

Quarterly Accounts (Un-Audited)

For and upto the 3rd Quarter ended March 31, 2014

STAYING POWER



Bolan Castings Limited

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COMPANY INFORMATION

Board of Directors	Mr. Sikandar M. Khan Mr. Sirajuddin Khan Mr. Latif Khalid Hashmi Mr. Sohail Bashir Rana Mr. Laeeq Uddin Ansari Mr. Mian Muhammad Saleem Mr. Javed Munir Mr. Muhammad Imran Rafiq	Chairman Chief Executive 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. A.F. Ferguson & Co.	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 Pakistan Ltd. 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	
Head Office & Registered Office	Main RCD Highway, Hub Chowki, District Lasbela, Balochistan, Pakistan Tel : +92-853-364033,363296 Fax : +92-853-363292 E-mail: bclhub@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 and upto the third quarter ended March 31, 2014.

Operating and Financial Results

The net sales upto the nine months period ended March 31, 2014 were Rs. 734.085 million as compared to Rs. 1,077.664 million of corresponding period last year. The gross loss for the nine months period under review was Rs. 71.171 million as against gross profit of Rs. 78.246 million of corresponding period last year. After adjustment of overall expenses, the loss after tax for the period under review was Rs. 117.465 million as compared to loss of Rs. 10.988 million of corresponding period last year. The profitability is mainly affected as a result of decline of castings' sales to tractor manufacturers, which are facing a dearth of fresh orders from the farmers due to increase in General Sales Tax on tractor prices.

The loss per share for the nine months ended March 31, 2014 was Rs.10.24 as against the loss of Re.0.96 per share of corresponding period last year.

Future Prospects


The Government's decision to increase sales tax on tractors from 10% to 17%, which came into effect from January 2014, followed by the speculations of its reduction, led to drastic drop in the sales of tractors and tractors' castings as compared to previous period. Further, the restricted loaning for tractors by the financial institutions has also negatively affected the sales of tractors as well as tractors' castings.

Your Company is endeavoring for new sales avenues, both locally and internationally and at the same time adopting cost-cutting measures which would help in improving financial results for the upcoming period of the current financial year.

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 the entire BCL team for their dedicated efforts and contribution during the period under review.

For and on behalf of the Board



SIRAJUDDIN KHAN
Chief Executive Officer

Karachi:
April 29, 2014

CONDENSED INTERIM BALANCE SHEET AS AT MARCH 31, 2014

	Note	March 31, 2014 (Unaudited)	(Restated) June 30, 2013 (Audited)
-----Rupees-----			
ASSETS			
Non-Current Assets			
Property, plant and equipment	5	200,886,981	219,561,258
Intangible assets		503,904	685,308
Long term investment		11,787,500	14,087,500
Long term loans		939,000	848,000
Deferred taxation	6	35,894,369	-
Long term deposits		4,012,000	3,967,000
		<u>254,023,754</u>	<u>239,149,066</u>
Current Assets			
Stores, spare parts and loose tools		94,884,948	90,197,165
Stock in trade	7	415,335,074	312,183,715
Trade debts	8	223,498,093	460,908,066
Loans and advances		9,148,448	80,399,829
Deposits and short term prepayments		6,313,981	5,457,236
Other receivables		17,858,071	16,868,779
Refunds due from government - sales tax		20,243,090	-
Taxation - payments less provision		119,318,621	108,309,358
Cash and bank balances		9,979,925	11,336,742
		<u>916,580,251</u>	<u>1,085,660,890</u>
Total assets		<u>1,170,604,005</u>	<u>1,324,809,956</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		114,725,290	104,295,710
Reserves		312,633,045	442,827,466
		<u>427,358,335</u>	<u>547,123,176</u>
Liabilities			
Non-Current Liabilities			
Long term deposits		4,942,151	4,895,383
Deferred taxation		-	19,558,083
Deferred liabilities		29,331,189	28,774,817
		<u>34,273,340</u>	<u>53,228,283</u>
Current Liabilities			
Trade and other payables	9	175,150,568	199,829,208
Current portion of long term deposits		1,018,975	1,005,831
Accrued mark-up		18,024,839	9,922,340
Short term borrowings		514,777,948	496,237,098
Sales tax payable		-	17,464,020
		<u>708,972,330</u>	<u>724,458,497</u>
Total liabilities		<u>743,245,670</u>	<u>777,686,780</u>
Contingencies and Commitments	10		
Total equity and liabilities		<u>1,170,604,005</u>	<u>1,324,809,956</u>

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.


