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BELA AUTOMOTIVES LIMITED

BAL

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED

30TH JUNE 2009

CONTENTS

Corporate Information 2

Mission Statement 3

Vision Statement 4

Notice of Meeting 5

Director's Report 6

Statement of Compliance with the Code of Corporate Governance 10

Statement of Ethics and Business Practices 13

Review Report on Statement of Compliance 14

Auditors' Report 15

Balance Sheet 17

Profit & Loss Account 19

Cash Flow Statement 20

Statement of Changes in Equity 21

Notes to the Accounts 22

Pattern of Shareholding 39

Form of Proxy .....

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Abdul Mateen Allahwala
Mr. Imran Mateen
Mr. Anwar Iqbal
Mr. Omer Mateen Allahwala
Mrs. Nelofer Mateen
Mrs. Farnaz Anwar
Mrs. Moniza Imran

CHIEF EXECUTIVE

Mr. Abdul Mateen Allahwala

COMPANY SECRETARY

Mr. Omer Mateen Allahwala

AUDIT COMMITTEE

Mr. Omer Mateen Allahwala (Chairman)
Mr. Anwar Iqbal (Member)
Mr. Imran Mateen (Member)

AUDITORS

M/s. Kabani Saeed Kamran Patel & Co.
(Chartered Accountants)

REGISTRAR

M/s Gangjee Registrar Services (Pvt.) Ltd.
513, Clifton Centre, Khayaban-e-Roomi, Block-5, Clifton, Karachi.

BANKERS

Atlas Bank Limited
Allied Bank of Pakistan Limited
Bank Alfalah Limited
MyBank Limited
MCB Bank Limited
National Bank of Pakistan Limited
NIB Bank Limited
Standard Chartered Bank Limited
Habib Bank Limited

REGISTERED OFFICE

Plot No. 1 & 3, Mouza Pathra, Hub Chowki, Balouchistan.

FACTORY

Plot No. 1 & 3, Mouza Pathra, Hub Chowki, Balouchistan.

MISSION STATEMENT

Bela Automotives Limited will be instrumental in providing benefit to all, whether directly or indirectly.

CUSTOMERS

Consistent prime quality products for various construction needs to be provided to the customers with efficiency in cost, time and effort.

SHAREHOLDERS

Provide a fair return on investment, not only in short term, but reinvest for long term benefits, as well. Keep shareholders updated on the progress and operations of the Company, take feedback and advice from them.

EMPLOYEES

Provide an environment, which satisfies the hierarchy of needs. Develop them as efficient professionals and good human beings. Special emphasis to be laid for developing entrepreneurial skills.

INDUSTRY

Act as catalyst to change for improvement and efficiency of the industrial base of the country.

VENDORS

Help to develop expertise among local vendors of technologies for which the country depends on imports.

VISION STATEMENT

To be the leader of Auto Parts Manufacturer for the OEM industry and to generate sales to the total satisfaction of customers in a safe and caring work environment for our employees. While ensuring a fair return to our shareholders and being a responsible corporate citizen.

BELA AUTOMOTIVES LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 26th Annual General Meeting of **"Bela Automotives Limited"** will be held on Thursday, December 31, 2009, at 9:30 a.m. at Plot No. 1 & 3, Mouza Pathra, Hub Chowki, Balouchistan to transact the following business:

1. To read and confirm the minutes of the 25th Annual General Meeting of the Shareholders of the company, held on Friday, October 31, 2008.

2. To receive and adopt the audited accounts of the Company for the year ended 30th June 2009, together with the Director's and Auditor's Report thereon.

3. To appoint auditors of the Company and to fix their remuneration. The present Auditors M/s. Kabani Saeed Kamran Patel & Co., Chartered Accountants, retire and being eligible, offer themselves for reappointment as auditors of the Company.

4. To transact any other business with the permission of the Chair.

By order of the Board

Omer Mateen Allawala
Director and Company Secretary

Karachi: December 10, 2009

Notes:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend instead of him / her.

2. Proxies must be deposited with the Company not later than 48 hours before the time of holding the meeting.

3. Share Transfer Book of the Company will remain closed from December 25, 2009 to December 31, 2009 (Both days inclusive)

4. Shareholders are requested to notify immediately, any change in their registered address to the Registered Office.

DIRECTOR'S REPORT TO THE SHAREHOLDERS

I welcome you to the 26th Annual General Meeting of shareholders of the Company to present you the Annual Report together with the Audited Accounts for the year ended June 30, 2009.

The economic conditions , poor law and order and regularly occurring were not very helpful in the year ending June 30, 2009. The year under review has not been a good one for the Engineering Sector of Pakistan as well the ever increasing financial cost fuel , electricity, gas and other input costs combining with law and order situation created an atmosphere not at all helpful to the economy.

The sales have dipped this year by under 41.58% as large quantity of imports were done, at reduced duty tariffs and illegal channels affecting adversely the engineering manufacture industry. Government policies were also import favouring. To solve this problem and avoid such problems in future, the company was busy in developing some new items and new customer to more broaden customer and product base. This would eventually results in radical improvement of sales, performance, profitability and the interests of the company over a longer time- frame, starting from next year.

FINANCIAL RESULTS:

The financial results of the Company are reproduced below:

	2009 **Rupees**	2008 Rupees
Turnover	**41,664,491**	71,323,679
Gross Profit	**9,066,253**	13,203,281
Profit for the year before tax	**554,365**	4,639,145
Provision for taxation	**-**	356,618
Accumulated Losses C/F to Balance Sheet	**16,972,691**	21,477,633
Earning per Share	**0.10**	0.74

CAUSES OF PREVIOUS YEARS' LOSS:

PROBLEMS WITH HABIB BANK LIMITED

HBL liability includes large amounts that are unlawful and fictitious capitalization markup on markup, penal markup and markup on excise duty. The company has filed suit before Honorable High Court of Sindh against HBL vide Suit No. B-90 dated September 5, 2001 for Accounts, injunction, declaration & damages for Rs 599.214 Million. For the reasons cited above, the Management is confident of a favorable outcome.

FUTURE PROSPECTS

BAL has established and maintained a Customer Satisfaction Plan for customers. This plan is executed with an overall objective to achieve total satisfaction as per BAL Quality Policy. The objective of achieving customer satisfaction is being specially monitored through work instruction No. BAL-Q15, which is a part of ISO 9001-2000.

In order to improve the Company's position, we are pleased to inform our valuable share holders that the Company has extended its contracts for the supply of Motorcycle Gears Shafts and other precision parts on a regular basis with Atlas Honda for the assembling of their Motorcycles, with Millat Tractors for Massey Ferguson Tractors and Dawood Yamaha for Yamaha Motorcycle. This would result in substantial increase in Sales, which would contribute to improved performance of the Company in future years.

Our Company Sales decreased to Rs 41.664 Million, which comes to a decrease of about than 41.58% as compared to the previous year, because low tariff imports and through unlawful channels . As you know that the main factors for growth of an industry is a healthy atmosphere etc. We are heading towards radical improvement, in our Company's performance by adjustment of our customer and sales base.

The management has carefully considered the audit report. Financial charges on Demand Finance and Short Term Running Finance were not provided for since the company has filed suit before Honorable High Court of Sindh against HBL vide Suit No. B-90 dated September 5, 2001 for Accounts, injunction, declaration & damages for Rs 599.214 Million and the Directors are confident of a favorable outcome. The Company entered into contracts for the supply of Motorcycle Gears Shafts etc. on a regular basis with Atlas Honda for the assembling of their Honda Motorcycles and Millat Tractors, Dawood Yamaha, Sanpak, Thal Engineering, Pak Suzuki etc for supply of auto parts. The plant has not been fully utilized due to lack of adequate Working Capital and due to previous heavy financial charges. However, the situation is temporary and the Directors of the Company will make every effort to overcome this situation in a short time. Due to the reasons stated above, Directors are confident that Company will produce very good results in foreseeable future.

