



A view

Baluchistan Wheels Limited



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.



Vision

Mission





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 Best Practices of Code of Corporate Governance
23	Auditors' Report
24	Balance Sheet
25	Profit and Loss Account
26	Cash Flow Statement
27	Statement of Changes in Equity
28	Notes to the Financial Statements
55	Six Years at a Glance
	Form of Proxy



Table of Contents

BOARD OF DIRECTORS

Mr. Muhammad Siddique Misri
Mr. Razak H.M.Bengali
Mr. Muhammad Irfan Ghani
Mr. Syed Haroon Rashid
Mr. Syed Zubair Ahmed
Mr. Muhammad Javed
Mr. Irfan Ahmed Qureshi

Chairman
Chief Executive
Chief Operating Officer
Director (Nominee - NIT)
Director (Nominee - NIT)
Director
Director

COMPANY SECRETARY

Mr.Irfan Ahmed Qureshi

BOARD AUDIT COMMITTEE

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

MANAGEMENT COMMITTEE

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

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

BOARD HUMAN RESOURCES AND COMPENSATION COMMITTEE

Mr.Muhammad Siddique Misri
Mr.Razak H.M.Bengali
Mr.Muhammad Irfan Ghani
Mr.Arshad Ali Siddiqui

Chairman
Chief Executive (Member)
Chief Operating Officer (Member)
Dy. General Manager HR(Secretary)



Corporate Information



Mr. Muhammad Siddique Misri
Chairman

RELATED PARTIES

Staff Retirement Funds

BANKERS

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

LEGAL ADVISOR

Mohsin Tayebaly & Company
(Advocates)



Mr. Razzak H. M. Bengali
Chief Executive

EXTERNAL AUDITORS AND TAX CONSULTANTS

Ford Rhodes Sidat Hyder & Co.
(Chartered Accountants)

INTERNAL AUDITOR

Mr. Muhammed Asad Saeed
(Chief Internal Auditor)

SHARE REGISTRAR

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



Mr. Muhammad Irfan Ghani
Chief Operating Officer



Mr. Muhammad Javed
Director

HEAD OFFICE

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

FACTORY AND REGISTERED OFFICE

Main RCD Highway, Hub Chowki,
Lasbella, Baluchistan.
Telephone # (0853) 302496, 302498
Fax # (0853) 303035



Mr. Syed Zubair Ahmed
Director (Nominee - NIT)



Mr. Syed Haroon Rashid
Director (Nominee - NIT)



Mr. Irfan Ahmed Qureshi
Director

Notice is hereby given that the Twenty eighth 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 25, 2008 at 11:30 am. to transact the following business:-

1. To confirm the minutes of the 27th Annual General Meeting, held on October 27, 2007
2. To receive consider and adopt the Audited Accounts for the year ended June 30, 2008 together with the Directors' and Auditors' reports thereon.
3. To approve the payment of Cash dividend. The Board of Directors has recommended payment of cash dividend @ 12.5% i.e. Rs.1.25 per share of Rs.10/- each for the year ended June 30, 2008.
4. To appoint Auditors for the year 2008-2009 and to fix their remuneration. The present Auditors, M/s. Ford Rhodes Sidat Hyder & Co. Chartered Accountants, retire and being eligible, offer themselves for reappointment. The Board of Directors has recommended appointment of M/s. Ford Rhodes Sidat Hyder & Co, Chartered Accountants as Auditors for the year 2008-2009.

SPECIAL BUSINESS

5. To consider and if deemed fit pass the following special resolution:
"Resolved that the Authorised Capital of the Company be and is hereby increased from 150,000,000 (Rupees One hundred fifty million only) to 250,000,000 (Rupees Two hundred fifty million only) by creation of 10,000,000 new shares of Rs. 10/- each"

"Further resolved that the Memorandum & Articles of Association of the Company be and is hereby allowed to be altered by substituting the figures and words of Rs. 150,000,000 (Rupees One hundred fifty million) divided into 15,000,000 Ordinary shares of Rs. 10/- each appearing in clause V of the Memorandum of Association and Article 3 of the Articles of Association of the company with the words and figures Rs. 250,000,000 (Rupees Two hundred fifty million) divided into 25,000,000 ordinary shares of Rs. 10/- each by creation of 10,000,000 ordinary shares of Rs. 10/- each".

"Further resolved that Mr. Razak H.M. Bengali, Chief Executive and Mr. Irfan Ahmed Qureshi Director / Company Secretary be and are authorised, to give effect to the resolutions as mentioned above and to do or cause to be done all acts, deeds, and things that may be necessary or required for the increase in the Authorized Capital of the Company."

A statement under section 160(1) (b) of the Companies Ordinance, 1984 pertaining to the Special Business referred to above is annexed to this Notice of meeting.

6. To consider any other Business with the permission of the Chair.

BY ORDER OF THE BOARD

Irfan Ahmed Qureshi
Company Secretary

September 01, 2008

Notice Of The Meeting

NOTES:

1. The Share Transfer Books of the Company will remain closed from October 18, 2008 to October 25, 2008 (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, in 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 # 2429632-35, 2401634
Fax # 2420015
5. CDC Account holders will further have to follow the guidelines as laid down in Circular 1 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 original 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 10:30 a.m. (Members are requested to bring their CNIC at the time of attending meeting.)

STATEMENT UNDER SECTION 160(1) (B) OF THE COMPANIES ORDINANCE, 1984, REGARDING SPECIAL BUSINESS:

The present authorized share capital of the Company is Rs. 150,000,000. It is proposed to increase the authorized capital to Rs. 250,000,000 in order to facilitate further issue of shares as and when deemed necessary.

Notice Of The Meeting



Mr. Muhammad Siddique Misri
Chairman

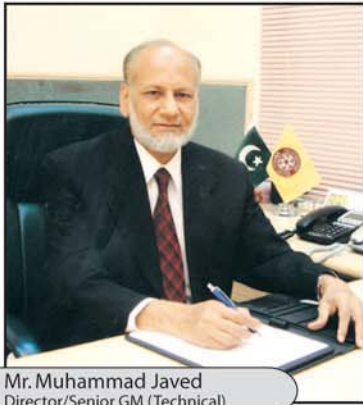


Mr. Razak H. M. Bengali
Chief Executive

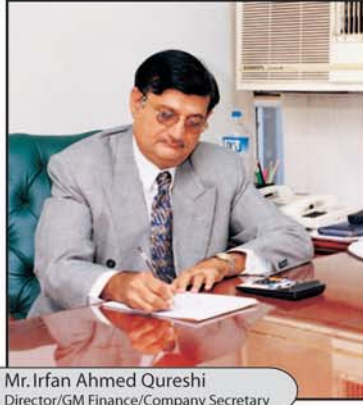


Mr. Muhammad Irfan Ghani
Chief Operating Officer

Management Team



Mr. Muhammad Javed
Director/Senior GM (Technical)



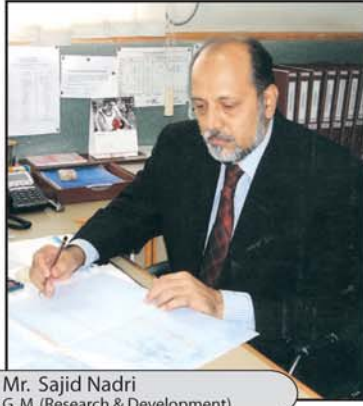
Mr. Irfan Ahmed Qureshi
Director/GM Finance/Company Secretary



Mr. Shaikh Muhammad Iqbal
General Manager (Sales)



Mr. Badruddin A. Ali
General Manager (Supply & Services)



Mr. Sajid Nadri
G. M. (Research & Development)



Mr. Yasin Younus Ladha
Dy. General Manager (Finance)



Mr. Arshad Ali Siddiqui
Dy. General Manager (Human Resources)



Mr. Abdul Aziz Vakil
Dy. General Manager Coordination

Your Directors are pleased to present Annual Accounts for the year ended June 30, 2008.

OPERATIONAL PERFORMANCE

This year your Company had overall consolidated revenue of Rs. 1.23 billion. The Car wheels sale was Rs. 776 million as compared to Rs. 798 million in the previous year. The Truck / Bus wheels sale was Rs. 114 million as compared to Rs. 126 million in the previous year. The Tractors wheel sales has improved to Rs. 277 million as compared to Rs. 185 million in the previous year. Similarly, the exports were Rs. 32 million as compared to Rs. 21 million in the previous year.

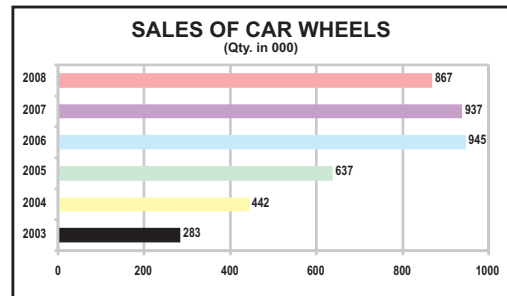
FINANCIAL PERFORMANCE

The gross profit was Rs. 266 million as compared to Rs. 287 million of the previous year. The profit after taxation was Rs. 106 million as compared to Rs. 129 million of the previous year. The year under review saw the oil prices jumping from US \$ 67 per barrel to US\$ 140 per barrel resulting in steep rise of industrial energy input cost which resulted in increase in the prices of steel and other inputs leading to decrease of gross profit from Rs. 287 million to Rs. 266 million and in terms of percentage the gross profit to sales has decreased by 3%. Besides this, it had the effect on many other elements of costs too e.g depreciation, salaries, wages etc. The Company continued its policy to exercise better cost controls and material management. There is a drop in Car Sales by 9% from 180,834 units to 164,650 units, but your Car wheels sales is down by 3% only.

