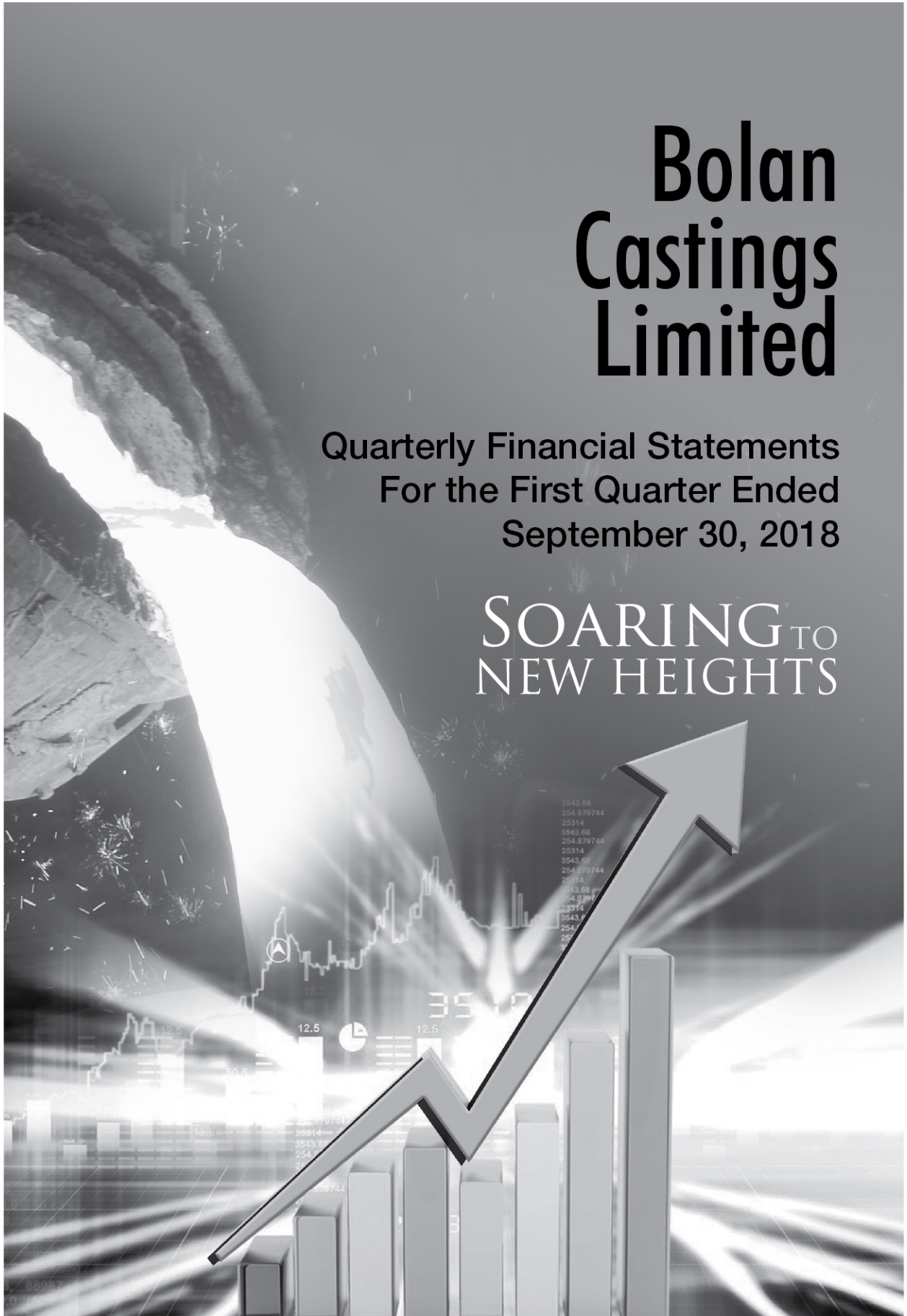


# Bolan Castings Limited

Quarterly Financial Statements  
For the First Quarter Ended  
September 30, 2018