It is projected that the entire accumulated loss will (Inshallah) be completely wiped out in the year ending June 2010.

The CEO of Atlas Honda Ltd presented Bela Automotives Ltd. with an Award. For hi-tech Forging components, at the 6th Auto Parts Manufacturers Seminar held at their Atlas Honda plant at Karachi.

The CEO of Pak Suzuki Motor Co. Ltd presented Bela Automotives Ltd. with an Award. For Mehran Revival Award in acknowledgment of significant contribution for the Revival of Suzuki Mehran.

AUDITORS' RESERVATION:

The auditors have qualified their report due to non-confirmation of loan balance as on 30th June 2009 from one financial institution. The balance confirmation letters were duly sent to financial institution. We understand that the financial institution did not confirm the balances because the cases were in litigation and appearing in the books of accounts of the Company allegedly claimed by Habib Bank Limited. Habib Bank Limited charged Markup on Markup, penal Markup, Markup as excise duty created and capitalized a new fictitious loan. Honourable High Court of Sindh has passed vide order dated 12th May 2004, that exact liability of M/s. Habib Bank Limited is to be verified from the Chartered Accountants.

The present auditors M/s. Kabani Saeed Kamran Patel & Co., Chartered Accountants, retire and being eligible offers themselves for reappointment.

ACKNOWLEDGMENT

Your Board of Directors commends the well-coordinated teamwork of labour, staff and management of the company, to bring the Company back in profit.

We thank our shareholders who have demonstrated confidence in the ability and dedication of the management.

We also thank our valued customers, our vendors and contractors for maintaining a long-term business relationship with the Company.

By Order of the Board

Mr. Abdul Mateen Allahwala
Chief Executive

Hub: December 8, 2009

FINANCIAL REVIEW OF EIGHT YEARS

(IN RUPEES)

	2009	2008	2007	2006	2005	2004	2003	2002
Turnover	**41,664,491**	71,323,679	54,561,884	76,161,207	77,604,678	60,365,356	30,427,891	24,377,545
Less: Govt. Levy & Commission	-	-	-	-	-	-	-	-
Sales (Net)	**41,664,491**	71,323,679	54,561,884	76,161,207	77,604,678	60,365,356	30,427,891	24,377,545
Gross Profit / (Loss)	**9,066,253**	13,203,262	8,877,388	10,563,252	14,854,932	12,189,028	5,144,457	(2,153,426)
Profit before Tax	**554,,365**	4,639,147	1,713,898	5,306,702	6,895,805	5,463,339	1,049,417	(4,630,255)
Profit after Tax	**554,,365**	4,282,529	1,441,089	4,925,896	6,507,782	5,161,512	897,278	(4,752,143)
Gross Assets Employed	**331,867,217**	323,126,965	314,022,422	315,771,356	308,457,206	240,918,992	234,282,617	(232,444,639)
Return on Equity %	**0.30**	2.29	0.79	2.72	3.69	4.37	0.79	(4.24)
Current Assets	**130,152,270**	119,425,496	111,154,225	109,921,663	99,288,202	89,860,786	84,674,126	79,588,560
Shareholders Equity	**187,428,171**	186,873,807	182,591,279	181,150,191	176,224,295	118,061,553	112,941,280	112,044,002
Long term debts & Deferred liabilities	**45;896,383**	48,913,416	45,516,022	46,191,945	48,028,385	43,274,597	42,586,583	42,417,723
Current Liabilities	**98,542,663**	87,339,740	85,915,121	88,429,221	84,204,526	79,582,842	78,754,755	77,982,914
Gross Profit Ratio	**22**	19	16	14	19	20	17	(9)
Net Profit Ratio	**1**	6	3	6	8	9	3	(19)
Debt/Equity Ratio	**0.24**	0.26	0.25	0.25	0.27	0.37	0.38	0.38
Current Ratio	**1.32**	1.37	1.29	1.24	1.18	1.13	1.08	1.02
Earning Per Share (EPS)	**0.10**	0.74	0.25	0.85	1.12	0.89	0.15	(0.82)

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the code of Corporate Governance contained in the Listing Regulations of Karachi, Lahore and Islamabad Stock Exchanges, for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

1. The Directors have confirmed that none of them is serving as a Director in more then ten listed Companies, including this Company.

2. All the resident Directors of the Company are registered as taxpayers and non of them has defaulted in payment of any loan dues to a banking Company, a DFI or NBFI or Stock Exchange.

3. No Causal vacancy occurred during the year.

4. The Company has prepared and adopted a 'Statement of Ethics and Business Practice', which has been signed by all Directors and employees of the Company.

5. The Company has developed a vision and mission statement.

6. All the powers of the Board have been duly exercised and decision on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer (CEO) and Director, have been taken by the Board.

7. The meetings of the board were presided over by the Chairman and, in his absence, by a Director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings along with agenda and working papers were circulated at least seven days before the meetings. The minutes of the meetings were approximately recorded and circulated.

8. These financial statements prepared by the management of the Company, fairly present its state of affairs, the results of its operation, cash flow and changes in equity.

9. The company has maintained proper books of accounts.

10. Appropriate accounting policies have been consistently applied, in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

11. International accounting standard, as applicable in Pakistan, has been followed in preparation of financial statements. Approved accounting standards comprised of such standards as notified under the provisions of the Companies Ordinance, 1984 and the directives issued by the Securities and Exchanges Commission of Pakistan.

12. The system of internal control is sound in design and has been effectively implemented and monitored. The process of monitoring internal controls will continue as an ongoing process with the objective further strengthen the controls and bring improvements in the system.

13. There are no significant doubts upon the Company's ability to continue as a going concern.

14. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

15. Details of significant improvements in the Company's operations during the current year and significant plans and decisions for the future are stated in the Director's Report on Page No. 6.

16. Key operating and financial data for last eight years is summarized on Page No. 9.

17. The pattern of shareholding and information regarding pattern of shareholding is attached separately.

18. No trade in the shares of the Company were carried out by CEO, CFO and Company Secretary and their spouses and minor children except those that have been duly reported as per the law.

19. The Company encourages representation of independent non-executive Directors on its Board of Directors. At present, the Board comprises of five non-executive Directors.

20. CEO and a Director before approval of the board duly endorsed the financial statements of the Company.

21. Directors, CEO, Company Secretary and their spouse and minor children have made no transactions of company's shares during the year.

22. The Director's Report for the year has been prepared in compliance with the requirements of the code and fully describes the salient matters required to be disclosed.

23. The Directors and CEO do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

24. The statutory auditors have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, 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 Institute of Chartered Accountants of Pakistan.

25. 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 regards.

26. The board has formed an audit committee. It comprises three members including Mr. Omer Mateen Allahwala Chairman and Mr. Anwar Iqbal and Mr. Imran Mateen.

27. CEO conducted orientation course for BOD during the year.

28. We confirm that all other material principles contained in the code have been complied with.

Chief Executive

Director

December 8, 2009

STATEMENT OF ETHICS AND BUSINESS PRACTICES

Bela Automotives Limited is one of the progressive organization in the local automotive industry capable of manufacture high quality parts. It is currently engaged in manufacturing automotive, precision Cold Forged and bicycle's parts and high tensile bolts, nuts stud, screw, gear shaft etc. We believe in and aspire for high standard of professionalism and ethics in all business transactions and practices.