The comparative financial results for the year 2008 as against 2007 are as follows:



	2008	2007
	(Rupees in '000')	
Sales	1,234,731	1,162,860
Gross Profit	266,143	286,509
Profit before Tax	170,383	196,129
Profit after Tax	106,012	128,716
Earning per Share (Rs.)	7.95	9.65



Directors' Report

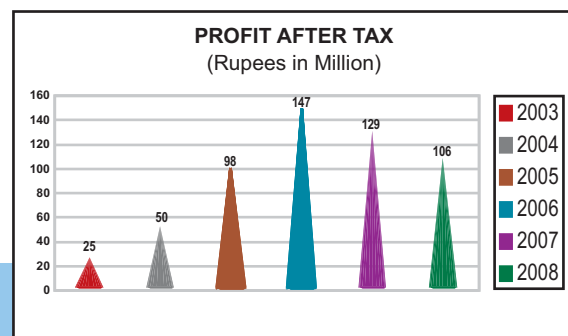
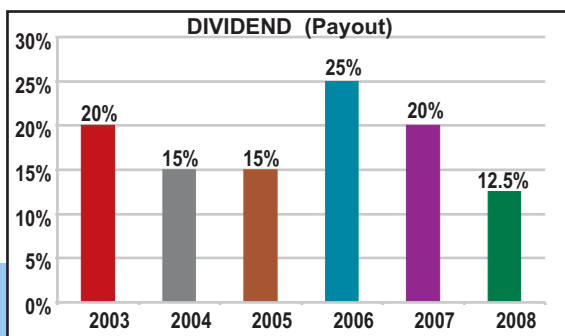
PROPOSED DIVIDEND

The Board of Directors have proposed a final cash dividend for the year ended June 30, 2008 Rs. 1.25 per share (2007:Rs. 2.00 per share) amounting to Rs. 16.668 million (2007:Rs.26.668 million) at the meeting held on September 01, 2008, for approval of members at the Annual General Meeting to be held on October 25, 2008.

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 home and abroad to update their professional and technical skills. This year also officers from technical & administrative side attended seminars & courses at various institutions to upgrade their skills. Direct and indirect rewards to the workforce like Worker-of-the-Month Award, Haj Scheme, Special Health Allocation and many other such benefits are in place. The labour laws are strictly followed.



SAFETY, HEALTH & ENVIRONMENT

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

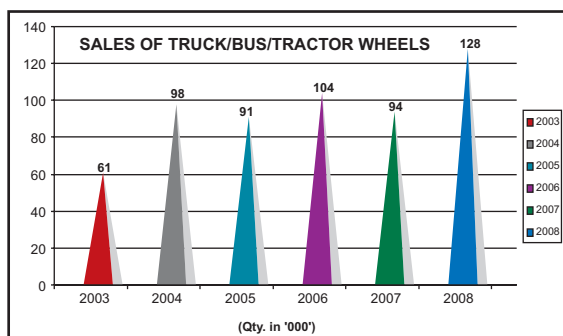
Apart from this, healthy activities of sports are encouraged, and we have a cricket as well as a football team. Every measure is being taken to preserve nature and to maintain clean environment at workplaces.

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 very important vending industry for the auto assemblers. During the period under review, your company contributed to national exchequer by paying sales tax, income tax, federal excise duty and other indirect taxes to the tune of Rs. 238 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 statements, 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. 29 to the annexed audited accounts.

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

Executive Provident Fund	Rs. 48 million
Non-Executive Provident Fund	Rs. 16 million
Gratuity Fund	Rs. 28 million

Based on audited accounts as at June 30, 2007.

k. During the year 04 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	04
Mr. Razak H.M. Bengali	04
Mr. Muhammad Irfan Ghani	04
Syed Zubair Ahmed	04
Syed Haroon Rashid	03
Mr. Muhammad Javed	04
Mr. Irfan Ahmed Qureshi	04

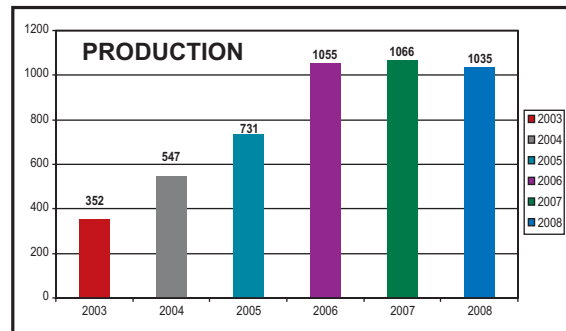


l. The pattern of shareholding is annexed.

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

No. of Shares Purchased

- Mr. Razak H.M. Bengali (Director) 68,100
- Mrs. Kausar Irfan (W/o Mr. Muhammad Irfan Ghani) 2,200



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, 2008 have been complied with. A statement to this effect is annexed with the report.

FUTURE OUTLOOK

The increase in oil prices have badly affected the economies of oil importing countries and Pakistan is no exception. As a result all the major economic indicators of Pakistan were below their targets like GDP grew only by 5.8% as compared to 7.2% originally targeted. Agriculture growth was 1.5% as compared 4.8% originally targeted. This resulted in the shortage of food items like wheat, sugar edible oils etc. Over-all manufacturing activity has recorded a modest growth of 5.4% as against 8.2% last year. The Govt of Pakistan did not transfer the increase in oil prices to the consumers in the last quarter of 2007-08 and when it started the transfer of oil prices the effect trickled to 2008-09 and now we are faced with inflation, weakening of Pak rupee against major currencies like US \$, Euro, Yen, etc, interest rate hike, not the least in the budget of 2008-09 a levy of 5% federal excise duty, 1% additional GST, increase in Car prices by Car assemblers due to increase in Steel prices and weak rupee against Dollar, slow down in Car financing due to interest rate hike has resulted in sharp decline of Cars demand and as result of this the car sales declined to 5,669 units in July 2008, as against 11,655 units in the corresponding month of last year, other segments of Truck / Bus LCV are also not encouraging and it is very difficult to predict the future trend. However, it is hoped that soon economy will stabilize and things will start recovering.



NBP AND RELATED MATTERS

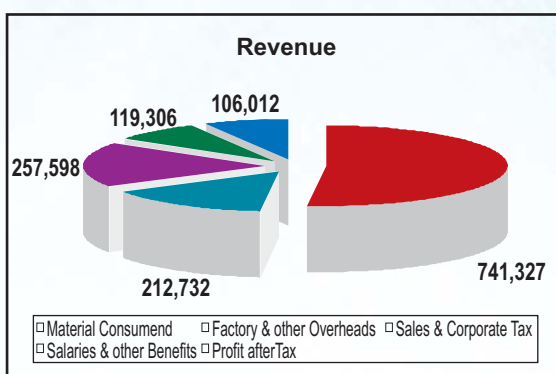
NBP suit for recovery against the company (BWL) and Privatization Commission (PC) for payment amounting to Rs. 91.25 million it has paid to PC, which the company does not acknowledge as briefly explained at Note No. 21.1(ii) in the financial statements for the year ended June 30, 2008, is still pending before the High Court of Sindh for hearing although fixed on several occasions but could not be heard since the court was busy with other matters and the management & its Legal Counsel are hopeful that the ultimate outcome of the matter will be in Company's favour.



AUDITORS

The Audit Committee has recommended to appoint M/s. Ford Rhodes Sidat Hyder & Co., Chartered Accountants, for re-appointment at the time of Annual General Meeting (AGM).

The present Auditors, M/s. Ford Rhodes Sidat Hyder & Co., 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 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. 7.95 (2007: Rs. 9.65).

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 1, 2008

PATTERN OF SHAREHOLDING

"FORM 34"

AS AT JUNE 30, 2008

NO. OF SHAREHOLDERS	FROM	RANGE	TO	NO. OF SHARES
573	1	-	100	27,084
575	101	-	500	152,488
104	501	-	1000	73,610
105	1001	-	5000	193,819
8	5001	-	10000	54,682
3	10001	-	15000	33,062
2	15001	-	20000	35,750
5	20001	-	25000	116,091
1	30001	-	35000	31,650
2	35001	-	40000	73,925
2	45001	-	50000	99,450
1	110001	-	115000	115,000
1	120001	-	125000	121,900
1	130001	-	135000	134,500
1	145001	-	150000	146,300
1	190001	-	195000	191,618
2	260001	-	265000	527,062
1	275001	-	280000	277,150
1	285001	-	290000	287,500
1	340001	-	345000	341,693
1	365001	-	370000	368,897
1	375001	-	380000	376,165
1	435001	-	440000	437,201
1	655001	-	660000	656,000
1	905001	-	910000	907,350
1	1245001	-	1250000	1,249,000
1	1280001	-	1285000	1,282,825
1	1590001	-	1595000	1,592,160
1	1640001	-	1645000	1,640,058
1	1790001	-	1795000	1,790,260
1,400				13,334,250

SHAREHOLDERS CATEGORY	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES HELD	PERCENTAGE
INDIVIDUALS	1,356	7,293,332	54.70
JOINT STOCK COMPANIES	25	1,796,492	13.47
FINANCIAL INSTITUTION	9	3,235,178	24.26
INSURANCE COMPANIES	2	348,293	2.61
INVESTMENT COMPANIES	5	4,553	0.03
CHARITABLE INSTITUTION	1	172	0.00
LEASING COMPANY	1	656,000	4.92
UNLISTED PUBLIC COMPANY	1	230	0.00
	1,400	13,334,250	100.00

