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## COMPANY INFORMATION

<b>Board of Directors</b>	Mr. Sikandar M. Khan Mr. Shahid Ahmed Hakim Mr. Latif Khalid Hashmi Mr. Sohail Bashir Rana Mr. Laeeq Uddin Ansari Mr. Mian Muhammad Saleem Mr. Bashir Ahmed Chaudhry Mr. Javed Munir Mr. Sajid Hassan	Chairman Chief Executive Director Director Director Director Director Director Director Director (NIT Nominee)	
<b>Audit Committee</b>	Mr. Latif Khalid Hashmi Mr. Mian Muhammad Saleem Mr. Sajid Hassan	Director Director Director	Chairman Audit Committee Member Audit Committee Member Audit Committee
<b>Company Secretary</b>	Mr. M. Mushtaq Akhtar		
<b>Chief Financial Officer</b>	Mr. Faisal Lakhani		
<b>Auditors</b>	M/s. A.F. Ferguson & Co.		Chartered Accountants
<b>Legal Advisors</b>	M/s. Walker Martineau Saleem		Advocates & Legal Consultants
<b>Bankers</b>	Habib Bank Limited MCB Bank Limited ABN Amro Bank Bank Alfalah Limited Dubai Islamic Bank JS Bank Limited		
<b>Factory &amp; Registered Office</b>	Main RCD Highway, Hub Chowki, District Lasbela, Balochistan, Pakistan Tel: +92-853-302381-2, 302525 Fax : +92-853-302524 E-mail: bclhub@cyber.net.pk		
<b>Head Office</b>	F-1, Hub River Road, S.I.T.E., Karachi Tel: +92-21-2579819, 2579681 Fax : +92-21-2573558 E-mail: bclho@cyber.net.pk		
<b>Website</b>	www.bolancastings.com		

## **DIRECTORS' REVIEW**

### **Dear Shareholders**

Directors of your Company take this opportunity to present the un-audited accounts for and upto the 3rd quarter ended March 31, 2008.

### **Operating and Financial Results**

Net sales upto the nine months period ended March 31, 2008 were Rs. 734.704 million as compared to Rs. 620.086 million for the same period last year.

As a result of higher input cost pertaining to materials, energy and overheads and frequent disruptions in operations due to law and order the Company has posted a Gross loss of Rs. 8.014 million as against a Gross profit of Rs. 49.757 million for the same period last year. Net loss after tax upto nine months period under review was Rs. 43.969 million as compared to net loss of Rs. 23.869 million for the same period last year.

The loss per share for the period upto the nine months ended March 31, 2008 amounted to Rs. 7.23 per share as against the loss of Rs. 3.93 per share for the same period last year.

### **Future Prospects**

The Company is hopeful of an increase in productivity and profitability by streamlining operations, increasing our sales price and controlling costs. Due to higher material costs, price increase with the main customers is under negotiation. Coupled with cost controls, the upward price adjustments would help in improving financial results for the last quarter of the current financial year.

The upward trend in automotive and tractor industry is expected to continue creating more demand for castings.

### **Acknowledgement**

We are thankful to our customers and the shareholders for their trust and confidence in the Company. We also would like to convey our appreciation to the entire BCL team including officers and workers for their dedicated efforts and contribution during the period under review.

