

Quarterly Financial Statements (Un-Audited)
for the 1st Quarter ended September 30, 2012

Bolan Castings Limited

DRIVEN TO CHANGE



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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. Sirajuddin Khan Mr. Muhammad Imran Rafiq	Chairman Chief Executive Director Director Director Director Director Director Director (NIT Nominee)
Company Secretary	Mr. Arafat Mushir	
Chief Financial Officer	Mr. Imran Siddiqui	
Head of Internal Audit	Mr. Saqib Hanif	
Auditors	M/s. Ernst & Young Ford Rhodes Sidat Hyder	Chartered Accountants
Legal Advisors	M/s. Walker Martineau Saleem	Advocates & Legal Consultants
Bankers	Habib Bank Limited MCB Bank Limited Bank AlFalah Limited Dubai Islamic Bank Faysal Bank Limited Barclays Bank PLC, Pakistan Askari Bank Limited Bank Al-Habib Limited	
Share Registrar	M/s. Central Depository Company of Pakistan Ltd. CDC House, 99-B, Block-B, S.M.C.H.S. Main Shahrah-e-Faisal, Karachi Tel: +92-800-23275 Fax: +92-21-34326053	
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 : +92-21-32579681, 32579819 Fax : +92-21-32573558 E-mail: bclho@bclpk.com	
Web Site	www.bolancastings.com	

DIRECTORS' REVIEW

Dear Shareholders

Directors of your Company take this opportunity to present the un-audited financial statements for the 1st quarter ended September 30, 2012.

Operating and Financial Results

The net sales for the 1st quarter were Rs. 259.30 million as compared to Rs. 132.15 million of the same period last year.

The gross loss for the 1st quarter under review was Rs. 38.52 million as against gross loss of Rs. 53.95 million of the corresponding period last year. After adjustment of overall expenses, the loss after tax for the 1st quarter was Rs. 43.28 million as compared to loss of Rs. 82.39 million of same period last year. The profitability is mainly affected due to low sales of castings to tractor manufacturers.

The loss per share for the 1st quarter ended September 30, 2012 was Rs. 4.15 as against the loss of Rs. 7.90 per share of corresponding period last year.

Future Prospects

The tractor subsidy schemes of the provincial governments is a great help for our farming brothers, but it adversely affects the smooth flow of sales of tractors which in turn affects the tractors' vending companies including our Company.

With the announcement of Green Tractors Scheme by the Govt. of Punjab in the 1st quarter of 2012, the normal booking of tractors was slow. Now balloting of 10,000 Tractors under Green Tractors Scheme has successfully been completed due to which demand of tractors is expected to increase. Furthermore, after completion of 5,000 Tractors under Sindh Tractors Scheme, Sindh Government has further announced another scheme of 11,000 agri tractors to be delivered in two phases. The above mentioned factor will have direct effect on demand for the products of our Company. Our Company has already taken measures to cater the expected demand of our products. The management is focusing on improving supply of tractors' castings and also the quality for satisfaction of our customers. This makes us confident that our Company will surpass previous performances during the current year.

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 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:
October 18, 2012

CONDENSED INTERIM BALANCE SHEET AS AT SEPTEMBER 30, 2012

	Note	September 30, 2012 (Unaudited)	June 30, 2012 (Audited)
		-----Rupees-----	
ASSETS			
Non-Current Assets			
Fixed assets			
Property, plant and equipment	5	235,249,813	240,645,408
Long-term investments		8,699,750	8,337,500
Long-term loans		1,535,000	857,000
Long-term deposits		4,345,000	4,345,000
		<u>249,829,563</u>	<u>254,184,908</u>
Current Assets			
Stores, spare parts and loose tools		119,487,116	126,271,419
Stock-in-trade	6	547,752,358	334,937,734
Trade debts	7	96,416,379	241,557,203
Loans and advances		14,931,985	11,434,094
Deposits and short-term prepayments		11,981,763	8,179,387
Other receivables		36,097,594	35,926,533
Sales tax - net		43,577,116	-
Taxation - net		102,635,730	84,774,598
Cash and bank balances		12,582,731	8,833,893
		<u>985,462,772</u>	<u>851,914,861</u>
TOTAL ASSETS		<u>1,235,292,335</u>	<u>1,106,099,769</u>
EQUITY AND LIABILITIES			
Share Capital			
Reserves		104,295,710	104,295,710
		<u>405,065,602</u>	<u>447,979,076</u>
		<u>509,361,312</u>	<u>552,274,786</u>
Non-Current Liabilities			
Long-term deposits		5,494,390	5,177,738
Deferred tax liability	8	9,301,723	31,572,393
Deferred liabilities		21,785,910	21,686,219
		<u>36,582,023</u>	<u>58,436,350</u>
Current Liabilities			
Trade and other payables		246,950,096	198,314,372
Current portion of long-term deposits		605,230	789,123
Accrued mark-up		12,111,952	7,638,416
Short-term borrowings		429,681,722	287,733,123
Sales tax - net		-	913,599
		<u>689,349,000</u>	<u>495,388,633</u>
Contingencies and Commitments	9		
TOTAL EQUITY AND LIABILITIES		<u>1,235,292,335</u>	<u>1,106,099,769</u>

