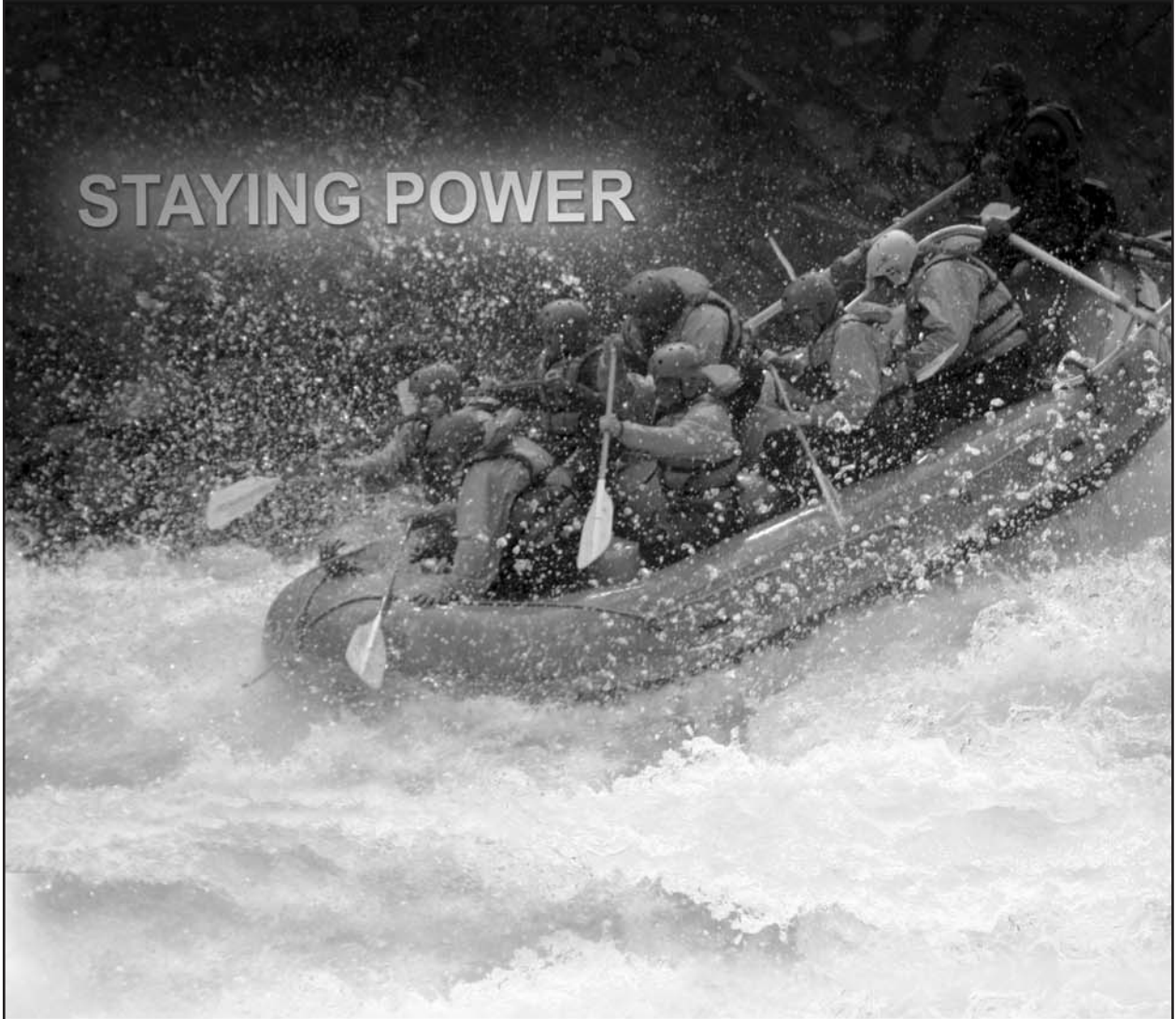


Quarterly Financial Statements (Un-Audited)
for the 1st Quarter ended September 30, 2013

STAYING POWER



Bolan Castings Limited

CONTENTS

Company Information	1
Directors' Review	2
Balance Sheet	3
Profit and Loss Account	4
Statement of Comprehensive Income	5
Cash Flow Statement	6
Statement of Changes in Equity	7
Notes to the Financial Statements	8

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 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 the 1st quarter ended September 30, 2013.

