

BOLAN CASTINGS LIMITED

**Quarterly Financial Statements
For the First Quarter
Ended September 30,
2019**

**SOUND QUALITY,
SOUND ENGINEERING**



CONTENTS

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

COMPANY INFORMATION

Board of Directors	Mr. Sikandar M. Khan Mr. Nisar Ahmed Mirani Mr. Latif Khalid Hashmi Mr. Sohail Bashir Rana Mr. Laeeq Uddin Ansari Syed Muhammad Irfan Aqueel Syed Javaid Ashraf Mr. Muhammad Salman Husain Chawala	Chairman Chief Executive Director Director Director Director Director Director
Company Secretary	Mr. Arafat Mushir	
Chief Financial Officer	Syed Sajid Ali	
Auditors	M/s. A. F. Ferguson & Co.	Chartered Accountants
Legal Advisors	M/s. Latif & Latif Advocate M/s. Rizwan Manai Associates	
Bankers	Habib Bank Limited MCB Bank Limited Bank Alfallah Limited Dubai Islamic Bank Pakistan Limited Meezan Bank Limited Faysal Bank Limited Askari Bank Limited Bank AL Habib Limited	
Share Registrar	CDC Shares Registrar Services Limited CDC House, 99-B, Block-B, S.M.C.H.S. Main Shahrah-e-Faisal, Karachi Tel: +92-800-23275 Fax: +92-21-34326053	
Registered Office	Main RCD Highway, Hub Chowki, District Lasbela, Balochistan, Pakistan Tel : +92-853-364033,363296 Fax : +92-853-363292 E-mail: bclhub@bclpk.com	
Web Site	www.bolancastings.com	

DIRECTORS' REVIEW

Dear Shareholders

Directors of your Company are presenting the un-audited financial statements for the 1st quarter ended September 30, 2019.

During the quarter under review, the company recorded net sales Rs. 500.16 million as compared to Rs. 496.16 million of the same period of last year. The gross profit for the 1st quarter under review was Rs. 51.65 million as against Rs. 1.52 million of the corresponding period of last year. The Profit after tax for the 1st quarter is Rs. 3.05 million as compared to loss after tax of Rs. 26.48 million of same period of last year.

The earnings per share are Rs. 0.27 as against the loss per share of Rs. 2.31 of corresponding period of last year.

A short and long term strategy is being planned to improve the profitability and the Company is also focusing on getting new orders. At the same time the management is also adopting cost-cutting measures which would help in improving financial results for the remaining period of the current financial year.

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

For and on behalf of the Board



Hub:
October 23, 2019

NISAR AHMED MIRANI
Chief Executive Officer

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2019

	Note	September 30, 2019 (Unaudited)	June 30, 2019 (Audited)
		Rupees	
ASSETS			
Non-current assets			
Property, plant and equipment	5	251,031,872	259,215,767
Long-term investment	6	14,515,875	17,580,625
Long-term loans		1,499,000	836,000
Deferred tax asset		87,435,934	80,580,627
Long-term deposits		3,806,541	3,806,541
Employee benefits prepayment	7	11,964,522	11,832,931
		370,253,744	373,852,491
Current assets			
Stores, spare parts and loose tools	8	115,359,328	126,274,513
Stock-in-trade		240,545,062	307,234,973
Trade receivables	9	249,200,116	130,691,149
Loans and advances		10,478,619	11,301,343
Trade deposits and short term prepayments		7,534,669	310,037
Other receivables		531,833	1,516,553
Refunds due from the Government - sales tax		10,783,003	15,847,317
Taxation - payments less provision		208,664,913	202,416,056
Cash and bank balances		29,327,532	12,821,986
		872,425,075	808,413,927
Total assets		<u>1,242,678,819</u>	<u>1,182,266,418</u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital		114,725,290	114,725,290
Reserves		267,062,566	267,076,248
		<u>381,787,856</u>	<u>381,801,538</u>
LIABILITIES			
Non-current liabilities			
Long-term deposits	7	5,132,243	5,616,202
Employee benefits obligations		50,714,790	49,618,043
		<u>55,847,033</u>	<u>55,234,245</u>
Current liabilities			
Trade and other payables		192,188,757	133,449,279
Current portion of long-term deposits		463,190	411,485
Unclaimed dividend		3,514,134	3,524,426
Short-term financing		608,877,849	607,845,445
		805,043,930	745,230,635
Total liabilities		<u>860,890,963</u>	<u>800,464,880</u>
Contingencies and commitments	10		
Total equity and liabilities		<u>1,242,678,819</u>	<u>1,182,266,418</u>