The annexed notes from 1 to 17 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 THE 1ST QUARTER ENDED SEPTEMBER 30, 2012

	Note	September 30, 2012	September 30, 2011
		-----Rupees-----	
Turnover - net	10	259,297,711	132,146,059
Cost of Sales	11	<u>(297,816,720)</u>	<u>(186,097,943)</u>
Gross loss		(38,519,009)	(53,951,884)
Distribution costs		<u>(8,953,768)</u>	<u>(4,844,921)</u>
Administrative expenses		<u>(10,020,393)</u>	<u>(11,014,433)</u>
		(18,974,161)	(15,859,354)
Other operating income		<u>3,055,929</u>	<u>2,245,270</u>
Finance costs		<u>(11,109,153)</u>	<u>(11,279,156)</u>
		(8,053,224)	(9,033,886)
Loss before taxation		(65,546,394)	(78,845,124)
Taxation	12	22,270,670	(3,542,921)
Loss after taxation		<u>(43,275,724)</u>	<u>(82,388,045)</u>
Loss per share - basic and diluted		<u>(4.15)</u>	<u>(7.90)</u>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.



SHAHID A. HAKIM
Chief Executive



SIKANDAR M. KHAN
Chairman

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2012

	September 30, 2012	September 30, 2011
	-----Rupees-----	
Net loss for the period	(43,275,724)	(82,388,045)
Other comprehensive income		
Unrealised gain / (loss) on revaluation of available-for-sale investments	362,250	(546,250)
Total comprehensive loss for the period	<u>(42,913,474)</u>	<u>(82,934,295)</u>

The annexed notes from 1 to 17 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 1ST QUARTER ENDED SEPTEMBER 30, 2012

	Note	September 30, 2012	September 30, 2011
		-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash flows (used in) / generated from operations	13	(111,698,288)	(233,473,354)
Long-term loans		(678,000)	(746,800)
Long-term deposits - net		132,759	880,601
Taxes paid		(17,861,132)	(26,310,207)
Retirement benefits paid		(269,108)	(261,935)
Finance costs paid		(6,635,617)	(3,345,935)
Net Cash outflow from operating activities		(137,009,386)	(263,257,630)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(1,715,426)	(21,891,061)
Proceeds from disposal of fixed assets		383,997	1,335,909
Return on bank deposits received		141,054	182,810
Net cash outflow from investing activities		(1,190,375)	(20,372,342)
CASH FLOWS FROM FINANCING ACTIVITIES			
		-	-
Net decrease in cash and cash equivalents		(138,199,761)	(283,629,972)
Cash and cash equivalents at beginning of the period		(278,899,230)	(123,523,617)
Cash and cash equivalents at the end of the period		(417,098,991)	(407,153,589)
Cash and cash equivalents comprises of :			
Cash and bank balances		12,582,731	11,002,892
Short-term borrowings		(429,681,722)	(418,156,481)
		(417,098,991)	(407,153,589)

The annexed notes from 1 to 17 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 1ST QUARTER ENDED SEPTEMBER 30, 2012

