



DRIVING GROWTH THROUGH CHANGE

Quarterly Financial Statements
For the First Quarter Ended
September 30, 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 1st quarter ended September 30, 2016.

Operating and Financial Results

During the quarter under review, the Company recorded net sales revenue of Rs. 313.64 million as compared to Rs. 388.20 million during the same period last year. However, efficient management of the resources coupled with the reduction in raw materials' prices helped in improving the gross profit margin from 9.16% to 13.77%.

The Company recorded profit after tax of Rs.13.28 million for the 1st quarter under review as compared to Rs. 4.15 million of same period last year. The results translate into earnings per share of Rs. 1.16 for the 1st quarter ended September 30, 2016 as against Re. 0.36 of corresponding period last year.

Future Prospects

Government's policies, announced in the Federal Budget 2016-17, for development of agrarian economy are extending good support to the agricultural sector and will hopefully benefit the tractor and its vending industry.

Our main customer Millat Tractor Limited (MTL) has started exports to Africa and Middle East and getting good response which will hopefully result into rise in demand for MTL's products thereby enhancing possibility of additional sales orders for your Company. Further, the management of your Company is concentrating on improving supply of castings in the most economical manner and also focusing on improving quality of castings.

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:
October 25, 2016

CONDENSED INTERIM BALANCE SHEET AS AT SEPTEMBER 30, 2016

	Note	September 30, 2016 (Unaudited)	June 30, 2015 (Audited)
		-----Rupees-----	
ASSETS			
Non-current assets			
Property, plant and equipment	5	181,502,194	184,429,083
Long-term investments		40,894,000	23,287,500
Long term loans		1,443,745	780,745
Deferred taxation	6	52,321,612	54,356,279
Long term deposits		3,893,041	3,893,041
		<u>280,054,592</u>	<u>266,746,648</u>
Current assets			
Stores, spares and loose tools		83,964,599	84,624,858
Stock-in-trade	8	293,694,025	280,698,434
Trade debts	9	78,092,310	141,878,725
Loans and advances		13,661,056	4,612,090
Trade deposits and short term prepayments		6,601,285	340,640
Other receivables		1,534,677	2,628,083
Refunds due from government - sales tax		29,088,559	5,693,846
Taxation - payments less provision		114,548,742	124,831,054
Cash and bank balances		6,982,987	12,952,661
		<u>628,168,240</u>	<u>658,260,391</u>
Total assets		<u>908,222,832</u>	<u>925,007,039</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share Capital		114,725,290	114,725,290
Reserves		368,818,380	337,936,125
		<u>483,543,670</u>	<u>452,661,415</u>
LIABILITIES			
Non-current liabilities			
Long term deposits		4,958,109	4,999,301
Staff retirement benefits - obligations	7	82,254,987	79,953,882
		<u>87,213,096</u>	<u>84,953,183</u>
Current liabilities			
Trade and other payables		71,173,824	107,523,406
Current portion of long term deposits		578,950	898,636
Accrued mark-up		5,266,962	4,768,886
Short term borrowings - from banks		260,446,330	274,201,513
		<u>337,466,066</u>	<u>387,392,441</u>
Total liabilities		<u>424,679,162</u>	<u>472,345,624</u>
Contingencies and Commitments	10		
Total equity and liabilities		<u>908,222,832</u>	<u>925,007,039</u>

The annexed notes 1 to 16 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, 2016

	Note	September 30, 2016	September 30, 2015
		-----Rupees-----	
Sales	11	313,637,178	388,203,135
Cost of sales		(270,458,459)	(352,652,559)
Gross profit		43,178,719	35,550,576
Distribution cost		(8,694,119)	(10,937,263)
Administrative expenses		(10,386,508)	(9,859,132)
Other expenses		(1,367,687)	(647,038)
Other income		706,349	655,678
Profit from operations		23,436,754	14,762,821
Finance cost		(4,982,897)	(9,648,719)
Profit before taxation		18,453,857	5,114,102
Taxation	12	(5,178,102)	(968,978)
Profit after taxation		13,275,755	4,145,124
Earnings per share - Basic and diluted	13	1.16	0.36

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.



