

Notes to the Financial Statements

for the year ended June 30, 2007

1 THE COMPANY AND ITS OPERATIONS

The Company was incorporated in Pakistan as a public limited company on January 09, 1995 and was granted a certificate of commencement of business on March 13, 1995. The shares of the company are listed on the Karachi, Lahore and Islamabad Stock Exchanges. The company is engaged in the production and sale of the petroleum products.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of Companies Ordinance, 1984. Approved accounting standards comprise of such International Accounting Standards as notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives take precedence.

2.2 Basis of preparation

These financial statements have been prepared under the historical cost convention, except for borrowing costs as referred in note 2.15 which have been included in the cost of the relevant assets and also financial assets and liabilities which are stated at fair value and certain fixed assets mentioned in note 13 which are carried at revalued amounts.

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are as follows:

- i) Provision for taxes
- ii) Estimation of residual values and useful life of property, plant and equipment.

Standards, Interpretations and amendments to published approved accounting standards

International Financial Reporting Standards (IFRS) or interpretations not yet effective but relevant

The following new standards and amendments of approved accounting standards are only effective for accounting periods beginning on or after July 01, 2007;

IAS - 1 Presentation of Financials - amendments relating to capital disclosures
IAS - 41 Agriculture
IFRS - 2 Share Based Payment
IFRS - 3 Business Combinations
IFRS - 5 Non-Current Assets Held for Sale and Discontinued Operations
IFRS - 6 Exploration for and Evaluation of Mineral Resources

In addition, interpretations in relation to certain IFRSs have been issued by the International Accounting Standards Board (IASB) that are not yet effective.

The Company expects that the adoption of the above standards, amendments and interpretations will have no impact on the Company's financial statements in the period of initial application other than increased disclosures.

2.3 Staff retirements benefits - defined contribution plan

The Company operates an approved contributory provident fund for all the employees eligible under the scheme. Equal monthly contributions are made to the provident fund both by the Company and by the employees.

2.4 Property, plant and equipment and depreciation

Owned

These are stated at cost less accumulated depreciation except for the land which is stated at cost and certain fixed assets mentioned in note 13 to the financial statements which are carried at revalued amounts. All expenditures connected with specific assets incurred during installation and construction period are carried

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under capital work in progress at cost. These are transferred to specific assets as and when these assets are available for use.

Depreciation on additions is charged from the month the asset acquired or capitalized and no depreciation is charged in the month of disposal.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any are retired.

Gains and losses on disposal of property, plant and equipment are taken to the income currently. The company used to depreciate its property, plant and equipment following the reducing balance method and on additions depreciation was charged from the quarter in which the asset is available for use while no depreciation in quarter of disposal. From the current year management has reviewed the useful lives of its fixed assets and expected pattern of consumption of the future economic benefits embodied in the fixed assets. Following course the company has changed the depreciation method to straight line as the pattern of consumption of future economic benefits is expected to be constant over the useful lives of fixed assets and on additions from the month of use while no depreciation in the month of disposal which resulted in lower charge of depreciation by Rs.159.201 million.

An amount equal to the incremental depreciation due to revaluation of property, plant and equipment (net of tax) is transferred from the surplus on revaluation of fixed assets to accumulated loss.

Leased

The company accounts for assets acquired under finance lease by recording the assets and related liability. Assets are recorded at lower of present value of minimum lease payments under the lease agreements and fair value of the assets. The aggregate amount of obligation relating to these assets are accounted for at net present value of liabilities. Assets acquired under the finance leases are depreciated over the useful life of the respective asset in the manner and at the rates applicable to the company's owned assets. Financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of charge on outstanding liabilities.

2.5 Intangible assets

An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and that the cost of such asset can also be measured reliably.

Software under development are carried at cost. Direct cost include the purchase cost and directly attributable cost of preparing the asset for its intended use.

Intangible asset is amortized from the month such asset is put into use on straight line basis over its useful life.

2.6 Stores and spares

These are valued at lower of moving average cost and net realizable value, less provision for obsolescence. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

2.7 Stock in trade

Stock of raw material is valued at lower of cost, determined on first in first out (FIFO) basis, and net realizable value. Raw material in transit is valued at cost comprising invoice value plus other charges incurred thereon accumulated to the balance sheet date.

Stock of finished products are valued at lower of cost and net realizable value. Cost in relation to finished products represents cost of raw material and an appropriate allocation of manufacturing overheads. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and estimated cost necessary to make the sale.

2.8 Trade debts and other receivables

Trade debts and other receivables are carried at original invoice amount less an estimate made of doubtful receivables based on a review of all outstanding amounts at the year end. Balances considered bad and irrecoverable are written off when identified.

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2.9 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of the cash flow statement, cash and cash equivalents comprises cash in hand, balance with banks in current, collection and deposits accounts and running finance under mark up arrangements.

2.10 Taxation

Current

Charge for current taxation is based on applicable provisions of the Income Tax Ordinance, 2001.

Deferred

Deferred tax is recognized on all temporary differences between the carrying amounts for financial reporting purposes and the amount used for taxation purposes.

Deferred tax asset is recognized for the carry forward tax losses and available tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized.

2.11 Trade and other payables

Trade and other payables are carried at cost which is the fair value of consideration to be paid for goods & services.

2.12 Revenue recognition

Local sales: Recognized on dispatch of finished products.

Export sales: Recorded on the basis of products delivered to the tankers and shipped to customers.

2.13 Foreign currency translation

Transactions in foreign currencies are translated to rupees at the exchange rates prevailing at transaction date. Monetary assets and liabilities in Foreign Currency are translated to rupees at the exchange rates prevailing on the balance sheet date.

2.14 Transactions with related parties

The company enters into transactions with related parties for finance, purchase of goods and services and these are priced at an arm's length basis. Prices for these transactions are determined on the basis of comparable uncontrolled price method, which sets the price by reference to comparable goods sold or services rendered in an economically comparables market to a buyer unrelated to the seller.

2.15 Borrowing costs

Borrowings costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing cost that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalized as part of the cost of the relevant asset.

2.16 Provisions

A provision is recognized in the balance sheet when the company has a legal or constructive obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

2.17 Financial instruments

All financial assets and liabilities are recognized when the company becomes a party to the contractual provisions of the instrument. Financial assets include long term and short term deposits, trade debts, loans, advances, other receivables, cash and bank balances. Financial liabilities include subordinated loan, term finance certificates, long term loans, finance lease, short term borrowings, trade and other payables and accrued markup. The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

Notes to the Financial Statements

for the year ended June 30, 2007

2.18 Impairment

The carrying amounts of the company's assets are reviewed at each balance sheet date to determine whether there is an indication of impairment loss. Any impairment loss arising is recognized as expense in the profit and loss account.

2.19 Off setting of financial assets and liabilities

A financial asset and a financial liability are offset and the net amount is reported in the balance sheet if the company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

2.20 Dividend and appropriation to general reserves

Dividend and appropriation to general reserves are recognised in the financial statements in the period in which these are approved.

Amounts in Rs '000

	Note	2007	2006
3 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	3.1	5,077,202	3,347,298
Capital work in progress	3.5	1,310,332	372,024
		6,387,534	3,719,322

3.1 Operating fixed assets

Particulars	Cost					Useful life in years	Depreciation					Book value As at June 30, 2007	
	As at July 01, 2006	Transfers	Additions	Revaluation (Deletions)	As at June 30, 2007		As at July 01, 2006	Transfers	For the year	On deletions	As at June 30, 2007		
	(Rupees in '000)						(Rupees in '000)						
Owned													
Freehold land	22,260	-	-	609,100	-	631,360	-	-	-	-	-	631,360	
Leasehold land	213,200	-	-	486,800	-	700,000	-	-	-	-	-	700,000	
Plant and machinery	3,411,280	20,475	12,484	747,939	-	4,192,178	20	611,486	3,694	179,390	-	794,570	3,397,608
Generators	55,300	-	3,500	22,194	-	80,994	15	10,732	-	4,671	-	15,403	65,591
Building on freehold land, roads and civil works	133,189	-	-	32,608	-	165,797	25	13,017	-	6,023	-	19,040	146,757
Furniture and fixtures	25,921	-	1,426	-	-	27,347	10	6,291	-	2,325	-	8,616	18,731
Computer and allied	6,677	-	11,182	-	-	17,859	3	2,397	-	4,879	-	7,276	10,583
Safety and lab equipments	11,905	-	2,529	2,380	-	16,814	5	1,817	-	3,381	-	5,198	11,616
Vehicles	31,846	-	26,183	-	(12,742)	45,287	5	4,599	-	9,382	(2,973)	11,008	34,279
Portable cabins	2,806	5,155	1,238	-	-	9,199	10	1,369	2,516	686	-	4,571	4,628
Sub - Total	3,914,384	25,630	58,542	1,901,021	(12,742)	5,886,835		651,708	6,210	210,737	(2,973)	865,682	5,021,153
Leased													
Plant and machinery	72,721	(20,475)	-	-	-	52,246	20	9,611	(3,694)	3,506	-	9,423	42,823
Vehicles	26,307	-	-	-	-	26,307	5	7,434	-	5,647	-	13,081	13,226
Portable cabins	5,155	(5,155)	-	-	-	-	10	2,516	(2,516)	-	-	-	-
	104,183	(25,630)	-	-	-	78,553		19,561	(6,210)	9,153	-	22,504	56,049
2007	4,018,567	-	58,542	1,901,021	(12,742)	5,965,388		671,269	-	219,890	(2,973)	888,186	5,077,202
2006	3,504,773	-	516,130	-	(2,336)	4,018,567		347,184	-	325,598	(1,513)	671,269	3,347,298

Notes to the Financial Statements

for the year ended June 30, 2007

Amounts in Rs '000

3.2 Depreciation charge for the year has been allocated as follows:

Administrative and selling	22,233	9,650
Cost of sales	197,657	315,948
	<u>219,890</u>	<u>325,598</u>

3.3 Detail of asset disposed off during the year

Particulars	Cost	Accumulated Depreciation	Book Value	Sale Proceeds	Gain/ (Loss)	Mode of Disposal	Particulars of Buyer
(Rupees in '000)							
Vehicles	12,742	2,973	9,769	12,000	2,231	Negotiation	M/s Premier Services (Pvt.) Ltd. (Associated undertaking)
2007	<u>12,742</u>	<u>2,973</u>	<u>9,769</u>	<u>12,000</u>	<u>2,231</u>		
2006	<u>2,336</u>	<u>1,513</u>	<u>823</u>	<u>584</u>	<u>(239)</u>		

3.4 Had there been no revaluation the carrying amounts of revalued assets as at June 30, 2007 would have been as follows :

Freehold land	22,260
Leasehold land	213,200
Plant and machinery	2,674,328
Generators	44,426
Buildings on freehold land, roads and civil works	114,986
Safety and lab equipments	9,681
	<u>3,078,881</u>

3.5 Capital work in progress

Plant and machinery	1,019,453	358,590
Plant and machinery - Leased	138,708	-
Civil and mechanical works	152,171	13,434
	<u>1,310,332</u>	<u>372,024</u>

3.5.1 Additions to capital work in progress includes Rs.196.286 million (2006:Rs.25.420 million) borrowing cost capitalized during the year relating to the specific borrowings taken for the projects.

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for the year ended June 30, 2007

Amounts in Rs '000

	Note	2007	2006
4 INTANGIBLE ASSET			
Computer software (ERP Solutions)		17,696	17,696
Less: Amortized during the year		(3,539)	-
		<u>14,157</u>	<u>17,696</u>
4.1	The computer software is being amortized on straight line basis over the use life of five years.		
5 LONG TERM INVESTMENTS			
Associated companies			
Bosicor Chemicals Pakistan Limited		150,000	-
Bosicor Oil Pakistan Limited		150,000	-
		<u>300,000</u>	<u>-</u>
5.1	These represent advance against future issuance of 15 million shares @ Rs.10/- in each of the associated companies.		
6 STORES AND SPARES			
Stores and spares		122,570	78,826
Stores in transit		15,772	15,329
		<u>138,342</u>	<u>94,155</u>
7 STOCK IN TRADE			
Raw material		4,343,029	3,263,658
Finished goods		834,393	645,737
		<u>5,177,422</u>	<u>3,909,395</u>
8 TRADE DEBTS - Considered good			
Trade debt include receivables amounting to Rs. 9.144 million (2006: Rs. 9.144 million) in respect of price differential claims from Ministry of Petroleum, Government of Pakistan.			
9 LOANS AND ADVANCES - Considered good			
Employees	9.1	17,013	1,376
Suppliers and contractors		69,992	24,386
		<u>87,005</u>	<u>25,762</u>

9.1 This includes Rs.13.482 million (2006: 0.471 million) due from executives of the company.

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for the year ended June 30, 2007

Amounts in Rs '000

	2007	2006
10 TRADE DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
Deposits	3,304	3,026
Pre-payments	9,483	6,010
Current account balances with statutory authorities:		
Advance Income tax	96,162	29,550
Sales tax adjustable/refundable	143,905	11,130
	<u>252,854</u>	<u>49,716</u>
11 CASH AND BANK BALANCES		
Cash in hand	36	184
Cash at banks		
- Current account	796,969	230,256
- Deposit account	991,858	1,959,338
	<u>1,788,863</u>	<u>2,189,778</u>
12 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		
245,065,248 Ordinary shares of Rs.10/- each fully paid in cash (2006: 245,065,248 of Rs.10/- each)	<u>2,450,652</u>	<u>2,450,652</u>
12.1 135,870,899 shares (2006: 135,870,899 shares) are held by Bosicor Corporation Limited (holding company) representing 55.44% (2006: 55.44%) shareholding in the company.		
13 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		
Surplus arising due to revaluation of Property, plant and equipment carried out during the year	1,901,021	-
Related deferred tax liability	(281,792)	-
Transfer to accumulated loss in respect of incremental depreciation charged during the year - Net of tax	(17,531)	-
Surplus on revaluation of Property, plant and equipment - Closing	<u>1,601,698</u>	<u>-</u>

The following Property, plant and equipment owned by the company were revalued by independent valuers M/s Rizvi Associates (Pvt) Limited (Surveyors Assessors & Professional Engineers) and by M/s Imran Associates (Surveyors, evaluators) using prevailing market value being the basis of revaluation. The effective dates of revaluation are September, 2006, November, 2006 and December, 2006. The surplus arising from revaluation is Rs.1,901.021 million. The closing balance of surplus on revaluation of Property, plant and equipment is not available for distribution to shareholders.

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Amounts in Rs '000

Particulars	W.D.V. of Assets Before Revaluation	Revalued Amount	Revaluation Surplus
Freehold land	22,260	631,360	609,100
Leasehold land	213,200	700,000	486,800
Plant and machinery	2,797,033	3,544,973	747,940
Generators	43,140	65,334	22,194
Buildings on free hold land, roads & civil works	118,012	150,619	32,607
Safety and lab equipments	8,900	11,280	2,380
Total	3,202,545	5,103,566	1,901,021

14 CONTRIBUTION TOWARDS RIGHT ISSUE OF SHARES

During the year company offered right issue of shares @ 60% (i.e. 3 shares for every 5 shares held) accumulating to Rs. 1,470.4 million. The unsubscribed portion of Rs. 36.363 million has been received from underwriters to the issue subsequent to the balance sheet date.