PATTERN OF SHAREHOLDING - BREAKUP AS AT JUNE 30,2008

CATEGORIES OF SHAREHOLDERS	NO. OF SHAREHOLDERS	SHARES HELD	PERCENT %
RELATED PARTIES	-	-	-
NIT AND ICP	2	3,573,911	26.80%
1 M/S. NATIONAL BANK OF PAKISTAN, TRUSTEE DEPTT.		3,232,218	
2 M/S. STATE LIFE INSURANCE CORP. OF PAKISTAN		341,693	
DIRECTORS, CEO & THEIR SPOUSE AND MINOR -CHILDREN	8	5,031,658	37.73%
1 MR. MUHAMMAD SIDDIQUE MISRI		1,790,260	
2 MRS. MEHTAB BIBI		437,201	
3 MR. RAZZAK H.M. BENGALI		907,350	
4 MRS. GUL BANO		277,150	
5 MR. MUHAMMAD IRFAN GHANI		1,249,000	
6 MRS. KAUSAR IRFAN		368,897	
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	14,113	0.11%
1 M/S. ROYAL BANK OF SCOTLAND		1,638	
2 M/S. BANK OF SCOTLAND		718	
3 M/S. MORGAN STANLEY BANK LUXEMBOURG		1,322	
4 M/S. PRUDENTIAL INVESTMENT BANK LIMITED		575	
5 M/S. RS HOLDINGS (PRIVATE) LIMITED		300	
6 M/S. BANKERS TRUST COMPANY		86	
7 M/S. MORGAN STANLEY TRUST COMPANY		718	
8 M/S. CROSBY SECURITIES PTE LTD.		833	
9 M/S. SOMERS NOMINEES (FAR EAST) LTD.		590	
10 M/S. NATIONAL DEV. FINANCE CORP. INVESTERS		438	
11 M/S. IDBP (ICP UNIT)		30	
12 M/S. HABIB BANK AG ZURICH, DEIRA DUBAI		265	
13 M/S. EFU LIFE ASSURANCE LTD		6,600	
Bal. C/F	23	8,619,682	64.64%

Bal. B/F	23	8,619,682	64.64%
SHAREHOLDERS HOLDING TEN PERCENT OR MORE - VOTING INTEREST IN THE COMPANY	-	-	-
INDIVIDUALS	1,349	2,261,674	16.96%
OTHERS	28	2,452,894	18.40%
1 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. ISLAMABAD STOCK EXCHANGE (G) LIMITED		230	
8 M/S. AZIZ FIDAHUSEIN & COMPANY (PVT) LTD.		50	
9 M/S. JAN MOHD. A.LATIF NINI & SONS (PVT) LTD		50	
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. DARSON SECURITIES (PRIVATE) LIMITED		5	
15 M/S. PASHA SECURITIES (PVT) LTD (015-006)		100	
16 M/S. AZEE SECURITIES (PRIVATE) LIMITED		1,725	
17 M/S. DJM SECURITIES (PRIVATE) LIMITED		36,550	
18 M/S. MARS SECURITIES (PRIVATE) LIMITED		700	
19 M/S. B & B SECURITIES (PRIVATE) LIMITED		3,000	
20 M/S. CDC - TRUSTEE UTP ISLAMIC FUND		146,300	
21 M/S. DARSON SECURITIES (PVT) LIMITED		3,000	
22 M/S. AWJ SECURITIES (SMC-PRIVATE) LIMITED.		187	
23 M/S. MUHAMMAD AHMED NADEEM SECURITIES (SMC-P)		287	
24 M/S. MSMANIAR FINANCIALS (PVT) LTD.		345	
25 M/S. CDC - TRUSTEE JS PENSION SAVINGS FUND -		18,500	
26 M/S. LOADS LIMITED		230	
27 M/S. SECURITY LEASING CORPORATION LIMITED		656,000	
28 M/S. TRUSTEES ARVABAI&FAKHRUDDIN MEMORIAL FD		172	
TOTAL ***	1,400	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.37 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.
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 BOD is in the process of arranging orientation courses 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. The Board had outsourced the internal audit function to M/S. Anjum Asim Shahid Rehman & Co. Chartered Accountants. With effect from November 01, 2006, the Board has approved bringing in house Internal Audit function, and approved the appointment, terms and conditions of the employment of the Chief Internal Auditor.
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. 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 will be conducted during the current year.

MUHAMMAD SIDDIQUE MISRI
Chairman

RAZAK H. M. BENGALI
Chief Executive

Karachi: September 01, 2008

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 01, 2008

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 June 30, 2008 prepared by the Board of Directors of **Baluchistan Wheels Limited** (the Company) to comply with the Listing Regulation No. 37 of the Karachi Stock Exchange 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 inquires of the Company's 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 have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

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, effective for the year ended June 30, 2008.

KARACHI: September 01, 2008

FORD RHODES SIDAT HYDER & CO.
CHARTERED ACCOUNTANTS

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **BALUCHISTAN WHEELS LIMITED** as at **June 30, 2008** 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 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 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 explanations given to us, the balance sheet, profit and loss account, 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 June 30, 2008 and of the profit, 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.

KARACHI: September 01, 2008

FORD RHODES SIDAT HYDER & CO.
CHARTERED ACCOUNTANTS

BALANCE SHEET

AS AT JUNE 30, 2008

<u>ASSETS</u>	Note	2008 (Rupees in thousand)	2007
NON CURRENT ASSETS			
Property, plant and equipment	3	374,795	353,235
Long-term investments	4	747	770
Long-term loans and advances	5	2,391	1,411
Long-term deposits	6	3,418	2,346
		<u>381,351</u>	<u>357,762</u>
CURRENT ASSETS			
Stores, spare parts and loose tools	7	63,456	58,656
Stock-in-trade	8	275,420	318,348
Trade debts	9	98,689	114,277
Loans and advances	10	35,526	42,135
Trade deposits and short-term prepayments	11	1,708	4,808
Investments	12	76,815	1,709
Bank balances	13	52,205	68,985
		<u>603,819</u>	<u>608,918</u>
TOTAL ASSETS		<u><u>985,170</u></u>	<u><u>966,680</u></u>
<u>EQUITY AND LIABILITIES</u>			
SHARE CAPITAL AND RESERVES			
Share capital	14	133,343	133,343
Reserves	15	569,786	490,465
		<u>703,129</u>	<u>623,808</u>
NON CURRENT LIABILITIES			
Long-term financing	16	43,872	61,420
Liabilities against assets subject to finance lease	17	-	3,325
Long-term deposits	18	444	428
Deferred liabilities	19	50,994	41,952
		<u>95,310</u>	<u>107,125</u>
CURRENT LIABILITIES			
Trade and other payables	20	144,084	200,675
Accrued mark-up		89	216
Current portion of:			
- long-term financing	16	17,549	17,549
- liabilities against assets subject to finance lease	17	3,325	13,207
- long-term deposits		64	8
Taxation - net		21,620	4,092
		<u>186,731</u>	<u>235,747</u>
CONTINGENCIES AND COMMITMENTS	21		
TOTAL EQUITY AND LIABILITIES		<u><u>985,170</u></u>	<u><u>966,680</u></u>

The annexed notes from 1 to 41 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, 2008

	Note	2008 (Rupees in thousand)	2007
Sales - net	22	1,234,731	1,162,860
Cost of sales	23	(968,588)	(876,351)
Gross profit		266,143	286,509
Distribution costs	24	(25,876)	(18,797)
Administrative expenses	25	(52,840)	(48,440)
		(78,716)	(67,237)
Other operating income	26	9,017	6,468
		196,444	225,740
Other operating expenses	27	(15,251)	(14,762)
Finance cost	28	(10,810)	(14,849)
		(26,061)	(29,611)
Profit before taxation		170,383	196,129
Taxation	29	(64,371)	(67,413)
Net profit for the year		106,012	128,716
Basic earnings per share (Rupees)	30	7.95	9.65

The annexed notes from 1 to 41 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, 2008

	Note	2008 (Rupees in thousand)	2007
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	32	148,393	209,268
Income tax paid		(37,612)	(80,767)
Finance cost paid		(10,937)	(15,342)
Employees' benefits paid		(4,463)	(2,453)
Long-term loans and advances - net		(980)	(700)
Long-term deposits -net		(1,144)	3,991
Net cash inflow from operating activities		<u>93,257</u>	<u>113,997</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(59,486)	(144,282)
Proceeds from sale of fixed assets		935	503
Profit received on deposit accounts		1,685	1,928
Dividend received		20	50
Net cash used in investing activities		<u>(56,846)</u>	<u>(141,801)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term financing		(17,549)	47,798
Repayment of liabilities against asset subject to finance lease		(9,134)	(15,536)
Dividend paid		(26,508)	(33,157)
Net cash used in financing activities		<u>(53,191)</u>	<u>(895)</u>
Net decrease in cash and cash equivalents		(16,780)	(28,699)
Cash and cash equivalents at the beginning of the year		68,985	97,684
Cash and cash equivalents at the end of the year	13	<u>52,205</u>	<u>68,985</u>

The annexed notes from 1 to 41 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, 2008

	Issued, subscribed and paid-up share capital	General reserves	Reserves		Total reserve	Total
			Unrealised gain/(loss) on revaluation of available- for-sale- investments	Unappr- opriated profit		
	(Rupees in thousand)					
Balance at June 30, 2006	133,343	160,000	820	234,415	395,235	528,578
Final dividend for the year ended June 30, 2006 @ Rs.2.50 per share	-	-	-	(33,336)	(33,336)	(33,336)
Unrealised loss on revaluation of available-for-sale investment	-	-	(150)	-	(150)	(150)
Net profit for the year	-	-	-	128,716	128,716	128,716
Balance at June 30, 2007	<u>133,343</u>	<u>160,000</u>	<u>670</u>	<u>329,795</u>	<u>490,465</u>	<u>623,808</u>
Final dividend for the year ended June 30, 2007 @ Rs.2.00 per share	-	-	-	(26,668)	(26,668)	(26,668)
Unrealised loss on revaluation of available-for-sale investment	-	-	(23)	-	(23)	(23)
Net profit for the year	-	-	-	106,012	106,012	106,012
Balance at June 30, 2008	<u>133,343</u>	<u>160,000</u>	<u>647</u>	<u>409,139</u>	<u>569,786</u>	<u>703,129</u>

The annexed notes from 1 to 41 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, 2008

1. THE COMPANY AND ITS OPERATIONS

Baluchistan Wheels Limited (the Company) was incorporated in Pakistan on June 16, 1980. The Company is engaged in manufacturing and marketing of automotive wheel rims for trucks, buses, tractors, cars and mini commercial vehicles. The Company is listed on the Karachi Stock Exchange. The registered office and factory of the Company is situated at Main RCD Highway, Hub Chowki, Lasbella, Baluchistan.

