income and expenditure, if any, are also netted of and reported on a net basis in the profit and loss account.

2.17 Foreign currency translations

Transactions in foreign currencies are translated into Pak Rupees (presentation currency) at the rates of exchange approximating those appearing on the dates of transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Rupees at the rates of exchange approximating those prevailing at the balance sheet date. Any resulting gain or loss arising from changes in exchange rates is taken to profit and loss account.

2.18 Staff retirement benefits

Defined benefit plan

The Company operates an approved and funded defined gratuity scheme for all permanent employees who have completed the minimum qualifying period of service for entitlement of gratuity. The contributions to the scheme are made in accordance with the independent actuarial valuation. The latest actuarial valuation was carried out as of June 30, 2010 using Projected Unit Credit Method. Actuarial gains are recognised and spread forward over average remaining service lives of the employees in excess of the following corridor limits, whichever is higher:

- 10 percent of the present value of defined benefit obligations; and
- 10 percent of the fair value of plan assets

Defined contribution plan

The Company operates an approved defined contributory provident fund scheme for all permanent employees who have completed the minimum qualifying period of service. Equal contributions are made by the Company and the employees to the fund at the rate of 10 percent of basic salary.

Compensated absences

Accrual for compensated absences is made to the extent of the value of accrued absences of the employees at the balance sheet date using their current salary levels as per Company's policy.

2.19 Related party transactions

All transactions with related parties are carried out by the Company using the methods prescribed under the Ordinance.



2.20 Revenue recognition

Sales are recognised upon passage of title to the customers, which generally coincides with physical delivery.

Scrap sales are recognised on physical delivery to customer.

Dividend income is recognised when right to receive the dividend is established.

Profit on deposit accounts is recognised on an accrual basis.

2.21 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents comprise current and deposit accounts.

2.22 Dividend and appropriations to reserves

These are recognized in the financial statements in the period in which these are approved.

2.23 Accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

In the process of applying the Company's / accounting policies, management has made the following estimates and judgements which are significant to the financial statements:

	Note
Determining the residual values and useful lives of property, plant and equipment	2.3 & 3.1
Determining the residual values and useful life of intangible asset	2.4 & 4
Impairment / adjustment of stores, spare parts and loose tools and stock-in-trade to their Net Realizable Value	2.7 & 8, 2.8 & 9
Recognition of taxation and deferred tax	2.11, 13, 19.1 & 31
Accounting for staff retirement benefits	2.18 & 20.1
Classification of investments	2.6

2.24 Standards, interpretations and amendments to approved accounting standards that are not yet effective

The following revised standards, amendments and interpretations with respect to approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards or interpretation:

Standard or Interpretation	Effective Date (accounting periods beginning on or after)
IFRS - 2 Share-based Payments: Amended relating to Group Cash-settled Share-based Payment Transactions	January 01, 2010
IAS -24 Related Party Disclosures (Revised)	January 01, 2011
IAS -32 Financial Instruments: Presentation - Classification of Right Issue (Amendment)	February 01, 2010
IFRIC 14 The Limit on Defined Benefit Assets, Minimum Funding Requirements and their Interaction (Amendments)	January 01, 2011
IFRIC -19 Extinguishing Financial Liabilities with Equity Instruments	July 01, 2010

The Company expects that the adoption of the above revisions, amendments and interpretations of the standards will not have any material impact on the Company's financial statements in the period of initial application.

In addition to the above, amendments to various accounting standards have also been issued by the IASB as a result of its annual improvement project in April 2009 primarily with a view to remove inconsistencies and clarify wordings. Such improvements are generally effective for accounting periods beginning on or after January 01, 2010. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

2.25 Standards, amendments and interpretations adopted during the year

During the year, the following new / revised standards, amendments and interpretations of accounting standards become effective:

Standards, amendments and interpretations

IFRS - 2	Share Based Payment - Vesting Conditions and Cancellations (Amendment)
IFRS - 3	Business Combinations (Revised)
IFRS - 7	Financial Instruments: Disclosures (Amendments)
IFRS - 8	Operating Segments
IAS - 1	Presentation of Financial Statements (Revised)
IAS - 23	Borrowing Costs (Revised)
IAS - 27	Consolidated and Separate Financial Statements (Amendment)
IAS - 32	Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements-Putable Financial Instruments and Obligations Arising on Liquidation (Amendments)
IAS - 39	Financial Instruments: Recognition and Measurement - Eligible hedged items (Amendments)
IFRIC - 15	Agreement for the Construction of Real Estate
IFRIC - 16	Hedges of a Net Investment in a Foreign Operation
IFRIC - 17	Distributions of Non-Cash Assets to Owners
IFRIC - 18	Transfers of Assets from Customers
	Improvement to International Financial Reporting Standards (Issued 2008)

2.26 Change in accounting policy and disclosures

The accounting policies adopted in preparation of these financial statements are consistent with those of the previous financial year except for the adoption of IAS 1 (Revised) as of 1 July 2009:

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 item in the statement of changes in equity. In addition, the standard introduces the statement of comprehensive income which presents all items of recognized income and expense, either in one single statement (the statement of comprehensive income), or in two linked statements (the income statement and the statement of comprehensive income).

The company has chosen to present two statements; profit and loss account and statement of comprehensive income. As a result of the introduction of statement of comprehensive income, the statement of changes in equity will now include the details of transactions with owners and items of other comprehensive income will be presented as a single line in such statement.

	Note	2010 (Rupees in thousand)	2009
3. PROPERTY, PLANT AND EQUIPMENT			
Operating assets	3.1	399,774	403,674
Capital work-in-progress	3.2	-	7,308
		399,774	410,982



3.1 Operating assets

	C O S T				Rate %	ACCUMULATED DEPRECIATION			BOOK VALUE	
	As at July 1, 2009	Additions/ (disposals)/ *transfer	As at June 30, 2010	As at July 1, 2009		Charge for the year	(Disposals)/ *transfers	As at June 30, 2010	As at June 30, 2010	
	--- (Rupees in thousand) ---					----- (Rupees in thousand) -----				
Owned										
Land - freehold	2,559	-	2,559	-	-	-	-	-	2,559	
Building on freehold land	84,814	8,511	93,325	5 & 10	31,952	2,874	-	34,826	58,499	
Plant and machinery	763,413	26,812 (1,541)	788,684	10 & 20	445,979	36,659	(1,098)	481,540	307,144	
Electrical installations	28,844	-	28,844	10	14,728	1,412	-	16,140	12,704	
Furniture and fittings	4,605	232	4,837	10	2,763	200	-	2,963	1,874	
Office equipment	10,555	576 (21)	11,110	33	7,140	1,251	(9)	8,382	2,728	
Computers	5,649	271	5,920	33	5,252	350	-	5,602	318	
Vehicles	24,485	7,006 (4,546)	26,945	20	13,441	2,600	(3,039)	13,002	13,943	
Library books	42	-	42	10	37	-	-	37	5	
2010	924,966	43,408 (6,108)	962,266		521,292	45,346	(4,146)	562,492	399,774	

