

CONTENTS

Company Information	2
Directors' Review	3
Auditors' Review Report to the Members	4
Balance Sheet	5
Profit and Loss Account	6
Statement of Comprehensive Income	7
Cash Flow Statement	8
Statement of Changes in Equity	9
Notes to the Interim Financial Information	10



COMPANY INFORMATION

Board of Directors	Mr. Sikandar M. Khan Mr. Sirajuddin Khan Mr. Latif Khalid Hashmi Mr. Sohail Bashir Rana Mr. Laeeq Uddin Ansari Mian Muhammad Saleem Syed Muhammad Irfan Aqueel Syed Javaid Ashraf Mr. Muhammad Imran Rafiq	Chairman Chief Executive Director Director Director Director Director Director Director
Company Secretary	Mr. Arafat Mushir	
Chief Financial Officer	Syed Sajid Ali	
Auditors	M/s. A.F. Ferguson & Co.	Chartered Accountants
Legal Advisors	M/s. MJLA, Legal	
Bankers	Habib Bank Limited MCB Bank Limited Bank Alfalah Limited Dubai Islamic Bank Pakistan Ltd. Meezan Bank Limited 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	
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 second quarter and half year ended December 31, 2015 duly reviewed by the statutory auditors of the Company pursuant to the requirements of the Code of Corporate Governance.

Operating and Financial Results

The net sales for the half year were Rs. 510.869 million as compared to Rs. 857.669 million of corresponding period last year. The gross profit for the half year under review was Rs. 24.436 million as against Rs. 108.734 million of corresponding period last year. The after tax loss for the half year was Rs.19.034 million as compared to profit of Rs. 33.059 million of corresponding period last year. The loss per share for the half year ended December 31, 2015 was Rs.1.66 as against earnings of Rs.2.88 per share of corresponding period last year.

The decrease of commodity prices coupled with the low output of cotton, due to rain, has severely hampered the purchasing power of farming community. Additionally, the inordinate delay in implementation of tractor subsidy schemes, announced in the provincial budgets, has also negatively impacted by refraining farmers from buying tractors. All these factors have adversely affected the sales of tractors and consequently demand for tractors' castings which predominantly contributed towards the losses of the Company.

Future Prospects

Sales of tractors are expected to improve in the second half of the current financial year. Our Company, being part of tractors' vending industry also expects better scope for sales of its castings during remaining period of the current financial year.

Our main customer Millat Tractor Limited is focusing on export of MF brand tractors globally through its principal - AGCO Corp. which hopefully will result into enhanced orders for our castings.

We are taking measures to improve our supply chain and quality of products for satisfaction of our customers. Further, 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

Hub:
February 11, 2016

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

Introduction

We have reviewed the accompanying condensed interim balance sheet of Bolan Castings Limited as at December 31, 2015 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the notes forming part thereof for the half year then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarters ended December 31, 2015 and 2014 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2015.

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 an 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 as of and for the half year ended December 31, 2015 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.



A. F. Ferguson & Co.
Chartered Accountants
Karachi

February 18, 2016

Name of the Engagement Partner: Farrukh Rehman

CONDENSED INTERIM BALANCE SHEET

AS AT DECEMBER 31, 2015

		(Unaudited) December 31, 2015	(Audited) June 30, 2015
	Note	-----Rupees-----	
ASSETS			
Non-current assets			
Property, plant and equipment	5	185,779,414	187,057,730
Intangible assets		80,627	201,563
Long-term investment		17,606,500	16,718,125
Long term loans		1,072,745	777,745
Deferred taxation	6	53,043,513	40,179,459
Long-term deposits		3,705,680	3,612,000
Staff retirement benefit - prepayment	7	5,591,003	6,326,953
		<u>266,879,482</u>	<u>254,873,575</u>
Current assets			
Stores, spare parts and loose tools		87,981,114	84,345,162
Stock-in-trade	8	428,435,900	489,320,254
Trade debts	9	104,722,153	183,250,126
Loans and advances		13,987,504	9,614,849
Trade deposits and short term prepayments		7,031,089	21,722,339
Other receivables		2,163,993	2,868,829
Refunds due from the government - sales tax		8,360,857	19,347,640
Taxation - payments less provision		140,994,763	129,439,128
Cash and bank balances		7,668,439	8,890,582
		<u>801,345,812</u>	<u>948,798,909</u>
Total assets		<u>1,068,225,294</u>	<u>1,203,672,484</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		114,725,290	114,725,290
Reserves		320,789,351	361,879,819
		<u>435,514,641</u>	<u>476,605,109</u>
LIABILITIES			
Non-current liabilities			
Long term deposits		3,562,610	5,126,432
Staff retirement benefits - obligations	7	35,710,050	34,724,304
		<u>39,272,660</u>	<u>39,850,736</u>
Current liabilities			
Trade and other payables		68,734,701	83,091,092
Current portion of long term deposits		1,236,796	845,500
Accrued mark-up		8,065,593	10,362,800
Short term borrowings - from banks		515,400,903	592,917,247
		<u>593,437,993</u>	<u>687,216,639</u>
Total liabilities		<u>632,710,653</u>	<u>727,067,375</u>
Contingencies and commitments	10		
Total equity and liabilities		<u>1,068,225,294</u>	<u>1,203,672,484</u>

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.