	Reserves					Total	Total equity
	Issued, subscribed and paid-up capital	Capital Reserve	General Reserve	Revenue Reserves			
				Un-appropriated profit / (accumulated loss)	Gain / (loss) on revaluation of available - for-sale investments		
(Rupees)							
Balance as on June 30, 2011	104,295,710	12,155,680	323,500,000	78,521,910	3,671,250	417,848,840	522,144,550
Loss for the 1st quarter ended September 30, 2011	-	-	-	(82,388,045)	-	(82,388,045)	(82,388,045)
Other comprehensive loss	-	-	-	-	(546,250)	(546,250)	(546,250)
Total comprehensive loss	-	-	-	(82,388,045)	(546,250)	(82,934,295)	(82,934,295)
Transfer to general reserve	-	-	62,000,000	(62,000,000)	-	-	-
Balance as at September 30, 2011	104,295,710	12,155,680	385,500,000	(65,866,135)	3,125,000	334,914,545	439,210,255
Balance as on June 30, 2012	104,295,710	12,155,680	385,500,000	47,485,896	2,837,500	447,979,076	552,274,786
Loss for the 1st quarter ended September 30, 2012	-	-	-	(43,275,724)	-	(43,275,724)	(43,275,724)
Other comprehensive income	-	-	-	-	362,250	362,250	362,250
Total comprehensive (loss) / income	-	-	-	(43,275,724)	362,250	(42,913,474)	(42,913,474)
Transfer to general reserve	-	-	26,000,000	(26,000,000)	-	-	-
Balance as at September 30, 2012	104,295,710	12,155,680	411,500,000	(21,789,828)	3,199,750	405,065,602	509,361,312

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.


SHAHID A. HAKIM
 Chief Executive


SIKANDAR M. KHAN
 Chairman

**NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2012**

1 LEGAL STATUS AND OPERATIONS

Bolan Castings Limited (the Company) is a public limited liability company incorporated and domiciled in Pakistan. The Company is listed on the Karachi Stock Exchange. The address of the Company's registered office and manufacturing plant is main RCD Highway, Hub Chowki, District Lasbela, Balochistan, Pakistan. The Company manufactures and sells castings for tractors and automotive parts.

2 BASIS OF PREPARATION

2.1 These condensed interim financial statements have been prepared in accordance with International Accounting Standard - 34 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirement differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

2.2 These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Company for the year ended June 30, 2012.

3 FUNCTIONAL AND PRESENTATION CURRENCY

These condensed interim financial statements are presented in Pak Rupees which is the Company's functional and presentation currency.

4 ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of Company's annual financial statements for the year ended June 30, 2012.

		September 30, 2012 (Unaudited)	June 30, 2012 (Audited)
		-----Rupees-----	
5 PROPERTY, PLANT AND EQUIPMENT	Note		
Operating assets	5.1	235,222,783	240,645,408
Capital work-in-progress		27,030	-
		<u>235,249,813</u>	<u>240,645,408</u>
5.1 Operating assets			
Opening book value		240,648,408	232,528,399
Additions during the period / year	5.1.1	1,679,444	39,075,970
Disposals during the period / year		(383,997)	(1,682,824)
Depreciation charged during the period / year		(6,727,024)	(28,854,108)
Adjustment and write-off during the period / year		8,952	(419,029)
		<u>235,225,783</u>	<u>240,648,408</u>

NOTES TO THE FINANCIAL STATEMENTS

	September 30, 2012 (Unaudited)	June 30, 2012 (Audited)
	-----Rupees-----	
5.1.1 Additions during the period / year		
Building on freehold land	-	1,920,601
Plant and machinery	1,573,154	26,894,688
Electrical and gas installations	-	341,380
Furniture and fittings	18,290	108,435
Electrical appliances	31,400	241,825
Office equipments	-	-
Computers	15,100	202,841
Vehicles	41,500	9,366,200
	<u>1,679,444</u>	<u>39,075,970</u>
6 STOCK-IN-TRADE		
Raw materials	235,186,358	194,237,137
Work in process	40,173,000	46,564,000
Finished goods	272,393,000	94,136,597
	<u>547,752,358</u>	<u>334,937,734</u>
7 TRADE DEBTS - unsecured		
Considered good		
Related parties		
- Millat Tractors Limited	41,315,073	171,513,269
- Millat Equipment Limited	7,039,821	2,164,851
	<u>48,354,894</u>	<u>173,678,120</u>
Others	48,061,485	67,879,083
	<u>96,416,379</u>	<u>241,557,203</u>
Considered doubtful	67,847	67,847
Less: Provision for impairment	(67,847)	(67,847)
	<u>96,416,379</u>	<u>241,557,203</u>
8 DEFERRED TAX LIABILITY		
Include deferred tax assets of Rs. 22,411,454/- (June 30, 2012: Nil) in respect of tax loss of Rs. 64,032,725/- (June 30, 2012: Nil) as on September 30, 2012.		
9 CONTINGENCIES AND COMMITMENTS		
9.1	There is no change in the status of contingencies as reported in the annual financial statements of the Company for the year ended June 30, 2012.	
9.2	Outstanding letters of credit as at September 30, 2012 amount to Rs. 147.24 million (June 30, 2012: Rs. 313.62 million).	

