



**BOLAN
CASTINGS
LIMITED**



Quarterly Accounts

(Un-Audited)

for the 1st Quarter ended
September 30, 2010

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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. Javed Munir Mr. Mujtaba Ahmed Mr. Muhammad Imran Rafiq	Chairman Chief Executive Director Director Director Director Director Director Director (NIT Nominee)
Company Secretary	Mr. M. Mushtaq Akhtar	
Chief Financial Officer	Mr. Faisal Lakhani	
Head of Internal Audit	Mr. Saqib Hanif	
Auditors	M/s. Ernst & Young Ford Rhodes Sidat Hyder	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 Soneri Bank Limited Faysal Bank Limited	
Share Registrar	M/s. Central Depository Company of Pakistan Ltd. CDC House, 99-B, Block-B, S.M.C.H.S. Main Shahrah-e-Faisal, Karachi Tel: +92-800-23275 Fax: +92-21-34326053	
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	

DIRECTORS' REVIEW

Dear Shareholders

Directors of your Company take this opportunity to present the un-audited accounts for the 1st quarter ended September 30, 2010.

Operating and Financial Results

The net sales for the 1st quarter were Rs. 400.28 million as compared to Rs. 347.04 million of the same period last year.

The gross profit for the 1st quarter under review was Rs. 27.16 million as against Rs. 29.87 million of the corresponding period last year. After adjustment of admin / selling expenses and financial charges, the loss after tax for the 1st quarter was Rs. 2.14 million as compared to profit after tax of Rs. 2.43 million of same period last year.

The profitability is mainly affected as a result of rapidly fluctuating raw material prices, which the management is expecting to control by cost saving and upward adjustment in the selling price of castings.

The loss per share for the 1st quarter ended September 30, 2010 was Rs. 0.23 per share as against the earnings of Rs. 0.26 per share of corresponding period last year.

Future Prospects

A short and long term strategy is being planned to ensure increase in production / sales during remaining period of the financial year. The Company expects reduction in costs also which should improve financial health of the Company.

Acknowledgement

We would like to thank our customers and the shareholders for their trust and confidence in the Company. We also would like to convey our appreciation to entire BCL team including officers and workers for their dedicated efforts and contribution during the period under review.

For and on behalf of the Board



SIKANDAR M. KHAN
Chairman

Karachi:
October 25, 2010

CONDENSED INTERIM BALANCE SHEET AS AT SEPTEMBER 30, 2010

	Note	September 30, 2010 (Unaudited)	June 30, 2010 (Audited)
		-----Rupees-----	
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	5	232,285,135	235,738,248
Intangible assets		418,310	466,577
		<u>232,703,445</u>	<u>236,204,825</u>
Long-term investment		8,607,750	8,337,500
Long term loans		1,403,200	694,200
Long term deposits		4,325,160	4,269,160
		<u>247,039,555</u>	<u>249,505,685</u>
CURRENT ASSETS			
Stores, spares parts and loose tools		92,768,509	90,962,184
Stock-in-trade		262,602,817	193,731,108
Trade debts	6	301,350,492	409,893,146
Loans and advances		16,266,420	7,718,403
Deposits and short term prepayments		9,629,426	2,699,992
Other receivables		48,525,172	31,204,611
Income tax - net		52,358,645	46,107,989
Cash and bank balances		81,038,663	11,181,100
		<u>864,540,144</u>	<u>793,498,533</u>
TOTAL ASSETS		<u>1,111,579,699</u>	<u>1,043,004,218</u>
EQUITY AND LIABILITIES			
Share capital		94,814,280	94,814,280
Reserves		370,123,314	371,994,989
		<u>464,937,594</u>	<u>466,809,269</u>
NON-CURRENT LIABILITIES			
Long-term financing	7	-	14,081,686
Deferred tax liability		30,283,840	30,283,840
Deferred liabilities		22,679,557	22,383,437
		<u>52,963,397</u>	<u>66,748,963</u>
CURRENT LIABILITIES			
Trade and other payables		221,748,534	243,066,096
Current portion of long-term financing	7	32,206,686	36,250,000
Accrued mark-up		8,228,895	6,319,567
Short-term borrowings		331,494,593	221,866,552
Sales tax - net		-	1,943,771
		<u>593,678,708</u>	<u>509,445,986</u>
CONTINGENCIES AND COMMITMENTS	8		
TOTAL EQUITY AND LIABILITIES		<u>1,111,579,699</u>	<u>1,043,004,218</u>

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.



