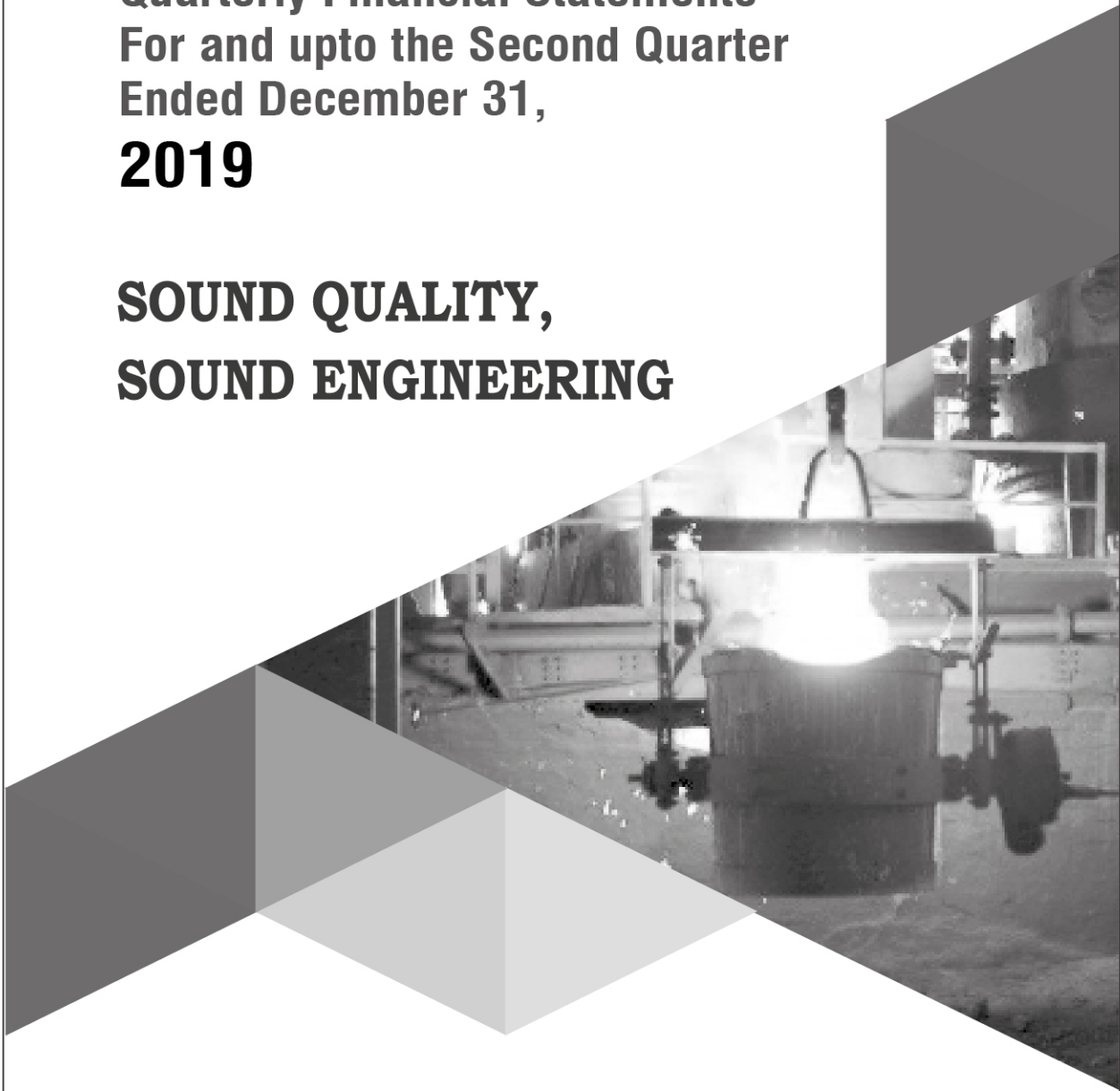


BOLAN CASTINGS LIMITED

**Quarterly Financial Statements
For and upto the Second Quarter
Ended December 31,
2019**

**SOUND QUALITY,
SOUND ENGINEERING**



CONTENTS

Company Information	2
Directors' Review	3
Auditors' Review Report to the Members	4
Statement of Financial Position	5
Statement of Profit or Loss	6
Statement of Comprehensive Income	7
Statement of Cash Flows	8
Statement of Changes in Equity	9
Notes to and Forming Part of the Condensed Interim Financial Statements	10