NOTES TO THE FINANCIAL STATEMENTS

	September 30, 2012 (Unaudited)	September 30, 2011 (Unaudited)
	-----Rupees-----	
10 TURNOVER - net		
Local Sales	310,744,013	162,143,516
Less: Sales returns	(8,585,080)	(7,632,841)
Sales tax	(42,861,222)	(22,364,616)
	(51,446,302)	(29,997,457)
	<u>259,297,711</u>	<u>132,146,059</u>
11 COST OF SALES		
Raw material and components consumed		
Opening stock	154,749,988	141,720,196
Purchases	276,867,821	224,060,043
	431,617,809	365,780,239
Closing stock	(141,079,267)	(199,607,664)
	<u>290,538,542</u>	<u>166,172,575</u>
Manufacturing expenses		
Salaries, wages and benefits	19,180,416	17,432,447
Staff welfare	2,912,728	2,815,265
Stores, spares parts and loose tools consumed	30,663,270	22,809,377
Fuel and power	76,460,121	61,014,643
Machining expenses	3,494,588	1,919,922
Outsourced job contractors	29,645,240	21,020,803
Travelling and conveyance	6,825,041	6,117,363
Depreciation	6,406,428	6,459,099
Amortization	-	42,160
Rent, rates and taxes	121,378	118,835
Printing and stationery	135,914	43,987
Repairs and maintenance	757,074	676,637
Communication	138,616	150,979
Insurance	910,119	627,999
Vehicle expenses	1,057,591	796,604
Training	259,415	553,918
Entertainment	68,556	63,086
Others	107,086	241,244
	179,143,581	142,904,368
	<u>469,682,123</u>	<u>309,076,943</u>
Work in process - opening	46,564,000	39,749,000
- closing	(40,173,000)	(33,347,000)
	6,391,000	6,402,000
Cost of goods manufactured	<u>476,073,123</u>	<u>315,478,943</u>
Finished goods - opening	94,136,597	67,598,000
- closing	(272,393,000)	(196,979,000)
	(178,256,403)	(129,381,000)
	<u>297,816,720</u>	<u>186,097,943</u>

NOTES TO THE FINANCIAL STATEMENTS

		September 30, 2012 (Unaudited)	September 30, 2011 (Unaudited)
		-----Rupees-----	
12 TAXATION	Note		
Current	12.1	-	(1,397,789)
Deferred	8	<u>22,270,670</u>	<u>(2,145,132)</u>
		<u>22,270,670</u>	<u>(3,542,921)</u>
12.1 Due to the taxable loss during the period , no provision for current taxation is required in these condensed interim financial statements.			
13 CASH GENERATED FROM OPERATIONS			
Loss before taxation		(65,546,394)	(78,845,124)
Adjustments for :			
Depreciation / amortization		6,727,024	6,870,258
Provision for retirement benefits		368,799	715,896
Gain on disposal of fixed assets - net		-	(736,839)
Finance costs		11,109,153	11,279,156
Return on bank deposits		(149,480)	(180,122)
		18,055,496	17,948,349
Working Capital Changes	13.1	(64,207,390)	(172,576,579)
		<u>(111,698,288)</u>	<u>(233,473,354)</u>
13.1 Working Capital Changes			
(Increase) / decrease in current assets :			
Stores, spares and loose tools		6,784,303	5,141,785
Stock-in-trade		(212,814,624)	(251,745,010)
Trade debts		145,140,824	43,510,388
Loans and advances		(3,497,891)	11,170,490
Deposits and short-term prepayments		(3,802,376)	(6,494,084)
Other receivables		(162,635)	(294,292)
Sales tax - net		(44,490,715)	(62,087,007)
		(112,843,114)	(260,797,730)
Increase / (decrease) in current liabilities :			
Trade and other payables		48,635,724	88,221,151
		<u>(64,207,390)</u>	<u>(172,576,579)</u>
14 TRANSACTIONS WITH RELATED PARTIES			
Transactions for the period			
Nature of relationship	Nature of transactions		
Associates			
- Millat Tractors Limited	Sales	230,022,512	125,111,517
	Purchases	14,174,259	2,209,515
	Receipt of advance	100,000,000	100,616,247
	Adjustment of advance	352,887	-
- Millat Equipment Limited	Sales	4,454,697	1,417,446