Chief Executive


Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE HALF YEAR ENDED DECEMBER 31, 2015 (UNAUDITED)

	Note	Quarter ended		Half year ended	
		December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
-----Rupees-----					
Sales	11	122,665,396	482,508,976	510,868,531	857,669,276
Cost of sales		(133,780,045)	(442,575,825)	(486,432,604)	(748,935,440)
Gross (loss) / profit		(11,114,649)	39,933,151	24,435,927	108,733,836
Distribution cost		(4,293,638)	(13,352,284)	(15,230,901)	(23,093,677)
Administrative expenses		(10,086,834)	(8,426,944)	(19,945,966)	(14,997,402)
Other expenses		373,493	(677,296)	(273,545)	(3,638,122)
Other income		2,436,240	2,766,921	3,091,918	5,798,999
(Loss) / profit from operations		(22,685,388)	20,243,548	(7,922,567)	72,803,634
Finance cost		(9,110,055)	(11,105,462)	(18,758,774)	(23,715,847)
(Loss) / profit before taxation		(31,795,443)	9,138,086	(26,681,341)	49,087,787
Taxation		8,616,534	2,007,694	7,647,556	(16,029,155)
(Loss) / profit after taxation		(23,178,909)	11,145,780	(19,033,785)	33,058,632
(Loss) / earnings per share -					
Basic and diluted	12	(2.02)	0.97	(1.66)	2.88

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.


Chief Executive


Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED DECEMBER 31, 2015 (UNAUDITED)

Note	Quarter ended		Half year ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	-----Rupees-----			
(Loss) / profit after taxation	(23,178,909)	11,145,780	(19,033,785)	33,058,632
Other comprehensive (loss) / income				
Items that may be subsequently reclassified to profit or loss				
Unrealised (loss) / gain on revaluation of available-for-sale investment	(1,934,875)	1,776,750	888,375	4,220,500
Total comprehensive (loss) / income for the period	(25,113,784)	12,922,530	(18,145,410)	37,279,132

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.


 Chief Executive


 Director

CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED DECEMBER 31, 2015 (UNAUDITED)

	Note	December 31, 2015	December 31, 2014
		-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	13	146,414,602	7,849,268
Increase in long term loans		(295,000)	(234,745)
Increase in long-term deposits - net		(1,266,206)	(612,297)
Income tax paid		(16,772,133)	(11,135,293)
Staff retirement benefits paid		(595,917)	(2,097,041)
Mark-up paid		(20,791,917)	(25,834,456)
Net cash generated / (used in) from operating activities		106,693,429	(32,064,564)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(9,672,295)	(919,590)
Proceeds from disposal of property, plant and equipment		845,151	3,143,688
Return received on savings and deposit accounts		204,824	83,524
Dividend income		862,500	646,875
Net cash from investing activities		(7,759,820)	2,954,497
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid during the period		(22,639,408)	-
Net increase / (decrease) in cash and cash equivalents		76,294,201	(29,110,067)
Cash and cash equivalents at the beginning of the period		(584,026,665)	(435,818,516)
Cash and cash equivalents at the end of the period		<u>(507,732,464)</u>	<u>(464,928,583)</u>

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.


Chief Executive


Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED DECEMBER 31, 2015 (UNAUDITED)

	SHARE CAPITAL	RESERVES				SUB TOTAL	TOTAL
		CAPITAL	REVENUE				
	Share premium	General	Unappropriated profit/ (accumulated loss)	Gain on revaluation of available-for-sale investments			
	(Rupees)						
Balance as at July 1, 2014	114,725,290	12,155,680	424,500,000	(117,788,505)	6,718,750	325,585,925	440,311,215
Total comprehensive income for the half year ended December 31, 2014							
Profit for the half year ended December 31, 2014	-	-	-	33,058,632	-	33,058,632	33,058,632
Other comprehensive income for the half year ended December 31, 2014	-	-	-	-	4,220,500	4,220,500	4,220,500
	-	-	-	33,058,632	4,220,500	37,279,132	37,279,132
Balance as at December 31, 2014	114,725,290	12,155,680	424,500,000	(84,729,873)	10,939,250	362,865,057	477,590,347
Balance as at July 1, 2015	114,725,290	12,155,680	424,500,000	(85,993,986)	11,218,125	361,879,819	476,605,109
Issue of dividend @ 20% for the year ended June 30, 2015	-	-	-	(22,945,058)	-	(22,945,058)	(22,945,058)
Total comprehensive loss for the half year ended December 31, 2015							
Loss for the half year ended December 31, 2015	-	-	-	(19,033,785)	-	(19,033,785)	(19,033,785)
Other comprehensive income for the half year ended December 31, 2015	-	-	-	-	888,375	888,375	888,375
	-	-	-	(19,033,785)	888,375	(18,145,410)	(18,145,410)
Balance as at December 31, 2015	114,725,290	12,155,680	424,500,000	(127,972,829)	12,106,500	320,789,351	435,514,641