	C O S T				Rate	ACCUMULATED DEPRECIATION			BOOK VALUE	
	As at July 1, 2008	Additions/ (deletions)/ *transfer	As at June 30, 2009	As at July 1, 2008		Charge for the year	(Deletions)/ *transfers	As at June 30, 2009	As at June 30, 2009	
	--- (Rupees in thousand) ---					----- (Rupees in thousand) -----				
Owned										
Land - freehold	2,559	-	2,559	-	-	-	-	-	2,559	
Building on freehold land	72,872	11,942	84,814	5 & 10	29,168	2,784	-	31,952	52,862	
Plant and machinery	694,004	69,409	763,413	10 & 20	411,907	34,072	-	445,979	317,434	
Electrical installations	28,320	524	28,844	10	13,172	1,556	-	14,728	14,116	
Furniture and fittings	4,557	48	4,605	10	2,558	205	-	2,763	1,842	
Office equipment	8,355	2,469 (269)	10,555	33	5,755	1,576	(191)	7,140	3,415	
Computers	5,612	99 (62)	5,649	33	4,791	513	(52)	5,252	397	
Vehicles	16,886	*7,599	24,485	20	7,942	1,992	*3,507	13,441	11,044	
Library books	42	-	42	10	36	1	-	37	5	
	833,207	84,491 (331) *7,599	924,966		475,329	42,699	(243) *3,507	521,292	403,674	
Leased										
Vehicles	7,599	*(7,599)	-	20	2,784	723	*(3,507)	-	-	
2009	840,806	84,491 (7,930)	924,966		478,113	43,432	(243)	521,292	403,674	

	Percentage %	Note	2010 (Rupees in thousand)	2009
3.1.1 Allocation of depreciation				
Cost of sales	75	25	34,010	32,573
Distribution cost	5	26	2,267	2,172
Administrative expenses	20	27	9,069	8,677
			45,346	43,422

3.1.2 Details of disposal of operating assets

Particulars	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain/(loss)	Mode of disposal	Particulars of purchaser
----- (Rupees in thousands) -----							
Generator	1,541	1,098	443	650	207	Tender	M/S. A Z Power Generation
Liana car	999	63	936	906	(30)	Tender	Mr. Shoaib Shafiq
Split A/C	21	9	12	12	-	Company policy	Mr. Aziz Vakil, Ex - employee
Baleno car	799	677	122	188	66	Company policy	Mr. Sh. Muhammad Iqbal, employee
Mehran car	351	268	83	115	32	Company policy	Mr. Muhammad Qasim, employee
Baleno car	799	679	120	185	65	Company policy	Mr. Muhammad Javed, employee
Baleno car	799	682	117	181	64	Company policy	Mr. Badruddin A. Ali, employee
Baleno car	799	670	129	350	221	Insurance claim	EFU General Insurance
2010	6,108	4,146	1,962	2,587	625		
2009	331	243	88	96	8		

	2010 (Rupees in thousand)	2009
3.2 Capital work-in-progress		
Civil works	-	7,308

4. INTANGIBLE ASSET

	C O S T			ACCUMULATED AMORTIZATION			WRITTEN DOWN VALUE	
	As at July 1, 2009	Additions	As at June 30, 2010	As at July 1, 2009	For the year	As at June 30, 2010	As at June 30, 2010	Amortization rate %
----- (Rupees in thousand) -----								
Software	-	550	550	-	110	110	440	20
2010	-	550	550	-	110	110	440	
2009	-	-	-	-	-	-	-	

4.1 The amortization for the year has been charged to administrative expenses (note 27).

	Note	2010 (Rupees in thousand)	2009
5. LONG-TERM INVESTMENTS			
Available-for-sale - at fair value			
Quoted securities	5.1	611	315

5.1 Represents 17,160 (2009: 14,300) ordinary shares of Rs.10/- each of Bolan Castings Limited. The movement in available-for-sale investment is as follows :

Balance at the beginning of the year	315	747
Investment made during the year (right shares)	-	44
Gain / (Loss) on fair value adjustment	296	(476)
Balance at the end of the year	611	315



	Note	2010 (Rupees in thousand)	2009
6. LONG-TERM LOANS AND ADVANCES - considered good			
Loans - secured	6.1	872	811
Advance to employees - secured		2,862	2,841
		<u>3,734</u>	<u>3,652</u>
Less: Current portion			
Loans	11	293	269
Advances	11	1,615	1,378
		<u>1,908</u>	<u>1,647</u>
		<u>1,826</u>	<u>2,005</u>
6.1 Represents interest free loans to employees for purchase of motorcars, motorcycles, home appliances, house building and for staff welfare in accordance with the Company's policy. These loans are recoverable in four years in equal monthly installments. These loans are secured against the retirement benefits of employees.			
7. LONG-TERM DEPOSITS			
Trade deposits		<u>2,679</u>	<u>3,573</u>
8. STORES, SPARE PARTS AND LOOSE TOOLS			
Stores		5,461	7,345
Spare parts		76,470	74,232
Loose tools		2,503	2,918
		<u>84,434</u>	<u>84,495</u>
Less: Provision for slow moving:			
Stores		13	12
Spare parts		30,803	20,127
Loose tools		79	63
	8.1	<u>30,895</u>	<u>20,202</u>
		<u>53,539</u>	<u>64,293</u>
8.1 Movement in provision is as follows:			
Balance at the beginning of the year		20,202	15,357
Charge during the year	25	10,693	4,845
Balance at the end of the year		<u>30,895</u>	<u>20,202</u>
9. STOCK-IN-TRADE			
Raw material and components		124,864	147,761
Work-in-process		103,225	88,266
Finished goods		107,492	44,544
Scrap stock		29,806	15,058
		<u>365,387</u>	<u>295,629</u>
Stock-in-transit		43,285	40,932
		<u>408,672</u>	<u>336,561</u>
Less: Provision for slow moving stock	9.1	5,159	10,788
		<u>403,513</u>	<u>325,773</u>
9.1 Movement in provision is as follows:			
Balance at the beginning of the year		10,788	14,231
Charge during the year	25	619	1,312
Reversed during the year	25	(6,248)	(4,755)
Balance at the end of the year		<u>5,159</u>	<u>10,788</u>