Chief Executive


Director

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2014**

	Note	Quarter ended		Nine months ended	
		March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
-----Rupees-----					
Net sales	11	208,851,284	395,817,024	734,084,758	1,077,664,490
Cost of Sales		(249,725,158)	(353,540,504)	(805,255,384)	(999,418,664)
Gross (loss) / profit		(40,873,874)	42,276,520	(71,170,626)	78,245,826
Distribution costs		(6,822,374)	(11,837,714)	(27,925,911)	(31,738,110)
Administrative expenses		(8,721,121)	(6,700,009)	(27,790,835)	(27,808,562)
Other income		1,807,799	1,614,052	10,438,847	7,524,668
(Loss) / profit from operations		(54,609,570)	25,352,849	(116,448,525)	26,223,822
Finance costs		(17,016,140)	(14,904,539)	(47,302,871)	(41,546,524)
(Loss) / profit before taxation		(71,625,710)	10,448,310	(163,751,396)	(15,322,702)
Taxation	12	15,226,807	(3,421,310)	46,286,555	4,334,490
(Loss) / profit after taxation		(56,398,903)	7,027,000	(117,464,841)	(10,988,212)
Basic and diluted earnings per share	13	(4.92)	0.61	(10.24)	(0.96)

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.


Chief Executive


Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE PERIOD ENDED MARCH 31, 2014**

	Quarter ended		Nine months ended	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
	-----Rupees-----			
(Loss) / profit after taxation	(56,398,903)	7,027,000	(117,464,841)	(10,988,212)
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Remeasurements of post employment benefit obligations	-	-	-	-
Items that may be subsequently reclassified to profit or loss				
Unrealized loss on revaluation of available-for-sale investment	(1,311,000)	(2,323,000)	(2,300,000)	(598,000)
Total comprehensive (loss) / income for the period	<u>(57,709,903)</u>	<u>4,704,000</u>	<u>(119,764,841)</u>	<u>(11,586,212)</u>

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.


Chief Executive


Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2014

	Note	March 31, 2014	March 31, 2013
-----Rupees-----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	14	39,000,873	(444,554)
Increase in long term loans		(91,000)	(10,200)
Decrease in long term deposits - net		14,912	769,641
Income tax paid		(20,175,160)	(26,953,426)
Deferred liabilities paid		(2,344,136)	(937,840)
Finance costs paid		(39,200,371)	(31,278,573)
Net Cash used in operating activities		<u>(22,794,882)</u>	<u>(58,854,952)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(1,077,049)	(8,098,587)
Sale proceeds on disposal of property, plant and equipment		3,355,371	1,643,557
Dividend received		431,250	431,250
Return received on deposit accounts		187,643	386,995
Net cash from / (used in) investing activities		<u>2,897,215</u>	<u>(5,636,785)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		-	(20,785,221)
Net decrease in cash and cash equivalents		<u>(19,897,667)</u>	<u>(85,276,958)</u>
Cash and cash equivalents at beginning of the period		(484,900,356)	(278,899,230)
Cash and cash equivalents at the end of the period		<u>(504,798,023)</u>	<u>(364,176,188)</u>
Cash and cash equivalents comprise of :			
Cash and bank balances		9,979,925	14,027,023
Short term borrowings		(514,777,948)	(378,203,211)
		<u>(504,798,023)</u>	<u>(364,176,188)</u>

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.