SOARING<sup>TO</sup>  
NEW HEIGHTS



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## COMPANY INFORMATION

<b>Board of Directors</b>	Mr. Sikandar M. Khan Mr. Nisar Ahmed Mirani Mr. Latif Khalid Hashmi Mr. Sohail Bashir Rana Mr. Laeeq Uddin Ansari Syed Muhammad Irfan Aqueel Syed Javaid Ashraf Mr. Muhammad Salman Husain Chawala	Chairman Chief Executive Director Director Director Director Director Director
<b>Company Secretary</b>	Mr. Arafat Mushir	
<b>Chief Financial Officer</b>	Syed Sajid Ali	
<b>Auditors</b>	M/s. A.F. Ferguson & Co.	Chartered Accountants
<b>Legal Advisors</b>	M/s. Latif & Latif Advocate M/s. Rizwan Manai Associates	
<b>Bankers</b>	Habib Bank Limited MCB Bank Limited Bank Alfalah Limited Dubai Islamic Bank Pakistan Ltd. Meezan Bank Limited Faysal Bank Limited Askari Bank Limited Bank Al-Habib Limited	
<b>Share Registrar</b>	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	
<b>Registered Office</b>	Main RCD Highway, Hub Chowki, District Lasbela, Balochistan, Pakistan Tel : +92-853-364033,363296 Fax : +92-853-363292 E-mail: bclhub@bclpk.com	
<b>Web Site</b>	<a href="http://www.bolancastings.com">www.bolancastings.com</a>	

## **DIRECTORS' REVIEW**

Dear Shareholders

Directors of your Company are presenting the un-audited financial statements for the 1st quarter ended September 30, 2018.

During the quarter under review, the company recorded net sales Rs. 496.16 million as compared to Rs. 488.23 million of the same period of last year. The gross profit for the 1st quarter under review was Rs. 1.52 million as against gross profit of Rs. 73.17 million of the corresponding period of last year. The loss after tax for the 1st quarter is Rs. 26.48 million as compared to profit after tax of Rs. 27.40 million of same period of last year.

The loss per share is Rs. 2.31 as against the earnings per share of Rs. 2.39 of corresponding period of last year. The reported loss is mainly due to increase in material prices and increase in foreign exchange rate over corresponding period of last year.

A short and long term strategies are being planned to overcome the situation and the Company is now focusing on adopting cost-cutting measures as well Company is also adding new products which would help in improving financial results for the remaining period of the current financial year.

We would like to thank our shareholders and the customers 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



**NISAR AHMED MIRANI**  
Chief Executive Officer

Hub:  
October 23, 2018

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2018

	Note	September 30, 2018 (Unaudited)	June 30, 2018 (Audited)
		-----Rupees-----	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	229,554,068	232,681,443
Long-term investment	6	26,010,125	31,110,375
Long-term loans		1,594,000	846,000
Deferred tax assets		14,012,742	-
Long-term deposits		3,806,541	3,806,541
Employee benefits prepayments	7	15,838,706	15,708,298
		<u>290,816,182</u>	<u>284,152,657</u>
<b>Current assets</b>			
Inventories	8	487,518,130	510,819,006
Trade receivables	9	152,643,348	69,328,325
Loans and advances		63,574,249	3,820,576
Trade deposits and short term prepayments		8,546,012	293,874
Other receivables		177,827	271,306
Refunds due from the Government - sales tax		9,223,660	14,692,936
Taxation - payments less provision		173,035,499	152,837,850
Cash and bank balances		12,509,835	20,681,061
		<u>907,228,560</u>	<u>772,744,934</u>
<b>Total assets</b>		<u><b>1,198,044,742</b></u>	<u><b>1,056,897,591</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Share capital		114,725,290	114,725,290
Reserves		493,208,130	524,792,735
		<u>607,933,420</u>	<u>639,518,025</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long-term deposits		6,138,124	6,193,726
Deferred tax liabilities		-	405,018
Employee benefits obligations	7	78,667,043	77,807,334
		<u>84,805,167</u>	<u>84,406,078</u>
<b>Current liabilities</b>			
Trade and other payables		97,455,342	100,304,712
Current portion of long-term deposits		1,037,420	1,191,631
Unclaimed dividend		3,098,928	3,098,928
Short-term financing		403,714,465	228,378,117
		<u>505,306,155</u>	<u>332,973,388</u>
<b>Total liabilities</b>		<u>590,111,322</u>	<u>417,379,466</u>
<b>Contingencies and commitments</b>	10		
<b>Total equity and liabilities</b>		<u><b>1,198,044,742</b></u>	<u><b>1,056,897,491</b></u>

The annexed notes from 1 to 17 form an integral part of this condensed interim financial information.

