



DRIVING GROWTH THROUGH CHANGE

Quarterly Financial Statements
For and upto the Second Quarter
Ended December 31, 2016

Bolan Castings Limited

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COMPANY INFORMATION

Board of Directors	Mr. Sikandar M. Khan Mr. Nisar Ahmed Mirani 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 Mr. Saifuddin	Chairman Chief Executive Director 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. Latif & Latif Advocates M/s. Rizwan Manai Associates	
Bankers	Habib Bank Limited MCB Bank Limited Bank Alfalah Limited Dubai Islamic Bank Pakistan Ltd. Meezan Bank Limited Faysal Bank Limited 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 2nd quarter and half year ended December 31, 2016 duly reviewed by the statutory auditors of the Company pursuant to the requirements of code of Corporate Governance.

Operating and Financial Results

During the first half of current financial year the Company recorded net sales revenue of Rs. 780.15 million as compared to Rs. 510.87 million during the same period last year. Further, the efficient management of the resources coupled with the reduction in raw materials' prices helped in improving the gross profit margin from 4.78% to 15.69%.

The Company recorded profit after tax of Rs.47.31 million for the half year under review as compared to loss of Rs. 19.03 million of same period last year. The earnings per share for the half year ended December 31, 2016 were Rs. 4.12 as against loss of Rs. 1.66 per share of corresponding period last year.

Future Prospects

The foreseeable future is bright. The tractor and its vending industry are expected to grow further during the next half of current financial year.

Our main customer Millat Tractors Limited (MTL) has taken an initiative with the aim to boost tractor export to the Middle Eastern region and African countries, by exporting tractors through its principal AGCO. Moreover, MTL has also launched its new emission compliant engines, which will help in spreading its wings in global market. All these initiatives will hopefully benefit the MTL and being part of Millat Group will eventually act in your Company's favor.

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.

The above mentioned factors make us confident that our Company will surpass previous performances during 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



NISAR AHMED MIRANI
Chief Executive Officer

Hub:
February 14, 2017

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, 2016 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, 2016 and 2015 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2016.

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, 2016 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 21, 2017

Name of the Engagement Partner: Farrukh Rehman

CONDENSED INTERIM BALANCE SHEET

AS AT DECEMBER 31, 2016

		(Unaudited) December 31, 2016	(Audited) June 30, 2016
	Note	-----Rupees-----	
ASSETS			
Non-current assets			
Property, plant and equipment	5	175,890,582	184,429,083
Long-term investment		37,423,875	23,287,500
Long term loans		1,201,745	780,745
Deferred taxation	6	33,983,687	54,356,279
Long-term deposits		3,893,041	3,893,041
		<u>252,392,930</u>	<u>266,746,648</u>
Current assets			
Stores, spare parts and loose tools		79,875,872	84,624,858
Stock-in-trade	7	230,454,173	280,698,434
Trade debts	8	94,784,372	141,878,725
Loans and advances		7,893,146	4,612,090
Trade deposits and short term prepayments		4,499,365	340,640
Other receivables		428,898	2,628,083
Refunds due from the government - sales tax		9,345,925	5,693,846
Taxation - payments less provision		126,147,056	124,831,054
Cash and bank balances		7,473,712	12,952,661
		<u>560,902,519</u>	<u>658,260,391</u>
Total assets		<u>813,295,449</u>	<u>925,007,039</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		114,725,290	114,725,290
Reserves		387,908,237	337,936,125
		<u>502,633,527</u>	<u>452,661,415</u>
LIABILITIES			
Non-current liabilities			
Long term deposits		4,179,771	4,999,301
Staff retirement benefits - obligations	9	88,425,485	79,953,882
		<u>92,605,256</u>	<u>84,953,183</u>
Current liabilities			
Trade and other payables		89,233,597	107,523,406
Current portion of long term deposits		641,113	898,636
Accrued mark-up		2,842,720	4,768,886
Short term borrowings - from banks		125,339,236	274,201,513
		<u>218,056,666</u>	<u>387,392,441</u>
Total liabilities		<u>310,661,922</u>	<u>472,345,624</u>
Contingencies and commitments	10		
Total equity and liabilities		<u>813,295,449</u>	<u>925,007,039</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, 2016 (UNAUDITED)