For and on behalf of the Board



**SIKANDAR M. KHAN**  
Chairman

Karachi:  
April 25, 2008

## CONDENSED INTERIM BALANCE SHEET AS AT MARCH 31, 2008

	Note	Un-Audited March 31, 2008 Rupees	Audited June 30, 2007 Rupees
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	4	246,493,637	255,248,879
Long term investment		24,725,000	18,975,000
Long term loans		701,600	577,300
Long term deposits		3,658,660	3,558,660
Deferred tax		1,138,089	-
		<b>276,716,986</b>	<b>278,359,839</b>
<b>Current Assets</b>			
Stores, spares and loose tools		59,664,019	54,237,455
Stock-in-trade		156,407,525	206,713,192
Trade debts		69,909,246	101,689,808
Loans and advances		20,160,435	10,800,133
Trade deposits and short term prepayments		21,688,539	17,529,657
Other receivables		705,631	96,351
Taxes recoverable		42,766,660	24,129,127
Cash and bank balances		9,533,053	18,230,925
		<b>380,835,108</b>	<b>433,426,648</b>
		<b>657,552,094</b>	<b>711,786,487</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share Capital</b>			
		60,778,380	55,253,070
<b>Reserves</b>			
		215,306,445	270,101,525
		<b>276,084,825</b>	<b>325,354,595</b>
<b>Non-Current Liabilities</b>			
Long term finance - secured	5	47,877,670	84,127,670
Deferred tax		-	7,838,399
Deferred liabilities		15,563,796	15,189,714
		<b>63,441,466</b>	<b>107,155,783</b>
<b>Current Liabilities</b>			
Current portion of long term finance	5	36,250,000	36,250,000
Trade and other payables		78,178,349	67,134,983
Accrued interest/mark-up		5,065,848	3,898,836
Short term borrowings		198,531,606	171,992,290
		<b>318,025,803</b>	<b>279,276,109</b>
Contingencies and Commitments	6		
		<b>657,552,094</b>	<b>711,786,487</b>

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

  
**SHAHID A. HAKIM**  
 Chief Executive

  
**SIKANDAR M. KHAN**  
 Chairman

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR AND UPTO THE 3RD QUARTER ENDED MARCH 31, 2008**

	Note	Cumulative upto		For the third quarter ended	
		March 31, 2008	March 31, 2007	March 31, 2008	March 31, 2007
----- (Rupees) -----					
Net sales	7	<b>734,704,170</b>	620,085,861	<b>279,573,665</b>	239,006,458
Cost of goods sold	8	<b>(742,718,312)</b>	(570,329,277)	<b>(283,165,706)</b>	(222,834,446)
Gross (Loss) / profit		<b>(8,014,142)</b>	49,756,584	<b>(3,592,041)</b>	16,172,012
Selling and distribution expenses		<b>(2,345,681)</b>	(4,270,904)	<b>(531,158)</b>	(1,018,531)
Administrative expenses		<b>(16,944,098)</b>	(14,050,598)	<b>(5,624,004)</b>	(5,463,265)
Other operating expenses		-	(1,193,865)	-	(285,251)
		<b>(19,289,779)</b>	(19,515,367)	<b>(6,155,162)</b>	(6,767,047)
		<b>(27,303,921)</b>	30,241,217	<b>(9,747,203)</b>	9,404,965
Other operating income		<b>1,427,842</b>	2,416,726	<b>213,498</b>	203,936
		<b>(25,876,079)</b>	32,657,943	<b>(9,533,705)</b>	9,608,901
Finance cost		<b>(23,320,174)</b>	(18,096,443)	<b>(8,731,897)</b>	(6,476,979)
(Loss) / Profit before taxation		<b>(49,196,253)</b>	14,561,500	<b>(18,265,602)</b>	3,131,922
Taxation		<b>5,227,097</b>	(38,430,060)	<b>(1,428,392)</b>	(35,154,970)
(Loss) / Profit after taxation		<b>(43,969,156)</b>	(23,868,560)	<b>(19,693,994)</b>	(32,023,048)
Earnings / (loss) per share - Basic and diluted (Rupees)		<b>(7.23)</b>	(3.93)	<b>(3.24)</b>	(5.27)

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

  
**SHAHID A. HAKIM**  
Chief Executive

  
**SIKANDAR M. KHAN**  
Chairman

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE PERIOD ENDED MARCH 31, 2008**

	Note	March 31, 2008 Rupees	March 31, 2007 Rupees
<b>Cash Flow from Operating Activities</b>			
Cash generated from operations	9	68,846,167	57,153,347
Net increase in long term loans		(124,300)	(80,700)
Net (increase) / decrease in long term deposits		(100,000)	22,500
Taxes paid		(22,386,924)	(5,324,041)
Retirement benefits paid		(1,796,236)	(540,081)
Finance cost paid		(22,153,163)	(16,290,591)
<b>Net Cash Inflow from operating activities</b>		<b>22,285,544</b>	<b>34,940,434</b>
<b>Cash Flow from Investing Activities</b>			
Purchase of property, plant and equipment		(12,130,425)	(54,069,034)
Proceeds from disposal of operating assets		637,165	1,516,425
Dividend received		575,000	718,750
Return on bank deposits		348,277	1,023,307
<b>Net cash outflow from investing activities</b>		<b>(10,569,983)</b>	<b>(50,810,552)</b>
<b>Cash Flow from financing activities</b>			
Repayment of long term finance		(36,250,000)	(18,125,000)
Repayment/receipt of Finance against trust receipt		(60,000,000)	13,174,430
Dividend paid		(10,702,749)	(27,356,320)
<b>Net cash outflow from financing activities</b>		<b>(106,952,749)</b>	<b>(32,306,890)</b>
<b>Net decrease in cash &amp; cash equivalents</b>		<b>(95,237,188)</b>	<b>(48,177,008)</b>
<b>Cash and cash equivalents at beginning of the period</b>		<b>(93,761,365)</b>	<b>11,019,205</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>(188,998,553)</b>	<b>(37,157,803)</b>