	Note	2010 (Rupees in thousand)	2009
10. TRADE DEBTS - unsecured			
Considered good		120,664	92,550
Considered doubtful		2,395	2,597
Less: Provision for doubtful debts	10.1	2,395	2,597
		-	-
		<u>120,664</u>	<u>92,550</u>
10.1 Movement in provision is as follows:			
Balance at the beginning of the year		2,597	2,949
Provision made during the year	27	402	1,530
Reversed during the year	30	(350)	(1,882)
Written off during the year		(254)	-
Balance at the end of the year		<u>2,395</u>	<u>2,597</u>
10.2 The ageing analysis of unimpaired trade debts at June 30 is as follows:			
Neither past due nor impaired		94,340	78,965
Past due but not impaired			
- within 30 days		21,116	12,273
- 31 to 60 days		1,402	920
- 61 to 90 days		434	725
- over 90 days		5,767	2,264
		<u>123,059</u>	<u>95,147</u>
11. LOANS AND ADVANCES			
Loans - secured, considered good			
Current portion long-term loans	6	293	269
Advances			
Considered good			
Current portion of long-term advances - secured	6	1,615	1,378
For expenses - unsecured		811	511
To suppliers - unsecured		10,521	17,622
Letters of credit fee and margin - unsecured		304	304
		<u>13,251</u>	<u>19,815</u>
Considered doubtful			
Less: Provision for doubtful advances	11.1	231	757
		231	757
		-	-
		<u>13,544</u>	<u>20,084</u>
11.1 Movement in provision is as follows:			
Balance at the beginning of the year		757	2,323
Provision / (reversal) made during the year	27	109	(1,056)
Written off during the year		(635)	(510)
Balance at the end of the year		<u>231</u>	<u>757</u>
12. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS			
Deposits		1,380	80
Prepayments		596	432
		<u>1,976</u>	<u>512</u>



13. TAXATION

The return of income for tax year 2009 has been filed by the Company. The said return, as per the provision of Section 120 of the Income Tax Ordinance, 2001 has been taken as an assessment order passed by the Commissioner Inland Revenue.

14. BANK BALANCES

	Note	2010 (Rupees in thousand)	2009
Current accounts		3,720	7,522
Deposit accounts	14.1	8,657	22,988
		<u>12,377</u>	<u>30,510</u>

14.1 These carry profit at the rate of 8 percent (2009: 8 percent) per annum on daily product basis.

15. SHARE CAPITAL

Authorised capital

2010 (Number of shares)	2009		2010 (Rupees in thousand)	2009
25,000,000	25,000,000	Ordinary shares of Rs. 10/- each	250,000	250,000

Issued, subscribed and paid-up capital

2010 (Number of shares)	2009	Ordinary shares of Rs. 10/- each		
9,276,000	9,276,000	- issued for cash	92,760	92,760
4,058,250	4,058,250	- issued as bonus shares	40,583	40,583
<u>13,334,250</u>	<u>13,334,250</u>		<u>133,343</u>	<u>133,343</u>

16. RESERVES

Revenue				
- general			160,000	160,000
- unappropriated profit			476,079	429,091
- unrealised gain on revaluation of available-for-sale investment			467	171
			<u>636,546</u>	<u>589,262</u>

17. LONG-TERM FINANCING - Secured

Represents utilized portion of demand finance facility of Rs.27.701 (2009: Rs.55.616) million from a commercial bank. It carries a profit rate of three months' KIBOR plus 175 basis points with floor of 7% and is repayable by 2013. It is secured by way of second charge over the Company's fixed assets. The movement in long term liability is as follows:

	2010 (Rupees in thousand)	2009
Balance - at the beginning of the year	35,617	61,421
Add: Obtained during the year	-	55,616
	<u>35,617</u>	<u>117,037</u>
Less: Paid during the year	7,916	81,420
Balance at the end of the year	<u>27,701</u>	<u>35,617</u>
Less: Due within one year	7,915	7,916
	<u>19,786</u>	<u>27,701</u>

	Note	2010 (Rupees in thousand)	2009
18. LONG-TERM DEPOSITS			
Deposit from employees		523	545
Less: Current portion		<u>369</u>	<u>218</u>
		<u>154</u>	<u>327</u>

This represents interest free deposits received from employees. The amount will be adjustable within the period of three to five years against book value of the generators and vehicles.

19. DEFERRED TAXATION

Deferred taxation	19.1	<u>56,874</u>	<u>59,411</u>
-------------------	------	---------------	---------------

19.1 Deferred taxation comprises of:

Deferred tax liability arising in respect of accelerated tax depreciation		76,796	76,057
Deferred tax asset arising in respect of provisions		<u>(19,922)</u>	<u>(16,646)</u>
		<u>56,874</u>	<u>59,411</u>

20. TRADE AND OTHER PAYABLES

Creditors		40,719	32,112
Accrued liabilities		24,564	19,212
Advance from customers		4,599	33,819
Retention money		812	1,393
Security deposits		348	248
Compensated absences		8,830	8,420
Payable to gratuity fund	20.1.1	4,481	3,087
Payable to provident fund		841	909
Workers' Profit Participation Fund	20.2	7,976	2,850
Workers' Welfare Fund		7,288	9,899
Sales tax payable		6,600	8,001
FED payable		750	830
Provision for warranty claims	20.3	13,760	10,128
Unclaimed dividend		2,856	2,561
Others		329	487
		<u>124,753</u>	<u>133,956</u>

20.1 Payable to gratuity fund

20.1.1 Reconciliation of obligations as at year end

Present value of defined benefit obligation	20.1.4	40,682	32,951
Fair value of plan assets	20.1.5	<u>(31,482)</u>	<u>(29,188)</u>
		9,200	3,763
Unrecognised actuarial gain		<u>(4,719)</u>	<u>(676)</u>
Net liability at end of the year		<u>4,481</u>	<u>3,087</u>

20.1.2 Movement in net liability

Net liability at beginning of the year		3,087	3,580
Charge for the year	20.1.3	4,481	3,087
Contributions		<u>(3,087)</u>	<u>(3,580)</u>
Net liability at end of the year		<u>4,481</u>	<u>3,087</u>



	Note	2010 (Rupees in thousand)	2009
20.1.3 Charge for the year			
Current service cost		3,710	2,088
Interest cost		4,742	4,510
Expected return on plan assets		(3,971)	(3,565)
Actuarial loss recognized		-	54
Charge for the year		<u>4,481</u>	<u>3,087</u>

20.1.4 Movement in defined benefit obligation

Present value of defined benefit obligation at beginning of the year	32,951	37,586
Current service cost	3,710	2,088
Interest cost	4,742	4,510
Benefits paid during the year	(365)	(3,790)
Actuarial gain	(356)	(7,443)
Present value of defined benefit obligation at end of the year	<u>40,682</u>	<u>32,951</u>

