

annual report

Two Thousand



producing
results



Bolan Castings Limited

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Form of Proxy



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Vision / Mission

Corporate Strategy / Quality Policy

Safety, Health & Environment

Vision

To be a player in the global market by providing high quality foundry based engineering products.

Mission

To be market leader in foundry technology by offering competitive high quality value added products to the satisfaction of customers and to grow through diversification in local and export markets, while serving the best interest of shareholders.

Corporate Strategy

Bolan Castings Limited will remain proactive in combating all threats and make use of all opportunities to improve the productivity, profitability and for achieving its immediate goals and ultimate mission.

Quality Policy

We will pursue and continuously improve our quality management systems so as to consistently meet the expectations of our customers and other stakeholders, operate safely and encourage our employees to develop and grow.

Safety

- > The management of Bolan Castings Limited believes that the safety and welfare of its employees is of paramount importance.
- > We believe that all industrial injuries can be prevented.
- > Each individual employee is responsible for working safely, both for his own welfare, and for the safety and welfare of his fellow employees.
- > We believe that production is not so important that time cannot be taken to find a safe way to do our work.

Health

- > Good health of employees is very important to Bolan Castings Limited.
- > All employees of Bolan Castings Limited go through an annual medical check up.
- > Bolan Castings Limited has a clinic at the plant site which provides medical facilities, for its employees.
- > All employees are insured under Group Life and Health Insurance Scheme.

Environment

- > Bolan Castings Limited is making all out efforts to ensure that it takes care of the environment.
- > Continued efforts are made so that the Company's plant operational activities are environment friendly.
- > The Company is committed to improve the environment and is currently working to achieve the environmental standards.

Statement of Ethics & Business Practices

Every Director and employee of Bolan Castings Limited believes and is committed to adopt fair means to perform all business activities, based on good moral values, which are generally acceptable on social, business and economic grounds.

Their conduct shall be based on and committed to integrity, objectivity, professional competence, due care, confidentiality, professional behaviour and technical standards.

Purpose and Value of Business

Manufacturer of castings of tractor parts, automotive parts, engineering and other that conform to the specified standards.

Employees

Recruitment of personnel on merit, offering training, career development, equal opportunities of growth, no discrimination or harassment and reward for achievement. Improved working conditions, ensuring safety, security and health.

Customer Relation

Ensure customer satisfaction by providing quality product at competitive prices.

Shareholders, Financial Institutions & Creditors

Protection of investment made in the Company and appropriate return on money lent/invested. Achievement and prospects to be timely and accurately communicated.

Supplies

Prompt settling of bills, coordination and cooperation to achieve quality and efficiency. No bribery or excess hospitality to be accepted or given.



Society / Community

Compliance with the spirit of laws, timely payment of Government taxes and dues thereby contributing for uplift of society and extending training including other appropriate activities for uplift of community.

General

The Company neither support any political party nor contribute funds to groups or associations whose activities promote political interests.

Core Values

1. Ethics & Integrity

We do care how results are achieved and will demonstrate honest and ethical behaviour in all our activities. Choosing the course of highest integrity is our intent and we will establish and maintain the highest professional and personal standards.

2. Innovation

Innovation is critical to our success. Our workplace must be an environment where creativity and new ideas have the ability to reach their full potential.

We welcome new challenges as opportunities for growth.

3. Excellence

We are committed to excellence in every aspect of our activities. Each one of us must make maximum efforts to provide a quality product that responds to our customers need. Our products must meet and exceed competition. Rather than asking "is it good enough?", we must ask, "how can we do it better?". The quality of everything we do reflects on us and is essential for maintaining long-term relationships with our stakeholders.

4. Customer Focus

We are a customer-driven organization and believe that customer satisfaction is our strength and motivates us to grow.

5. Responsibility

We will manage our affairs in a highly responsible manner by ensuring that we take care of the environment, are a good corporate citizen, ensure complete satisfaction of our customers through quality and timely delivery of our products.

6. Teamwork

We put a lot of emphasis on team work by recognizing that we will achieve more through teamwork. We feel that operational excellence will be achieved by working together as a team and diligently performing tasks in an exceptional manner.



7. Mutual Respect

We have respect for all stakeholders of our business which includes our customers, suppliers, contractors, regulators, shareholders, our families and one other.

We care about the professional and personal well being of each member of Bolan Castings Limited. People are our greatest asset and we will strive to exhibit care, concern and interest in those with whom we work and with whom we do business. Our work environment respects individual talents and provides opportunities for training, leadership development, professional growth and financial reward. A secure, highly motivated, and well-trained workforce will thrive and meet the challenges set by our customers.



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Company Information

Board of Directors	Mr. Sikandar M. Khan Mr. Shahid A. Hakim Mr. Latif Khalid Hashmi Mr. Sohail Bashir Rana Mr. Laeeq Uddin Ansari Mr. Mian Muhammad Saleem Mr. Sajid Hassan Mr. Javed Munir Mr. Mujtaba Ahmed	Chairman Chief Executive Director Director Director Director Director (NIT Nominee) Director Director
Company Secretary	Mr. M. Mushtaq Akhtar	
Chief Financial Officer	Mr. Faisal Lakhani	
Head of Internal Audit	Mr. Saqib Hanif	
Auditors	M/s. Ford Rhodes Sidat Hyder & Co.	Chartered Accountants
Legal Advisors	M/s. Walker Martineau Saleem	Advocates & Legal Consultants
Bankers	Habib Bank Limited MCB Bank Limited Royal Bank of Scotland Bank Alfalah Limited Dubai Islamic Bank JS Bank Limited	
Factory & Registered Office	Main RCD Highway, Hub Chowki, District Lasbela, Balochistan, Pakistan Tel : +92-853-363293, 363296 Fax : +92-853-363292 E-mail: bclhub@bclpk.com	
Head Office	F-1, Hub River Road, S.I.T.E., Karachi Tel : +92-21-32579681, 32579819 Fax : +92-21-32573558 E-mail: bclho@bclpk.com	
Web Site	www.bolancastings.com	

Board of Directors

Mr. Javed Munir



Mr. Sohail Bashir Rana



Mr. Latif Khalid Hashmi



Mr. Sikandar M. Khan
Chairman



Board of Directors

Mr. Shahid A. Hakim
Chief Executive



Mr. Laeeq Uddin Ansari



Mr. Sajid Hassan



Mr. Mian Muhammad Saleem



Mr. Mujtaba Ahmed



Directors' Profile

Name	Mr. Sikandar M. Khan
Title	Chairman / Non Executive Director
Appointment	July 03, 1984
Committee membership	Chairman of Board's Committee for Supervision and Business Strategy Committee
External appointments	Chairman of Millat Tractors Ltd., Millat Equipment Ltd., Millat Industrial Products Ltd., Millat Automobile Ltd. and Director of Arabian Sea Country Club, Business Support Fund, The Pakistan Business Council, National Productivity Organization, National Vocational and Technical Education Commission, Lahore Stock Exchange (Guarantee) Ltd.

Name	Mr. Latif Khalid Hashmi
Title	Non Executive Director
Appointment	June 13, 1993
Committee membership	Member of Audit Committee and Board's Committee for Supervision
External appointments	Director of Millat Tractors Ltd., Millat Equipment Ltd., Millat Industrial Products Ltd., Millat Automobile Ltd.

Name	Mr. Laeeq Uddin Ansari
Title	Non Executive Director
Appointment	June 13, 1993
Committee membership	Chairman of Audit Committee and Member of Board's Committee for Supervision and Business Strategy Committee.
External appointments	Chief Executive of Millat Tractors Ltd. and Director of Millat Equipment Ltd., Millat Industrial Products Ltd., Millat Automobile Ltd., Engineers Technology Integrators Manufacturers and Asset Developers (Pvt.)Ltd., CTO 24/7 (Pvt.) Ltd.

Name	Mr. Javed Munir
Title	Non Executive Director
Appointment	February 22, 2005
Committee membership	No committee membership.
External appointments	Chief Financial Officer of Millat Tractors Ltd. and Director of Millat Equipment Ltd.

Name	Mr. Shahid A. Hakim
Title	Chief Executive Officer
Appointment	December 08, 2006
Committee membership	Chairman of System and Technology Committee and Human Resources Committee and Member of Business Strategy Committee
External appointments	Currently no external appointment.

Name	Mr. Sohail Bashir Rana
Title	Non Executive Director
Appointment	June 13, 1993
Committee membership	No committee membership.
External appointments	Director of Millat Tractors Ltd., Millat Equipment Ltd., Millat Industrial Products Ltd., Millat Automobile Ltd., Agri Mall (Pvt.) Ltd.

Name	Mr. Mian Muhammad Saleem
Title	Non Executive Director
Appointment	June 13, 1993
Committee membership	Member of Audit Committee and Board's Committee for Supervision
External appointments	Director of Millat Tractors Ltd., Millat Equipment Ltd., Millat Industrial Products Ltd., Millat Automobile Ltd.

Name	Mr. Sajid Hassan
Title	Non Executive Director (NIT Nominee)
Appointment	April 27, 2007
Committee membership	Member of Audit Committee
External appointments	Director of Shahmurad Sugar Mills Ltd.

Name	Mr. Mujtaba Ahmed
Title	Executive Director
Appointment	October 28, 2008
Committee membership	Member of Business Strategy Committee and Human Resources Committee
External appointments	Currently no external appointment

Board Committees

Audit Committee

Composition of Committee	Meetings Attended
Chairman Mr. Laeeq Uddin Ansari Non-Executive Director	6 of 6
Members Mr. Latif Khalid Hashmi Non-Executive Director	6 of 6
Mr. Mian Muhammad Saleem Non-Executive Director	3 of 6
Mr. Sajid Hassan Non-Executive Director	6 of 6

Terms of Reference

Terms of Reference of Audit Committee are as follows:

- > To make recommendations to the Board on the appointment of external auditors, the audit fee, any question of resignation or removal and provision of any service by the external auditors in addition to audit.
- > To determine the measures to save guards the assets of the Company.
- > To review, before submission to the Board, quarterly, half yearly and annual financial statements and related announcements to be issued by the Company. This renders focusing on significant items like material adjustments resulting from audit, going concern assumption, major judgmental areas, changes in accounting polices and practices and compliance of accounting standard, listing regulations and statutory requirements.
- > To facilitate the external audit, ensure coordination between external and internal auditors and discuss observations raised by the external auditors and Management letter issued by them alongwith response of Management.
- > To review scope and extent of internal audit and shall ensure that internal audit is adequately resourced and appropriately placed within the Company.
- > To consider major findings of internal investigations and management's response.

- > To ascertain that financial and operating controls and accounting reporting systems are adequate and effective.
- > To review the statement on internal control system before endorsement by the Board.
- > To determine the compliance of applicable statutory requirements and shall also monitor compliance of Code of Corporate Governance to identify the significant violations.
- > To institute special projects, other reviews and tasks as the Board shall delegate to it, from time to time, by consulting CEO and referring external auditors and other external bodies.

Board's Committee for Supervision (BCS)

Composition of Committee	Meetings Attended
Chairman Mr. Sikandar M. Khan Chairman /Non-Executive Director	6 of 9
Members Mr. Latif Khalid Hashmi Non-Executive Director	7 of 9
Mr. Laeeq Uddin Ansari Non-Executive Director	8 of 9
Mr. Mian Muhammad Saleem Non-Executive Director	4 of 9

Terms of Reference

Terms of Reference of Board's Committee for Supervision (BCS) are as follows:

- > To provide a forum for the Company's Senior Executives to contribute to planning the strategic direction of the Company.
- > To review and monitor the periodic operating activities regarding technical, financial and administrative aspects of the Company, against budget, forecasts and previous year on monthly basis.
- > To ensure implementation of strategy, the corporate plan, policies and procedures.
- > To ensure successful achievement of objectives of the Company.
- > To ensure active co-ordination, cooperation and communication between all departments of the Company.
- > To review the organizational structure of the Company and making recommendations for change.

Management Committees

Business Strategy Committee

Composition of Committee

Chairman

Mr. Sikandar M. Khan

Members

Mr. Laeeq Uddin Ansari

Mr. Shahid A. Hakim

Mr. Mujtaba Ahmed

Responsibilities

The Business Strategy Committee assists Board of Directors in devising short term and long term business plans and suggests strategies for achievement of organizational objectives.

System and Technology Committee

Composition of Committee

Chairman

Mr. Shahid A. Hakim

Members

Mr. Sirajuddin Khan

Mr. Faisal Lakhani

Mr. Aamir Hashmi

Responsibilities

Systems provide solid base for any type of success. This Committee assists Board of Directors in formulating, implementing and upgrading systems of all types in the Company.

Human Resources Committee

Composition of Committee

Chairman

Mr. Shahid A. Hakim

Members

Mr. Mujtaba Ahmed

Mr. M. Mushtaq Akhtar

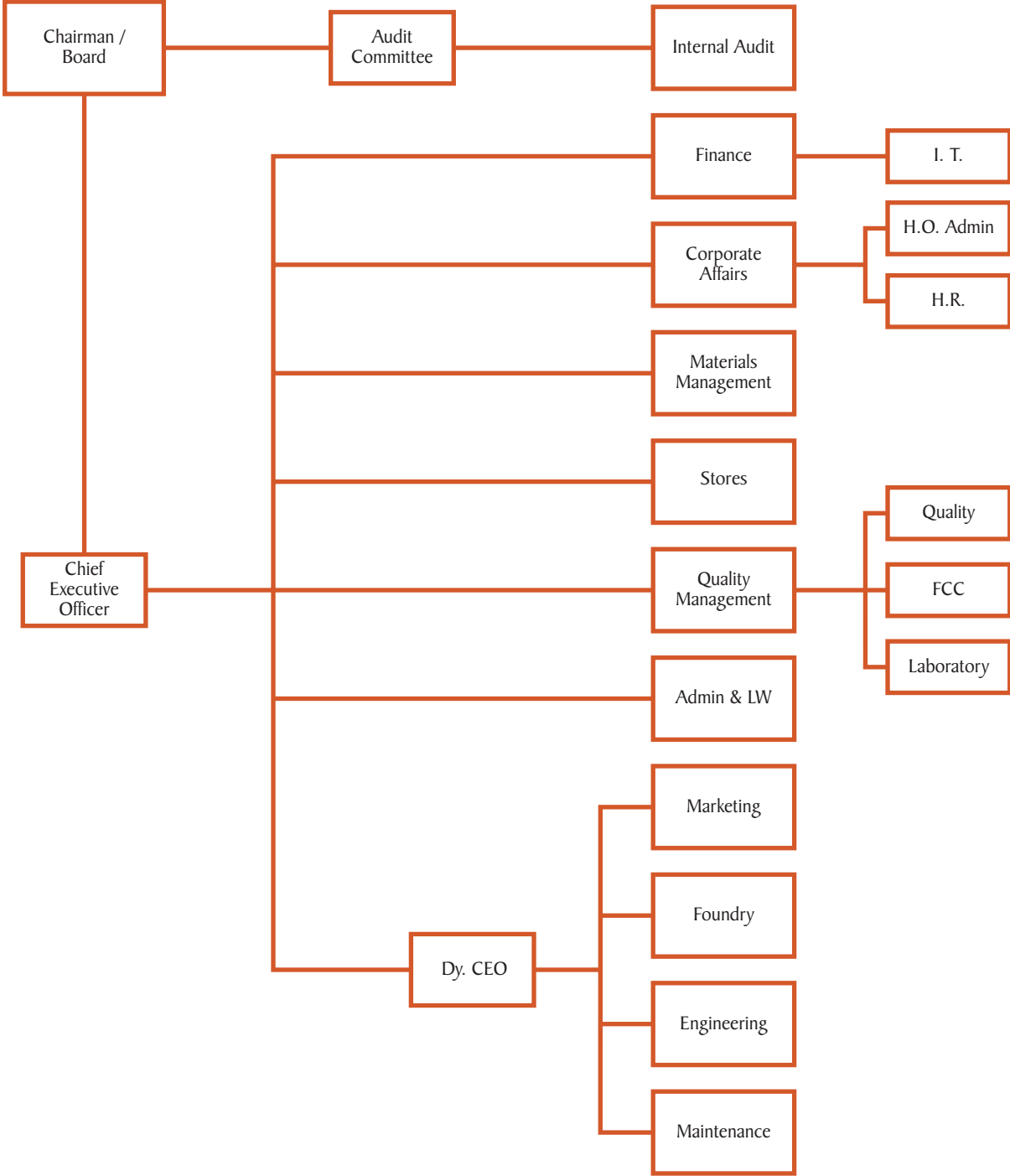
Mr. Abdul Qadir Lasi

Responsibilities

The Human Resources Committee assists Board of Directors in:

- a) Formulating plans, procedures on manpower induction, fixation and payments of salaries, wages, allowances, retirement benefits, disciplinary activities, rewards and punishments, service rules and Labour-Management relationships.
- b) Periodic training arrangements.
- c) Devising hierarchy of management.

Organization Structure



Company Profile

INTRODUCTION

Being a modern and well equipped foundry and holding a major market share of the tractor and automotive castings, Bolan Castings Limited can rightly claim to be the leading foundry of its kind in Pakistan.

The Company was incorporated on 15th July, 1982 as a public limited company by Pakistan Automobile Corporation Limited (PACO) under the administrative control of Ministry of Production, Government of Pakistan. The plant was commissioned in June 1986 with the assistance of Foundry Management & Design Company (FMD), United Kingdom (U.K) and commercial production was started in July, 1986. The plant is located about 40 Kms from Karachi on the main R.C.D. Highway, Hub Chowki, District Lasbella, Balochistan. The Company was privatised and handed over to a group of management under a joint collaboration of Millat Tractors Limited and the employees of Bolan Castings Limited on 13th June, 1993.

FOUNDRY

The foundry is located at Hub, Balochistan on a 100,000 square meters plot with a covered area of approximately 20,000 square meters. The foundry is manufacturing tractor castings such as cylinder blocks, cylinder heads, centre housings, transmission cases and truck / bus castings like brake drums and hubs with a large number of other similar castings.



The plant produces about 14,000 tons per year of tractor / automotive castings in grey and ductile iron. So far, more than 200 different types of castings have been successfully developed and supplied to various customers.

PRODUCTION FACILITIES

The foundry has:

- > Duplex melting facilities consisting of Twin Cold Blast Cupolas and Coreless Induction Furnaces.
- > Induction melting through two 1.5 tons furnaces.



- > One high pressure line of 1150 x 800 x 300 / 300 mm box size.
- > Another high pressure moulding line of 650 x 550 x 250 / 250 mm box size.
- > New Sand Preconditioning Plants.
- > Resin Coating Plant Continuous Mixer, Shell Core Machines, Silicate / CO₂ Core Machines, Cold Box Core Machine.
- > Shot blasting, fettling, grinding, heat treatment and painting.
- > Complete inspection, testing and quality control laboratory equipments including spectrometer.
- > A 60 tons / hr fully computerised sand plant which on demand automatically delivers predetermined sand mixes to the moulding line.
- > A separate shop for the repair and maintenance of patterns, tooling and core boxes through CAD / CAM process.
- > An ancillary workshop for the fabrication and maintenance of equipment and tools.

RESEARCH & DEVELOPMENT

Experimentation and innovative studies are constantly undertaken for both manufacturing and product improvements. Bolan Castings Limited, from the very beginning, is engaged in research, quality improvement of the products, productivity enhancement, new products development and processes improvement.



POLLUTION CONTROL

Maximum attention is given to reduce the air pollution through the following:

- > Wet sludge tank for cupola emissions.
- > Scrubbers for air born emission at new sand pre conditioning and core plant.
- > Reduction of dust emissions through bag filter closed cabin for shot blasting and sand plant.

Company Profile

- > Dust catchers in grinding area.
- > Maximum plantation at the open areas of the factory.

INDUSTRIAL & PERSONAL SAFETY

The following are in place for the safety of our employees and equipments:



- > Effective fire fighting system, which covers all areas of the plant.
- > Safety protective provided to the work force.
- > Adequate sound proofing of high noise machines.
- > Protective cover for cutting machines.
- > Controlled admittance to production site.
- > Flammable material adequately protected from sun and heat.
- > All work areas sufficiently ventilated.