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 Syed Muhammad Irfan Aqueel Syed Javaid Ashraf Mr. Muhammad Salman Husain Chawala	Chairman Chief Executive 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 Advocate M/s. Rizwan Manai Associates	
Bankers	Habib Bank Limited MCB Bank Limited Bank Alfalah Limited Dubai Islamic Bank Pakistan Limited Meezan Bank Limited Faysal Bank Limited Askari Bank Limited Bank AL Habib Limited	
Share Registrar	CDC Shares Registrar Services Limited 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

The Directors of your Company take this opportunity to present the un-audited financial statements for the half year ended December 31, 2019.

During the six months under review, the company recorded net sales Rs. 798.52 million as compared to Rs. 803.30 million of the same period of last year. The gross profit for the six month under review was Rs. 17.47 million as against gross loss of Rs. 12.84 million of the corresponding period of last year. The Loss after tax for the six month is Rs. 87.94 million as compared to loss after tax of Rs. 67.29 million of same period of the corresponding period. The loss per share are Rs. 7.67 as against the loss per share of Rs. 5.87 of corresponding period of last year.

During the first half of current fiscal year, the sales of tractors dropped significantly due to the current economic slowdown, fall in crop yields and prices, inflation and a high cost of borrowing.

The slowdown in the sales of tractors has severely hampered the sales and production of your Company and predominantly contributed toward the losses of the Company.

Tractor assemblers are cautiously optimistic about their sales outlook in the second half of 2019-20. To overcome the situation your Company is endeavoring for new sales avenues and at the same time adopting cost-cutting measures.

We would like to extend our deepest gratitude toward our customers and shareholders for their trust and confidence for being steadfast and standing resolute with us in this challenging time.

For and on behalf of the Board



NISAR AHMED MIRANI
Chief Executive Officer

Hub:
February 13, 2020

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF BOLAN CASTINGS LIMITED REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Bolan Castings Limited as at December 31, 2019 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review. The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended December 31, 2019 and 2018 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2019.

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 statements 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 statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditor's report is Syed Fahim ul Hasan.



A. F. Ferguson & Co.
Chartered Accountants Karachi

Date: February 17, 2020

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2019

	Note	December 31, 2019 (Unaudited)	June 30, 2019 (Audited)
Rupees			
ASSETS			
Non-current assets			
Property, plant and equipment	5	244,100,325	259,215,767
Long-term investment	6	19,035,375	17,580,625
Long-term loans		1,201,000	836,000
Deferred tax asset	7	80,580,627	80,580,627
Long-term deposits		3,806,541	3,806,541
Employee benefits prepayment		12,096,112	11,832,931
		<u>360,819,980</u>	<u>373,852,491</u>
Current assets			
Stores, spare parts and loose tools		118,915,665	126,274,513
Stock-in-trade	8	309,277,658	307,234,973
Trade receivables	9	19,821,555	130,691,149
Loans and advances		5,476,115	11,301,343
Trade deposits and short term prepayments		5,185,280	310,037
Other receivables		958,070	1,516,553
Refunds due from the Government - sales tax		11,021,212	15,847,317
Taxation - payments less provision		217,217,466	202,416,056
Cash and bank balances		40,666,833	12,821,986
		<u>728,539,854</u>	<u>808,413,927</u>
Total assets		<u>1,089,359,834</u>	<u>1,182,266,418</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		114,725,290	114,725,290
Reserves		180,582,019	267,076,248
		<u>295,307,309</u>	<u>381,801,538</u>
LIABILITIES			
Non-current liabilities			
Long-term deposits		5,175,332	5,616,202
Employee benefits obligations		51,453,041	49,618,043
		<u>56,628,373</u>	<u>55,234,245</u>
Current liabilities			
Trade and other payables		182,975,946	133,449,279
Current portion of long-term deposits		465,969	411,485
Unclaimed dividend		3,499,051	3,524,426
Short-term financing		550,483,186	607,845,445
		<u>737,424,152</u>	<u>745,230,635</u>
Total liabilities		<u>794,052,525</u>	<u>800,464,880</u>
Contingencies and commitments	10		
Total equity and liabilities		<u>1,089,359,834</u>	<u>1,182,266,418</u>