20.1.5 Movement in fair value of plan assets

Fair value of plan assets at beginning of the year	29,188	29,712
Expected return on plan assets	3,971	3,565
Contributions made by the Company	3,087	3,580
Benefits paid during the year	(365)	(3,790)
Actuarial loss	(4,399)	(3,879)
Fair value of plan assets at end of the year	<u>31,482</u>	<u>29,188</u>

20.1.6 The principal assumptions used in the actuarial valuations carried out as of June 30, 2010 using the 'Projected Unit Credit' method are as follows:

	Gratuity Fund	
	2010 %	2009 %
Rate of salary increase (per annum)	14	11
Rate of return (per annum)	10	13
Discount rate (per annum)	14	13
Expected mortality rate	EFU	EFU
	61-66 mortality table	61-66 mortality table
Expected withdrawal rate	Age dependent	Age dependent

	2010 (Rupees in thousand)	2009
20.1.7 Actual return on plan assets	<u>1,500</u>	<u>(230)</u>

20.1.8 Plan assets comprise the following:

	2010		2009	
	Amount in thousand	%age	Amount in thousand	%age
Equity (mutual funds)	20,794	66.05	19,703	67.50
Debt	7,950	25.25	9,267	31.75
Others	2,738	8.70	218	0.75
	31,482		29,188	

20.1.9 The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy.

20.1.10 Expected contribution to the fund for the year ending June 30, 2011 is Rs. 4.866 million.

20.1.11 Comparison for five years:

	2010	2009	2008	2007	2006
	----- (Rupees in thousand) -----				
Present value of defined benefit obligation	40,682	32,951	37,586	33,528	27,364
Fair value of plan assets	(31,482)	(29,188)	(29,713)	(27,820)	(24,530)
Surplus / (deficit)	9,200	3,763	7,873	5,708	2,834
Experience adjustments (Gain) / loss on plan liabilities	(356)	(7,443)	1,015	2,563	1,986
(Loss) / gain on plan assets	(4,399)	(3,879)	(363)	569	(769)

	Note	2010 (Rupees in thousand)	2009 (Rupees in thousand)
20.2 Workers' Profit Participation Fund			
Balance at the beginning of the year		2,850	9,160
Allocation for the year	28	7,976	2,850
		10,826	12,010
Interest on funds utilised in the Company's business	29	107	622
		10,933	12,632
Less: Payments made during the year		2,957	9,782
Balance at the end of the year		7,976	2,850

20.3 Movement in provision for warranty is as follows:

Balance at the beginning of the year		10,128	13,650
Provision made during the year	2.14 & 26	5,206	142
Adjustment during the year		(1,574)	(3,664)
Balance at the end of the year		13,760	10,128

21. ACCRUED MARK-UP

Long-term financing		-	1,886
Short-term running finance		695	12
		695	1,898



22. MURABAHA FINANCE

Represents murabaha finance facility obtained from a banking company, carrying profit rate of 3 months KIBOR plus 1.4 percent. The facility is repayable in 180 days commencing from May 2010 and is secured by first pari passu hypothecation charge over stock and trade debts for Rs.67 million and against demand promissory notes.

23. CONTINGENCIES AND COMMITMENTS

23.1 Contingencies

- (i) Indemnity bonds issued to Sui Southern Gas Company Limited amounted to Rs. 1.145 (2009: Rs. 1.145) million.
- (ii) The Privatization Commission (PC) has filed a suit against Abdul Qadir Tawwakal, Saleem I. Kapoorwala, National Bank of Pakistan (NBP) and has made the Company also a party for the recovery of Rs. 207 million against sale of shares of the Company. The sale price was guaranteed by NBP. The Company has not acknowledged the said claim since it did not issue any counter guarantees and is not a party to the agreement between Abdul Qadir Tawwakal, Saleem. I. Kapoorwala and PC for the sale of shares and neither the Company requested NBP to issue any guarantee in this regard. Subsequent to the year ended June 30, 2003, NBP has made the payment to PC amounting to Rs. 91.25 million and filed a suit for the recovery against the Company. The management and its legal counsel are hopeful that the ultimate outcome of the matter will be in the Company's favour. Accordingly, no provision is considered necessary in these financial statements in respect of the above matter.

	Note	2010 (Rupees in thousand)	2009
23.2 Commitments			
Capital commitments			
- Plant and machinery under letter of credit		<u>1,735</u>	<u>-</u>
Other commitments			
- Letters of credit issued by commercial banks		<u>177,160</u>	<u>89,933</u>
24. SALES			
Local sales	24.1	1,572,672	1,241,363
Less: Sales return		(7,434)	(10,528)
Sales tax		(214,050)	(169,873)
Federal Excise Duty		(13,378)	(10,609)
		(234,862)	(191,010)
Export sales		43,091	45,471
		<u>1,380,901</u>	<u>1,095,824</u>

24.1 Includes scrap sales of Rs.31.309 (2009: Rs.29.910) million.

	Note	2010 (Rupees in thousand)	2009
25. COST OF SALES			
Raw material and components consumed			
Opening stock - Raw material		147,761	131,382
- Scrap		15,058	12,764
		<u>162,819</u>	<u>144,146</u>
Purchases		905,735	781,581
Less: Closing stock - Raw material		(124,864)	(147,761)
- Scrap		(29,806)	(15,058)
		<u>(154,670)</u>	<u>(162,819)</u>
		<u>913,884</u>	<u>762,908</u>
Salaries, wages and benefits	25.1	95,732	76,127
Stores, spares and loose tools consumed		64,950	47,462
Fuel and power		33,492	23,698
Depreciation	3.1.1	34,010	32,573
Services rendered by contractors		20,764	13,863
Staff transportation		10,254	8,190
Repairs and maintenance		5,094	6,846
Travelling and conveyance		286	94
Vehicle running expenses		1,784	1,219
Insurance		2,834	1,316
Communication		743	798
Entertainment		849	650
Printing and stationery		92	63
Subscription		346	37
Rent, rates and taxes		36	36
Provision for slow moving stores, spares and loose tools	8.1	10,693	4,845
Slow moving stock in trade:			
- provision made during the year	9.1	619	1,312
- reversal made during the year	9.1	(6,248)	(4,755)
Computer expense		199	147
Foreign specialist expense		101	728
Others		484	387
		<u>277,114</u>	<u>215,636</u>
Manufacturing cost		<u>1,190,998</u>	<u>978,544</u>
Work-in-process - Opening		88,266	85,618
- Closing		(103,225)	(88,266)
		<u>(14,959)</u>	<u>(2,648)</u>
Cost of goods manufactured		<u>1,176,039</u>	<u>975,896</u>
Finished goods - Opening		44,544	32,389
- Closing		(107,492)	(44,544)
		<u>(62,948)</u>	<u>(12,155)</u>
		<u><u>1,113,091</u></u>	<u><u>963,741</u></u>
25.1 Included herein are the following employees' benefits:			
- Defined benefit plan - gratuity		3,361	2,250
- Defined contribution plan - provident fund		1,776	1,781
- Medical		2,778	3,340
- Provision of compensated leave absences		1,305	2,017
- Bonus		8,909	2,492
		<u>18,129</u>	<u>11,880</u>