Chief Executive



Director

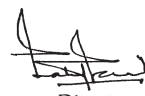
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2016

	September 30, 2016	September 30, 2015
	-----Rupees-----	
Profit after taxation	13,275,755	4,145,124
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of post employment benefit obligations - note 7	-	-
Items that may be subsequently reclassified to profit or loss		
Unrealised gain on revaluation of available-for-sale investment	17,606,500	2,823,250
Total comprehensive income for the period	<u>30,882,255</u>	<u>6,968,374</u>

The annexed notes 1 to 16 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, 2016

	Note	September 30, 2016	September 30, 2015
		-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	14	8,140,901	95,617,665
Increase in long-term loans		(663,000)	(639,000)
Decrease in long-term deposits - net		(360,878)	(97,581)
Income tax paid		7,138,875	(10,844,681)
Staff retirement benefits paid		-	(290,350)
Mark-up-paid		(4,277,837)	(9,875,241)
Net cash generated from operating activities		9,978,061	73,870,812
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(1,892,527)	(2,354,788)
Proceeds from disposal of property, plant and equipment		(323,777)	197,079
Return received on savings and deposit accounts		23,752	32,537
Net cash used in investing activities		(2,192,552)	(2,125,172)
CASH FLOWS FROM FINANCING ACTIVITIES			
		-	-
Net increase in cash and cash equivalents		7,785,509	71,745,640
Cash and cash equivalents at beginning of the period		(263,710,052)	(586,487,865)
Cash and cash equivalents at the end of the period		(255,924,543)	(514,742,225)
Cash and cash equivalents comprises of :			
Cash and bank balances		4,521,787	4,979,664
Short term borrowings		(260,446,330)	(519,721,889)
		(255,924,543)	(514,742,225)

The annexed notes 1 to 16 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, 2016

	Capital		Reserves		Sub total	Total
	Share Capital	Share premium	General	Un-appropriated profit / (accumulated loss)		
	(Rupees)					
Balance as at June 30, 2015	114,725,290	12,155,680	424,500,000	(85,993,986)	11,218,125	361,879,819
Total comprehensive income for the period ended September 30, 2015						
Profit for the 1st quarter ended September 30, 2015	-	-	-	4,145,124	-	4,145,124
Other comprehensive income for the 1st quarter ended September 30, 2015	-	-	-	-	2,823,250	2,823,250
	-	-	-	4,145,124	2,823,250	6,968,374
Balance as at September 30, 2015	114,725,290	12,155,680	424,500,000	(81,848,862)	14,041,375	368,848,193
Balance as at June 30, 2016	114,725,290	12,155,680	424,500,000	(116,507,055)	17,787,500	337,936,125
Total comprehensive income for the period ended September 30, 2016						
Profit for the 1st quarter ended September 30, 2016	-	-	-	13,275,755	-	13,275,755
Other comprehensive income for the 1st quarter ended September 30, 2016	-	-	-	-	17,606,500	17,606,500
	-	-	-	13,275,755	17,606,500	30,882,255
Balance as at September 30, 2016	114,725,290	12,155,680	424,500,000	(103,231,300)	35,394,000	368,818,380

The annexed notes 1 to 16 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, 2016

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 (PSX). 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 September 30, 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 Pakistan Stock Exchange.
- 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 for the year ended June 30, 2016.

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, JUDGEMENTS 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 of assets and liabilities and income and expenses. 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.

Judgements 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 STATEMENTS

	September 30, 2016 (Unaudited)	June 30, 2015 (Audited)
	-----Rupees-----	
5 PROPERTY , PLANT AND EQUIPMENT		
Operating assets - at net book value	181,502,194	180,313,083
Capital work-in-progress	-	4,116,000
	<u>181,502,194</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)	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
	-----Rupees-----			
Buildings on free-hold land	-	-	-	-
Plant and machinery	1,669,452	-	-	-
Furniture and fittings	-	12,500	-	-
Electrical appliances	182,131	91,000	-	-
Office Equipment	-	12,350	-	-
Computers	-	-	-	-
Vehicles	4,804,500	698,500	323,777	190,477
	<u>6,656,083</u>	<u>814,350</u>	<u>323,777</u>	<u>190,477</u>

6 DEFERRED TAXATION

Includes deferred tax asset of Rs 41.86 million (June 30, 2016: Rs. 44.97 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.