15 SUBORDINATED LOAN FROM SPONSOR - Unsecured

Bosicor Corporation Limited

2007	2006
-	452,594
535,698	750,000
(214,302)	(214,302)
321,396	535,698

The loan has been converted into share capital under right issue of shares subsequent to the balance sheet date therefore the said amount has been transferred to Contribution towards right issue of shares.

16 TERM FINANCE CERTIFICATES - Secured

Term finance certificates
Less: Current maturity

These represent privately placed term finance certificates (TFCs) with a face value of Rs. 5,000 each, which have been fully subscribed (including green shoe option of Rs. 250 million). The tenor of the TFCs is 5 years including grace period of 18 months and carries markup @ 550 bps plus 6 Months KIBOR (floor: 9%, cap:13%) payable semi annually and are secured by first charge, ranking pari passu over all present and future fixed assets of the company with 25% margin.

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Amounts in Rs '000

	Note	2007	2006
17 LONG TERM LOANS - Secured			
From Banks			
Term finance	17.1	49,999	83,333
Term finance - I	17.2	238,680	136,730
Term finance - II	17.3	175,000	200,000
Syndicated Loan	17.4	700,000	-
From Related Party			
Financial Institution			
Term finance	17.5	32,813	51,563
Term finance - II	17.6	150,000	-
		1,346,492	471,626
Less: Current maturity			
Banks		283,003	33,333
Related Party		78,750	18,750
		361,753	52,083
		984,739	419,543

17.1 The facility is secured against first charge, ranking pari passu over present and future plant and machinery. The facility is payable in six equal semi-annual installments commencing from April 2006. The facility carries markup @ 3% over 6 month average KIBOR payable semi-annually.

17.2 The facility is secured against first charge, ranking pari passu over present and future fixed assets. The tenor of financing is five years including a grace period of One year and is repayable in eight equal semi-annual installments starting from the 19th month of first disbursement. The facility carries markup @ 3% over 6 month average KIBOR payable semi-annually.

17.3 The facility is secured against first charge, ranking pari passu over present and future fixed assets. The tenor of financing is five years including a grace period of One year and is repayable in eight equal semi-annual installments starting from the 19th month of first disbursement. The facility carries markup @ 3% over 6 month average KIBOR payable semi-annually.

17.4 The loan has been obtained from syndicate of banks and financial institutions with Allied Bank Limited as a Trustee. The facility is secured against first hypothecation charge, ranking pari passu over present and future fixed assets. The tenor of financing is five years and is repayable in ten semi-annual installments starting from the 7th month of first disbursement. The facility carries markup @ 3% over 6 month average KIBOR payable alongwith the principle amount.

17.5 The facility is secured against first charge, ranking pari passu on plant and machinery. The facility is payable in 16 equal quarterly installments starting from June 2005. The facility carries markup @ 3.5% (2006: 6.30%) over 6 month average KIBOR payable quarterly.

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17.6 The facility is secured against first charge, ranking pari passu on present and future fixed assets. The facility is payable in 10 equal quarterly installments starting from September 2007. The facility carries markup @ 3% over 6 month average KIBOR payable quarterly.

18 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2007		2006	
	Lease Payments		Lease Payments	
	Minimum	Present Value	Minimum	Present Value
Less than one year	54,919	34,320	30,495	23,716
One to five years	180,235	145,454	54,065	45,364
Total minimum lease payments	235,154	179,774	84,560	69,080
Less: Financial charges allocated to the future period	55,380	-	15,480	-
Present value of minimum lease payments	179,774	179,774	69,080	69,080
Less: Transferred to current maturity	34,320	34,340	23,716	23,716
	145,454	145,454	45,364	45,364

The Company entered into lease agreement with various leasing companies to acquire plant and machinery and vehicles. The rentals under these lease agreements are payable monthly / quarterly up to April 30, 2012. Financing rates ranging from 9% to 14% per annum (2006: 7.2% to 12.81% per annum) have been used as discounting factors. The cost of operating and maintaining the leased assets is borne by the company. The Company intends to exercise its option to purchase the leased assets at the residual values of assets upon the completion of the respective lease periods.

The lease liability includes Rs.0.829 million (2006:Rs.2.996 million) payable to associated leasing company.

19 DEFERRED TAXATION

Deferred tax liability arising due to

Accelerated depreciation allowances
Finance lease transactions

2007

2006

602,467
5,244

585,565
5,440

Deferred tax asset arising due to
available tax losses and credits

(854,519)

(554,831)

Deferred tax asset not recognised

(246,808)
246,808

36,174
-

Deferred tax liability relating to surplus on revaluation
of property, plant and equipment

-
272,353

36,174

272,353

36,174

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Amounts in Rs '000

	Note	2007	2006
20 TRADE AND OTHER PAYABLES			
Bills payable		7,122,325	5,655,888
Creditors for services		96,220	37,101
Creditors for supplies		94,696	26,723
Advances from customers		64,911	20,070
Payable to staff provident fund		963	-
Accrued expenses		477	1,146
Withholding tax deductions payable		2,210	814
Dividend payable		1,329	-
Workers' profit participation fund	20.1	19,867	26,876
		7,402,998	5,768,618
20.1 Workers' profit participation fund			
Opening balance		26,876	9,600
Provision for the year		-	15,932
Payment during the year		(9,600)	-
Markup on workers' profit participation fund		2,591	1,344
		19,867	26,876
21 SHORT TERM BORROWINGS - Secured			
From bank			
Bridge financing	21.1	211,500	600,000
From related party (financial institution)	21.2	37,500	-
		249,000	600,000

21.1 The bridge financing facility has been obtained to meet the requirements of capital expenditure and working capital. The facility carries markup @ 1.5% (2006: 1.25%) over 6 months average KIBOR payable at the time of maturity and is secured by ranking hypothecation charge over plant and machinery of the company with 25% margin.

21.2 Represents short term loan of Rs.75 million repayable in four equal quarterly installments of Rs.18.75 million each. The loan carries markup @ 3% over 6 Months KIBOR and is secured by way of first pari passu hypothecation charge over present and future assets of the Company and demand promissory note.

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Amounts in Rs '000

	2007	2006
22 CURRENT PORTION OF NON CURRENT LIABILITIES		
Term finance certificates	214,302	214,302
Long term loans - Secured	361,753	52,083
Liabilities against assets subject to finance leases	34,320	23,716
	<u>610,375</u>	<u>290,101</u>
23 CONTINGENCIES AND COMMITMENTS		
Commitments in respect of:		
- Letter of credits other than capital expenditures amount to NIL (2006: Rs. 18.06 million.)		
- Capital expenditures amounting to Rs.915 million (2006: Rs. 800 million.)		
24 SALES		
Gross Sales		
Local	22,435,606	21,201,256
Export	913,971	432,263
	<u>23,349,577</u>	<u>21,633,519</u>
Less:		
Sales Tax	(2,926,362)	(2,765,384)
Discounts	-	(9,779)
Excise duty and development surcharge	(1,094,309)	(929,349)
	<u>(4,020,671)</u>	<u>(3,704,512)</u>
	<u>19,328,906</u>	<u>17,929,007</u>
25 COST OF SALES		
Opening stock of raw material	3,263,658	1,336,717
Purchases	20,008,291	18,601,156
Available for use	<u>23,271,949</u>	<u>19,937,873</u>
Closing stock of raw material	(4,343,029)	(3,263,658)
Raw material consumed	<u>18,928,920</u>	<u>16,674,215</u>

Notes to the Financial Statements

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Amounts in Rs '000

	Note	2007	2006
25.1 Manufacturing expenses			
Salaries, wages and other benefits	25.2	109,073	74,977
Staff transportation and catering		26,502	24,991
Stores and spares		79,851	61,607
Crude oil inspection and clearing charges		4,760	13,344
Insurance		13,151	14,292
Industrial gases and chemicals		2,130	5,424
Fuel, power and water		172,478	221,184
Repairs and maintenance		43,822	54,196
Communications		1,025	1,669
Travelling and conveyance		62	758
Rent, rates and taxes		303	1,214
Security		2,819	3,520
Vehicle running		4,247	4,024
Technical fee		3,247	3,955
Depreciation	3.2	197,657	315,948
Total manufacturing expenses		661,127	801,103
Cost of goods manufactured		19,590,047	17,475,318
Opening stock of finished goods		645,737	474,797
Closing stock of finished goods		(834,393)	(645,737)
Cost of goods sold		19,401,391	17,304,378

25.2 Included herein is a sum of Rs.3.069 million (2006: 2.061) million in respect of staff retirement benefits.

26 ADMINISTRATIVE EXPENSES

Salaries, allowances and other benefits	26.1	65,389	44,569
Vehicle running		6,815	3,099
Repairs and maintenance		13,633	1,863
Insurance		2,361	1,648
Fee and subscriptions		11,253	12,213
Utilities		3,970	3,626
Legal and professional		11,465	7,052
Travelling and conveyance		5,600	1,836
Advertisement and subscription		3,199	1,696
Rent, rates and taxes		2,824	1,433
Printing and stationary		4,112	1,106
Auditors' remuneration	26.2	406	420
Amortization of deferred costs		-	2,053
Depreciation	3.2	22,233	9,650
Others		3,137	7,146
Amortization of intangible asset	4	3,539	-
		159,936	99,410

26.1 Included herein is a sum of Rs.2.019 million (2006: 1.051 million) in respect of staff retirement benefits.

Notes to the Financial Statements

for the year ended June 30, 2007

Amounts in Rs '000

	2007	2006
26.2 Auditors' remuneration		
Statutory audit	250	250
Half yearly review	125	125
Out of pocket expenses	31	45
	<u>406</u>	<u>420</u>
27 SELLING AND DISTRIBUTION EXPENSES		
Insurance	199	1,517
Transportation	16,547	5,611
Products handling charges	11,206	15,134
Wharfage on export sales	2,640	974
Others	5,614	-
	<u>36,206</u>	<u>23,236</u>
28 OTHER INCOME		
Profit on deposits	42,974	10,838
Gain / (loss) on disposal of fixed assets	2,231	(239)
Scrap sales	865	460
Insurance claim	-	83,700
Receipts from sponsors	-	6,117
	<u>46,070</u>	<u>100,876</u>
29 FINANCIAL CHARGES		
Markup on:		
- Finance leases	8,298	8,278
- Term finance certificates	83,632	94,096
- Long term loans	34,018	36,021
- Short term borrowings	12,283	23,489
- Running finances	10,975	25,496
- Crude purchases	197,454	82,638
Markup on WPPF	2,591	1,344
Bank charges	4,899	756
Exchange difference - net	50,683	12,224
Export charges	814	1,224
	<u>405,647</u>	<u>285,566</u>
30 TAXATION - Current		

The assessment of the company deemed to have been finalized upto tax year 2006. Since the company has available tax losses therefore provision for taxation is based on minimum tax payable under section 113 of Income Tax Ordinance, 2001.

Notes to the Financial Statements

for the year ended June 30, 2007

Amounts in Rs '000

	2007	2006
30.1 Relationship between accounting (loss) / profit and tax expense for the year		
(Loss) / profit before tax as per accounts	(628,204)	301,361
Applicable tax rate	35%	35%
Tax on accounting (loss) / profit	(219,871)	105,476
Tax effect of accelerated tax depreciation	(15,133)	(20,638)
Tax effect of finance lease transactions	(9,805)	(13,861)
Tax effect of export sales separately covered u/s 154	(12,287)	(1,718)
Carried over / adjustment of losses	(257,096)	69,259
Tax payable under normal rules	257,096	(69,259)
	-	-
Minimum tax payable under section 113 of Income Tax Ordinance, 2001	96,859	89,645
31 (LOSS) / EARNINGS PER SHARE - Basic and diluted		
There is no dilutive effect on the basic (loss) / earnings per share of the company, which is based on:		
Net (loss) / profit after tax	(681,266)	197,030
	Number	
Weighted average number of ordinary shares	245,065,248	245,065,248
(Loss) / earnings per share - Basic and diluted (Rupees)	(2.78)	0.80

Notes to the Financial Statements

for the year ended June 30, 2007

Amounts in Rs '000

32 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise holding company, associated undertakings, directors, key management personnel and staff provident fund. Remuneration and benefits to chief executive, directors and key management personnel under terms of their employment are disclosed in note 33 to the accounts. Transaction with related parties, other than those which have been specifically disclosed elsewhere in these financial statements, are as follows: -

	2007	2006
Holding company:		
Receipt of loan	367,914	450,372
Associated companies:		
Purchase of operating fixed assets	10,680	2,290
Services received	1,845	-
Sale of fixed assets	12,000	-
Payment of rent	350	350
Receipt of loans	225,000	-
Repayment of loan and lease liabilities	58,298	71,027
Payment against services (freight for crude oil)	372,657	348,080
Long term investments	300,000	-
Markup on borrowings and leases	22,733	14,462
Staff provident fund		
Payment of employees and company's contribution	10,321	6,005

33 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the accounts for remuneration, including all benefits, to the Chief Executive, Directors and Executives of the Company was as follows:

	Chief Executive		Directors		Executives		Total	
	2007	2006	2007	2006	2007	2006	2007	2006
Managerial remuneration	3,261	2,100	3,757	6,692	37,463	18,959	44,481	27,751
Provident fund	272	117	--	--	2,254	1,199	2,526	1,316
Housing and utilities	1,630	1,050	1,879	3,200	18,731	9,479	22,240	13,729
Leave passage	244	--	400	343	1,749	386	2,393	729
	5,407	3,267	6,036	10,235	60,197	30,023	71,640	43,525
Number of persons	1	1	2	3	36	19	39	23

Directors and certain executives are provided with the free use of company maintained vehicles.

Directors are not taking any meeting fee.