QUALITY & INSPECTION

We believe that quality and a relentless commitment to continuous improvement are essential to our success. To this end, we define quality as understanding the customers' expectations, agreeing on performance and value, and providing products and services that meet expectations. Our motto is, "We pour quality into castings."

The foundry has developed a "Quality Control System" that covers inspection of the complete process from raw materials supply to the despatch of finished goods. Laboratories at the plant use equipment and techniques to check all incoming material, metallic charge, ferro alloys, sands, resins, coatings and refractories.



During the manufacturing process, rapid response systems are employed in a series of integrated checks. Finished products undergo an array of checks and inspection with appropriate techniques. Critical parts and those on which safety depends are 100% checked.

Checks during manufacturing are supplemented by sample checking by metallography, spectrometry and actual chemical analysis.

As a result of strict and effective quality control, high standards have been achieved and the plant is now working at almost full capacity.

ISO CERTIFICATION

Bolan Castings Limited was the first foundry of its kind to obtain ISO 9002 certificate in April, 1999. The Company has now achieved ISO 9001-2000 version of Quality Management System.



FORWARD INTEGRATION

In the year 1998-99, setting up of in-house machining lines for various castings of tractors and trucks was undertaken. This has resulted in a considerable boost to the Company's sales and profitability.

BACKWARD INTEGRATION

In the year 2000-2001, a CNC machining set up was added in the Pattern Shop to manufacture new pattern tooling equipments. This has reduced considerably the development time for new products.

Customers & Product Range

CUSTOMERS

Tractors

- . Millat Tractors Limited
- . Al-Ghazi Tractors Limited

PRODUCT RANGE

Tractor Industry

- a. MF Tractors
 1. Cylinder block
 2. Cylinder head
 3. Transmission case
 4. Centre housing
 5. Timing gears
 6. Bearing caps
 7. Planetary carrier
 8. Differential cases
 9. Hydraulic lift cover
 10. Box hydraulic
 11. Oil sump 240
 12. Link rocker
 13. Sleeve
 14. Fork clutch release
 15. Axle housing 240
 16. Axle housing 385
 17. Oil sump 385
 18. Fly wheel 240
 19. Fly wheel 385
 20. Front wheel hub 240
 21. Front wheel hub 385
 22. Front axle support 240
- b. Fiat Tractors
 1. Axle casing
 2. Differential case
 3. Trumpet 640
 4. Front axle support
 5. Bearing covers
 6. Trumpet cover 640
 7. Trumpet 480
 8. Hubs
 9. Master clutch housing
 10. Oil sump 480

Automobiles

- . Hino Pak Motors Ltd.
- . Ghandhara Nissan Ltd.
- . Ghandhara Industries Ltd.
- . Sind Engineering (Pvt.) Ltd.
- . Master Motors Corporation Ltd.
- . Adam Motors Company Ltd.
- . Sigma Motors (Pvt.) Ltd.

Automobile Industry

- a. Isuzu Trucks/Buses
 1. Brake drums & Hubs
 2. Exhaust manifold
 3. Spring pads & Brackets
 4. Generator brackets
 5. Fly wheel
- b. Dong Feng Trucks/Buses
 1. Brake drums & Hubs
 2. Brackets
 3. Shackles
- c. Nissan Trucks/Buses
 1. Brake drums & Hubs
 2. Fan pulley
 3. Shackles
 4. Spring stoppers & Brackets
 5. Pads
- d. Hino Trucks/Buses
 1. Brake drums
 2. Spring stoppers & Brackets
 3. Bracket injection pump
 4. Pulleys
- e. Bedford Trucks
 1. Brake drums
 2. Differential carrier
- f. Honda/Coure
 1. Pulleys
- g. Master Trucks
 1. Brake drums
- h. Adam Car
 1. Brake drums
 2. Brake discs
- i. Sigma Jeep
 1. Brake drums

Engineering/Others

- . Millat Equipment Limited
- . Alsons Industries
- . HMA Stainless Steel Pumps
- . Balochistan Engineering Works
- . Transmission Engineering
- . Pakistan Machine Tool Factory
- . Pakistan Synthetic
- . Noor Engineering

Engineering Industry

- a. Pumps
 1. Pump heads
 2. Pump bases
 3. Base plates
 4. Adopter flanges
 5. Pump housings
 6. Suction chambers
 7. Seal covers
- b. Wheel Rims
 1. Blank holder dies
 2. Forming punch dies
 3. Roller dies
- c. Textile
 1. Labyrinth seals



Metal being Poured into Moulds





Communication with Shareholders

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Shareholders Information

Bolan Castings Limited (BCL) is committed to providing a high standard of communication to its Shareholders so that they have all information reasonably required to make informed assessments of the Company's value and prospects.

Periodic Financial Reports

BCL produces four Periodic Financial Reports for shareholders each year:

- > First Quarterly Report upto 30th September
- > Second Quarterly / Half Yearly Report upto 31st December
- > Third Quarterly Report upto 31st March
- > Annual Report upto 30th June.

Pursuant to provisions of SECP circular No 19 of 2004 dated April 14, 2004, the Company transmits its quarterly accounts to shareholders through Company's website instead of sending the same by post. However, the quarterly accounts can be provided to shareholders, on demand, at their registered addresses free of cost, within one week of such demand.

The Company dispatches the Annual Accounts to its Shareholders by post. Annual Accounts are also placed on Company's website.

Annual General Meeting

BCL holds Annual General Meeting (AGM) normally in October of each year at Company's Registered Office.

The Notice of AGM is sent to all Shareholders at least 21 days before the date of AGM and also published in one issue each of Daily English and Urdu news papers having circulation in Karachi and Lahore.

The Notice of AGM contains an explanatory memorandum providing information to Shareholders for their convenience.

Shareholders are encouraged to attend the meeting. However, if they are unable to attend, they are encouraged to Vote by Proxy on matters to be decided at the meeting.

The Twenty Seventh Annual General Meeting is scheduled to be held at the Registered Office of the Company, Main RCD Highway, Hub Chowki, District Lasbela, Baluchistan, Pakistan, on Tuesday October 27, 2009 at 1500 hours.

Books Closure and Bonus Shares Entitlement

The Share transfer books of BCL will remain closed from October 14, 2009 to October 27, 2009 both days inclusive. Transfers received in order at the Shares Department of the Company at the address given hereunder by close of working hours (1730hrs) on October 13, 2009 shall be treated in time for the purpose of entitlement of Bonus Shares.

Shareholders Enquiries

Enquiries concerning holdings of the Company's ordinary shares, dividend payments and notification of shareholders' change of address should be referred to the Company's Shares Department:

Shares Department Address

Bolan Castings Limited,
Shares Department,
F-1, National Container Building,
Hub River Road, S.I.T.E., Karachi.
Tel: 0092-21-32584576
Fax: 0092-21-32573558

Web Presence

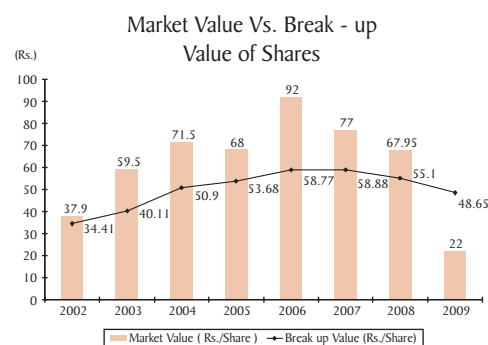
A wide range of information about BCL is available at Company's website, www.bolancastings.com.

The website has general information about the Company and details of its product range. The quarterly and annual reports of the Company are also posted on this site.

Price Ranges

Quarterly price ranges of BCL shares on the Karachi Stock Exchange, the principal market in which the stock is traded, were:

Quarter	2009		2008	
	High	Low	High	Low
First (July-Sep)	64.56	55.37	81.00	72.00
Second (Oct-Dec)	55.37	45.67	84.00	64.85
Third (Jan-Mar)	43.39	23.49	78.50	69.05
Fourth (Apr-June)	22.00	22.00	73.50	61.00



Notice of Annual General Meeting

Notice is hereby given that 27th Annual General Meeting of Bolan Castings Limited will be held at the Registered Office of the Company Main RCD Highway, Hub Chowki, District Lasbela, Baluchistan, Pakistan, on Tuesday 27th October, 2009 at 1500 hours to transact the following business:-

A. ORDINARY BUSINESS

1. To confirm the minutes of the 26th Annual General Meeting.
2. To receive, consider and adopt the audited accounts of the Company for the year ended 30th June, 2009 together with the Directors' and Auditors' reports thereon.
3. To appoint auditors for the year ending 30th June, 2010 and to fix their remuneration. Present Auditors M/s. Ford Rhodes Sidat Hyder & Co. Chartered Accountants retire and being eligible offer themselves for re-appointment.

B. SPECIAL BUSINESS

4. To consider and if thought fit to approve issuance of 20% bonus shares by passing the following resolution as an ordinary resolution:

RESOLVED that a sum of Rs. 15,802,380/- out of the profit available for appropriations as at June 30, 2009 be capitalized and be applied to the issue of 1,580,238 ordinary shares of Rs. 10/- each allotted as fully paid bonus shares to the members whose names appear in the register of members as at close of business on October 13, 2009 in the proportion of two bonus shares for every ten ordinary shares held i.e 20%.

FURTHER RESOLVED that these bonus shares shall rank pari passu in all respects with the existing shares.

FURTHER RESOLVED that the Directors be and are hereby authorized to consolidate all fractions of bonus shares and sell in the stock market and pay the proceeds of sales when realized to a charitable trust.

FURTHER RESOLVED that the Directors be and are hereby authorized and empowered to give effect to this resolution and to do, cause to be done; all acts, deeds and things that may be necessary or required for the issue, allotment and distribution of bonus shares.

FURTHER RESOLVED and hereby agreed that Company Secretary be and is hereby authorized to complete all formalities related to issue of bonus shares.



C. OTHER BUSINESS

5. To transact any other business with the permission of the Chair.

By Order of the Board of Directors

Karachi:
September 17, 2009

M. Mushtaq Akhtar
Company Secretary

Notes:

1. The Share Transfer Books of the company shall remain closed from October 14, 2009 to October 27, 2009 (both days inclusive). Transfers received in order at the Shares Department of the Company at the address given here under by close of working hours (1730 hrs) on October 13, 2009 shall be treated in time for the purpose of entitlement of bonus shares.
2. A member entitled to attend and vote at the meeting may appoint another member as his / her proxy to attend the meeting and vote on his / her behalf. Vote may be given either personally or by proxy or in case of a company / corporation by a representative duly authorized.
3. Duly executed proxies in order to be effective must be received by the Company at its Head Office at least 48 hours before the meeting.
4. Shareholders are requested to promptly notify the Company of any change in their addresses at its Head Office, F-1, National Containers Building, Hub River Road, S.I.T.E., Karachi.

Notice of Annual General Meeting

5. CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

5.1 FOR ATTENDING THE MEETING:

5.1.1 In case of individual, the account holder or sub-account holder shall authenticate his identity by showing his original Computerised National Identity Card (CNIC) or original passport at the time of attending the meeting.

5.1.2 In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall have to be produced (unless it has been provided earlier) at the time of the meeting.

5.2 FOR APPOINTING PROXIES:

5.2.1 In case of individual, the account holder or sub account holder shall submit the proxy form as per the above requirement.

5.2.2 The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

5.2.3 Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

5.2.4 The proxy shall produce his / her original CNIC or original passport at the time of the meeting.

5.2.5 In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall have to be submitted (unless it has been provided earlier) along with proxy form to the Company.

STATEMENT UNDER SECTION 160 (1) (b) OF THE COMPANIES ORDINANCE, 1984.

This statement set out the material facts concerning the Special Business, given in agenda item No. 4 of the Notice.

The Directors are of the view that Company's financial position and its reserves justify the capitalization of free reserves amounting to Rs. 15,802,380/- for the issue of bonus shares in the proportion of two bonus shares for every ten ordinary shares held. The Directors directly or indirectly, are not personally interested in this issue except to the extent of their shareholding in the Company.

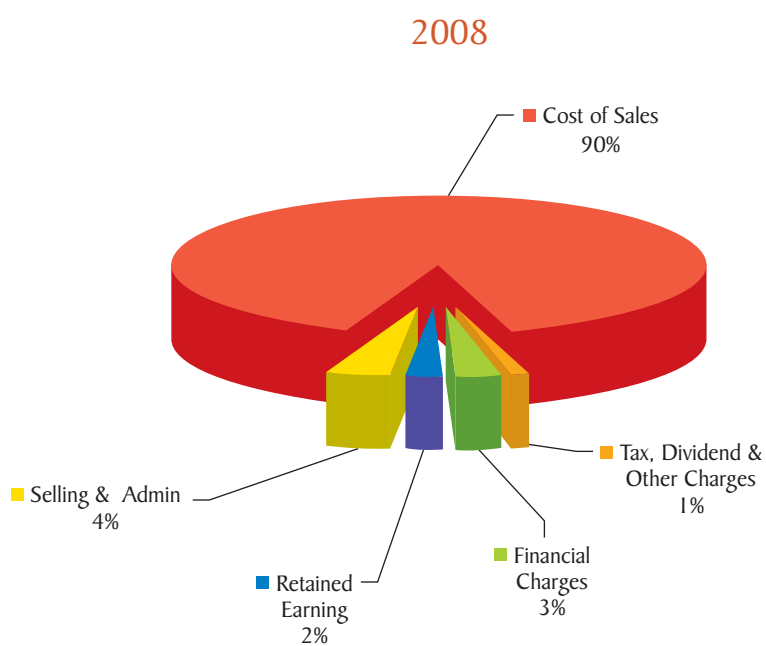
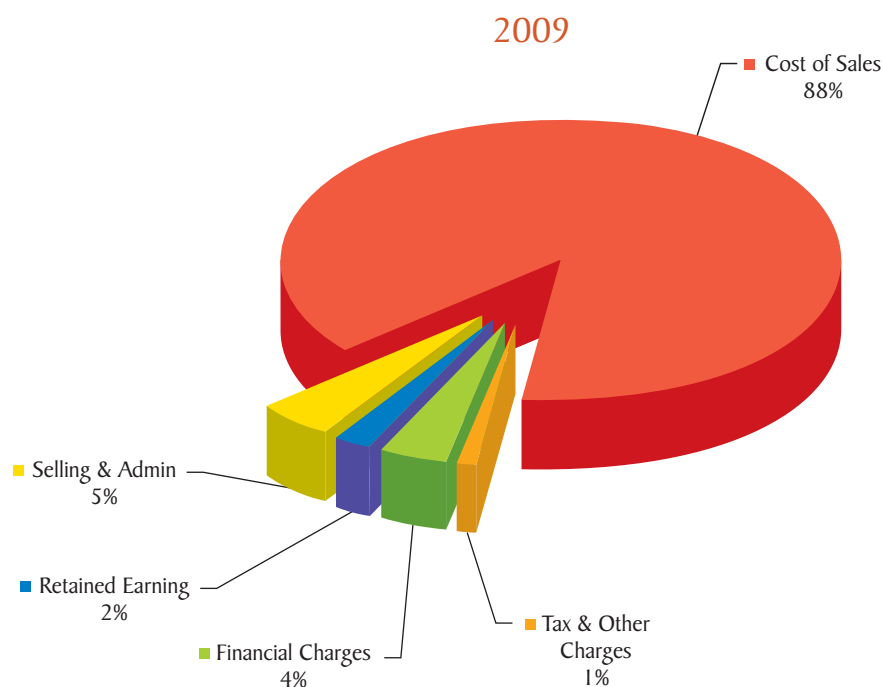
Pursuant to rule 6 (iii) of the Companies (Issue of Capital) Rules, 1996, the Auditors have certified that the free reserves retained after the issue of the bonus shares would be higher than twenty five percent of the enhanced paid-up capital.



Stakeholders Information

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Application of Revenue



Vertical Analysis

	2009 (Rs. 000)	%	2008 (Rs. 000)	%	2007 (Rs. 000)	%
Operating results						
Net income	1,604,626	100.0	1,130,538	100.0	869,672	100.0
Cost of good sold	1,440,373	89.8	1,016,595	89.9	760,498	87.4
Admin, selling & distribution expenses	66,027	4.1	48,010	4.2	44,894	5.2
Other operating expenses	7,353	0.5	4,443	0.4	2,978	0.3
Investment Income	(515)	(0.0)	(955)	(0.1)	(1,576)	(0.2)
Other income	(18,520)	(1.2)	(4,958)	(0.4)	(1,421)	(0.2)
Finance cost	56,759	3.5	32,903	2.9	24,429	2.8
Taxation	19,124	1.2	11,853	1.0	13,832	1.6
Profit after taxation	34,026	2.1	22,648	2.0	26,038	3.0
Balance Sheet						
Property, plant and equipment	242,245	27.1	252,155	31.2	255,249	35.9
Long term investments	8,050	0.9	16,963	2.1	18,975	2.7
Other non-current assets	4,876	0.5	4,417	0.5	4,136	0.6
Current assets	638,316	71.4	533,411	66.1	433,427	60.9
Total assets	893,488	100	806,946	100	711,786	100
Total Share holder's equity	384,364	43.0	334,940	41.5	325,355	45.7
Long term debts (excluding current maturiy)	14,082	1.6	50,332	6.2	84,128	11.8
Deferred liabilities	30,802	3.4	16,914	2.1	15,190	2.1
Deferred taxation	20,649	2.3	14,038	1.7	7,838	1.1
Short term debts	289,830	32.4	274,112	34.0	171,992	24.2
Trade creditors	108,249	12.1	73,063	9.1	67,135	9.4
Current portion of long term debts	36,250	4.1	36,250	4.5	36,250	5.1
Other current liabilities	9,262	1.0	7,297	0.9	3,899	0.5
Total liabilities	509,123	57.0	472,006	58.5	386,432	54.3
Total equity and liabilities	893,488	100	806,946	100	711,786	100
Cash Flow						
Cash generated from operations	96,647	(1,583)	10,157	(9)	(10,573)	6
Cash flow from/(used in) operating activities	23,627	(387)	(45,964)	40	(51,536)	31
Cash flow from/(used in) investing activities	(17,776)	291	(23,737)	21	(67,612)	41
Cash flow from/(used in) financing activities	(11,955)	196	(44,559)	39	(45,632)	28
Net (decrease)/increase in cash and cash	(6,104)	100	(114,260)	100	(164,781)	100

Horizontal Analysis

	2009 (Rs. 000)	Inc./.(dec.) vs last year figure %	2008 (Rs. 000)	Inc./.(dec.) vs last year figure %	2007 (Rs. 000)	Inc./.(dec.) vs last year figure %	2006 (Rs. 000)
Operating results							
Net income	1,604,626	41.9	1,130,538	30.0	869,672	8.3	802,761
Cost of good sold	1,440,373	41.7	1,016,595	33.7	760,498	11.8	679,942
Gross profit	164,253	44.2	113,943	4.4	109,174	(11.1)	122,819
Admin, selling & distribution expenses	66,027	37.5	48,010	6.9	44,894	17.5	38,221
Other operating expenses	7,353	65.5	4,443	49.2	2,978	(44.3)	5,343
Investment income	515	(46.1)	955	(39.4)	1,576	3.8	1,519
Other income	18,520	273.5	4,958	249.0	1,421	65.3	859
Profit before finance cost	90,874	34.8	67,404	4.8	64,300	(21.2)	81,634
Finance cost	56,759	72.5	32,903	34.7	24,429	180.0	8,724
Profit before taxation	53,150	54.1	34,501	(13.5)	39,870	(45.3)	72,910
Taxation	19,124	61.4	11,853	(14.3)	13,832	(44.9)	25,084
Net profit/(loss)	34,026	50.2	22,648	(13.0)	26,038	(45.6)	47,826
Balance Sheet							
Property, plant and equipment	242,245	(3.9)	252,155	(1.2)	255,249	25.5	203,383
Long term investments	8,050	(52.5)	16,963	(10.6)	18,975	13.3	16,747
Other non-current assets	4,876	10.4	4,417	6.8	4,136	(30.4)	5,945
Current assets	638,316	19.7	533,411	23.1	433,427	30.6	331,842
Total assets	893,488	10.7	806,946	13.4	711,786	27.6	557,917
Share capital	79,012	30.0	60,778	10.0	55,253	-	55,253
Reserves	305,352	11.4	274,161	1.5	270,102	0.2	269,462
Total Share holder's equity	384,364	14.8	334,940	2.9	325,355	0.2	324,715
Long term debts (excluding current maturiy)	14,082	(72.0)	50,332	(40.2)	84,128	(30.6)	121,190
Deferred liabilities	30,802	82.1	16,914	11.4	15,190	13.4	13,397
Deferred taxation	20,649	47.1	14,038	79.1	7,838	-	-
Short term debts	289,830	5.7	274,112	59.4	171,992	557.7	26,151
Trade creditors	108,249	48.2	73,063	8.8	67,135	25.1	53,649
Current portion of long term debts	36,250	-	36,250	-	36,250	109.4	17,313
Other current liabilities	9,262	26.9	7,297	87.2	3,899	159.4	1,503
Total liabilities	509,123	7.9	472,006	22.1	386,432	56.7	246,600
Total equity and liabilities	893,488	10.7	806,946	13.4	711,786	24.6	571,314
Cash Flow							
Cash generated from operations	96,647	851.6	10,157	(196.1)	(10,573)	(124.0)	43,991
Cash flow from/(used in) operating activities	23,627	(151.4)	(45,964)	(10.8)	(51,536)	(344.6)	21,070
Cash flow from/(used in) investing activities	(17,776)	(25.1)	(23,737)	(64.9)	(67,612)	(44.2)	(121,156)
Cash flow from/(used in) financing activities	(11,955)	(73.2)	(44,559)	(2.4)	(45,632)	(150.1)	91,148
Net (decrease)/increase in cash and cash equivalents	(6,104)	(94.7)	(114,260)	(30.7)	(164,781)	1,743.7	(8,938)

NOTE:

Keeping in view the current uncertain market condition especially for the last five years we have prepared our horizontal analysis by making the preceding year as a bench mark for the year which is to be analyzed.