Operating and Financial Results

The net sales for the 1st quarter were Rs. 173.11 million as compared to Rs. 259.30 million of the same period last year.

The gross loss for the 1st quarter under review was Rs. 41.42 million as against gross loss of Rs. 38.52 million of the corresponding period last year. After adjustment of overall expenses, the loss after tax for the 1st quarter was Rs. 47.95 million as compared to loss of Rs. 43.28 million of same period last year.

The loss per share for the 1st quarter ended September 30, 2013 was Rs. 4.60 as against the loss of Rs. 4.15 per share 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.

Future Prospects

The sales of tractors and consequently demand for tractor castings significantly dropped due to increase of General Sales Tax from 5 percent to 10 percent on the price of tractors and because of damage to crops due to floods and heavy rains in the country.

A short and long term strategy is being planned to overcome the situation and the Company is now focusing on getting new orders for export as well as local market. At the same time the management is also adopting cost-cutting measures which would help in improving financial results for the remaining period of the current financial 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



SIRAJUDDIN KHAN
Chief Executive Officer

CONDENSED INTERIM BALANCE SHEET AS AT SEPTEMBER 30, 2013

	Note	September 30, 2013 (Unaudited)	(Restated) June 30, 2013 (Audited)
		-----Rupees-----	
ASSETS			
Non-Current Assets			
Fixed assets			
Property, plant and equipment	6	213,352,158	219,561,258
Intangible assets		624,840	685,308
		213,976,998	220,246,566
Long-term investments		14,950,000	14,087,500
Long-term loans		1,463,000	848,000
Long-term deposits		3,967,000	3,967,000
		<u>234,356,998</u>	<u>239,149,066</u>
Current Assets			
Stores, spare parts and loose tools		94,487,098	90,197,165
Stock-in-trade	7	543,970,496	312,183,715
Trade debts	8	105,175,336	460,908,066
Loans and advances		31,065,164	80,399,829
Deposits and short-term prepayments		17,333,308	5,457,236
Other receivables		17,379,286	16,868,779
Sales tax - net		59,595,942	-
Taxation - net		127,804,858	108,309,358
Cash and bank balances		15,814,240	11,336,742
		<u>1,012,625,728</u>	<u>1,085,660,890</u>
TOTAL ASSETS		<u>1,246,982,726</u>	<u>1,324,809,956</u>
EQUITY AND LIABILITIES			
Share Capital		104,295,710	104,295,710
Reserves		395,739,895	442,827,466
		<u>500,035,605</u>	<u>547,123,176</u>
Non-Current Liabilities			
Long-term deposits		5,158,908	4,895,383
Deferred tax liability	9	2,064,983	19,558,083
Deferred liabilities		28,981,460	28,774,817
		<u>36,205,351</u>	<u>53,228,283</u>
Current Liabilities			
Trade and other payables		123,328,148	199,829,208
Current portion of long-term deposits		821,770	1,005,831
Accrued mark-up		13,030,196	9,922,340
Short-term borrowings		573,561,656	496,237,098
Sales tax - net		-	17,464,020
		<u>710,741,770</u>	<u>724,458,497</u>
Contingencies and Commitments	10		
TOTAL EQUITY AND LIABILITIES		<u>1,246,982,726</u>	<u>1,324,809,956</u>

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.


Chief Executive


Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2013

	Note	September 30, 2013 -----Rupees-----	September 30, 2012
Turnover - net	11	173,108,934	259,297,711
Cost of Sales	12	<u>(214,534,463)</u>	<u>(297,816,720)</u>
Gross loss		(41,425,529)	(38,519,009)
Distribution costs		<u>(8,354,981)</u>	<u>(8,953,768)</u>
Administrative expenses		<u>(8,472,957)</u>	<u>(10,020,393)</u>
		(16,827,938)	(18,974,161)
Other operating income		<u>5,073,291</u>	<u>3,055,929</u>
Finance costs		<u>(12,262,995)</u>	<u>(11,109,153)</u>
		(7,189,704)	(8,053,224)
Loss before taxation		(65,443,171)	(65,546,394)
Taxation	13	17,493,100	22,270,670
Loss after taxation		<u>(47,950,071)</u>	<u>(43,275,724)</u>
Loss per share - basic and diluted		<u>(4.60)</u>	<u>(4.15)</u>

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.