CODE OF CONDUCT

Bela Automotives Limited commits itself to comply with all relevant professional, legal and ethical codes of conduct during the course of business dealings with all the Government agencies, financial institutions, debtors, creditors and shareholders etc.

QUALITY ASSURANCE

We produce durable ordinary automotive parts, which conform to the high international standards in quality. We continuously strive to adapt and implement the related technological advancement in our Company for improving quality and cost effectiveness.

PUBLIC RELATIONS

Bela Automotives Limited is an independent corporate enterprise. Our organization is free from any political, regional or other vested interests, which might be incompatible with its integrity, objectivity and independence. We do interact with other corporate concerns at the relevant business and industry forums.

ENVIRONMENTAL PROTECTION

The Company is well aware of its responsibility in environmental protection. We use all means to attain all necessary technology to ensure protection of the environment and nature.and well being of the people living in adjoining areas of our plant.

FINANCIAL REPORTING

Our policies with reference to accounting, finance and corporate matters are governed by prevalent corporate regulation, Companies Ordinance, 1984 and the Code of Corporate Governance. We comply with International Accounting Standards for the preparation of financial statement without any departure therefrom being adequately disclosed.

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 prepared by the Board of Directors of **Bela Automotives Limited** to comply with the Listing Regulation No. 35 of the Karachi Stock Exchange (Guarantee) Limited where the company is listed.

The responsibility for the compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to that 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 of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the company's personal 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 system 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 (xiiia) of listing regulations 35 (Previously Regulation No. 37) notified by The Karachi Stock Exchange (Gurantee) Limited vide circular KSE/N-269 dated January 19, 2009 requires the company to place before the board of directors for their consideration and approval 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.

KABANI SAEED KAMRAN PATEL & CO.
(Chartered Accountants)

Date: December 10, 2009
Lahore

BELA AUTOMOTIVES LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Bela Automotives Limited** as at **June 30, 2009** and the related profit and loss account, 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, except as stated below, 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 International Standards on Auditing 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:

An amount of Rs. 41,996,881/- being Demand Finance and Rs. 34,505,905/-, being Short Term Running Finance stand payable in the books of the company to Habib Bank Limited. The company has not provided financial charges on these Demand and Short Term Running Finances as these liabilities are disputed since long. The bank did not confirm the balances this time as well. The company and the bank have also lodged suits against each other as per details given in note No. 7 and 12.5 to the financial statements. Honorable Sindh High Court had ordered further investigation to be made by a recognized chartered accountants firm, before making its final orders, but no progress has been made by that firm. The legal advisor has also not responded, but we believe that there is no certainty in the litigation as to whether the company would suffer losses in the litigation or not.

Except for the effects on the Financial Statements of the matters stated in above paragraph we state that:-

(a) In our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;

(b) In our opinion:

(i) the balance sheet and profit & 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 accounts and are further in accordance with accounting policies consistently applied;

(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 explanation given to us, the balance sheet, profit and loss account, cash flow statement and the 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 June 30, 2009 and of the profit, its cash flows and changes in equity for the year then ended; and

(d) in our opinion no Zakat was deductible at source under the Zakat & Ushr Ordinance, 1980.

KABANI SAEED KAMRAN PATEL & CO.
(Chartered Accountants)
Muhammad Yousaf

Date: December 10, 2009
Lahore

BAL **BELA AUTOMOTIVES LIMITED**

Balance Sheet

As at June 30, 2009

	Note	2009 Rupees	2008 Rupees
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized Capital			
6,000,000 (2008: 6,000,000) Ordinary shares of Rupees 10/- each		60,000,000	60,000,000
Issued, subscribed and paid-up share capital	4	58,000,000	58,000,000
Capital Reserves	5	14,700,000	14,700,000
Accumulated (loss)		(16,972,691)	(21,477,633)
		55,727,309	51,222,367
Surplus on revaluation of fixed assets	6	131,700,864	135,651,440
		187,428,173	186,873,807
NON CURRENT LIABILITIES			
Long Term Finance	7	41,996,881	41,996,881
Liabilities against assets subject to finance lease	8	1,678,681	5,464,311
Deferred Liabilities	9	1,654,485	1,452,224
		45,330,047	48,913,416
CURRENT LIABILITIES			
Trade and other Payables	10	22,936,031	7,782,654
Accrued mark up on loans	11	37,140,574	37,140,574
Short term borrowings	12	34,903,684	38,359,212
Current Maturity of Lease Liability	8	4,128,712	3,700,680
Provision for taxation		-	356,620
		99,109,001	87,339,740
CONTINGENCIES AND COMMITMENTS	13	-	-
TOTAL EQUITY AND LIABILITIES		331,867,220	323,126,965

The annexed notes from 1 to 39 form an integral part of these financial statement.

Chief Executive **Director**

	Note	2009 Rupees	2008 Rupees
ASSETS			
NON- CURRENT ASSETS			
Property, Plant and Equipment	14	**199,326,507**	201,302,069
LONG TERM LOANS & ADVANCES	15	**1,682,958**	1,693,918
LONG TERM DEPOSITS & PREPAYMENTS	16	**705,482**	705,482
		201,714,947	203,701,469
CURRENT ASSETS			
Stores, spare parts and loose tools	17	**38,096,753**	35,755,371
Stock-in-trade	18	**49,989,266**	30,299,718
Trade debts	19	**10,182,067**	13,825,119
Loans and advances	20	**15,538,937**	17,919,014
Short term prepayments	21	**2,906,377**	3,530,603
Taxation-net	22	**6,249,328**	7,114,459
Other receivables		**6,632,145**	9,857,564
Cash & bank balances	23	**557,398**	1,123,648
		130,152,270	119,425,496
TOTAL ASSESTS		**331,867,220**	323,126,965

The annexed notes from 1 to 39 form an integral part of these financial statement.

Chief Executive

Director

BAL **BELA AUTOMOTIVES LIMITED**

Profit and Loss Account

For the year ended June 30, 2009

	Note	2009 Rupees	2008 Rupees
NET SALES	24	**41,664,491**	71,323,679
COST OF SALES	25	**(32,598,238)**	(58,120,418)
GROSS PROFIT		**9,066,253**	13,203,261
Administrative expenses	26	**(4,970,262)**	(4,261,097)
Selling and distribution cost	27	**(2,489,653)**	(2,352,713)
Other Operating expenses	28	**(220,682)**	(183,682)
		(7,680,597)	(6,797,492)
		1,385,656	6,405,769
Other Operating Income	29	**500,036**	237,567
		1,885,692	6,643,336
Finance cost	30	**(1,331,327)**	(2,004,191)
PROFIT BEFORE TAXATION		**554,365**	4,639,145
Taxation - Current	31	**-**	(356,618)
PROFIT AFTER TAXATION		**554,365**	4,282,527
EARNING PER SHARE	32	**0.10**	0.74

The annexed notes from 1 to 39 form an integral part of these financial statement.