NOTES TO THE FINANCIAL STATEMENTS

	September 30, 2016 (Unaudited)	June 30, 2016 (Audited)
	-----Rupees-----	
8 STOCK- IN-TRADE		
Raw materials (including in transit Rs. 38.19 million; June 30, 2016: Rs. 70.32 million)	122,587,993	113,017,650
Work in process	56,569,000	70,791,146
Finished goods - note 8.1	114,878,732	97,231,338
	294,035,725	281,040,134
Provision for slow moving stock	(341,700)	(341,700)
	293,694,025	280,698,434

8.1 Stock-in-trade - finished goods includes stock which has been written-down to net realisable value by Rs. 7.74 million (June 30, 2016: Rs. 8.89 million).

	September 30, 2016 (Unaudited)	June 30, 2016 (Audited)
	-----Rupees-----	
9 TRADE DEBTS		
Considered good		
- Related parties	54,964,999	125,636,061
- Others	23,127,311	16,242,664
	78,092,310	141,878,725

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, 2016.

10.2 Commitments

There are no Commitments in respect of capital expenditure as at September 30, 2016, (June 30, 2016: Rs Nil).

NOTES TO THE FINANCIAL STATEMENTS

	September 30, 2016	September 30, 2015
	-----Rupees-----	
11 SALES		
Local Sales	384,862,237	471,411,934
Less:		
- Sales returns	(15,266,290)	(14,683,409)
- Sales tax	(55,958,769)	(68,525,390)
	(71,225,059)	(83,208,799)
	<u>313,637,178</u>	<u>388,203,135</u>
12 TAXATION		
Current	(3,143,435)	(3,882,031)
Deferred	(2,034,667)	2,913,053
	<u>(5,178,102)</u>	<u>(968,978)</u>
13 EARNINGS PER SHARE - BASIC AND DILUTED		
Profit after taxation attributable to ordinary shareholders	<u>13,275,755</u>	<u>4,145,124</u>
Weighted average number of shares in issue during the period	<u>11,472,529</u>	<u>11,472,529</u>
Earnings per share (Rupees) - Basic and diluted	<u>1.16</u>	<u>0.36</u>
14 CASH GENERATED FROM / (USED IN) OPERATIONS		
Profit before taxation	18,453,857	5,114,102
Adjustments for non-cash charges and other items		
Depreciation and amortization	5,143,195	5,130,496
Provision for staff retirement benefits	2,301,105	1,290,617
Gain on disposal of property, plant and equipment - net	-	(6,602)
Return on savings and deposit accounts	(23,752)	(32,537)
Mark-up on short term borrowings	4,775,913	9,593,863
	<u>12,196,461</u>	<u>15,975,837</u>
	<u>30,650,318</u>	<u>21,089,939</u>

NOTES TO THE FINANCIAL STATEMENTS

	September 30, 2016	September 30, 2015
Note	-----Rupees-----	
EFFECT ON CASH FLOW DUE TO WORKING CAPITAL CHANGES		
(Increase) / decrease in current assets		
Stores, spare parts and loose tools	660,259	(1,032,896)
Stock-in-trade	(12,995,591)	94,349,051
Trade debts	63,786,415	(33,555,707)
Loans and advances	(9,048,966)	(12,473,564)
Trade deposits and short-term prepayments	(6,260,645)	7,498,551
Other receivables	1,093,406	(1,464,820)
Refunds due from government - Sales tax	(23,394,713)	-
	13,840,165	53,320,615
Increase / (decrease) in current liabilities		
Trade and other payables	(36,349,582)	(4,974,281)
Sales tax payable	-	26,181,392
	(36,349,582)	21,207,111
	8,140,901	95,617,665

15 RELATED PARTY DISCLOSURES

The following transactions were carried out with related parties during the period:

Relationship with	Nature of transactions	September 30, 2016	September 30, 2015
		-----Rupees-----	
Parent Company:			
- Millat Tractors Limited	Sales of goods	280,610,188	361,120,139
	Purchase of goods	1,046,117	-
	Adjustment of advance against purchase of goods	-	141,141
Associated Company:			
- Millat Equipment Limited	Sales of goods	3,141,600	2,843,000
Staff retirement benefit funds:			
- Pension fund	Contributions	630,350	591,547
- Provident funds	Contributions	1,033,641	938,705
- Executives' gratuity fund	Benefits paid on behalf of the fund	-	-