 Chief Executive


 Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2014

	SHARE CAPITAL	RESERVES				SUB TOTAL	TOTAL
		CAPITAL		REVENUE			
		Share premium	General reserve	Unappropriated profit/ (accumulated loss)	Gain on revaluation of available- for-sale investments		
(Rupees)							
Balance as at July 1, 2012 as previously reported	104,295,710	12,155,680	385,500,000	47,485,896	2,837,500	447,979,076	552,274,786
Effect of change in accounting policy with respect to accounting for recognition of actuarial losses on defined benefit plan - net of tax (note 3)	-	-	-	(11,832,094)	-	(11,832,094)	(11,832,094)
Balance as at July 1, 2012 - restated	104,295,710	12,155,680	385,500,000	35,653,802	2,837,500	436,146,982	540,442,692
Final dividend for the year ended June 30, 2012 @ Rs 2 per share	-	-	-	(20,859,142)	-	(20,859,142)	(20,859,142)
Transfer to general reserve from unappropriated profit as at June 30, 2012	-	-	26,000,000	(26,000,000)	-	-	-
Total comprehensive loss for the period ended March 31, 2013							
Loss for the period ended March 31, 2013	-	-	-	(10,988,212)	-	(10,988,212)	(10,988,212)
Other comprehensive loss for period ended March 31, 2013	-	-	-	-	(598,000)	(598,000)	(598,000)
	-	-	-	(10,988,212)	(598,000)	(11,586,212)	(11,586,212)
Balance as at March 31, 2013 - restated	104,295,710	12,155,680	411,500,000	(22,193,552)	2,239,500	403,701,628	507,997,338
Balance as at July 1, 2013 as previously reported	104,295,710	12,155,680	411,500,000	23,511,093	8,587,500	455,754,273	560,049,983
Effect of change in accounting policy with respect to accounting for recognition of actuarial losses on defined benefit plan - net of tax (note 3)	-	-	-	(12,926,807)	-	(12,926,807)	(12,926,807)
Balance as at July 1, 2013 - restated	104,295,710	12,155,680	411,500,000	10,584,286	8,587,500	442,827,466	547,123,176
Issue of bonus shares @ 10% for the year ended June 30, 2013	10,429,580	-	-	(10,429,580)	-	(10,429,580)	-
Transfer to general reserve from unappropriated profit as at June 30, 2013	-	-	13,000,000	(13,000,000)	-	-	-
Total comprehensive loss for the period ended March 31, 2014							
Loss for the period ended March 31, 2014	-	-	-	(117,464,841)	-	(117,464,841)	(117,464,841)
Other comprehensive loss for the period ended March 31, 2014	-	-	-	-	(2,300,000)	(2,300,000)	(2,300,000)
	-	-	-	(117,464,841)	(2,300,000)	(119,764,841)	(119,764,841)
Balance as at March 31, 2014	114,725,290	12,155,680	424,500,000	(130,310,135)	6,287,500	312,633,045	427,358,335

The annexed notes from 1 to 16 form an integral part of this condensed interim financial information.


Chief Executive


Director

NOTES TO THE INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2014

1 THE COMPANY AND ITS OPERATIONS

Bolan Castings Limited (the Company) is a public limited liability company incorporated and domiciled in Pakistan and listed on the Karachi Stock Exchange. The registered office and manufacturing plant of the company is situated at 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 This condensed interim financial information of the Company for the period ended March 31, 2014 has been prepared in accordance with International Accounting Standard No. 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

2.2 This condensed interim financial information does not include all the information and disclosures required for full financial statements and should be read in conjunction with the annual financial statements as at and for the year ended June 30, 2013.

3 ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements for the year ended June 30, 2013 as except as described below.

IAS 19 (revised) - 'Employee Benefits' effective for annual periods beginning on or after January 1, 2013 amends the accounting for employee benefits. The standard requires immediate recognition of past service cost and also replaces the interest cost on the defined

benefit obligation and the expected return on plan assets with a net interest cost based on the net defined net benefit asset or liability and the discount rate, measured at the beginning of the year.

Further, a new term 'remeasurements' has been introduced. This is made up of actuarial gains and losses, the difference between actual investment returns and the return implied by the net interest cost. The standard requires 'remeasurements' to be recognised in the balance sheet immediately, with a charge or credit to Other Comprehensive Income in the periods in which they occur.

Following the application of IAS 19 (Amendment) - 'Employee Benefits', the Company's policy for Staff Retirement Benefits in respect of 'remeasurements' stands amended as follows:

The amount arising as a result of remeasurements are recognised in the balance sheet immediately, with a charge or credit to Other Comprehensive Income in the periods in which they occur.

