

BOLAN CASTINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)
FOR THE 1ST QUARTER ENDED SEPTEMBER 30, 2005

1 LEGAL STATUS AND NATURE OF BUSINESS

The 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.

2 COMPLIANCE WITH STATUTORY REQUIREMENTS

These unaudited Financial statements have been prepared in Compliance of the International Accounting Standard (IAS) 34 "Interim Financial Reporting" and are being circulated as required under section 245 of the Companies Ordinance, 1984.

3 ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these quarterly accounts for the period ended September 30, 2005 are the same as those applied in the preparation of the audited published accounts of the company for the period ended June 30, 2005.

	SEPTEMBER 30, 2005 RUPEES	JUNE 30, 2005 RUPEES
4 PROPERTY , PLANT AND EQUIPMENT		
Operating Fixed Assets	86,304,111	87,597,118
Capital work-in-progress	23,312,910	5,147,554
	<u>109,617,021</u>	<u>92,744,672</u>
5 SHARE CAPITAL		
5.1 Authorized capital		
7,500,000 (2005: 7,500,000) ordinary shares of Rs. 10 each	<u>75,000,000</u>	<u>75,000,000</u>
5.2 Issued, subscribed and paid up capital		
5,525,307 (2005: 5,525,307) ordinary shares of Rs. 10 each fully paid in cash	<u>55,253,070</u>	<u>55,253,070</u>
6 RESERVES		
Unrealized gain on investment	7,000,000	3,325,000
Revenue - General	210,000,000	195,000,000
- Unappropriated	3,263,213	43,015,155
	<u>213,263,213</u>	<u>238,015,155</u>
	<u>220,263,213</u>	<u>241,340,155</u>
7 CONTINGENCIES AND COMMITMENTS		
7.1 Letters of credit issued by commercial banks	<u>116,677,419</u>	<u>30,584,000</u>

	SEPTEMBER 30, 2005 RUPEES	SEPTEMBER 30, 2004 RUPEES
8 SALES		
Manufactured Goods	203,721,601	192,433,225
Trading Goods	-	1,299,765
	<u>203,721,601</u>	<u>193,732,990</u>
Less: Sales Return	(9,271,913)	(11,126,797)
Sales Tax	(17,083,453)	(24,791,953)
	<u>(26,355,366)</u>	<u>(35,918,750)</u>
	<u>177,366,235</u>	<u>157,814,240</u>
 9 COST OF GOODS SOLD		
Raw Material & Components consumed:		
Opening Stock	63,679,326	55,031,214
Purchases	143,205,817	96,678,936
	<u>206,885,143</u>	<u>151,710,150</u>
Closing Stock	(97,542,559)	(74,759,901)
	<u>109,342,584</u>	<u>76,950,249</u>
Salaries, Wages & Benefits	9,304,629	10,740,392
Staff Welfare	673,335	613,907
Stores & Spares Consumed	15,464,384	11,676,264
Fuel & power	30,859,278	20,404,074
Machining Expenses	1,396,049	1,070,778
Other services	6,877,528	5,358,289
Travelling & Conveyance	2,359,763	1,998,782
Rent, Rates & Taxes	131,780	67,784
Repair and Maintenance	987,506	884,741
Insurance	226,586	178,467
Vehicle Expenses	599,802	410,233
Freight Expenses	3,284,177	3,384,592
Export Expenses	176,090	35,385
Depreciation	2,407,663	2,409,463
Others	739,283	396,900
	<u>75,487,853</u>	<u>59,630,051</u>
	<u>184,830,437</u>	<u>136,580,300</u>
Work-in-Process - Opening	21,701,000	28,295,000
- Closing	(32,864,000)	(24,065,000)
	<u>(11,163,000)</u>	<u>4,230,000</u>
Cost of Goods Manufactured	<u>173,667,437</u>	<u>140,810,300</u>
Finished Goods - Opening	8,069,000	5,022,000
- Closing	(13,691,000)	(7,491,000)
	<u>(5,622,000)</u>	<u>(2,469,000)</u>
Cost of Goods sold - own manufactured	<u>168,045,437</u>	<u>138,341,300</u>
Cost of Goods sold - Trading Goods	-	1,018,955
	<u>168,045,437</u>	<u>139,360,255</u>
 9.1 Cost of Goods sold - Trading Goods		
Opening stock	-	964,280
Purchases	-	54,675
	-	1,018,955
Closing stock	-	-
Cost of Goods sold - Trading Goods	<u>-</u>	<u>1,018,955</u>

10 CASH GENERATED FROM OPERATIONS

Profit before taxation	4,801,552	13,974,588
adjustment for :		
Depreciation	2,581,164	2,550,029
Provision for retirement benefits	206,261	467,690
(Gain) / loss on sale of fixed assets	-	76,371
Provision for doubtful debts	(89,200)	-
Finance cost	897,465	37,982
Return on deposits	(394,664)	(91,017)
	<u>3,201,026</u>	<u>3,041,055</u>
Operating profit before working capital changes	<u>8,002,578</u>	<u>17,015,643</u>
Working Capital Changes		
(Increase) / Decrease in current assets:		
Stores,spares and loose tools	5,369,905	(2,662,254)
Stock-in-trade	(54,528,533)	(10,249,007)
Trade debts	15,799,435	(7,988,569)
Loans and advances	(6,608,761)	-
Trade,deposits & short term prepayments	(2,550,988)	(5,444,857)
Other receivables	(695,191)	292,606
	<u>(43,214,133)</u>	<u>(26,052,081)</u>
Increase / (Decrease) in current liabilities:		
Trade & Other Payables	33,113,345	868,090
	<u>(10,100,788)</u>	<u>(25,183,991)</u>
	<u><u>(2,098,210)</u></u>	<u><u>(8,168,348)</u></u>

11 CASH AND CASH EQUIVALENTS

Cash and bank balances	4,205,492	9,118,728
Short term running finance	(38,604,877)	(6,092,991)
	<u>(34,399,385)</u>	<u>3,025,737</u>

12 TRANSACTIONS WITH ASSOCIATED UNDERTAKINGS AND RELATED PARTIES

Sales and purchases to/from Millat Tractors Limited for the 1st quarter ended September 30,2005 amounted to Rs.151,646,836(September 30,2004 :Rs.133,376,126)and September 30,2005 : Nil (September 30, 2004 :Rs. Nil) respectively.Receivable and payable from/to Millat Tractors Limited as at September 30,2005 amounted to Rs.38,438,854(June 30, 2005:Rs.68,574,899) and Rs. Nil (June 30, 2005:Nil) respectively

12.1 All Transactions with associated undertakings are at arm's length price.

13 AUTHORIZATION OF ISSUE

The Financial Statements were authorized for issue by the Board of Directors on October 25, 2005.

14 CORRESPONDING FIGURES

Corresponding figures have been re-arranged,where necessary,for the purpose of comparison.



JAVID ASHRAF
CHIEF EXECUTIVE



SIKANDAR M.KHAN
CHAIRMAN