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

  
**SHAHID A. HAKIM**  
 Chief Executive

  
**SIKANDAR M. KHAN**  
 Chairman

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE PERIOD ENDED MARCH 31, 2008**

	Share Capital	General reserve	Unrealized Gain / (Loss) on Long Term Investment	Unappropriated Profit / (Accumulated Loss)	Total
	----- (Rupees) -----				
<b>Balance as at June 30, 2006</b>	55,253,070	210,000,000	11,246,875	48,214,651	324,714,596
Loss for the nine months ended March 31, 2007	-	-	-	(23,868,560)	(23,868,560)
Final dividend for the year ended June 30, 2006	-	-	-	(27,626,535)	(27,626,535)
Unrealized loss due to the change in fair value of long term investment	-	-	(1,193,125)	-	(1,193,125)
Transfer to general reserves	-	20,000,000	-	(20,000,000)	-
<b>Balance as at March 31, 2007</b>	55,253,070	230,000,000	10,053,750	(23,280,444)	272,026,376
Profit for the three months ended June 30, 2007	-	-	-	49,906,969	49,906,969
Unrealized gain due to the change in fair value of long term investment	-	-	3,421,250	-	3,421,250
<b>Balance as at June 30, 2007</b>	55,253,070	230,000,000	13,475,000	26,626,525	325,354,595
Loss for the nine months ended March 31, 2008	-	-	-	(43,969,156)	(43,969,156)
Final dividend for the year ended June 30, 2007	-	-	-	(11,050,614)	(11,050,614)
Issue of bonus share @ 10%	5,525,310	-	-	(5,525,310)	-
Unrealized gain due to the change in fair value of long term investment	-	-	5,750,000	-	5,750,000
Transfer to general reserve	-	10,000,000	-	(10,000,000)	-
<b>Balance as at March 31, 2008</b>	<b>60,778,380</b>	<b>240,000,000</b>	<b>19,225,000</b>	<b>(43,918,555)</b>	<b>276,084,825</b>

The annexed notes 1 to 12 form an integral part of these condensed interim financial statements.

  
**SHAHID A. HAKIM**  
Chief Executive

  
**SIKANDAR M. KHAN**  
Chairman

## NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE PERIOD ENDED MARCH 31, 2008

- The Company is incorporated in Pakistan as a public limited company and is listed on Karachi Stock Exchange. The registered office of the Company is situated at main RCD Highway, Hub Chowki, District Lasbela, Balochistan, Pakistan. Its main business activity is to undertake castings of tractors and automotive parts.
- These condensed interim financial statements are unaudited and are being submitted to the shareholders in accordance with section 245 of the Companies Ordinance, 1984 and International Accounting Standard 34 - 'Interim Financial Reporting'.
- The accounting policies adopted in the preparation of these quarterly financial statements are the same as those applied in the preparation of the audited published financial statements of the Company for the year ended June 30, 2007.

