

## **BOLAN CASTINGS LIMITED**

### **DIRECTORS' REVIEW**

#### **Dear Shareholders**

The Directors of your company are pleased to present the un-audited accounts for the 2<sup>nd</sup> quarter and the half year ended on December 31, 2004, duly reviewed by the statutory auditors of the company as required under the Code of Corporate Governance.

#### **Operating and Financial Results**

During the 2<sup>nd</sup> quarter, the net sales were Rs. 160.1 million as against Rs. 156.0 million of corresponding period last year.

The net sales for the half year increased by 38% to Rs. 317.9 million as compared to Rs. 230.6 million of the same period last year.

The gross profit for the 2<sup>nd</sup> quarter was Rs. 17.5 million as compared to Rs. 47.3 million of corresponding period last year.

The gross profit for the half year period under review was Rs. 35.95 million as against Rs. 58.13 million of the corresponding period last year, marking a decrease of 38% mainly due to increase in raw material prices which caused increase in cost of sales thus lowering the profit.

The profit before tax for the 2<sup>nd</sup> quarter was Rs. 13.2 million as against Rs. 41 million of same period last year.

The profit before tax for the half year under review was Rs. 27.2 million as against Rs. 48.4 million marking a decrease of 44%.

The profit after tax for the 2<sup>nd</sup> quarter was Rs. 8.9 million as compared to Rs. 26.9 million of same period last year.

The profit after tax for the half year decreased by 43% to Rs. 17.96 million as compared to Rs. 31.64 million of same period last year.

Earnings per share for the half year under review worked out to Rs. 3.25 per share as against Rs. 5.73 per share of corresponding period last year.

#### **Future Prospects**

As we look forward to the second half of the fiscal year, we see a continued strong demand for our product range. However, the profitability is expected to be effected as result of rapidly increasing raw material prices.

#### **Expansion Programme**

In order to meet growing market demand, enhancement in production capacity of plant of your company is in process.

The implementation of expansion plan upto around 18,000 M.T. per annum against existing 10,000 M.T. per annum is likely to be undertaken and completed during calendar year 2005.

### **Employees' Relations**

Cordial relations between management and employees, maintaining congenial atmosphere and march towards progress and prosperity continues smoothly.

### **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 for their dedication and commitment to the growth of the company.

For and on behalf of the Board



**SIKANDAR M. KHAN**  
Chairman

Karachi:  
February 22, 2005