	Note	2010 (Rupees in thousand)	2009
26. DISTRIBUTION COSTS			
Salaries and benefits	26.1	2,183	2,272
Carriage and forwarding		22,615	15,626
Provision for warranty claims	20.3	5,206	142
Depreciation	3.1.1	2,267	2,172
Insurance		136	32
Advertisement		142	342
Vehicle running expenses		275	266
Travelling and conveyance		181	274
Staff transportation		91	74
Communication		98	93
Entertainment		68	44
Selling expense - foreign sales		1,637	2,035
Computer expenses		36	49
Utilities		385	271
Others		395	362
		<u>35,715</u>	<u>24,054</u>

26.1 Included herein are the following employees' benefits:

- Defined benefit plan - gratuity	24	150
- Defined contribution plan - provident fund	25	14
- Medical	68	105
- Provision of compensated leave absences	62	119
- Bonus	201	166
	<u>380</u>	<u>554</u>

27. ADMINISTRATIVE EXPENSES

Salaries and benefits	27.1	27,493	24,348
Depreciation	3.1.1	9,069	8,677
Amortisation	4	110	-
Services rendered by contractors		2,981	3,257
Utilities		3,671	2,963
Vehicle running expenses		4,546	3,819
Communication		1,243	1,252
Rent, rates and taxes		1,488	1,488
Entertainment		2,230	1,593
Travelling and conveyance		431	237
Corporate expenses		1,447	1,311
Auditors' remuneration	27.2	1,264	933
Legal and professional charges		347	575
Repairs and maintenance		596	566
Insurance		689	346
Staff transportation		907	730
Subscription		106	128
Printing and stationery		328	240
Advertisement		37	24
Provision for doubtful debts	10.1	402	1,530
Provision for doubtful advances	11.1	109	-
Doubtful advances written off directly		7	-
General stores supplies		1,559	1,234
Computer expense		660	546
Others		172	189
		<u>61,892</u>	<u>55,986</u>

	Note	2010 (Rupees in thousand)	2009
27.1 Included herein are the following employees' benefits:			
- Defined benefit plan - gratuity		1,096	687
- Defined contribution plan - provident fund		930	978
- Medical		1,335	1,233
- Provision of compensated leave absences		323	538
- Bonus		2,768	665
		<u>6,452</u>	<u>4,101</u>
27.2 Auditors' remuneration			
Audit fee		500	500
Fees for limited scope review and employees' funds		148	163
Tax and other advisory services		516	200
Out of pocket expenses		100	70
		<u>1,264</u>	<u>933</u>
28. OTHER OPERATING EXPENSES			
Workers' Profit Participation Fund	20.2	7,976	2,850
Workers' Welfare Fund		3,190	1,140
Exchange losses - net		1,238	493
		<u>12,404</u>	<u>4,483</u>
29. FINANCE COSTS			
Mark-up on			
- long-term financing		4,765	12,046
- short-term financing		6,847	4,983
Finance lease charges		-	233
Interest on Workers' Profit Participation Fund	20.2	107	622
Bank charges and excise duty		500	571
		<u>12,219</u>	<u>18,455</u>
30. OTHER OPERATING INCOME			
Gain on sale of property, plant and equipment	3.1.2	625	8
Reversal of provision for			
- doubtful debts	10.1	350	1,882
- doubtful advances	11.1	-	1,056
Income on Mutual Fund Units		-	458
Profit on deposit accounts		310	561
Deferred income on sale and leaseback arrangement		-	179
Liabilities no longer payable written back		1,362	18,028
Reversal of trade debts written off		-	480
Others		128	1,250
		<u>2,775</u>	<u>23,902</u>
31. TAXATION			
Current		53,771	7,317
Prior		13,464	474
Deferred		(2,537)	8,596
	31.1	<u>64,698</u>	<u>16,387</u>



	Note	2010 (Rupees in thousand)	2009
31.1 Relationship between tax expense and accounting profit			
Profit before taxation		<u>148,355</u>	<u>53,007</u>
Applicable tax rate		<u>35%</u>	<u>35%</u>
Tax at the above rate		<u>51,924</u>	<u>18,552</u>
Prior year tax		<u>13,464</u>	<u>474</u>
Tax effect of income / expenses that are exempt / not allowable in determining taxable income		<u>1,031</u>	<u>(11,442)</u>
Tax effect on export sales taxed at a lower rate		<u>816</u>	<u>207</u>
Adjustment in respect of deferred tax		<u>(2,537)</u>	<u>8,596</u>
Tax expense for the year		<u>64,698</u>	<u>16,387</u>
Average effective tax rate		<u>43.61%</u>	<u>30.91%</u>

32. BASIC AND DILUTED EARNINGS PER SHARE

There is no dilutive effect on the basic earnings per share of the Company, which is based on:

	2010	2009
Profit for the year after taxation (Rupees in thousand)	<u>83,657</u>	<u>36,620</u>
Weighted average number of ordinary shares of Rs.10/- each (in thousand)	<u>13,334</u>	<u>13,334</u>
Basic earnings per share (Rupees)	<u>6.27</u>	<u>2.75</u>

33. UNAVAILED CREDIT FACILITIES

33.1 The facilities for short term running finance available from various commercial banks amounted to Rs.130 (2009 Rs.130) million which remained unutilized as of the balance sheet date. The rate of mark-up on these finances range from three months' KIBOR plus 150 basis points to three months' KIBOR plus 275 basis points. These are secured by way of hypothecation charge ranking pari passu over Company's stocks and trade debts.

33.2 The facility for opening letters of credit and letters of guarantees amounted to Rs.440 (2009 : Rs.415) million and Rs.10 (2009 : Rs.15) million respectively, of which Rs.261.105 (2009 Rs.325.067) million and Rs.8.855 (2009: Rs.13.855) million respectively, remained unutilized as of the balance sheet date.