Decade at a Glance

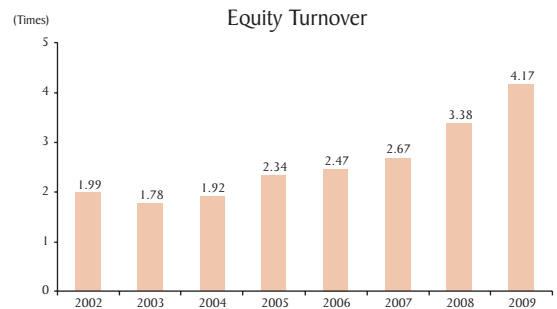
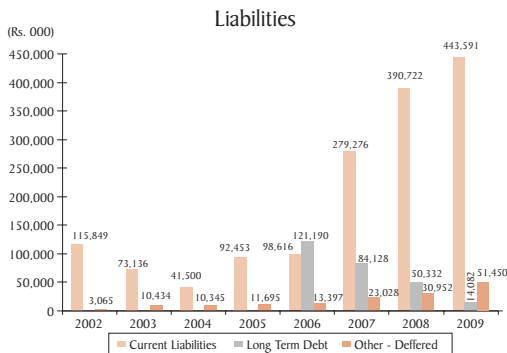
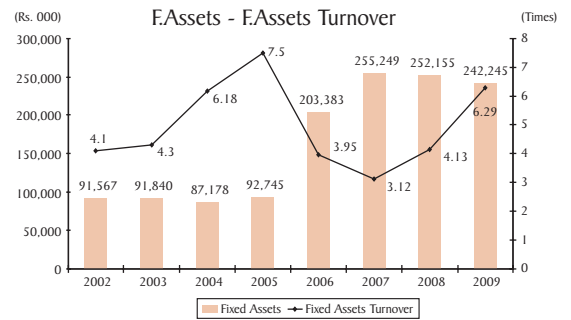
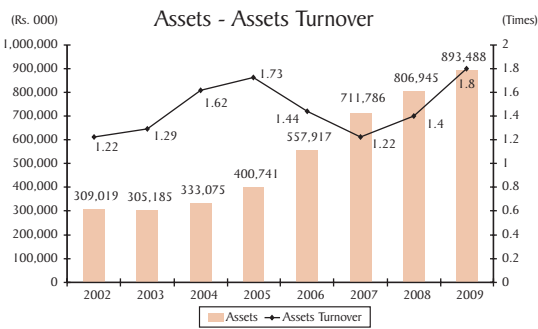
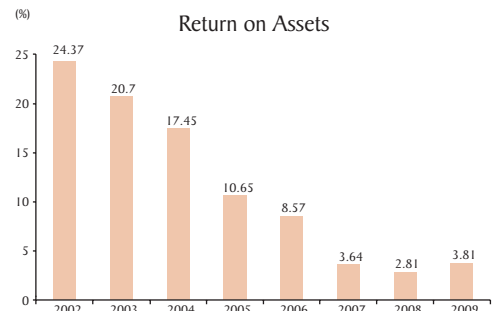
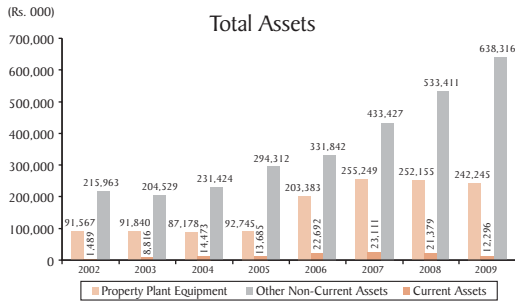
(Rs. In Thousands)

Year ended 30 th June	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
INCOME										
Net Sales	1,604,626	1,130,538	869,672	802,761	695,077	538,765	394,786	378,139	469,752	457,257
Gross Profit	164,253	113,943	109,174	122,819	98,780	114,907	89,201	111,719	125,203	112,242
Operating profit	109,909	67,403	64,299	84,598	68,855	88,770	63,972	92,871	102,970	90,036
Profit before Tax	53,150	34,500	39,870	72,910	65,348	83,378	90,829	97,897	97,095	80,995
Profit after Tax	34,026	22,648	26,038	47,826	42,665	58,115	63,160	75,293	61,638	52,796
FINANCIAL POSITION										
Current Assets	638,316	533,411	433,427	331,842	294,312	231,424	204,529	215,963	243,496	143,203
Less: Current Liabilities	443,591	390,722	279,276	98,616	92,453	41,500	73,136	115,849	179,493	112,786
Net Working Capital	194,725	142,689	154,151	233,226	201,858	189,924	131,393	100,114	64,003	30,417
Property, Plant and Equipment	242,245	252,155	255,249	203,383	92,745	87,178	91,840	91,567	85,292	84,748
Others-Non Current Assets	12,926	21,379	23,111	22,692	13,685	14,473	8,816	1,489	1,479	1,896
	449,896	416,223	432,510	459,301	308,288	291,575	232,049	193,170	150,774	117,061
Less: Long Term Debts	14,082	50,332	84,128	121,190	-	-	-	-	-	-
Other Liabilities	51,450	30,952	23,028	13,397	11,695	10,345	10,434	3,065	2,809	3,107
Shareholders' Equity	384,364	334,940	325,355	324,714	296,593	281,230	221,615	190,105	147,965	113,954
REPRESENTED BY:										
Share Capital	79,012	60,778	55,253	55,253	55,253	55,253	55,253	55,253	55,253	55,253
Reserves	256,500	240,000	230,000	210,000	195,000	164,000	164,000	134,000	92,000	58,000
Unrealized Gain on Long Term Investment	2,550	11,463	13,475	11,247	3,325	3,000	1,500	-	-	-
Premium on issuance of Right Share	12,156	-	-	-	-	-	-	-	-	-
Unappropriated Profit /(Loss)	34,147	22,699	26,627	48,214	43,015	58,977	862	852	712	701
Net Capital Employed	384,364	334,940	325,355	324,714	296,593	281,230	221,615	190,105	147,965	113,954
SUMMARY OF CASHFLOWS										
Cash flows from operating activities	23,627	(45,964)	(51,536)	21,070	21,036	15,504	43,382	31,645	54,562	64,885
Cash used in investing activities	(17,776)	(23,737)	(67,612)	(121,156)	(16,303)	(5,357)	(14,349)	(11,243)	(10,072)	(5,533)
cash used in financing activities	(11,955)	(44,559)	(45,632)	91,148	(7,713)	(33,021)	(32,686)	(27,555)	(21,706)	(72,736)
Net change in cash and cash equivalents	(274,125)	(268,022)	(153,761)	11,019	19,957	22,937	45,812	49,465	56,618	33,835

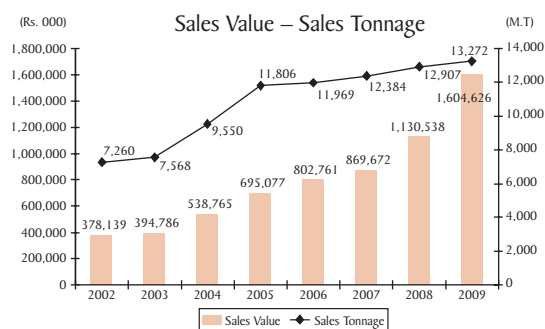
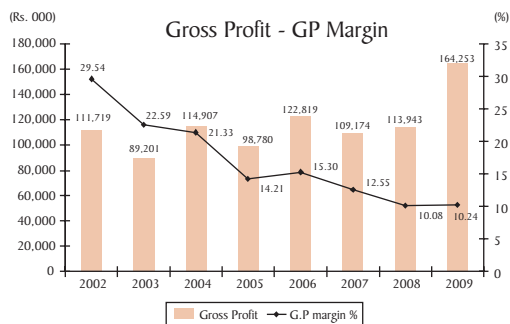
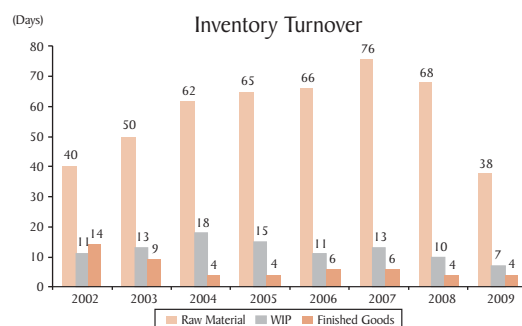
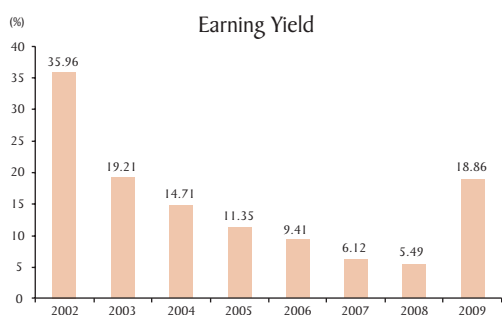
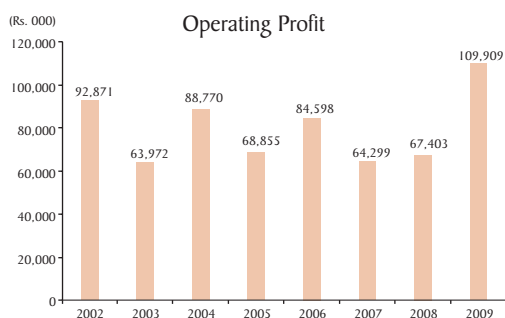
Decade at a Glance

Year ended 30 th June	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
PRODUCTION / SALES										
Production Capacity Installed (MT)	13,200	10,367	10,367	7,450	5,700	5,700	5,700	5,700	5,700	5,700
Production Capacity Attained (MT)	14,335	13,801	13,543	12,627	12,320	10,532	7,868	7,615	9,441	9,419
Capacity Ratio (%)	109	133	131	169	216	185	138	134	166	165
Net Sales (MT)	13,272	12,907	12,384	11,969	11,806	9,550	7,568	7,260	9,051	8,855
MARKET VALUE RATIOS										
Break up value of a Share of Rs.10/-each	48.65	55.11	58.88	58.77	53.68	50.90	40.11	34.41	26.78	20.62
Dividend (Rupees per share)	-	-	2.00	5.00	5.00	5.00	6.00	6.00	5.00	4.00
Dividend (%)	-	-	20	50	50	50	60	60	50	40
Bonus Shares (%)	20	10	10	-	-	-	-	-	-	-
PROFITABILITY RATIOS										
Gross Profit Ratios (%)	10.24	10.08	12.55	15.30	14.21	21.33	22.59	29.54	26.65	24.55
Profit before Tax to Sales (%)	3.31	3.05	4.58	9.08	9.40	15.48	23.01	25.89	20.67	17.71
Profit after Tax to Sales (%)	2.12	2.00	2.99	5.96	6.14	10.79	16.00	19.91	13.12	11.55
Basic Earnings per Share - EPS (Rs.)	4.15	2.95	4.28	8.66	7.72	10.52	11.43	13.63	11.16	9.56
Earning Yield - year end price (%)	18.86	5.49	6.12	9.41	11.35	14.71	19.21	35.96	29.21	29.42
Price Earning Ratio - year end price	5.30	18.22	16.34	10.62	8.81	6.80	5.20	2.78	3.42	3.40
EBITDA%(Earning before interest,tax, depreciation & Amortization).	8.59	8.39	9.42	11.65	11.26	18.55	19.23	27.57	24.84	22.75
Dividend Payout (%)	-	-	42.44	57.76	64.75	47.54	52.49	44.03	44.82	41.86
Dividend Yield Ratio (%)	-	-	2.60	5.43	7.35	6.99	10.08	15.83	13.09	12.31
Return on Equity (%)	8.85	6.76	8.00	14.73	14.39	20.66	28.50	39.61	41.66	46.33
Return on Assets (%)	3.81	2.81	3.64	8.57	10.65	17.45	20.70	24.37	18.66	22.97
Operating Cycle (Days)	79	114	109	102	104	110	113	122	78	88
Dividend Cover (Times)	-	-	2.36	1.73	1.54	2.10	1.91	2.27	2.23	2.39
LIQUIDITY RATIOS										
Current Ratio	1.44:1	1.37:1	1.54:1	3.36:1	3.18:1	5.58:1	2.80:1	1.86:1	1.36:1	1.27:1
Quick Ratio	1.10:1	0.96:1	0.62:1	1.54:1	1.68:1	2.42:1	1.83:1	1.33:1	1.01:1	0.68:1
ACTIVITY RATIOS										
Raw Material Inventory Turnover - (Days)	38	68	76	66	65	62	50	40	32	44
WIP Inventory Turnover - (Days)	7	10	13	11	15	18	13	11	6	7
Finished Goods Inventory Turnover - (Days)	4	4	6	6	4	4	9	14	10	10
Debtors Turnover Ratio (Days)	54	48	36	35	35	37	58	74	45	37
Assets Turnover - (Times)	1.80	1.4	1.22	1.44	1.73	1.62	1.29	1.22	1.42	1.99
Fixed Assets Turnover - (Times)	6.29	4.13	3.12	3.95	7.50	6.18	4.30	4.1	5.51	5.40
LEVERAGE RATIOS										
Equity Turnover - (Times)	4.17	3.38	2.67	2.47	2.34	1.92	1.78	1.99	3.17	4.01
Debt-Equity Ratio	4:96	13:87	21:79	27:73	0:100	0:100	0:100	0:100	0:100	0:100
SHARE PRICE- (Rs.)										
Highest	64.6	84	114.65	98.70	87.85	73.95	62.00	45.00	39.75	55.75
Lowest	22.0	61	68.00	59.85	59.80	50.00	35.45	31.50	32.00	26.00
Average	43.3	73.06	91.33	79.28	73.83	61.98	48.73	38.25	35.38	40.88
At the year end	22.0	67.95	77.00	92.00	68.00	71.50	59.50	37.90	38.20	32.50

Graphical Illustration



Graphical Illustration

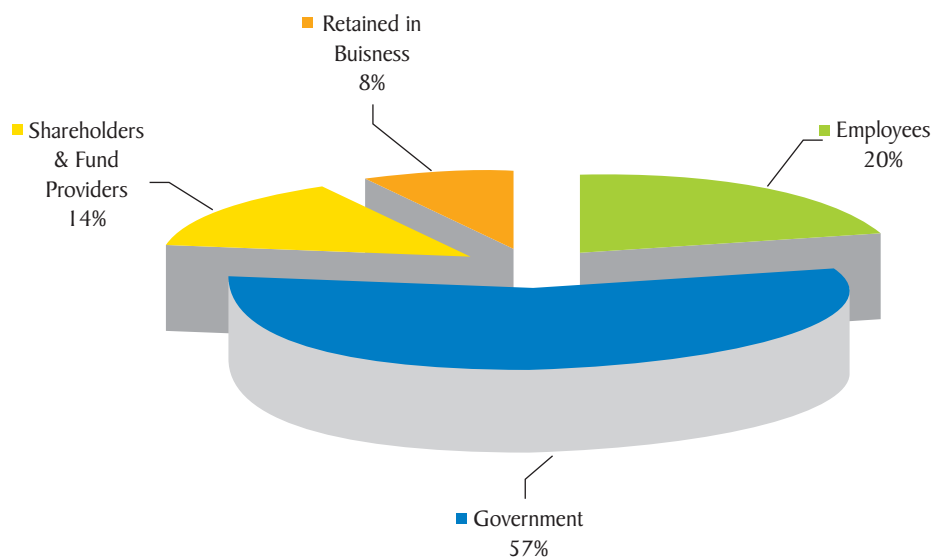


Statement of Value Added and its Distribution

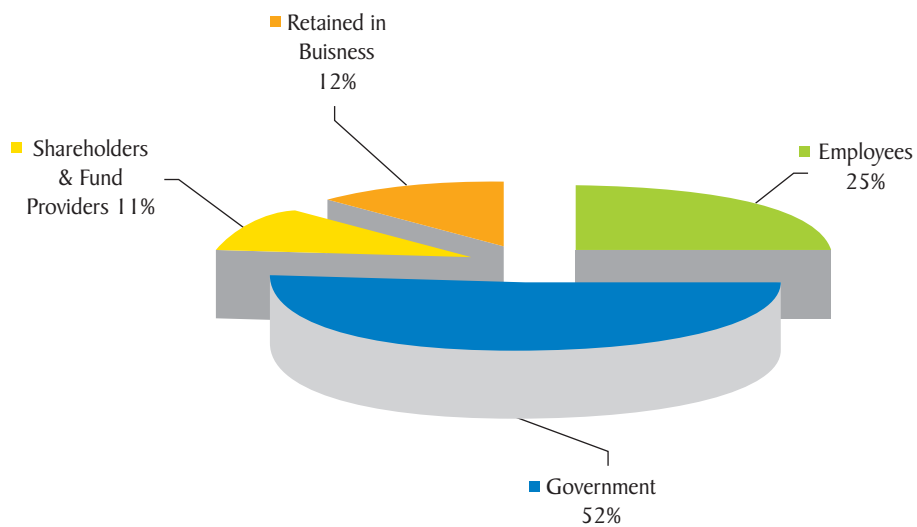
	2009 Rs. 000		2008 Rs. 000	
PARTICULARS				
VALUE ADDITION				
Revenue Generated	1,876,461		1,310,852	
Bought-In Material and Services	(1,380,084)		(950,913)	
Other Income	19,035		5,913	
	<u>515,412</u>		<u>365,852</u>	
DISTRIBUTION TO:				
Employees		%		%
Salaries, Wages and Benefits	101,749	20	88,180	24
Workers Participation Fund	2,860	1	1,853	1
	104,608	21	90,033	25
Government				
Income Tax	19,124	4	11,853	3
Sales Tax	255,845	50	169,044	46
Special Excise Duty	15,990	3	11,270	3
Workers Welfare Fund	1,186	-	704	-
	292,145	57	192,870	52
Shareholders & Fund Providers				
Bonus Shares	15,802	3	6,078	2
Financial Charges	56,759	11	32,903	9
	72,561	14	38,981	11
Retained in Buisness				
Depreciation	27,682	5	27,398	7
Amortization	192	0	-	-
Retained Profit	18,224	3	16,570	5
	46,098	8	43,968	12
	<u>515,412</u>	<u>100</u>	<u>365,852</u>	<u>100</u>

Distribution of Value Addition

2009



2008





Corporate & Financial Reporting

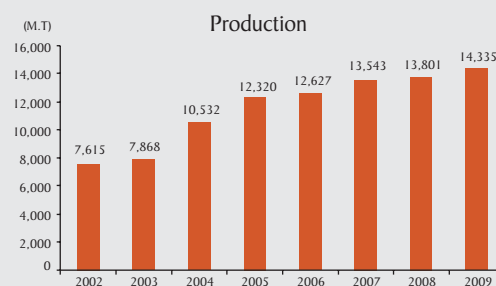
33	Chairman's Review
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Chairman's Review



Dear Shareholders

It is a pleasure for me to welcome you to the 27th Annual General Meeting of Bolan Castings Limited and to present the Annual Audited Accounts and Financial Reports of the Company for the Financial Year ended June 30, 2009.