	Note	Quarter ended		Half year ended	
		December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
		Rupees			
Sales	11	466,511,322	122,665,396	780,148,500	510,868,531
Cost of sales		(387,246,428)	(133,780,045)	(657,704,887)	(486,432,604)
Gross profit / (loss)		79,264,894	(11,114,649)	122,443,613	24,435,927
Distribution cost		(11,593,524)	(4,293,638)	(20,287,643)	(15,230,901)
Administrative expenses		(12,437,656)	(10,086,834)	(22,824,164)	(19,945,966)
Other expenses		(4,255,838)	373,493	(5,623,525)	(273,545)
Other income		2,569,191	2,436,240	3,275,540	3,091,918
Profit / (Loss) from operations		53,547,067	(22,685,388)	76,983,821	(7,922,567)
Finance cost		(3,680,770)	(9,110,055)	(8,663,667)	(18,758,774)
Profit / (Loss) before taxation		49,866,297	(31,795,443)	68,320,154	(26,681,341)
Taxation		(15,833,186)	8,616,534	(21,011,888)	7,647,556
Profit / (Loss) after taxation		34,033,111	(23,178,909)	47,308,266	(19,033,785)
Earnings / (Loss) per share - Basic and diluted	12	2.97	(2.02)	4.12	(1.66)

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, 2016 (UNAUDITED)

	Quarter ended		Half year ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
	Rupees			
Profit / (loss) after taxation	34,033,111	(23,178,909)	47,308,266	(19,033,785)
Other comprehensive income / (loss)				
Items that may be subsequently reclassified to profit or loss				
Unrealised gain / (loss) on revaluation of available-for-sale investment	(3,470,125)	(1,934,875)	14,136,375	888,375
Total comprehensive income / (loss) for the period	30,562,986	(25,113,784)	61,444,641	(18,145,410)

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, 2016 (UNAUDITED)

		December 31, 2016	December 31, 2015
	Note	-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	13	165,585,774	146,414,602
Increase in long term loans		(421,000)	(295,000)
Increase in long-term deposits - net		(1,077,053)	(1,266,206)
Income tax paid		(1,955,298)	(16,772,133)
Staff retirement benefits paid		(405,167)	(595,917)
Mark-up paid		(10,261,391)	(20,791,917)
Net cash generated from operating activities		151,465,865	106,693,429
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(2,780,133)	(9,672,295)
Proceeds from disposal of property, plant and equipment		905,992	845,151
Return received on savings and deposit accounts		45,153	204,824
Dividend income		1,437,500	862,500
Net cash used in investing activities		(391,488)	(7,759,820)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid during the period		(7,691,049)	(22,639,408)
Net increase in cash and cash equivalents		143,383,328	76,294,201
Cash and cash equivalents at the beginning of the period		(263,710,052)	(584,026,665)
Cash and cash equivalents at the end of the period		(120,326,724)	(507,732,464)

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, 2016 (UNAUDITED)

	Share Capital	Reserves				Sub Total	Total
		Capital	Revenue		Gain on revaluation of available-for-sale investments		
		Share premium	General	Unappropriated profit/(accumulated loss)			
				(Rupees)			
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
Balance as at July 1, 2016	114,725,290	12,155,680	424,500,000	(116,507,055)	17,787,500	337,936,125	452,661,415
Issue of dividend @ 10% for the year ended June 30, 2016	-	-	-	(11,472,529)	-	(11,472,529)	(11,472,529)
Total comprehensive Income for the half year ended December 31, 2016							
Profit for the half year ended December 31, 2016	-	-	-	47,308,266	-	47,308,266	47,308,266
Other comprehensive income for the half year ended December 31, 2016	-	-	-	-	14,136,375	14,136,375	14,136,375
	-	-	-	47,308,266	14,136,375	61,444,641	61,444,641
Balance as at December 31, 2016	114,725,290	12,155,680	424,500,000	(80,671,318)	31,923,875	387,908,237	502,633,527

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



Chief Executive



Director

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE HALF YEAR ENDED DECEMBER 31, 2016 (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.

The Company is a subsidiary of Millat Tractors Limited in accordance with the provisions of IFRS 10 - Consolidated Financial Statements.

2. BASIS OF PREPARATION

This condensed interim financial information of the Company for the half year ended December 31, 2016 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, 2016.

2.1 Changes in accounting standards, interpretations and pronouncements

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

IAS 1, 'Presentation of financial statements' aims to improve presentation and disclosure in financial reports by emphasising the importance of understandability, comparability and clarity in presentation.

The amendments provides clarification on number of issues, including:

- Materiality - an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance.
- Disaggregation and subtotals – line items specified in IAS 1 may need to be disaggregated where this is relevant to an understanding of the entity's financial position or performance. There is also new guidance on the use of subtotals.
- Notes – confirmation that the notes do not need to be presented in a particular order.

