

BOLAN CASTINGS LIMITED

DIRECTORS' REVIEW

Dear Shareholders

The Directors of your company are pleased to present the un-audited accounts for the 1st quarter ended September 30, 2005.

Operating and Financial Results

The sales revenue for the 1st quarter increased by 12% to Rs. 177.37 million as compared to Rs. 157.81 million of the same period last year.

The cost of sales during the period was Rs. 168.1 million against 139.4 million of corresponding period last year, marking an increase of Rs. 28.7 million which works out to 21%. Main contributory factor was raw material cost which was Rs. 109.34 million against Rs. 76.95 million, marking an increase of Rs. 32.39 million i.e. 42%.

The profit before tax for the period under review was Rs. 4.80 million as against Rs. 13.97 million, marking a decrease of 66%.

The profit after tax for the 1st quarter decreased by 68% to Rs. 2.87 million as compared to Rs. 9.08 million of same period last year.

Earnings per share for the 1st quarter ended September 30, 2005 worked out to Rs. 0.52 per share as against Rs. 1.64 per share of corresponding period last year.

Future Prospects

The foreseeable future prospects are good. The risk involving international economic, political and trade activities cannot be termed as total threat. There are hopes of global natural moves towards human and economic development as well. The local tractor and auto industry expects continuity in existing upward trends, during the next year. However, the profitability is expected to be affected as result of rapidly fluctuating raw material prices.

Expansion Programme

In order to meet growing market demand, enhancement in production capacity of plant of your company is in process and would possibly be completed during second half of this financial year.

Employees' Relations

Cordial relations between management and employees, maintaining congenial atmosphere and march towards progress and prosperity continues smoothly.

Acknowledgement

We would like to thank our customers and the shareholders for their trust and confidence in the company. We also would like to convey our appreciation to entire BCL team for their dedication and commitment to the growth of the company.

For and on behalf of the Board



SIKANDAR M. KHAN
Chairman

Karachi:
October 25, 2005