Economy

Globally the recessionary trends dominated the economies every where. Pakistan economy also got badly affected. The Foreign Direct Investments (FDI) slowed down which hampered Pakistan's Stock Markets. The GDP grew by about 2% as against 4.1% of last year. While the manufacturing sector posted a negative growth of 3.3% against a positive growth of 4.8% of the year before. However, agricultural sector grew by 4.7% as compared to 1.1% of previous year.

Pakistan is an agro based country, in which agriculture has most pivotal role to play. The government is focusing on mechanized farming for improvement in agricultural productivity. Thus demand for agricultural tractors is constantly growing since last several years.

Company's Performance

Your Company had a record production of 14,335 MT of castings against 13,801 MT of same period last year. The tonnage net sales were 13,272 MT as against 12,871 MT of same period last year. Product range included Castings for Tractors, Automotives and others.

The Sales Revenues of the Company for the period under review were an all time high amounting to Rs.1,605 million as against Rs.1,131 million of the same period last year. The gross profit was recorded as Rs.164.25 million as against Rs.113.94 million of same period last year.

The selling, distribution and administrative expenses were Rs.66.03 million against Rs.48.01 million of last year. The financial charges were substantially high at Rs.56.76 million as against Rs.32.90 million of the preceding year, one of the main reasons of which was high working capital loan

Chairman's Review

requirements to finance more expensive raw material purchases and high operating expenses.

The profit before tax was Rs. 53.15 million as against Rs.34.50 million of last year. The income tax was Rs.19.12 million as against Rs. 11.85 million of last year. The profit after tax was Rs. 34.03 million against Rs.22.65 million of same period last year.

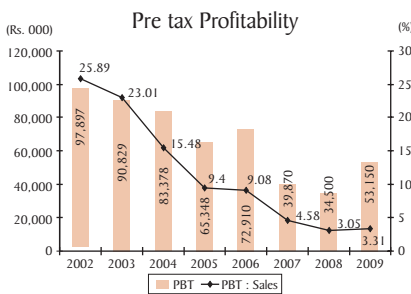
Your Directors are pleased to recommend bonus shares @ 20% in the proportion of two bonus shares for every ten ordinary shares held.

Business Risks and Challenges

Production of your Company has been mainly focused on manufacture of tractor castings due to their heavy demand throughout the period and it is expected that the trend would continue.

Electricity breakdowns have become a regular ongoing feature. These breakdowns cause interruptions in production thereby resulting in higher fuel, material and electricity consumption. Also, these sudden shutdowns result in a substantial increase in the maintenance downtime. However, your Company management has taken corrective action by installing generators to partially offset power shortage.

Upward surge of the exchange rates of US Dollar and other international currencies versus the Pakistani Rupees is adding to the input cost of your Company and thereby narrowing down the profit margins. The management is confident that they will offset its affects through better planning of inventories and improving efficiency in production.



Future Prospects

The existing upward trends in production, improving efficiency and profitability of the Company are likely to continue.

Your Company can also look at the possibility of supplying castings to the export market.

Government policies on economic development extend full support to the agricultural sector. Being linked with agricultural sector, the tractor industry shall continue to grow, resulting in additional sales for your Company.

The management is planning better utilization of the unused capacity of the new plant to increase production by 3,000 M.T. during the next financial year. This provides your Company an opportunity to enhance its profitability in the coming years.

Contribution towards Economic Development and Self Reliance

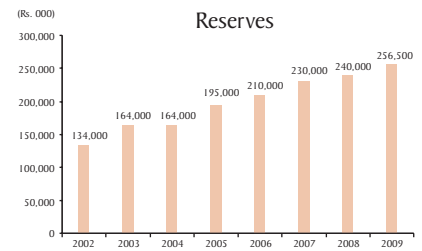
The Company is a unique designed automotive foundry of its type in the country. It has contributed in the development of parts for agricultural tractors and automotive industry. Your Company has made huge investments for the development of pattern toolings and has acquired expertise to design and manufacture the pattern equipment required for casting of components. The ongoing process of Research and Development in the Company is a source of strength for the production lines and for diversification.

Your Company, being part of vending industry for tractors and auto industry, has been creating jobs and economic activity for the people of the region at all levels. Company regularly contributes funds in the national exchequer in the shape of duties and taxes.

Human Resource Development

Human resource is the most valuable asset of your Company. We recognize that skilled and motivated teams of people are essential to deliver success. Hiring of professionals to build and maintain an efficient team devoted to attain set targets of achievements is our main endeavour.

Your Company gives a lot of emphasis to its training programmes for update and



enhancement of the employee skills. Apart from it, Company also imparts on the job training to the unskilled workers, fresh diploma holders, engineers and MBAs which becomes a rich source for their career building.

Corporate Social Responsibility

Responsible behavior towards our stakeholders and the wider community is fundamental to the business of BCL. We seek to ensure that we always act with integrity; that we give priority to the health and safety of our employees and those affected by our activities and that we manage our activities so as to control our environmental impact.

You would be pleased to know that the current year has been an injury free year for Bolan Castings employees.

Environment

BCL is committed to maintaining good environmental practice to minimize the impact of its activities on the environment. Your Company has installed environment friendly equipment that helps in reducing air pollution to a minimum possible level. We encourage initiatives, which benefit the environment. Our operations are conducted with the emphasis on compliance of regulatory requirements relating to the environment.

Acknowledgement

I would like to thank the management and employees of the Company for their hardwork and dedication.

I wish them well in the next financial year. I am grateful to the Board of Directors for their participation and assistance in guiding the Company and look forward to their support in future.

Karachi
September 17, 2009

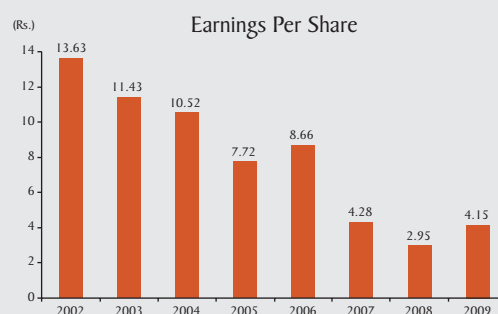
Sikandar M. Khan
Chairman

Directors' Report



Dear Shareholders

Directors of your Company have pleasure in presenting Annual Report and the Audited Financial Statements of the Company for financial year ended June 30, 2009.



General

Your Company is incorporated in Pakistan as a public limited company and is listed on Karachi Stock Exchange. Its main business activity is to undertake castings of tractors and automotive parts.

Appropriations

Following are the appropriations made during the year:

Un-appropriated profit brought forward
 Bonus shares issued for the year ended June 30, 2008
 Transfer to general reserve
 Profit after tax for the year ended June 30, 2009
 Un-appropriated profit carried forward

Bonus Shares

The directors have recommended bonus shares in the proportion of two shares for every ten

(Rs.000)

22,699

(6,078)

(16,500)

34,026

34,147

shares (i.e.20%) held by the Shareholders whose names are registered in the books of the Company at the close of business on October 13, 2009.

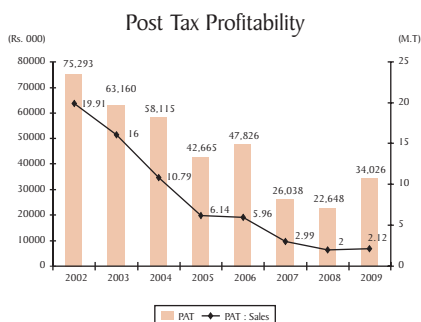
Earnings Per Share

The earnings per share for the year ended June 30, 2009 were Rs.4.15 as against restated Rs.2.95 of preceding year.

Risk Management

Overall risks arising from the Company's financial instruments are limited as there is no significant exposure to market risk in respect of such instruments.

Directors' Report



Interest / Mark-up Rate Risk

The Company manages to mitigate the interest / mark-up rate risk, arising from mismatches of financial assets and liabilities that mature or reprice in a given period, through risk management strategies where significant changes in gap position can be adjusted.

Credit Risk

The credit risk on company's liquid fund is limited because the counter parties are banks with high credit ratings. However, the company managed the credit risk on trade debts by monitoring credit exposures, limiting transactions with specific customers and containing assessment of credit worthiness of customers.

Foreign Exchange Risk

The Company is exposed to foreign currency risk. The Company manages this risk through forward currency contracts.

Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Company manages this risk through effective cash management and by keeping committed credit lines available.

Corporate Governance

Compliance with the Code of Corporate Governance

BCL is deeply aware of the significance of corporate governance in achieving effective checks and balance and protecting the interest of all shareholders and is dedicated to pursuing sustained optimization of corporate governance. The Company regards the building of sound corporate governance as an important means to maintain shareholder relationship and enhance corporate value. The Company is convinced that sound corporate governance is of great importance to the sustainable long term growth of the Company and that the efforts to improve and optimize our corporate governance and the progress that have been made to this end will help in enhancing our core competitiveness and increasing corporate value.

In accordance with the Code of Corporate Governance, the Board has established sound corporate governance policies and procedures, which are monitored and reviewed on a continuous basis. Our Corporate governance framework is directed towards achieving our business objectives in a manner which is responsible and in accordance with high standards of honesty, transparency and accountability.

For achievement of these principles, our vision / mission statements, overall corporate strategy, statement of business ethics and practices and significant policy guidelines, have been in place for many years.

Statements of compliance with the code of corporate governance duly reviewed and certified by the external auditors are annexed to this report.

Board of Directors

Board Structure

Effective management and good stewardship are led by the Board of Directors, which currently consists of eight elected directors, of whom one is executive director and seven are non-executive directors. In addition to eight elected directors, ninth is the Chief Executive Officer who by virtue of being CEO is deemed to be a director of the Company.

During the last Annual General Meeting dated October 28, 2008, the eight Directors were elected unopposed as Directors of the company for the next term of three years ending October 2011.

The newly elected Board of Directors of our Company comprises the following:

1. Mr. Sikandar M. Khan
2. Mr. Latif Khalid Hashmi
3. Mr. Sohail Bashir Rana
4. Mr. Laeeq Uddin Ansari
5. Mr. Mian Muhammad Saleem
6. Mr. Sajid Hassan (NIT Nominee)
7. Mr. Javed Munir
8. Mr. Mujtaba Ahmed

After election of Board of Directors, the Directors in their meeting re-elected Mr. Sikandar M. Khan as Chairman of the Board of Directors for the next term of three years ending October 2011.

The positions of Chairman and the Chief Executive Officer are held by Mr. Sikandar M. Khan and Mr. Shahid A. Hakim respectively. The separation of functions ensures greater independence between the Board and the management. There is a clear division of responsibilities between the roles of the Chairman and the CEO.

Role of the Chairman and Chief Executive Officer

The Chairman is responsible to provide overall leadership and vision in developing the strategic direction of the Company.

Directors' Report

The Chairman's primary role includes ensuring that the board functions properly, it meets its obligations and responsibilities and that its organization and mechanisms are in place and are working effectively.

The CEO is responsible for managing the Company and to ensure delivery of the strategic and financial objectives which have been agreed by the Board. He is also responsible for stewardship of the Company's assets and jointly with the Chairman, represents the Company externally.

Board Effectiveness / Board Process

The Board is collectively responsible for the success of the Company. Its role is to provide entrepreneurial leadership to the Company within a framework of prudent and effective controls which enables risk to be assessed and managed. The Board sets the Company's strategic aims, ensures that the necessary financial and human resources are in place for the Company to meet its objectives and reviews management performance. It also sets the company's values and standards and ensures that its obligations to its shareholders and others are understood and met.

Specific responsibilities reserved to the Board include:

- Approving annual budget and projections;
- Approving annual and quarterly accounts;
- Reviewing the Company's systems of financial control and risk management;
- Approving major acquisitions, divestments and capital expenditure;
- Issuing shares of the Company;
- Ensuring that appropriate management development and succession plans are in place;
- Reviewing matters relating to corporate social responsibility including the environmental, health and safety performance of the Company;
- Reviewing the activities of the Board's Committees; and
- Approving appointments to the Board, to the Board Committees and to the positions of CEO, CFO, Company Secretary and the Head of Internal Audit.

Board Meetings

The Board is accountable to shareholders for ensuring that the Company is appropriately managed and achieves the strategic objectives it sets. The Board discharges those

responsibilities through annual programme of meetings.

The Board met five times during the financial year 2008-09. All the meetings were presided over by the Chairman of the Board. These meetings were also attended by the Chief Financial Officer and the Company Secretary.

Attendance of Directors at Board meetings is set out below:

Name of Director	Meetings Attended
Mr. Sikandar M. Khan	5 of 5
Mr. Shahid A. Hakim	5 of 5
Mr. Latif Khalid Hashmi	5 of 5
Mr. Sohail Bashir Rana	3 of 5
Mr. Laeeq Uddin Ansari	4 of 5
Mr. Mian Muhammad Saleem	4 of 5
Mr. Sajid Hassan (NIT Nominee)	5 of 5
Mr. Javed Munir	5 of 5
Mr. Mujtaba Ahmed*	3 of 4
Mr. Bashir Ahmed Chaudhry**	0 of 1

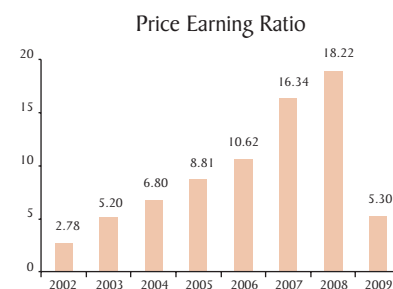
* Elected as director w.e.f. October 28, 2008
** Retired as director w.e.f. October 28, 2008

Notice of meetings along with the agenda items and comprehensive working papers dealing with aspects of the business are distributed to Directors by the Company Secretary in advance of each Board Meeting so that the meeting can benefit from an informed board.

All the directors are fully aware of their responsibilities. Further, at least once in a year, the Company conducts a course for their directors to acquaint them with their duties and responsibilities regarding managing the affairs of the Company on behalf of shareholders.

The Board of Directors takes into account the interests of the Company as well as the interests of BCL's shareholders and other stakeholders when making decision.

The Company Secretary is responsible for advising the Board on all governance matters and for ensuring that Board procedures are followed and applicable rules and regulations complied with. Additionally the Company Secretary is also responsible for compiling the minutes of Board Meeting and circulating amongst the directors within fourteen days of the date of meeting.



The Chief Financial Officer is responsible for advising the Board on all financial and accounting matters and also responsible, alongwith the Chief Executive Officer, for presenting the annual and quarterly accounts. He takes care of assets and financing thereof.

Additionally, the CFO is also responsible for finalizing Annual Corporate Budgets and periodic review of Budget vs Actual analysis for smooth running of the Company affairs.

Board Committees

In order to provide effective oversight and leadership the Board has established two committees with particular responsibilities. The terms of reference of both committees are clearly defined by the Board.

The proceedings of Board Committees are reported to the Board of Directors in their meetings.

The Board Committees contain directors with a variety of relevant skills and experience so that no undue reliance is placed on any individual.

Audit Committee

To guarantee the objectiveness, fairness and independence of the Audit Committee the Audit committee comprises four non-executive directors and is chaired by Mr. Laeeq Uddin Ansari. The other members of the Committee are Mr. Latif Khalid Hashmi, Mr. Sajid Hassan and Mr. Mian Muhammad Saleem.

The primary role of the Audit Committee, which reports its findings to the Board, is to ensure the integrity of the financial reporting and audit process and the maintenance of a sound internal control and risk management system. In pursuing these objectives, the committee ensures that an appropriate

Directors' Report

relationship is maintained between the internal and the external auditors of the Company. The committee also considers the effectiveness of the external audit process and makes recommendations to the Board on appointment, resignation or dismissal of the auditors and their level of audit fee.

The Committee performs its responsibilities in supervising internal audit function and also plays an important role in optimizing the Company's internal control systems. The Audit Committee reviews the implementation on the internal control systems regularly and supervises the rectification of identified internal control problems.

The Committee also ensures the compliance with the best practices of corporate governance and other relevant regulatory requirements.

The Committee formally meets at least once in a quarter prior to approval of interim results of the Company and before and after completion of external audit. The Chief Executive Officer, the Chief Financial Officer and the Head of Internal Audit attend the meetings. The External Auditors attend the meetings at which annual and half yearly accounts are reviewed for subsequent approval by the Board of Directors.

In addition, the Committee holds separate meetings with External Auditors to facilitate the discussion on any issue arising from the audit and with the Internal Auditors to discuss the matters related to Internal Controls.

During the financial year 2009, the Committee met six times to coincide with the financial and reporting cycles of the Company. The proceedings of meetings are properly recorded by Secretary Audit Committee and minutes of meetings are circulated to all members, directors and Chief Financial Officer within fortnight of date of meetings.

Board's Committee for Supervision (BCS)

The Board's Committee for Supervision (BCS) acts as an Executive Committee and is chaired by Mr. Sikandar M Khan. The other members of the committee are Mr. Latif Khalid Hashmi, Mr. Laeeq Uddin Ansari and Mr. Mian Muhammad Saleem.

The BCS is responsible for monitoring the activities and strategy regarding technical, financial and administrative aspects of the

Company. The Committee also reviews the operating and financial performance on a monthly basis.

The meetings of BCS were held once a month. The CEO and all departmental heads also attend the meetings. The minutes of meetings are properly recorded and circulated to all concerned.

Management Committees

The Board of Directors has also formulated committees as follows to assist the Board in performance of relevant activities:

Business Strategy Committee

The Business Strategy Committee assists Board of Directors in devising short term and long term business plans and suggests strategies for achievement of organizational objectives.

System & Technology Committee

Systems provide solid base for any type of success. This Committee assists Board of Directors in formulating, implementing and upgrading systems of all types in the Company.

Human Resources Committee

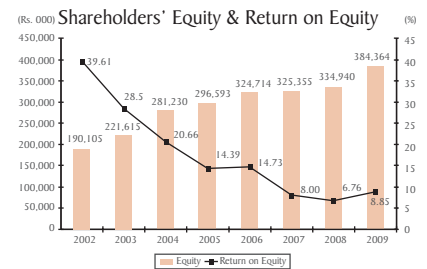
The Human Resources Committee assists Board of Directors in:

- Formulating plans, procedures on manpower induction, fixation and payments of salaries, wages, allowances, retirement benefits, disciplinary activities, rewards and punishments, service rules and Labour-Management relationships.
- Periodic training arrangements.
- Devising hierarchy of management.

Accountability and Audit

Financial Reporting

The Board satisfies that it has met its obligation to present a balanced and understandable assessment of the Company's position and prospects through Chairman's review, Directors' report and Accounts which includes the operational and business review. Directors' statement on corporate and financial reporting is included in this Directors' report.



Internal Controls

The directors are responsible for the Company's system of internal controls which aims to: safeguard the Company's assets; ensure that proper accounting records are maintained; ensure compliance with statutory and regulatory requirements; and ensure the effectiveness and efficiency of operations.

The Company maintains a sound system of internal controls, which is designed to identify, evaluate and manage risks that may impede the achievement of the Company's business objectives rather than to eliminate these risks and can, therefore, provide only reasonable, assurance against material misstatement or loss. The Audit Committee has been formally delegated the responsibility for reviewing the effectiveness of the system of internal controls.

The Company and its operations are subject to a detailed annual budget process. Actual performance during the year is monitored periodically against budget, forecasts and previous year. These forecasts and results are presented to the Board's Committee regularly.