NOTES TO THE FINANCIAL INFORMATION

- Other Comprehensive Income (OCI) - arising from investments accounted for under the equity method - the share of the OCI arising from equity - accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of comprehensive income.

The change may impact the disclosures of Company's financial statements.

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, 2016 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

Amendments to IAS 7 - Disclosure initiative

IAS 7, 'Statement of cash flows' amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of the IASB's Disclosure Initiative, which continues to explore how financial statement disclosure can be improved.

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, 2016.

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, 2016.

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, 2016.

NOTES TO THE FINANCIAL INFORMATION

	December 31, 2016	June 30, 2016
5. PROPERTY, PLANT AND EQUIPMENT	-----Rupees-----	
Operating assets - at net book value	175,890,582	180,313,083
Capital work in progress	-	4,116,000
	<u>175,890,582</u>	<u>184,429,083</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, 2016	December 31, 2015	December 31, 2016	December 31, 2015
	-----Rupees-----			
Plant and machinery	1,711,952	8,078,005	-	-
Furniture and fittings	-	12,500	-	-
Electrical appliances	236,731	91,000	-	-
Computers	126,950	-	-	-
Office equipment	16,000	322,350	-	-
Vehicles	4,804,500	4,293,500	905,992	574,216
	<u>6,896,133</u>	<u>12,797,355</u>	<u>905,992</u>	<u>574,216</u>

6. DEFERRED TAXATION

Includes deferred tax asset of Rs. 21.63 million (June 30, 2016: Rs. 44.98 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.

	December 31, 2016	June 30, 2016
7. STOCK-IN-TRADE	-----Rupees-----	
Raw materials (including in transit Rs. 23.5 million; June 30, 2016: Rs. 70.32 million)	107,488,789	113,017,650
Work in process	48,180,033	70,791,146
Finished goods - note 7.1	75,127,051	97,231,338
	<u>230,795,873</u>	<u>281,040,134</u>
Provision for slow moving stock	(341,700)	(341,700)
	<u>230,454,173</u>	<u>280,698,434</u>

NOTES TO THE FINANCIAL INFORMATION

- 7.1** Stock-in-trade - finished goods includes stock which has been written-down to net realisable value by Rs. 5.51 million (June 30, 2016: Rs. 8.89 million).

	December 31, 2016	June 30, 2016
	-----Rupees-----	
8. TRADE DEBTS		
Considered good		
- Related parties	74,538,139	125,636,061
- Others	20,246,233	16,242,664
	<u>94,784,372</u>	<u>141,878,725</u>

9. 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.

10. CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

With reference to note 23.1.1 of the annual financial statements for the year ended June 30, 2016, the Honourable Supreme Court of Pakistan decided the matter in the Company's favour.

Except for the above matter, there has been no change in status of contingencies reported in the financial statements for the year ended June 30, 2016.

- 10.2** There are no commitments in respect of capital expenditure as at December 31, 2016 (June 30, 2016: Rs. nil).

	December 31, 2016	December 31, 2015
	-----Rupees-----	
11. SALES		
Local sales	955,592,029	627,267,156
Less:		
- Sales returns	(36,551,207)	(25,227,593)
- Sales tax	(138,892,322)	(91,171,032)
	<u>(175,443,529)</u>	<u>(116,398,625)</u>
	<u>780,148,500</u>	<u>510,868,531</u>

NOTES TO THE FINANCIAL INFORMATION

	December 31, 2016	December 31, 2015
	-----Rupees-----	
12. EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED		
Profit / (loss) after taxation attributable to ordinary shareholders	<u>47,308,266</u>	<u>(19,033,785)</u>
Weighted average number of shares in issue during the period	<u>11,472,529</u>	<u>11,472,529</u>
Earnings / (loss) per share - Basic and diluted	<u>4.12</u>	<u>(1.66)</u>
13. CASH GENERATED FROM OPERATIONS		
Profit / (loss) before taxation	68,320,154	(26,681,341)
Adjustment for non-cash charges and other items		
Depreciation and amortisation	10,412,642	10,497,331
Provision for staff retirement benefits	8,876,770	2,317,613
Gain on disposal of property, plant and equipment	-	(270,935)
Return on savings and deposit accounts	(45,153)	(204,824)
Dividend income	(1,437,500)	(862,500)
Mark-up on short term borrowings and advance from customer	8,335,225	18,494,710
	<u>26,141,984</u>	<u>29,971,395</u>
	<u>94,462,138</u>	<u>3,290,054</u>
Effect on cash flow due to working capital changes		
Decrease / (Increase) in current assets		
Stores, spare parts and loose tools	4,748,986	(3,635,952)
Stock-in-trade	50,244,261	60,884,354
Trade debts	47,094,353	78,527,973
Loans and advances	(3,281,056)	(4,372,655)
Trade deposits and short term prepayments	(4,158,725)	14,691,250
Other receivables	2,199,185	704,836
Refunds due from the government - sales tax	(3,652,079)	10,986,783
	<u>93,194,925</u>	<u>157,786,589</u>
(Decrease) in current liabilities		
Trade and other payables	<u>(22,071,289)</u>	<u>(14,662,041)</u>
	<u>165,585,774</u>	<u>146,414,602</u>