Notes to the Financial Statements

for the year ended June 30, 2007

Amounts in Rs '000

34 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

34.1 Financial assets and liabilities

	Interest / Markup bearing			Non Interest / Markup bearing			Total	
	Maturity		Total	Maturity		Total	2007	2006
	upto one year	One to five years		upto one year	one to five years			
Financial Assets								
Long term investments	-	-	-	-	-	300,000	300,000	-
Deposits	-	-	-	3,304	17,239	20,543	20,543	7,843
Trade debts	-	-	-	1,079,213	-	1,079,213	1,079,213	1,097,816
Loans, advances and other receivable	-	-	-	17,013	-	17,013	17,013	1,376
Cash and bank balances	991,858	-	991,858	797,005	-	797,005	1,788,863	2,189,778
Total	991,858	-	991,858	1,896,535	17,239	2,213,774	3,205,632	3,296,813
Financial liabilities								
Subordinated loan from sponsor	-	-	-	-	-	-	-	452,594
Term finance certificates	214,302	321,396	535,698	-	-	-	535,698	750,000
Long term loans	361,753	984,739	1,346,492	-	-	-	1,346,492	471,626
Liabilities against assets subject to finance lease	34,320	145,454	179,774	-	-	-	179,774	69,080
Short term borrowings	249,000	-	249,000	-	-	-	249,000	600,000
Trade and other payables	19,867	-	19,867	7,380,921	-	7,380,921	7,400,788	5,767,804
Accrued markup	-	-	-	110,658	-	110,658	110,658	121,273
Total	879,242	1,451,589	2,330,831	7,491,579	-	7,491,579	9,822,410	8,232,377
Net Exposure - 2007	112,616	(1,451,589)	(1,338,973)	(5,595,044)	17,239	(5,277,805)	(6,616,778)	(4,935,564)
Net Exposure - 2006	1,042,361	(1,000,605)	41,756	(4,529,543)	(447,777)	(4,977,320)	(4,935,564)	(2,601,546)

34.2 Foreign exchange risk management

Foreign exchange risk arises mainly where receivables and payables exists due to transactions in foreign currencies. The Company regularly assesses its foreign exchange risk on imports except crude oil and has the option to hedge if there is a major fluctuation in the parity rate.

34.3 Interest rate risk

The effective interest / mark up rates for the monetary financial assets and liabilities are mentioned in respective notes to the financial statements.

34.4 Liquidity risk

Liquidity risk reflects an enterprise's inability in raising funds to meet commitments. The company follows an effective cash management and planning policy to ensure availability of funds and to take appropriate measures for new requirements.

34.5 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction.

Notes to the Financial Statements

for the year ended June 30, 2007

34.6 Concentration of credit risk and risk management

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. The company believes that it is not exposed to any major concentration of credit risk as it operates in an essential products industry. The financial assets exposed to credit risk amount to Rs.1,407.625 million (2006: Rs. 1,107.035 million).

34.7 Off balance sheet financial instruments

Off balance sheet financial liabilities are disclosed in note 23 to the accounts.

35 CAPACITY AND ANNUAL PRODUCTION

	2007	2006
Designed annual refining capacity (at 330 days)	9,900	9,900
Attainable annual refining capacity (at 330 days)	5,940	5,940
Actual throughput during the year	5,067	4,808
%age of actual throughput during the year	85%	81%

The actual throughput for the year remained lower than the designed capacity due to the design limitation of plant. Now the revamp of Crude Distillation Unit has been planned during the month of October and November 2007, after which plant will be ready for utilizing its designed capacity.

36 DATE OF AUTHORIZATION FOR ISSUE

The financial statements were authorized for issue on September 25, 2007 in accordance with the resolution of the Board of Directors of the company.

37 GENERAL

These financial statements are presented in Rupees and Figures have been rounded off to nearest thousand rupees.



Chief Executive



Director

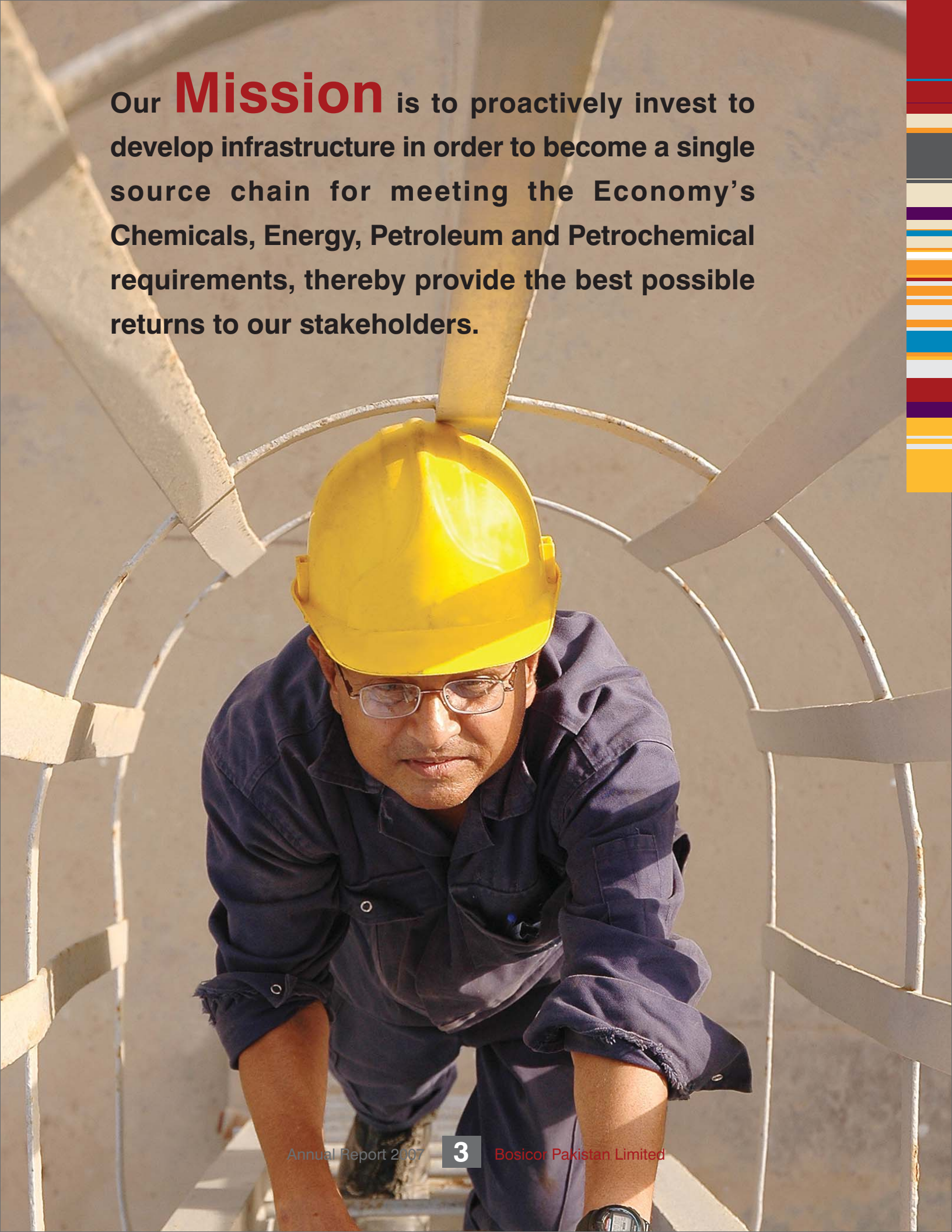


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Our **Vision** is to develop our Company on ethical and professional basis in order to steadily grow and become a valued contributor to the Economy and a respected Corporate Entity.

A man wearing a yellow hard hat and a blue work shirt is leaning over a metal railing. He is looking down with a focused expression. The background shows industrial structures and pipes. The lighting is bright, suggesting an outdoor or well-lit indoor environment.

Our **Mission** is to proactively invest to develop infrastructure in order to become a single source chain for meeting the Economy's Chemicals, Energy, Petroleum and Petrochemical requirements, thereby provide the best possible returns to our stakeholders.



Parvez Abbasi (Late)

The Founder Chairman

1940 to 2006

Mr. Abbasi, a man of vision, direction and achievements throughout his life, graduated from Govt. College Lahore and attended numerous courses in Finance and Marketing from reputable local and international institutions.

Mr. Abbasi started his career during early 60's with Shaw Wallace Pakistan (R. G. Shaw UK Limited) in shipping trade & finance and rose to senior management position during his nine years association with them. In 1969, Mr. Abbasi moved to the oil marketing industry by joining Caltex Oil Pakistan Limited where he held among other positions, the designation of Marketing Manager for Pakistan and Afghanistan during his 10 years with the Company. The unique combination of nearly twenty years of international expertise in shipping and oil marketing industry, led him to launch his own businesses, which over time included many companies related to different sectors, Bosicor Pakistan Limited being one of them.

“Bulk Ocean Shipping, Investments, Crude Oil Refining, i.e. Bosicor” is the extract of entire life of Mr. Parvez Abbasi.

The spirit of sportsmanship was of prime importance to him during his early years and this saw him achieving and winning:

- Junior Punjab Table Tennis Championship;
- Aero Modeling National Championships;
- Inter College and Junior Punjab Tennis Championships;
- Gliding record;
- Solo Cessna flight record with only four hours of training;
- Navigational Award for private pilots;
- Motorboat Championship;
- Water Ski Championship;
- Rapid Fire Pistol Shooting Championship, Rifle Shooting Championships between 1953 and 1996.

A lively, active and leadership personality, Mr. Abbasi remained associated as member of prestigious institutions such as, Institute of Chartered Ship Brokers and the Institute of Transport etc. He also served as Member Managing Committee and Senior Vice Chairman of FPCCI, Vice Chairman and Chairman of Pakistan Ship's Agents Association, Secretary General and Executive Vice President National Rifle Association of Pakistan, Secretary General South Asia Shooting Confederation and Member Executive Committee of Commonwealth Shooting Federation. He was appointed “A Class Jury Judge – Shooting” by the International Olympic Association, sole record so far for Pakistan.

He left for his eternal abode on the 25th of July, 2006. We pray to Almighty Allah to grant him an exalted place in His heavenly abode and to allow us to fulfill his dreams and the vision he had for our Company.



Environment H&S Policy

Our Corporate Policy is to work in such a manner as to prevent personal injury, loss/damage to the property, health and environment.

We declare our Policy as:

- Safety, health and environment is our most priority. All our employees from executive management to common workers are responsible in achieving our Three Zero Targets:
 - **Zero accident**
 - **Zero personal injury**
 - **Zero property loss or damage to the environment**
- Encourage all our employee's safety consciousness
- Assure that all applicable laws and regulations are known and are being followed
- Involve employees for good suggestions
- Improve health and safety standards
- Monitor health & safety performance through established systems.





Statement of Ethics & Business Practices

health and safety. This entails human resource development, enhancing value addition, implementing conservation measures and growth up-gradation and addition of newer generation technologies. Our Company solemnly believes in the application of business ethics as have been embodied in this document.

Bosicor is engaged in the manufacturing of a wide range of petroleum products with the objective to achieve sustainable productivity, profitability and high standards of care for, environment,



- The credibility, goodwill and repute earned can be maintained through continued conviction in our corporate values of honesty, integrity, justice and respect for people. Our Company strongly promotes openness, professionalism, Teamwork and Trust in its entire business activities.
- Safeguarding of Shareholders' interest and a suitable return on equity is an integral part of our business ethics.
- We believe in servicing Customers by providing products, which offer value in terms of environment and price.
- We respect human values, provide congenial working environment, offer competitive terms of employment, develop human resource and

provide an equal opportunity for all our employees.

- We believe that profits are the real yardstick to measure our value addition to the economy and is essential for business survival, as it measures efficiency and value that the customer places on products and services produced by a Company.
- In view of the critical importance of its business and impact on national economy, our Company provides all relevant information concerning its activities to legitimate interested parties, subject to any overriding confidentiality.

A handwritten signature in red ink, reading "Mohammad Wasi Khan".

Mohammad Wasi Khan
President & CEO

Board of Directors

Amir Abbassciy, *Chairman*
Hamid Imtiaz Hanfi, *Director*
Muhammad Rashid Zahir, *Director*
Syed Arshad Raza, *Director*

Audit Sub Committee of the Board

Muhammad Rashid Zahir, *Chairman*
Hamid Imtiaz Hanfi, *Member*
Syed Arshad Raza, *Member*

Corporate Secretariat

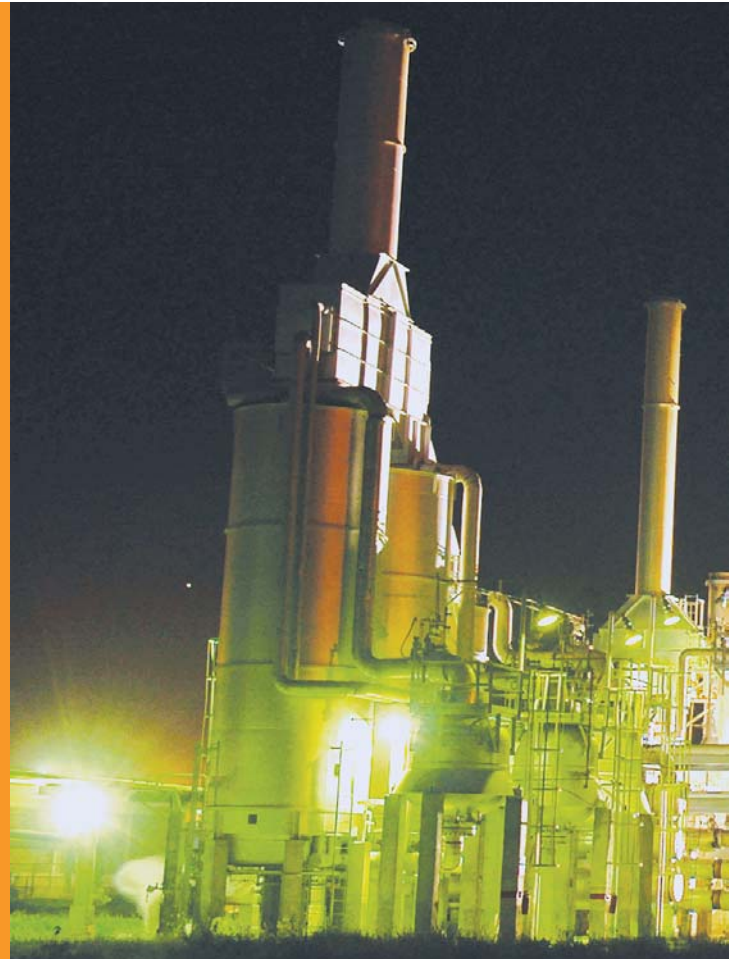
Hamid Imtiaz Hanfi, *Vice Chairman*
Amir Waheed Ahmed, *GM Corporate Services & Company Secretary*

Farooq Ahmed Yamin Zubairi, *Director*
Samia Roomi, *Director*
Uzma Abbassciy, *Director*

Ozair Muhammad, *Secretary*
M. Mazahir Hussain (*by invitation*)

Ozair Muhammad, *Head Internal Financial Audits*

Company Information



CEO / President Secretariat

Mohammad Wasi Khan, *President & Chief Executive Officer*
Derek Lawler, *VP Technical*
Syed Masood Raza, *VP Admin & HR*

Jawed Ahmed, *VP Commercial*
M. Mazahir Hussain, *Chief Financial Officer*

Auditors

Faruq Ali & Co. Chartered Accountants

Legal Advisor

Saleem uz Zaman of Kabraji & Talibuddin

Bankers

Allied Bank Limited
Bank Al-Falah Limited
Bank Islami Pakistan Limited
Habib Bank Limited
Habib Metropolitan Bank Limited

KASB Bank Limited
National Bank of Pakistan
Standard Chartered Bank
United Bank Limited
The Bank of Khyber

Shares Registrar

THK Associates (Pvt) Limited,
Ground Floor, State Life Building No.3,
Dr. Ziauddin Ahmed Road, Karachi - 75530

Tel # 021-111-000-322
Fax # 021-5655595



Registered Office

2nd Floor, Business Plaza,
Mumtaz Hassan Road, Karachi-74000

Tel # 021-111-222-081
021-2410099
021-2410909
Fax # 021-2420722
021-111-888-081

Website

www.bosicor.com.pk

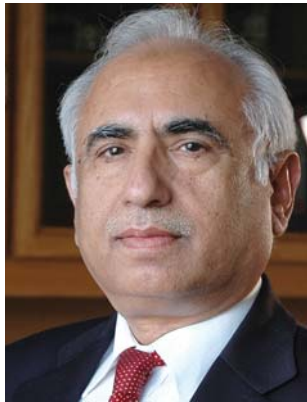
Board of Directors



Amir Abbasciy
Chairman



Hamid Imtiaz Hanfi
Director



Muhammad Rashid Zahir
Director



Syed Arshad Raza
Director



Farooq Ahmed Yamin Zubairi
Director



Samia Roomi
Director



Uzma Abbasciy
Director

Management Team



From Left to Right

M. Mazahir Hussain
Chief Financial Officer

Shamim Anwar
Head Oil Refining Unit

Jawed Ahmed
VP Commercial

Syed Masood Raza
VP Admin & HR

Muhammad Wasi Khan
President & Chief Executive Officer

Muhammad Waseem
GM Projects

Sh. Atta-ur-Rehman
Head Oil Marketing Unit

Derek Lawler
VP Technical

Chairman's Review

In the name of Allah the Most Merciful and the Most Benevolent.