SHAHID A. HAKIM
Chief Executive



SIKANDAR M. KHAN
Chairman

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2010

	Note	September 30, 2010 -----Rupees-----	September 30, 2009
Turnover - net		400,277,276	347,039,188
Cost of sales	9	(373,114,953)	(317,169,106)
Gross profit		27,162,323	29,870,082
Distribution costs		(8,505,357)	(7,724,329)
Administrative expenses		(8,688,164)	(8,165,965)
		(17,193,521)	(15,890,294)
Other operating income		1,902,682	1,974,416
		11,871,484	15,954,204
Finance costs		(9,852,721)	(11,934,949)
Other charges	10	(157,915)	(277,329)
		(10,010,636)	(12,212,278)
Profit before taxation		1,860,848	3,741,926
Taxation		(4,002,773)	(1,309,674)
(Loss) / profit after taxation		(2,141,925)	2,432,252
			Restated
Earnings per share - basic and diluted		(0.23)	0.26

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.



SHAHID A. HAKIM
Chief Executive



SIKANDAR M. KHAN
Chairman

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2010

	September 30, 2010	September 30, 2009
	-----Rupees-----	
Net (loss) / profit for the period	(2,141,925)	2,432,252
Other comprehensive income		
Unrealised gain on revaluation of available-for-sale investments	270,250	471,500
Total comprehensive (loss) / income for the period	<u>(1,871,675)</u>	<u>2,903,752</u>

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.



SHAHID A. HAKIM
Chief Executive



SIKANDAR M. KHAN
Chairman

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2010

	Note	September 30, 2010	September 30, 2009
		-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	11	308,606	150,548,411
Net (Increase) in long term loans		(709,000)	(716,800)
Net (Increase) in long term deposits		(56,000)	-
Taxes paid		(10,253,429)	(8,098,570)
Retirement benefits paid		(87,444)	(155,452)
Finance costs paid		(7,943,392)	(13,320,870)
Net Cash Inflow from operating activities		(18,740,659)	128,256,719
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(3,026,490)	(976,376)
Proceeds from disposal of operating assets		-	218,388
Return on bank deposits received		121,671	11,613
Net cash outflow from investing activities		(2,904,819)	(746,375)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term finance		(18,125,000)	-
Net cash outflow from financing activities		(18,125,000)	-
Net increase / (decrease) in cash & cash equivalents		(39,770,478)	127,510,344
Cash and cash equivalents at beginning of the period		(210,685,452)	(274,125,485)
Cash and cash equivalents at the end of the period	12	(250,455,930)	(146,615,141)

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.


SHAHID A. HAKIM
 Chief Executive


SIKANDAR M. KHAN
 Chairman

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2010

	Reserves					Total	Total equity
	Issued, subscribed and paid-up capital	Capital Reserve	Revenue Reserves		Gain / (loss) on revaluation of available for-sale investments		
			General Reserve	Unappropriated Profit			
(Rupees)							
Balance as on June 30, 2009	79,011,900	12,155,680	256,500,000	34,146,752	2,550,000	305,352,432	384,364,332
Profit for the 1st quarter ended September 30, 2009	-	-	-	2,432,252	-	2,432,252	2,432,252
Other comprehensive income	-	-	-	-	471,500	471,500	471,500
Total comprehensive income / (loss)	-	-	-	2,432,252	471,500	2,903,752	2,903,752
Transfer to general reserve	-	-	18,000,000	(18,000,000)	-	-	-
Balance as on September 30, 2009	79,011,900	12,155,680	274,500,000	18,579,004	3,021,500	308,256,184	387,268,084
Balance as on June 30, 2010	94,814,280	12,155,680	274,500,000	82,501,809	2,837,500	371,994,989	466,809,269
Loss for the 1st quarter ended September 30, 2010	-	-	-	(2,141,925)	-	(2,141,925)	(2,141,925)
Other comprehensive income	-	-	-	-	270,250	270,250	270,250
Total comprehensive income / (loss)	-	-	-	(2,141,925)	270,250	(1,871,675)	(1,871,675)
Transfer to general reserve	-	-	49,000,000	(49,000,000)	-	-	-
Balance as on September 30, 2010	94,814,280	12,155,680	323,500,000	31,359,884	3,107,750	370,123,314	464,937,594

The annexed notes from 1 to 15 form an integral part of these condensed interim financial statements.


SHAHID A. HAKIM
 Chief Executive


SIKANDAR M. KHAN
 Chairman

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2010

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

2 STATEMENT OF COMPLIANCE

These condensed interim financial statements are unaudited and are being submitted to the shareholders in accordance with the requirements of Section 245 of the Companies Ordinance, 1984 and have been prepared in accordance with International Accounting Standard (IAS) 34 'Interim Financial Reporting', as applicable in Pakistan. The condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Company for the year ended June 30, 2010.