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, 2016	December 31, 2015
		-----Rupees-----	
Parent company			
- Millat Tractors Limited (MTL)	Sale of goods	715,077,896	469,380,595
	Purchase of goods	2,312,031	5,838,743
	Expenses incurred by MTL on behalf of the Company	2,829,056	-
	Dividend paid	5,306,979	-
Associated company			
- Millat Equipment Limited	Sale of goods	3,428,527	2,797,780
Staff retirement benefit funds:			
- Pension fund	Contributions	1,335,536	1,176,703
- Provident fund	Contributions	2,082,337	1,848,595
Key management personnel			
	Salaries and other short term employee benefits	9,312,440	10,133,515

15. DATE OF AUTHORISATION FOR ISSUE

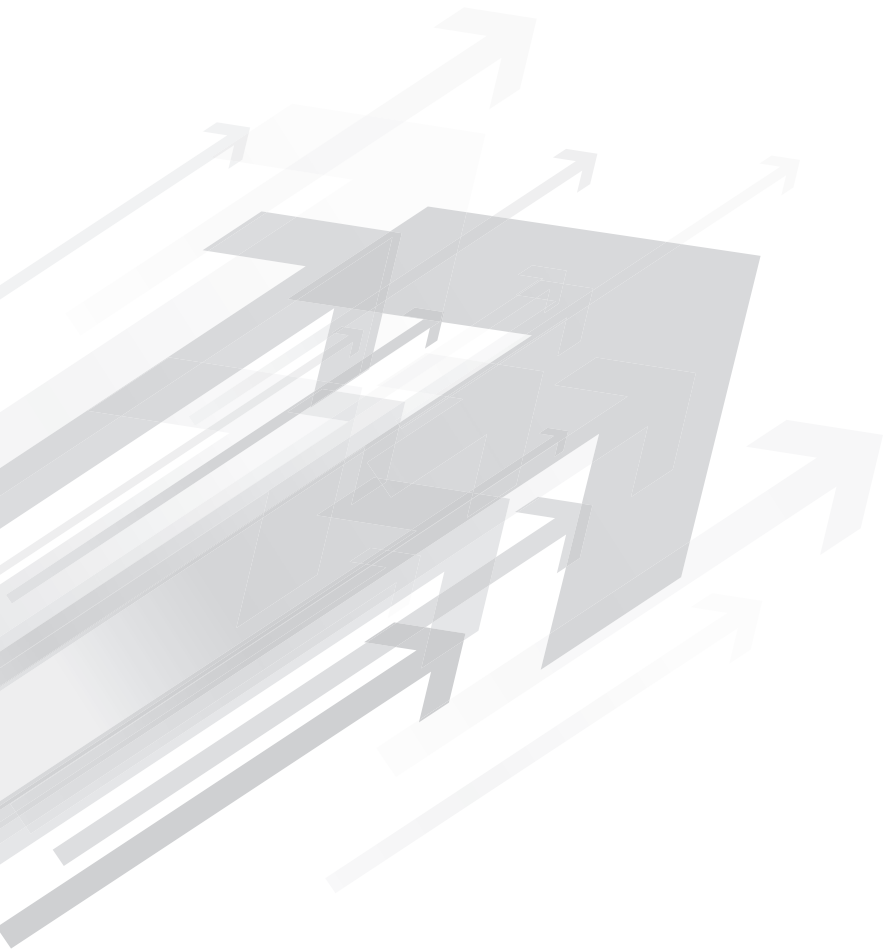
This condensed interim financial information has been authorised for issue by the Board of Directors of the Company on February 14, 2017.



Chief Executive



Director



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