Chief Executive

Director

Cash Flow Statement

For the year ended June 30, 2009

	Note	2009 Rupees	2008 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		**554,363**	4,639,145
Adjustments for non cash items:			
Depreciation		**6,396,460**	6,530,827
Financial Cost		**1,331,327**	2,004,191
Employee's Benefits		**464,766**	373,854
Loss/(Gain) on Sale of Property, Plant and Equipment		**(485,960)**	-
Operating profit before working capital changes		**8,260,956**	13,548,017
WORKING CAPITAL CHANGES			
(Increase) / Decrease in Current Assets:			
Stores Spares & Loose tools		**(2,341,382)**	(5,363,228)
Stock-in-trade		**(19,689,548)**	(3,830,314)
Trade Debts		**3,643,052**	(1,846,843)
Loans and Advances		**2,380,077**	8,014,252
Deposits and short term Prepayments		**624,226**	(2,705,017)
Taxation		**2,418,268**	3,401,081
Other Receivables		**(224,431)**	(3,085,932)
		(13,189,738)	(5,416,002)
Increase / (Decrease) in Current Liabilities:			
Trade and other payables		**15,153,377**	(44,635)
Due to Directors		**175,080**	1,229,108
Cash Generated from operations		**15,328,457**	1,184,473
Financial Cost Paid		**(1,331,327)**	(2,004,191)
Employees Benefit Paid		**(262,505)**	(82,905)
Long Term Loans & Advances		**10,960**	(214,738)
Income Tax Paid/Tax deducted at source		**(1,909,758)**	(3,284,813)
		(3,492,630)	(5,586,647)
Net Cash Flow Generated from Operating Activities		**6,907,044**	3,729,841
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditures		**(335,142)**	(1,208,322)
Capital work in progress		**(1,042,946)**	(4,337,038)
Proceeds from Sale of Property, Plant and Equipment		**893,000**	7,000,000
Net Cash Flow Generated from (used in) Investing Activities		**(485,088)**	1,454,640
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of Finance Lease		**(3,357,598)**	(5,212,865)
Net Cash (used in) Financing Activities		**(3,357,598)**	(5,212,865)
Net changes in Cash and Cash equivalents during the year		**3,064,358**	(28,384)
Cash and Cash equivalents at the beginning of the year		**(2,506,960)**	(2,478,575)
Cash and Cash equivalents at the end of the year	33	**557,398**	(2,506,960)

The annexed notes from 1 to 39 form an integral part of these financial statement.

Chief Executive

Director

BAL **BELA AUTOMOTIVES LIMITED**

Statement of Changes in Equity

For the year ended June 30, 2009

	Share Capital Rupees	Capital Reserves Rupees	Accumulated (Loss) Rupees	Total Rupees
Balance as at June 30, 2007	58,000,000	14,700,000	(29,832,919)	42,867,081
Net Profit for the year ended June 30, 2008	-	-	4,282,527	4,282,527
Transferred from Surplus on Revaluation of fixed assets - current year	-	-	4,072,758	4,072,758
Balance as at June 30, 2008	58,000,000	14,700,000	(21,477,633)	51,222,367
Net Profit for the year ended June 30, 2009	-	-	554,365	554,365
Transferred from Surplus on Revaluation of Fixed assets - current year	-	-	3,950,576	3,950,576
Balance as at June 30, 2009	**58,000,000**	**14,700,000**	**(16,972,691)**	**55,727,308**

The annexed notes from 1 to 39 form an integral part of these financial statement.

Chief Executive

Director

method whereby depreciation is charged by applying rates (as stated in note 14) on the opening book value of the assets. Depreciation on addition is charged from the month in which the asset is put to use and on disposal up to the month of disposal at the rates stated in note 14.

No depreciation is charged if the asset's residual value exceeds its carry amount.

Residual values and the useful lives are reviewed at each balance sheet date and adjusted if expectations differ significantly from the previous estimates.

The management estimates that the financial impact of changes in the residual values and useful lives during the year ended June 30, 2009 is immaterial.

Residual value are determine by the management as the amount expects it would receive currently for the item of property, plant and equipment if it were already of the age and in the condition expected at the end of its useful life based on the prevailing market prices of similar assets already at the end of their useful life.

Useful lives are determined by the management based on expected usage of the assets, expected physical wear and tear, technical and commercial obsolescence and other similar factors.

c) **Surplus on Revaluation of Fixed Assets**

Surplus on Revaluation of Land, Building and Plant & Machinery is credited to the surplus of revaluation account. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of asset does not differ materially form the fair value. To the extent of the incremental depreciation charged on the revalued assets. The related surplus on revaluation of property Plant & Equipments is transferred directly to the appropriated profits/losses.

d) **Repair and maintenance**

Maintenance and normal repairs are charged to profit and loss account as and when incurred. Major renewals & improvements are capitalised and the assets so replaced, if any are retired.

e) **Gains and Losses on Deletion**

Gains and Losses on disposal of Fixed Assets are taken to profit & Loss account.

3.8) FINANCE LEASES

Assets subject to finance lease are stated at the lower of present value of minimum lease payments under the lease agreement and the fair value of the assets acquired on lease. Outstanding obligations under the lease less finance charges allocated to future periods are shown as a liability. Value of leased assets is depreciated on the useful life of the assets using the reducing balance method at the rate given in note . Depreciation on leased assets is charged to income.

3.9) STORES, SPARES AND LOOSE TOOLS

These are valued at cost on first - in -first out (FIFO) method, except for items in transit which are valued at actual cost.

3.10) STOCK-IN-HAND

Stocks are valued at lower of cost and net realisable value. Cost of work -in - process and finished goods includes cost of material and appropriate portion of production overhead. Net realisable value signifies the estimated selling price less expenses and taxes necessary to be incurred to make the sale.

3.11) TRADE DEBTS AND OTHER RECEIVABLES

Trade debts and other receivables are carried at original invoice amount less an estimate for doubtful receivables based on review of outstanding debts and accordingly provision is made against those receivables having no movement during the current financial year and is also considered doubtful by the management. Debts considered irrecoverable are written off when identified.

3.12) REVENUE RECOGNITION

Sales are recorded on despatch of goods to the customers.

3.13) FINANCIAL INSTRUMENTS

All financial assets and liabilities are recognised at the time when the company become a party to the contractual provision of the instruments. Consistent with prior year, all financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. Any gain and loss on the recognition and de-recognition of the financial assets and liabilities is included in the net profit and loss for the period in which arises.

3.14) IMPAIRMENTS

The carrying amount of the Company's fixed assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the assets recoverable amount is estimated and impairment losses are recognised in the profit and loss account.

3.15) BORROWING COST

Borrowing cost are recognized as an expense in the period in which they are incurred, except that those which are directly attributable to the acquisition,construction,production of a qualifying asset (i.e an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalized as part of the cost of that asset.

3.16) CASH AND CASH EQUIVALENTS

For the purpose of cash flow statement, cash and cash equivalents comprise of cash in hand and bank balance with banks on current and deposit accounts and short-term borrwings.

3.17) OFF-SETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial assets & liabilities are offset and the net amount is reported in the financial statements only when the company has a legally enforceable right to offset the recognized amounts and the company intends either to settle on a net basis or to realize the assets and settle the liability simultaneously.

3.18) FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the financial statements are measured using the currency of the primary economic environment in which the company operates. The financial statements are presented in Pakistani Rupees, Which is the company's functional and presentation currency.