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 2.7 below and certain staff retirement benefits at present value.

2.3 Property, plant and equipment

Owned

Operating assets 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.

Gain or loss on disposal of property, plant and equipment is included in profit and loss account.

The carrying amounts of the Company's property, plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount is estimated and impairment loss is charged to 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. 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.

2.6 Investment property

Investment property is stated at fair value determined annually by an independent registered valuer. Fair value is based on current prices in an active market for similar property in the same location and condition. Any gain or loss arising from a change in fair value is taken to profit and loss account.

2.7 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.

2.8 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.

2.9 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.

2.10 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.

2.11 Loans, advances and other receivables

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

2.12 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.

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.

2.13 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.

2.14 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.

2.15 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.

2.16 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.

2.17 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.

2.18 Foreign currency translations

Transactions in foreign currencies are translated into Pak Rupees (functional 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.

2.19 Employees' 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, 2008 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.

2.20 Related party transactions

All transactions with related parties are based on the policy that all transactions between the Company and the related parties are carried out at arm's length. These prices are determined in accordance with the methods prescribed in the Companies Ordinance, 1984.

2.21 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.

Return on Defence Saving Certificates is recognised on a time proportion basis taking into account the effective yield on investment.

Profit on deposit accounts and other operating income are recognised on an accrual basis.

2.22 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 term deposit accounts with banks having maturities of three months or less.

2.23 Dividend and appropriations to reserves

Dividend and appropriations to reserves are recognized in the financial statements in the period in which these are approved.

2.24 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
Impairment / adjustment of inventories to their Net Realizable Value	2.8 & 7, 2.9 & 8
Recognition of taxation and deferred tax	2.12 & 19.1
Accounting for post employment benefits	2.19 & 20.1
Classification of investments	2.7

2.25 Accounting standards not yet effective

The following revised standards 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 interpretations:

Standard or interpretation	Effective date (accounting periods beginning on or after)
IAS 1 - Presentation of Financial Statements (Revised)	January 01, 2009
IAS 23 - Borrowing Costs (Revised)	January 01, 2009
IAS 27 - Consolidated and Separate Financial Statements (Revised)	January 01, 2009
IFRS 3 - Business Combinations	January 01, 2009
IFRS 7 - Financial Instruments: Disclosure	July 01, 2008
IFRS 8 - Operating Segments	January 01, 2009
IFRIC 12 - Service Concession Arrangements	January 01, 2009

Standard or interpretation

Effective date (accounting periods beginning on or after)

IFRIC 13 - Customer Loyalty Programs

July 01, 2008

IFRIC 14 - The Limit on Defined Benefit Asset, Minimum Funding Requirements and their Interactions

January 01, 2008

The Company expects that the adoption of the above standards and interpretations will have no material impact on the Company's financial statements in the period of initial application other than to the extent of certain changes or enhancements in the presentation and disclosure in the financial statements.

	Note	2008 (Rupees in thousand)	2007 (Rupees in thousand)
3. PROPERTY, PLANT AND EQUIPMENT			
Operating assets - owned	3.1	362,693	350,943
Capital work-in-progress	3.2	12,102	2,292
		<u>374,795</u>	<u>353,235</u>

3.1 Operating assets

	C O S T			Rate %	ACCUMULATED DEPRECIATION			BOOK VALUE	
	As at July 1, 2007	Additions/ (deletions)/ *transfer	As at June 30, 2008		As at July 1, 2007	Charge for the year	(Deletions)/ *transfers/ **impairment	As at June 30, 2008	As at June 30, 2008
	--- (Rupees in thousand) ---				----- (Rupees in thousand) -----				
Owned									
Land - freehold	2,559	-	2,559	-	-	-	-	-	2,559
Building on freehold land	70,958	1,914	72,872	5 & 10	26,893	2,275	-	29,168	43,704
Plant and machinery	612,620	44,165 *37,219	694,004	10 & 20	372,620	28,255	*10,064 **968	411,907	282,097
Electrical installations	28,320	-	28,320	10	11,489	1,683	-	13,172	15,148
Furniture and fittings	4,216	341	4,557	10	2,348	210	-	2,558	1,999
Office equipment	6,815	1,573 (33)	8,355	33	4,654	1,124	(23)	5,755	2,600
Computers	5,211	453 (52)	5,612	33	4,200	592	(1)	4,791	821
Vehicles	11,558	3,206 (1,678) *3,800	16,886	20	5,634	1,589	(1,266) *1,985	7,942	8,944
Library books	42	-	42	10	35	1	-	36	6
	<u>742,299</u>	<u>51,652</u> (1,763) *41,019	<u>833,207</u>		<u>427,873</u>	<u>35,729</u>	<u>(1,290)</u> *12,049 **968	<u>475,329</u>	<u>357,878</u>
Leased									
Plant and machinery	37,219	*(37,219)	-	10	8,667	1,397	*(10,064)	-	-
Vehicles	11,399	*(3,800)	7,599	20	3,434	1,335	*(1,985)	2,784	4,815
	<u>48,618</u>	<u>*(41,019)</u>	<u>7,599</u>		<u>12,101</u>	<u>2,732</u>	<u>*(12,049)</u>	<u>2,784</u>	<u>4,815</u>
2008	<u>790,917</u>	<u>51,652</u> (1,763)	<u>840,806</u>		<u>439,974</u>	<u>38,461</u>	<u>(1,290)</u> **968	<u>478,113</u>	<u>362,693</u>

	C O S T			Rate	ACCUMULATED DEPRECIATION			BOOK VALUE	
	As at July 1, 2006	Additions/ (deletions)/ *transfer	As at June 30, 2007		As at July 1, 2006	Charge for the year	(Deletions)/ *transfers/ **impairment	As at June 30, 2007	As at June 30, 2007
	--- (Rupees in thousand) ---			%	----- (Rupees in thousand) -----				
Owned									
Land - freehold	2,559	-	2,559	-	-	-	-	-	2,559
Building on freehold land	49,340	21,618	70,958	5 & 10	25,653	1,240	-	26,893	44,065
Plant and machinery	460,489	152,966 (835)	612,620	10 & 20	354,521	18,934	(835)	372,620	240,000
Electrical installations	12,089	16,231	28,320	10	11,006	483	-	11,489	16,831
Furniture and fittings	3,994	222	4,216	10	2,152	196	-	2,348	1,868
Office equipment	6,160	655	6,815	33	3,725	929	-	4,654	2,161
Computers	4,299	912	5,211	33	3,630	570	-	4,200	1,011
Vehicles	6,972	1,785 (395) *3,196	11,558	20	2,189	1,293	*2,219 (67)	5,634	5,924
Library books	42	-	42	10	34	1	-	35	7
	545,944	194,389 (1,230) *3,196	742,299		402,910	23,646	(902) *2,219	427,873	314,426
Leased									
Plant and machinery	37,219	-	37,219	10	5,495	3,172	-	8,667	28,552
Vehicles	14,595	*(3,196)	11,399	20	3,589	2,064	*(2,219)	3,434	7,965
	51,814	*(3,196)	48,618		9,084	5,236	*(2,219)	12,101	36,517
2007	597,758	194,389 (1,230)	790,917		411,994	28,882	(902)	439,974	350,943

Percentage Note 2008 2007
(Rupees in thousand)

3.1.1 Allocation of depreciation

Cost of sales	75	23	28,872	21,662
Distribution cost	5	24	1,918	1,444
Administrative expenses	20	25	7,671	5,776
			<u>38,461</u>	<u>28,882</u>

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) -----							
Suzuki Cultus	516	432	84	84	-	Company policy	Mr. Arshad Ali Siddiqui(Employee)
Suzuki Mehran	370	307	63	200	137	Tender	Syed Ahmed Ali
Suzuki Bolan	396	264	132	300	168	Tender	Syed Ahmed Ali
Suzuki Bolan	396	264	132	300	168	Tender	Syed Ahmed Ali
LG Split	33	23	10	10	-	Company policy	Shaikh Muhammad Iqbal(Employee)
Laptop Acer	52	2	50	41	(9)	Insurance claim	EFU Insurance Claim
2008	<u>1,763</u>	<u>1,292</u>	<u>471</u>	<u>935</u>	<u>464</u>		
2007	<u>1,230</u>	<u>902</u>	<u>328</u>	<u>503</u>	<u>175</u>		

2008 2007
(Rupees in thousand)

3.2 Capital work-in-progress

Civil works	<u>12,102</u>	<u>2,292</u>
-------------	---------------	--------------

	Note	2008 (Rupees in thousand)	2007
4. LONG-TERM INVESTMENTS			
Held-to-maturity - at amortised cost			
10 years' Defence Saving Certificates (face value Rs.350,000/-)		-	1,709
Available-for-sale - at fair value			
Quoted securities	4.1	747	770
		<u>747</u>	<u>2,479</u>
Less: Current maturity of held to maturity investment		-	1,709
		<u>747</u>	<u>770</u>
4.1 Represents 11,000 (2007: 10,000) 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		770	920
Loss on fair value adjustment		(23)	(150)
Balance at the end of the year		<u>747</u>	<u>770</u>
5. LONG-TERM LOANS AND ADVANCES - considered good			
Loans - secured	5.1	1,089	838
Advance to employees - unsecured		2,430	1,288
		<u>3,519</u>	<u>2,126</u>
Less: Current portion of:			
Loans	10	297	282
Advances	10	831	433
		<u>1,128</u>	<u>715</u>
		<u>2,391</u>	<u>1,411</u>
5.1 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.			
6. LONG-TERM DEPOSITS			
Security deposits against leased assets		-	760
Trade deposits		3,418	1,586
		<u>3,418</u>	<u>2,346</u>
7. STORES, SPARE PARTS AND LOOSE TOOLS			
Stores		6,697	7,109
Spare parts		70,295	57,437
Loose tools		1,821	2,159
		<u>78,813</u>	<u>66,705</u>
Less: Provision for slow moving:			
Stores		127	20
Spare parts		15,090	7,960
Loose tools		140	69
	7.1	<u>15,357</u>	<u>8,049</u>
		<u>63,456</u>	<u>58,656</u>