The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative figures have been restated.

The Company's condensed interim financial information is affected by the 'remeasurements' relating to prior years. The effects have been summarised below:

NOTES TO THE INTERIM FINANCIAL INFORMATION

	June 30, 2013	June 30, 2012
	-----Rupees-----	
Impact on Balance Sheet		
Decrease in other receivable	19,586,071	17,927,415
Decrease in deferred taxation	6,659,264	6,095,321
Decrease in unappropriated profit	<u>12,926,807</u>	<u>11,832,094</u>

Impact on Profit and loss

Increase in profit before taxation	1,017,568
Increase in taxation expense	345,973
Decrease in other comprehensive income - net of tax	1,766,308

The Company follows a consistent practice to conduct actuarial valuations annually at the year end. Hence, the impact on current and comparative condensed interim financial information has not been incorporated. There is no impact on condensed interim cash flow statement.

4 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANGEMENT

The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2013.

	(Unaudited) March 31, 2014	(Audited) June 30, 2013
	-----Rupees-----	
5 PROPERTY, PLANT AND EQUIPMENT		
Operating assets - at net book value	<u>200,886,981</u>	<u>219,561,258</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION

5.1 Additions and disposals to operating assets during the period are as follows:

	Additions (at cost)		Disposals (at net book value)	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
	-----Rupees-----			
Buildings on freehold land	40,510	1,103,433	-	-
Plant and machinery	79,000	1,742,359	-	-
Electrical and gas installations	-	412,503	-	-
Furniture and fittings	-	41,290	1,611	57,483
Electrical appliances	48,000	641,900	-	7,102
Office Equipment	-	-	107,981	-
Computers	14,038	24,600	-	45,959
Vehicles	895,500	4,132,500	1,471,924	1,525,426
	<u>1,077,048</u>	<u>8,098,585</u>	<u>1,581,516</u>	<u>1,635,970</u>

6 DEFERRED TAXATION

Includes deferred tax asset of Rs 53,035,300 (June 30, 2013: Nil) in respect of tax loss of Rs 155,986,178 (June 30, 2013: Nil) as at March 31, 2014. The management believes, based on future projections, that the Company would earn sufficient taxable profits in the future to set off its loss.

	(Unaudited)	(Audited)
	March 31, 2014	June 30, 2013
	-----Rupees-----	
7 STOCK IN TRADE		
Raw materials at costs (including in transit Rs. 4,697,098/-, June 30, 2013: Rs. 49,564,154/-)	121,933,774	142,216,415
Work in process	106,731,000	59,120,000
Finished goods	187,012,000	111,189,000
Provision for slow moving stock	(341,700)	(341,700)
	<u>415,335,074</u>	<u>312,183,715</u>
8 TRADE DEBTS		
Considered good		
Related parties	210,404,233	441,370,408
Others	13,093,860	19,537,658
	<u>223,498,093</u>	<u>460,908,066</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION

9 TRADE AND OTHER PAYABLES

9.1 This includes Rs. 88.32 million (June 30, 2013 Rs: 1.55 million) in respect of interest bearing advance from Millat Tractors Limited.

10 CONTINGENCIES AND COMMITMENTS

10.1 CONTINGENCIES

There has been no change in status of contingencies reported in the financial statements for the year ended June 30, 2013.

10.2 COMMITMENTS

Outstanding guarantees and letters of credit issued on behalf of the Company as at March 31, 2014 were Rs 2.46 million (June 30, 2013: Rs 1.57 million) and Rs 30.96 million (June 30, 2013: Rs 210.15 million) respectively.