On behalf of the Board of Directors, I am pleased to welcome you all to the 13th Annual General Meeting of your Company to present the Annual Report of Bosicor Pakistan Limited (BPL) together with the Audited Financial Statements and Auditors' Report thereon for the fiscal year ended June 30, 2007.

Internationally, the petroleum prices have shown volatile trend due to supply constraints, rising demands from fast paced developments of the Chinese and Indian economies and geopolitical issues. This year experienced volatility in crude and product prices which led to pressure on refining margins, especially during the first half of the current fiscal year. However, during the second half refining margins started improving as the petroleum prices internationally moved up and maintained those levels. The crude oil marker (Arab Light) ranged between US \$ 52 per barrel to \$70 per barrel with the average of US \$ 61.4 per barrel for the year.



During the year under review, our Country's economic growth has been notably stable and resilient, with GDP maintaining an annual growth rate of 7.0 percent. Compared with other emerging economies in Asia, this puts Pakistan as one of the fastest growing economies in the region. However, the rising inflation, higher interest rates resulting from tight monetary policy and volatility in the petroleum prices led to restricted growth and demand for the petroleum products and resultantly the profitability of oil refining sector remained under pressure.

The volatility in refining margins has adversely impacted the profitability of the Company, especially during the first and second quarters of the fiscal year under review. However, this trend reversed from the third fiscal quarter, and your Company was able to partially recover losses incurred in the first half of the fiscal year and has ended the year with an after tax loss (for full year) of Rs. 681.27 million as compared to a profit after tax of Rs. 197.03 million earned last year. This year, net sales were Rs. 19.33 billion which increased by 7.8% as compared to Rs. 17.93 billion achieved last year, whereas the adverse volatility in refining margins led to a gross loss of Rs. 72.49 million as compared to a gross profit of Rs. 624.63 million earned last year.

We are confident that we have the right strategies to create a robust platform for a sustained performance and build up our asset base. Our overarching aim is to develop integrated position in growth areas. To accomplish this, aggressive efforts are under way to deliver the part of the promised growth plan adopted by the Company and achieve desired goals on the completion of following projects in hand:

- 1. Increase the production capacity after the completion of the revamp of crude distillation unit:**
The project to revamp the crude distillation unit and increase the existing production of around 18,000 bpd to 30,000 bpd is expected to be completed during the second quarter of next fiscal year. This delay has occurred due

The project to revamp the crude distillation unit and increase the existing production of around 18,000 bpd to 30,000 bpd is expected to be completed during the second quarter of next fiscal year.



Successfully entered into the Oil Marketing Business, with the launching of first two modern Fuel Stations during July 2007 in Hazro - Punjab and Sukkur – Sindh with the aim to offer petroleum products and value added services as per international quality and safety standards.

to the delay in the delivery schedule of certain key equipments as advised by the vendor due to their tight operating conditions.

The construction work in this respect has already progressed well and the turn-around for implementation and integration of the project with the existing facilities, will now be carried out during the second quarter of the next fiscal year. This will help in improving plant capacity and reducing per ton operating costs, which is expected to contribute significantly towards improving the profitability of the Company.



- 2. Launching of fuel stations by Company's oil marketing unit:**
With the blessing of Allah, your Company has successfully entered into the Oil Marketing Business, with the launching of first two modern Fuel Stations during



July 2007 in Hazro - Punjab and Sukkur – Sindh with the aim to offer petroleum products and value added services as per international quality and safety standards. Your Company is targeting to open 50 more fuel stations during the next fiscal year ending on 30 June 2008. The oil marketing unit is staffed with professionals having experience of oil marketing business dynamics across the Country and it is expected to contribute positively in improving the profitability of your Company.



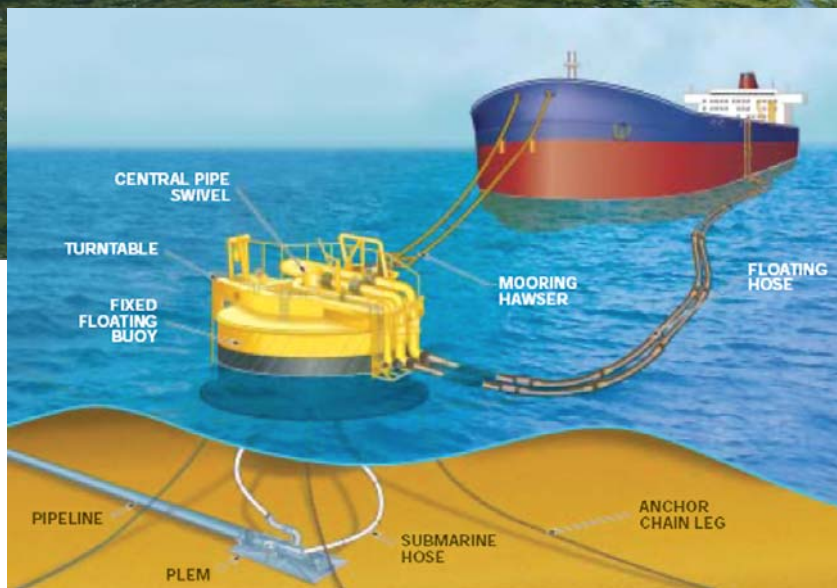
3. Construction of additional storage facilities:

The construction work on the additional storage tanks with a combined capacity of 126,000 tons is progressing and it is expected that these storage tanks will be operational in the fourth quarter of the fiscal year 2008. It will enable your Company to store larger quantities of oil and products for meeting the growth requirements and reduce the handling, carrying and other associated costs.





Ocean survey (Sonar Survey) has already been completed, detail engineering is in progress and procurement process will commence from October 2007.



4. SBM & Sub-sea Pipeline Project:

The project of SBM (Single Buoy Mooring) and the Sub-Sea Pipeline is progressing satisfactorily. In this respect, ocean survey (Sonar Survey) has already been completed, detail engineering is in progress and procurement process will commence from October 2007. The SBM has already been purchased by the Coastal Refinery Limited (CRL) and it will be connected with the Refinery through sub-sea pipelines to be laid by your Company. Completion target of this project is fourth quarter of the fiscal year, 2008. The project will improve freight economics, reduce transit losses and is expected to contribute positively in improving the financial performance of your Company.



The capacity of Isomerization unit is 12,500 bbls / day, which is sufficient to process all our exportable Naphtha. Gasoline obtained from Isomerization can be exported to neighboring Countries at a price significantly higher than export Naphtha or consumed in local market with environmental advantages. The contribution to profitability from the Isomerisation unit is expected by 2010.

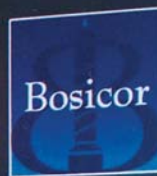
5. Isomerization Unit:

Over the longer term period, i.e. 2009 – 2010, your Company will Insha Allah add an Isomerization unit for converting and upgrading Light Naphtha into environmental friendly low Benzene Motor Gasoline, with low aromatic content. At present, most of the refineries are exporting Naphtha which can be upgraded to gasoline by processing it through an Isomerization unit. Realizing this potential, it has been decided to acquire a UOP licensed and designed Isomerization unit to integrate it with the existing Refinery. The capacity of Isomerization unit is 12,500 bbls / day, which is sufficient to process all our exportable Naphtha. Gasoline obtained from Isomerization can be exported to neighboring Countries at a price significantly higher than export Naphtha or consumed in local market with environmental advantages. The contribution to profitability from the Isomerisation unit is expected by 2010.



Bosicor Pakistan Limited Extra Ordinary General Meeting

Date : 19th March, 2007
Venue : Sheraton Hotel Karachi



A syndicated loan of Rs. 2.6 billion has been signed during the year with a consortium of financial institutions and the equity portion of the funding has already been injected through a 60% right shares issue of Rs. 1,470.4 million.

FINANCING ARRANGEMENTS:

The financing arrangements for all the above mentioned projects are already in place. A syndicated loan of Rs. 2.6 billion has been signed during the year with a consortium of financial institutions and the equity portion of the funding has already been injected through a 60% right shares issue of Rs. 1,470.4 million.

FUTURE OUTLOOK:

Going forward, we see Pakistan in the midst of its strongest economic expansion phase with increased investment, growing middle class, higher consumption and favorable demographics. Together these factors will play an important role in sustaining the Country's growth momentum in the medium-term.

In line with country's expected robust economic growth in general and petroleum sector in particular, your Company is rigorously pursuing its aim to deliver long term projects to add value, improve supply chain advantage and benefit from achieving business synergies.

INVESTMENT IN ASSOCIATES:

Your Company has injected an amount of Rs. 150 million each in Boscicor Chemicals Pakistan Limited (BCPL) and Boscicor Oil Pakistan Limited (BOPL) as investment in the ordinary share capital of these entities, after the approval accorded in the Extra Ordinary General Meeting (EOGM) of the Company held on 19th March 2007. Both the entities are in the project phase and your Company is expected to benefit from the synergies after completion of these projects in addition to the economic benefits from various contract arrangements and increase in the scope and size of operations. A brief on these projects is provided below:

a) Boscicor Oil Pakistan Limited

BOPL will setup an oil refinery with a crude refining capacity of 115,000 bpd at a leased site measuring 100 acres, in Mouza Kund estate, owned by your Company at District Hub, Lasbela, Balouchistan. Dismantling and refurbishment of this Refinery has been initiated. The project is expected to be commissioned in the third fiscal quarter of 2009-10. The Company will be producing Liquid Petroleum Gas, Light and Heavy Naphtha, High Octance Blending Component, Motor Gasoline, Kerosine, Aviation Fuels 1, 4 and 8, High Speed Diesel and Furnace Oil.

BOPL will enter into land lease, feed stock facility, single buoy mooring (“SBM”) Sub sea pipeline and storage facility usage, and operations and maintenance (“O&M”) agreements with your Company.

b) Boscicor Chemicals Pakistan Limited

BCPL will setup an Aromatics Plant with a capacity of 17,100 bbls per day to produce petrochemical products such as raffinate, C-9, benzene, mixed xylene, para xylene, ortho xylene and cyclohexane to meet the Country’s deficit requirements. It is envisaged that BCPL will also enter into land lease, feed stock facility, Single Buoy Mooring (“SBM”) Sub-sea Pipeline and Storage Facility usage and Operations and Maintenance (“O&M”) agreements with your Company.

The project is expected to be commissioned in the third fiscal quarter of 2009-10. The Company will be producing Liquid Petroleum Gas, Light and Heavy Naphtha, High Octance Blending Component, Motor Gasoline, Kerosine, Aviation Fuels 1, 4 and 8, High Speed Diesel and Furnace Oil.



CORPORATE SOCIAL RESPONSIBILITIES:

The Company is committed to achieving sustained commercial success and growing shareholder value. We do this not just for meeting our goals, but for operating in a socially responsible manner. We prefer to hire and provide jobs to the local people and have contributed in improving the infrastructure of the underdeveloped area by laying and re-carpeting roads, providing ready access to water etc. Your company's efforts have provided better opportunities to locals and enhanced their earning potential.



ENVIRONMENTAL, HEALTH & SAFETY:

Operational safety continues to receive the highest priority to keep it in compliance with internationally recognized safety management systems. Upgradation of Emergency Response, Safety and Protective Equipment is periodically undertaken to continuously conform to international safety standards. Your Company remains committed to meeting the environmental standards and achieving excellence in this area.



CONTRIBUTION TO NATIONAL EXCHEQUER:

During the current year the Company contributed an amount of Rs. 4.118 billion to the national exchequer through direct and indirect taxes. Export of products, valued at US \$ 15.10 million has contributed towards improving the country's balance of payments.

HUMAN RESOURCE DEVELOPMENT:

Your Company pays special attention on the training of its Employees. All new Employees have to go through an Orientation Training Program. Training courses are held on a periodic basis and are mandatory.

Your Company has introduced and approved apprenticeship program where theoretical and practical training is imparted prior to offering confirmed employment to successful candidates.

Focus, discipline and execution are the keys for achieving superior competitive performance. At Bosicor, we focus on environment, health and safety, while striving to achieve operational excellence to energise economic growth. Our People are our strength and we value their efforts, dedication, resourcefulness and sheer ingenuity which drives our success. The focused efforts, dedication and commitment of your Company's Employees will enable us to produce improved operating performance.

Your Refinery has achieved the safest year in its operating history without any incident of lost time injury and our operational team has ensured your Refinery meets the National Environmental Quality Standards.

In conclusion, the Board prays to almighty Allah for His continued blessings and would like to extend its gratitude to our Shareholders for their support, the Financial Institutions for their confidence and trust, the Ministry of Petroleum and Natural Resources and the Oil and Gas Regulatory Authority for their assistance and the Company's Employees for their dedicated efforts.



For & on behalf of the Board of Directors

AMIR ABBASCIY
Chairman

Directors' Report

The Directors of your Company are pleased to present their annual report together with the audited financial statements and auditors' report thereon for the year ended June 30, 2007.