	March 31, 2008 Rupees	June 30, 2007 Rupees
<b>4 PROPERTY , PLANT AND EQUIPMENT</b>		
Operating fixed assets (note 4.1)	246,473,730	251,590,374
Capital work-in-progress	<u>5,826,955</u>	<u>3,658,505</u>
	<u><b>252,300,685</b></u>	<u><b>255,248,879</b></u>

- 4.1 Capitalisation of operating assets during the period/year were as follows:

Building on freehold land	-	26,507,039
Plant and machinery	721,332	126,085,117
Electrical and gas installations	2,994,802	21,827,600
Furniture and fittings	355,921	475,801
Electrical appliances	239,450	762,825
Office equipments	145,200	150,750
Computers	471,355	501,599
Vehicles	706,940	5,838,000
	<u><b>5,635,000</b></u>	<u><b>182,148,731</b></u>

- 4.2 During the period, assets costing Rs. 791,000 having book value of Rs. 481,691 were disposed off for Rs. 637,165.
- 4.3 During the period the Company incurred expenditure on work-in-progress in respect of plant and machinery and civil works amounting to Rs. 6,581,159 (June 30, 2007: Rs. 3,658,505).

### 5 LONG TERM FINANCE - Secured

This represents the demand finance facility, amounting to Rs. 145 million (2007: Rs. 145 million) to finance the Balancing, Modernization, Replacement of the Company's existing foundry. The amount utilized against this facility is repayable in 8 half yearly installments commencing from February 2007 and carries standard mark-up at the rate of 14.6% per annum and timely payment mark-up at the rate of 'KIBOR plus 0.75%'. The facility is secured by way of first registered equitable mortgage charge of Rs. 182 million over all present and future assets of the Company.

### 6 CONTINGENCIES AND COMMITMENTS

Outstanding letters of credit at the end of the period amounted to Rs. 137.683 million (June 30, 2007: Rs. 170.731 million).



## NOTES TO THE FINANCIAL STATEMENTS

	Cumulative upto		For the third quarter ended	
	March 31, 2008	March 31, 2007	March 31, 2008	March 31, 2007
Rupees				
<b>7 NET SALES</b>				
Gross Sales	<b>940,888,919</b>	758,336,986	<b>354,503,949</b>	293,401,548
Less:				
Sales Return	<b>(88,773,767)</b>	(43,446,875)	<b>(30,073,363)</b>	(16,966,895)
Sales Tax	<b>(117,410,982)</b>	(94,804,250)	<b>(44,856,921)</b>	(37,428,195)
	<b>(206,184,749)</b>	(138,251,125)	<b>(74,930,284)</b>	(54,395,090)
	<b>734,704,170</b>	620,085,861	<b>279,573,665</b>	239,006,458
<b>8 COST OF GOODS SOLD</b>				
Raw material and components consumed				
Opening stock	<b>112,905,249</b>	77,344,282	<b>117,937,418</b>	140,272,957
Purchases	<b>384,245,479</b>	355,866,136	<b>119,084,158</b>	87,643,052
	<b>497,150,728</b>	433,210,418	<b>237,021,576</b>	227,916,009
Closing stock	<b>(88,397,568)</b>	(103,228,475)	<b>(88,397,568)</b>	(103,228,475)
	<b>408,753,160</b>	329,981,943	<b>148,624,008</b>	124,687,534
Salaries, wages and benefits	<b>50,973,919</b>	39,364,094	<b>14,957,616</b>	12,388,422
Staff welfare	<b>4,103,243</b>	3,303,603	<b>1,542,692</b>	1,148,176
Stores and spares consumed	<b>71,397,864</b>	55,049,514	<b>29,164,418</b>	18,913,806
Fuel & power	<b>107,746,413</b>	62,916,214	<b>38,710,287</b>	23,077,645
Machining expenses	<b>3,368,542</b>	2,654,039	<b>1,231,367</b>	960,373
Other services	<b>37,578,677</b>	30,904,878	<b>11,880,547</b>	11,526,417
Travelling and conveyance	<b>9,158,639</b>	7,473,686	<b>2,992,524</b>	2,689,262
Rent, rates and taxes	<b>298,924</b>	309,563	<b>105,684</b>	99,554
Repair and maintenance	<b>3,258,517</b>	3,009,354	<b>1,085,389</b>	1,168,100
Export expenses	<b>104,592</b>	179,219	-	165,623
Freight charges	<b>15,816,015</b>	14,338,239	<b>6,476,250</b>	5,853,769
Insurance	<b>1,922,436</b>	1,389,679	<b>640,812</b>	522,927
Vehicle expenses	<b>1,906,636</b>	1,486,371	<b>642,902</b>	690,117
Depreciation	<b>19,772,443</b>	12,376,781	<b>6,591,313</b>	6,972,144
Others	<b>3,406,292</b>	3,528,100	<b>1,092,795</b>	1,359,577
	<b>330,813,152</b>	238,283,334	<b>117,114,596</b>	87,535,912
	<b>739,566,312</b>	568,265,277	<b>265,738,604</b>	212,223,446
Work in process - Opening	<b>35,897,000</b>	19,115,000	<b>44,946,000</b>	29,425,000
- Closing	<b>(25,471,000)</b>	(19,341,000)	<b>(25,471,000)</b>	(19,341,000)
	<b>10,426,000</b>	(226,000)	<b>19,475,000</b>	10,084,000
Cost of goods manufactured	<b>749,992,312</b>	568,039,277	<b>285,213,604</b>	222,307,446
Finished goods - Opening	<b>11,883,000</b>	13,151,000	<b>17,109,102</b>	11,388,000
- Closing	<b>(19,157,000)</b>	(10,861,000)	<b>(19,157,000)</b>	(10,861,000)
	<b>(7,274,000)</b>	2,290,000	<b>(2,047,898)</b>	527,000
	<b>742,718,312</b>	570,329,277	<b>283,165,706</b>	222,834,446