4) ISSUED, SUBSCRIBED & PAID-UP SHARE CAPITAL

2009	2008		2009	2008
No of Shares			**Rupees**	Rupees
5,800,000	5,800,000	Ordinary shares of Rs. 10/- each fully paid in cash	**58,000,000**	58,000,000

5) CAPITAL RESERVES

Premium on issue of shares	**14,700,000**	14,700,000

6) SURPLUS ON REVALUATION OF FIXED ASSETS

Balance as on 1st July 2008	**135,651,440**	139,724,198
Surplus relating to incremental depreciation charged on related assets for the year	**(3,950,576)**	(4,072,758)
Balance as on June 30, 2009	**131,700,864**	135,651,440

The factory land, building and plant & machinery were revalued by M/s Harvester Services (Pvt) Ltd Karachi, a company of industrial valuation consultants, as at June 30, 1999 (on open market value basis) and accordingly such revaluation was incorporated in the books of accounts. Surplus on revaluation was determined by Anjum Asim Shahid & company Chartered Accountants, Karachi (appearing on State Bank of Pakistan's list of Chartered Accountants approved for the purpose of revaluation) in their report of July 6,2000. The factory land, building and plant & machinery were revalued by M/s Akbani Javed & Associates Karachi, a company of industrial valuation consultants, as at June 30, 2004 (on open market value basis) and accordingly such revaluation was incorporated in the book of accounts. Surplus on revaluation was determined by M/s Akbani Javed & Associates Karachi (approved valuers penal by Pakistan Banks Association for the purpose of revaluation) in their report of October 30, 2004.

7) LONG TERM FINANCING		2009 Rupees	2008 Rupees
Demand Finance - Secured	**7.1**	**41,996,881**	41,996,881

7.1) The loan is obtained from Habib Bank Limited for import of plant and machinery equivalent to US $ 1.150 million. It was converted into Pak. Rupee at the selling rate prevailing on the date on which it was converted into long term demand finance. The loan was rescheduled and under the new terms the document was retired for Rs. 24,853,812/-.
On company request the bank rescheduled the loan and under the new term repayment was to commence from March 1996 at the rate of Rs. 300,000/- per month. Again on company's request, the bank rescheduled the loan on April 14,1998 under which the repayment of installments was to commence from January 1999 at the rate of Rs. 700,000/- per month. The other term and conditions relating to this rescheduling are contained in the agreement dated above.

RATE OF MARK UP
The markup is payable @ 39 paisa per thousand per day.

SECURITY
The loan is secured against a fixed legal mortgage of land and a floating charge and hypothecation on all movable and immovable assets of the Company.

7.2) The company has filed suit before Honorable High Court of Sindh against Habib Bank Limited, vide suite No. B-90 dated September 5, 2001 for accounts, injunction, declaration & damages for Rs. 599.214 million. For the reason cited above the company has not provided markup on demand finance for the year ended June 30, 2009. The management is confident of a favorable outcome.

7.3) The Company has filed suit before the Honorable High Court of Sindh against Habib Bank Limited. The management is of the view that amount reflected in current maturity since 2000 is not required to be paid within next 12 months and has therefore been transferred to loan amount.

8) LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

The Company entered into lease agreements with various leasing companies and banks.
The rentals under these lease agreements are payable monthly during the period (2005-2011) and are subject to mark up rate ranging from 8.50% to 18% p.a. The Company intends to exercise its option to purchase the leased vehicles, generator, tools and machinery at its salvage value upon the completion of the respective lease period.

The amount of future minimum lease payments together with the present value of the minimum lease payments and the periods during which they fell due are as follows:

	2009		2008	
	Minimum Lease Payments	**Present value of minimum lease payments**	**Minimum Lease Payment**	**Present value of minimum lease payments**
Due later than one year	**5,102,256**	**4,128,712**	4,935,588	3,700,680
Due later than one year and not later than five years	**1,779,920**	**1,678,681**	6,205,789	5,464,311
Total Minimum lease payments	**6,882,176**	**5,807,393**	11,141,377	9,164,991
Less: Financial Charges allocated to future period	**(1,074,783)**	**-**	(1,976,386)	-
Present value of minimum lease payments	**5,807,393**	**5,807,393**	9,164,991	9,164,991
Less: Current maturity shown under current liabilities	**(4,128,712)**	**(4,128,712)**	(3,700,680)	(3,700,680)
	1,678,681	**1,678,681**	5,464,311	5,464,311

	Note	2009 Rupees	2008 Rupees
9) DEFERRED LIABILITIES			
Provision for Staff gratuity - unfunded	9.1	**1,654,485**	1,452,224
9.1 Provision for Staff gratuity			
Balance as at July 01, 2008		**1,452,224**	1,161,275
Less : Payments during the year		**262,505**	82,905
		1,189,719	1,078,370
Add : Provision for the year		**464,766**	373,854
Balance as at June 30, 2009		**1,654,485**	1,452,224
10) TRADE & OTHER PAYABLES			
Creditors		**11,846,107**	1,935,821
Accrued Liabilities		**4,902,646**	5,113,071
Other Payables		**6,187,278**	733,762
		22,936,031	7,782,654
11) ACCRUED MARKUP ON LOANS			
Accrued markup on demand finance		**24,497,087**	24,497,087
Accrued markup on running finance & borrowings		**12,643,487**	12,643,487
		37,140,574	37,140,574
12) SHORT TERM BORROWINGS			
Secured			
Running Finance - HBL	12.1	**28,009,991**	28,009,991
Finance under FIM - HBL	12.2	**607,264**	607,264
Finance Under IBP - HBL	12.3	**3,983,870**	3,983,870
Cash Finance - HBL	12.4	**1,904,780**	1,904,780
		34,505,905	34,505,905
Unsecured			
Due to Directors	12.5	**397,779**	222,699
Short Term Finance Under Bill Discounting	12.6	**-**	3,630,608
		397,779	3,853,307
		34,903,684	38,359,212

	2009 Rupees	2008 Rupees

12.1 The facility for running finance available from Habib bank limited of limit of Rs. 30 Million (2008: 30 Million). and carries mark-up @ 50 paisa per thousand per day.

SECURITY

The facility is secured against hypothecation of stocks, personal guarantees of Directors and equitable charges on property at Hub Industrial Area.

12.2 The finance facility for FIM available from Habib bank limited amounting to Rs. 2.5 million (2008: Rs 2.5 million). The rate of mark-up on the finance is @ 50 paisa per thousand per day.

SECURITY

The facility is secured against hypothecation of stocks in trade and stores and spares.

12.3 The finance facility for IBP available from Habib bank limited amounting to Rs. 2.5 million (2008: Rs 2.5 million). The rate of mark-up on the finance is @ 50 paisa per thousand per day.

SECURITY

The facility is secured against hypothecation of stocks in trade and stores and spares.

12.4 The finance facility for Cash Finance available from Habib bank limited amounting to Rs. 2.5 million (2008: Rs 2.5 million). The rate of mark-up on finance is @ 50 paisa per thousand per day.

SECURITY

The above facilities are secured by way of pledge of finished goods and mortgage of property at Hub Industrial Area.

12.5 The Company had filed suit before the Honorable High Court of Sindh against Habib Bank Limited, vide suit No. B-90 dated September 5, 2001 for accounts, injunction declaration & damages for Rs. 599.214 Million. For the reason cited above, the company has not provided markup on running finance and borrowings for the year ended June 30, 2009. The management is confident of a favorable outcome.

12.6 Khalid Majid Hussain Rahman, Chartered Accountants have also given their Report dated November 10, 2000 in which they have computed excess charges, compound markup, penal markup, excise duty etc. on loans referred in Note No. 7 & 12. According to their report bank has charged excess markup of Rs. 56.883 Million, uptill August 15, 2000.

12.7 The facility obtained from Atlas Bank Limited of Rs.9 million (2008 Rs 9 million) with mark up of 14% per annum.

13) CONTINGENCIES AND COMMITMENTS

Except for the note 12.5 and note 7, there were no contingencies and commitments outstanding as at June 30, 2009.