34. CASH GENERATED FROM OPERATIONS

2010 **2009**
(Rupees in thousand)

Profit before taxation	148,355	53,007
Adjustments for:		
Depreciation	45,346	43,422
Amortisation	110	-
Gain on sale of fixed assets	(625)	(8)
Finance cost	12,219	18,455
Provision for slow moving stores, spare parts and loose tools	10,693	4,845
Net reversal of provision for slow moving stock-in-trade	(5,629)	(3,443)
Provision for / (reversal of) doubtful advances	109	(1,056)
Provision for doubtful debts	402	1,530
Reversal of doubtful debts	(350)	(1,882)
Doubtful advances written off directly	7	-
Provision for compensated absences	1,690	2,312
Provision for warranty	5,206	142
Provision for employees' benefits	4,481	3,087
Profit on deposit accounts	(310)	(561)
Gain on remeasurement of fair value / redemption of Mutual Funds Units	-	(458)
Deferred income on sale and leaseback arrangement	-	(179)
Liabilities written back	(1,362)	(18,028)
	71,987	48,178
	220,342	101,185
Working capital changes		
(Increase)/decrease in current assets		
Stores, spare parts and loose tools	61	(5,682)
Stock-in-trade	(72,111)	(46,910)
Trade debts	(27,912)	6,491
Loans and advances	7,066	17,008
Trade deposits and short-term prepayments	(1,464)	1,196
Investment	-	76,815
	(94,360)	48,918
(Decrease)/increase in current liabilities		
Trade and other payables	(9,697)	10,385
	(104,057)	59,303
	116,285	160,488

35. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

35.1 Aggregate amounts charged in the financial statements are as follows:

	CHIEF EXECUTIVE		DIRECTORS		EXECUTIVES		TOTAL	
	2010	2009	2010	2009	2010	2009	2010	2009
	----- (Rupees in thousand) -----							
Remuneration	2,182	2,182	5,693	5,631	2,348	2,844	10,223	12,657
Housing	982	982	2,534	2,534	1,025	1,257	4,541	4,773
Retirement benefits	400	400	1,103	1,103	442	483	1,945	1,986
Bonus	455	545	1,173	1,358	469	464	2,097	2,367
Medical expenses	98	147	816	471	191	105	1,105	723
Utilities	245	182	777	679	308	273	1,330	1,134
Leave fare assistance	407	35	900	218	70	35	1,377	228
	4,769	4,473	12,996	11,994	4,853	5,461	22,618	23,868
Number	1	1	4	4	4	5	9	10



- 35.2** In addition, the Chief Executive, directors and certain executives are also provided with free use of the Company's maintained cars, household items and other benefits in accordance with their terms of employment.
- 35.3** Aggregate amount charged in the financial statements for fee to a director was Rs.10,000/- (2009: Rs.10,000/-).

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Company's financial instruments are credit risk, liquidity risk, foreign currency risk, interest rate risk and equity price risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below.

36.1 Credit Risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

The Company is exposed to credit risk on long-term deposits, trade debts, advances, deposits, other receivables and bank balances. The Company seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable. The maximum exposure to credit risk at the reporting date is:

	Carrying Values	
	2010	2009
	(Rupees in thousand)	
Long-term loans - secured	579	542
Long-term advances - secured	1,247	1,463
Long-term deposits	2,679	3,573
Trade debts - unsecured	120,664	92,550
Loans - secured	293	269
Advances	13,251	19,815
Deposits	1,380	80
Bank balances	12,377	30,510
	152,470	148,802

Quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or the historical information about counter party default rates as shown below:

	Carrying Values	
	2010	2009
	(Rupees in thousand)	
36.1.1 Trade debts		
Customers with no defaults in the past one year	120,664	92,550
Customers with some defaults in the past one year which have been fully recovered	-	568
	120,664	93,118
36.1.2 Bank balances		
AI +	12,377	30,510

36.2 Liquidity Risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The Company applies prudent risk management policies by maintaining sufficient cash and bank balances and by keeping committed credit lines. The table below summarizes the maturity profile of the Company's financial liabilities at the following reporting dates:

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
----- (Rupees in thousand) -----						
Year ended 30 June 2010						
Long-term financing - secured	-	-	7,915	19,786	-	27,701
Trade and other payables	117,403	-	-	-	-	117,403
Murabaha financing	-	-	9,930	-	-	9,930
Accrued interest on short term running finance	-	695	-	-	-	695
	<u>117,403</u>	<u>695</u>	<u>17,845</u>	<u>19,786</u>	<u>-</u>	<u>155,729</u>
Year ended 30 June 2009						
Long-term financing - secured	-	-	7,916	27,701	-	35,617
Trade and other payables	125,125	-	-	-	-	125,125
Accrued interest on long-term financing	-	1,886	-	-	-	1,886
Accrued interest on short term running finance	-	12	-	-	-	12
	<u>125,125</u>	<u>1,898</u>	<u>7,916</u>	<u>27,701</u>	<u>-</u>	<u>162,640</u>

36.3 Market Risk

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rate and foreign exchange rates.

36.3.1 Foreign Currency Risk

Foreign currency risk is the risk that the value of financial assets or a financial liability will fluctuate due to a change in a foreign exchange rates. It arises mainly where receivables and payables exist due to transactions in foreign currency. The Company's exposure to foreign currency risk is as follows:

	2010 (USD in thousand)	2009
Debtors	<u>49</u>	<u>55</u>

The following significant exchange rates have been applied at the reporting dates:

Exchange rate	<u>85.40</u>	<u>81.10</u>
---------------	--------------	--------------

The foreign currency exposure is partly covered as the majority of the Company's billing is determined in dollars which is converted into rupees at the exchange rate prevailing at the transaction date. The Company has assessed that hedging its foreign currency borrowings will be more expensive than assuming the risk itself.

Sensitivity analysis:

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate, with all other variables held constant, of the Company's profit before tax and the Company's equity.



	Change in US dollar rate (%)	Effect on profit or (loss) (Rs. in thousand)
30 June 2010	+2	83
	-2	(83)
30 June 2009	+2	89
	-2	(89)

36.3.2 Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Company is exposed to interest / mark-up risk in respect of following:

	Effective yield / mark-up rate %	Interest / Mark-up bearing			
		Maturity upto one year	Maturity from one to five years	Maturity after five years	Total
		----- (Rupees in thousand) -----			
<u>June 30, 2010</u>					
FINANCIAL ASSETS					
Bank balances	7 - 8	8,657	-	-	8,657
FINANCIAL LIABILITIES					
Long-term financing	3 m Kibor + 175 bps	7,915	19,786	-	27,701
Murabaha finance	3 m Kibor + 140 bps	9,930	-	-	9,930
Total interest/markup rate risk sensitivity gap		<u>(9,188)</u>	<u>(19,786)</u>	<u>-</u>	<u>(28,974)</u>
<u>June 30, 2009</u>					
FINANCIAL ASSETS					
Bank balances	7 - 8	22,988	-	-	22,988
FINANCIAL LIABILITIES					
Long-term financing	3 m Kibor + 250 bps	7,916	27,701	-	35,617
Total interest/markup rate risk sensitivity gap		<u>15,072</u>	<u>(27,701)</u>	<u>-</u>	<u>(12,629)</u>

36.4 Interest rate sensitivity analysis

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, on the Company's profit before tax (through impact on floating rate borrowings). This analysis excludes the impact of movement in market variables on non-financial assets and liabilities of the Company. Further, interest rate sensitivity does not have an asymmetric impact on the Company's result.

