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COMPANY INFORMATION

| | | |
|--|--|---|
| Board of Directors | Mr. Sikandar M. Khan Mr. Shahid A. Hakim Mr. Latif Khalid Hashmi Mr. Sohail Bashir Rana Mr. Laeeq Uddin Ansari Mr. Mian Muhammad Saleem Mr. Javed Munir Mr. Sajid Hassan Mr. Mujtaba Ahmed | Chairman Chief Executive Director Director Director Director Director Director (NIT Nominee) Director |
| Company Secretary | Mr. M. Mushtaq Akhtar | |
| Chief Financial Officer | Mr. Faisal Lakhani | |
| Auditors | M/s. Ford Rhodes Sidat Hyder & Co. | Chartered Accountants |
| Legal Advisors | M/s. Walker Martineau Saleem | Advocates & Legal Consultants |
| Bankers | Habib Bank Limited MCB Bank Limited Royal Bank of Scotland Bank Alfalah Limited Dubai Islamic Bank JS Bank Limited | |
| Factory & Registered Office | Main RCD Highway, Hub Chowki, District Lasbela, Balochistan, Pakistan Tel : +92-853-363293,363296 Fax : +92-853-363292 E-mail: bclhub@bclpk.com | |
| Head Office | F-1, Hub River Road, S.I.T.E., Karachi Tel : +92-21-2579681, 2579819 Fax : +92-21-2573558 E-mail: bclho@bclpk.com | |
| Web Site | www.bolancastings.com | |

DIRECTORS' REVIEW

Dear Shareholders,

Directors of your Company hereby present the unaudited accounts of the Company for the second quarter and half year ended December 31, 2008 duly reviewed by the statutory Auditors of the Company pursuant to the requirements of Code of Corporate Governance.

Operating and Financial Results

Net Sales for the half year were Rs.723.355 Million as compared to Rs.455.131 Million of corresponding period last year.

The global as well as our national financial and economic crisis have a direct bearing on our operational and financial results.

Gross profit for the half year was Rs.4.469 Million against Rs.5.123 Million of corresponding period last year. Net loss after tax for the half year period under review was Rs.33.788 Million against Rs.24.275 Million of corresponding period last year.

Loss per Share for the current six months period ended December 31, 2008 was Rs.5.05 Per Share against Loss Per Share of Rs.3.63 of corresponding period last year.

The losses are due to various reasons including higher input cost of materials and overheads. Additionally due to increase in discount rate by the State Bank of Pakistan, the rate of markup on Company Credit lines went high while utilization of bank credits to meet working capital requirement also increased thereby causing increase in the financial charges.

Future Prospects

The Company is hopeful of substantial reduction in Raw Material prices and increase in production/sales during next six months period. The expected aforementioned trend would enable the Company to have cost reduction, and turn the losses into profit by end June 2009.

Acknowledgement

We would like to thank our Customers and Shareholders for their trust and confidence in the Company. We also would like to convey our appreciation to entire BCL team for their dedicated efforts and contribution during the period under review.

For and on behalf of the Board



SIKANDAR M. KHAN
Chairman

Karachi:
February 20, 2009

AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying interim condensed balance sheet of **Bolan Castings Limited** as at **31 December 2008** and the related interim condensed profit and loss account, interim condensed cash flow statement and interim condensed statement of changes in equity, together with the notes forming part thereof (here-in-after referred to as "interim financial information") for the half year then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review. The financial statements of the Company for the half year ended 31 December 2007 and for the year ended 30 June 2008, were reviewed / audited by another firm of Chartered Accountants, whose reports dated 27 February 2008 and 18 September 2008 respectively, expressed an unqualified review report / opinion on those statements.

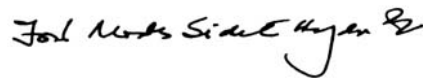
Scope of Review.

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

KARACHI:
February 20, 2009



FORD RHODES SIDAT HYDER & CO.
CHARTERED ACCOUNTANTS

[In case of any discrepancy on the Company's website, the auditors shall only be responsible in respect of the information contained in the hard copies of the audited financial statements available at the Company's registered office.]