14) PROPERTY, PLANT AND EQUIPMENT

Tangible fixed assets - note 14.1	**179,550,803**	186,019,161
Capital work-in-progress - note 14.4	**19,775,704**	15,282,908
	199,326,507	201,302,069

ACCOUNTS FOR THE YEAR ENDED JUNE 30, 2009

14.1) FIXED ASSETS

2009											
PARTICULARS	COST / REVALUATION				Rate	DEPRECIATION				Book Value as at June 30 2009 Rupees
	As at July 01 2008 Rupees	Addition (Deletion) Rupees	Adjust-ment	As at June 30 2009 Rupees		As at July 01 2008 Rupees	Adjust-ment	For the year Rupees	As at June 30 2009 Rupees	
LAND (freehold)	2,034,473			2,034,473						
Revaluation (30-06-95)	71,142			71,142						
Revaluation (30-06-99)	1,294,385			1,294,385						
Revaluation (30-06-04)	2,600,000			2,600,000						
	6,000,000			6,000,000		-		-	-	6,000,000
BUILDING	10,843,193	87,715		10,930,908						
Revaluation (30-06-95)	2,814,683			2,814,683						
Revaluation (30-06-99)	4,364,696			4,364,696						
Revaluation (30-06-04)	2,958,429			2,958,429						
	20,981,001	87,715		21,068,716	3	9,232,871		352,659	9,585,530	11,483,186
PLANT AND MACHINERY	60,454,761	-		60,454,761						
Revaluation (30-06-95)	146,630,617			146,630,617						
Revaluation (30-06-99)	32,439,057			32,439,057						
Revaluation (30-06-04)	46,096,531			46,096,531						
	285,620,966	-		285,620,966	3	140,787,516		4,345,015	145,132,531	140,488,435
OTHERS										
Electric Installation	1,668,800	-		1,668,800	10	1,351,465		31,728	1,383,193	285,607
Tools & Accessories	3,295,993	-		3,295,993	10	1,418,547		187,740	1,606,287	1,689,706
Office Equipment	1,506,989	16,900		1,523,889	10	628,492		89,157	717,649	806,240
Air Conditioners	360,036	-		360,036	10	189,497		17,052	206,549	153,487
Furniture & Fixture	1,309,918	25,000		1,334,918	10	607,868		72,571	680,439	654,479
Vehicles owned	1,928,962	45,000		1,973,962	20	1,716,622		51,468	1,768,090	205,872
	10,070,698	86,900		10,157,598		5,912,491		449,716	6,362,207	3,795,391
LEASE ASSETS										
Generator	1,212,000	-		1,212,000	3	139,021		32,184	171,205	1,040,795
Tools	2,100,000	-		2,100,000	10	722,196		137,784	859,980	1,240,020
Machinery	13,447,212	160,527		13,607,739	3	579,921		386,418	966,339	12,641,400
Vehicles	6,641,600	(1,195,000)		5,446,600	20	2,680,300	(787,960)	692,684	2,585,024	2,861,576
	-			-				-		-
	23,400,812	(1,034,473)	-	22,366,339		4,121,438	(787,960)	1,249,070	4,582,548	17,783,791
Rupees June 2009	**346,073,477**	**335,142**		**345,213,619**		**160,054,316**	**(787,960)**	**6,396,460**	**165,662,816**	**179,550,803**
		(1,195,000)								

The Company has fully discharged its lease liability as at June 30, 2009. However, due to non-availability of the transfer letter from the lessor to till date, the company still show these assets as leased assets.

ACCOUNTS FOR THE YEAR ENDED JUNE 30, 2008

FIXED ASSETS

2008											
PARTICULARS	COST / REVALUATION				Rate	DEPRECIATION				Book Value as at June 30 2008 Rupees
	As at July 01 2007 Rupees	Addition (Deletion) Rupees	Adjust-ment	As at June 30 2008 Rupees		As at July 01 2007 Rupees	Adjust-ment	For the year Rupees	As at June 30 2008 Rupees	
LAND (freehold)	2,034,473			2,034,473						
Revaluation (30-06-95)	71,142			71,142						
Revaluation (30-06-99)	1,294,385			1,294,385						
Revaluation (30-06-04)	2,600,000			2,600,000						
	6,000,000			6,000,000		-		-	-	6,000,000
BUILDING	10,572,918	270,275		10,843,193						
Revaluation (30-06-95)	2,814,683			2,814,683						
Revaluation (30-06-99)	4,364,696			4,364,696						
Revaluation (30-06-04)	2,958,429			2,958,429						
	20,710,726	270,275		20,981,001	3	8,877,187		355,684	9,232,871	11,748,130
PLANT AND MACHINERY	59,873,924	580,837		60,454,761						
Revaluation (30-06-95)	146,630,617			146,630,617						
Revaluation (30-06-99)	32,439,057			32,439,057						
Revaluation (30-06-04)	46,096,531			46,096,531						
	285,040,129	580,837		285,620,966	3	136,314,917		4,472,599	140,787,516	144,833,450
OTHERS										
Electric Installation	1,666,750	2,050		1,668,800	10	1,316,209		35,256	1,351,465	317,335
Tools & Accessories	3,285,323	10,670		3,295,993	10	1,210,533		208,014	1,418,547	1,877,446
Office Equipment	1,211,889	295,100		1,506,989	10	552,838		75,654	628,492	878,497
Air Conditioners	360,036	-		360,036	10	170,549		18,948	189,497	170,539
Furniture & Fixture	1,125,618	184,300		1,309,918	10	546,177		61,691	607,868	702,050
Vehicles owned	1,890,462	38,500		1,928,962	20	1,671,562		45,060	1,716,622	212,340
	9,540,078	530,620		10,070,698		5,467,868		444,623	5,912,491	4,158,207
LEASE ASSETS										
Generator	1,212,000	-		1,212,000	3	105,841		33,180	139,021	1,072,979
Tools	2,100,000	-		2,100,000	10	569,100		153,096	722,196	1,377,804
Machinery	5,188,947	8,258,265		13,447,212	3	416,091		163,830	579,921	12,867,291
Vehicles	6,199,000	442,600		6,641,600	20	1,772,485		907,815	2,680,300	3,961,300
	-	-		-				-	-	-
	14,699,947	8,700,865	-	23,400,812		2,863,517		1,257,921	4,121,438	19,279,374
RUPEES June 2008	**335,990,880**	**10,082,597**		**346,073,477**		**153,523,489**		**6,530,827**	**160,054,316**	**186,019,161**

The Company has fully discharged its lease liability as at June 30, 2008. However, due to non-availability of the transfer letter from the lessor to till date, the company still show these assets as leased assets.

		2009 Rupees	2008 Rupees

14.2) DETAILS OF PROPERTY, PLANT AND EQUIPMENT DISPOSALS

The details of property, plant and equipment disposals, having net book value in excess of Rs. 50,000 are as follows.

Particulars	Cost	Book Value	Sale price	Mode of Disposal	Particulars
Suzuki Mehran	350,000	101,308	158,000	Negotiation	Quamber Raza
Honda City	845,000	305,732	735,000	Negotiation	Muhammad Aslam Khan

14.3) The depreciation charged for the year has been allocated as follows;

Manufacturing expenses	25.2	**5,436,991**	5,551,203
Administrative expenses	26	**639,646**	653,083
Selling expenses	27	**319,823**	326,541
		6,396,460	6,530,827

14.4) CAPITAL WORK-IN-PROGRESS

The following is a statement of Capital work-in-progress:

	Cost as at July 1, 2008	Capital expenditure inccurred during the year	Transfer to tangible fixed assets	Cost as at June 30, 2009
Plant and Machinery	15,282,908	4,492,796	-	19,775,704
Civil Works and Buildings	-	-	-	-
June 2009	**15,282,908**	**4,492,796**	-	**19,775,704**
June 2008	18,216,145	4,337,038	7,270,275	15,282,908

15) LONG TERM LOAN AND ADVANCES

Loan to employees - Secured		**1,810,558**	1,811,918
Less: Current portion shown under current assets	20	**(127,600)**	(118,000)
		1,682,958	1,693,918

15.1) Interest free loans to employees are provided by company. These are repayable in a lump sum or by way of monthly installment over a period of three to five years. The company uses extreme discretion to provide loan to employees on Non-Interest to help employees.
This loan amount does not include any amount given as loan to directors or chief executive.