	Note	2008 (Rupees in thousand)	2007
7.1 Movement in provision is as follows:			
Balance at the beginning of the year		8,049	10,854
Charge during the year	23	7,308	-
Reversed during the year	23	-	(2,805)
Balance at the end of the year		<u>15,357</u>	<u>8,049</u>
8. STOCK-IN-TRADE			
Raw material and components		131,382	212,689
Work-in-process		85,618	62,620
Finished goods		32,389	25,137
Scrap stock		12,764	13,484
		<u>262,153</u>	<u>313,930</u>
Stock-in-transit		27,498	16,822
		<u>289,651</u>	<u>330,752</u>
Less: Provision for slow moving stock-in-trade	8.1	14,231	12,404
		<u>275,420</u>	<u>318,348</u>
8.1 Movement in provision is as follows:			
Balance at the beginning of the year		12,404	13,489
Charge during the year	23	1,827	12,404
Reversed during the year	23	-	(13,489)
Balance at the end of the year		<u>14,231</u>	<u>12,404</u>
9. TRADE DEBTS - unsecured			
Considered good		98,689	114,277
Considered doubtful		2,949	2,337
Less: Provision for doubtful debts	9.1	2,949	2,337
		-	-
		<u>98,689</u>	<u>114,277</u>
9.1 Movement in provision is as follows:			
Balance at the beginning of the year		2,337	211
Provision made during the year	25	1,824	2,126
Less: Write offs during the year		1,212	-
Balance at the end of the year		<u>2,949</u>	<u>2,337</u>

	Note	2008 (Rupees in thousand)	2007
10. LOANS AND ADVANCES			
Loans - secured, considered good			
Current portion of long-term loans	5	297	282
Advances - unsecured			
Considered good			
Current portion of long-term advances	5	831	433
For expenses		1,000	722
To employees		567	478
To suppliers	10.1	24,444	39,934
Letters of credit fee and margin		8,387	286
		35,229	41,853
Considered doubtful			
Less: Provision for doubtful advances	10.2	2,323	1,414
		-	-
		35,526	42,135

10.1 Included herein advances given to Ghulam Rabbani & Sons and Pakistan Steel Mills Corporation (Pvt.) Ltd. etc. in respect of raw material purchases.

10.2 Movement in provision is as follows:

Balance at the beginning of the year		1,414	2,934
Provision / (reversal) made during the year	25	909	(1,520)
Balance at the end of the year		2,323	1,414

11. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

Deposits		1,247	4,314
Prepayments		461	494
		1,708	4,808

12. INVESTMENTS

Open ended mutual funds - held for trading

2008	2007		
Number of units			
247,869.8480	-	Faysal Saving Growth Fund	25,667
2,379,957.1276	-	NAFA Cash Fund	25,648
248,610.0096	-	HBL Income Fund	25,500
			76,815

Current maturity of held-to-maturity investments

10 years' Defence Saving Certificates (face value Rs. 350,000/-)	12.2	-	1,709
		76,815	1,709

12.1 The fair value of investments in mutual funds is the Net Asset Value (NAV) as at June 30, 2008 as quoted by the respective Asset Management Company.

12.2 The effective rate of return on Defence Saving Certificates ranges from 16.03 percent to 18.04 percent (2007: 16.03 percent to 18.04 percent) per annum. During the year, these have been matured.

	Note	2008 (Rupees in thousand)	2007
13. BANK BALANCES			
Current accounts		49,144	17,972
Deposit accounts	13.1	<u>3,061</u>	<u>51,013</u>
		<u>52,205</u>	<u>68,985</u>

13.1 Includes term deposit receipts of Rs. Nil (2007: Rs.45 million). These carry profit at the rates ranging from 8 percent to 9.5 percent (2007: 8 percent to 9.5 percent) per annum.

14. SHARE CAPITAL

2008 (Number of shares)	2007		2008 (Rupees in thousand)	2007
Authorised Capital				
<u>15,000,000</u>	<u>15,000,000</u>	Ordinary shares of Rs. 10/- each	<u>150,000</u>	<u>150,000</u>
Issued, subscribed and paid-up capital				
9,276,000	9,276,000	Ordinary shares of Rs. 10/- each issued for cash	92,760	92,760
4,058,250	4,058,250	Ordinary shares of Rs. 10/-each 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>

15. RESERVES

Revenue				
- Unrealised gain on revaluation of available-for-sale investment			647	670
- general			160,000	160,000
- unappropriated profit			<u>409,139</u>	<u>329,795</u>
			<u>569,786</u>	<u>490,465</u>

16. LONG-TERM FINANCING - Secured

Represents demand finance facility of Rs.120.2 million (2007: 150 million) from a commercial bank. It carries a profit rate at three months' KIBOR plus 250 basis points with floor of 7% and is repayable by 2011. It is secured by way of second charge over the Company's fixed assets. The movement in long term liability is as follows.

Note	2008 (Rupees in thousand)	2007
Balance at the beginning of the year	78,969	31,171
Add: Obtained during the year	<u>-</u>	<u>97,798</u>
	78,969	128,969
Less: Paid during the year	<u>17,548</u>	<u>50,000</u>
Balance at the end of the year	61,421	78,969
Less: Due within one year	<u>17,549</u>	<u>17,549</u>
	<u>43,872</u>	<u>61,420</u>

17. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

Represents finance leases entered into with a commercial bank for plant and machinery and vehicles. Total lease rentals due under various lease agreements aggregate to Rs. 3.325 million (2007: Rs.16.532 million) and are payable in equal monthly installments latest by 2009. Overdue rental payments are subject to an additional charge upto 3 percent per month. Taxes, repairs, replacement and insurance costs are to be borne by the Company. In case of termination of agreement, the Company has to pay the entire rent for the unexpired period. Financing rate is six months KIBOR plus 225 bps (2007: 8 percent to 13 percent per annum) have been used as discounting factor. Purchase options can be exercised by the Company, by paying 10 percent of the leased amount. The movement in the finance lease liability is as follows:

	2 0 0 8		2 0 0 7	
	Minimum lease payments	Present value	Minimum lease payments	Present value
	----- (Rupees in thousand) -----			
Within one year	3,498	3,325	13,928	13,207
After one year but not more than five years	-	-	3,500	3,325
Total minimum lease payments	<u>3,498</u>	<u>3,325</u>	<u>17,428</u>	<u>16,532</u>
Less: Amount representing finance charges	173	-	896	-
Present value of minimum lease payments	<u>3,325</u>	<u>3,325</u>	<u>16,532</u>	<u>16,532</u>
Less: Current portion	<u>3,325</u>	<u>3,325</u>	<u>13,207</u>	<u>13,207</u>
	<u>-</u>	<u>-</u>	<u>3,325</u>	<u>3,325</u>

	Note	2008 (Rupees in thousand)	2007
18. LONG-TERM DEPOSITS			
Deposit from employees		508	436
Less: Current portion		64	8
		<u>444</u>	<u>428</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 LIABILITIES

Deferred taxation	19.1	50,815	41,584
Deferred income on sale and leaseback arrangement		179	368
		<u>50,994</u>	<u>41,952</u>

19.1 Deferred taxation comprises of:

Deferred tax liability arising in respect of:			
Accelerated tax depreciation		70,148	62,645
Investments (amortised cost)		-	476
Deferred gain on sale and leaseback arrangement		63	129
		<u>70,211</u>	<u>63,250</u>
Deferred tax asset arising in respect of:			
Provisions		18,232	15,880
Liabilities against assets subject to finance lease		1,164	5,786
		<u>19,396</u>	<u>21,666</u>
		<u>50,815</u>	<u>41,584</u>

20. TRADE AND OTHER PAYABLES

Creditors		9,089	12,090
Bills payable		18,028	61,099
Accrued liabilities		36,518	30,342
Advance from customers		22,417	37,132
Retention money		1,169	503
Security deposits		348	348
Compensated absences		6,971	6,680
Payable to gratuity fund	20.1	3,580	2,793
Payable to provident fund		660	597
Workers' Profit Participation Fund	20.2	9,160	10,544
Workers' Welfare Fund		12,759	9,095
Sales tax and FED payable		6,639	14,715
Provision for warranty	20.3	13,650	11,694
Unclaimed dividend		2,480	2,320
Others		616	723
		<u>144,084</u>	<u>200,675</u>

	Note	2008 (Rupees in thousand)	2007
20.1 Payable to gratuity fund			
20.1.1 Reconciliation of obligations as at year end			
Present value of defined benefit obligation		37,586	33,528
Fair value of plan assets		(29,712)	(27,820)
		<u>7,874</u>	<u>5,708</u>
Unrecognised actuarial gain		(4,294)	(2,915)
Net liability at end of the year		<u><u>3,580</u></u>	<u><u>2,793</u></u>
20.1.2 Movement in net liability			
Net liability at beginning of the year		2,793	1,912
Charge for the year	20.1.3	3,580	2,876
Contributions		(2,793)	(1,995)
Net liability at end of the year		<u><u>3,580</u></u>	<u><u>2,793</u></u>
20.1.3 Charge for the year			
Current service cost		3,009	2,593
Interest cost		3,353	2,736
Expected return on assets		(2,782)	(2,453)
Charge for the year		<u><u>3,580</u></u>	<u><u>2,876</u></u>
20.1.4 Movement in defined benefit obligation			
Present value of defined benefit obligation at beginning of the year		33,528	27,364
Current service cost		3,009	2,592
Interest cost		3,353	2,736
Benefits paid during the year		(3,319)	(1,727)
Actuarial loss		1,015	2,563
Present value of defined benefit obligation at end of the year		<u><u>37,586</u></u>	<u><u>33,528</u></u>

