

BOLAN CASTINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2006

1 LEGAL STATUS AND NATURE OF BUSINESS

The Company is incorporated in Pakistan as a public limited company and is listed on Karachi Stock Exchange. Its main business activity is to undertake castings of Tractors and Automotive parts.

2 COMPLIANCE WITH STATUTORY REQUIREMENTS

These unaudited Financial statements have been prepared in Compliance of the International Accounting Standards (IAS) 34 "Interim Financial Reporting" and are being circulated as required under section 245 of the Companies Ordinance, 1984.

3 ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these quarterly accounts for the period ended March 31, 2006 are the same as those applied in the preparation of the audited published accounts of the Company for the period ended June 30, 2005.

	MARCH 31, 2006 Rupees	JUNE 30, 2005 Rupees
4 PROPERTY , PLANT AND EQUIPMENT		
Operating Fixed Assets	84,746,516	87,597,118
Capital work-in-progress	60,117,359	5,147,554
	144,863,875	92,744,672
5 SHARE CAPITAL		
5.1 Authorized capital		
7,500,000 (2005: 7,500,000) ordinary shares of Rs. 10 each. Rs. 10 each	75,000,000	75,000,000
5.2 Issued, subscribed and paid up capital		
5,525,307 (2005: 5,525,307) ordinary shares of Rs. 10 each fully paid in cash.	55,253,070	55,253,070
6 RESERVES		
Unrealized gain on investment	11,462,500	3,325,000
Revenue - General	210,000,000	195,000,000
- Unappropriated	49,358,200	43,015,155
	259,358,200	238,015,155
	270,820,700	241,340,155
7 CONTINGENCIES AND COMMITMENTS		
7.1 Letters of credit issued by commercial banks	55,565,796	30,584,000

	Cumulative upto		for the third quarter ended	
	March 31 2006	March 31 2005	March 31 2006	March 31 2005
	-----Rupees-----			
8 SALES - NET				
Manufactured Goods	731,496,550	576,183,822	287,200,980	192,422,506
Trading Goods	-	1,318,635	-	18,880
	731,496,550	577,502,457	287,200,980	192,441,386
Sales Return	(30,612,536)	(28,222,111)	(8,758,211)	(10,527,011)
Sales Tax	(77,347,196)	(74,399,457)	(20,204,817)	(24,900,045)
	(107,959,732)	(102,621,568)	(28,963,028)	(35,427,056)
	623,536,818	474,880,889	258,237,952	157,014,330

8.1 Third quarter sales include price increase effect related to first and second quarter amounting to Rs. 35,440,532/-

<u>Cumulative upto</u>		<u>for the third quarter ended</u>	
March 31	March 31	March 31	March 31
2006	2005	2006	2005
-----Rupees-----			

9 COST OF GOODS SOLD

Raw Material & Components consumed:

Opening Stock	66,698,394	55,031,214	114,316,354	79,388,838
Purchases	302,665,841	263,702,171	52,804,891	76,947,925
	369,364,235	318,733,385	167,121,245	156,336,763
Closing Stock	(63,789,291)	(68,145,794)	(63,789,291)	(68,145,794)
	305,574,944	250,587,591	103,331,954	88,190,969
Salaries, Wages & Benefits	30,621,813	31,855,207	12,077,650	9,174,019
Staff Welfare	2,156,438	2,158,108	724,891	903,816
Stores & Spares Consumed	47,676,929	37,281,391	17,501,624	14,225,646
Fuel & power	78,590,718	63,800,939	23,112,890	24,040,983
Machining Expenses	3,659,365	3,646,067	(83,838)	1,346,002
Other services	22,609,527	18,003,413	7,909,693	6,355,658
Travelling & Conveyance	7,764,714	6,301,677	2,695,285	2,394,486
Rent, Rates & Taxes	367,923	269,119	129,559	101,451
Repair and Maintenance	2,925,857	2,434,438	516,960	830,858
Insurance	697,827	624,944	240,501	259,244
Vehicle Expenses	2,064,956	1,618,742	730,470	603,444
Freight Expenses	15,172,231	10,288,854	5,566,392	4,253,041
Export Expenses	485,375	526,964	98,755	260,688
Depreciation	7,727,283	7,495,628	2,844,189	2,589,967
Others	2,371,580	2,930,846	829,133	1,501,011
	224,892,536	189,236,337	74,894,154	68,840,314
	530,467,480	439,823,928	178,226,108	157,031,283
Work-in-Process - Opening	21,701,000	28,295,000	22,543,000	26,771,000
- Closing	(25,765,000)	(28,121,000)	(25,765,000)	(28,121,000)
	(4,064,000)	174,000	(3,222,000)	(1,350,000)
Cost of Goods Manufactured	526,403,480	439,997,928	175,004,108	155,681,283
Finished Goods - Opening	8,069,000	5,022,000	7,268,000	8,453,000
- Closing	(6,248,000)	(9,476,000)	(6,248,000)	(9,476,000)
	1,821,000	(4,454,000)	1,020,000	(1,023,000)
Cost of Goods sold - own manufactured	528,224,480	435,543,928	176,024,108	154,658,283
Cost of Goods sold - Trading Goods	-	1,028,535	-	-
	528,224,480	436,572,463	176,024,108	154,658,283

MARCH 31,
2006
Rupees

MARCH 31,
2005
Rupees

10 CASH GENERATED FROM OPERATIONS

Profit before taxation	73,351,078	26,164,783
adjustment for :		
Depreciation	8,380,602	7,990,707
(Reversal) / Provision for retirement benefits	(913,614)	1,560,198
(Gain) / loss on sale of fixed assets	-	(139,836)
Dividend Income	(375,000)	(375,000)
Finance cost	5,790,238	821,048
Return on deposits	(893,551)	(281,857)
Working capital changes - (note 10.1)	(25,381,535)	(3,448,079)
	59,958,218	32,291,964

10.1 Working Capital Changes

(Increase) / Decrease in current assets:		
Stores, spares and loose tools	2,736,586	(5,364,856)
Stock-in-trade	90,610	(8,202,425)
Trade debts	(21,949,827)	9,177,655
Loans and advances	(11,433,540)	(2,950,848)
Trade, deposits & short term prepayments	(856,681)	(2,160,452)
Other receivables	296,993	449,096
	(31,115,859)	(9,051,830)
Increase / (Decrease) in current liabilities:		
Trade and other payables	5,734,324	5,603,751
	(25,381,535)	(3,448,079)
	(25,381,535)	(3,448,079)

11 CASH AND CASH EQUIVALENTS

Cash and bank balances	37,016,539	14,183,218
Short term running finance	(11,793,672)	(23,525,578)
	<u>25,222,867</u>	<u>(9,342,360)</u>

12 TRANSACTIONS WITH RELATED PARTIES

Sales and purchases to/from Millat Tractors Limited for the period ended March 31, 2006 amounted to Rs. 538,601,159/- (March 31, 2005 :Rs.423,253,634/-) and March 31, 2006 : Nil (March 31, 2005 :Rs. 1,326,510/-) respectively. Receivable from Millat Tractors Limited as at March 31, 2006 amounted to Rs. 88,114,656/- (June 30, 2005: Rs.68,574,899/-).

12.1 All Transactions with associated undertakings are at arm's length price.

13 CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard - 34, 'Interim Financial Reporting', the Balance Sheet has been compared with the preceding Balance Sheet as the year end, whereas the Profit and Loss Account and Cash Flow Statements have been compared with the corresponding periods of the previous year. Corresponding figures have been re-arranged and reclassified where necessary, for the purpose of comparison.

14 DATE OF AUTHORIZATION

These Financial Statements were authorized for issue on April 27, 2006 by the Board of Directors of the Company.



JAVAID ASHRAF
CHIEF EXECUTIVE



LAEEQ UDDIN ANSARI
DIRECTOR