3 BASIS OF MEASUREMENT

- 3.1 These financial statements have been prepared under the historical cost convention as modified by revaluation of available-for-sale investments at fair value and certain staff retirement benefits at present value.
- 3.2 These financial statements are presented in Pak Rupees which is the Company's functional and presentation currency.

4 ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of Company's annual financial statements for the year ended June 30, 2010.

	Note	September 30, 2010 (Unaudited)	June 30, 2010 (Audited)
		-----Rupees-----	
5 PROPERTY , PLANT AND EQUIPMENT			
Operating fixed assets	5.1	230,125,784	233,820,682
Capital work-in-progress	5.2	2,159,351	1,917,566
		<u>232,285,135</u>	<u>235,738,248</u>
5.1 Operating fixed assets			
Opening book value		233,820,682	239,531,689
Additions during the period / year	5.1.1	2,784,704	22,340,283
Disposals during the period/ year	5.1.2	-	(1,161,433)
Depreciation charged during the period / year		(6,479,602)	(26,889,857)
		<u>230,125,784</u>	<u>233,820,682</u>

NOTES TO THE FINANCIAL STATEMENTS

	September 30, 2010 (Unaudited)	June 30, 2010 (Audited)
	-----Rupees-----	
5.1.1 Additions during the period / year		
Building on freehold land	-	242,828
Plant and machinery	522,304	11,040,689
Electrical and Gas Installations	-	896,808
Furniture and Fittings	-	91,000
Electrical appliances	-	538,348
Computers	-	78,630
Vehicles	2,262,400	9,451,980
	2,784,704	22,340,283

5.1.2 During the period, assets costing Rs. nil /- having net book value of Rs. nil /- were disposed off for Rs. nil /- .

5.2 During the period the Company incurred expenditure on work-in-progress in respect of plant and machinery and civil works amounting to Rs. 241,785/- (June 30, 2010: Rs. nil /-).

	September 30, 2010 (Unaudited)	June 30, 2010 (Audited)
	-----Rupees-----	
6 TRADE DEBTS		
Considered good		
Due from an associated undertaking		
- Millat Tractors Limited	244,669,577	357,119,502
Due from an associated undertaking		
- Millat Equipment Limited	5,810,005	817,173
Others	50,870,910	51,956,471
	301,350,492	409,893,146
Considered doubtful	259,850	259,850
Less: Provision against debt considered doubtful	(259,850)	(259,850)
	301,350,492	409,893,146

7 LONG TERM FINANCING - secured

Represents the amount utilized against the demand finance facility from a commercial bank, amounting to Rs. 145 million (June 30, 2010: Rs.145 million) to finance the 'Balancing, Modernization and Replacement' of the Company's existing foundry. The facility is repayable in 8 equal half yearly installments commencing February 2007 and carries a mark-up at the rate of 3 months' KIBOR plus 1.25% (June 30, 2010: 3 months' KIBOR plus 1.25%) per annum. 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

8 CONTINGENCIES AND COMMITMENTS

- 8.1 There is no change in the status of contingencies as reported in the annual financial statements for the year ended June 30, 2010.
- 8.2 Outstanding letters of credit at the end of the period amount to Rs. 172.9 million (June 30, 2010: Rs. 277.9 million).

	September 30, 2010 (Unaudited)	September 30, 2009 (Unaudited)
	-----Rupees-----	
9 COST OF SALES		
Raw material and components consumed		
Opening stock	132,116,844	92,644,163
Purchases	290,515,597	168,631,815
	<u>422,632,441</u>	<u>261,275,978</u>
Closing stock	(206,131,468)	(93,219,038)
	<u>216,500,973</u>	<u>168,056,940</u>
Manufacturing expenses		
Salaries, wages and benefits	21,217,503	25,729,357
Staff welfare	2,537,548	1,713,041
Stores, spares parts and loose tools consumed	27,664,174	25,610,998
Fuel and power	62,182,257	52,068,861
Machining expenses	3,351,875	1,361,255
Other services - outsourced job contractors	23,511,487	15,508,536
Travelling and conveyance	5,066,271	4,574,402
Depreciation	6,194,398	6,229,288
Amortization	28,960	19,896
Rent, rates and taxes	64,335	95,650
Printing and stationery	89,018	74,653
Repairs and maintenance	1,225,954	867,114
Communication	119,621	140,452
Export expenses	-	16,536
Insurance	693,213	647,229
Vehicle expenses	791,216	638,998
Training	785,943	604,348
Entertainment	238,447	83,157
Others	72,760	202,254
	<u>155,834,980</u>	<u>136,186,025</u>
Work in process - opening	26,533,000	31,922,000
- closing	(27,826,000)	(19,823,000)
	<u>(1,293,000)</u>	<u>12,099,000</u>
Cost of goods manufactured	<u>371,042,953</u>	<u>316,341,965</u>
Finished goods - opening	20,677,000	15,548,141
- closing	(18,605,000)	(14,721,000)
	<u>2,072,000</u>	<u>827,141</u>
	<u>373,114,953</u>	<u>317,169,106</u>