	Note	2008 (Rupees in thousand)	2007
20.1.5 Movement in fair value of plan assets			
Fair value of plan assets at beginning of the year		27,820	24,530
Expected return on plan assets		2,782	2,453
Contributions made by the Company		2,793	1,995
Benefits paid during the year		(3,319)	(1,727)
Actuarial (loss) / gain		(363)	569
Fair value of plan assets at end of the year		<u>29,713</u>	<u>27,820</u>

20.1.6 The principal assumptions used in the actuarial valuations carried out as of June 30, 2008 using the 'Projected Unit Credit' method are as follows:

	Gratuity Fund	
	2008	2007
	%	%
Rate of salary increase (per annum)	12	10
Rate of return (per annum)	12	10
Discount rate (per annum)	12	10
Expected mortality rate	EFU	EFU
	61-66 mortality table	61-66 mortality table
	Age dependent	Age dependent
Expected withdrawal rate		
	2008	2007
	(Rupees in thousand)	(Rupees in thousand)
20.1.7 Actual return on plan assets	<u>2,232</u>	<u>5,142</u>

20.1.8 Plan assets comprise the following:

	2008		2007	
	Amount in thousand	%age	Amount in thousand	%age
Equity (mutual funds)	22,320	75.12	20,423	73.41
Debt	6,608	22.24	7,056	25.36
Others	785	2.64	341	1.23
	<u>29,713</u>		<u>27,820</u>	

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, 2009 is Rs. 4.186 million.

20.1.11 Comparison for five years:

	2008	2007	2006	2005	2004
	----- (Rupees in thousand) -----				
Present value of defined benefit obligation	37,586	33,528	27,364	22,367	19,035
Fair value of plan assets	(29,712)	(27,820)	(24,530)	(22,999)	(21,731)
Surplus/(Deficit)	<u>7,874</u>	<u>5,708</u>	<u>2,834</u>	<u>(632)</u>	<u>(2,696)</u>
Experience adjustments					
Loss on plan liabilities	<u>1,015</u>	<u>2,563</u>	<u>1,986</u>	<u>690</u>	<u>2,311</u>
(Loss)/Gain on plan assets	<u>(363)</u>	<u>569</u>	<u>(769)</u>	<u>(688)</u>	<u>3,021</u>

	Note	2008 (Rupees in thousand)	2007
20.2 Workers' Profit Participation Fund			
Balance at the beginning of the year		10,544	12,118
Allocation for the year	27	<u>9,160</u>	<u>10,544</u>
		19,704	22,662
Interest on funds utilised in the Company's business	28	<u>368</u>	<u>355</u>
		20,072	23,017
Less: Payments made during the year		<u>10,912</u>	<u>12,473</u>
Balance at the end of the year		<u>9,160</u>	<u>10,544</u>

20.3 Movement in provision for warranty is as follows:

Balance at the beginning of the year	11,694	12,331
Provision / (reversal) made during the year ²⁴ & 20.3.1	<u>1,956</u>	<u>(637)</u>
Balance at the end of the year	<u>13,650</u>	<u>11,694</u>

20.3.1 Provision for warranty is maintained at the rate of 2 percent of last six months' turnover.

21. CONTINGENCIES AND COMMITMENTS

21.1 Contingencies

- (i) Indemnity bonds issued to Sui Southern Gas Company Limited amounted to Rs. 1.145 million (2007: Rs. 1.145 million) and indemnity bonds issued to Collector of Custom amounted to Rs. 0.259 million (2007: Nil).
- (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 has been guaranteed by NBP. The Company has not acknowledged the said claim since it has not issued 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.

		2008	2007
	Note	(Rupees in thousand)	
21.2 Commitments			
Capital commitments - Plant and machinery		45,881	-
Letters of credit issued by commercial banks		230,689	137,189
22. SALES-NET			
Local sales	22.1	1,402,842	1,323,090
Less: Sales return		6,915	8,584
Sales tax		181,118	172,577
Federal Excise Duty		12,109	-
		200,142	181,161
		1,202,700	1,141,929
Export sales		32,031	20,931
		1,234,731	1,162,860
22.1	Includes scrap sales of Rs. 35.837 million (2007: Rs. 35.746 million).		
23. COST OF SALES			
Raw material and components consumed			
Opening stock - Raw material		212,689	119,168
- Scrap		13,484	17,920
		226,173	137,088
Purchases		689,550	741,321
Less: Closing stock - Raw material		(131,382)	(212,689)
- Scrap		(12,764)	(13,484)
		(144,146)	(226,173)
		771,577	652,236
Manufacturing expenses			
Salaries, wages and benefits	23.1	79,239	74,837
Stores, spares and loose tools consumed		55,219	60,720
Fuel and power		23,484	22,243
Depreciation	3.1.1	28,872	21,662
Amortisation		-	1,305
Services rendered by contractors		13,095	11,573
Staff transportation		7,673	8,402
Repairs and maintenance		5,426	3,299
Travelling and conveyance		258	1,175
Vehicle running expenses		968	1,033
Insurance		1,205	912
Communication		769	744
Entertainment		801	823
Printing and stationery		35	419
Subscription		158	128
Rent, rates and taxes		32	48
Provision / (reversal) made for slow moving stores, spares and loose tools		7,308	(2,805)
Slow moving stock in trade:			
- provision made during the year	8.1	1,827	12,404
- reversal made during the year	8.1	-	(13,489)
Computer expense		266	183
Foreign specialist expense		542	1,651
Others		84	387
		227,261	207,654

	Note	2008 (Rupees in thousand)	2007
Manufacturing cost		998,838	859,890
Work-in-process - Opening		62,620	87,780
- Closing		(85,618)	(62,620)
		(22,998)	25,160
Cost of goods manufactured		975,840	885,050
Finished goods - Opening		25,137	16,438
- Closing		(32,389)	(25,137)
		(7,252)	(8,699)
		968,588	876,351

23.1 Included herein are the following employees' benefits:

- Defined benefit plan - gratuity		2,685	2,876
- Defined contribution plan - provident fund		1,615	1,577
- Medical		3,092	2,776
- Charge for compensated leave absences		1,494	2,171
- Bonus		8,562	6,898
		17,448	16,298

24. DISTRIBUTION COSTS

Salaries, wages and benefits	24.1	2,455	1,762
Carriage and forwarding		16,192	12,342
Provision for warranty	20.3	1,956	-
Depreciation	3.1.1	1,918	1,444
Insurance		36	185
Advertisement		915	595
Vehicle running expenses		234	210
Travelling and conveyance		128	197
Staff transportation		64	67
Communication		62	82
Entertainment		42	39
Printing and stationery		-	6
Selling expense - foreign sales		1,433	1,420
Others		441	448
		25,876	18,797

24.1 Includes herein are the following employees' benefits:

- Defined benefit plan - gratuity		179	-
- Defined contribution plan - provident fund		67	53
- Medical		106	132
- Charge for compensated leave absences		98	8
- Bonus		571	241
		1,021	434

	Note	2008 (Rupees in thousand)	2007
25. ADMINISTRATIVE EXPENSES			
Salaries, wages and benefits	25.1	22,361	20,702
Depreciation	3.1.1	7,671	5,776
Services rendered by contractors		2,316	2,583
Utilities		2,644	2,535
Vehicle running expenses		3,358	3,175
Communication		1,275	1,387
Rent, rates and taxes		1,488	1,177
Entertainment		1,648	1,533
Travelling and conveyance		460	421
Corporate expenses		819	796
Auditors' remuneration	25.2	837	843
Legal and professional charges		577	1,068
Repairs and maintenance		574	838
Insurance		418	378
Staff transportation		658	681
Subscription		76	155
Printing and stationery		305	235
Advertisement		51	132
Provision for doubtful debts	9.1	1,824	2,126
Provision for doubtful advances	10.2	909	-
General stores supplies		1,606	1,072
Computer expense		696	483
Others		269	344
		<u>52,840</u>	<u>48,440</u>

25.1 Includes herein are the following employees' benefits:

- Defined benefit plan - gratuity	716	-
- Defined contribution plan - provident fund	825	714
- Medical	1,049	1,193
- Charge for compensated leave absences	420	174
- Bonus	2,283	3,151
	<u>5,293</u>	<u>5,232</u>

25.2 Auditors' remuneration

Audit fee	450	425
Fee for limited scope review	100	100
Audit fee of employees' funds	82	94
Tax and other advisory services	151	183
Out of pocket expenses	54	41
	<u>837</u>	<u>843</u>

	Note	2008 (Rupees in thousand)	2007
26. OTHER OPERATING INCOME			
Gain on sale of fixed assets	3.1.2	464	175
Reversal of provision for			
- doubtful advances	10.2	-	1,520
- warranty	20.3	-	637
Income on Mutual Fund Units		1,815	-
Accrued return on Defence Saving Certificates		91	257
Profit on deposit accounts		1,685	1,928
Dividend income		20	50
Deferred income on sale and leaseback arrangement		189	189
Liabilities written back		4,361	-
Exchange gains - net		-	860
Others		392	852
		<u>9,017</u>	<u>6,468</u>
27. OTHER OPERATING EXPENSES			
Workers' Profit Participation Fund	20.2	9,160	10,544
Workers' Welfare Fund		3,664	4,218
Impairment loss on plant and machinery		968	-
Exchange losses - net		1,459	-
		<u>15,251</u>	<u>14,762</u>
28. FINANCE COST			
Mark-up on			
- long-term financing		8,889	10,716
- short term financing		447	1,150
Finance lease charges		711	2,272
Interest on Workers' Profit Participation Fund	20.2	368	355
Bank charges and excise duty		395	356
		<u>10,810</u>	<u>14,849</u>
29. TAXATION			
Current	29.1	54,321	26,284
Prior		819	2,668
Deferred		9,231	38,461
		<u>64,371</u>	<u>67,413</u>

29.1 Relationship between tax expense and accounting profit	2008 (Rupees in thousand)	2007 (Rupees in thousand)
Profit before taxation	<u>170,383</u>	<u>196,129</u>
Applicable tax rate	<u>35%</u>	<u>35%</u>
Tax at the above rate	59,634	68,645
Prior year tax reversal	819	2,668
Tax effect of income / expenses that are exempt / not allowable in determining taxable income	(4,205)	(42,124)
Tax effect of dividend income taxed at a lower rate	(5)	(15)
Tax effect on export sales taxed at a lower rate	(1,103)	(222)
Adjustment in respect of deferred tax	9,231	38,461
Tax expense for the year	<u>64,371</u>	<u>67,413</u>
Average effective tax rate	<u>37.78%</u>	<u>34.37%</u>

Prior

The return of income for tax year 2007 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 of Income Tax.