Internal Audit

Internal Audit's mission is to provide objective assurance and to increase the effectiveness of the BCL's operations. It helps to achieve BCL's objectives by using a systematic and methodical approach to assess the processes and systems used for risk management, control and corporate governance. It also helps improve them by making proposals to increase their effectiveness.

The scope of the work done by the Internal Audit make it possible to determine whether the processes, systems and controls, as they have been developed and implemented, are sufficient and are applied in such a way as to ensure that:

Directors' Report

- > Risks are defined, evaluated and managed adequately;
- > Financial and operational information is authorized, reliable and available in a timely fashion;
- > Directives, policies, laws, regulations and statutory requirements are respected; and
- > Human, informational, material and financial resources are acquired economically, used efficiently and protected adequately.

Internal Audit reports directly to the Audit Committee of the Board of Directors. The organizational structure is designed to ensure Internal Audit has the independence required to play its role effectively.

External Audit

The present auditors, M/s. Ford Rhodes Sidat Hyder & Co., Chartered Accountants, retire and being eligible, offer themselves for re-appointment. The directors endorse recommendations of the audit committee for the re-appointment of M/s. Ford Rhodes Sidat Hyder & Co., Chartered Accountants as the auditors for the financial year 2009-2010. M/s. Ford Rhodes Sidat Hyder & Co., Chartered Accountants have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan. Further, they have confirmed that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.

The external auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

Relations with shareholders

Constructive use of the Annual General Meeting

The Board considers the Annual General Meeting an opportunity to communicate with shareholders, and encourages their

participation. At least 21 days before the date of AGM, the Notice of meeting including the agenda and necessary information are dispatched to shareholders and published in leading Urdu and English newspapers also.

Other

The Company maintains a website (www.bolancastings.com), which offers any interested person information on the Company. Apart from this, its principal communication with shareholders and others is Annual Report and Quarterly Financial Statements, which are placed on the website soon after publication.

The Company dispatches the printed copies of Annual Reports to its shareholders. However, the quarterly financial statements can also be dispatched to shareholders, on demand.

Chairman's Review

The Directors of the company endorse contents of the Chairman's Review, which is included in the Annual Report dealing with the company activities and forms an integral part of the Directors' Report.

Statement on Corporate and Financial Reporting Framework

The Board is fully aware of its responsibility in respect of corporate and financial reporting framework as recognized by the Code of Corporate Governance. The Directors of your Company are of the view that:

- a) The financial statements, prepared by the management of the Company present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- b) Proper books of accounts of the company have been maintained.
- c) Appropriate accounting policies have been consistently applied in preparation of financial statements except for those as stated in the notes to the financial statements and accounting estimates are based on reasonable and prudent judgment.
- d) International accounting standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- e) The system of internal controls is sound in design and has been effectively implemented and monitored.

- f) There are no significant doubts upon the Company's ability to continue as a going concern.
- g) There has been no material departure from the best practices of Corporate Governance as detailed in the listing regulations of Stock Exchange.

Operating and Financial Summary

A summary of key operating and financial data alongwith key ratios of the Company for the last decade is annexed.

Taxation

Please refer to Note 30 to the Financial Statements for details regarding taxation of the Company.

Investment of Retirement Benefits Funds

The values of investments of Provident Funds, Gratuity Fund and Pension Fund based on their un-audited accounts as on June 30, 2009 (audit in progress) were as follows:

Provident Funds	Rs. 59.058 million
Gratuity Fund	Rs. 38.558 million
Pension Fund	Rs. 47.421 million

Trading in the Company Shares

The Directors, CEO, CFO, Company Secretary and their spouses and minor children did not carry out any trade in the shares of the Company during the period under review except 1,800 shares, that were sold by a Director, Mr. Mujtaba Ahmed.

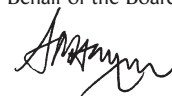
Pattern of Shareholdings

The pattern of shareholdings alongwith their categorized detail is annexed to the report.

Approval and Authorization

The Board of Directors of the Company in their meeting held on September 17, 2009 approved the Directors' Report and authorized Mr. Shahid A. Hakim, Chief Executive Officer of the Company to sign the report on its behalf.

On Behalf of the Board



Karachi:
September 17, 2009

Shahid A. Hakim
Chief Executive

Statement of Compliance with the Best Practices of the Code of Corporate Governance

For the year ended June 30, 2009

This statement is being presented to comply with the Code of Corporate Governance set out in the listing regulations of Karachi Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors (the Board). The Board comprises eight elected directors, of whom seven are non-executive directors, including directors representing minority shareholders and the independent director. In addition to eight elected directors, ninth is the Chief Executive Officer (CEO) who by virtue of being CEO is deemed to be a director of the Company.
2. The directors have confirmed that none of them is serving as a director in ten or more listed companies, including this Company.
3. All the directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred in the Board during the year ended June 30, 2009.
5. The Chairman of the Board has been elected from among the non-executive directors of the Company.
6. The Company has prepared and issued a "Statement of Ethics and Business Practices", which has been signed by all the directors and employees of the Company.
7. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
8. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO have been taken by the Board.
9. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
10. The Board has approved all the transactions entered into by the Company with related parties during the year. A complete party-wise record of related party transactions has been maintained by the Company.
11. The Company has arranged an orientation course for its directors during the year to apprise them of their duties and responsibilities.
12. The Board has approved appointment of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the CEO.

Statement of Compliance with the Best Practices of the Code of Corporate Governance

For the year ended June 30, 2009

13. The Directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
14. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
15. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
16. The Company has complied with all the corporate and financial reporting requirements of the Code.
17. The Board has formed an Audit Committee. It comprises four members, all of them are non-executive directors including the Chairman of Committee.
18. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim results of the Company and before and after completion of external audit. The terms of reference of the Committee have been determined by the Board and advised to the Committee for compliance.
19. The Board has set-up an effective internal audit function.
20. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan. Further, they have confirmed that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
21. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
22. We confirm that all other material principles contained in the Code have been complied with.

Karachi
September 17, 2009



SHAHID A. HAKIM
Chief Executive

Review Report to the Members on Statement of Compliance with the Best Practices of the Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Bolan Castings Limited (the Company) to comply with the Listing Regulation of the Karachi Stock Exchange (Guarantee) Limited, where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Further, the Listing Regulations requires the Company to place before the Board of directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code, effective for the year ended 30 June 2009.


Chartered Accountants

Karachi
September 17, 2009

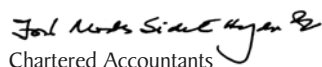
Auditors' Report to the Members

We have audited the annexed balance sheet of Bolan Castings Limited as at 30 June 2009 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2009 and of the profit, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).


Chartered Accountants

Audit Engagement Partner: Muhammad Basheer Juma

Karachi
September 17, 2009

[In case of any discrepancy on the Company's website, the auditors shall only be responsible in respect of the information contained in the hard copies of the audited financial statements available at the Company's registered office.]

Balance Sheet

as at June 30, 2009

ASSETS	Note	2009 Rupees	2008 Rupees
NON-CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	4	241,449,255	252,155,215
Intangible assets	5	795,935	-
		242,245,190	252,155,215
Long-term investments	6	8,050,000	16,962,500
Long-term loans	7	607,200	608,000
Long-term deposits		4,269,160	3,808,660
		<u>255,171,550</u>	<u>273,534,375</u>
CURRENT ASSETS			
Stores, spare parts and loose tools	8	94,456,994	74,755,416
Stock-in-trade	9	149,532,143	157,689,411
Trade debts	10	278,732,056	193,470,877
Loans and advances	11	10,978,571	15,556,601
Deposits and short term prepayments	12	4,042,826	23,798,762
Other receivables	13	27,106,921	18,263,036
Taxes recoverable - net		57,761,960	43,786,496
Cash and bank balances	14	15,704,735	6,090,689
		638,316,206	533,411,288
TOTAL ASSETS		<u><u>893,487,756</u></u>	<u><u>806,945,663</u></u>
EQUITY AND LIABILITIES			
Share capital	15	79,011,900	60,778,380
Reserves	16	305,352,432	274,161,374
		<u>384,364,332</u>	<u>334,939,754</u>
NON-CURRENT LIABILITIES			
Long term finance - secured	17	14,081,686	50,331,686
Deferred tax liability	18	30,801,563	14,038,215
Deferred liabilities	19	20,648,754	16,913,989
		65,532,003	81,283,890
CURRENT LIABILITIES			
Trade and other payables	20	108,248,791	73,062,662
Accrued interest/mark-up		9,262,410	7,296,961
Short-term borrowings	21	289,830,220	274,112,396
Current portion of long-term finance	17	36,250,000	36,250,000
		443,591,421	390,722,019
Contingencies and commitments	22		
TOTAL EQUITY AND LIABILITIES		<u><u>893,487,756</u></u>	<u><u>806,945,663</u></u>

The annexed notes from 1 to 39 form an integral part of these financial statements.



Shahid A. Hakim
Chief Executive



Sikandar M. Khan
Chairman

Profit and Loss Account

For the year ended June 30, 2009

	Note	2009 Rupees	2008 Rupees
Turnover - net	23	1,604,626,060	1,130,538,417
Cost of sales	24	(1,440,372,650)	(1,016,595,142)
Gross profit		164,253,410	113,943,275
Distribution costs	25	(33,777,863)	(25,781,690)
Administrative expenses	26	(32,248,855)	(22,227,880)
Other operating expenses	27	(7,352,508)	(4,442,586)
		(73,379,226)	(52,452,156)
		90,874,184	61,491,119
Finance cost	29	(56,759,016)	(32,902,964)
Profit from operations		34,115,168	28,588,155
Other operating income	28	19,034,665	5,912,626
Profit before taxation		53,149,833	34,500,781
Taxation	30	(19,124,115)	(11,852,508)
Profit after taxation		34,025,718	22,648,273
Earnings per share - basic and diluted	31	4.15	Restated 2.95

The annexed notes from 1 to 39 form an integral part of these financial statements.



Shahid A. Hakim
Chief Executive



Sikandar M. Khan
Chairman

Cash Flow Statement

For the year ended June 30, 2009

	Note	2009 Rupees	2008 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	32	96,646,715	10,156,521
Net decrease / (increase) in long-term loans		800	(30,700)
Net decrease / (increase) in long-term trade deposits		(460,500)	(250,000)
Taxes paid		(16,336,232)	(25,310,061)
Retirement benefits paid		(1,430,117)	(1,025,158)
Financial charges paid		(54,793,567)	(29,504,839)
Net cash inflow / (outflow) from operating activities		23,627,099	(45,964,237)
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure		(18,449,688)	(25,684,419)
Purchase of intangibles		(988,033)	-
Return on bank deposits received		164,755	396,424
Proceeds from disposal of operating assets		1,496,689	1,550,663
Net cash inflow / (outflow) from investing activities		(17,776,277)	(23,737,332)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of long term loan		(36,250,000)	(36,250,000)
Proceeds from issue of shares		24,311,360	-
Proceeds from long term loan		-	2,454,016
Dividend paid		(15,960)	(10,762,789)
Net cash outflow from financing activities		(11,954,600)	(44,558,773)
Net decrease in cash and cash equivalents		(6,103,778)	(114,260,342)
Cash and cash equivalents at beginning of the year		(268,021,707)	(153,761,365)
Cash and cash equivalents at end of the year	33	(274,125,485)	(268,021,707)

The annexed notes from 1 to 39 form an integral part of these financial statements.



Shahid A. Hakim
Chief Executive



Sikandar M. Khan
Chairman

Statement of Changes in Equity

For the year ended June 30, 2009

	Issued subscribed and paid- up capital	Capital Reserve	Revenue Reserves			Unrealized gain / (loss) on long- term Investments	Total
			General Reserve	Unapp- ropriated profit	Sub-total		
------(Rupees)-----							
Balance as at July 01, 2007	55,253,070	-	230,000,000	26,626,525	256,626,525	13,475,000	325,354,595
Profit for the year ended June 30, 2008	-	-	-	22,648,273	22,648,273	-	22,648,273
Final dividend for the year ended June 30, 2007 (@ Rs. 2 per share)	-	-	-	(11,050,614)	(11,050,614)	-	(11,050,614)
Unrealised (loss) due to change in fair value of long-term investment - net	-	-	-	-	-	(2,012,500)	(2,012,500)
Issue of bonus share as dividend	5,525,310	-	-	(5,525,310)	(5,525,310)	-	-
Transfer to general reserve	-	-	10,000,000	(10,000,000)	-	-	-
Balance as at June 30, 2008	<u>60,778,380</u>	<u>-</u>	<u>240,000,000</u>	<u>22,698,874</u>	<u>262,698,874</u>	<u>11,462,500</u>	<u>334,939,754</u>
Profit for the year ended June 30, 2009	-	-	-	34,025,718	34,025,718	-	34,025,718
Issue of right shares	12,155,680	12,155,680	-	-	12,155,680	-	24,311,360
Unrealised (loss) due to change in fair value of long-term investment - net	-	-	-	-	-	(8,912,500)	(8,912,500)
Issue of bonus share	6,077,840	-	-	(6,077,840)	(6,077,840)	-	-
Transfer to general reserve	-	-	16,500,000	(16,500,000)	-	-	-
Balance as at June 30, 2009	<u>79,011,900</u>	<u>12,155,680</u>	<u>256,500,000</u>	<u>34,146,752</u>	<u>302,802,432</u>	<u>2,550,000</u>	<u>384,364,332</u>

The annexed notes from 1 to 39 form an integral part of these financial statements.



Shahid A. Hakim
Chief Executive



Sikandar M. Khan
Chairman

Notes to the Financial Statements

For the year ended June 30, 2009

1. THE COMPANY AND ITS OPERATIONS

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 address of the Company's registered office and manufacturing plant is main RCD Highway, Hub Chowki, District Lasbela, Balochistan, Pakistan. The Company manufactures and sells castings for tractors and automotive parts.

2. BASIS OF PREPARATION

These financial statements have been prepared under the 'historical cost' convention as modified by the revaluation of long-term investments at fair value and certain staff retirement benefits at present value.

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Functional and presentation currency

These financial statements are presented in Pakistan Rupees which is the Company's functional currency.

2.3 Significant accounting estimates and judgments

The preparation of financial statements in conformity with the above framework requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The matters involving a high degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are set out below:

- Residual values and useful lives of property, plant and equipment (note 4.1);
- Provision for impairment of trade debts and other receivables (note 10);
- Provision for retirements and other service benefits (note 19.1 and 19.2); and
- Taxation (note 30).

Expectations and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Fixed assets

Property, plant and equipment

Property Plant and equipment are stated at cost less accumulated depreciation and /or accumulated impairment losses, if any, except freehold land and capital work-in-progress, which are stated at cost. Cost in relation to certain fixed assets including capital work-in-progress, signifies historical cost. Depreciation is charged to income applying the reducing balance method at the rates given in note 4.1. Depreciation on additions is charged from the month in which the asset is available for use and on disposals upto the preceding month of disposal. Residual values and useful lives of assets and method of depreciation are reviewed, and adjusted, if appropriate at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Notes to the Financial Statements

For the year ended June 30, 2009

Maintenance and normal repairs are charged to profit and loss account as incurred. Major renewals and improvements to property plant and equipment are capitalized and the assets so replaced, if any, are retired.

Intangible assets are carried at cost less accumulated amortization and any accumulated impairment losses. The useful lives of intangibles are assessed as either finite and indefinite.

Intangible assets

Intangible assets are carried at cost less accumulated amortization and any accumulated impairment losses. The useful lives of intangibles are assessed as either finite and indefinite

Intangible assets with finite life are amortized over the useful economic life and assume for impairment whenever there is an identification that asset may be impaired. Amortization is charged to income applying the rate stated in note 5.

The estimated useful life and amortization methods are revised at each balance sheet date, with effects of any changes in estimates being accounted for on a prospective basis.

Costs associated with maintaining intangible asset are recognized as a expense as incurred.

3.2 Investments

The investments of the Company, upon initial recognition, are classified as available-for-sale investment.

All investments are initially measured at fair value plus transaction costs that are directly attributable to acquisition.

All regular way purchases / sales of investments are recognised on the trade date, i.e the date on which the Company commits to purchase / sell the investment. Regular way purchases / sales of investments require delivery of securities within two days after transaction date as per the stock exchange regulations.

Available-for-sale

Investments which are not classified in any category are classified as available-for-sale investments. After initial measurement such investments are measured at fair value with unrealized gain or loss recognised directly in the equity until the investment is derecognized or determined to be impaired at which time the cumulative gain or loss previously recognised in equity is taken to profit and loss account.

3.3 Financial instruments

All financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights to receive cash flows related to the asset expire. Financial liabilities are derecognised when they are extinguished, that is, when the obligation specified in the contract is discharged, canceled, or expires. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to income currently.

3.4 Stores, spare parts and loose tools

These are valued at weighted average cost, except items in transit, which are stated at invoice value plus other charges paid thereon to the balance sheet date. Provision is made for slow moving items where considered necessary.

3.5 Stock-in-trade

These are valued at the lower of cost or net realisable value. Cost in relation to raw material represents weighted average cost and in relation to work-in-process and finished goods represents weighted average cost comprising direct material, labour and related manufacturing overheads based on normal operating capacity. It excludes borrowing costs.

Notes to the Financial Statements

For the year ended June 30, 2009

Stock-in-transit is stated at invoice value plus other charges paid thereon to the balance sheet date.

Net realisable value is the estimated selling price in the ordinary course of business less cost of completion and cost necessarily to be incurred in order to make the sale. Provision is made for slow moving stocks where considered necessary.

3.6 Trade debts and other receivables

Trade debts and other receivables are stated initially at fair value and subsequently measured at amortised cost using the effective interest rate method less provision for impairment. A provision for impairment is established where there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Trade receivables under normal credit terms are measured at invoice value as they carry no interest and effects of discounting are immaterial. The amount of the provision is charged to income. Trade debts and receivables are written off when considered irrecoverable.

3.7 Cash and cash equivalents

Cash and cash equivalents are carried at cost. For the purpose of cash flow statements, cash and cash equivalents comprise cash in hand and in transit, balances with banks, and short term running finance.

3.8 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each balance sheet date to identify circumstances indicating occurrence of impairment loss or reversal of previous impairment losses. If any such indication exists, the recoverable amounts of such assets are estimated and impairment losses or reversal of impairment losses are recognized in the profit and loss account. Reversal of impairment losses is restricted to the original cost of the asset.

3.9 Retirement and other service benefits

Pension scheme

The Company operates an approved defined benefit contributory pension scheme for all its eligible employees. The scheme is funded and provides for pension based on the employees' last drawn salary. Pensions are payable for life and thereafter to surviving spouses and children upto the age limits as given in the fund's rules. Contributions to the scheme based on actuarial valuation are made at the rate of 4.5% of the basic salary by the employee and 10% of the basic salary by the Company.

The liability recognised in the balance sheet in respect of the pension scheme represents the present value of defined benefit obligations at the balance sheet date as adjusted for unrecognized actuarial gains and losses and past service costs, if any and as reduced by the fair value of plan assets. The defined benefit obligation is calculated every two years by independent actuaries using the Projected Unit Credit Method. The most recent actuarial valuation was carried out as of June 30, 2009.

Past service costs are recognized as an expense on a straight line basis over the average period until the benefits become vested of the benefit have already vested, immediately following the introduction of or changes to the scheme, past service cost are recognized immediately.

Cumulative net unrecognized actuarial gains and losses at the end of the previous year which exceed 10% of the greater of the present value of the Company's defined benefit obligations and the fair value of plan assets are amortised over the expected average remaining working lives of the employees, participating in the scheme.

Executives' gratuity scheme

The Company operates an approved gratuity scheme for all its eligible executive employees. The scheme is funded and provides for a graduated scale of benefits dependent on the length of service of the employee on terminal date, subject to the completion of minimum qualifying period of service as per the rules of the fund. Gratuity is based on employees' last drawn basic salary.

Notes to the Financial Statements

For the year ended June 30, 2009

Contributions are made to the scheme on the basis of actuarial valuation and charged to income. Actuarial valuation of this scheme is carried out at least once in every two years. The most recent actuarial valuation was carried out as of June 30, 2009 using the 'Projected Unit Credit Method'.