Chief Executive


Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2013

	September 30, 2013	September 30, 2012
	-----Rupees-----	
Net loss for the period	(47,950,071)	(43,275,724)
Other comprehensive income		
Unrealised gain / (loss) on revaluation of available-for-sale investments	862,500	362,250
Total comprehensive loss for the period	<u>(47,087,571)</u>	<u>(42,913,474)</u>

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.


 Chief Executive


 Director

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2013

	Note	September 30, 2013	September 30, 2012
		-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash flows (used in) / generated from operations	14	(45,365,208)	(111,698,288)
Long-term loans		(615,000)	(678,000)
Long-term deposits - net		79,464	132,759
Taxes paid		(19,495,500)	(17,861,132)
Retirement benefits paid		(437,626)	(269,108)
Finance costs paid		(9,155,138)	(6,635,617)
Net Cash outflow from operating activities		(74,989,008)	(137,009,386)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(787,411)	(1,715,426)
Proceeds from disposal of fixed assets		2,806,145	383,997
Return on bank deposits received		123,214	141,054
Net cash outflow from investing activities		2,141,948	(1,190,375)
CASH FLOWS FROM FINANCING ACTIVITIES			
		-	-
Net decrease in cash and cash equivalents		(72,847,060)	(138,199,761)
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		(557,747,416)	(417,098,991)
Cash and cash equivalents comprises of :			
Cash and bank balances		15,814,240	12,582,731
Short-term borrowings		(573,561,656)	(429,681,722)
		(557,747,416)	(417,098,991)

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.


Chief Executive


Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2013

	Reserves							Total equity
	Issued, subscribed and paid-up capital	Capital Reserve	Revenue Reserves			Actuarial loss	Total	
			General Reserve	Un-appropriated profit / (accumulated loss)	Gain on revaluation of available - for-sale investments			
(Rupees)								
Balance as on June 30, 2012	104,295,710	12,155,680	385,500,000	47,485,896	2,837,500	(11,832,094)	436,146,982	540,442,692
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	(11,832,094)	393,233,508	497,529,218
Balance as on June 30, 2013	104,295,710	12,155,680	411,500,000	23,511,093	8,587,500	(12,926,807)	442,827,466	547,123,176
Loss for the 1st quarter ended September 30, 2013	-	-	-	(47,950,071)	-	-	(47,950,071)	(47,950,071)
Other comprehensive income	-	-	-	-	862,500	-	862,500	862,500
Total comprehensive (loss) / income	-	-	-	(47,950,071)	862,500	-	(47,087,571)	(47,087,571)
Transfer to general reserve	-	-	13,000,000	(13,000,000)	-	-	-	-
Balance as at September 30, 2013	104,295,710	12,155,680	424,500,000	(37,438,978)	9,450,000	(12,926,807)	395,739,895	500,035,605

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.


Chief Executive


Director

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2013

1 THE COMPANY AND ITS OPERATION

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 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 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, 2013.

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, 2013 except as follows:

4.1 Staff retirement benefits

The Company operates the following defined benefit plans:

- Approved funded defined benefit contributory pension scheme for all its eligible employees; and
- Approved funded gratuity scheme for all its eligible executives employees.

Previously, cumulative net unrecognized actuarial gains and losses at the beginning of the year which exceeded 10% of the greater of the present value of the obligations and the fair value of respective funds's asset were amortized over the average remaining working life of the employee. However, effective July 1, 2013 the Company has adopted IAS-19 (Revised) 'Employee Benefits' whereby actuarial gains / losses are now being recognized directly to equity through the Statement of Changes in Equity. The description and the impacts of the change in accounting policy have been detailed in note 5.

NOTES TO THE FINANCIAL STATEMENTS

5 CHANGE IN ACCOUNTING POLICY

With effect from July 1, 2013, the Company has adopted IAS 19, (Revised) 'Employee Benefits'. The amendments in the revised standard require the Company to eliminate the corridor approach and recognize all actuarial gains and losses in other comprehensive income as they occur, immediately recognize all the past service costs and replace interest cost and expected return on plan asset with a net interest amount that is calculated by discount rate to the net defined benefit liability / asset.

This change in accounting policy has been accounted for retrospectively as required under International Accounting Standard - 8 'Accounting Policies, Changes in Accounting Estimates and Errors', and the comparative financial statements have been re-stated.