30. BASIC EARNINGS PER SHARE

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

	2008 (Rupees in thousand)	2007 (Rupees in thousand)
Profit for the year after taxation (Rupees in thousand)	<u>106,012</u>	<u>128,716</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>7.95</u>	<u>9.65</u>

31. UNAVAILED CREDIT FACILITIES

- 31.1 The facilities for short term running finance available from various commercial banks amounted to Rs. 130 million (2007: Rs.115 million) which remained unutilized as of the balance sheet date. The rate of mark-up on these finances ranges from three months' KIBOR plus 200 basis points to three months' KIBOR plus 225 basis points. These are secured by way of hypothecation charge ranking pari passu over the Company's stocks and trade debts.

- 31.2 The facility for opening letters of credit and letters of guarantees amounted to Rs. 340 million (2007: Rs.215 million) and Rs.7.5 million (2007: Rs.7.5 million) respectively, of which Rs. 63.43 million (2007: Rs.59.924 million) and Rs.6.355 million (2007: Rs.6.057 million) respectively, remained unutilized as of the balance sheet date.

	2008 (Rupees in thousand)	2007
Note		
32. CASH GENERATED FROM OPERATIONS		
Profit before taxation	170,383	196,129
Adjustments for:		
Depreciation	38,461	28,882
Amortisation	-	1,305
Gain on sale of fixed assets	(464)	(175)
Finance cost	10,810	14,849
Provision for / (reversal of) slow moving stores, spare parts and loose tools	7,308	(2,805)
Provision for / (reversal of) slow moving stock-in-trade	1,827	(1,085)
Provision for / (reversal of) doubtful advances	909	(1,520)
Provision for doubtful debts	1,824	2,126
Provision for compensated absences	1,962	1,682
Provision for / (reversal of) warranty	1,956	(637)
Provision for employees' benefits	3,580	2,876
Profit on deposit accounts	(1,685)	(1,928)
Accrued return on Defence Saving Certificates	(77)	(257)
Dividend income	(20)	(50)
Gain on remeasurement of fair value of Mutual Fund Units	(1,815)	-
Deferred income on sale and leaseback arrangement	(189)	(189)
Liabilities written back	(4,361)	-
	<u>60,026</u>	<u>43,074</u>
	230,409	239,203
Working capital changes:		
(Increase)/decrease in current assets		
Stores, spare parts and loose tools	(12,108)	(18,909)
Stock-in-trade	41,101	2,114
Trade debts	14,976	(7,829)
Loans and advances	5,700	(23,648)
Trade deposits and short-term prepayments	3,100	(3,558)
Investments	(75,000)	-
Other receivables	-	249
	<u>(22,231)</u>	<u>(51,581)</u>
Increase/(decrease) in current liabilities		
Trade and other payables	(59,785)	21,646
	<u>(82,016)</u>	<u>(29,935)</u>
	<u>148,393</u>	<u>209,268</u>

33. FINANCIAL INSTRUMENTS

33.1 Interest/mark-up rate risk exposure

Yield / mark-up rate risk is the risk that the value of the financial instrument will fluctuate due to changes in the market yield / mark-up rates. Sensitivity to yield / mark-up rate risk arises from mismatches of financial assets and liabilities that mature or reprice in a given period. The company manages these mismatches through risk management strategies.

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

	Effective yield / mark-up rate %	Interest / Mark-up bearing				Non-Interest / Mark-up bearing				Total June 30, 2008
		Maturity upto one year	Maturity from one to five years	Maturity after five years	Sub-total	Maturity upto one year	Maturity from one to five years	Maturity after five years	Sub-total	
----- (Rupees in thousand) -----										
FINANCIAL ASSETS										
Investments	-	-	-	-	-	76,815	-	747	77,562	77,562
Deposits	-	-	-	-	-	-	3,418	-	3,418	3,418
Trade debts	-	-	-	-	-	98,689	-	-	98,689	98,689
Loans	-	-	-	-	-	297	792	-	1,089	1,089
Bank balances	8 - 9.5	3,061	-	-	3,061	-	-	-	-	3,061
		3,061	-	-	3,061	175,801	4,210	747	180,758	183,819
FINANCIAL LIABILITIES										
Long-term financing	3 m Kibor + 250 bps	17,549	43,871	-	61,420	-	-	-	-	61,420
Liabilities against assets subject to finance lease	6 m Kibor + 225 bps	3,325	-	-	3,325	-	-	-	-	3,325
Trade and other payables	-	-	-	-	-	137,445	-	-	137,445	137,445
		20,874	43,871	-	64,745	137,445	-	-	137,445	202,190
Net financial assets/(liabilities) - 2008		(17,813)	(43,871)	-	(61,684)	38,356	4,210	747	43,313	(18,371)

	Effective yield / mark-up rate %	Interest / Mark-up bearing				Non-Interest / Mark-up bearing				Total June 30, 2007
		Maturity upto one year	Maturity from one to five years	Maturity after five years	Sub-total	Maturity upto one year	Maturity from one to five years	Maturity after five years	Sub-total	
----- (Rupees in thousand) -----										
FINANCIAL ASSETS										
Investments	16 - 18	1,709	-	-	1,709	-	-	770	770	2,479
Deposits	-	-	-	-	-	-	1,586	-	1,586	1,586
Trade debts	-	-	-	-	-	114,277	-	-	114,277	114,277
Loans	-	-	-	-	-	282	556	-	838	838
Bank balances	8 - 9.5	51,013	-	-	51,013	17,972	-	-	17,972	68,985
		52,722	-	-	52,722	132,531	2,142	770	135,443	188,165
FINANCIAL LIABILITIES										
Long-term financing	KIBOR + 250 bps	-	17,549	61,420	78,969	-	-	-	-	78,969
Liabilities against assets subject to finance lease	8 - 13	-	13,207	3,325	16,532	-	-	-	-	16,532
Trade and other payables	-	-	-	-	-	185,960	-	-	185,960	185,960
		-	30,756	64,745	95,501	185,960	-	-	185,960	281,461
Net financial assets/(liabilities) - 2007		52,722	(30,756)	(64,745)	(42,779)	(53,429)	2,142	770	(50,517)	(93,296)

33.2 Credit risk and concentration of credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties failed to perform as contracted. The Company attempts to control credit risk associated with the carrying amount of its receivables by monitoring credit exposures, limiting transactions with specific customers and continuing assessment of credit worthiness of such customers.

33.3 Liquidity risk management

Liquidity risk reflects an enterprise's inability in raising funds to meet commitments. The Company follows an effective cash flow management to ensure availability of funds and to take appropriate measures for new requirements.

33.4 Foreign exchange risk management

Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign suppliers and customers. Receivables and payables exposed to foreign currency risks are not covered through foreign exchange forward cover contract as the management is of the opinion that the cost of the forward cover would exceed the benefits.

33.5 Fair value of financial instruments

The carrying values of all financial assets and liabilities reflected in the financial statements approximate to their fair value.

34. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	CHIEF EXECUTIVE		DIRECTORS		EXECUTIVES		TOTAL	
	2008	2007	2008	2007	2008	2007	2008	2007
	----- (Rupees in thousand) -----							
Remuneration	2,182	1,964	5,433	4,246	522	588	8,137	6,798
Housing	982	884	2,445	1,911	235	265	3,662	3,060
Retirement benefits	400	378	1,650	817	168	960	2,218	2,155
Bonus	727	654	1,811	1,414	151	159	2,689	2,227
Medical expenses	107	151	314	293	20	71	441	515
Utilities	139	166	483	391	64	92	686	649
Leave fare assistance	465	-	33	530	30	18	528	548
	<u>5,002</u>	<u>4,197</u>	<u>12,169</u>	<u>9,602</u>	<u>1,190</u>	<u>2,153</u>	<u>18,361</u>	<u>15,952</u>
Number	<u>1</u>	<u>1</u>	<u>4</u>	<u>3</u>	<u>1</u>	<u>1</u>	<u>6</u>	<u>5</u>

34.2 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.

34.3 Aggregate amount charged in the financial statements for fee to a director was Rs.10,000/- (2007: Rs.4,000/-).

35. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise entities over which the directors are able to exercise significant influence, entities with common directors, major shareholders, directors, key management employees and employees' fund. The Company has a policy whereby all transactions with related parties, are entered into at arm's length prices using the permissible method of pricing. The transactions with related parties, other than remuneration and other benefits to employees under the terms of employment, are as follows:

Relationship with the Company	Nature of transactions	2008 (Rupees in thousand)	2007
Associates	Lease rentals paid	<u>-</u>	<u>448</u>
	Assets acquired under bargain purchase option	<u>-</u>	<u>319</u>
Key management personnel	Sale of vehicles/equipment	<u>94</u>	<u>328</u>
Employees' retirement benefit plans	Provident fund contribution during the year	<u>2,711</u>	<u>2,289</u>
	Provision for gratuity during the year	<u>3,580</u>	<u>2,876</u>
		2008	2007
		(Units in thousand)	

36. PLANT CAPACITY AND ACTUAL PRODUCTION

Plant capacity - single shift basis (Estimated)	<u>850</u>	<u>850</u>
Actual production	<u>1,035</u>	<u>1,065</u>

The original machinery provided by the German supplier had been determined for annual production capacity at the time of installation was 376,000 units. Over the years, additions to plant and machinery have been made, due to which the actual production has exceeded the plant capacity and actual production capacity can not be determined due to addition of products with different sizes and designs.