The liability recognised in the balance sheet in respect of the gratuity scheme represents the present value of defined benefit obligations as adjusted for unrecognised actuarial gains and losses and as reduced by the fair value of plan assets. The defined benefit obligation is calculated every two years by independent actuaries using the Projected Unit Credit Method.

Past service costs are recognized as an expense on a straight line basis over the average period until the benefits become vested of the benefit have already vested, immediately following the introduction of or changes to the scheme, past service cost are recognized immediately.

Cumulative net unrecognised actuarial gains and losses at the end of the previous year which exceed 10% of the greater of the present value of the Company's defined benefit obligations and the fair value of plan assets are amortised over the expected average remaining working lives of the employees.

Non-executives' gratuity scheme

The Company operates an unfunded gratuity scheme for all eligible non-executive employees which provides for benefits dependent on the length of service of the employee on terminal date, subject to the completion of minimum qualifying period of service. Provisions are made annually to cover the obligation on the basis of number of completed years of service of an employee and last drawn basic salary and charged to income. The liability recognized in the balance sheet is calculated by the Company using this basis as the difference in liability is not expected to be material if calculated on the Projected Unit Credit Method.

Compensated absences

The Company provides a facility to its executive and non-executive employees for accumulating their annual earned leave under an unfunded scheme.

Executive employees are entitled to 30 days privilege leave and 15 days sick leave for each completed year of service. Unutilised privilege leave and sick leave can be accumulated upto a maximum of 150 days and 90 days respectively. Entire accumulated privilege leave balance can be encashed at the time of retirement.

Non-executives are entitled to 30 days privilege leave and 12 days sick leave for each completed year of service. Unutilised privilege leave and sick leave can be accumulated upto a maximum of 150 days and 36 days respectively which can be encashed during the service.

Provisions are made to cover the obligation under the scheme on accrual basis and are charged to income. The liability recognized in the balance sheet is calculated by the Company using this basis as the difference in liability is not expected to be material using the Projected Unit Credit Method.

Provident fund

The Company operates an approved funded contributory provident fund for all eligible employees who have completed the minimum qualifying period of service. Equal monthly contributions are made both by the Company and the employee at the rate of 10% per annum of the basic salary. Annual contribution by the Company is charged to income.

3.10 Trade and other payables

These are stated initially at fair value and subsequently measured at amortised cost using the effective interest rate method. Exchange gains and losses arising in respect of liabilities in foreign currency are added to the carrying amount of the respective liability. Trade payable under normal credit terms are measured at invoice value as they carry no interest and effects of discounting are immaterial.

Notes to the Financial Statements

For the year ended June 30, 2009

3.11 Borrowings

Borrowings are recognized initially at fair value and subsequently at amortized cost using the effective interest method. Borrowings payable within the next twelve months are classified as current liabilities.

3.12 Provisions

Provisions are recognised when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. The amount recognized represents the best estimate of the expenditure required to settle the obligation at the balance sheet date. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

3.13 Taxation

Current

Provision for current taxation is charged to income and is based on the taxable income for the year determined in accordance with the prevailing law for taxation on income. The charge for current tax is calculated using prevailing tax rates. The charge for current tax also includes tax credits and adjustments for prior years.

Deferred

Deferred income tax is provided using the liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

Deferred tax is calculated at the rates that are expected to apply to the period when the related deferred tax asset is realized or the deferred tax liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited to income.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax relating to items recognized directly in equity is recognized in equity and not in the income statement.

Sales tax

Revenues, expenses and assets are recognized net off amount of sales tax except:

- Where sales tax incurred on a purchase of asset or service is not recoverable from the taxation authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables or payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

3.14 Foreign currency transaction and translation

Transactions in foreign currencies are translated into the functional currency at the rates of exchange ruling on the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transaction and from translation at year end exchange rates of monetary assets and liabilities in foreign currencies are recognised in income.

Notes to the Financial Statements

For the year ended June 30, 2009

3.15 Offsetting of financial assets and liabilities

A financial asset and a financial liability are offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set-off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.16 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable and is recognised on the following basis:

- Sales are recorded upon transfer of title to the customers, which generally coincides with physical delivery and acceptance;
- Dividend income on equity instruments is recognised when the Company's right to receive the payment has been established; and
- Return on deposits is recognised using the effective interest method.

3.17 Borrowing costs

Borrowing costs are charged to income in the period in which they are incurred.

3.18 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognised in the financial statements in the period in which these are approved.

3.19 Transaction with related parties

Sale, purchase and other transactions with related parties are carried out on commercial terms and conditions.

3.20 Standards or interpretations not yet effective

The following revised standards, amended and interpretations with respect to approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards or interpretations:

Standard or Interpretation	Effective date (accounting periods beginning on or after)
IAS 1 - Presentation of Financial Statements (Revised)	01 January 2009
IAS 23 - Borrowings Cost (Revised)	01 January 2009
IAS 27 - Consolidated and Separate Financial Statements (Revised)	01 July 2009
IAS 32 - Financial Instruments : Presentation - Amendments regarding Puttable Financial Instruments (Amended)	01 January 2009
IAS 39 - Financial Instruments: Recognition and Measurement - Amendments regarding Eligible Hedge items (Amended)	01 July 2009
IFRS 2 - Share-based Payment - Amendments regarding Vesting Conditions and Cancellations (Amended)	01 January 2009

Notes to the Financial Statements

For the year ended June 30, 2009

Standard or Interpretation	Effective date (accounting periods beginning on or after)
IFRS 3 - Business Combinations (Revised)	01 July 2009
IFRS 8 - Operating segments	01 January 2009
IFRIC 15 - Agreements for the Construction of Real Estate	01 January 2009
IFRIC 16 - Hedges of a Net Investment in a Foreign Operation	01 October 2008
IFRIC 17 - Distributions of Non-cash Assets to owners	01 July 2009
IFRIC 18 - Transfers of Assets from Customers	01 July 2009

The Company expects that the adoption of the above standards and interpretations will have no material impact on the Company's financial statements in the period of initial application other than certain changes and / or enhancements in the presentation and disclosures of the financial statements resulting from the application of IAS 1. The revised IAS 1 was issued in September 2007 and becomes effective for financial years beginning on or after 01 January 2009. The standard separates owner and non-owner changes in equity. The statement of changes in equity will include only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition, the standard introduces the statement of comprehensive income: it presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Company is still evaluating whether it will have one or two statements.

The IASB issued an amendment to IAS-23 in April 2007. The revised IAS-23 requires capitalization of borrowing costs that are directly attributable to the acquisition, construction or production of qualifying asset. The Company currently has a policy to expense out borrowing costs as it have incurred. The amendment provides for capitalisation of borrowing costs, if any. Herefore, borrowing costs will be capitalised on qualifying assets with a commencement date on or after 01 January, 2009.

In addition to the above, amendments to various accounting standards have also been issued by IASB as a result of its annual improvement project. Such amendments are generally effective for accounting periods beginning on or after 01 January 2009. the Company expects that the adoption of the above standards and interpretations will not have any material impact on the Company's financial statements in the period of initial application.

Adoption of new accounting standards

The Company has adopted the following new and amended IFRS and IFRIC interpretations as of July 01, 2008:

- IFRS 7 - Financial Instruments: Disclosures;
- IFRIC 12 - Service Concession Arrangements;
- IFRIC 13 - Customer Loyalty Programs; and
- IFRIC 14 - IAS 19 - The limit on defined benefit asset, minimum funding requirement and their interactions.

Adoption of these standards and interpretations does not have any material effect on the financial statements of the Company except for certain additional disclosures in respect of IFRS 7 included in the relevant notes to the financial statements.

Notes to the Financial Statements

For the year ended June 30, 2009

	Note	2009 Rupees	2008 Rupees
4. PROPERTY, PLANT AND EQUIPMENT			
Operating assets	4.1	239,531,689	250,528,443
Capital work-in-progress	4.4	1,917,566	1,626,772
		<u>241,449,255</u>	<u>252,155,215</u>

4.1 Operating assets

	Owned Assets									
	Land Freehold	Building on Freehold Land	Plant & Machinery	Electrical & Gas Installations	Furniture and Fittings	Electrical Appliances	Office Equipments	Computers	Vehicles	Total
Rupees										
As at July 01, 2007										
Cost	2,678,754	67,386,137	405,613,743	28,750,862	2,499,285	4,603,862	2,147,373	5,958,967	28,273,242	547,912,225
Accumulated depreciation	-	(34,209,434)	(233,702,009)	(6,860,271)	(1,172,021)	(2,015,118)	(1,251,725)	(4,629,382)	(12,481,891)	(296,321,851)
Net book value	<u>2,678,754</u>	<u>33,176,703</u>	<u>171,911,734</u>	<u>21,890,591</u>	<u>1,327,264</u>	<u>2,588,744</u>	<u>895,648</u>	<u>1,329,585</u>	<u>15,791,351</u>	<u>251,590,374</u>
Year ended June 30, 2008										
Opening net book value	2,678,754	33,176,703	171,911,734	21,890,591	1,327,264	2,588,744	895,648	1,329,585	15,791,351	251,590,374
Additions	-	10,015,783	12,466,292	-	417,170	354,949	165,450	385,622	3,910,886	27,716,152
Disposal / Transfer										
Cost	-	-	-	-	-	(43,483)	-	(64,000)	(2,084,980)	(2,192,463)
Accumulated depreciation	-	-	-	-	-	21,666	-	62,251	728,372	812,289
Depreciation charge	-	(3,432,586)	(17,472,277)	(2,189,059)	(161,635)	(277,380)	(102,957)	(493,288)	(3,268,727)	(27,397,909)
Net book value	<u>2,678,754</u>	<u>39,759,900</u>	<u>166,905,749</u>	<u>19,701,532</u>	<u>1,582,799</u>	<u>2,644,496</u>	<u>958,141</u>	<u>1,220,170</u>	<u>15,076,902</u>	<u>250,528,443</u>
As at July 01, 2008										
Cost	2,678,754	77,401,920	418,080,035	28,750,862	2,916,455	4,915,328	2,312,823	6,280,589	30,099,148	573,435,914
Accumulated depreciation	-	(37,642,020)	(251,174,286)	(9,049,330)	(1,333,656)	(2,270,832)	(1,354,682)	(5,060,419)	(15,022,246)	(322,907,471)
Net book value	<u>2,678,754</u>	<u>39,759,900</u>	<u>166,905,749</u>	<u>19,701,532</u>	<u>1,582,799</u>	<u>2,644,496</u>	<u>958,141</u>	<u>1,220,170</u>	<u>15,076,902</u>	<u>250,528,443</u>
Year ended June 30, 2009										
Opening net book value	2,678,754	39,759,900	166,905,749	19,701,532	1,582,799	2,644,496	958,141	1,220,170	15,076,902	250,528,443
Additions	-	-	7,136,228	624,180	111,861	998,728	52,000	253,260	8,982,636	18,158,893
Disposal / Transfer										
Cost	-	-	(25,920)	-	-	-	25,920	-	(5,623,889)	(5,623,889)
Accumulated depreciation	-	-	2,594	-	-	-	(2,594)	-	4,150,464	4,150,464
Depreciation charge	-	(3,975,990)	(16,901,362)	(2,022,170)	(165,924)	(336,018)	(100,138)	(415,645)	(1,473,425)	(1,473,425)
Net book value	<u>2,678,754</u>	<u>35,783,910</u>	<u>157,117,289</u>	<u>18,303,542</u>	<u>1,528,736</u>	<u>3,307,206</u>	<u>933,329</u>	<u>1,057,785</u>	<u>18,821,138</u>	<u>239,531,689</u>
As at June 30, 2009										
Cost	2,678,754	77,401,920	425,190,343	29,375,042	3,028,316	5,914,056	2,390,743	6,533,849	33,457,895	585,970,918
Accumulated depreciation	-	(41,618,010)	(268,073,054)	(11,071,500)	(1,499,580)	(2,606,850)	(1,457,414)	(5,476,064)	(14,636,757)	(346,439,229)
Net book value	<u>2,678,754</u>	<u>35,783,910</u>	<u>157,117,289</u>	<u>18,303,542</u>	<u>1,528,736</u>	<u>3,307,206</u>	<u>933,329</u>	<u>1,057,785</u>	<u>18,821,138</u>	<u>239,531,689</u>
Annual depreciation rates (%)	-	10%	10%	10%	10%	10%	10%	30%	20%	

Notes to the Financial Statements

For the year ended June 30, 2009

	Note	2009 Rupees	2008 Rupees
4.2 The depreciation charge for the year has been allocated as follows:			
Cost of goods sold	24	22,593,085	26,537,112
Distribution costs	25	239,135	215,199
Administrative expenses	26	4,850,002	645,598
		<u>27,682,222</u>	<u>27,397,909</u>

4.3 The following operating assets were disposed off during the year:

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Particulars of buyers
	------(Rupees)-----					
Suzuki Cultus VXR Reg. No. AKL-934	461,000	248,571	212,429	212,429	Company Policy	Mr. Mirza Aftab Hussain (Ex-Employee)
Suzuki Van Reg. No. CN-4374	453,000	311,983	141,017	141,017	Company Policy	Mr. Attaullah Rehmani (Ex-Employee)
Suzuki Cultus VXR Reg. No. AEB-082	550,000	434,657	115,343	115,343	Company Policy	Mr. Saifuddin (DGM-marketing)
Suzuki Cultus VXR Reg. No. AEA-254	550,000	434,657	115,343	115,343	Company Policy	Mr. M. Mushtaq Akhtar (Co. Secretary)
Suzuki Cultus VXR Reg. No. AEA-295	550,000	434,657	115,343	115,343	Company Policy	Mr. S.M Zakaullah (DGM Production)
Suzuki Cultus VXR Reg. No. AEA-083	550,000	434,657	115,343	115,343	Company Policy	MR. M. Saleem Siddiqui (DGM Maintenance)
Suzuki Alto Reg. No. AEE-273	427,000	318,797	108,203	111,935	Company Policy	Mr. Syed Javaid Fasih (Dy. Manager FCC)
Suzuki Van Reg. No. CN-1841	427,000	328,124	98,876	98,876	Company Policy	Mr. Muzaffar Ali (Manager FCC)
Suzuki Van Reg. No. CN-2579	453,000	356,020	96,980	96,980	Company Policy	Mr. M. Munir Ahmed (Manager Moulding Line)
Suzuki Van Reg. No. CN-1438	367,000	277,207	89,793	89,793	Company policy	Mr. Syed Alii Natiq (Ex-Employee)
Suzuki Mehran Reg. No. AEW-346	379,000	297,862	81,138	81,138	Company policy	Mr. Fahim M. Azhar (Manager IT)
Aggregate amount of assets disposed off having book value less than Rs. 50,000 each	456,889	273,272	183,617	203,148		
2009	<u>5,623,889</u>	<u>4,150,464</u>	<u>1,473,425</u>	<u>1,496,688</u>		
2008	<u>2,192,463</u>	<u>812,289</u>	<u>1,380,174</u>	<u>1,550,663</u>		

Notes to the Financial Statements

For the year ended June 30, 2009

	Note	2009 Rupees	2008 Rupees
4.4 Capital work-in-progress			
Civil work		1,917,566	1,626,772
5. INTANGIBLE ASSETS			
Net carrying value basis:			
Opening Net Book Value July 01		-	-
Additions (at cost)		988,033	-
Amortization charge	5.1	(192,098)	-
Closing Net Book Value at June 30		<u>795,935</u>	<u>-</u>
Gross carrying value basis			
Cost		988,033	-
Accumulated amortisation		(192,098)	-
Net Book Value as on June 30		<u>795,935</u>	<u>-</u>
Amortisation period		<u>3 years</u>	<u>-</u>
5.1 The amortization charge for the year has been allocated as follows:			
Cost of goods sold	24	115,259	-
Distribution costs	25	19,210	-
Administrative expenses	26	57,629	-
		<u>192,098</u>	<u>-</u>
6. LONG-TERM INVESTMENTS			
Balance at beginning of year		16,962,500	18,975,000
Net loss transferred to equity		(8,912,500)	(2,012,500)
Balance at end of year		<u>8,050,000</u>	<u>16,962,500</u>
6.1 These represents investment (available for sale) in 287,500 (2008: 287,500) quoted ordinary shares of Rs. 10/- each of Balochistan Wheels Limited representing 2.15% (2008: 2.15%) of equity held.			
The fair value of the listed equity shares is determined by reference to published price quotation in an active market.			
7. LONG-TERM LOANS			
Loans to employees	7.1	1,116,000	1,137,800
Less: Current portion shown under current assets	11	(508,800)	(529,800)
		<u>607,200</u>	<u>608,000</u>
7.1 These represent interest free loans given to employees for the purchase of motorcycles and are secured against respective assets. These loans are recoverable in monthly installments over a period of fifty months.			

Notes to the Financial Statements

For the year ended June 30, 2009

	Note	2009 Rupees	2008 Rupees
8. STORES, SPARE PARTS AND LOOSE TOOLS			
Stores including in transit Rs. 82,915 (2008: Rs. 1,251,638)		14,941,802	15,296,280
Spares including in transit Rs. 2,538,217 (2008: Rs. 683,545)		44,574,184	37,184,949
Loose tools including in transit Rs. 834,064 (2008: Rs. 44,976)		<u>2,581,562</u>	<u>2,019,069</u>
		62,097,548	54,500,298
Hard coke including in transit Rs. 27,382 (2008: Rs. 2,617,777)		31,446,656	19,159,973
Diesel		860,815	1,076,945
Kerosene oil		<u>51,975</u>	<u>18,200</u>
		<u>94,456,994</u>	<u>74,755,416</u>

9. STOCK-IN-TRADE

Raw materials including in transit Rs. 9,417,839 (2008: Rs. 26,186,955)		102,062,002	125,402,411
Work in process		31,922,000	20,139,000
Finished goods - own manufactured	9.1 & 9.2	<u>15,548,141</u>	<u>12,148,000</u>
		<u>149,532,143</u>	<u>157,689,411</u>

9.1 Includes stock held by a related party (Millat Tractors Limited) amounting to Rs. 2,182,042/- (2008: Rs. 3,848,464/-).

9.2 Stocks include items valued at the net realizable value resulting in writing down of inventories by Rs. 637,859 (2008: nil).

	Note	2009 Rupees	2008 Rupees
10. TRADE DEBTS - unsecured			
Considered good			
Due from associated undertaking, Millat Tractors Limited	10.1 & 10.2	<u>211,325,269</u>	<u>162,981,755</u>
Others	10.1	<u>67,406,787</u>	<u>30,489,122</u>
		278,732,056	193,470,877
Considered doubtful		<u>259,850</u>	<u>259,850</u>
		278,991,906	193,730,727
Less: Provision for impairment	10.3	<u>(259,850)</u>	<u>(259,850)</u>
		<u>278,732,056</u>	<u>193,470,877</u>

10.1 Trade debts are non-interest bearing and are generally on 15 to 45 days term.

10.2 The maximum aggregate balance due from associated undertaking at the end of any month during the year was Rs. 215,007,720 (2008: Rs. 150,481,148).