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


Chief Financial Officer


Chief Executive


Director

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS

(UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	Note	Quarter ended		Half year ended	
		December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
-----Rupees-----					
Revenue from contracts with customers	11	298,359,947	307,134,219	798,524,523	803,302,089
Cost of sales		(332,542,295)	(321,500,548)	(781,046,918)	(816,144,756)
Gross profit / (loss)		(34,182,348)	(14,366,329)	17,477,605	(12,842,667)
Distribution costs		(9,016,279)	(10,228,616)	(23,245,887)	(25,612,370)
Administrative expenses		(16,894,753)	(25,692,994)	(32,787,872)	(41,855,200)
Other income		2,467,304	6,735,737	4,556,228	9,373,644
Operating loss		(57,626,076)	(43,552,202)	(33,999,926)	(70,936,593)
Finance cost		(20,379,308)	(10,823,076)	(41,324,918)	(18,138,702)
Loss before income tax		(78,005,384)	(54,375,278)	(75,324,844)	(89,075,295)
Income tax - net		(13,227,385)	13,560,327	(12,624,135)	21,775,989
Loss for the period		(91,232,769)	(40,814,951)	(87,948,979)	(67,299,306)
Loss per share - Basic and diluted	12	(7.95)	(3.56)	(7.67)	(5.87)

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


Chief Financial Officer


Chief Executive


Director

**CONDENSED INTERIM STATEMENT OF
COMPREHENSIVE INCOME (UN-AUDITED)**
FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	Quarter ended		Half year ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	-----Rupees-----			
Loss for the period	(91,232,769)	(40,814,951)	(87,948,979)	(67,299,306)
Other comprehensive income / (loss):				
Items that will not be reclassified to profit or loss				
Unrealised income / (loss) on revaluation of investment at fair value through other comprehensive income	4,519,500	(4,439,000)	1,454,750	(9,539,250)
Total comprehensive loss for the period	<u>(86,713,269)</u>	<u>(45,253,951)</u>	<u>(86,494,229)</u>	<u>(76,838,556)</u>

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


Chief Financial Officer


Chief Executive


Director

CONDENSED INTERIM STATEMENT CASH FLOWS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	Note	December 31, 2019	December 31, 2018
		-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	13	148,811,101	(114,381,507)
Increase in long-term loans		(365,000)	(383,000)
Decrease in long-term deposits - net		(386,386)	(150,369)
Income taxes paid - net		(27,425,545)	(45,811,485)
Employee benefits paid		(632,549)	(2,124,319)
Mark-up paid		(37,198,611)	(10,943,467)
Net cash generated from / (used in) operating activities		82,803,010	(173,794,147)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for acquisition of property, plant and equipment		(904,589)	(41,525,329)
Proceeds from disposal of property, plant and equipment		2,315,800	2,984,102
Return received on savings and deposit accounts		443,260	250,122
Investment in Term Deposit Receipts (TDRs)		-	(454,180)
Dividend received		575,000	-
Net cash generated from / (used in) investing activities		2,429,471	(38,745,285)
CASH USED IN FINANCING ACTIVITIES			
Dividend paid		(25,375)	(28,141,348)
Net increase / (decrease) in cash and cash equivalents		85,207,106	(240,680,780)
Cash and cash equivalents at beginning of the period		(598,879,659)	(211,099,176)
Cash and cash equivalents at end of the period	14	(513,672,553)	(451,779,956)

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


 Chief Financial Officer


 Chief Executive


 Director

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2019**

	Share Capital	Reserves				Sub Total	Total
		Capital	Revenue		Gain / (loss) on revaluation of investment at fair value through other comprehensive income (OCI)		
	Share premium	General	Unappropriated profit/ (accumulated loss)				
(Rupees)							
Balance as at July 1, 2018	114,725,290	12,155,680	424,500,000	62,526,680	25,610,375	524,792,735	639,518,025
Final cash dividend @ 25% for the year ended June 30, 2018	-	-	-	(28,681,323)	-	(28,681,323)	(28,681,323)
Total comprehensive loss for the half year ended December 31, 2018							
- Loss for the half year ended December 31, 2018	-	-	-	(67,299,306)	-	(67,299,306)	(67,299,306)
- Other comprehensive loss for the half year ended December 31, 2018	-	-	-	-	(9,539,250)	(9,539,250)	(9,539,250)
	-	-	-	(67,299,306)	(9,539,250)	(76,838,556)	(76,838,556)
Balance as at December 31, 2018 (unaudited)	114,725,290	12,155,680	424,500,000	(33,453,949)	16,071,125	419,272,856	533,998,146
Balance as at July 1, 2019	114,725,290	12,155,680	424,500,000	(181,660,057)	12,080,625	267,076,248	381,801,538
Total comprehensive loss for the half year ended December 31, 2019							
- Loss for the half year ended December 31, 2019	-	-	-	(87,948,979)	-	(87,948,979)	(87,948,979)
- Other comprehensive income for the half year ended December 31, 2019	-	-	-	-	1,454,750	1,454,750	1,454,750
	-	-	-	(87,948,979)	1,454,750	(86,494,229)	(86,494,229)
Balance as at December 31, 2019 (unaudited)	114,725,290	12,155,680	424,500,000	(269,609,036)	13,535,375	180,582,019	295,307,309