The effects of the retrospective application of the change in accounting policies are as follows:

	June 30, 2013			June 30, 2012		
	As previously reported	Restatement	As re-stated	As previously reported	Restatement	As re-stated
(Rupees)						
Effect on Balance Sheet						
Staff retirement benefits						
Pension Fund	23,642,144	(14,898,594)	8,743,550	20,716,934	(11,571,838)	(11,571,838)
Executive Gratuity Fund	8,756,927	(4,687,477)	4,069,450	11,268,236	(6,355,577)	(6,355,577)
	<u>32,399,071</u>	<u>(19,586,071)</u>	<u>12,813,000</u>	<u>31,985,170</u>	<u>(17,927,415)</u>	<u>(17,927,415)</u>
Other receivables	36,454,850	(19,586,071)	16,868,779	35,926,533	(17,927,415)	17,999,118
Deferred Taxation	26,217,347	(6,659,264)	19,558,083	31,572,393	(6,095,321)	25,477,072
Reserves	455,754,273	(12,926,807)	442,827,466	447,979,076	(11,832,094)	436,146,982

Re-measurement of actuarial valuation has not been performed at the interim dates, the effect of which will be taken into account at the actuarial valuation date, i.e. June 30.

6	PROPERTY, PLANT AND EQUIPMENT	Note	September 30,	June 30,
			2013	2013
			(Unaudited)	(Audited)
-----Rupees-----				
	Operating assets	6.1	213,306,948	219,561,258
	Capital work-in-progress		45,210	-
			<u>213,352,158</u>	<u>219,561,258</u>
6.1	Operating assets			
	Opening book value		219,561,258	240,645,408
	Additions during the period / year	6.1.1	742,200	9,268,728
	Disposals during the period / year		(937,379)	(3,067,893)
	Depreciation charged during the period / year		(6,059,131)	(27,284,985)
			<u>213,306,948</u>	<u>219,561,258</u>

NOTES TO THE FINANCIAL STATEMENTS

	September 30, 2013 (Unaudited)	June 30, 2013 (Audited)
	-----Rupees-----	
6.1.1 Additions during the period / year		
Building on freehold land	-	1,508,109
Plant and machinery	-	1,742,359
Electrical and gas installations	-	412,503
Furniture and fittings	-	93,995
Electrical appliances	48,000	641,900
Office equipments	-	-
Computers	9,200	669,362
Vehicles	685,000	4,200,500
	<u>742,200</u>	<u>9,268,728</u>
7 STOCK-IN-TRADE		
Raw materials	237,156,196	142,216,415
Work-in-process	42,768,000	59,120,000
Finished goods	264,388,000	111,189,000
Less: Provision for slow moving stock	(341,700)	(341,700)
	<u>543,970,496</u>	<u>312,183,715</u>
8 TRADE DEBTS - unsecured		
Considered good		
Related parties		
- Millat Tractors Limited	75,355,914	432,655,824
- Millat Equipment Limited	8,679,385	8,714,584
	<u>84,035,299</u>	<u>441,370,408</u>
Others	21,140,037	19,537,658
	<u>105,175,336</u>	<u>460,908,066</u>
9 DEFERRED TAX LIABILITY		
Include deferred tax assets of Rs. 21,955,825/- (June 30, 2013: Nil) in respect of tax loss of Rs. 64,575,956/- (June 30, 2013: Nil) as on September 30, 2013.		
10 CONTINGENCIES AND COMMITMENTS		
10.1 CONTINGENCIES		
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, 2013.		
10.2 COMMITMENTS		
Outstanding letters of credit as at September 30, 2013 amount to Rs. 141.17 million (June 30, 2013: Rs. 210.15 million).		