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


Chief Financial Officer


Chief Executive


Director

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS ACCOUNT
 (UN-AUDITED)
 FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2019

	Note	September 30, 2019	September 30, 2018
		Rupees-----	
Revenue from contracts with customers	11	500,164,576	496,167,870
Cost of sales		(448,504,623)	(494,644,208)
Gross profit		51,659,953	1,523,662
Distribution cost		(14,229,608)	(15,383,754)
Administrative expenses		(15,893,119)	(16,162,206)
Other expenses		(232,722)	-
Other income		2,088,924	2,637,907
Operating profit / (loss)		23,393,428	(27,384,391)
Finance cost		(20,945,610)	(7,315,626)
Profit / (loss) before tax		2,447,818	(34,700,017)
Income tax	12	603,250	8,215,662
Profit / (loss) for the period		3,051,068	(26,484,355)
Earnings / (loss) per share - Basic and diluted	13	0.27	(2.31)

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


 Chief Financial Officer


 Chief Executive


 Director

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME (UN-AUDITED)**
FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2019

September 30, 2019 September 30, 2018
-----Rupees-----

Profit / (loss) for the period **3,051,068** (26,484,355)

Other comprehensive income / (loss) :

Items that will not be reclassified to profit or loss

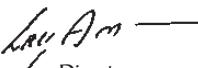
Unrealised loss on revaluation of
Investment at Fair Value through
Other Comprehensive Income **(3,064,750)** (5,100,250)

Total comprehensive loss for the period **(13,682)** **(31,584,605)**

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


Farid
Chief Financial Officer


Chief Executive


Director

► **CONDENSED INTERIM STATEMENT CASH FLOWS (UN-AUDITED)**
FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2019

	Note	September 30, 2019	September 30, 2018
		Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated / (used in) from operations	14	45,798,914	(148,287,115)
Increase in long-term loans		(663,000)	(748,000)
Increase in long-term deposits - net		(432,254)	(209,813)
Income taxes paid - net		(12,500,914)	(26,399,747)
Employee benefits paid		(632,549)	(910,440)
Mark-up paid		(17,549,599)	(3,733,420)
Net cash generated / (used in) from operating activities		14,020,598	(180,288,535)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for acquisition of property, plant and equipment		(859,001)	(3,905,774)
Proceeds from disposal of property, plant and equipment		2,196,842	591,002
Return received on savings and deposit accounts		124,995	95,833
Net cash generated / (used in) from investing activities		1,462,836	(3,218,939)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(10,292)	-
Net increase / (decrease) in cash and cash equivalents		15,473,142	(183,507,474)
Cash and cash equivalents at beginning of the period		(598,879,659)	(211,099,176)
Cash and cash equivalents at the end of the period	15	(583,406,517)	(394,606,650)

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


Chief Financial Officer


Chief Executive


Director

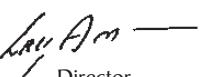
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2019