Notes to the Financial Statements

For the year ended June 30, 2009

	Note	2009 Rupees	2008 Rupees
10.3 The movement of provision for impairment as follows			
At July 1		259,850	259,850
Charge for the year		-	-
Utilised		-	-
Reversed		-	-
At June 30		<u>259,850</u>	<u>259,850</u>
10.4 The aging of trade debts at June 30, 2009 is as follows:			
Neither past due not impaired			
Past due not impaired			
- within 90 days		40,064,657	26,199,772
- 90 - 180 days		734,703	100,892
- over 180 days		14,779,100	1,860,069
		<u>55,578,460</u>	<u>28,160,733</u>
11. LOANS AND ADVANCES			
Loans and advances - unsecured, considered good			
- to employees		492,667	394,910
- to suppliers		9,977,104	14,631,891
		<u>10,469,771</u>	<u>15,026,801</u>
Current portion of long-term loans to employees	7	<u>508,800</u>	<u>529,800</u>
		<u>10,978,571</u>	<u>15,556,601</u>
12. DEPOSITS AND SHORT TERM PREPAYMENTS			
Deposits		2,731,600	23,674,275
Prepaid Insurance		1,201,406	-
Others		109,820	124,487
		<u>4,042,826</u>	<u>23,798,762</u>
13. OTHER RECEIVABLES - unsecured, considered good			
Accrued return on bank deposits		945	10,496
Pension fund	13.1	12,421,284	9,233,646
Executives gratuity fund	13.1	10,357,839	8,363,566
Staff provident fund		14,262	-
Claim receivable from supplier		4,080,137	-
Others		232,454	655,328
		<u>27,106,921</u>	<u>18,263,036</u>

Notes to the Financial Statements

For the year ended June 30, 2009

13.1 The latest actuarial valuation of the defined benefit plans comprising pension fund and executives' gratuity fund was carried out as at June 30, 2009 using the 'Projected Unit Credit Method'. The details of employee retirement and other service benefits obligations are as follows:

	Pension Fund		Executives' gratuity Fund	
	2009	2008	2009	2008
----- Rupees -----				
13.1.1 Balance sheet reconciliation				
Present value of defined benefit obligations	43,093,166	34,990,398	31,258,334	28,292,803
Fair value of plan assets	(55,296,494)	(52,175,028)	(41,958,445)	(47,703,456)
(Surplus)	(12,203,328)	(17,184,630)	(10,700,111)	(19,410,653)
Unrecognised actuarial (losses) / gains	(217,956)	7,950,984	342,272	11,047,087
Net (asset) at end of the year	(12,421,284)	(9,233,646)	(10,357,839)	(8,363,566)
13.1.2 Movement in (asset) / liability				
Net (asset) / liability at beginning of the year	(9,233,446)	(6,620,000)	(8,363,566)	(7,667,000)
Reversals for the year	(1,606,673)	(1,198,802)	(1,994,273)	(696,566)
Contributions made	(1,581,165)	(1,414,844)	-	-
Net (asset) at end of the year	(12,421,284)	(9,233,646)	(10,357,839)	(8,363,566)
13.1.3 Movement in defined benefit obligation				
Present value of defined benefit obligations at beginning of the year	34,990,398	28,756,000	28,292,803	22,032,000
Current Service cost	1,470,714	2,058,418	1,180,545	3,374,345
Interest cost	4,198,848	2,875,600	3,334,189	2,203,200
Benefits paid during the year	(924,923)	(636,171)	(2,652,278)	(1,952,305)
Actuarial loss on obligation	3,358,129	1,936,551	1,103,075	2,635,563
Present value of defined benefit obligations at end of the year	43,093,166	34,990,398	31,258,334	28,292,803
13.1.4 Movement in fair value of plan assets				
Fair value of plan assets at beginning of the year	52,175,028	47,547,000	47,703,456	47,870,000
Expected return on plan assets	6,261,003	4,754,700	5,724,415	4,787,000
Contributions for the year	2,292,654	2,051,135	-	-
Benefits paid during the year	(924,923)	(636,171)	(2,652,278)	(1,952,305)
Actuarial (loss) on assets	(4,507,268)	(1,541,636)	(8,817,148)	(3,001,239)
Fair value of plan assets at end of the year	55,296,494	52,175,028	41,958,445	47,703,456

Notes to the Financial Statements

For the year ended June 30, 2009

13.1.5 The principal assumptions used in the actuarial valuations carried out as of June 30, 2009 using the 'Projected Unit Credit' method are as follows:

	Pension Fund		Executives' gratuity Fund	
	2009	2008	2009	2008
Discount rate	13%	12%	13%	12%
Expected rate of return per annum on plan assets	13%	12%	13%	12%
Expected rate of increase per annum in future salaries	13%	12%	13%	12%
Actual return on plan assets	Rs. 1,753,735	Rs. 3,213,064	Rs. (3,092,733)	Rs. 1,785,761
Expected mortality rate	EFU 61-66 mortality table	EFU 61-66 mortality table	EFU 61-66 mortality table	EFU 61-66 mortality table
Expected withdrawal rate	Age Dependent	Age Dependent	Age Dependent	Age Dependent

13.1.6 Plan assets comprise:

	Pension Fund		Executives' gratuity Fund	
	2009	2008	2009	2008
Certificate of Islamic Investment	-	-	10%	-
Term Finance Certificates (UBL)	-	-	1%	1%
Defence Saving Certificates	-	-	-	11%
National Saving Certificates	14%	-	-	-
Term Deposit - Faysal Bank	55%	52%	26%	8%
Mutual Funds	19%	33%	45%	56%
Shares - BCL	1%	3%	11%	22%
Cash at bank in PLS account	1%	2%	7%	2%
Present value of future employee contribution	10%	10%	-	-

13.1.7 Plan assets include the Company's ordinary shares with a fair value of Rs. 5,146,504/- (2008: Rs. 12,227,535/-).

13.1.8 The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed rate investments are based on gross redemption yields as at the balance sheet date. Expected return on equity investments reflect long-term real rates of return experienced in the market.

Notes to the Financial Statements

For the year ended June 30, 2009

13.1.9 Historical information for the five years is as follows:

	2009	2008	2007	2006	2005
	----- Rupees -----				
Pension fund					
Present value of defined benefit obligation	43,093,166	34,990,398	28,756,000	25,430,000	24,547,000
Fair value of plan assets	(55,296,494)	(52,175,028)	(47,547,000)	(41,087,000)	(36,056,000)
Surplus	<u>(12,203,328)</u>	<u>(17,184,630)</u>	<u>(18,791,000)</u>	<u>(15,657,000)</u>	<u>(11,509,000)</u>
Experience adjustments on plan liabilities - loss / (gain)	<u>3,358,129</u>	<u>1,936,551</u>	<u>-</u>	<u>(2,779,000)</u>	<u>(2,780,000)</u>
Experience adjustments on plan assets - (loss) / gain	<u>(4,507,628)</u>	<u>(1,541,636)</u>	<u>498,000</u>	<u>(160,000)</u>	<u>2,479,000</u>
Executives' gratuity fund					
Present value of defined benefit obligation	30,750,442	28,292,803	22,032,000	23,014,000	22,798,000
Fair value of plan assets	(41,958,445)	(47,703,456)	(47,870,000)	(48,965,000)	(42,334,000)
Surplus	<u>(11,208,003)</u>	<u>(19,410,653)</u>	<u>(25,838,000)</u>	<u>(25,951,000)</u>	<u>(19,536,000)</u>
Experience adjustments on plan liabilities - (loss) / gain	<u>(1,103,075)</u>	<u>(2,635,563)</u>	<u>-</u>	<u>2,435,000</u>	<u>281,000</u>
Experience adjustments on plan assets - (loss) / gain	<u>(8,817,148)</u>	<u>(3,001,239)</u>	<u>(1,597,000)</u>	<u>3,202,000</u>	<u>(646,000)</u>

13.1.10 In view of the surplus of plan assets over present value of defined benefit obligation, no contributions are expected to be made next year.

13.1.11 The amounts charged to profit and loss account in respect of Post-employment benefits are disclosed in note 26.1.

	Note	2009 Rupees	2008 Rupees
14. CASH AND BANK BALANCES			
Cash in hand		86,592	137,700
Cash at banks			
- on deposit accounts	14.1	3,031,127	1,428,110
- on current accounts		12,587,016	4,524,879
		<u>15,618,143</u>	<u>5,952,989</u>
		<u>15,704,735</u>	<u>6,090,689</u>

14.1 Includes term deposit of Rs. 1,565,000/- (2008: Rs. 680,000/-) and Rs. Nil (2008: Rs. 100,000/-) held as security against guarantee given by the bank on behalf of the Company. The mark-up rate on deposit accounts ranges from 5.5% to 9.5% per annum (2008: 2.5% to 3.5%).

Notes to the Financial Statements

For the year ended June 30, 2009

	Note	2009 Rupees	2008 Rupees
15. SHARE CAPITAL			
15.1 Authorised capital			
12,000,000 (2008:7,500,000) ordinary shares of Rs. 10/- each		<u>120,000,000</u>	<u>75,000,000</u>
15.2 Issued, subscribed and paid-up capital			
		2009	2008
		Number of shares	
Ordinary shares of Rs. 10 each fully paid in cash			
5,525,307	5,525,307	55,253,070	55,253,070
1,215,568	-	12,155,680	-
6,740,875	5,525,307	67,408,750	55,253,070
Ordinary shares of Rs. 10 each issued as fully paid bonus shares			
552,531	-	5,525,310	-
607,784	552,531	6,077,840	5,525,310
1,160,315	552,531	11,603,150	5,525,310
<u>7,901,190</u>	<u>6,077,838</u>	<u>79,011,900</u>	<u>60,778,380</u>

15.3 As at June 30, 2009, 3,654,945 (2008: 2,811,497) ordinary shares of the Company were held by Millat Tractors Limited, an associated company.

16. RESERVES - Nature and purpose

16.1 Unrealised gain on long-term investment

This reserve records the fair value changes on long term investments as required under the relevant accounting standard.

	Note	2009 Rupees	2008 Rupees
17. LONG-TERM FINANCE - secured			
MCB Bank	17.1	50,331,686	86,581,686
Less: Current portion of long-term finance		(36,250,000)	(36,250,000)
		<u>14,081,686</u>	<u>50,331,686</u>

17.1 This represents the amount utilised against the demand finance facility, amounting to Rs. 145 million (2008: Rs. 145 million) to finance the 'Balancing, Modernization and Replacement' of the Company's existing foundry. The amount utilised against this facility is repayable in 8 equal half yearly installments commencing February 2007 and carries standard mark-up at the rate of 14.6% (2008: 14.6%) per annum but subject to a timely payment mark-up at the rate of 'KIBOR plus 0.75%'. The facility is secured by way of first registered equitable mortgage charge of Rs. 182 million over all present and future fixed assets of the Company.

Notes to the Financial Statements

For the year ended June 30, 2009

	Note	2009 Rupees	2008 Rupees
18. DEFERRED TAX LIABILITY			
Credit balances arising due to accelerated tax depreciation		38,119,575	38,452,564
Debit balances arising due to			
- provision for unfunded gratuity scheme and compensated absences		(7,227,064)	(5,919,896)
- provision for doubtful debts		(90,948)	(90,948)
- minimum turnover tax	18.1	-	(10,001,052)
- recoupable carried forward tax losses	18.1	-	(8,402,453)
		(7,318,012)	(24,414,349)
		<u>30,801,563</u>	<u>14,038,215</u>

18.1 The aggregate tax losses available for set off at June 30, 2009 amount to Rs. nil (2008: Rs. 24 million), the tax effect of which has been recognised in these financial statements.

	Note	2009 Rupees	2008 Rupees
19. DEFERRED LIABILITIES			
Non-executive gratuity	19.1	10,953,842	8,295,892
Compensated absences	19.2	9,694,912	8,618,097
		<u>20,648,754</u>	<u>16,913,989</u>
19.1 Non-executive gratuity			
Balance as at July 1		8,295,892	7,794,584
Add: Accruals for the year		3,137,241	572,607
Less: Payments		(479,291)	(71,299)
Balance as at June 30		<u>10,953,842</u>	<u>8,295,892</u>
19.2 Compensated absences			
Balance as at July 1		8,618,097	7,395,130
Add: Accruals for the year		2,027,641	2,176,826
Less: Payments		(950,826)	(953,859)
Balance as at June 30		<u>9,694,912</u>	<u>8,618,097</u>

Notes to the Financial Statements

For the year ended June 30, 2009

	Note	2009 Rupees	2008 Rupees
20. TRADE AND OTHER PAYABLES			
Trade and other creditors	20.1	62,218,372	48,544,171
Accrued liabilities		1,627,145	756,303
Security deposits		11,683,943	3,950,502
Retention money		3,322,518	1,847,288
Workers' profits participation fund	20.2	2,859,756	1,852,888
Sales tax payable		19,463,135	9,889,488
Special excise duty payable		2,151,400	1,287,862
Advances from employees against - car scheme (Executive)		2,873,054	2,980,054
- motor cycle scheme (Executive)		293,212	310,051
- motor cycle scheme (Non - Executive)		175,332	96,402
Dividends		3,341,598	3,386,507
Others		1,214,335	1,230,295
		366,589	317,358
		<u>108,248,791</u>	<u>73,062,662</u>
20.1 Trade and other creditors are non-interest bearing payables and are normally settled on 45 days terms.			
20.2 Workers' Profits Participation Fund			
Balance payable at the beginning of the year		1,852,888	2,176,493
Add: Allocation for the year	27	2,859,756	1,852,888
		<u>4,712,644</u>	<u>4,029,381</u>
Less: Amount deposited with the Government		(4,888)	(1,344,000)
Amount received from trustees of the fund		(1,848,000)	(832,493)
		<u>(1,852,888)</u>	<u>(2,176,493)</u>
Balance payable at the end of the year		<u>2,859,756</u>	<u>1,852,888</u>
21. SHORT TERM BORROWINGS - secured			
Running finance utilised under mark-up Arrangement	21.1	246,308,427	229,333,333
Finance against Trust Receipt	21.2	43,521,793	44,779,063
		<u>289,830,220</u>	<u>274,112,396</u>
21.1 The facilities for running finance available from banks under mark-up arrangement aggregate to Rs. 355 million (2008: Rs. 355 million). These facilities expire on various dates by February 28, 2010. The facilities carry mark-up at rates ranging from 1 month to 6 months KIBOR plus 1.5% to 3% (2008: 1 month to 3 months KIBOR plus 0.5% to 1.25%). The facilities are secured by way of a hypothecation charge on stocks and book debts ranking pari passu with each other.			
21.2 Facility available from a commercial bank for retirement of import documents against trust receipt amounts to Rs. 50 million (2008: Rs. 50 million). Amount utilized against this facility amounts to Rs 43.52 million (2008: Rs. 44.78 million) and carries mark-up at the rate of 3 months KIBOR plus 1.75% (2008: 3 months KIBOR plus 0.5%).			

Notes to the Financial Statements

For the year ended June 30, 2009

22. CONTINGENCIES AND COMMITMENTS

22.1 The Company had filed returns declaring tax losses during the tax holiday period amounting to Rs. 82.724 million and Rs.17.227 million for the assessment years 1987-88 and 1988-89 respectively. These losses were disallowed by the Assessing Officer and upheld by the Commissioner of Income Tax (Appeals). The Company filed an appeal with Income Tax Appellate Tribunal (ITAT), which decided the matter in the Company's favour.

The department filed a reference application before the Honourable High Court of Sindh, which upheld the ITAT's order in favour of the Company. The department has now filed a reference with the Honourable Supreme Court of Pakistan which is still pending. In the event that the decision is not in the favour of the Company, a tax liability of Rs. 23.9 million would arise representing the tax effect of losses relating to the tax holiday period utilised by the Company. The management of the Company, however, is confident that the decision will be given in favour of the Company and therefore, no provision has been made in these financial statements for this amount.

22.2 The Assessing Officer while finalizing assessment for the assessment year 2001-2002 imposed penalty amounting to Rs. 1.735 million on the alleged concealment of income. The matter is pending before the Honourable High Court of Sindh. Based on the advice of its legal advisor, the management is confident that the ultimate outcome of the matter will be decided in its favour and accordingly no provision has been made for the above liability in these financial statements.

22.3 Outstanding letters of credit at the end of the year amount to Rs. 86.2 million (2008: Rs. 216.828 million).

	2009 Rupees	2008 Rupees
23. TURNOVER - net		
Local sales	2,002,545,989	1,418,998,910
Less: Sales returns	<u>(126,084,619)</u>	<u>(111,723,782)</u>
	1,876,461,370	1,307,275,128
Less: Sales tax	<u>(255,844,998)</u>	<u>(169,044,198)</u>
Less: Special excise duty	<u>(15,990,312)</u>	<u>(11,269,613)</u>
	<u>(271,835,310)</u>	<u>(180,313,811)</u>
	1,604,626,060	1,126,961,317
Add: Export sales	-	3,577,100
	<u>1,604,626,060</u>	<u>1,130,538,417</u>

Notes to the Financial Statements

For the year ended June 30, 2009

	Note	2009 Rupees	2008 Rupees
24. COST OF SALES			
Raw material and components consumed			
Opening stock		99,215,456	112,905,249
Purchases		919,850,202	553,609,792
		<u>1,019,065,658</u>	<u>666,515,041</u>
Closing stock	9	<u>(92,644,163)</u>	<u>(99,215,456)</u>
		926,421,495	567,299,585
Salaries, wages and benefits	26.1	76,550,309	66,432,108
Staff welfare		6,799,529	5,669,330
Stores, spares and loose tools consumed		110,205,607	94,345,864
Fuel and power	24.1	214,763,648	157,568,067
Machining expenses		6,953,334	5,064,028
Other services		58,784,054	50,004,648
Travelling and conveyance		17,856,578	12,865,814
Depreciation	4.2	22,593,085	26,537,112
Amortization	5.1	115,259	-
Rent, rates and taxes		480,981	410,127
Repairs and maintenance		4,518,875	4,377,796
Export expenses		27,225	290,392
Insurance		2,223,161	2,768,561
Vehicle expenses		2,994,234	2,637,903
Freight charges		141,125	-
Others		4,127,292	4,830,807
		529,134,296	433,802,557
Work in process - opening		20,139,000	35,897,000
Work in process - closing	9	(31,922,000)	(20,139,000)
Cost of goods manufactured		1,443,772,791	1,016,860,142
Finished goods - opening stock		12,148,000	11,883,000
Finished goods - closing stock	9	(15,548,141)	(12,148,000)
		<u>1,440,372,650</u>	<u>1,016,595,142</u>

24.1 Included in fuel and power are stores, spares and loose tools representing cost of hard coke, diesel and Kerosine oil aggregating Rs. 143,880,958/- (2008: Rs. 98,236,567/-).

Notes to the Financial Statements

For the year ended June 30, 2009

	Note	2009 Rupees	2008 Rupees
25. DISTRIBUTION COSTS			
Salaries, wages and benefits	26.1	1,720,427	1,687,251
Freight charges		30,050,844	22,862,579
Staff welfare		231,795	199,338
Travelling		158,179	139,895
Insurance		335,937	317,218
Utilities		-	9,547
Sales promotion		904,146	145,200
Depreciation	4.2	239,135	215,199
Amortization	5.1	19,210	-
Rent, rates and taxes		16,650	2,630
Repairs and maintenance		-	4,375
Communication		29,451	17,407
Vehicle expenses		38,309	78,473
Printing and stationery		27,478	55,459
Others		6,302	47,119
		<u>33,777,863</u>	<u>25,781,690</u>
26. ADMINISTRATIVE EXPENSES			
Salaries, wages and benefits	26.1	14,955,504	12,861,269
Staff welfare		1,491,121	1,330,345
Travelling		1,392,767	890,530
Utilities		857,668	794,128
Rent, rates and taxes		1,670,917	690,352
Repairs and maintenance		276,862	325,470
Printing and stationery		704,100	527,809
Communication		405,512	411,142
Depreciation	4.2	4,850,002	645,598
Amortisation	5.1	57,629	-
Advertisement		293,400	103,875
Vehicle expenses		1,874,938	1,267,930
Insurance		365,884	450,720
Entertainment		233,983	116,936
Subscription		296,499	153,886
Training		127,338	67,486
Others		2,394,731	1,590,404
		<u>32,248,855</u>	<u>22,227,880</u>

Notes to the Financial Statements

For the year ended June 30, 2009

26.1 Salaries, wages and benefits under note 24, 25 and 26 include the following in respect of staff retirement benefits:

	Pension fund	Executives gratuity fund	2009	2008
	----- (Rupees) -----			
Current service cost	1,470,714	1,180,545	2,651,259	5,432,763
Interest cost	4,198,848	3,334,189	7,533,037	5,078,800
Expected return on plan assets	(6,261,003)	(5,724,415)	(11,985,418)	(9,541,700)
Recognition of actuarial gain	(303,742)	(784,593)	(1,088,335)	(2,228,741)
Total (income) for the year	(895,183)	(1,994,274)	(2,889,457)	(1,258,878)
Employees' contribution	(711,489)	-	(711,489)	(636,490)
	(1,606,672)	(1,994,274)	(3,600,946)	(1,895,368)

In addition, salaries, wages and benefits also include Rs. 3.1 million (2008: Rs. 0.573million), Rs. 2.027million (2008: Rs. 2.177million) and Rs. 2.249million (2008: Rs. 1.816million) in respect of Company's contribution towards non-executive gratuity scheme, compensated absences and provident funds respectively.