INTERIM CONDENSED BALANCE SHEET

AS AT DECEMBER 31, 2008

| | Note | December 31, 2008 (Unaudited) | June 30, 2008 (Audited) |
|--------------------------------------|------|-------------------------------------|-------------------------------|
| -----Rupees----- | | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 4 | 245,810,394 | 252,155,215 |
| Intangible assets | | 960,590 | - |
| Available for sale financial asset | | 15,381,250 | 16,962,500 |
| Long-term loans | | 888,800 | 608,000 |
| Long-term deposits | | 4,069,160 | 3,808,660 |
| Deferred taxation | 5 | 4,078,568 | - |
| | | <u>271,188,762</u> | <u>273,534,375</u> |
| CURRENT ASSETS | | | |
| Stores, spares and loose tools | | 93,320,396 | 74,755,416 |
| Stock-in-trade | | 250,543,859 | 157,689,411 |
| Trade debts | | 189,896,258 | 193,470,877 |
| Loans and advances | | 9,397,763 | 15,556,601 |
| Trade deposits and prepayments | | 25,628,662 | 41,395,974 |
| Other receivables | | 4,357,775 | 665,824 |
| Taxes recoverable | | 56,481,053 | 43,786,496 |
| Cash and bank balances | | 11,987,145 | 6,090,689 |
| | | <u>641,612,911</u> | <u>533,411,288</u> |
| TOTAL ASSETS | | <u><u>912,801,673</u></u> | <u><u>806,945,663</u></u> |
| EQUITY AND LIABILITIES | | | |
| Share capital | | 66,856,220 | 60,778,380 |
| Reserves | | 232,714,342 | 274,161,374 |
| | | <u>299,570,562</u> | <u>334,939,754</u> |
| NON-CURRENT LIABILITY | | | |
| Long-term finance-secured | 6 | 32,206,686 | 50,331,686 |
| Deferred taxation | | - | 14,038,215 |
| Deferred liabilities | | 20,492,881 | 16,913,989 |
| | | <u>52,699,567</u> | <u>81,283,890</u> |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 7 | 264,341,065 | 73,062,662 |
| Accrued interest / mark-up | | 9,634,327 | 7,296,961 |
| Short term borrowings | | 250,306,152 | 274,112,396 |
| Current portion of long-term finance | | 36,250,000 | 36,250,000 |
| | | <u>560,531,544</u> | <u>390,722,019</u> |
| CONTINGENCIES AND COMMITMENTS | 8 | - | - |
| TOTAL EQUITY AND LIABILITIES | | <u><u>912,801,673</u></u> | <u><u>806,945,663</u></u> |

The annexed notes from 1 to 15 form an integral part of these interim condensed financial statements.


SHAHID A. HAKIM
 Chief Executive


SIKANDAR M. KHAN
 Chairman

**INTERIM CONDENSED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2008**

| | Note | Half year ended | | Quarter ended | |
|--------------------------|------|----------------------|----------------------|----------------------|----------------------|
| | | December 31, 2008 | December 31, 2007 | December 31, 2008 | December 31, 2007 |
| -----Rupees----- | | | | | |
| Sales - net | 9 | 723,354,622 | 455,130,505 | 363,722,378 | 215,061,576 |
| Cost of sales | 10 | (718,885,617) | (450,007,450) | (383,965,438) | (218,029,344) |
| Gross profit / (loss) | | 4,469,005 | 5,123,055 | (20,243,060) | (2,967,768) |
| Distribution costs | | (15,561,510) | (11,154,288) | (8,025,855) | (5,168,813) |
| Administrative expenses | | (14,798,412) | (10,672,493) | (7,171,154) | (5,668,634) |
| Other operating expenses | | (572,044) | (852,992) | (320,500) | (269,392) |
| | | (30,931,966) | (22,679,773) | (15,517,509) | (11,106,839) |
| Finance costs | | (27,853,634) | (14,588,277) | (15,289,940) | (7,843,611) |
| Other operating income | | 2,447,808 | 1,214,344 | 1,371,110 | 1,060,826 |
| Loss before taxation | | (51,868,787) | (30,930,651) | (49,679,399) | (20,857,392) |
| Taxation | | 18,080,845 | 6,655,489 | - | 7,488,469 |
| Loss after taxation | | (33,787,942) | (24,275,162) | (49,679,399) | (13,368,923) |
| Loss per share | | | | | |
| - Basic and diluted | | (5.05) | (3.63) | (7.43) | (2.00) |

The annexed notes from 1 to 15 form an integral part of these interim condensed financial statements.