NOTES TO THE FINANCIAL STATEMENTS

Relationship with	Nature of transactions	September 30,	September 30,
		2016	2015
		-----Rupees-----	
Key management personnel:			
- Directors / Executives	Salaries and other short term employee benefits	3,330,445	5,901,159

16 DATE OF AUTHORISATION FOR ISSUE

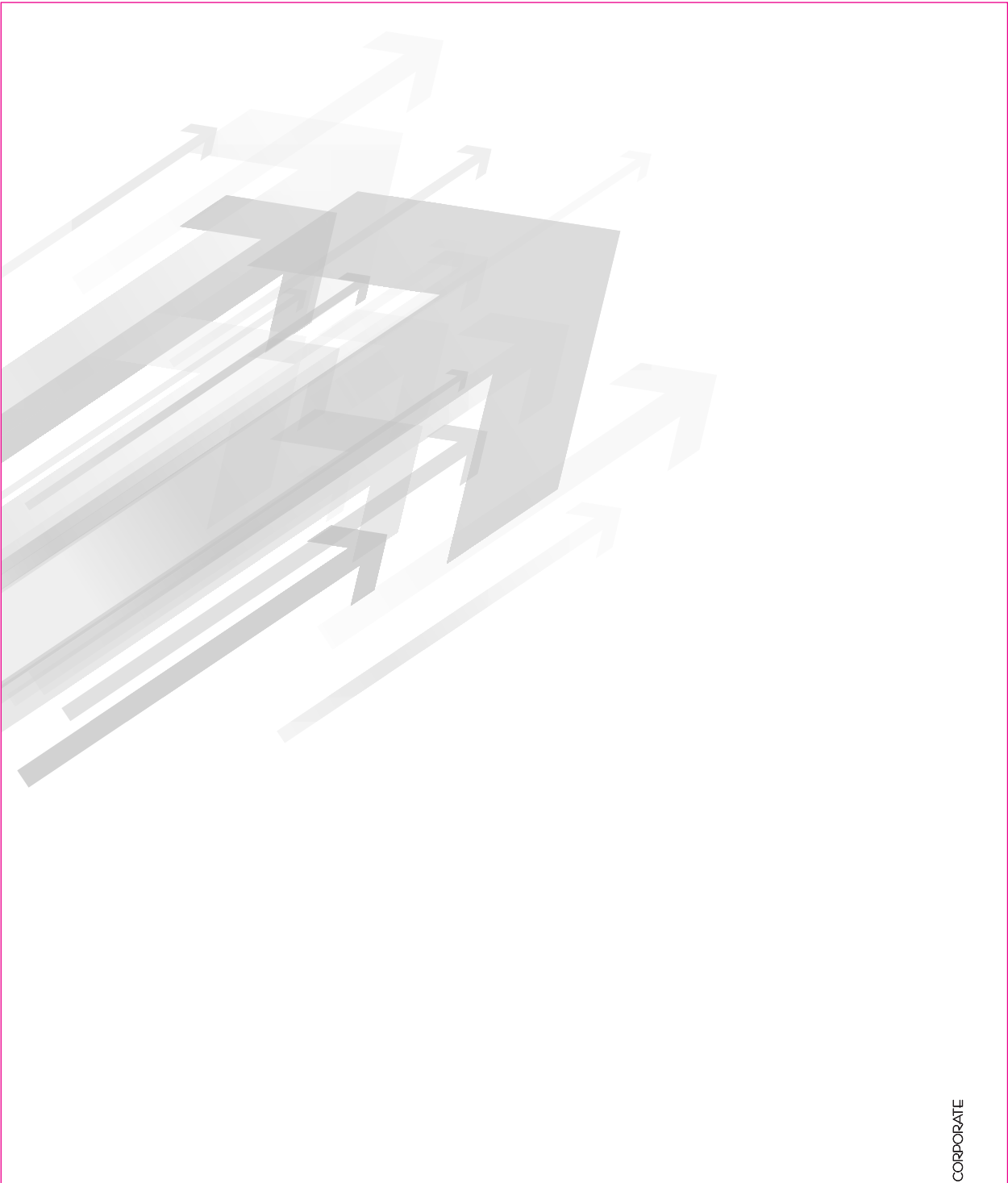
This condensed interim financial information has been authorised for issue by the Board of Directors of the Company on October 25, 2016.



Chief Executive



Director



www.bolancastings.com

CORPORATE



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