26.2 Remuneration of Chief Executive, Directors and Executives

	2009			2008		
	Chief Executive	Director	Executive	Chief Executive	Director	Executive
	----- (Rupees) -----					
Managerial remuneration	1,696,841	714,071	771,100	1,522,575	-	616,110
Bonus	122,075	147,057	55,000	166,767	-	130,284
House rent	708,648	291,180	322,248	634,367	-	218,981
Retirement benefits	157,482	129,410	71,610	140,976	-	110,940
Utilities	798,997	560,477	425,424	631,466	-	443,911
Medical expenses	216,422	33,814	72,000	180,746	-	59,726
Fees	-	22,000	-	-	9,000	-
Others	728,742	307,846	169,277	967,940	-	322,474
	<u>4,429,207</u>	<u>2,205,855</u>	<u>1,886,659</u>	<u>4,244,837</u>	<u>9,000</u>	<u>1,902,426</u>
Number of persons	<u>1</u>	<u>2</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

26.2.1 The Company provides the Chief Executive and Executives with free use of company car and residential telephone.

26.2.2 The above remuneration does not include amounts, if any, paid to or provided for in respect of the Chief Executive, Directors and Executives of the associated companies or undertakings.

	Note	2009 Rupees	2008 Rupees
27. OTHER OPERATING EXPENSES			
Legal and professional charges		1,051,347	1,585,600
Auditors' remuneration	27.1	755,654	300,000
Exchange loss on retention money		1,500,230	-
Workers' profits participation fund	20.2	2,859,756	1,852,888
Workers' welfare fund		1,185,521	704,098
		<u>7,352,508</u>	<u>4,442,586</u>

Notes to the Financial Statements

For the year ended June 30, 2009

	2009 Rupees	2008 Rupees
27.1 Auditors' remuneration		
Statutory audit	500,000	150,000
Fee for half yearly review	60,000	60,000
Other services	47,500	20,000
Out of pocket expenses	148,154	70,000
	<u>755,654</u>	<u>300,000</u>
28. OTHER OPERATING INCOME		
Scrap sales income	16,928,400	1,210,970
Liabilities no longer payable written back	-	3,187,784
Return on bank deposits	155,204	379,705
Dividend income	359,375	575,000
Gain on disposal of operating assets	23,262	170,489
Miscellaneous income	1,568,424	388,678
	<u>19,034,665</u>	<u>5,912,626</u>
29. FINANCE COST		
Mark-up on short-term borrowings	42,633,972	20,136,428
Mark-up on long-term finance	9,807,928	10,913,767
Bank charges	588,294	318,843
Interest on workers' profits participation fund	111,740	60,509
Markup on advances given by Millat Tractors Limited	3,617,082	1,473,417
	<u>56,759,016</u>	<u>32,902,964</u>
30. TAXATION		
Current		
- for the year	2,258,278	5,652,692
- for prior years	102,489	-
	<u>2,360,767</u>	<u>5,652,692</u>
Deferred tax expense for the year	16,763,348	6,199,816
	<u>19,124,115</u>	<u>11,852,508</u>

30.1 The charge for the year ended 30 June 2008 represents minimum tax at the rate of 0.5% of the turnover.

Notes to the Financial Statements

For the year ended June 30, 2009

	2009 Rupees	2008 Rupees
30.2 Reconciliation of tax charge for the year		
Accounting profit before taxation	<u>53,150,033</u>	<u>34,500,781</u>
Tax at the applicable rate of 35% (2008: 35%)	18,602,512	12,075,273
Effect of minimum tax on turnover	-	(6,422,581)
Tax effect of permanent differences not deductible in determining taxable income and computation differences	329,270	-
Tax effect of expenses that are not deductible in determining taxable profit:		
- Depreciation expense	-	2,490,888
- Provision for unfunded gratuity scheme and compensated absences	-	(616,540)
Tax effect of deferred taxes on:		
- Carried forward tax losses	-	9,978,160
- Minimum turnover tax	-	(5,652,692)
Effect of applicability of lower tax rate on certain income - dividend	89,844	-
Prior year taxation	102,489	-
Tax expense for the year	<u>19,124,115</u>	<u>11,852,508</u>

31. EARNINGS PER SHARE - Basic and diluted

There is no dilutive effect on the basic earnings per share of the Company, which is based on:

	2009	2008
Profit after taxation (Rupees)	<u>34,025,718</u>	<u>22,649,227</u>
Weighted average number of ordinary shares	<u>8,192,277</u>	<u>7,685,791</u>
		Restated
Earnings per share (Rupees)	<u>4.15</u>	<u>2.95</u>

Notes to the Financial Statements

For the year ended June 30, 2009

	Note	2009 Rupees	2008 Rupees
32. CASH GENERATED FROM OPERATIONS			
Profit before taxation		53,149,833	34,500,781
Adjustment for:			
- Depreciation	4.2	27,682,222	27,397,909
- Amortisation	5.1	192,098	-
- Provision for retirement benefits		5,164,882	2,749,433
- Gain on disposal of operating assets-net	28	(23,262)	(170,489)
- Return on bank deposits		(155,204)	(379,705)
- Finance costs	29	56,759,016	32,902,964
		<u>89,619,752</u>	<u>62,500,112</u>
Operating profit before working capital changes		<u>142,769,585</u>	<u>97,000,893</u>
Working capital changes			
(Increase) / decrease in current assets:			
- Stores, spares and loose tools		(19,701,578)	(20,517,961)
- Stock in trade		8,157,268	49,023,781
- Trade debts		(85,261,179)	(91,781,069)
- Loans and advances		4,578,030	(4,756,468)
- Deposits and short term prepayments		19,755,936	(21,531,343)
- Other receivables		(8,853,436)	(2,921,166)
		<u>(81,324,959)</u>	<u>(92,484,226)</u>
Increase / (decrease) in current liabilities:			
- Trade and other payable		35,202,089	5,639,854
		<u>(46,122,870)</u>	<u>(86,844,372)</u>
		<u>96,646,715</u>	<u>10,156,521</u>
33. CASH AND CASH EQUIVALENTS			
Cash and bank balances	14	15,704,735	6,090,689
Short-term borrowings	21	(289,830,220)	(274,112,396)
		<u>(274,125,485)</u>	<u>(268,021,707)</u>
34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES			

The main risks arising from the Company's financial instruments are credit risk, liquidity risk, foreign currency risk, interest rate risk and equity price risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

34.1 Credit Risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Notes to the Financial Statements

For the year ended June 30, 2009

The Company is exposed to credit risk on long-term deposits, trade debts, advances, deposits, other receivables, investments and bank balances. The Company seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable. The maximum exposure to credit risk at the reporting date is:

	Carrying Values	
	2009 Rupees	2008 Rupees
Long-term deposits	4,269,160	3,808,660
Trade debts - unsecured	278,732,056	193,470,877
Advances - unsecured	9,977,104	14,631,891
Deposits	2,731,600	23,674,275
Other receivables - unsecured	27,106,921	18,263,036
Investments	8,050,000	16,962,500
Bank balances	15,618,143	5,952,989
	<u>346,484,984</u>	<u>276,764,228</u>
Quality of financial assets		

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or the historical information about counter party default rates as shown below:

	Carrying Values	
	2009 Rupees	2008 Rupees
34.1.1 Trade debts		
Customers with no defaults in the past one year	278,732,056	193,470,877
Customers with some defaults in past one year which have been fully recovered	-	-
	<u>278,732,056</u>	<u>193,470,877</u>
34.1.2 Investments		
Listed Equity Securities		
*Rating not available	8,050,000	16,962,500
	<u>8,050,000</u>	<u>16,962,500</u>
34.1.3 Bank Balances		
A1+	7,415,412	4,157,282
A-1+	1,995,995	1,401,735
A-2	6,206,736	393,972
	<u>15,618,143</u>	<u>5,952,989</u>

Notes to the Financial Statements

For the year ended June 30, 2009

34.2 Liquidity Risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The Company applies the prudent risk management policies by maintaining sufficient cash and bank balances and by keeping committed credit lines. The table below summarises the maturity profile of the Company's financial liabilities at the following reporting dates:

Year ended 30 June 2009	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	----- (Rupees) -----					
Long-term financing - secured	-	-	-	50,331,686	-	50,331,686
Trade and other payables	-	85,826,631	10,395,102	12,027,059	-	108,248,792
Accrued interest on long term financing	-	9,262,410	-	-	-	9,262,410
	<u>-</u>	<u>95,089,041</u>	<u>10,395,102</u>	<u>62,358,745</u>	<u>-</u>	<u>167,842,888</u>
Year ended 30 June 2008	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	----- (Rupees) -----					
Long-term financing - secured	-	-	-	86,581,686	-	86,581,686
Trade and other payables	-	60,795,782	5,802,790	6,464,090	-	73,062,662
Accrued interest on long term financing	-	7,296,961	-	-	-	7,296,961
	<u>-</u>	<u>68,092,743</u>	<u>5,802,790</u>	<u>93,045,776</u>	<u>-</u>	<u>166,941,309</u>

34.3 Foreign Currency Risk

Foreign currency risk is the risk that the value of financial assets or a financial liability will fluctuate due to a change in a foreign exchange rates. It arises mainly where receivables and payables exist due to transactions in foreign currency. The Company's exposure to foreign currency risk is as follows:

	2009 Rupees	2008 Rupees
Trade and other payables (Euro)	1,059,788	738,400
Trade and other payables (Dollar)	2,262,730	1,083,888
	<u>3,322,518</u>	<u>1,822,288</u>

The following significant exchange rates have been applied at the reporting dates:

Exchange Rates (Dollar)	<u>81.30</u>	<u>68.20</u>
Exchange Rates (Euro)	<u>114.82</u>	<u>107.65</u>

The foreign currency exposure is partly covered as the majority of the Company's billing is determined in dollars which is converted into rupees at the exchange rate prevailing at the transaction date.

Sensitivity analysis:

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate, with all other variables held constant, of the Company's profit before tax and the Company's equity.

Notes to the Financial Statements

For the year ended June 30, 2009

	Change in US dollar rate (%)	Effect on profit or (loss) Rupees
30 June 2009	+ 10	<u>226,285</u>
	- 10	<u>(226,285)</u>
30 June 2008	+ 10	<u>156,768</u>
	- 10	<u>(156,768)</u>
	Change in Euro rate (%)	Effect on profit or (loss) Rupees
30 June 2009	+ 10	<u>105,960</u>
	- 10	<u>(105,960)</u>
30 June 2008	+ 10	<u>99,406</u>
	- 10	<u>(99,406)</u>

34.4 Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations and Short term borrowings with floating interest rates.

Sensitivity Analysis:

The following figures demonstrate the sensitivity to a reasonably possible change in interest rate, with all other variables held constant, of the Company's profit before tax:

	Increase / decrease in basis points	Effect on profit before tax (Amount in Rupees)
2009		
KIBOR	+200	<u>(1,123,430)</u>
KIBOR	-200	<u>1,123,430</u>
2008		
KIBOR	+200	<u>(651,682)</u>
KIBOR	-200	<u>651,682</u>

34.5 Equity price risk

The Company's listed equity securities are susceptible to market price risk arising from uncertainties about future values of investment securities. The Company manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves all equity instrument decisions.

At the balance sheet date, the exposure to listed equity securities at fair value through profit or loss was Rs.8.050 million.

A (decrease) / increase of 10% on the stock exchange index would have an impact of approximately Rs.0.080 million on the income of the Company, depending on whether or not the (decrease) / increase is significant and prolong.

Notes to the Financial Statements

For the year ended June 30, 2009

34.6 Capital risk management

The primary objective of the Company's capital management is to maintain healthy capital ratios, strong credit rating and optimal capital structures in order to ensure ample availability of finance for its existing and potential investment projects, to maximise shareholder value and reduce the cost of capital.

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt is calculated as total loans and borrowings including any finance cost thereon, trade and other payables, less cash and bank balances and investments. Capital signifies equity as shown in the balance sheet plus net debt.

The gearing ratios as at June 30, 2009 and 2008 were as follows:

	2009 Rupees	2008 Rupees
Long term financing	50,331,686	86,581,686
Trade and other payables	108,248,791	73,062,662
Accrued interest / mark-up on borrowings	9,262,411	7,296,961
Total debt	167,842,888	166,941,309
Less: Cash and bank balances	(15,704,735)	(6,090,689)
Net debt	152,138,153	160,850,620
Share capital	79,011,900	60,778,380
Reserves	305,352,432	274,161,374
Equity	384,364,332	334,939,754
Capital	536,502,485	495,790,374
Gearing ratio	28.36%	32.44%

The Company finances its investment portfolio through equity, borrowings and management of its working capital with a view to maintaining an appropriate mix between various sources of finance to minimise risk.

34.7 Fair value of financial instruments

The carrying value of all financial assets and liabilities reflected in the financial statements approximates their fair value.

Notes to the Financial Statements

For the year ended June 30, 2009

35. TRANSACTIONS WITH RELATED PARTIES

35.1 Related parties comprise of Millat Tractors Limited, retirement benefits fund, directors and key management personnel. Amounts due from and to related parties, retirement benefits fund, directors and key management personnel are disclosed in the relevant notes to the financial statements. Transactions with related parties during the year, in these financial statements, are as follows:

Nature of Relationship	Nature of transactions	2009 Rupees	2008 Rupees
Associated Company			
- Millat Tractors Limited	Sales of goods - net	1,434,395,010	1,018,866,088
	Purchases	16,244,410	-
	Interest on advance against future sales	3,617,082	1,473,417
- Millat Equipments Limited	Sales of goods - net	7,636,550	-
Post employment plans			
- Pension fund	Contributions	1,579,633	1,414,645
- Executives' Gratuity fund	Benefits Paid on behalf of fund	2,682,278	1,952,305
- Provident funds	Contributions	2,250,930	1,815,896

35.2 There are no transactions with directors and key management personnel other than under the terms of the employment as disclosed in note 26.2.

35.3 The related party status of outstanding balances as at June 30, 2009 are disclosed in the respective notes to the financial statements.

36. CAPACITY - Castings

Installed capacity 13,200 M.T. (2008: 10,367 M.T.) double shift per annum. Production 14,335 M.T. (2008: 13,801 M.T). Capacity utilization 109% approx (2008: 133% approx).

37. DIVIDENDS AND APPROPRIATIONS

The Board of Directors in its meeting held on September 17, 2009 (i) approved the transfer of Rs. 18,000,000/- from unappropriated profit to general reserve; (ii) proposed a bonus issue of 2 shares for every 10 shares held (20%) for the year ended June 30, 2009 for approval of the members at the Annual General Meeting to be held on October 27, 2009.

38. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on September 17, 2009 by the Board of Directors of the Company.

Notes to the Financial Statements

For the year ended June 30, 2009

39. CORRESPONDING FIGURES

Corresponding figures have been reclassified for the purpose of better presentation and comparison. Changes made during the year are as follows:

Note	Reclassification from the caption component	Note	Reclassification from the caption component	Rupees
12	Deposits and short-term prepayments	13	Other receivable	17,597,212



Shahid A. Hakim
Chief Executive



Sikandar M. Khan
Chairman

Pattern of Shareholding

As at June 30, 2009

No. of Shareholders	*Size of Holding		Total Shares Held	Amount Rupees
	From	To		
59	1	100	1,628	16280
431	101	500	65,349	653,490
56	501	1000	44,046	440,460
199	1001	5000	355,861	3,558,610
23	5001	10000	172,461	1,724,610
6	10001	15000	75,714	757,140
4	15001	20000	67,022	670,220
2	30001	35000	65,093	650,930
3	35001	40000	105,508	1,055,080
1	45001	50000	46,941	469,410
1	50001	55000	52,360	523,600
1	95001	100000	99,422	994,220
1	110001	115000	114,580	1,145,800
1	120001	125001	120,250	1,202,500
2	175001	180000	355,670	3,556,700
1	190001	195000	193,908	1,939,080
1	200001	205000	202,059	2,020,590
1	225001	230000	228,837	2,288,370
1	330001	335000	330,202	3,302,020
1	335001	340000	337,439	3,374,390
1	345001	350000	347,592	3,475,920
1	860001	865000	864,303	8,643,030
1	3650001	3655000	3,654,945	36,549,450
798			7,901,190	79,011,900

* There is no shareholding in the slabs not mentioned.

Categories of Shareholders

S. No.	Categories	No. of Shareholders	No. of Shares Held	%
1	Associated Companies	1	3,654,945	46.26
2	Investment Companies	1	685,931	8.68
3	Bank/Financial Institutions	2	1,042,103	13.19
4	Joint Stock Companies	11	225,338	2.85
5	Individuals	640	1,753,599	22.19
6	Others	143	539,274	6.83
	Total	798	7,901,190	100.00

Categories of Shareholders

As at June 30, 2009

S.No.	Particulars	Shares Held	%
1	Directors, CEO, and their Spouse and Minor Children.		
	Mr. Sikandar M. Khan- Chairman	114,580	1.45
	Mr. Shahid A. Hakim-CEO	1,144	0.01
	Mr. Latif Khalid Hashmi	228,837	2.90
	Mr. Sohail Bashir Rana	99,422	1.26
	Mr. Laeeq Uddin Ansari	382,562	4.84
	Mr. Mian Muhammad Saleem	46,941	0.59
	Mr. Javed Munir	7,150	0.09
	Mr. Mujtaba Ahmed	9,783	0.12
	Mr. Sajid Hassan	—	—
2	Associated Companies, Undertakings and Related Parties		
	Millat Tractors Limited	3,654,945	46.26
3	NIT and ICP		
	National Bank of Pakistan Trustees Department	685,931	8.68
4	Banks, Development Financial Institutions, Non Banking Financial Institutions.		
	National Bank of Pakistan (former NDFC)	864,303	10.94
	Arif Habib Bank Limited	177,800	2.25
5	Insurance Companies	—	—
6	Public Sector Companies and Corporation	—	—
7	Joint Stock Companies	225,338	2.85
8	General Public		
	Local	863,180	10.93
	Foreign	—	—
9	Others		
	BCL Employees	538,064	6.81
	Trustees Packages Ltd. MGT Staff Pension Fund	1,210	0.02
	Total	7,901,190	100
	Shareholders Holding Ten Percent or more Voting Interest		
	Millat Tractors Limited	3,654,945	46.26
	National Bank of Pakistan (Former NDFC)	864,303	10.94

Proxy Form

Please quote your Folio No. as is in
the Register of Members
Folio No.

I/We _____ (NAME)

of _____ (FULL ADDRESS)

in the district of _____

being a member / members of BOLAN CASTINGS LIMITED and a holder of _____

_____ Shares No. _____ hereby appoint

Mr. / Mrs. / Miss _____ (NAME)

of _____ (FULL ADDRESS)

in the district of _____

_____ as my / our proxy to attend and vote for me / us and on my / our behalf at the 27th Annual General Meeting of the Company to be held at Registered Office, Main RCD Highway, Hub Chowki, Distt. Lasbela, Balochistan on October 27, 2009 at 1500 Hrs. and / or at any adjournment thereof.

Signed this _____ day of _____ 2009

Signature
on
One Rupee
Revenue
Stamp

(Signature should agree with specimen
signature registered with the Company)

Important:

1. A member entitled to attend and vote at the Annual General Meeting of the Company is entitled to appoint a proxy to attend and vote instead of him / her.
2. The instrument appointing a proxy should be signed by the member (s) or by his / her attorney duly authorised in writing, or if the member is a corporation / company either under the common seal, or under the hand of any officer or attorney so authorised.
3. This Proxy Form, duly completed, must be deposited at the Company's Head Office F-1, National Container Building, Hub River Road, S.I.T.E., Karachi not less than 48 hours before the time of holding of the meeting.



Head Office

F-1, Hub River Road, S.I.T.E., Karachi
Tel : +92-21-32579681, 32579819
Fax : +92-21-32573558
E-mail: bclho@bclpk.com

Factory & Registered Office

Main RCD Highway, Hub Chowki,
District Lasbela, Balochistan, Pakistan
Tel : +92-853-363293, 363296
Fax : +92-853-363292
E-mail: bclhub@bclpk.com