SHAHID A. HAKIM
Chief Executive



SIKANDAR M. KHAN
Chairman

INTERIM CONDENSED CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2008

| | Note | Half-year ended | |
|--|------|----------------------|----------------------|
| | | December 31, 2008 | December 31, 2007 |
| -----Rupees----- | | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash generated from operations | 11 | 94,827,403 | 45,393,895 |
| Long-term loans | | (280,800) | (285,100) |
| Long-term deposits | | (260,500) | - |
| Taxes paid | | (12,730,495) | (18,507,635) |
| Retirement benefits paid | | (352,109) | (1,133,594) |
| Finance costs paid | | (25,516,267) | (13,711,810) |
| Net cash inflow from operating activities | | 55,687,232 | 11,755,756 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of property, plant and equipment | | (9,121,686) | (8,285,876) |
| Proceeds from disposal of operating assets | | 804,117 | 637,165 |
| Dividend received | | 359,375 | 575,000 |
| Return on bank deposits | | 98,662 | 285,199 |
| Net cash outflow from investing activities | | (7,859,532) | (6,788,512) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Repayment of long-term finance | | (18,125,000) | (18,125,000) |
| Dividends paid | | - | (10,699,869) |
| Net cash outflow from investing activities | | (18,125,000) | (28,824,869) |
| Net increase / (decrease) in cash and cash equivalents | | 29,702,700 | (23,857,625) |
| Cash and cash equivalents at the beginning of the period | | (268,021,707) | (153,761,365) |
| Cash and cash equivalents at the end of the period | | (238,319,007) | (177,618,990) |

The annexed notes from 1 to 15 form an integral part of these interim condensed financial statements.



SHAHID A. HAKIM
Chief Executive



SIKANDAR M. KHAN
Chairman

**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2008**

| | Issued, subscribed and paid-up capital | General reserve | Unrealised gain / (loss) on long term investment | Unappropriated profit/ accumulated loss | Total |
|---|---|--------------------|---|--|---------------------|
| -----Rupees----- | | | | | |
| Balance as at June 30, 2007 | 55,253,070 | 230,000,000 | 13,475,000 | 26,626,525 | 325,354,595 |
| Final dividend for the year ended June 30, 2007 (Rs.2/- per share) | - | - | - | (11,050,614) | (11,050,614) |
| Issue of bonus shares @ 1:10 | 5,525,310 | - | - | (5,525,310) | - |
| Transfer to general reserve | - | 10,000,000 | - | (10,000,000) | - |
| Loss for the half year ended December 31, 2007 | - | - | - | (24,275,162) | (24,275,162) |
| Unrealised gain due to change in fair value of available for sale financial asset | - | - | 5,865,000 | - | 5,865,000 |
| Balance as at December 31, 2007 | <u>60,778,380</u> | <u>240,000,000</u> | <u>19,340,000</u> | <u>(24,224,561)</u> | <u>295,893,819</u> |
| Balance as at June 30, 2008 | 60,778,380 | 240,000,000 | 11,462,500 | 22,698,874 | 334,939,754 |
| Issue of bonus shares @ 1:10 | 6,077,840 | - | - | (6,077,840) | - |
| Transfer to general reserve | - | 16,500,000 | - | (16,500,000) | - |
| Loss for the half year ended December 31, 2008 | - | - | - | (33,787,942) | (33,787,942) |
| Unrealised loss due to change in fair value of available for sale financial asset | - | - | (1,581,250) | - | (1,581,250) |
| Balance as at December 31, 2008 | <u>66,856,220</u> | <u>256,500,000</u> | <u>9,881,250</u> | <u>(33,666,908)</u> | <u>299,570,562</u> |

The annexed notes from 1 to 15 form an integral part of these interim condensed financial statements.


SHAHID A. HAKIM
Chief Executive


SIKANDAR M. KHAN
Chairman

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2008

1. LEGAL STATUS AND OPERATIONS

The Company is incorporated in Pakistan as a public limited company and is listed on Karachi Stock Exchange. The factory and 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.

During the period, the Board of Directors of the Company in the meeting concluded on September 18, 2008 resolved to issue right shares at Rs. 20/- per share in the ratio of two ordinary shares for every ten ordinary shares held. Subsequent to the period end, the Company has received Rs. 21,770,740/-, being the partial subscription of right shares.

2. BASIS OF PREPARATION

These interim condensed financial statements are unaudited but subject to limited scope review by the auditors. These are required to be presented to the shareholders under Section 245 of the Companies Ordinance, 1984 and have been prepared in accordance with the requirements of the International Accounting Standard (IAS) - 34, "Interim Financial Reporting", as applicable in Pakistan. These interim condensed financial statements do not include all the information and disclosures as required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2008.

3. ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended June 30, 2008 except for the adoption of following accounting policy:

Intangible assets

These are stated at cost less accumulated amortisation. Cost in relation to intangible assets is amortised using straight line method spread over a period not exceeding three years.

| | Note | December 31, 2008 (Unaudited) | June 30, 2008 (Audited) |
|---|-------|-------------------------------------|-------------------------------|
| -----Rupees----- | | | |
| 4. PROPERTY, PLANT AND EQUIPMENT | | | |
| Operating fixed assets | 4.1 | 243,956,640 | 250,528,443 |
| Capital work-in-progress | 4.2 | 1,853,754 | 1,626,772 |
| | | 245,810,394 | 252,155,215 |
| 4.1 Operating fixed assets | | | |
| Opening book value | | 250,528,443 | 251,590,374 |
| Additions during the period / year | 4.1.1 | 7,906,671 | 27,716,152 |
| Disposals during the period / year | 4.1.2 | (800,386) | (1,380,174) |
| Depreciation charged during the period / year | | (13,678,088) | (27,397,909) |
| | | 243,956,640 | 250,528,443 |
| 4.1.1 Additions during the period / year | | | |
| Building on freehold land | | - | 10,015,783 |
| Plant and machinery | | 1,084,040 | 12,466,292 |
| Electrical and gas installations | | 624,180 | - |
| Furniture and fittings | | 78,220 | 417,170 |
| Electrical appliances | | 888,003 | 354,949 |
| Office equipments | | 17,000 | 165,450 |
| Computers | | 244,020 | 385,622 |
| Vehicles | | 4,971,208 | 3,910,886 |
| | | 7,906,671 | 27,716,152 |

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

4.1.2 During the period, assets costing Rs. 3,447,000/- having net book value of Rs. 800,386/- were disposed off for Rs. 804,117/-.

4.2 During the period the Company incurred expenditure on work-in-progress in respect of plant and machinery and civil works amounting to Rs. 226,982/- (June 30, 2008: Rs.1,626,772/-).

| December 31, 2008 (Unaudited) | June 30, 2008 (Audited) |
|-------------------------------------|-------------------------------|
| -----Rupees----- | |

5. DEFERRED TAXATION

Deferred tax as at balance sheet date relates to the:

| | | |
|---|--------------------|-------------------|
| - Accelerated tax depreciation allowance | 37,878,808 | 38,452,564 |
| - Provisions disallowed for unfunded gratuity scheme and compensated absences | (7,172,508) | (5,919,896) |
| - Provision disallowed against doubtful debts | (90,948) | (90,948) |
| - Minimum turnover tax | (10,001,052) | (10,001,052) |
| - Carry forward tax losses | (24,692,868) | (8,402,453) |
| | <u>(4,078,568)</u> | <u>14,038,215</u> |

6. LONG-TERM FINANCE - secured

This represents the demand finance facility, amounting to Rs.145 million (June 30, 2008: Rs.145 million) to finance the 'Balancing, Modernization and Replacement' of the Company's existing foundry. The amount utilized against this facility is repayable in 8 equal half-yearly installments commencing from February 2007 and carries standard mark-up at the rate of 14.6% per annum but subject to a 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 fixed assets of the Company.

7. TRADE AND OTHER PAYABLES

7.1 Trade and other payables includes advance against future sales from a related party amounting to Rs. 97,933,615/- (June 30, 2008: Rs. 610,608/-).

8. CONTINGENCIES AND COMMITMENTS

8.1 Letters of credit outstanding as at December 31, 2008 amount to Rs.102.028 million (June 30, 2008: Rs.216.828 million).

8.2 The Company had filed returns declaring tax losses during the tax holiday period amounting to Rs. 82.724 million and Rs.17.227 million for the assessment years 1987-88 and 1988-89 respectively. These losses were disallowed by the Assessing Officer and upheld by the Commissioner of Income Tax (Appeals). The Company filed an appeal with Income Tax Appellate Tribunal (ITAT), which decided the matter in the Company's favour.

The department filed a reference application before the Honourable High Court of Sindh, which upheld the ITAT's order in favour of the Company. The department has now filed a reference with the Honourable Supreme Court of Pakistan which is pending. In the event that the decision is not in the favour of the Company, a tax liability of Rs. 23.9 million would arise representing the tax effect of losses relating to the tax holiday period utilised by the Company. The management of the Company, however, is confident that the decision will be given in favour of the Company and therefore, no provision has been made in these financial statements for this amount.