15.2) Reconciliation of carrying amount of loans to employees:

	Opening balance as at July 01, 2008	Disbursements during the year	Repayments during the year	Closing balance as at June 30, 2009
Loan to employ				
June 2009	**1,811,918**	**119,580**	**120,940**	**1,810,558**
June 2008	1,603,501	290,500	82,083	1,811,918

16) LONG TERM DEPOSITS AND PREPAYMENTS

Security Deposits	**705,482**	705,482

			2009 Rupees	2008 Rupees
17)	**STORES, SPARES PARTS AND LOOSE TOOLS**			
	Consumable stores		**16,803,658**	15,987,683
	Spares		**16,746,813**	15,997,863
	Loose tools		**4,546,282**	3,769,825
			38,096,753	35,755,371
18)	**STOCK IN TRADE**			
	Raw materials and components		**13,024,917**	7,659,246
	Work-in-process		**17,985,674**	9,654,798
	Finished goods		**18,978,675**	12,985,674
			49,989,266	30,299,718
19)	**TRADE DEBTS** - Unsecured		**10,182,067**	13,825,119
	Trade debts are considered good, hence, no provision has been made for doubtful debts.			
20)	**LOANS AND ADVANCES**			
	Current portion of loans to employees	15	**127,600**	118,000
	Advance to Suppliers - considered goods		**15,411,337**	17,801,014
			15,538,937	17,919,014
21)	**SHORT TERM PREPAYMENTS**			
	Prepayments		**2,906,377**	3,530,603
22)	**TAXATION**			
	Advance taxation			
	Opening balance		**7,114,461**	4,409,442
	Add:			
	Deucted at source		**1,909,758**	2,716,079
	Less:			
	Receipts/Adjusted		**2,774,891**	11,060
	Closing Balance		**6,249,328**	7,114,461
23)	**CASH AND BANK BALANCES**			
	Cash in hand		**198,700**	198,963
	Cash at banks - current accounts		**358,698**	924,685
			557,398	1,123,648
24)	**NET SALES**			
	Gross sales		49,505,244	84,544,828
	Less:			
	Sales Tax		**(6,769,948)**	(10,932,521)
	F. Excise		**(423,122)**	(728,835)
	Sales return, discount and commissions		**(647,684)**	(1,559,793)
			41,664,491	71,323,679

		2009 Rupees	2008 Rupees
25) COST OF SALES			
Raw materials consumed	25.1	**23,649,177**	29,008,431
Manufacturing expenses	25.2	**19,631,863**	24,567,382
		43,281,040	53,575,813
WORK-IN-PROCESS			
Opening work in process		**9,654,798**	7,982,895
Closing work in process		**(17,985,674)**	(9,654,798)
		(8,330,876)	(1,671,903)
COST OF GOODS MANUFACTURED		**34,950,164**	51,903,910
FINISHED GOODS			
Opening finished goods		**12,985,674**	11,324,135
Cost of finished goods purchased during the year		**3,641,076**	7,878,047
Closing finished goods		**(18,978,675)**	(12,985,674)
		(2,351,925)	6,216,508
		32,598,238	58,120,418

25.1) RAW MATERIAL CONSUMED

Opening inventory		**7,659,246**	7,162,374
Purchases		**29,014,848**	29,505,303
Closing inventory		**(13,024,917)**	(7,659,246)
		23,649,177	29,008,431

25.2) MANUFACTURING EXPENSES

Stores & spares consumed		**2,373,874**	5,376,138
Salaries, wages & benefits	25-2.1	**3,344,930**	3,534,739
Fuel, power and water		**4,690,791**	5,112,572
Conveyance, freight & octroi		**1,047,747**	1,026,963
Repair & maintenance		**682,934**	1,125,820
Processing charges		**1,589,482**	2,184,924
Postage, telephone & telegram		**85,593**	95,312
Worker's welfare expenses		**170,049**	174,311
Godown charges		**125,097**	178,979
Traveling expenses		**66,498**	136,623
Insurance charges		**17,877**	69,797
Depreciation	14.3	**5,436,991**	5,551,203
		19,631,864	24,567,381

25.2-1) Salaries wages and other benefits include Rs. 288,306 (2008: Rs 223,949) in respect of staff retirement benefits.

		2009 Rupees	2008 Rupees
26) ADMINISTRATIVE EXPENSES			
Salaries and benefits	26.1	**1,046,701**	858,355
Postage, telephone and telegram		**194,034**	244,451
Electricity and Gas expenses		**85,001**	144,265
Printing and stationary		**164,095**	180,915
Professional and maintenance fee		**125,912**	263,370
Repair and maintenance		**43,202**	85,546
Conveyance and travelling		**25,784**	97,747
Directors remuneration		**2,215,680**	1,068,000
Insurance expenses		**171,368**	160,820
Books, periodical, fee and subscription		**5,934**	3,587
Advertisements		**32,958**	40,224
Office expenses		**14,484**	32,472
Vehicle running expense		**76,261**	104,634
Rent rate and taxes		**129,202**	323,628
Depreciation	14.3	**639,646**	653,083
		4,970,262	4,261,097

26.1) Salaries wages and other benefits include Rs. 94,835 (2008: Rs 81,625) in respect of staff retirement benefits.

27) DISTRIBUTION COST			
Salaries and benefits	27.1	**1,303,343**	1,051,308
Distribution expenses		**252,423**	519,101
Conveyance & travelling		**222,108**	197,828
Vehicle running expense		**368,050**	209,510
Telephone expenses		**23,906**	48,425
Depreciation	14.3	**319,823**	326,541
		2,489,653	2,352,713

27.1) Salaries wages and other benefits include Rs. 81,625 (2008: Rs 68,280) in respect of staff retirement benefits

28) OTHER OPERATING EXPENSES		
Registrar Fee	**37,000**	-
Auditor's remuneration		
Audit Fee	**75,000**	70,000
Out of pocket expenses	**108,682**	113,682
	220,682	183,682
29) OTHER OPERATING INCOME		
Income from non financial assets		
Processing charges	**14,076**	237,567
Profit on vehicle sales	**485,960**	-
	500,036	237,567

		2009 Rupees	2008 Rupees
30)	**FINANCE COST**		
	Markup on Bill Discounting	**237,846**	503,458
	Markup on Finance Lease	**1,011,853**	1,112,252
	Markup on Short Term Finance	**-**	288,649
	Bank charges & commission	**81,629**	99,832
		1,331,327	2,004,191

31) TAXATION

Current

Due to brought forward of losses available from previous years there is a taxable loss in the current year due to which taxation for the current year has not been made. Income tax assessment of the company have been finalized upto tax year 2007.However, the commissioner of income tax may, at any time during a period of five years from the date of filling of return, select the deemed assessment order for audit.

Deferred

As require by IAS-12 "Income Taxes", the Company does not recognize deferred tax assets because it is probable that taxable profit for the foreseeable future will not be available against which these assets could be utilized.