  
Chief Executive

  
Director

  
Chief Financial Officer

## CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS

(UN-AUDITED)

FOR THE 1<sup>ST</sup> QUARTER ENDED SEPTEMBER 30, 2018

		September 30, 2018	September 30, 2017
	Note	-----Rupees-----	
Revenue	11	496,167,870	488,232,792
Cost of sales		(494,644,208)	(415,054,303)
<b>Gross profit</b>		<b>1,523,662</b>	73,178,489
Distribution cost		(15,383,754)	(14,770,067)
Administrative expenses		(16,162,206)	(16,217,075)
Other expenses		-	(2,793,969)
Other income		2,637,907	1,095,263
<b>Operating (loss) / profit</b>		<b>(27,384,391)</b>	40,492,641
Finance cost		(7,315,626)	(3,360,173)
<b>(Loss) / profit before income tax</b>		<b>(34,700,017)</b>	37,132,468
Income tax expense	12	8,215,662	(9,726,909)
<b>(Loss) / profit for the period</b>		<b>(26,484,355)</b>	27,405,559
<b>Earnings per share - Basic and diluted</b>	13	<b>(2.31)</b>	2.39

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.



Chief Executive



Director



Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME (UN-AUDITED)**  
FOR THE 1<sup>ST</sup> QUARTER ENDED SEPTEMBER 30, 2018

	September 30, 2018	September 30, 2017
	-----Rupees-----	
<b>(Loss) / profit for the year</b>	<b>(26,484,355)</b>	27,405,559
<b>Other comprehensive income / (loss) :</b>		
<b>Items that will not be reclassified to profit or loss</b>		
Remeasurements of post employment benefit obligations - note 7	-	-
<b>Items that may be reclassified to profit or loss</b>		
Unrealised (loss) / gain on revaluation of available-for-sale investment - note 6	<b>(5,100,250)</b>	(7,618,750)
<b>Total comprehensive (loss) / income for the period</b>	<b><u>(31,584,605)</u></b>	<u>19,786,809</u>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.



Chief Executive



Director




Chief Financial Officer

**CONDENSED INTERIM STATEMENT CASH FLOWS (UN-AUDITED)**  
**FOR THE 1<sup>ST</sup> QUARTER ENDED SEPTEMBER 30, 2018**

	Note	September 30, 2018	September 30, 2017
		-----Rupees-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash (used in) / generated from operations	14	(148,287,115)	38,076,764
Increase in long-term loans		(748,000)	(728,000)
Increase in long-term deposits - net		(209,813)	(394,843)
Income tax paid - net		(26,399,747)	(15,685,066)
Employee benefits paid		(910,440)	(1,683,225)
Mark-up paid		(3,733,420)	(938,620)
<b>Net cash (used in) / generated from operating activities</b>		<b>(180,288,535)</b>	<b>18,647,010</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for acquisition of property, plant and equipment		(3,905,774)	(1,684,737)
Proceeds from disposal of property, plant and equipment		591,002	754,227
Return received on savings and deposit accounts		95,833	87,345
<b>Net cash used in investing activities</b>		<b>(3,218,939)</b>	<b>(843,165)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
		-	-
<b>Net increase in cash and cash equivalents</b>		<b>(183,507,474)</b>	<b>17,803,845</b>
Cash and cash equivalents at beginning of the period		(211,099,176)	(118,863,484)
<b>Cash and cash equivalents at the end of the period</b>	15	<b>(394,606,650)</b>	<b>(101,059,639)</b>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