Syed Masood Raza resigned from the Board of Directors of the Company with effect from October 30, 2006 and Capt. Farooq Ahmed Yamin Zubairi joined the Board to fill the casual vacancy Syed Masood Raza has been holding after the sad demise of our ex-chairman and the founder of the Bosicor Pakistan Limited (BPL), Mr. Parvez Abbasi on July 25, 2006. With effect from June 25, 2007, Mr. Hamid Imtiaz Hanfi has joined the Board of Directors of the Company in place of Mr. Muhammad Mahmood Hussain who has resigned from the Board of Directors of the Company due to his other professional commitments. The Board wishes to place on record the valuable services rendered by the outgoing Directors, Syed Masood Raza and Mr. Muhammad Mahmood Hussain, and also welcomes the incoming Directors of the Company.





Performance Overview:

The refinery operations were better than last year, as the operating capacity increased to 15,355 barrels per day as compared to 15,218 barrels per day achieved during the last year. This equates to an annual crude oil consumption of 712,240 metric tons, 5.7% higher than the crude consumption of 673,537 metric tons during the last year.

The refining margins continued to remain under pressure and the company incurred a gross loss of Rs. 72.49 million as compared to a gross profit of Rs. 624.63 million earned during last year.

During the year under review, the Company achieved net sales of Rs. 19.33 billion as compared to net sales of Rs. 17.93 billion for the last year and ended the year with an after tax loss of Rs. 681.27 million as compared to after tax profit of Rs. 197.03 million earned last year. The financial results highlights are as follows:

Amount in Rs. '000

Loss before taxation	(628,204)
Taxation	(53,062)
Loss after taxation	(681,266)
Un-appropriated profit brought forward	226,154
Transfer from surplus on revaluation of Property, plant and equipment – net of tax	17,531
Un-appropriated loss carried forward	(437,581)

During the year your company has finalized agreement to obtain a syndicated term loan of Rs. 2.6 billion to finance the debt portion for implementing the ongoing projects:

- Construction of additional storage tanks with a combined capacity of 126,000 tons;
- Laying of sub-sea pipeline for the SBM project; and
- Addition of Isomerization Penex-Molex Unit

The equity portion has also been arranged through the issue of 60% right shares amounting to Rs. 1,470.4 million during the year.

Earnings Per Share:

During the year under review, based on the net loss the earnings per share was Rs. (2.78) as compared to Rs. 0.80 earned last year, as a result the Directors have not recommended payment of dividend for the year ended June 30, 2007.

Future Plans:

The Company's ongoing and future business plans are covered in detail in the Chairman's Review.

Compliance with the Code of Corporate Governance:

As required under the Code of Corporate Governance, the Directors are pleased to state as follows:

- The financial statements, prepared by the management of the Company present fairly its state of affairs, the results of the its operations, cash flows and changes in equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment, except for the change in depreciation policy as explained in note 2.4.



- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- The system of internal control and other such procedures, which are in place, are being continuously reviewed by the Internal Audit Function. The process of review will continue and any weakness in controls will be removed.
- The meeting of the Audit Committee is held at least once every quarter prior to approval of interim and final financial results of the Company and as required by the Code.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the Listing Regulations.
- Key operating and financial data for the last six years is summarized on page 55.
- The management of the Company is committed to good corporate governance, and appropriate steps have been taken to comply with best practices.



- The value of investments in the staff retirement funds for the year ended June 30, 2007 is as follows:

Bosicor Pakistan Limited - Staff Provident Fund 2007 Rs. 9.793 million (2006: Rs. 6.293 million)

- During the year ten meetings of the Board of Directors were held. Attendance by each Director was as follows:

Name of Directors	No. of BOD Meetings Attended
1. Mr. Amir Abbassciy	10
2. Mr. M. Rashid Zahir	7
3. Syed Arshad Raza	9
4. Mr. Farooq Ahmed Yamin Zubairi (i)	5
5. Mr. M. Mahmood Hussain (ii)	6
6. Mrs. Samia Roomi	4
7. Mrs. Uzma Abbassciy	2
8. Syed Masood Raza (iii)	3
9. Mr. Hamid Imtiaz Hanfi (iv)	0

(i) Joined the Board w.e.f. October 30, 2006

(ii) Resigned from the Board w.e.f. June 25, 2007

(iii) Resigned from the Board w.e.f. October 30, 2006

(iv) Joined the Board w.e.f. June 25, 2007

Leave of absence was granted to Directors who could not attend some of the Board meetings.



Pattern of Shareholding

- The pattern of shareholdings in the Company and additional information as at June 30, 2007 appears on page 56.
- Bosicor Corporation Limited continues to hold 55.44% shares, while institutions and Banks held 7.28%, and individuals held the balance 37.28%.
- The highest and lowest market prices during 2007 were Rs. 24.65 and Rs. 12.00 per share respectively.
- The Directors, CEO, CFO and Company Secretary and their spouse and minor children did not carry out any transaction in the shares of the Company during the year, except for purchase of 500 shares by Mr. Farooq Ahmed Yamin Zubairi, as qualification shares on becoming Director of the Company.

Karachi: September 25, 2007

External Auditors

The Company's present auditors, M/s Faruq Ali & Co., Chartered Accountants retire at the conclusion of the Annual General meeting and being eligible have offered themselves for re-appointment for the next fiscal year.

Acknowledgement

The Board of Directors would like to take this opportunity to extend its gratitude to Shareholders, Government and regulatory authorities, our customers and strategic partners for their continued support, the Financial Institutions for their confidence and trust and the Company's Employees for their dedicated efforts.

For & on behalf of the Board of Directors

AMIR ABBASCIY
Chairman

Review report to the members on statement of compliance with best practices of code of corporate governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **Bosicor Pakistan Limited** to comply with the respective Listing Regulations of the Karachi, Lahore and Islamabad Stock Exchanges where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Based on our review nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2007.



Faruq Ali & Co.
Chartered Accountants

Karachi: September 25, 2007

Statement of compliance with the Code of Corporate Governance

for the year ended June 30 2007

This statement is being presented to comply with the Code of Corporate Governance contained in the Listing Regulations of the stock exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of Corporate Governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present, the Board includes one independent non-executive Director.
2. The Directors voluntarily confirmed that none of them is serving as a director in more than ten listed companies, including Bosicor Pakistan Limited.
3. The Directors have voluntarily declared that all the resident directors of the Company are registered taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or a NBFIs. None of the directors is a member of any of the stock exchanges on which the Company's shares are listed.
4. During the year two casual vacancies occurred in the Board of Directors on 30 October 2006 & 25 June 2007, which were filled up by the Directors on the same dates.
5. The Board of Directors adopted a 'Statement of Ethics and Business

Practices', which has been signed by all the Directors and Employees of the Company.

6. The Board of Directors approved and adopted a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other Executive Directors, have been taken by the Board.
8. During the year ten meetings of the Board were held which were presided over by the Chairman. Written notices of the Board Meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of all ten meetings were appropriately recorded and circulated in time.
9. The Directors have been provided with copies of the Listing Regulations of the Stock Exchange, the Company's Memorandum and Articles of Association and the Code of Corporate Governance. The Directors were apprised of their duties and responsibilities through various in-house and external orientation courses.
10. Syed Abrar Hussain Bokhari resigned as Company Secretary

Statement of compliance with the Code of Corporate Governance

for the year ended June 30 2007

of the Company and the Board appointed Mr. Amir Waheed Ahmed as Company Secretary of the Company with effect from 09 January 2007. Mr. Asad A. Siddiqui resigned as CFO of the Company and the Board appointed Mr. Mazahir Hussain as CFO of the Company with effect from 26 April 2007. The Board has also appointed Mr. Ozair Muhammad as the Head Internal Financial Audits during the year.

11. The Directors' report for the year ended 30 June 2007 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by the CEO and CFO, before approval of the Board.
13. The Directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee. It comprises of three members, two of whom are non-executive Directors including the Chairman of the Committee.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of quarterly, half yearly and final results of the Company as required by the Code. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
17. The Board has set-up an effective internal audit function and that is involved in the Internal Audit on full time basis relating to the business and other affairs of the Company.
18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the Institute of Chartered Accountants of Pakistan.
19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
20. We confirm that all other material principles contained in the Code have been complied with.

Statement of Compliance with the Best Practices of Transfer Pricing:

The Company has fully complied with the Best Practices on Transfer Pricing as contained in the Listing Regulations of the Stock Exchanges in respect of all transactions carried out during the year ended June 30, 2007.

For and on behalf of the Board of Directors



Mohammad Wasi Khan
President & CEO

Auditors' Report to the Members

We have audited the annexed balance sheet of **BOSICOR PAKISTAN LIMITED** as at June 30, 2007 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) In our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;
- b) in our opinion:
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - ii) the expenditure incurred during the year was for the purpose of the company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2007 and of the loss, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.



Faruq Ali & Co.
Chartered Accountants

Karachi: September 25, 2007

Balance Sheet

as at June 30, 2007

Amounts in Rs '000

	Note	2007	2006
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	3	6,387,534	3,719,322
Intangible asset	4	14,157	17,696
Long term deposits		17,239	4,817
Long term investments	5	300,000	-
CURRENT ASSETS			
Stores and spares	6	138,342	94,155
Stock in trade	7	5,177,422	3,909,395
Trade debts - Considered good	8	1,079,213	1,106,960
Loans and advances - Considered good	9	87,005	25,762
Trade deposits, prepayments and other receivables	10	252,854	49,716
Cash and bank balances	11	1,788,863	2,189,778
		8,523,699	7,375,766
		15,242,629	11,117,601
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 500,000,000 (2006: 360,000,000) Ordinary shares of Rs.10/- each		5,000,000	3,600,000
Issued, subscribed and paid-up capital	12	2,450,652	2,450,652
Accumulated (loss) / unappropriated profit		(437,581)	307,939
		2,013,071	2,758,591
Surplus on revaluation of property, plant and equipment	13	1,601,698	-
NON-CURRENT LIABILITIES			
Contribution towards right issue of shares	14	1,434,028	-
Subordinated loan from sponsor - Unsecured	15	-	452,594
Term finance certificates - Secured	16	321,396	535,698
Long term loans - Secured	17	984,739	419,543
Liabilities against assets subject to finance lease	18	145,454	45,364
Deferred taxation	19	272,353	36,174
CURRENT LIABILITIES			
Trade and other payables	20	7,402,998	5,768,618
Accrued markup		110,658	121,273
Short term borrowings - Secured	21	249,000	600,000
Current portion of non current liabilities	22	610,375	290,101
Provision for taxation		96,859	89,645
		8,469,890	6,869,637
CONTINGENCIES AND COMMITMENTS			
	23	-	-
		15,242,629	11,117,601

The annexed notes form an integral part of these financial statements.



Chief Executive



Director

Profit and Loss Account

for the year ended June 30, 2007

Amounts in Rs '000

	Note	2007	2006
Sales	24	19,328,906	17,929,007
Cost of sales	25	19,401,391	17,304,378
Gross (loss) / profit		(72,485)	624,629
Operating expenses			
Administrative expenses	26	159,936	99,410
Selling and distribution expenses	27	36,206	23,236
		196,142	122,646
Operating (loss) / profit		(268,627)	501,983
Other income	28	46,070	100,876
		(222,557)	602,859
Other charges			
Financial charges	29	405,647	285,566
Workers' profit participation fund		-	15,932
		405,647	301,498
(Loss) / profit before taxation		(628,204)	301,361
Taxation			
Current year	30	96,859	89,645
Prior year		1,817	-
Deferred		(45,614)	14,686
		53,062	104,331
(Loss) / profit after taxation		(681,266)	197,030
(Loss) / earnings per share - Basic and diluted (Rupees)	31	(2.78)	0.80

The annexed notes form an integral part of these financial statements.



Chief Executive



Director

Cash Flow Statement

for the year ended June 30, 2007

Amounts in Rs '000

	2007	2006
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) / profit before taxation	(628,204)	301,361
Adjustments for non cash and other items:		
Depreciation and amortization	223,429	327,651
Financial charges	405,647	285,566
Exchange difference on restatement of subordinated loan	-	2,222
(Gain) / loss on disposal of fixed assets	(2,231)	239
Workers' profit participation fund	-	15,932
Cash flow before working capital changes	(1,359)	932,971
Movement in working capital		
(Increase) / decrease in current assets		
Stores and spares	(44,187)	(9,371)
Stock in trade	(1,268,027)	(2,097,070)
Trade debts - Considered good	27,747	153,202
Loans and advances - Considered good	(61,243)	(6,137)
Trade deposits, prepayments and other receivables	(136,526)	7,799
Increase / (decrease) in current liabilities		
Trade and other payables	1,640,060	3,169,924
Cash generated from / (used in) operations	156,465	2,151,318
Payments for:		
Financial charges	(415,893)	(189,742)
Taxes	(158,074)	(79,021)
Workers' profit participation fund	(9,600)	-
Net cash (used in) / generated from operating activities	(427,102)	1,882,555
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(858,141)	(714,836)
Intangible assets	-	(11,927)
Sale proceeds of fixed assets	12,000	584
Long term deposits	(12,422)	83,032
Long term investments	(300,000)	-
Net cash used in investing activities	(1,158,563)	(643,147)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds against right issue of shares	983,656	-
Payment of dividend	(80,456)	-
Proceed against subordinated loan from sponsor	-	450,372
Repayment of term finance certificates	(214,302)	-
Repayment of long term loans	(77,084)	(18,750)
Receipt against long term loans	351,950	420,063
Liabilities against assets subject to finance lease - Net	(28,014)	(41,657)
Short term borrowings	249,000	-
Net cash generated from financing activities	1,184,750	810,028
Net (decrease) / increase in cash and cash equivalents	(400,915)	2,049,436
Cash and cash equivalents as at 1st July	2,189,778	140,342
Cash and cash equivalents as at 30th June	1,788,863	2,189,778

The annexed notes form an integral part of these financial statements.



Chief Executive



Director

Statement of Changes in Equity

for the year ended June 30, 2007

	Issued, Subscribed and Paid-up Capital	Accumulated (Loss)/ Unappropriated Profit	Total
	(Rupees in '000)		
Balance as on July 01, 2005	2,450,652	110,909	2,561,561
Net profit for the year	-	197,030	197,030
Balance as on June 30, 2006	2,450,652	307,939	2,758,591
Final dividend for the year ended June 30, 2006		(81,785)	(81,785)
Net loss for the year	-	(681,266)	(681,266)
Transfer from surplus on revaluation of property, plant and equipment - Net of tax	-	17,531	17,531
Balance as on June 30, 2007	2,450,652	(437,581)	2,013,071

The annexed notes form an integral part of these financial statements.



Chief Executive



Director

Notes to the Financial Statements

for the year ended June 30, 2007

1 THE COMPANY AND ITS OPERATIONS

The Company was incorporated in Pakistan as a public limited company on January 09, 1995 and was granted a certificate of commencement of business on March 13, 1995. The shares of the company are listed on the Karachi, Lahore and Islamabad Stock Exchanges. The company is engaged in the production and sale of the petroleum products.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of Companies Ordinance, 1984. Approved accounting standards comprise of such International Accounting Standards as notified under the provisions of the Companies Ordinance, 1984. Wherever, the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984 or the requirements of the said directives take precedence.