The annexed notes 1 to 15 form an integral part of this condensed interim financial information.


 Chief Executive


 Director

NOTES TO CONDENSED INTERIM FINANCIAL INFORMATION FOR THE HALF YEAR ENDED DECEMBER 31, 2015 (UNAUDITED)

1. THE COMPANY AND ITS OPERATIONS

Bolan Castings Limited (the Company) is a public limited company incorporated and domiciled in Pakistan and listed on the Pakistan 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

This condensed interim financial information of the Company for the half year ended December 31, 2015 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 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. This condensed interim financial information is being submitted to the shareholders as required by section 245 of the Companies Ordinance, 1984 and the Listing Regulations of the Pakistan Stock Exchange.

This condensed interim financial information does not include all the information required for full financial statements and should be read in conjunction with the annual financial statements for the year ended June 30, 2015.

2.1 Changes in accounting standards, interpretations and pronouncements

a) Standards, interpretations and amendments to published approved accounting standards that are effective and relevant

The following are the new standards, amendments to existing approved accounting standards and new interpretations that will be effective for the periods beginning on or after January 1, 2015 that may have an impact on the financial statements of the Company.

IFRS 10, 'Consolidated financial statement' replaces all of the guidance on control and consolidation in IAS 27, 'Consolidation and separate financial statement', and SIC-12, 'Consolidation - special purpose entities'. IAS 27 is renamed 'Separate financial statement', it continue to be a standard dealing solely with separate financial statements. IFRS 10 has the potential to affect all reporting entities (investors) that control one or more investees under the revised definition of control. The standard may not have impact on future consolidated financial statement of the Company.

IFRS 12, 'Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangement, associates, structured entities and other off balance sheet vehicles. The standard will affect the disclosures in the financial statements of the Company.

NOTES TO THE FINANCIAL INFORMATION

IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirement for use across IFRSs. The requirement do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The standard will affect the determination of fair value and its related disclosures in the financial statements of the Company.

b) Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant

The new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2015 are considered not to be relevant for Company's financial statements and hence have not been detailed here.

c) Standards, interpretations and amendments to published approved accounting standards that are not yet effective but relevant

The new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2016 are considered not to be relevant for Company's financial statements and hence have not been detailed here.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the preceding annual financial statements of the Company for the year ended June 30, 2015.

4. ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT"

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts. Actual results may differ from these judgements, estimates and assumptions.

However, management believes that the change in outcome of judgements, estimates and assumptions would not have a material impact on the amounts disclosed in this condensed interim financial information.

Judgments and estimates made by the management in the preparation of this condensed interim financial information are the same as those that were applied to the financial statements as at and for the year ended June 30, 2015.

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, 2015.

NOTES TO THE FINANCIAL INFORMATION

5. PROPERTY, PLANT AND EQUIPMENT	(Audited)	
	December 31, 2015	June 30, 2015
	-----Rupees-----	
Operating assets - at net book value	185,663,974	183,817,230
Capital work in progress	115,440	3,240,500
	<u>185,779,414</u>	<u>187,057,730</u>

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

	Additions (at cost)		Disposals (at net book value)	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	-----Rupees-----			
Buildings on free-hold land	-	96,350	-	-
Plant and machinery	8,078,005	149,790	-	351,380
Furniture and fittings	12,500	26,000	-	-
Electrical appliances	91,000	111,150	-	-
Computers	-	47,000	-	-
Office equipment	322,350	-	-	-
Vehicles	4,293,500	489,300	574,216	2,123,327
	<u>12,797,355</u>	<u>919,590</u>	<u>574,216</u>	<u>2,474,707</u>

6. DEFERRED TAXATION

Includes deferred tax asset of Rs 58.01 million (June 30, 2015: Rs 46.46 million) in respect of carried forward losses and minimum tax credits. The management believes, based on future projections, that the Company would earn sufficient taxable profits in future years to set off its carried forward losses and minimum tax paid. The determination of such future taxable profits is most sensitive to certain key assumptions such as revenue growth, gross margin percentages and inflation. Any significant change in the key assumptions may have an effect on the realisability of the deferred tax asset.