  
 Chief Executive

  
 Director

  
 Chief Financial Officer



**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE 1<sup>ST</sup> QUARTER ENDED SEPTEMBER 30, 2018**

	Capital		Reserves			Sub total	Total
	Share Capital	Share premium	General	Un-appropriated profit / (accumulated loss)	Gain on revaluation of available-for-sale investment		
	(Rupees)						
<b>Balance as at June 30, 2017</b>	<b>114,725,290</b>	<b>12,155,680</b>	<b>424,500,000</b>	<b>(14,426,677)</b>	<b>37,193,750</b>	<b>459,422,753</b>	<b>574,148,043</b>
Total comprehensive income for the period ended September 30, 2017							
Profit for the 1st quarter ended September 30, 2017	-	-	-	27,405,559	-	27,405,559	27,405,559
Other comprehensive loss for the 1st quarter ended September 30, 2017	-	-	-	-	(7,618,750)	(7,618,750)	(7,618,750)
	-	-	-	27,405,559	(7,618,750)	19,786,809	19,786,809
<b>Balance as at September 30, 2017</b>	<b>114,725,290</b>	<b>12,155,680</b>	<b>424,500,000</b>	<b>12,978,882</b>	<b>29,575,000</b>	<b>479,209,562</b>	<b>593,934,852</b>
<b>Balance as at June 30, 2018</b>	<b>114,725,290</b>	<b>12,155,680</b>	<b>424,500,000</b>	<b>62,526,680</b>	<b>25,610,375</b>	<b>524,792,735</b>	<b>639,518,025</b>
Total comprehensive income for the period ended September 30, 2018							
Loss for the 1st quarter ended September 30, 2018	-	-	-	(26,484,355)	-	(26,484,355)	(26,484,355)
Other comprehensive loss for the 1st quarter ended September 30, 2018	-	-	-	-	(5,100,250)	(5,100,250)	(5,100,250)
	-	-	-	(26,484,355)	(5,100,250)	(31,584,605)	(31,584,605)
<b>Balance as at September 30, 2018</b>	<b>114,725,290</b>	<b>12,155,680</b>	<b>424,500,000</b>	<b>36,042,325</b>	<b>20,510,125</b>	<b>493,208,130</b>	<b>607,933,420</b>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

  
 Chief Executive

  
 Director

  
 Chief Financial Officer

**NOTES TO AND FORMING PART OF THE CONDENSED INTERIM  
FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE PERIOD ENDED SEPTEMBER 30, 2018**

**1 THE COMPANY AND ITS OPERATIONS**

Bolan Castings Limited (the Company) is a public limited liability company incorporated and domiciled in Pakistan and listed on the Pakistan Stock Exchange. The registered office and manufacturing plant of the company is situated at main RCD Highway, Hub Chowki, District Lasbela, Balochistan, Pakistan. The Company manufactures and sells castings for tractors and automotive parts.

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

**2 BASIS OF PREPARATION**

**2.1** This condensed interim financial statements of the Company for the period ended September 30, 2018 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34, 'Interim Financial Reporting' and provisions of and directives issued under the Companies Act, 2017. In case where requirements differ, the provisions of or directives issued under the Companies Act, 2017 have been followed. This condensed interim financial statements is being submitted to the shareholders as required by section 237 of the Companies Act, 2017 and the Listing Regulations of Pakistan Stock Exchange.

**2.2** This condensed interim financial statements does not include all the information and disclosures required for full financial statements and should be read in conjunction with the annual financial statements for the year ended June 30, 2018.

**3 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted in the preparation of this condensed interim financial statements are the same as those applied in the preparation of the preceding annual financial statements of the Company for the year ended June 30, 2018.

**4 ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT**

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and income and expenses. Actual results may differ from these judgements, estimates and assumptions.

However, management believes that the change in outcome of judgements, estimates and assumptions would not have a material impact on the amounts disclosed in this condensed interim financial statement.

## NOTES TO THE FINANCIAL STATEMENTS

Judgements and estimates made by the management in the preparation of this condensed interim financial statements are the same as those that were applied to the financial statements as at and for the year ended June 30, 2018.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2018.