2.2 Basis of preparation

These financial statements have been prepared under the historical cost convention, except for borrowing costs as referred in note 2.15 which have been included in the cost of the relevant assets and also financial assets and liabilities which are stated at fair value and certain fixed assets mentioned in note 13 which are carried at revalued amounts.

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are as follows:

- i) Provision for taxes
- ii) Estimation of residual values and useful life of property, plant and equipment.

Standards, Interpretations and amendments to published approved accounting standards

International Financial Reporting Standards (IFRS) or interpretations not yet effective but relevant

The following new standards and amendments of approved accounting standards are only effective for accounting periods beginning on or after July 01, 2007;

IAS - 1 Presentation of Financials - amendments relating to capital disclosures
IAS - 41 Agriculture
IFRS - 2 Share Based Payment
IFRS - 3 Business Combinations
IFRS - 5 Non-Current Assets Held for Sale and Discontinued Operations
IFRS - 6 Exploration for and Evaluation of Mineral Resources

In addition, interpretations in relation to certain IFRSs have been issued by the International Accounting Standards Board (IASB) that are not yet effective.

The Company expects that the adoption of the above standards, amendments and interpretations will have no impact on the Company's financial statements in the period of initial application other than increased disclosures.

2.3 Staff retirements benefits - defined contribution plan

The Company operates an approved contributory provident fund for all the employees eligible under the scheme. Equal monthly contributions are made to the provident fund both by the Company and by the employees.

2.4 Property, plant and equipment and depreciation

Owned

These are stated at cost less accumulated depreciation except for the land which is stated at cost and certain fixed assets mentioned in note 13 to the financial statements which are carried at revalued amounts. All expenditures connected with specific assets incurred during installation and construction period are carried

Notes to the Financial Statements

for the year ended June 30, 2007

under capital work in progress at cost. These are transferred to specific assets as and when these assets are available for use.

Depreciation on additions is charged from the month the asset acquired or capitalized and no depreciation is charged in the month of disposal.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any are retired.

Gains and losses on disposal of property, plant and equipment are taken to the income currently. The company used to depreciate its property, plant and equipment following the reducing balance method and on additions depreciation was charged from the quarter in which the asset is available for use while no depreciation in quarter of disposal. From the current year management has reviewed the useful lives of its fixed assets and expected pattern of consumption of the future economic benefits embodied in the fixed assets. Following course the company has changed the depreciation method to straight line as the pattern of consumption of future economic benefits is expected to be constant over the useful lives of fixed assets and on additions from the month of use while no depreciation in the month of disposal which resulted in lower charge of depreciation by Rs.159.201 million.

An amount equal to the incremental depreciation due to revaluation of property, plant and equipment (net of tax) is transferred from the surplus on revaluation of fixed assets to accumulated loss.

Leased

The company accounts for assets acquired under finance lease by recording the assets and related liability. Assets are recorded at lower of present value of minimum lease payments under the lease agreements and fair value of the assets. The aggregate amount of obligation relating to these assets are accounted for at net present value of liabilities. Assets acquired under the finance leases are depreciated over the useful life of the respective asset in the manner and at the rates applicable to the company's owned assets. Financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of charge on outstanding liabilities.

2.5 Intangible assets

An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and that the cost of such asset can also be measured reliably.

Software under development are carried at cost. Direct cost include the purchase cost and directly attributable cost of preparing the asset for its intended use.

Intangible asset is amortized from the month such asset is put into use on straight line basis over its useful life.

2.6 Stores and spares

These are valued at lower of moving average cost and net realizable value, less provision for obsolescence. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

2.7 Stock in trade

Stock of raw material is valued at lower of cost, determined on first in first out (FIFO) basis, and net realizable value. Raw material in transit is valued at cost comprising invoice value plus other charges incurred thereon accumulated to the balance sheet date.

Stock of finished products are valued at lower of cost and net realizable value. Cost in relation to finished products represents cost of raw material and an appropriate allocation of manufacturing overheads. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and estimated cost necessary to make the sale.

2.8 Trade debts and other receivables

Trade debts and other receivables are carried at original invoice amount less an estimate made of doubtful receivables based on a review of all outstanding amounts at the year end. Balances considered bad and irrecoverable are written off when identified.

Notes to the Financial Statements

for the year ended June 30, 2007

2.9 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost . For the purpose of the cash flow statement, cash and cash equivalents comprises cash in hand, balance with banks in current, collection and deposits accounts and running finance under mark up arrangements.

2.10 Taxation

Current

Charge for current taxation is based on applicable provisions of the Income Tax Ordinance, 2001.

Deferred

Deferred tax is recognized on all temporary differences between the carrying amounts for financial reporting purposes and the amount used for taxation purposes.

Deferred tax asset is recognized for the carry forward tax losses and available tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized.

2.11 Trade and other payables

Trade and other payables are carried at cost which is the fair value of consideration to be paid for goods & services.

2.12 Revenue recognition

Local sales: Recognized on dispatch of finished products.
Export sales: Recorded on the basis of products delivered to the tankers and shipped to customers.

2.13 Foreign currency translation

Transactions in foreign currencies are translated to rupees at the exchange rates prevailing at transaction date. Monetary assets and liabilities in Foreign Currency are translated to rupees at the exchange rates prevailing on the balance sheet date.

2.14 Transactions with related parties

The company enters into transactions with related parties for finance, purchase of goods and services and these are priced at an arm's length basis. Prices for these transactions are determined on the basis of comparable uncontrolled price method, which sets the price by reference to comparable goods sold or services rendered in an economically comparables market to a buyer unrelated to the seller.

2.15 Borrowing costs

Borrowings costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing cost that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalized as part of the cost of the relevant asset.

2.16 Provisions

A provision is recognized in the balance sheet when the company has a legal or constructive obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

2.17 Financial instruments

All financial assets and liabilities are recognized when the company becomes a party to the contractual provisions of the instrument. Financial assets include long term and short term deposits, trade debts, loans, advances, other receivables, cash and bank balances. Financial liabilities include subordinated loan, term finance certificates, long term loans, finance lease, short term borrowings, trade and other payables and accrued markup. The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

Notes to the Financial Statements

for the year ended June 30, 2007

2.18 Impairment

The carrying amounts of the company's assets are reviewed at each balance sheet date to determine whether there is an indication of impairment loss. Any impairment loss arising is recognized as expense in the profit and loss account.

2.19 Off setting of financial assets and liabilities

A financial asset and a financial liability are offset and the net amount is reported in the balance sheet if the company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

2.20 Dividend and appropriation to general reserves

Dividend and appropriation to general reserves are recognised in the financial statements in the period in which these are approved.

Amounts in Rs '000

	Note	2007	2006
3 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	3.1	5,077,202	3,347,298
Capital work in progress	3.5	1,310,332	372,024
		6,387,534	3,719,322

3.1 Operating fixed assets

Particulars	Cost						Useful life in years	Depreciation				Book value As at June 30, 2007	
	As at July 01, 2006	Transfers	Additions	Revaluation	(Deletions)	As at June 30, 2007		As at July 01, 2006	Transfers	For the year	On deletions		As at June 30, 2007
	(Rupees in '000)							(Rupees in '000)					
Owned													
Freehold land	22,260	-	-	609,100	-	631,360	-	-	-	-	-	631,360	
Leasehold land	213,200	-	-	486,800	-	700,000	-	-	-	-	-	700,000	
Plant and machinery	3,411,280	20,475	12,484	747,939	-	4,192,178	20	611,486	3,694	179,390	-	794,570	3,397,608
Generators	55,300	-	3,500	22,194	-	80,994	15	10,732	-	4,671	-	15,403	65,591
Building on freehold land, roads and civil works	133,189	-	-	32,608	-	165,797	25	13,017	-	6,023	-	19,040	146,757
Furniture and fixtures	25,921	-	1,426	-	-	27,347	10	6,291	-	2,325	-	8,616	18,731
Computer and allied	6,677	-	11,182	-	-	17,859	3	2,397	-	4,879	-	7,276	10,583
Safety and lab equipments	11,905	-	2,529	2,380	-	16,814	5	1,817	-	3,381	-	5,198	11,616
Vehicles	31,846	-	26,183	-	(12,742)	45,287	5	4,599	-	9,382	(2,973)	11,008	34,279
Portable cabins	2,806	5,155	1,238	-	-	9,199	10	1,369	2,516	686	-	4,571	4,628
Sub - Total	3,914,384	25,630	58,542	1,901,021	(12,742)	5,886,835		651,708	6,210	210,737	(2,973)	865,682	5,021,153
Leased													
Plant and machinery	72,721	(20,475)	-	-	-	52,246	20	9,611	(3,694)	3,506	-	9,423	42,823
Vehicles	26,307	-	-	-	-	26,307	5	7,434	-	5,647	-	13,081	13,226
Portable cabins	5,155	(5,155)	-	-	-	-	10	2,516	(2,516)	-	-	-	-
	104,183	(25,630)	-	-	-	78,553		19,561	(6,210)	9,153	-	22,504	56,049
2007	4,018,567	-	58,542	1,901,021	(12,742)	5,965,388		671,269	-	219,890	(2,973)	888,186	5,077,202
2006	3,504,773	-	516,130	-	(2,336)	4,018,567		347,184	-	325,598	(1,513)	671,269	3,347,298

Notes to the Financial Statements

for the year ended June 30, 2007

Amounts in Rs '000

3.2 Depreciation charge for the year has been allocated as follows:

Administrative and selling	22,233	9,650
Cost of sales	197,657	315,948
	<u>219,890</u>	<u>325,598</u>

3.3 Detail of asset disposed off during the year

Particulars	Cost	Accumulated Depreciation	Book Value	Sale Proceeds	Gain/ (Loss)	Mode of Disposal	Particulars of Buyer
(Rupees in '000)							
Vehicles	12,742	2,973	9,769	12,000	2,231	Negotiation	M/s Premier Services (Pvt.) Ltd. (Associated undertaking)
2007	<u>12,742</u>	<u>2,973</u>	<u>9,769</u>	<u>12,000</u>	<u>2,231</u>		
2006	<u>2,336</u>	<u>1,513</u>	<u>823</u>	<u>584</u>	<u>(239)</u>		

3.4 Had there been no revaluation the carrying amounts of revalued assets as at June 30, 2007 would have been as follows :

Freehold land	22,260
Leasehold land	213,200
Plant and machinery	2,674,328
Generators	44,426
Buildings on freehold land, roads and civil works	114,986
Safety and lab equipments	9,681
	<u>3,078,881</u>

3.5 Capital work in progress

Plant and machinery	1,019,453	358,590
Plant and machinery - Leased	138,708	-
Civil and mechanical works	152,171	13,434
	<u>1,310,332</u>	<u>372,024</u>

3.5.1 Additions to capital work in progress includes Rs.196.286 million (2006:Rs.25.420 million) borrowing cost capitalized during the year relating to the specific borrowings taken for the projects.

Notes to the Financial Statements

for the year ended June 30, 2007

Amounts in Rs '000

	Note	2007	2006
4 INTANGIBLE ASSET			
Computer software (ERP Solutions)		17,696	17,696
Less: Amortized during the year		(3,539)	-
		<u>14,157</u>	<u>17,696</u>
4.1	The computer software is being amortized on straight line basis over the use life of five years.		
5 LONG TERM INVESTMENTS			
Associated companies			
Bosicor Chemicals Pakistan Limited		150,000	-
Bosicor Oil Pakistan Limited		150,000	-
		<u>300,000</u>	<u>-</u>
5.1	These represent advance against future issuance of 15 million shares @ Rs.10/- in each of the associated companies.		
6 STORES AND SPARES			
Stores and spares		122,570	78,826
Stores in transit		15,772	15,329
		<u>138,342</u>	<u>94,155</u>
7 STOCK IN TRADE			
Raw material		4,343,029	3,263,658
Finished goods		834,393	645,737
		<u>5,177,422</u>	<u>3,909,395</u>
8 TRADE DEBTS - Considered good			
Trade debt include receivables amounting to Rs. 9.144 million (2006: Rs. 9.144 million) in respect of price differential claims from Ministry of Petroleum, Government of Pakistan.			
9 LOANS AND ADVANCES - Considered good			
Employees	9.1	17,013	1,376
Suppliers and contractors		69,992	24,386
		<u>87,005</u>	<u>25,762</u>

9.1 This includes Rs.13.482 million (2006: 0.471 million) due from executives of the company.

Notes to the Financial Statements

for the year ended June 30, 2007

Amounts in Rs '000

	2007	2006
10 TRADE DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
Deposits	3,304	3,026
Pre-payments	9,483	6,010
Current account balances with statutory authorities:		
Advance Income tax	96,162	29,550
Sales tax adjustable/refundable	143,905	11,130
	<u>252,854</u>	<u>49,716</u>
11 CASH AND BANK BALANCES		
Cash in hand	36	184
Cash at banks		
- Current account	796,969	230,256
- Deposit account	991,858	1,959,338
	<u>1,788,863</u>	<u>2,189,778</u>
12 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		
245,065,248 Ordinary shares of Rs.10/- each fully paid in cash (2006: 245,065,248 of Rs.10/- each)	<u>2,450,652</u>	<u>2,450,652</u>
12.1 135,870,899 shares (2006: 135,870,899 shares) are held by Bosicor Corporation Limited (holding company) representing 55.44% (2006: 55.44%) shareholding in the company.		
13 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		
Surplus arising due to revaluation of Property, plant and equipment carried out during the year	1,901,021	-
Related deferred tax liability	(281,792)	-
Transfer to accumulated loss in respect of incremental depreciation charged during the year - Net of tax	(17,531)	-
Surplus on revaluation of Property, plant and equipment - Closing	<u>1,601,698</u>	<u>-</u>

The following Property, plant and equipment owned by the company were revalued by independent valuers M/s Rizvi Associates (Pvt) Limited (Surveyors Assessors & Professional Engineers) and by M/s Imran Associates (Surveyors, evaluators) using prevailing market value being the basis of revaluation. The effective dates of revaluation are September, 2006, November, 2006 and December, 2006. The surplus arising from revaluation is Rs.1,901.021 million. The closing balance of surplus on revaluation of Property, plant and equipment is not available for distribution to shareholders.

Notes to the Financial Statements

for the year ended June 30, 2007

Amounts in Rs '000

Particulars	W.D.V. of Assets Before Revaluation	Revalued Amount	Revaluation Surplus
Freehold land	22,260	631,360	609,100
Leasehold land	213,200	700,000	486,800
Plant and machinery	2,797,033	3,544,973	747,940
Generators	43,140	65,334	22,194
Buildings on free hold land, roads & civil works	118,012	150,619	32,607
Safety and lab equipments	8,900	11,280	2,380
Total	3,202,545	5,103,566	1,901,021

14 CONTRIBUTION TOWARDS RIGHT ISSUE OF SHARES

During the year company offered right issue of shares @ 60% (i.e. 3 shares for every 5 shares held) accumulating to Rs. 1,470.4 million. The unsubscribed portion of Rs. 36.363 million has been received from underwriters to the issue subsequent to the balance sheet date.