NOTES TO THE FINANCIAL STATEMENTS

		September 30, 2012 (Unaudited)	June 30, 2012 (Audited)
		-----Rupees-----	
Retirement funds			
Nature of relationship	Nature of transactions		
- Provident funds	Contributions	794,842	798,909
- Pension fund	Contributions	492,714	489,799
- Executives' gratuity fund	Payments made on behalf of the fund	587,689	12,309,700
Key management personnel			
- Directors / Executives	Remuneration	2,009,994	1,914,248
Balance as at period / year end:			
Associates			
- Millat Tractors Limited	Trade debts	41,315,073	171,513,269
	Trade creditors	19,423,309	6,679,000
	Dividend paid	-	7,236,791
	Advances	101,737,329	1,737,329
	Outstanding shares	48,255,270	48,245,270
- Millat Equipment Limited	Trade Debts	7,039,821	2,164,851

15 CORRESPONDING FIGURES

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

16 GENERAL

Figures have been rounded off to the nearest Rupee, unless otherwise stated.

17 DATE OF AUTHORIZATION OF ISSUE

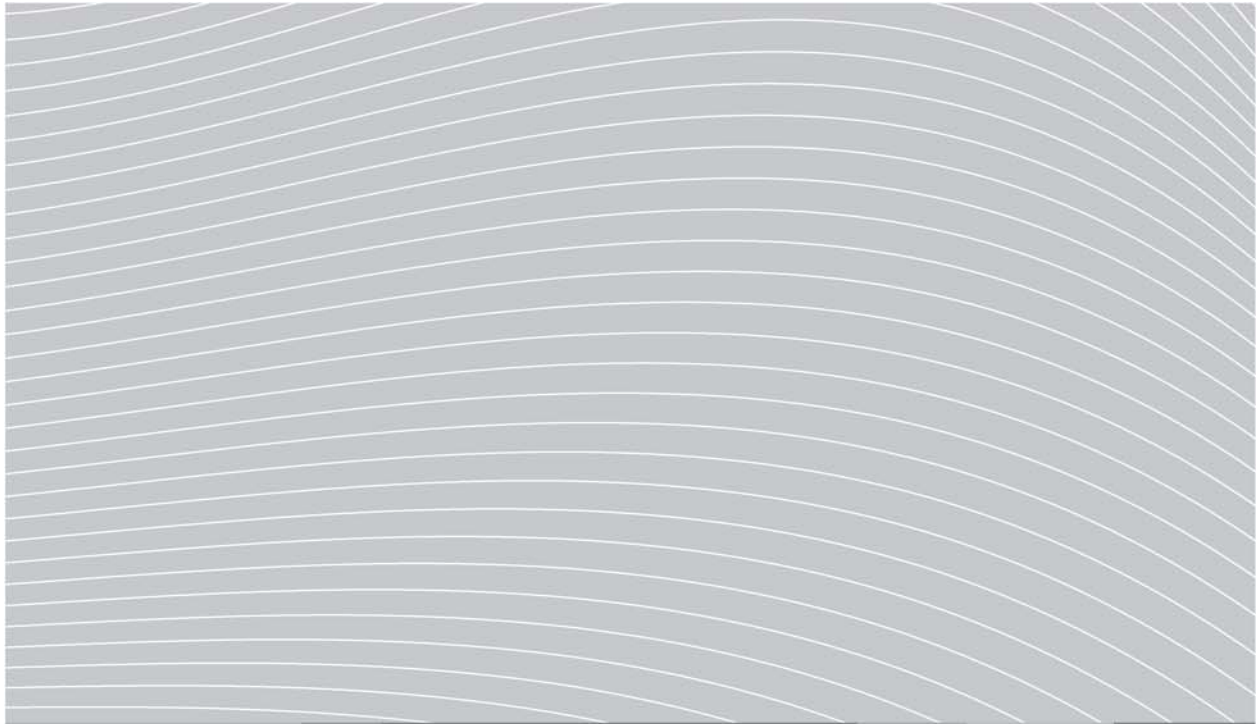
These condensed interim Financial Statements were authorised for issue by the Board of Directors of the Company in its meeting held on October 18, 2012.



SHAHID A. HAKIM
Chief Executive



SIKANDAR M. KHAN
Chairman



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