	Increase / decrease in basis points	Effect on profit before tax (Rs. in thousand)
2010		
3 months KIBOR + 1.75%	+100	(116)
	-100	116
2009		
3 months KIBOR + 2.5%	+100	(172)
	-100	172

36.5 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged or a liability can be settled, between knowledgeable willing parties in an arm length transaction.

36.6 Capital risk management

The primary objective of the Company's capital management is to maintain healthy capital ratios, strong credit rating and optimal capital structures in order to ensure ample availability of finance for its existing and potential investment projects, to maximize shareholder value and reduce the cost of capital.

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt is calculated as total loans and borrowings including any finance cost thereon, trade and other payables, less cash and bank balances. Capital signifies equity as shown in the balance sheet plus net debt.

The gearing ratios as at June 30, 2010 and 2009 were as follows:

	2010 (Rupees in thousand)	2009 (Rupees in thousand)
Long term financing	27,701	35,617
Trade and other payables	124,753	133,956
Murabaha finance	9,930	-
Accrued mark-up	695	1,898
Total debt	163,079	171,471
Less: Bank balances	12,377	30,510
Net debt	150,702	140,961
Equity	769,889	722,605
Unrealised gain/loss reserves	(296)	476
Total equity	769,593	723,081
Capital	920,295	864,042
Gearing ratio	16.37%	16.31%



The Company finances its investment portfolio through equity, borrowings and management of its working capital with a view to maintaining an appropriate mix between various sources of finance to minimise risk.

37. 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 with GoP, amounts due from / to executives and remuneration of the Chief Executive Officer, Directors and Executives is disclosed in respective notes to these financial statements. However, the transactions with other related parties are as follows:

Terms and conditions of transactions with related parties

The transactions with the related parties are made at normal market prices. There have been no guarantees provided or received for any related party receivables or payables. For the year ended June 30, 2010, the Company has not made any provision for doubtful debts relating to amounts owed by related parties. An assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Relationship with the Company	Nature of transactions	2010 (Rupees in thousand)	2009
Key management personnel	Sale of vehicles/equipment	681	78
Staff	Sale of computer / equipment	-	4
Staff retirement benefit plans	Provident fund contribution during the year	2,968	2,971
	Provision for gratuity during the year	4,481	3,087

38. PLANT CAPACITY AND ACTUAL PRODUCTION

Plant capacity - single shift (estimated)	850	850
Actual production	832	600

The original machinery provided by the German supplier determined annual production capacity at the time of installation of 376,000 units. During the current year, the actual production had been below the plant capacity due to low demand from the automobile sector.

39. DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue by the Board of Directors of the Company on **September 23, 2010**.

40. DIVIDEND AND APPROPRIATIONS

The Board of Directors has proposed a final dividend of Rs. 1.25 per share for the year ended June 30, 2010, in addition to Rs. 1.25 per share already paid as interim dividend totalling Rs. 2.50 per share amounting Rs. 33,34 million at the meeting held on **September 23, 2010** for approval of the members at the Annual General Meeting to be held on **October 23, 2010**.

41. CORRESPONDING FIGURES

Prior year's figures have been reclassified for the purpose of comparison. There were no major reclassifications to report.

42. GENERAL

Figures have been rounded off to the nearest thousand rupees, unless otherwise stated.

Muhammad Siddique Misri
Chairman

Razak H.M. Bengali
Chief Executive



SIX YEARS AT A GLANCE

BALANCE SHEET

	----- (Rupees in '000') -----					
	2005	2006	2007	2008	2009	2010
ASSETS						
Non Current Assets						
Property, plant & equipment	171,438	239,783	353,235	374,795	410,982	399,774
Intangible asset	-	-	-	-	-	440
Investment properties	6,800	-	-	-	-	-
Long term investment	1,912	2,371	770	747	315	611
Long-term loans & advances	144	711	1,411	2,391	2,005	1,826
Long-term deposits	6,203	6,483	2,346	3,418	3,573	2,679
Deferred tax asset	3,757	-	-	-	-	-
	<u>190,254</u>	<u>249,348</u>	<u>357,762</u>	<u>381,351</u>	<u>416,875</u>	<u>405,330</u>
Current Assets						
Stores, spare parts & loose tools	30,348	36,942	58,656	63,456	64,293	53,539
Stock-in-trade	232,062	319,377	318,348	275,420	325,773	403,513
Trade debts	87,943	106,448	114,277	98,689	92,550	120,664
Loans and advances	20,928	18,487	42,135	35,526	20,084	13,544
Trade deposits and short term prepayments	1,329	1,250	4,808	1,708	512	1,976
Interest accrued	2,850	249	-	-	-	-
Investments	-	-	1,709	76,815	-	-
Other receivables	147	-	-	-	-	-
Taxation - net	-	-	-	-	3,435	-
Bank balances	26,712	97,684	68,985	52,205	30,510	12,377
	<u>402,319</u>	<u>580,437</u>	<u>608,918</u>	<u>603,819</u>	<u>537,157</u>	<u>605,613</u>
TOTAL ASSETS	<u>592,573</u>	<u>829,785</u>	<u>966,680</u>	<u>985,170</u>	<u>954,032</u>	<u>1,010,943</u>
EQUITY AND LIABILITIES						
Share Capital and Reserves						
Authorised Capital						
25,000,000 Ord. shares of Rs. 10/- each	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>250,000</u>	<u>250,000</u>
Issued, subscribed and paid up Capital	115,950	133,343	133,343	133,343	133,343	133,343
Reserves	282,311	395,235	490,465	569,786	589,262	636,546
	<u>398,261</u>	<u>528,578</u>	<u>623,808</u>	<u>703,129</u>	<u>722,605</u>	<u>769,889</u>
Non Current Liabilities						
Long term financing	-	31,171	61,420	43,872	27,701	19,786
Liabilities against assets subject to finance lease	24,468	16,514	3,325	-	-	-
Long term deposits	88	290	428	444	327	154
Deferred liabilities	-	3,680	41,952	50,994	59,411	56,874
	<u>24,556</u>	<u>51,655</u>	<u>107,125</u>	<u>95,310</u>	<u>87,439</u>	<u>76,814</u>
Current Liabilities						
Trade and other payables	112,808	177,383	200,675	144,084	133,956	124,753
Accrued mark-up	789	709	216	89	1898	695
Murabaha finance	-	-	-	-	-	9,930
Short term borrowings	10,804	-	-	-	-	-
Current portion of						
- long term financing	-	-	17,549	17,549	7,916	7,915
- liabilities against assets subject to finance lease	15,054	15,554	13,207	3,325	-	-
- long term deposits	106	-	8	64	218	369
Taxation-net	30,195	55,906	4,092	21,620	-	20,578
	<u>169,756</u>	<u>249,552</u>	<u>235,747</u>	<u>186,731</u>	<u>143,988</u>	<u>164,240</u>
TOTAL EQUITY AND LIABILITIES	<u>592,573</u>	<u>829,785</u>	<u>966,680</u>	<u>985,170</u>	<u>954,032</u>	<u>1,010,943</u>