15 SUBORDINATED LOAN FROM SPONSOR - Unsecured

Bosicor Corporation Limited

2007	2006
-	452,594
535,698	750,000
(214,302)	(214,302)
321,396	535,698

The loan has been converted into share capital under right issue of shares subsequent to the balance sheet date therefore the said amount has been transferred to Contribution towards right issue of shares.

16 TERM FINANCE CERTIFICATES - Secured

Term finance certificates
Less: Current maturity

These represent privately placed term finance certificates (TFCs) with a face value of Rs. 5,000 each, which have been fully subscribed (including green shoe option of Rs. 250 million). The tenor of the TFCs is 5 years including grace period of 18 months and carries markup @ 550 bps plus 6 Months KIBOR (floor: 9%, cap:13%) payable semi annually and are secured by first charge, ranking pari passu over all present and future fixed assets of the company with 25% margin.

Notes to the Financial Statements

for the year ended June 30, 2007

Amounts in Rs '000

	Note	2007	2006
17 LONG TERM LOANS - Secured			
From Banks			
Term finance	17.1	49,999	83,333
Term finance - I	17.2	238,680	136,730
Term finance - II	17.3	175,000	200,000
Syndicated Loan	17.4	700,000	-
From Related Party			
Financial Institution			
Term finance	17.5	32,813	51,563
Term finance - II	17.6	150,000	-
		1,346,492	471,626
Less: Current maturity			
Banks		283,003	33,333
Related Party		78,750	18,750
		361,753	52,083
		984,739	419,543

17.1 The facility is secured against first charge, ranking pari passu over present and future plant and machinery. The facility is payable in six equal semi-annual installments commencing from April 2006. The facility carries markup @ 3% over 6 month average KIBOR payable semi-annually.

17.2 The facility is secured against first charge, ranking pari passu over present and future fixed assets. The tenor of financing is five years including a grace period of One year and is repayable in eight equal semi-annual installments starting from the 19th month of first disbursement. The facility carries markup @ 3% over 6 month average KIBOR payable semi-annually.

17.3 The facility is secured against first charge, ranking pari passu over present and future fixed assets. The tenor of financing is five years including a grace period of One year and is repayable in eight equal semi-annual installments starting from the 19th month of first disbursement. The facility carries markup @ 3% over 6 month average KIBOR payable semi-annually.

17.4 The loan has been obtained from syndicate of banks and financial institutions with Allied Bank Limited as a Trustee. The facility is secured against first hypothecation charge, ranking pari passu over present and future fixed assets. The tenor of financing is five years and is repayable in ten semi-annual installments starting from the 7th month of first disbursement. The facility carries markup @ 3% over 6 month average KIBOR payable alongwith the principle amount.

17.5 The facility is secured against first charge, ranking pari passu on plant and machinery. The facility is payable in 16 equal quarterly installments starting from June 2005. The facility carries markup @ 3.5% (2006: 6.30%) over 6 month average KIBOR payable quarterly.

Notes to the Financial Statements

for the year ended June 30, 2007

Amounts in Rs '000

17.6 The facility is secured against first charge, ranking pari passu on present and future fixed assets. The facility is payable in 10 equal quarterly installments starting from September 2007. The facility carries markup @ 3% over 6 month average KIBOR payable quarterly.

18 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2007		2006	
	Lease Payments		Lease Payments	
	Minimum	Present Value	Minimum	Present Value
Less than one year	54,919	34,320	30,495	23,716
One to five years	180,235	145,454	54,065	45,364
Total minimum lease payments	235,154	179,774	84,560	69,080
Less: Financial charges allocated to the future period	55,380	-	15,480	-
Present value of minimum lease payments	179,774	179,774	69,080	69,080
Less: Transferred to current maturity	34,320	34,340	23,716	23,716
	145,454	145,454	45,364	45,364

The Company entered into lease agreement with various leasing companies to acquire plant and machinery and vehicles. The rentals under these lease agreements are payable monthly / quarterly up to April 30, 2012. Financing rates ranging from 9% to 14% per annum (2006: 7.2% to 12.81% per annum) have been used as discounting factors. The cost of operating and maintaining the leased assets is borne by the company. The Company intends to exercise its option to purchase the leased assets at the residual values of assets upon the completion of the respective lease periods.

The lease liability includes Rs.0.829 million (2006:Rs.2.996 million) payable to associated leasing company.

19 DEFERRED TAXATION

Deferred tax liability arising due to

Accelerated depreciation allowances
Finance lease transactions

2007

2006

602,467
5,244

585,565
5,440

Deferred tax asset arising due to
available tax losses and credits

(854,519)

(554,831)

Deferred tax asset not recognised

(246,808)
246,808

36,174
-

Deferred tax liability relating to surplus on revaluation
of property, plant and equipment

-
272,353

36,174

272,353

36,174

Notes to the Financial Statements

for the year ended June 30, 2007

Amounts in Rs '000

	Note	2007	2006
20 TRADE AND OTHER PAYABLES			
Bills payable		7,122,325	5,655,888
Creditors for services		96,220	37,101
Creditors for supplies		94,696	26,723
Advances from customers		64,911	20,070
Payable to staff provident fund		963	-
Accrued expenses		477	1,146
Withholding tax deductions payable		2,210	814
Dividend payable		1,329	-
Workers' profit participation fund	20.1	19,867	26,876
		7,402,998	5,768,618
20.1 Workers' profit participation fund			
Opening balance		26,876	9,600
Provision for the year		-	15,932
Payment during the year		(9,600)	-
Markup on workers' profit participation fund		2,591	1,344
		19,867	26,876
21 SHORT TERM BORROWINGS - Secured			
From bank			
Bridge financing	21.1	211,500	600,000
From related party (financial institution)	21.2	37,500	-
		249,000	600,000

21.1 The bridge financing facility has been obtained to meet the requirements of capital expenditure and working capital. The facility carries markup @ 1.5% (2006: 1.25%) over 6 months average KIBOR payable at the time of maturity and is secured by ranking hypothecation charge over plant and machinery of the company with 25% margin.

21.2 Represents short term loan of Rs.75 million repayable in four equal quarterly installments of Rs.18.75 million each. The loan carries markup @ 3% over 6 Months KIBOR and is secured by way of first pari passu hypothecation charge over present and future assets of the Company and demand promissory note.

Notes to the Financial Statements

for the year ended June 30, 2007

Amounts in Rs '000

	2007	2006
22 CURRENT PORTION OF NON CURRENT LIABILITIES		
Term finance certificates	214,302	214,302
Long term loans - Secured	361,753	52,083
Liabilities against assets subject to finance leases	34,320	23,716
	<u>610,375</u>	<u>290,101</u>
23 CONTINGENCIES AND COMMITMENTS		
Commitments in respect of:		
- Letter of credits other than capital expenditures amount to NIL (2006: Rs. 18.06 million.)		
- Capital expenditures amounting to Rs.915 million (2006: Rs. 800 million.)		
24 SALES		
Gross Sales		
Local	22,435,606	21,201,256
Export	913,971	432,263
	<u>23,349,577</u>	<u>21,633,519</u>
Less:		
Sales Tax	(2,926,362)	(2,765,384)
Discounts	-	(9,779)
Excise duty and development surcharge	(1,094,309)	(929,349)
	<u>(4,020,671)</u>	<u>(3,704,512)</u>
	<u>19,328,906</u>	<u>17,929,007</u>
25 COST OF SALES		
Opening stock of raw material	3,263,658	1,336,717
Purchases	20,008,291	18,601,156
Available for use	<u>23,271,949</u>	<u>19,937,873</u>
Closing stock of raw material	(4,343,029)	(3,263,658)
Raw material consumed	<u>18,928,920</u>	<u>16,674,215</u>

Notes to the Financial Statements

for the year ended June 30, 2007

Amounts in Rs '000

	Note	2007	2006
25.1 Manufacturing expenses			
Salaries, wages and other benefits	25.2	109,073	74,977
Staff transportation and catering		26,502	24,991
Stores and spares		79,851	61,607
Crude oil inspection and clearing charges		4,760	13,344
Insurance		13,151	14,292
Industrial gases and chemicals		2,130	5,424
Fuel, power and water		172,478	221,184
Repairs and maintenance		43,822	54,196
Communications		1,025	1,669
Travelling and conveyance		62	758
Rent, rates and taxes		303	1,214
Security		2,819	3,520
Vehicle running		4,247	4,024
Technical fee		3,247	3,955
Depreciation	3.2	197,657	315,948
Total manufacturing expenses		661,127	801,103
Cost of goods manufactured		19,590,047	17,475,318
Opening stock of finished goods		645,737	474,797
Closing stock of finished goods		(834,393)	(645,737)
Cost of goods sold		19,401,391	17,304,378

25.2 Included herein is a sum of Rs.3.069 million (2006: 2.061) million in respect of staff retirement benefits.

26 ADMINISTRATIVE EXPENSES

Salaries, allowances and other benefits	26.1	65,389	44,569
Vehicle running		6,815	3,099
Repairs and maintenance		13,633	1,863
Insurance		2,361	1,648
Fee and subscriptions		11,253	12,213
Utilities		3,970	3,626
Legal and professional		11,465	7,052
Travelling and conveyance		5,600	1,836
Advertisement and subscription		3,199	1,696
Rent, rates and taxes		2,824	1,433
Printing and stationary		4,112	1,106
Auditors' remuneration	26.2	406	420
Amortization of deferred costs		-	2,053
Depreciation	3.2	22,233	9,650
Others		3,137	7,146
Amortization of intangible asset	4	3,539	-
		159,936	99,410

26.1 Included herein is a sum of Rs.2.019 million (2006: 1.051 million) in respect of staff retirement benefits.

Notes to the Financial Statements

for the year ended June 30, 2007

Amounts in Rs '000

	2007	2006
26.2 Auditors' remuneration		
Statutory audit	250	250
Half yearly review	125	125
Out of pocket expenses	31	45
	406	420
27 SELLING AND DISTRIBUTION EXPENSES		
Insurance	199	1,517
Transportation	16,547	5,611
Products handling charges	11,206	15,134
Wharfage on export sales	2,640	974
Others	5,614	-
	36,206	23,236
28 OTHER INCOME		
Profit on deposits	42,974	10,838
Gain / (loss) on disposal of fixed assets	2,231	(239)
Scrap sales	865	460
Insurance claim	-	83,700
Receipts from sponsors	-	6,117
	46,070	100,876
29 FINANCIAL CHARGES		
Markup on:		
- Finance leases	8,298	8,278
- Term finance certificates	83,632	94,096
- Long term loans	34,018	36,021
- Short term borrowings	12,283	23,489
- Running finances	10,975	25,496
- Crude purchases	197,454	82,638
Markup on WPPF	2,591	1,344
Bank charges	4,899	756
Exchange difference - net	50,683	12,224
Export charges	814	1,224
	405,647	285,566
30 TAXATION - Current		

The assessment of the company deemed to have been finalized upto tax year 2006. Since the company has available tax losses therefore provision for taxation is based on minimum tax payable under section 113 of Income Tax Ordinance, 2001.

Notes to the Financial Statements

for the year ended June 30, 2007

Amounts in Rs '000

	2007	2006
30.1 Relationship between accounting (loss) / profit and tax expense for the year		
(Loss) / profit before tax as per accounts	(628,204)	301,361
Applicable tax rate	35%	35%
Tax on accounting (loss) / profit	(219,871)	105,476
Tax effect of accelerated tax depreciation	(15,133)	(20,638)
Tax effect of finance lease transactions	(9,805)	(13,861)
Tax effect of export sales separately covered u/s 154	(12,287)	(1,718)
Carried over / adjustment of losses	(257,096)	69,259
Tax payable under normal rules	257,096	(69,259)
	-	-
Minimum tax payable under section 113 of Income Tax Ordinance, 2001	96,859	89,645
31 (LOSS) / EARNINGS PER SHARE - Basic and diluted		
There is no dilutive effect on the basic (loss) / earnings per share of the company, which is based on:		
Net (loss) / profit after tax	(681,266)	197,030
	Number	
Weighted average number of ordinary shares	245,065,248	245,065,248
(Loss) / earnings per share - Basic and diluted	(2.78)	0.80
	(Rupees)	

Notes to the Financial Statements

for the year ended June 30, 2007

Amounts in Rs '000

32 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise holding company, associated undertakings, directors, key management personnel and staff provident fund. Remuneration and benefits to chief executive, directors and key management personnel under terms of their employment are disclosed in note 33 to the accounts. Transaction with related parties, other than those which have been specifically disclosed elsewhere in these financial statements, are as follows: -

	2007	2006
Holding company:		
Receipt of loan	367,914	450,372
Associated companies:		
Purchase of operating fixed assets	10,680	2,290
Services received	1,845	-
Sale of fixed assets	12,000	-
Payment of rent	350	350
Receipt of loans	225,000	-
Repayment of loan and lease liabilities	58,298	71,027
Payment against services (freight for crude oil)	372,657	348,080
Long term investments	300,000	-
Markup on borrowings and leases	22,733	14,462
Staff provident fund		
Payment of employees and company's contribution	10,321	6,005

33 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the accounts for remuneration, including all benefits, to the Chief Executive, Directors and Executives of the Company was as follows:

	Chief Executive		Directors		Executives		Total	
	2007	2006	2007	2006	2007	2006	2007	2006
Managerial remuneration	3,261	2,100	3,757	6,692	37,463	18,959	44,481	27,751
Provident fund	272	117	--	--	2,254	1,199	2,526	1,316
Housing and utilities	1,630	1,050	1,879	3,200	18,731	9,479	22,240	13,729
Leave passage	244	--	400	343	1,749	386	2,393	729
	5,407	3,267	6,036	10,235	60,197	30,023	71,640	43,525
Number of persons	1	1	2	3	36	19	39	23

Directors and certain executives are provided with the free use of company maintained vehicles.

Directors are not taking any meeting fee.