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


Chief Financial Officer


Chief Executive


Director

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM
FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2019**

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

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These condensed interim financial statements do 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, 2019.

2.1 Changes in accounting standards, interpretations and pronouncements

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

IFRS 16 'Leases' - IFRS 16 replaces the previous lease standard: IAS 17 Leases. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short term and low value leases.

NOTES TO THE FINANCIAL STATEMENTS

The management has assessed that this new standard does not have any significant impact on its financial statements.

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

The other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2019 are considered not to be relevant to the Company's financial statements and hence have not been detailed here.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements of the Company for the year ended June 30, 2019.

4. ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of interim financial statements 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 these condensed interim financial statements.

Judgements and estimates made by the management in the preparation of these condensed interim financial statements are the same as those that were applied to the financial statements as at and for the year ended June 30, 2019.

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, 2019.

NOTES TO THE FINANCIAL STATEMENTS

	December 31, 2019 (Unaudited)	June 30, 2019 (Audited)
	-----Rupees-----	
5. PROPERTY, PLANT AND EQUIPMENT		
Operating assets - note 5.1	235,939,924	251,055,366
Capital work-in-progress	8,160,401	8,160,401
	<u>244,100,325</u>	<u>259,215,767</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, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	-----Rupees-----			
Plant and machinery	165,589	4,250,635	-	-
Building on freehold land	-	455,877	-	-
Electrical appliances	-	63,200	-	8,043
Office equipment	-	383,750	-	-
Vehicles	739,000	2,414,700	2,315,800	1,797,498
	<u>904,589</u>	<u>7,568,162</u>	<u>2,315,800</u>	<u>1,805,541</u>

	December 31, 2019 (Unaudited)	June 30, 2019 (Audited)
	-----Rupees-----	
6. LONG-TERM INVESTMENT		
Investment at fair value through OCI		
Balance at beginning of the period	17,580,625	31,110,375
Unrealised gain / (loss) on revaluation - transferred to equity	1,454,750	(13,529,750)
Balance at end of the period	<u>19,035,375</u>	<u>17,580,625</u>

Represents investment in 287,500 (June 30, 2019: 287,500) quoted ordinary shares of Rs. 10/- each of Baluchistan Wheels Limited. Equity held 2.16% (June 30, 2019: 2.16%).

7. DEFERRED TAX ASSET

Deferred tax debit balances of Rs. 23.32 million in respect of unabsorbed depreciation, tax losses, and deductible temporary differences have not been recognised as their recoverability will be dependent on improved profitability of the Company.

NOTES TO THE FINANCIAL STATEMENTS

	December 31, 2019 (Unaudited)	June 30, 2019 (Audited)
	-----Rupees-----	
8. STOCK-IN-TRADE		
Raw materials (including in transit Rs. 40.32 million; June 30, 2019: Rs. 23.96 million)	144,237,830	153,843,917
Work in process	38,442,512	25,786,443
Finished goods - note 8.1	126,597,316	127,604,613
	309,277,658	307,234,973
	<u>309,277,658</u>	<u>307,234,973</u>

8.1 These include finished goods stock written-down to net realisable value by Rs. 22.66 million (June 30, 2019: Rs. 15.16 million).

	December 31, 2019 (Unaudited)	June 30, 2019 (Audited)
	-----Rupees-----	
9. TRADE RECEIVABLES		
Considered good		
- Related parties	7,266,961	113,386,566
- Others	12,554,594	17,304,583
	19,821,555	130,691,149
	<u>19,821,555</u>	<u>130,691,149</u>

10. CONTINGENCIES AND COMMITMENTS

There has been no change in status of contingencies reported in the financial statements for the year ended June 30, 2019.