32)	**EARNINGS PER SHARE**		
	Basic earning per share		
	Profit after taxation	**554,365**	4,282,528
	Ordinary share holders		
	Weighted average number of outstanding ordinary shares	**5,800,000**	5,800,000
	Earnings per share	**0.10**	0.74

Diluted earnings per share

There is no dilution effect on the basic earnings per share of the Company as the Company has no such commitments.

33)	**CASH AND CASH EQUIVALENTS**		
	Cash and bank balances	**557,398**	1,123,648
	Short term finance under bill discounting	**-**	(3,630,608)
		557,398	(2,506,960)

34) REMUNERATION OF CHIEF EXECUTIVE AND DIRECTORS

The aggregate amount charged in these accounts for the year for remuneration, including certain benefits to the Chief Executive, Directors and Executives of the company is as follows:

	2009			2008		
	Chief Executive	Directors	Total	Chief Executive	Directors	Total
Managerial remuneration	672,000	878,976	1,550,976	336,000	411,600	747,600
Perquisites and benefits	288,000	376,704	664,704	144,000	176,400	320,400
Rupees	960,000	1,255,680	2,215,680	480,000	588,000	1,068,000
No. of Persons	1	2	3	1	2	3

35) PRODUCTION CAPACITY

The production capacity of the plant can not be determined as this depends upon the relative proportion of various type of bolts and nuts produced.

36) FINANCIAL INSTRUMENTS

36.1 Interest rate exposures

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. Management believes that enterprise is not exposed to interest rate risk.

	AS AT JUNE 30, 2009				
	INTEREST BEARING		NON INTEREST BEARING		
	Maturity with in one year	Maturity after one year	Maturity with in one	Maturity after one year	Total
FINANCIAL ASSETS					
Trade debtors	-	-	10,182,067	-	10,182,067
Loan and Advances	-	-	15,538,937	-	15,538,937
Short term prepayments	-	-	2,906,377	-	2,906,377
Other recievables	-	-	6,632,145	-	6,632,145
Cash & bank balances	-	-	557,398	-	557,398
	-	-	35,816,925	-	35,816,924
FINANCIAL LIABILITIES					
Demand finance		41,996,881			41,996,881
Liabilities Against Assets Subject to Finance Lease	4,128,712	1,678,681	-	-	5,807,393
Short term finance	-	34,505,905	-	-	34,505,905
Short term bill discounting	-	-	-	-	-
Trade and other payable	-	-	22,936,031	-	22,936,031
Accrued liabilities	-	-	37,140,574	-	37,140,574
	4,128,712	78,181,467	60,076,605	-	142,386,784

			2009 Rupees		2008 Rupees
	AS AT JUNE 30, 2008				
	INTEREST BEARING		NON INTEREST BEARING		
	Maturity with in one year	Maturity after one year	Maturity with in one	Maturity after one year	Total
FINANCIALASSETS					
Trade debtors	-	-	**13,825,119**	-	**13,825,119**
Loan and Advances	-	-	**17,919,014**	-	**17,919,014**
Short term prepayments	-	-	**3,530,603**	-	**3,530,603**
Other recievables	-	-	**9,857,564**	-	**9,857,564**
Cash & bank balances	-	-	**1,123,648**	-	**1,123,648**
	-	-	**46,255,948**	-	**46,255,948**
FINANCIAL LIABILITIES					
Demand finance	-	41,996,881	-	-	**41,996,881**
Liabilities Against Assets Subject to Finance Lease	3,700,680	5,464,311	-	-	**9,164,991**
Short term finance	-	34,505,905	-	-	**34,505,905**
Short term bill discounting	3,630,608	-	-	-	**3,630,608**
Trade and other payable	-	-	7,782,654	-	**7,782,654**
Accrued liabilities	-	-	37,140,574	-	**37,140,574**
	7,331,288	**81,967,097**	**44,923,228**	-	**134,221,613**

36.2) OFF BALANCE SHEET ITEMS

Letter of Credits	**2,906,377**	3,530,603

The effective interest/mark-up rates as at June 30, 2009 for financial instruments are as follows;

Short term borrowing	14%	14%

36.3) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge its obligation and causes the other party to a financial loss. Management adopt a prudent credit policy so management believe that credit risk is minimal.

36.4) Fair Value of Financial Instruments

The carrying value of the all financial instrument reflected in the financial statements approximates their fair value

36.5) Liquidity Risk

Liquidity Risk is the risk that an enterprise will encounter difficulties in raising funds to meet commitments associated with financial instruments. The management belives that it is not exposed to any significant level of liquidity risk.
The management forecast the liquidity of the company on expected cash flows considering the level of liquid assets necessary to meet such risk. This involves monitoring balance sheet liquidity ratios against internal and external requlatory requirements and maintaining debt financing plans.
Significant balances of financial assets and liabilities shall mature within twelve months as evident from the information preseneted in the note 36.1.

36.6) Capital Risk Management

The company's objectives when managing capital are to safeguard the company's ability to continue as going concern in order to provide return for shareholders and benefit for other stake holders and to maintain an optimal capital structure to reduce the cost of capital. The company is currently financing its operations through equity and working capital.

37) CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison. Following figures have been re-arranged/reclassified.

Nature	Amount	Note	Previously Classified under	Reclassified under
Current assets	15,538,937	20	Loan, advances, prepayments and other receivabless	Loan and advances
Current assets	2,906,377	21	Loan, advances, prepayments and other receivabless	Short term prepayments
Current assets	6,249,328	22	Loan, advances, prepayments and other receivabless	Taxation
Current assets	6,632,145		Loan, advances, prepayments and other receivabless	Other receivables

38) DATE OF AUTHORISATION

These financial statements were authorized for issue on December 10, 2009 by the board of directors of the company.

39) GENERAL

Figures have been rounded off to the nearest rupees.

Chief Executive

Director

BAL **BELA AUTOMOTIVES LIMITED**

Pattern of Holding of Share Held by the Shareholder

For the year ended June 30, 2009

Number of Share Holders	Share Holding From	To	Total Shares Held
52	1	100	5,200
5030	101	500	2,508,100
12	501	1000	12,000
20	1001	5000	56,000
7	5001	10000	65,300
7	10001	15000	84,100
5	15001	20000	97,000
1	20001	25000	24,500
1	45001	50000	47,800
2	70001	75000	142,800
2	235001	240000	476,000
1	475001	480000	476,000
1	545001	550000	547,400
1	1255001	1260000	1,257,800
5,142			**5,800,000**

Categories of Share Holders	Number	Shares Held	Percentage
Individuals	5,141	5,775,500	99.58
Joint Stock Company	1	24,500	0.42
Totals	**5,142**	**5,800,000**	**100**

PROXY FORM

The Secretary
Bela Automotives Limited
Plot # 1 & 3, Mouza Pathra,
Hub Chowki, Balouchistan

I / We _____

of _____

being a member of Bela Automotives Limited, Karachi and holder of _____

ordinary shares as per R.F. No. _____ hereby appoint _____

_____ of _____

or failing him / her _____

of _____

as my proxy to attend and vote for me and on my behalf at the Annual General Meeting of the Company to be held on Thursday December 31, 2009 at 9:30 a.m. at Plot No. 1 & 3, Mouza Pathra, Hub Chowki, Balouchistan and at any adjournment thereof.

As witness my hand this _____ day of _____ 2009

Signed by the said _____

Please affix Rs. 5/- Revenue Stamp

To be signed over Revenue Stamp

IMPORTANT:

a) This form of proxy duly completed must be received at the Registered Office of the Company, at Plot No. 1 & 3, Mouza Pathra, Hub Chowki, Balouchistan, not later than 48 hours before the time of holding the meeting.

b) A proxy shall also be a shareholder of the Company.