SIX YEARS AT A GLANCE

PROFIT AND LOSS ACCOUNT

	----- (Rupees in '000') -----					
	2005	2006	2007	2008	2009	2010
Sales - net	788,983	1,159,001	1,162,860	1,234,731	1,095,824	1,380,901
Cost of Sales	602,890	855,074	876,351	968,588	963,741	1,113,091
Gross Profit	186,093	303,927	286,509	266,143	132,083	267,810
Distribution Cost	19,764	15,561	18,797	25,876	24,054	35,715
Administration Expenses	33,756	41,860	48,440	52,840	55,986	61,892
Other Operating Expenses	11,025	20,221	14,762	10,810	4,483	12,404
Finance Cost	8,422	7,468	14,849	15,251	18,455	12,219
	72,967	85,110	96,848	104,777	102,978	122,230
Operating Profit	113,126	218,817	189,661	161,366	29,105	145,580
Other Operating Income	6,673	6,914	6,468	9,017	23,902	2,775
Gain on Litigation Settlement	28,787	-	-	-	-	-
Profit before Taxation	148,586	225,731	196,129	170,383	53,007	148,355
Taxation	(50,197)	(78,260)	(67,413)	(64,371)	(16,387)	(64,698)
Profit after Taxation	98,389	147,471	128,716	106,012	36,620	83,657
Basic Earnings per Share (Rupees)	7.38	11.06	9.65	7.95	2.75	6.27

SIGNIFICANT RATIOS AND STATISTICS

	2005	2006	2007	2008	2009	2010
Liquidity & Leverage Ratios						
-Current Ratios	2.37	2.33	2.58	3.23	3.73	3.69
-Quick Ratios	0.82	0.90	0.98	1.42	1.02	0.90
-Liability as a % of Total Assets	32.79	36.30	35.47	28.63	24.26	23.84
-Debt Equity Ratio	6.94	9.91	13.87	8.92	4.96	3.59
-Interest Cover Ratio (Times)	18.64	31.23	14.21	16.76	3.87	13.14
Equity Ratios						
-Break up Value per Share (Rs)	34.35	39.64	46.78	52.73	54.19	57.74
-Dividend as a % of Capital	15.00	25.00	20.00	12.50	15.00	25.00
-Dividend Yield Ratio/ Cost of Equity (%)	4.25	4.29	3.00	2.12	5.36	8.62
-Dividend per Share (Rs)	1.50	2.50	2.00	1.25	1.50	2.50
-Bonus Shares per 100 shares	15.00	-	-	-	-	-
Profitability Ratios						
-Gross Profit (%)	24.00	26.22	24.64	21.55	12.05	19.39
-Operating Profit(%)	17.00	21.86	19.41	15.91	6.93	12.53
-Profit before Tax(%)	19.00	19.48	16.87	13.80	4.83	10.74
-Profit after Tax (%)	12.00	12.72	11.07	8.59	3.34	6.06
-Return on Capital Employed(%)	37.00	42.70	31.44	24.23	7.33	19.27
-Earnings per Share (Rs)	7.38	11.06	9.65	7.95	2.75	6.27
-Price Earning Ratio(Times)	4.16	5.27	6.84	7.42	10.20	4.63
-Dividend Payout Ratio (%)	20.34	22.61	20.72	15.72	54.62	39.85
-Dividend Cover (Times)	2.82	4.42	4.82	6.36	1.83	2.51
-Capital Turnover (Times)	1.98	2.19	1.86	1.76	1.52	1.79
-Return on Assets (%)	16.60	17.78	13.31	10.76	3.84	8.28
Turnover/Efficiency Ratios						
-Inventory Turnover Ratio(Times)	2.83	2.76	2.39	2.71	2.64	2.63
-Debtor Turnover Ratio(Times)	9.42	13.84	10.54	11.60	11.46	12.95
-Fixed Assets Turnover Ratio(Times)	4.60	4.83	3.29	3.29	2.67	3.45
Plant Capacity						
Plant Capacity Utilisation (%)	194	296	126	122	71	98
Share Performance						
-Year end Market Price per Share	35.10	58.25	66.00	59.00	28.00	29.00
-High Price during the Year	35.30	73.50	76.00	96.40	59.00	40.95
-Low Price during the Year	27.00	34.50	52.20	58.80	24.71	23.50

PROXY FORM

I/We _____
of _____ (Full address)
being a member (s) of Baluchistan Wheels Limited and holding _____ Ordinary Shares
as per Share Register Folio No. _____
or CDC Participant I.D. No. _____ and Sub A/c. No. _____
hereby appoint Mr./Mrs./Miss _____ Folio No. _____
of _____ (Full address)
failing Mr./Mrs./Miss _____ Folio No. _____
of _____ (Full address)
another member of the Company to vote for me/us and on my/our behalf at the Annual General Meeting of the
Company to be held on October 23, 2010 and at any adjournment thereof.

As witness my/our hand this _____ day of _____ 2010

Signature of Member(s)

Please affix
Rs. 5/- Revenue
Stamp

Witness: _____

Name: _____

CNIC No: _____

Address: _____

Witness: _____

Name: _____

CNIC No: _____

Address: _____

1. A member entitled to attend and vote at the Annual General Meeting of the Company is entitled to appoint another member as his/her proxy to attend and vote instead of his/her. No person shall act as proxy (except for a Corporation) unless he/she is entitled to be present and vote in his/her own right.
2. The instrument appointing a proxy should be signed by the member(s) or by his/her attorney duly authorized, in writing, or if the member is a Corporation/Company either under the common seal, or under the hand of an officer or attorney so authorised.
3. This Proxy Form duly completed must be deposited at the Head Office of the Company, 1st Floor, State Life Building # 3, Dr. Ziauddin Ahmed Road, Karachi not less than 48 hours before the time of holding the meeting.

FOR CDC ACCOUNT HOLDERS/CORPORATE ENTITIES

CDC Shareholders and their proxies must each attach an attested photo copy of their National Identity Card or Passport with this proxy form.

The Proxy Form shall be witnessed by two persons whose names, addresses and NIC number shall be mentioned on the form.

In case of Corporate Entity, the Board of Directors Resolution/Power of Attorney with specimen signature shall be submitted (unless it has been provided earlier) alongwith proxy form to the Company.

Baluchistan Wheels Limited