	September 30, 2018 (Unaudited)	June 30, 2018 (Audited)
	-----Rupees-----	
<b>5 PROPERTY , PLANT AND EQUIPMENT</b>		
Operating assets	<b>218,274,340</b>	222,482,850
Capital work-in-progress	<b>11,279,728</b>	10,198,593
	<u><b>229,554,068</b></u>	<u>232,681,443</u>

**5.1** Additions and disposals to operating assets during the period are as follows:

	Additions (at cost)		Disposals (at net book value)	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
	-----Rupees-----			
Buildings on free-hold land	-	-	-	-
Plant and machinery	<b>2,744,939</b>	749,513	-	-
Furniture and fittings	-	38,919	-	-
Electrical appliances	<b>63,200</b>	79,000	-	-
Computers	-	129,805	-	-
Vehicles	-	3,484,500	<b>557,045</b>	750,144
	<u><b>2,808,139</b></u>	<u>4,481,737</u>	<u><b>557,045</b></u>	<u>750,144</u>

## NOTES TO THE FINANCIAL STATEMENTS

	September 30, 2018 (Unaudited)	June 30, 2018 (Audited)
	-----Rupees-----	
<b>6 LONG-TERM INVESTMENT</b>		
<b>Available for sale</b>		
Balance at the beginning of the year	31,110,375	42,693,750
Unrealized (loss) / gain on revaluation transferred to equity	(5,100,250)	(11,583,375)
<b>Balance at the end of the period</b>	<u>26,010,125</u>	<u>31,110,375</u>

Represent investment in 287,500 (June 30, 2018: 287,500) quoted ordinary shares of Rs. 10/- each of Baluchistan wheels Limited. Equity held 2.16% (June 30, 2018: 2.16%).

There are no investment in associated companies or undertakings.

### 7 EMPLOYEE BENEFITS

The Company follows a consistent practice to conduct actuarial valuations annually at the year end. Hence, the impact, if any, relating to remeasurements of post employment benefit obligations (actuarial gains/losses) on condensed interim financial information is not calculated and accounted for.

	September 30, 2018 (Unaudited)	June 30, 2018 (Audited)
	-----Rupees-----	
<b>8 INVENTORIES</b>		
Stores, spare parts and loose tools (including in transit Rs. 12.48 Million; June 30, 2018: Rs. 2.90 Million)	135,345,273	119,591,526
Raw Materials (including in transit Rs. 41.54 Million; June 30, 2018: Rs. 25.65 Million)	180,506,124	149,402,873
Work in process	50,683,544	108,002,038
Finished goods - note 8.1	120,983,189	133,822,569
	<u>487,518,130</u>	<u>510,819,006</u>
	<u>487,518,130</u>	<u>510,819,006</u>

## NOTES TO THE FINANCIAL STATEMENTS

**8.1** Stock-in-trade - finished goods includes stock which has been written-down to net realisable value by Rs. 3.00 million (June 30, 2018: Rs. 3.17 million).

	September 30, 2018 (Unaudited)	June 30, 2018 (Audited)
	-----Rupees-----	
<b>9 TRADE RECEIVABLES</b>		
Considered good		
- Related parties	132,067,023	53,489,007
- Others	20,576,325	15,839,318
	<u>152,643,348</u>	<u>69,328,325</u>

### 10 CONTINGENCIES AND COMMITMENTS

#### 10.1 Contingencies

There has been no change in status of contingencies reported in the financial statements for the year ended June 30, 2018.

**10.2** The aggregate commitments in respect of capital expenditure as at September 30, 2018 amount to Rs.55.88 million, (June 30, 2018: Rs 53.09 million).