The Assessing Officer while finalizing assessment for the assessment year 2001-2002 imposed penalty amounting to Rs. 1.735 million on the alleged concealment of income. The matter is pending before the Honourable High Court of Sindh. The management, based on the advice of its legal advisor, is confident that the ultimate outcome of the matter will be decided in its favour and accordingly no provision has been made for the above liability in these financial statements.

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

9. SALES - net

| | Half year ended | | Quarter ended | |
|---------------------|----------------------|----------------------|----------------------|----------------------|
| | December 31, 2008 | December 31, 2007 | December 31, 2008 | December 31, 2007 |
| (Unaudited) | | | | |
| Rupees | | | | |
| Gross sales | 907,919,583 | 576,619,809 | 460,958,054 | 275,984,751 |
| Less: Sales return | (61,594,676) | (50,603,796) | (35,402,872) | (26,513,323) |
| | 846,324,907 | 526,016,013 | 425,555,182 | 249,471,428 |
| Sales tax | (115,736,739) | (68,019,312) | (58,195,580) | (32,259,236) |
| Special excise duty | (7,233,546) | (4,534,621) | (3,637,224) | (2,150,616) |
| | (122,970,285) | (72,553,933) | (61,832,804) | (34,409,852) |
| Add: Export sales | - | 1,668,425 | - | - |
| | 723,354,622 | 455,130,505 | 363,722,378 | 215,061,576 |

10. COST OF SALES

| | | | | |
|--------------------------------------|---------------|---------------|---------------|---------------|
| Raw material and components consumed | | | | |
| Opening stock | 99,215,460 | 112,905,249 | 127,854,364 | 126,213,212 |
| Purchases | 531,712,910 | 265,161,321 | 273,590,976 | 111,677,312 |
| | 630,928,370 | 378,066,570 | 401,445,340 | 237,890,524 |
| Closing stock | (161,427,390) | (117,937,418) | (161,427,390) | (117,937,418) |
| | 469,500,980 | 260,129,152 | 240,017,950 | 119,953,106 |
| Salaries, wages and benefits | 43,732,250 | 36,016,303 | 22,147,829 | 20,611,520 |
| Staff welfare | 3,382,996 | 2,560,551 | 1,681,935 | 1,389,322 |
| Stores and spares consumed | 51,303,761 | 42,233,446 | 27,530,061 | 16,572,970 |
| Fuel and power | 113,504,715 | 69,036,126 | 54,617,972 | 38,814,546 |
| Machining expenses | 4,309,264 | 2,137,175 | 1,896,434 | 1,052,817 |
| Other services | 29,465,386 | 25,698,130 | 13,840,664 | 13,440,663 |
| Travelling and conveyance | 8,869,367 | 6,166,115 | 4,627,131 | 3,109,024 |
| Rent, rates and taxes | 217,346 | 193,240 | 105,050 | 97,685 |
| Repairs and maintenance | 2,749,583 | 2,173,128 | 1,157,428 | 1,538,169 |
| Export expenses | - | 104,592 | - | - |
| Freight charges | 57,950 | - | 29,300 | - |
| Insurance | 1,120,606 | 1,281,624 | 563,428 | 640,812 |
| Vehicle expenses | 1,655,553 | 1,263,734 | 714,815 | 621,353 |
| Depreciation | 13,218,269 | 13,181,130 | 6,655,254 | 6,613,644 |
| Amortisation | 8,233 | - | - | - |
| Others | 2,249,358 | 2,108,106 | 964,187 | 1,082,815 |
| | 275,844,637 | 204,153,400 | 136,531,488 | 105,585,340 |
| Work in process - opening | 20,139,000 | 35,897,000 | 32,110,000 | 42,367,000 |
| - closing | (35,756,000) | (44,946,000) | (35,756,000) | (44,946,000) |
| Cost of goods manufactured | 729,728,617 | 455,233,552 | 372,903,438 | 222,959,446 |
| Finished goods - opening | 12,148,000 | 11,883,000 | 34,053,000 | 12,179,000 |
| - closing | (22,991,000) | (17,355,000) | (22,991,000) | (17,355,000) |
| | 718,885,617 | 449,761,552 | 383,965,438 | 217,783,446 |
| Provision for slow-moving stock | - | 245,898 | - | 245,898 |
| | 718,885,617 | 450,007,450 | 383,965,438 | 218,029,344 |