37. 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 maximise 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.

During 2008, the Company's strategy was to maintain leveraged gearing. The gearing ratios as at June 30, 2008 and 2007 were as follows:

	2008	2007
	(Rupees in thousand)	
Long term financing	61,421	78,969
Liabilities against asset subject to finance lease	3,325	16,532
Trade and other payables	144,084	200,675
Accrued mark-up	89	216
Total debt	<u>208,919</u>	<u>296,392</u>
Less: Bank balances	52,205	68,985
Net debt	<u>156,714</u>	<u>227,407</u>
Equity	<u>703,129</u>	<u>623,808</u>
Unrealised loss reserves	23	150
Total capital	<u>703,152</u>	<u>623,958</u>
Capital and net debt	<u><u>859,866</u></u>	<u><u>851,365</u></u>
Gearing ratio	<u><u>18.22%</u></u>	<u><u>26.71%</u></u>

38. DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue by the Board of Directors of the Company on **September 01, 2008**.

39. DIVIDEND AND APPROPRIATIONS

The Board of Directors has proposed a **final dividend of Rs. 1.25 per share** for the year ended June 30, 2008, **amounting to Rs. 16,667,813/-** at its meeting held on **September 01, 2008** for approval of the members at the Annual General Meeting to be held on **October 25, 2008**.

40. CORRESPONDING FIGURES

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

41. GENERAL

Figures have been rounded off to the nearest thousand rupee.

Muhammad Siddique Misri
Chairman

Razak H.M. Bengali
Chief Executive

SIX YEARS AT A GLANCE

BALANCE SHEET

(Rupees in thousand)

	2003	2004	2005	2006	2007	2008
ASSETS						
Non Current Assets						
Fixed assets	147,820	144,509	171,438	239,783	353,235	374,795
Investment properties	7,210	8,096	6,800	-	-	-
Long term investments	1,483	1,757	1,912	2,371	770	747
Long-term loans & advances	160	390	144	711	1,411	2,391
Long-term deposits	3,193	2,601	6,203	6,483	2,346	3,418
Deferred tax asset	-	656	3,757	-	-	-
Current Assets						
Stores, spare parts & loose tools	24,651	24,460	30,348	36,942	58,656	63,456
Stock-in-trade	104,144	139,314	232,062	319,377	318,348	275,420
Trade debts	62,441	79,503	87,943	106,448	114,277	98,689
Loans and advances	12,800	24,084	20,928	18,487	42,135	35,526
Trade deposits and short term prepayments	3,914	1,304	1,329	1,250	4,808	1,708
Interest accrued	18,272	18,272	2,850	249	-	-
Investments	-	-	-	-	1,709	76,815
Other receivables	4,350	1,702	147	-	-	-
Term deposit	50,840	50,840	-	-	-	-
Income tax refunds due from the government - net	24,432	13,779	-	-	-	-
Bank balances	23,639	35,423	26,712	97,684	68,985	52,205
	<u>329,483</u>	<u>388,681</u>	<u>402,319</u>	<u>580,437</u>	<u>608,918</u>	<u>603,819</u>
	<u>489,349</u>	<u>546,690</u>	<u>592,573</u>	<u>829,785</u>	<u>966,680</u>	<u>985,170</u>
EQUITY AND LIABILITIES						
Share Capital and Reserves						
Authorised Capital						
15,000,000 Ord. shares of Rs. 10/- each	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>
Issued, subscribed and paid up Capital	115,950	115,950	115,950	133,343	133,343	133,343
Reserves	<u>173,744</u>	<u>201,344</u>	<u>282,311</u>	<u>395,235</u>	<u>490,465</u>	<u>569,786</u>
	<u>289,694</u>	<u>317,294</u>	<u>398,261</u>	<u>528,578</u>	<u>623,808</u>	<u>703,129</u>
Non Current Liabilities						
Long term financing	-	-	-	31,171	61,420	43,872
Liabilities against assets sub to finance lease	6,558	4,316	24,468	16,514	3,325	-
Long term deposits	155	172	88	290	428	444
Deferred liabilities	-	-	-	3,680	41,952	50,994
Current Liabilities						
Trade and other payables	70,592	96,842	112,808	177,383	200,675	144,084
Accrued mark-up	409	534	789	709	216	89
Short term borrowings	21,510	36,274	10,804	-	-	-
Current portion of						
- long term financing	-	-	-	-	17,549	17,549
- liabilities against assets subject to finance lease	13,188	4,916	15,054	15,554	13,207	3,325
- long term deposits	-	95	106	-	8	64
Overdue portion of long term loan	85,851	85,851	-	-	-	-
Taxation-net	1,392	396	30,195	55,906	4,092	21,620
	<u>192,942</u>	<u>224,908</u>	<u>169,756</u>	<u>249,552</u>	<u>235,747</u>	<u>186,731</u>
	<u>489,349</u>	<u>546,690</u>	<u>592,573</u>	<u>829,785</u>	<u>966,680</u>	<u>985,170</u>

SIX YEARS AT A GLANCE PROFIT AND LOSS ACCOUNT

(Rupees in thousand)

	2003	2004	2005	2006	2007	2008
Sales - net	365,040	533,451	788,983	1,159,001	1,162,860	1,234,731
Cost of Sales	280,760	410,750	602,890	855,074	876,351	968,588
Gross Profit	84,280	122,701	186,093	303,927	286,509	266,143
Distribution Cost	7,487	8,080	19,764	15,561	18,797	25,876
Administration Expenses	34,395	36,193	33,756	41,860	48,440	52,840
	41,882	44,273	53,520	57,421	67,237	78,716
Other Income	390	2,726	6,673	6,914	6,468	9,017
	42,788	81,154	139,246	253,420	225,740	196,444
Finance Cost	4,776	3,441	8,422	7,468	14,849	15,251
Other Operating Expenses	1,967	5,144	11,025	20,221	14,762	10,810
	6,743	8,585	19,447	27,689	29,611	26,061
	36,045	72,569	119,799	225,731	196,129	170,383
Gain on Litigation Settlement	-	-	28,787	-	-	-
Profit before Taxation	36,045	72,569	148,586	225,731	196,129	170,383
Taxation	11,000	21,894	50,197	78,260	67,413	64,371
Net Profit for the Year	25,045	50,675	98,389	147,471	128,716	106,012
	Restated	Restated	Restated			
Basic Earnings Per Share (Rupees)	1.88	3.80	7.38	11.06	9.65	7.95

SIX YEARS AT A GLANCE SIGNIFICANT RATIOS AND STATISTICS

	2003	2004	2005	2006	2007	2008
Liquidity & Leverage Ratios						
-Current ratio	1.80	1.73	2.37	2.33	2.58	3.23
-Quick ratio	1.10	1.00	0.82	0.90	0.98	1.42
-Liability as a % of total assets	38.76	41.96	32.79	36.30	35.47	28.63
-Debt equity ratio	3:97	2:98	6:94	9:91	13:87	8:92
-Interest cover ratio(Times)	8.55	22.09	18.64	31.23	14.21	16.76
Equity Ratios						
-Break up value per share (Rs)	24.98	27.36	34.35	39.64	46.78	52.73
-Dividend as a % of Capital	20.00	15.00	15.00	25.00	20.00	12.50
-Dividend yield ratio/cost of equity(%)	11.70	5.33	4.25	4.29	3.00	2.12
-Dividend per share (Rs)	2.00	1.50	1.50	2.50	2.00	1.25
-Bonus shares per 100 shares	-	-	15.00	-	-	-
Profitability Ratios:						
-Gross profit %	23.00	23.00	24.00	26.22	24.64	21.55
-Operating profit %	12.00	15.00	17.00	21.86	19.41	15.91
-Profit before tax%	10.00	14.00	19.00	19.48	16.87	13.80
-Profit after tax %	7.00	9.00	12.00	12.72	11.07	8.59
-Return on capital employed(%)	12.00	23.00	37.00	42.70	31.44	24.23
-Earnings per share(Rs)	1.88	3.80	7.38	11.06	9.65	7.95
-Price earning ratio(Times)	9.10	7.41	4.16	5.27	6.84	7.42
-Dividend payout ratio(%)	106.38	39.47	20.34	22.61	20.72	15.72
-Dividend cover(Times)	1.08	2.92	2.82	4.42	4.48	6.36
-Return on assets%	5.12	9.27	16.60	17.78	13.31	10.76
Turnover/Efficiency ratios:						
-Inventory turnover ratio(Times)	2.13	2.81	2.83	2.76	2.39	2.71
-Debtor turnover ratio	6.60	7.52	9.42	13.84	10.54	11.60
-Fixed assets turnover ratio(Times)	2.47	3.69	4.60	4.83	3.29	3.29
Plant Capacity Utilisation (%)	94	145	194	296	126	122
Share Performance:						
-Year end market price per share	17.10	28.15	35.10	58.25	66.00	59.00
-High Price during the year	35.75	47.45	35.30	73.50	76.00	96.40
-Low Price during the year	21.50	26.90	27.00	34.50	52.20	58.80

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 25, 2008 and at any adjournment thereof.

As witness my/our hand this _____ day of _____ 2008

Please affix
Rs. 5/- Revenue
Stamp

Signature of Member(s)

Witness: _____

Witness: _____

Name: _____

Name: _____

CNIC No: _____

CNIC No: _____

Address: _____

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.