7. STAFF RETIREMENT BENEFITS

The Company follows a consistent practice to conduct actuarial valuations annually at the year end. Hence, the impact, if any, relating to remeasurements of post employment benefit obligations (actuarial gains/losses) on condensed interim financial information is not calculated and accounted for as considered immaterial.

8. STOCK-IN-TRADE	(Audited)	
	December 31, 2015	June 30, 2015
	-----Rupees-----	
Raw materials (including in transit Rs. 2,896,999; June 30, 2015: Rs. 59,090,429)"	144,408,120	247,403,409
Work in process	63,751,692	86,121,297
Finished goods - note 8.1	220,617,788	156,137,248
	<u>428,777,600</u>	<u>489,661,954</u>
Provision for slow moving stock	(341,700)	(341,700)
	<u>428,435,900</u>	<u>489,320,254</u>

NOTES TO THE FINANCIAL INFORMATION

- 8.1** Stock-in-trade - finished goods includes stock which has been written-down to net realisable value by Rs. 10.96 million (June 30, 2015: Rs. 14.36 million).

	December 31, 2015	(Audited) June 30, 2015
	-----Rupees-----	
9. TRADE DEBTS		
Considered good		
- Related parties	86,767,458	164,409,017
- Others	17,954,695	18,841,109
	<u>104,722,153</u>	<u>183,250,126</u>

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, 2015.

10.2 Commitments

There are no commitments in respect of capital expenditure as at December 31, 2015 (June 30, 2015: Rs. nil).

	December 31, 2015	December 31, 2014
	-----Rupees-----	
11. SALES		
Local sales	627,267,156	1,041,978,911
Less:		
- Sales returns	(25,227,593)	(33,203,514)
- Sales tax	(91,171,032)	(151,106,121)
	<u>(116,398,625)</u>	<u>(184,309,635)</u>
	<u>510,868,531</u>	<u>857,669,276</u>
12. (LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED		
(Loss) / profit after taxation attributable to ordinary shareholders	<u>(19,033,785)</u>	<u>33,058,632</u>
Weighted average number of shares in issue during the period	<u>11,472,529</u>	<u>11,472,529</u>
(Loss) / earnings per share - Basic and diluted	<u>(1.66)</u>	<u>2.88</u>

NOTES TO THE FINANCIAL INFORMATION

	December 31, 2015	December 31, 2014
13. CASH GENERATED FROM OPERATIONS	-----Rupees-----	
(Loss) / Profit before taxation	(26,681,341)	49,087,787
Adjustment for non-cash charges and other items		
Depreciation and amortisation	10,497,331	10,553,682
Provision for staff retirement benefits	2,317,613	1,617,778
Gain on disposal of property, plant and equipment	(270,935)	(668,981)
Return on savings and deposit accounts	(204,824)	(83,524)
Dividend income	(862,500)	(646,875)
Mark-up on short term borrowings and advance from customer	18,494,710	23,587,639
	29,971,395	34,359,719
	3,290,054	83,447,506
EFFECT ON CASH FLOW DUE TO WORKING CAPITAL CHANGES		
Decrease / (Increase) in current assets		
Stores, spare parts and loose tools	(3,635,952)	(4,329,742)
Stock-in-trade	60,884,354	45,708,185
Trade debts	78,527,973	(137,769,356)
Loans and advances	(4,372,655)	(5,591,888)
Trade deposits and short term prepayments	14,691,250	(4,923,226)
Other receivables	704,836	(136,433)
Refunds due from the government - sales tax	10,986,783	11,093,051
	157,786,589	(95,949,409)
(Decrease) / Increase in current liabilities		
Trade and other payables	(14,662,041)	20,351,171
	146,414,602	7,849,268

NOTES TO THE FINANCIAL INFORMATION

14. TRANSACTIONS WITH RELATED PARTIES

Related party transactions during the period are as follows:

Relationship with the Company	Nature of transactions	December 31,	December 31,
		2015	2014
		-----Rupees-----	
Associated companies			
- Millat Tractors Limited	Sale of goods	469,380,595	866,739,942
	Purchase of goods	5,838,743	5,943,178
	Interest on advance	-	222,786
- Millat Equipment Limited	Sale of goods	2,797,780	9,684,093
Staff retirement benefit funds:			
- Pension fund	Contributions	1,176,703	1,040,347
- Provident fund	Contributions	1,848,595	1,616,910
- Executives' gratuity fund	Benefits paid on behalf of the fund	-	2,773,246
Key management personnel	Salaries and other short term employee benefits	10,133,515	5,976,572

15. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information has been authorised for issue by the Board of Directors of the Company on February 11, 2016.


Chief Executive


Director