	Share Capital	Share premium	Reserves			Gain / (loss) on revaluation of investment at fair value	Sub total	Total
			General	Revenue	Un-appropriated profit / (accumulated loss)			
----- (Rupees) -----								
Balance as at June 30, 2018	114,725,290	12,155,680	424,500,000	62,526,680	25,610,375	524,792,735	639,518,025	
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)	
Balance as at September 30, 2018	<u>114,725,290</u>	<u>12,155,680</u>	<u>424,500,000</u>	<u>36,042,325</u>	<u>20,510,125</u>	<u>493,208,130</u>	<u>607,933,420</u>	
Balance as at June 30, 2019	114,725,290	12,155,680	424,500,000	(181,660,057)	12,080,625	267,076,248	381,801,538	
Total comprehensive income for the period ended September 30, 2019								
Profit for the 1st quarter ended September 30, 2019	-	-	-	3,051,068	-	3,051,068	3,051,068	
Other comprehensive loss for the 1st quarter ended September 30, 2019	-	-	-	-	(3,064,750)	(3,064,750)	(3,064,750)	
	-	-	-	3,051,068	(3,064,750)	(13,682)	(13,682)	
Balance as at September 30, 2019	<u>114,725,290</u>	<u>12,155,680</u>	<u>424,500,000</u>	<u>(178,608,989)</u>	<u>9,015,875</u>	<u>267,062,566</u>	<u>381,787,856</u>	

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


 Chief Financial Officer


 Chief Executive


 Director

NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE PERIOD ENDED SEPTEMBER 30, 2019

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, 2019 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, 2019.

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, 2019.

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 statements.

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, 2019.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2019.

	September 30, 2019 (Unaudited)	June 30, 2019 (Audited)
	Rupees	
5 PROPERTY, PLANT AND EQUIPMENT		
Operating assets	242,871,471	
Capital work-in-progress	8,160,401	251,055,366
	251,031,872	259,215,767

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

	Additions (at cost)		Disposals (at net book value)	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
	Rupees		Rupees	
Buildings on free-hold land	-	-	-	-
Plant and machinery	120,000	2,744,939	-	-
Electrical appliances	-	63,200	-	-
Vehicles	739,000	-	2,196,841	557,045
	859,000	<u>2,808,139</u>	2,196,841	<u>557,045</u>

NOTES TO THE FINANCIAL STATEMENTS

	September 30, 2019 (Unaudited)	June 30, 2019 (Audited)	Rupees
6 LONG-TERM INVESTMENT			
FVTOCI			
Balance at the beginning of the year	17,580,625	31,110,375	
Unrealized loss on revaluation transferred to equity	(3,064,750)	(13,529,750)	
Balance at the end of the period	<u>14,515,875</u>	<u>17,580,625</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 statements is not calculated and accounted for.

	September 30, 2019 (Unaudited)	June 30, 2019 (Audited)	Rupees
8 STOCK-IN-TRADE			
Raw Materials (including in transit Rs. 21.78 Million; June 30, 2019: Rs. 23.96 Million)	79,847,753	153,843,917	
Work in process	37,024,395	25,786,443	
Finished goods - note 8.1	123,672,914	127,604,613	
	<u>240,545,062</u>	<u>307,234,973</u>	

NOTES TO THE FINANCIAL STATEMENTS

8.1 Inventories - finished goods includes inventories which has been written-down to net realisable value by Rs. 11.06 million (June 30, 2019: Rs. 15.16 million).

	September 30, 2019 (Unaudited)	June 30, 2019 (Audited)
	Rupees	
9 TRADE RECEIVABLES		
Considered good		
- Related parties	242,083,510	113,386,566
- Others	7,116,606	17,304,583
	<u>249,200,116</u>	<u>130,691,149</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, 2019.

10.2 Commitments

The aggregate commitments in respect of capital expenditure as at September 30, 2019 amount to Rs. 5.06 million, (June 30, 2019: Rs 5.06 million).