NOTES TO THE FINANCIAL STATEMENTS

	September 30, 2013 (Unaudited)	September 30, 2012 (Unaudited)
	-----Rupees-----	
11 TURNOVER - net		
Local Sales	216,600,167	310,744,013
Less: Sales returns	(12,014,856)	(8,585,080)
Sales tax	(31,476,377)	(42,861,222)
	(43,491,233)	(51,446,302)
	173,108,934	259,297,711
12 COST OF SALES		
Raw material and components consumed		
Opening stock	92,652,261	154,749,988
Purchases	282,253,540	276,867,821
	374,905,801	431,617,809
Closing stock	(178,681,379)	(141,079,267)
	196,224,422	290,538,542
Manufacturing expenses		
Salaries, wages and benefits	24,102,610	19,180,416
Staff welfare	2,665,658	2,912,728
Stores, spare parts and loose tools consumed	22,099,522	30,663,270
Fuel and power	63,939,080	76,460,121
Machining expenses	1,263,809	3,494,588
Outsourced job contractors	23,845,254	29,645,240
Travelling and conveyance	7,109,582	6,825,041
Depreciation	5,779,715	6,406,428
Amortization	36,282	-
Rent, rates and taxes	147,068	121,378
Printing and stationery	84,807	135,914
Repairs and maintenance	937,807	757,074
Communication	72,973	138,616
Insurance	1,218,504	910,119
Vehicle expenses	1,143,254	1,057,591
Training	342,074	259,415
Entertainment	61,729	68,556
Others	307,313	107,086
	155,157,041	179,143,581
	351,381,463	469,682,123
Work in process - opening	59,120,000	46,564,000
- closing	(42,768,000)	(40,173,000)
	16,352,000	6,391,000
Cost of goods manufactured	367,733,463	476,073,123
Finished goods - opening	111,189,000	94,136,597
- closing	(264,388,000)	(272,393,000)
	(153,199,000)	(178,256,403)
	214,534,463	297,816,720

NOTES TO THE FINANCIAL STATEMENTS

		September 30, 2013 (Unaudited)	September 30, 2012 (Unaudited)
		-----Rupees-----	
13 TAXATION	Note		
Current	13.1	-	-
Deferred	9	<u>17,493,100</u>	<u>22,270,670</u>
		<u>17,493,100</u>	<u>22,270,670</u>
13.1	Due to the taxable loss during the period, no provision for current taxation is required in these condensed interim financial statements.		
14 CASH GENERATED FROM OPERATIONS			
Loss before taxation		(65,443,171)	(65,546,394)
Adjustments for :			
Depreciation / amortization		6,119,599	6,727,024
Provision for retirement benefits		644,269	368,799
Gain on disposal of fixed assets - net		(1,868,766)	-
Finance costs		12,262,995	11,109,153
Return on bank deposits		(123,214)	(149,480)
		17,034,883	18,055,496
Working Capital Changes	14.1	3,043,080	(64,207,390)
		<u>(45,365,208)</u>	<u>(111,698,288)</u>
14.1 Working Capital Changes			
(Increase) / decrease in current assets :			
Stores, spares and loose tools		(4,289,933)	6,784,303
Stock-in-trade		(231,786,781)	(212,814,624)
Trade debts		355,732,730	145,140,824
Loans and advances		49,334,665	(3,497,891)
Deposits and short-term prepayments		(11,876,072)	(3,802,376)
Other receivables		(510,507)	(162,635)
Sales tax - net		-	(44,490,715)
		156,604,102	(112,843,114)
Increase / (decrease) in current liabilities :			
Trade and other payables		(76,501,060)	48,635,724
Sales tax - net		(77,059,962)	-
		<u>3,043,080</u>	<u>(64,207,390)</u>
15 TRANSACTIONS WITH RELATED PARTIES			
Transactions for the period			
Nature of relationship	Nature of transactions		
Associates			
- Millat Tractors Limited	Sales	147,586,618	230,022,512
	Purchases	2,489,000	14,174,259
	Receipt of advance	-	100,000,000
	Adjustment of advance	-	352,887
- Millat Equipment Limited	Sales	5,827,460	4,454,697

NOTES TO THE FINANCIAL STATEMENTS

Nature of relationship	Nature of transactions	September 30,	June 30,	
		2013 (Unaudited)	2013 (Audited)	
		-----Rupees-----		
Retirement funds				
-	Provident funds	Contributions	865,652	794,842
-	Pension fund	Contributions	547,431	492,714
-	Executives' gratuity fund	Payments made on behalf of the fund	1,631,757	587,689
Key management personnel				
-	Directors / Executives	Remuneration	1,917,263	2,009,994
Balance as at period / year end:				
Associates				
-	Millat Tractors Limited	Trade debts	75,355,914	432,655,824
		Trade creditors	6,104,093	3,685,122
		Advances	1,546,124	1,546,124
		Outstanding shares	48,245,270	48,245,270
-	Millat Equipment Limited	Trade Debts	8,679,385	8,714,584

16 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.

17 GENERAL

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

18 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 28, 2013.


Chief Executive


Director



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

www.bolanfoundry.com