	December 31, 2019	December 31, 2018
	-----Rupees-----	
11. REVENUE FROM CONTRACTS WITH CUSTOMERS		
Gross revenue	977,582,107	973,963,641
Less:		
- Sales returns	(36,918,587)	(29,125,423)
- Sales tax	(142,138,997)	(141,536,129)
	(179,057,584)	(170,661,552)
	798,524,523	803,302,089
	<u>798,524,523</u>	<u>803,302,089</u>

NOTES TO THE FINANCIAL STATEMENTS

	December 31, 2019	December 31, 2018
	-----Rupees-----	
12. LOSS PER SHARE - BASIC AND DILUTED		
Loss after taxation attributable to ordinary shareholders	<u>(87,948,979)</u>	<u>(67,299,306)</u>
Weighted average number of shares in issue during the period	<u>11,472,529</u>	<u>11,472,529</u>
Loss (Rupees) - Basic and diluted	<u>(7.67)</u>	<u>(5.87)</u>
12.1. Diluted loss per share has not been presented as the Company did not have any convertible instruments in issue as at December 31, 2019 and 2018 which would have any effect on the loss per share if the option to convert is exercised.		
13. CASH GENERATED FROM OPERATIONS		
Loss before income tax	(75,324,844)	(89,075,295)
Adjustment for non-cash charges and other items		
Depreciation	13,704,231	12,994,539
Non-cash employee benefits expense	2,204,366	13,883,888
Gain on disposal of property, plant and equipment	-	(1,178,561)
Return on savings and deposit accounts	(443,260)	(250,122)
Dividend income	(575,000)	-
Mark-up on short-term financing	41,221,820	18,006,770
	<u>56,112,157</u>	<u>43,456,514</u>
	<u>(19,212,687)</u>	<u>(45,618,781)</u>
EFFECT ON CASH FLOW DUE TO WORKING CAPITAL CHANGES		
Decrease / (increase) in current assets		
Stores, spare parts and loose tools	7,358,848	(3,802,751)
Stock-in-trade	(2,042,685)	(23,777,110)
Trade receivables	110,869,594	19,530,178
Loans and advances	5,825,228	(40,076,434)
Trade deposits and short term prepayments	(4,875,243)	(5,838,622)
Other receivables	558,483	43,023
Refunds due from the Government - Sales tax	4,826,105	(9,494,218)
	<u>122,520,330</u>	<u>(63,415,934)</u>
Increase / (decrease) in current liabilities		
Trade and other payables	<u>45,503,458</u>	<u>(5,346,792)</u>
	<u>148,811,101</u>	<u>(114,381,507)</u>

NOTES TO THE FINANCIAL STATEMENTS

	December 31, 2019	December 31, 2018
	-----Rupees-----	
14. CASH AND CASH EQUIVALENTS		
Cash in hand	207,483	318,353
With Banks on:		
- current accounts	3,780,487	4,384,010
- savings accounts	32,822,663	5,864,948
	36,603,150	10,248,958
Short-term financing	(550,483,186)	(462,347,267)
	(513,672,553)	(451,779,956)

15. RELATED PARTY DISCLOSURE

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

Relationship with the Company	Nature of transactions	December 31, 2019	December 31, 2018
		-----Rupees-----	
Parent company:			
- Millat Tractors Limited (MTL)	Sale of goods	770,571,515	754,557,594
	Purchase of goods	42,060	756,958
	Dividend paid	-	13,267,448
	Expenses incurred by MTL on behalf of the Company	5,071,992	6,773,428
Associated company:			
- Millat Equipment Limited	Sale of goods	-	557,015
Employee benefit funds:			
- Pension fund	Contributions	1,019,553	1,278,599
- Provident fund	Contributions	2,056,768	2,278,179

NOTES TO THE FINANCIAL STATEMENTS

Relationship with the Company	Nature of transactions	December 31, 2019	December 31, 2018
		-----Rupees-----	
- Executives' Gratuity Fund	Contributions	268,214	405,372
- Executives' Gratuity Fund	Benefits paid on behalf of the fund	11,326,191	3,603,762
Key management personnel:	Salaries and other short term employee benefits paid	19,807,880	25,349,063

16. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on February 13, 2020 by the Board of Directors of the Company.


Chief Financial Officer


Chief Executive


Director



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Hub Chowki, District Lasbela,
Balochistan, Pakistan
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