## NOTES TO THE FINANCIAL STATEMENTS

	March 31, 2008 Rupees	March 31, 2007 Rupees
<b>9 CASH GENERATED FROM OPERATIONS</b>		
(Loss) / Profit before taxation	<b>(49,196,253)</b>	14,561,500
Adjustment for :		
Depreciation	<b>20,403,976</b>	12,987,513
Reversal / provision for retirement benefits	<b>2,170,318</b>	(830,462)
Gain on sale of operating assets	<b>(155,474)</b>	(683,968)
Dividend income	<b>(575,000)</b>	(718,750)
Finance costs	<b>23,320,174</b>	18,096,443
Return on bank deposits	<b>(356,842)</b>	(751,804)
	<b>44,807,152</b>	28,098,972
Operating (loss) / profit before working capital changes	<b>(4,389,101)</b>	42,660,472
<b>Working Capital Changes</b>		
Decrease / (Increase) in current assets:		
Stores, spares and loose tools	<b>(5,426,564)</b>	5,581,261
Stock-in-trade	<b>50,305,667</b>	(24,028,323)
Trade debts	<b>31,780,562</b>	26,038,403
Loans and advances	<b>(9,360,302)</b>	(4,243,595)
Trade deposits and short term prepayments	<b>(3,847,612)</b>	(2,075,063)
Other receivables	<b>(600,715)</b>	(658,612)
	<b>62,851,036</b>	614,071
Increase / (decrease) in current liabilities:		
Trade and other payables	<b>10,384,232</b>	13,878,804
	<b>68,846,167</b>	57,153,347

## NOTES TO THE FINANCIAL STATEMENTS

### 10 TRANSACTIONS WITH RELATED PARTIES

Details of transactions with related parties during the period, are as follows:

Name of the related party and relationship with the Company	Nature of transactions	Cumulative upto	
		March 31, 2008 Rupees	March 31, 2007 Rupees
<b>Associates</b>			
- Millat Tractors Limited	Sale of goods - net	<b>666,822,426</b>	582,318,758
		<b>March 31, 2008 Rupees</b>	June 30, 2007 Rupees
<b>Post employment plans</b>			
- Pension scheme	Contributions	<b>1,051,504</b>	1,458,000
- Gratuity scheme	Benefits paid on behalf of fund	<b>936,287</b>	4,394,000

10.1 As at March 31, 2008 an amount of Rs. 46,772,573 (June 30, 2007: Rs. 86,528,188) was receivable from Millat Tractors Limited.

### 11 CORRESPONDING FIGURES

Corresponding figures in the condensed interim balance sheet and condensed interim statement of changes in equity comprise of balances as per the annual audited financial statements for the year ended June 30, 2007, whereas corresponding figures in the condensed interim profit and loss account and interim cash flow statement comprise of balances of comparable period as per the condensed interim financial statements for the period ended March 31, 2007.

11.2 Prior period figures have been reclassified for the purpose of comparison and better presentation.

### 12 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorized for issue on April 25, 2008 by the Board of Directors of the Company.

  
**SHAHID A. HAKIM**  
 Chief Executive

  
**SIKANDAR M. KHAN**  
 Chairman