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

11. CASH GENERATED FROM OPERATIONS

| | Note | Half year ended | |
|--|------|---|----------------------|
| | | December 31, 2008 | December 31, 2007 |
| | | ----- (Unaudited) ----- ----- Rupees ----- | |
| Loss before taxation | | (51,868,787) | (30,930,651) |
| Adjustments for non-cash charges and other items: | | | |
| Depreciation | | 13,678,088 | 13,602,253 |
| Amortisation | | 27,443 | - |
| Provision for retirement benefits | | 3,931,001 | 1,789,898 |
| Gain on disposal of fixed assets | | (3,732) | (155,474) |
| Provision for slow moving stock | | - | 245,898 |
| Dividend income | | (359,375) | (575,000) |
| Finance costs | | 27,853,634 | 14,588,277 |
| Return on bank deposits | | (97,124) | (273,915) |
| | | 45,029,935 | 29,221,937 |
| Working capital changes | 11.1 | 101,666,255 | 47,102,609 |
| | | <u>94,827,403</u> | <u>45,393,895</u> |

11.1 Working capital changes

(Increase) / decrease in current assets

| | | |
|--------------------------------|---------------------|-------------------|
| Stores, spares and loose tools | (18,564,980) | (17,970,839) |
| Stock-in-trade | (92,854,448) | 24,869,995 |
| Trade debts | 3,574,619 | 34,976,190 |
| Loans and advances | 6,158,838 | (567,123) |
| Trade deposits and prepayments | 15,767,312 | (1,872,623) |
| Other receivables | (3,693,489) | (1,230,538) |
| | <u>(89,612,148)</u> | <u>38,205,062</u> |

Increase in current liabilities

| | | |
|--------------------------|--------------------|-------------------|
| Trade and other payables | 191,278,403 | 8,897,547 |
| | <u>101,666,255</u> | <u>47,102,609</u> |

12. 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 | Half year ended | |
|---|-------------------------------------|------------------------------|--------------------------|
| | | December 31, 2008 | December 31, 2007 |
| | | ----- Rupees ----- | |
| Associates | | | |
| - Millat Tractors Limited | Sales of goods - net | 640,773,315 | 415,903,016 |
| | | December 31, 2008 | June 30, 2008 |
| | | ----- Rupees ----- | |
| Post employment plans | | | |
| - Provident fund scheme | Contributions | 778,845 | 696,661 |
| - Pension scheme | Contributions | 1,079,807 | - |
| - Gratuity scheme | Benefits paid on behalf of the fund | 892,936 | 645,017 |

NOTES TO INTERIM CONDENSED FINANCIAL STATEMENTS

12.1 As at December 31, 2008, an amount of Rs. 97,933,615/- (June 30, 2008: Rs. 610,608/-) has been received as advance against future sale.

12.2 As at December 31, 2008, an amount of Rs. 112,879,961/- (June 30, 2008: Rs. 159,011,301/-) is receivable from Millat Tractors Limited.

12.3 As at December 31, 2008 an amount of Rs. 4,551,050/- (June 30, 2008: Rs. Nil) is payable to Millat Tractors Limited.

13. DATE OF AUTHORISATION OF ISSUE

These interim condensed financial statements were authorised for issue by the Board of Directors of the Company in its meeting held on February 20, 2009.

14. CORRESPONDING FIGURES

14.1 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, 2008, whereas corresponding figures in the condensed interim profit and loss account and condensed interim cash flow statement comprise of balances of comparable period as per the condensed interim financial statements for the half year ended December 31, 2007 which were subjected to limited scope review by the auditors as required by the Code of Corporate Governance.

14.2 Certain prior year's figures have been re-arranged. Material reclassification made is as follows:

| Note | Reclassification | | Nature | Rupees |
|------|------------------|-----------------------------------|---|-----------|
| | From | To | | |
| 10 | Cost of sales | Selling and distribution expenses | Reclassification of freight charges for better presentation | 9,339,765 |

15. GENERAL

The figures of the profit and loss account for the quarters ended December 31, 2008 and December 31, 2007 have not been subject to a limited scope review, as the scope of the review covered only the cumulative figures for the half-years ended December 31, 2008 and December 31, 2007.



SHAHID A. HAKIM
Chief Executive



SIKANDAR M. KHAN
Chairman