NOTES TO THE FINANCIAL STATEMENTS

	September 30, 2010 (Unaudited)	September 30, 2009 (Unaudited)
	-----Rupees-----	
10 OTHER CHARGES		
Workers' Profit Participation Fund	99,938	200,963
Workers' Welfare Fund	37,977	76,366
Donation	20,000	-
	<u>157,915</u>	<u>277,329</u>
11 CASH GENERATED FROM OPERATIONS		
Profit before taxation	1,860,848	3,741,926
Adjustments for non-cash charges and other items:		
Depreciation / amortization	6,527,869	6,531,061
Provision for retirement benefits	383,564	462,287
Gain on disposal of operating assets	-	(124,471)
Finance costs	9,852,721	11,934,949
Return on bank deposits	(140,468)	(88,471)
	<u>16,623,686</u>	<u>18,715,355</u>
Working Capital Changes	11.1	
	<u>(18,175,928)</u>	<u>128,091,130</u>
	<u>308,606</u>	<u>150,548,411</u>
11.1 Working Capital Changes		
(Increase) / decrease in current assets :		
Stores, spares parts and loose tools	(1,806,325)	(18,403,129)
Stock-in-trade	(68,871,709)	4,104,124
Trade debts	108,542,654	127,699,379
Loans and advances	(8,548,017)	(2,799,786)
Deposits and short term prepayments	(6,929,434)	(3,299,365)
Other receivables	(17,301,764)	(11,356,192)
	<u>5,085,405</u>	<u>95,945,031</u>
Increase / (Decrease) in current liabilities :		
Trade and other payables	(23,261,333)	32,146,099
	<u>(18,175,928)</u>	<u>128,091,130</u>
12 CASH AND CASH EQUIVALENTS		
Cash and bank balance	81,038,663	11,162,899
Short-term borrowings	(331,494,593)	(157,778,040)
	<u>(250,455,930)</u>	<u>(146,615,141)</u>

NOTES TO THE FINANCIAL STATEMENTS

13 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of associates, retirement benefits fund, directors and key management personnel. Details of transactions / balances with related parties, other than those disclosed in the financial statements, are as follows:

Nature of relationship	Nature of transactions	September 30,	June 30,
		2010 (Unaudited)	2010 (Audited)
		-----Rupees-----	
Associates			
- Millat Tractors Limited	Sales	367,012,209	311,203,419
	Purchases	7,510,080	3,878,850
- Millat Equipment Limited	Sales	4,493,134	6,199,300
Retirement funds			
- Pension fund	Contributions for the period	418,982	1,629,818
- Provident funds	Contributions for the period	662,618	2,489,168
- Executives' gratuity fund	Benefits paid on behalf of the fund	-	377,428

13.1 As at September 30, 2010 an amount of Rs. 10,207,230/- (June 30, 2010: Rs. 7,444,650/-) is payable to Millat Tractors Limited against purchases.

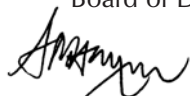
13.2 As at September 30, 2010 an amount of Rs. 14,443,712/- (June 30, 2010: Rs. 14,174,923/-) as advance against future sales from Millat Tractors Limited.

14 CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard - 34, 'Interim Financial Reporting', the Condensed Balance Sheet has been compared with the preceding Balance Sheet as at the year end, whereas the Condensed Profit and Loss Account, Condensed Statement of Comprehensive Income and Condensed Cash Flow Statement have been compared with the corresponding periods of the previous year. Corresponding figures have been re-arranged and reclassified where necessary, for the purpose of comparison.

15 DATE OF AUTHORIZATION OF ISSUE

These condensed interim Financial Statements were authorized for issue by the Board of Directors of the Company in its meeting held on September 25, 2010.



SHAHID A. HAKIM
Chief Executive



SIKANDAR M. KHAN
Chairman

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CORPORATE