	September 30, 2019	September 30, 2018
	Rupees	
11 REVENUE FROM CONTRACTS WITH CUSTOMERS		
Gross Revenue	593,573,100	598,039,925
Less:		
- Sales returns	(17,672,926)	(14,963,105)
- Sales tax	(75,735,598)	(86,908,950)
	(93,408,524)	(101,872,055)
	<u>500,164,576</u>	<u>496,167,870</u>

12 INCOME TAX EXPENSE

Current	(6,252,057)	(6,202,098)
Deferred	6,855,307	14,417,760
	<u>603,250</u>	<u>8,215,662</u>

NOTES TO THE FINANCIAL STATEMENTS

September 30, September 30,
2019 2018

-----Rupees-----

13 EARNINGS / (LOSS) PER SHARE

Profit / (loss) for the period attributable to ordinary shareholders	3,051,068	(26,484,355)
Weighted average number of shares in issue during the period	11,472,529	11,472,529
Earnings / (loss) per share - Basic and diluted	0.27	(2.31)

13.1 There is no dilutive effect on the basic profit per share of the Company.

14 CASH GENERATED FROM OPERATIONS

Profit / (loss) before tax	2,447,818	(34,700,017)
Adjustments for non-cash charges and other items		
Depreciation	6,846,054	6,476,104
Non-cash employee benefits expense	1,597,705	1,639,741
Gain on disposal of property, plant and equipment	-	(33,957)
Return on savings and deposit accounts	(124,995)	(95,833)
Mark-up on short-term financing	20,901,004	7,271,669
	29,219,768	15,257,724
	31,667,586	(19,442,293)

EFFECT ON CASH FLOW DUE TO WORKING CAPITAL CHANGES

(Increase) / decrease in current assets

Stores, spare parts and loose tools	10,915,185	(15,753,747)
Stock-in-trade	66,689,911	39,054,623
Trade receivables	(118,508,967)	(83,315,023)
Loans and advances	822,724	(59,753,673)
Trade deposits and short-term prepayments	(7,224,632)	(8,252,138)
Other receivables	984,720	93,479
Refunds due from government - Sales tax	5,064,314	5,469,276
	(41,256,745)	(122,457,203)

Increase / (decrease) in current liabilities

Trade and other payables	55,388,073	(6,387,619)
	55,388,073	(6,387,619)
	45,798,914	(148,287,115)

NOTES TO THE FINANCIAL STATEMENTS

	September 30, 2019	September 30, 2018
	-----Rupees-----	
15 CASH AND CASH EQUIVALENTS		
Cash in hand	215,004	437,644
With Banks on:		
- current accounts	21,848,582	2,861,371
- savings accounts	3,407,746	5,808,800
	25,256,328	8,670,171
Short-term financing	(608,877,849)	(403,714,465)
	(583,406,517)	(394,606,650)

16 RELATED PARTY DISCLOSURES

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

	September 30, 2019	September 30, 2018
	-----Rupees-----	
Relationship with the Company	Nature of transactions	
Holding Company:		
- Millat Tractors Limited (MTL)	Sales of goods	490,285,016
	Purchase of goods	42,060
	Expenses incurred by MTL on behalf of the Company	2,277,977
		2,156,240
Associated Company:		
- Millat Equipment Limited	Sales of goods	-
		150,826
Employee benefit funds:		
- Pension fund	Contributions	513,415
- Provident funds	Contributions	1,033,716
- Executives' Gratuity Fund	Contributions	134,108
		595,182
		1,128,177
		205,614

NOTES TO THE FINANCIAL STATEMENTS

		September 30, 2019	September 30, 2018
		Rupees	
- Executives' Gratuity fund	Benefits paid on behalf of the fund	11,326,191	3,603,762
- Key management personnel:			
- Directors / Executives	Salaries and other short term employee benefits	9,406,242	7,843,442

17 DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue on October 23, 2019 by the Board of Directors of the Company.



Chief Financial Officer



Chief Executive



Director



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Hub Chowki, District Lasbela,
Balochistan, Pakistan
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