	Quarter ended		Nine months ended	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
(Unaudited)				
Rupees				
11 NET SALES				
Local Sales	287,590,164	476,961,784	939,951,102	1,299,686,263
Less: Sales returns	(39,493,137)	(15,356,959)	(71,913,643)	(42,754,756)
Sales tax	(41,786,634)	(65,787,801)	(136,589,892)	(179,267,017)
	(81,279,771)	(81,144,760)	(208,503,535)	(222,021,773)
Export Sales	2,540,891	-	2,637,191	-
	<u>208,851,284</u>	<u>395,817,024</u>	<u>734,084,758</u>	<u>1,077,664,490</u>
12 TAXATION				
Current	-	(3,915,045)	-	(10,776,645)
Prior	(8,805,803)	521,585	(9,165,897)	(134,489)
Deferred	24,032,610	(27,850)	55,452,452	15,245,624
	<u>15,226,807</u>	<u>(3,421,310)</u>	<u>46,286,555</u>	<u>4,334,490</u>

12.1 Due to taxable loss during the period, no provision for current taxation is required in this condensed interim financial information.

NOTES TO THE INTERIM FINANCIAL INFORMATION

	March 31, 2014	March 31, 2013
	-----Rupees-----	
13 BASIC AND DILUTED EARNINGS PER SHARE		
Loss after taxation	<u>(117,464,841)</u>	<u>(10,988,212)</u>
Weighted average number of shares outstanding during the period - note	<u>11,472,529</u>	<u>11,472,529</u>
Loss / earnings per share	<u>(10.24)</u>	<u>(0.96)</u>

13.1 The weighted average number of shares outstanding during the period ended March 31, 2013 has been increased to reflect the bonus shares issued during the period ended March 31, 2014.

	March 31, 2014	March 31, 2013
	-----Rupees-----	
14 CASH GENERATED FROM / (USED IN) OPERATIONS		
Loss before taxation	(163,751,396)	(15,322,702)
Adjustments for non-cash charges and other items		
Depreciation / amortization	18,351,213	20,405,945
Provision for deferred liabilities	2,900,508	2,081,395
Gain on disposal of property, plant and equipment - net	(1,773,855)	(7,587)
Dividend income	(431,250)	(431,250)
Finance costs	47,302,871	41,546,524
Return on bank accounts	(187,643)	(366,492)
	66,161,844	63,228,535
Working Capital Changes - note 14.1	136,590,425	(48,350,387)
	<u>39,000,873</u>	<u>(444,554)</u>

14.1 Working Capital Changes

Decrease / (increase) in current assets		
Stores, spare parts and loose tools	(4,687,783)	33,122,253
Stock-in-trade	(103,151,359)	(81,007,831)
Trade debts	237,409,973	71,636,511
Loans and advances	71,251,381	298,814
Deposits and short-term prepayments	(856,745)	1,904,983
Other receivables	(989,292)	590,501
Refunds due from government - Sales tax	(37,707,110)	-
	161,269,065	26,545,231
Increase / (decrease) in current liabilities		
Trade and other payables	(24,678,640)	(80,985,048)
Sales tax payable	-	6,089,430
	<u>136,590,425</u>	<u>(48,350,387)</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION

		March 31, 2014	March 31, 2013
		-----Rupees-----	
15	TRANSACTIONS WITH RELATED PARTIES		
Related party transactions during the period are as follows:			
Relationship with the Company	Nature of transactions		
Associates			
- Millat Tractors Limited	Sales	635,642,008	965,533,034
	Purchases	19,648,000	16,930,595
	Dividend paid	-	9,649,054
	Bonus shares issued - face value	482,452	-
	Markup on advance	10,255,100	2,635,753
	Receipt of advances	150,000,000	100,000,000
	Repayment / adjustment of advance	63,230,055	(100,191,205)
	Payment / adjustment of advance	(237,444)	(352,887)
- Millat Equipment Limited	Sales	9,566,532	21,059,510
		March 31, 2014	June 30, 2013
		-----Rupees-----	
Retirement funds			
- Provident funds	Contributions	2,666,868	2,388,878
- Pension fund	Contributions	1,634,978	1,497,071
- Executives' gratuity fund	Benefits paid on behalf of the fund	6,135,092	3,547,520
Key management personnel			
-Directors / Executives	Salaries and other short term employee benefits	16,140,669	15,533,605

16 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information has been authorised for issue by the Board of Directors of the Company on April 29, 2014.


Chief Executive


Director



Head Office & Registered Office

Main RCD Highway, Hub Chowki, District Lasbela,
Balochistan, Pakistan

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