	September 30, 2018 (Unaudited)	September 30, 2017 (Unaudited)
	-----Rupees-----	
<b>11 REVENUE</b>		
<b>Gross Revenue</b>	598,039,925	595,159,622
Less:		
- Sales returns	(14,963,105)	(24,712,363)
- Sales tax	(86,908,950)	(82,214,467)
	(101,872,055)	(106,926,830)
	<u>496,167,870</u>	<u>488,232,792</u>

### 12 INCOME TAX EXPENSE

Current	(6,202,098)	(11,172,170)
Deferred	14,417,760	1,445,261
	<u>8,215,662</u>	<u>(9,726,909)</u>

## NOTES TO THE FINANCIAL STATEMENTS

	September 30, 2018 (Unaudited)	September 30, 2017 (Unaudited)
	-----Rupees-----	
<b>13 EARNINGS PER SHARE - BASIC AND DILUTED</b>		
(Loss) / profit for the period attributable to ordinary shareholders	<u>(26,484,355)</u>	<u>27,405,559</u>
Weighted average number of shares in issue during the period	<u>11,472,529</u>	<u>11,472,529</u>
Earnings per share (Rupees) - Basic and diluted	<u>(2.31)</u>	<u>2.39</u>
<b>13.1</b> There is no dilutive effect on the basic profit per share of the Company.		
<b>14 CASH GENERATED FROM OPERATIONS</b>		
(Loss) / profit before income tax	(34,700,017)	37,132,468
<b>Adjustments for non-cash charges and other items</b>		
Depreciation	6,476,104	4,920,057
Non-cash employee benefit expense	1,639,741	1,902,030
Gain on disposal of property, plant and equipment	(33,957)	(4,083)
Return on savings and deposit accounts	(95,833)	(87,345)
Mark-up on short-term financing	7,271,669	2,874,136
	<u>15,257,724</u>	<u>9,604,795</u>
	(19,442,293)	46,737,263
<b>EFFECT ON CASH FLOW DUE TO WORKING CAPITAL CHANGES</b>		
<b>(Increase) / decrease in current assets</b>		
Inventories	23,300,876	30,505,723
Trade receivables	(83,315,023)	(31,555,920)
Loans and advances	(59,753,673)	(10,276,923)
Trade deposits and short-term prepayments	(8,252,138)	(6,574,379)
Other receivables	93,479	90,336
Refunds due from government - Sales tax	5,469,276	-
	<u>(122,457,203)</u>	<u>(17,811,163)</u>
<b>(Decrease) / increase in current liabilities</b>		
Trade and other payables	(6,387,619)	(16,268,797)
Sales tax payable	-	25,419,461
	<u>(6,387,619)</u>	<u>9,150,664</u>
	<u>(148,287,115)</u>	<u>38,076,764</u>

## NOTES TO THE FINANCIAL STATEMENTS

	September 30, 2018 (Unaudited)	September 30, 2017 (Unaudited)
	-----Rupees-----	
<b>15 CASH AND CASH EQUIVALENTS</b>		
Cash in hand	437,644	155,175
<b>With Banks on:</b>		
- current accounts	2,861,371	20,224,123
- savings accounts	5,808,800	3,767,693
	8,670,171	23,991,816
Short-term financing	(403,714,465)	(125,206,630)
	(394,606,650)	(101,059,639)

### 16 RELATED PARTY DISCLOSURES

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

		September 30, 2018	September 30, 2017
		-----Rupees-----	
Relationship with the Company	Nature of transactions		
<b>Parent Company:</b>			
- Millat Tractors Limited (MTL)	Sales of goods	467,528,058	452,719,355
	Purchase of goods	260,958	334,730
	Expenses incurred by MTL on behalf of the Company	2,156,240	1,448,962
<b>Associated Company:</b>			
- Millat Equipment Limited	Sales of goods	150,826	4,055,217
<b>Employee benefit funds:</b>			
- Pension fund	Contributions	595,182	663,662
- Provident funds	Contributions	1,128,177	1,028,948
- Executives' Gratuity Fund	Contributions	205,614	-

## NOTES TO THE FINANCIAL STATEMENTS

		September 30, 2018	September 30, 2017
		-----Rupees-----	
- Executives' Gratuity fund	Benefits paid on behalf of the fund	3,603,762	5,029,801
<b>- Key management personnel:</b>			
- Directors / Executives	Salaries and other short term employee benefits	7,843,442	6,234,400

### 17 DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue on October 23, 2018 by the Board of Directors of the Company.



Chief Executive



Director



Chief Financial Officer





Main RCD Highway,  
Hub Chowki, District Lasbela,  
Balochistan, Pakistan  
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CORPORATE