Notes to the Financial Statements

for the year ended June 30, 2007

Amounts in Rs '000

34 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

34.1 Financial assets and liabilities

	Interest / Markup bearing			Non Interest / Markup bearing			Total	
	Maturity		Total	Maturity		Total	2007	2006
	upto one year	One to five years		upto one year	one to five years			
Financial Assets								
Long term investments	-	-	-	-	-	300,000	300,000	-
Deposits	-	-	-	3,304	17,239	20,543	20,543	7,843
Trade debts	-	-	-	1,079,213	-	1,079,213	1,079,213	1,097,816
Loans, advances and other receivable	-	-	-	17,013	-	17,013	17,013	1,376
Cash and bank balances	991,858	-	991,858	797,005	-	797,005	1,788,863	2,189,778
Total	991,858	-	991,858	1,896,535	17,239	2,213,774	3,205,632	3,296,813
Financial liabilities								
Subordinated loan from sponsor	-	-	-	-	-	-	-	452,594
Term finance certificates	214,302	321,396	535,698	-	-	-	535,698	750,000
Long term loans	361,753	984,739	1,346,492	-	-	-	1,346,492	471,626
Liabilities against assets subject to finance lease	34,320	145,454	179,774	-	-	-	179,774	69,080
Short term borrowings	249,000	-	249,000	-	-	-	249,000	600,000
Trade and other payables	19,867	-	19,867	7,380,921	-	7,380,921	7,400,788	5,767,804
Accrued markup	-	-	-	110,658	-	110,658	110,658	121,273
Total	879,242	1,451,589	2,330,831	7,491,579	-	7,491,579	9,822,410	8,232,377
Net Exposure - 2007	112,616	(1,451,589)	(1,338,973)	(5,595,044)	17,239	(5,277,805)	(6,616,778)	(4,935,564)
Net Exposure - 2006	1,042,361	(1,000,605)	41,756	(4,529,543)	(447,777)	(4,977,320)	(4,935,564)	(2,601,546)

34.2 Foreign exchange risk management

Foreign exchange risk arises mainly where receivables and payables exists due to transactions in foreign currencies. The Company regularly assesses its foreign exchange risk on imports except crude oil and has the option to hedge if there is a major fluctuation in the parity rate.

34.3 Interest rate risk

The effective interest / mark up rates for the monetary financial assets and liabilities are mentioned in respective notes to the financial statements.

34.4 Liquidity risk

Liquidity risk reflects an enterprise's inability in raising funds to meet commitments. The company follows an effective cash management and planning policy to ensure availability of funds and to take appropriate measures for new requirements.

34.5 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction.

Notes to the Financial Statements

for the year ended June 30, 2007

34.6 Concentration of credit risk and risk management

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. The company believes that it is not exposed to any major concentration of credit risk as it operates in an essential products industry. The financial assets exposed to credit risk amount to Rs.1,407.625 million (2006: Rs. 1,107.035 million).

34.7 Off balance sheet financial instruments

Off balance sheet financial liabilities are disclosed in note 23 to the accounts.

35 CAPACITY AND ANNUAL PRODUCTION

	2007	2006
Designed annual refining capacity (at 330 days)	9,900	9,900
Attainable annual refining capacity (at 330 days)	5,940	5,940
Actual throughput during the year	5,067	4,808
%age of actual throughput during the year	85%	81%

The actual throughput for the year remained lower than the designed capacity due to the design limitation of plant. Now the revamp of Crude Distillation Unit has been planned during the month of October and November 2007, after which plant will be ready for utilizing its designed capacity.

36 DATE OF AUTHORIZATION FOR ISSUE

The financial statements were authorized for issue on September 25, 2007 in accordance with the resolution of the Board of Directors of the company.

37 GENERAL

These financial statements are presented in Rupees and Figures have been rounded off to nearest thousand rupees.



Chief Executive



Director

Six Years at a Glance

for the year ended June 30, 2007

Amounts in Rs Million

	2007	2006	2005	2004	2003	2002
Balance Sheet						
Share capital	2,451	2,451	2,451	1,750	1,750	1,750
Shareholders' equity	2,013	2,759	2,562	-	-	-
Property, plant and equipment	6,388	3,719	3,274	3,148	2,738	2,435
Intangible assets	14	18	6	-	-	-
Long term deposits & deferred cost	17	5	90	14	16	38
Long term investment	300	-	-	-	29	29
Trade debts	1,079	1,107	1,260	924	-	20
Stock in trade	5,177	3,909	1,812	924	-	-
Total current assets	8,524	7,376	3,506	2,001	44	36
Total current liabilities	8,470	6,870	3,472	1,957	94	104
Working capital	54	506	34	6	(166)	(156)
Short term borrowings	249	600	761	142	-	-
Current portion of long term liabilities	610	290	54	38	116	89
Long term liabilities	1,723	1,036	842	1,417	867	574
Sponsors' loan	-	453	-	600	431	302
Profit & Loss Account						
Net sales	19,329	17,929	9,999	-	-	-
Cost of sales	19,401	17,304	9,607	-	-	-
Gross profit/(loss)	(72)	625	391	-	-	-
Operating (loss)/profit	(269)	502	295	-	-	-
Financial expenses	406	286	106	-	-	-
Profit/(loss) before tax	(628)	301	182	-	-	-
(Loss)/profit after tax	(681)	197	111	-	-	-
Earning per share	Rs. 10/share	0.80	0.48	-	-	-
PERFORMANCE RATIOS						
Gross profit ratio	%	(0.38)	3.48	3.92	-	-
Profit before tax ratio	%	(3.25)	1.68	1.82	-	-
Interest coverage ratio	Times	(0.55)	2.11	2.81	-	-
Fixed assets turnover	Times	3.03	4.82	3.05	-	-
Debt equity ratio	%	145.63	86.26	64.66	-	-
Current ratio	-	1.01	1.07	1.01	1.00	0.21
Debtors turnover ratio	Times	17.91	16.20	11.26	-	-
Return on shareholders' equity	%	(24.70)	7.14	4.33	-	-
Inventory turnover ratio	Times	4	4	5	-	-

Pattern of Shareholding

As at June 30, 2007

Size of Holding		No. of Shareholders	No. of Shares Held
From	To		
1	100	169	13,278
101	500	2114	974,327
501	1000	2922	2,873,959
1001	5000	5364	15,645,065
5001	10000	1383	11,116,045
10001	15000	430	5,556,353
15001	20000	270	5,048,699
20001	25000	127	3,030,000
25001	30000	98	2,805,737
30001	35000	51	1,703,427
35001	40000	44	1,698,958
40001	45000	21	905,100
45001	50000	60	2,961,800
50001	55000	11	586,000
55001	60000	13	767,734
60001	65000	7	445,300
65001	70000	11	753,300
70001	75000	16	1,182,500
75001	80000	17	1,336,973
80001	85000	10	831,100
85001	90000	10	879,500
90001	95000	6	556,700
95001	100000	26	2,589,000
100001	105000	5	516,000
105001	115000	5	550,600
115001	120000	5	595,038
120001	125000	9	1,108,200
125001	135000	2	264,550
135001	140000	6	832,100
140001	145000	3	431,300
145001	150000	5	742,600
150001	160000	2	314,400
160001	165000	3	489,500
165001	195000	10	1,821,500
195001	200000	11	2,193,000
200001	5350000	53	36,159,706
134785001	134790000	1	134,785,899
Total		13,300	245,065,248

Pattern of Shareholding

As at June 30, 2007

Shareholders' Category	No. of Shareholders	No. of Shares Held	Percentage %
Associated Companies, Undertakings and Related Parties	2	135,870,899	55.4427
NIT and ICP	1	500,000	0.2040
Directors, CEO and their spouses and minor children	7	290,000	0.1183
Executives	4	88,000	0.0359
Banks, Development Finance Institutions, Non-Banking Finance Institutions Insurance Companies, Modaraba and Mutual Funds	42	17,842,034	7.2805
Others	131	12,337,225	5.0343
Individuals	13,113	78,137,090	31.8842
TOTAL	13,300	245,065,248	100.00

ADDITIONAL INFORMATION		
Shareholders' Category	No. of Shareholders	No. of Shares Held
Associated Companies Bosicor Corporation Limited	2	135,870,899
NIT and ICP NIT & ICP	1	500,000
Directors, CEO and their spouses and minor children Mr. Amir Abbassciy Mr. Hamid Imtiaz Hanfi Mr. M. Rashid Zahir Syed Arshad Raza Mr. Farooq Ahmed Yamin Zubairi Mrs. Samia Roomi Mrs. Uzma Abbassciy	2 1 1 1 1 1 1	111,000 167,500 1,000 3,500 500 3,500 3,500
Executives	4	88,000
Banks, Development Finance Institutions & Non-Banking Finance Institute	21	9,474,200
Insurance Companies	5	1,384,000
Modaraba and Mutual Funds	14	6,283,834
Foreign Companies	2	700,000
Others	131	12,337,225
Individuals	13,112	78,136,590
TOTAL	13,300	245,065,248
Shareholders holding 10% or more voting interest Bosicor Corporation Limited	2	135,870,899

Notice of Annual General Meeting

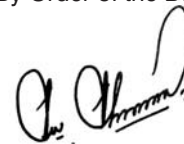
Notice is hereby given that the 13th Annual General Meeting of Bosicor Pakistan Limited will be held on October 27, 2007 at 10:00 am at Pearl-Continental Hotel, Ball Room A, Karachi to transact the following business:

1. To confirm Minutes of the Extra Ordinary General Meeting of the shareholders of the Company held on March 19, 2007.
2. To receive, consider and adopt the Audited Financial Statements for the year ended June 30, 2007 together with the Directors' and Auditors' report thereon.
3. To appoint Auditors for the year 2007-08 and fix their remuneration. The present auditors M/s Faruq Ali & Co. Chartered Accountants will retire and offer themselves for reappointment.
4. To elect seven Directors as fixed by the Board under Section 178(1) of the Companies Ordinance, 1984 in accordance with the provisions of the said Ordinance for a period of three years to commence from December 23, 2007.

The names of retiring Directors are: Amir Abbassciy, M. Rashid Zahir, Syed Arshad Raza, Hamid Imtiaz Hanfi, Farooq Ahmed Yamin Zubairi, Uzma Abbassciy and Samia Roomi, .

5. To transact any other business as may be placed before the meeting with the permission of the Chair.

By Order of the Board



Amir Waheed Ahmed
Company Secretary

October 05, 2007
Karachi

Notes:

1. The Register of Members and the Share Transfer Books of the Company will be closed from Saturday, October 20, 2007 to Friday, October 26, 2007 (both days inclusive) for the purpose of the Annual General Meeting.
2. Only those persons whose names appear in the Register of Members of the Company as at October 26, 2007 are entitled to attend and participate in and vote at the Annual General Meeting.
3. A member of the Company entitled to attend and vote may appoint another member as his / her proxy to attend and vote instead of him / her. Proxies must be received at the Registered Office of the Company not less than 48 hours before the time of the holding of the Meeting.
4. An instrument of proxy applicable for the Meeting (in which you can direct the proxy how you wish him to vote) is being provided with the notice sent to members.
5. Members are requested to notify immediately changes, if any, in their registered address.
6. CDC Account Holders will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan.

A. For Attending the Meeting:

- i) In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulation, shall authenticate his / her identity by showing his / her original National Identity Card (NIC) or original passport at the time of attending the Meeting.

- ii) In case of corporate entity, the Board of Directors' resolution / power of attorney with signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

B. For Appointing Proxies:

- i) In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
- ii) The proxy form shall be witnessed by two persons whose names, addresses and NIC numbers shall be mentioned on the form.
- iii) Attested copies of NIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv) The proxy shall produce his / her original NIC or original passport at the time of the meeting.
- v) In case of corporate entity, the Board of Directors resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy to the Company.

7. Any person who seeks to contest the election of Directors shall file with the Company at its Registered Office not later than fourteen days before the above said meeting his / her intention to offer himself / herself for the election of the Directors in terms of Section 173(3) of the Companies Ordinance, 1984 together with (A) consent in Form 28, (B) a Declaration with consent to Act as Directors in the prescribed form under clause (ii) of the Code of Corporate Governance, (C) a Declaration in terms of clause (iii) and (iv) of the Code of Corporate Governance.

Addendum to the Notice of the 13th Annual General Meeting

In furtherance to the Notice of the 13th Annual General Meeting of Bosicor Pakistan Limited dated October 05, 2007 published on October 06, 2007, after the ordinary businesses following Special Business has been added:

“SPECIAL BUSINESS

1. To consider, and if thought fit, and pass with or without modifications the following resolution as special resolution:

“Resolved that the consent of the Company in General Meeting be and is hereby accorded to authorize the Vice Chairman of the Company to negotiate, finalize, sign and execute the following agreements and all forms and other related papers and documents, on behalf of the Company, with an affiliated Company, Bosicor Chemicals Pakistan Limited:

- a) Land Lease Agreement;
- b) Operation and Maintenance Agreement;
- c) Single Buoy Mooring (SBM) Sub-Sea Pipeline and Storage Facility Usage Agreement; and
- d) Feed Stock Facility Agreement”

The other contents of the said Notice shall remain same.

By Order of the Board



Amir Waheed Ahmed
Company Secretary

October 11, 2007
Karachi

STATEMENT UNDER SECTION 160 (1) (b) OF THE COMPANIES ORDINANCE, 1984

The proposed Special Resolution would accord BPL's consent in General Meeting to authorize the Vice Chairman of the Company to negotiate, finalize, sign and execute the following agreements and all forms and other related papers and documents, on behalf on the Company, with Bosicor Chemicals Pakistan Limited:

- a) Land Lease Agreement;
- b) Operation and Maintenance Agreement;
- c) Single Buoy Mooring (SBM) Sub-Sea Pipeline and Storage Facility Usage Agreement; &
- d) Feed Stock Facility Agreement”

a. LAND LEASE AGREEMENT

Bosicor Chemicals Pakistan Limited (BCPL) will lease a piece of land (75 acres) from Bosicor Pakistan Limited (BPL) for a term of upto 50 years on a rental basis with renewal at the expiry of the initial term by mutual consent for the purpose of installation and operation of BCPL Aromatics Plant. This will bring an incremental income to BPL. For the first three years the rent is agreed to be a lump sum amount of Rs.250,000 per acre per year which will be effective from the date of signing of the agreement.

b. OPERATION AND MAINTENANCE AGREEMENT

BPL is qualified, competent and experienced in the mobilization, start up, testing, operation and maintenance of facilities similar to the Refinery. It has been mutually agreed between BPL and BCPL whereby BPL will manage the Operation & Maintenance of BCPL Aromatics Plant as 'Operator', on the terms and conditions to be set out in the O&M

Agreement effective from the date of the agreement. The initial term shall be renewed after expiry of five years for successive periods of five (5) years. The revenue to BPL from O & M services will be USD 2.60 per barrel.

c. SBM SUB-SEA PIPELINE & STORAGE FACILITY USAGE AGREEMENT

BPL has entered into an agreement, dated 21 June 2006, with Coastal Refinery Limited (CRL) to develop a project of a Single Buoy Mooring, (“SBM”), comprising of a CALM Buoy and two Pipelines for the import and export of crude oil and Refined Products (the “SBM Agreement”) and has agreed to allow BCPL to use the SBM facility for and export Refined Products refined at its Refinery. The revenue to BPL from SBM Sub-Sea Pipeline & Storage Facility Usage Agreement will be USD 2.70 per ton, which includes Buoy charges of USD 1.00 per ton payable to CRL.

It is proposed that the Agreement shall come into effect on the date on which the SBM will be completed and commissioned and the Mobilization Period under the O&M Agreement commences. The initial term of ten years shall be renewed for successive periods of ten (10) years on expiry.

d. FEED STOCK FACILITY AGREEMENT

In order to maximize the benefits of synergies of the businesses, BPL will sell (Reformat the feed stock) to BCPL, for the commissioning and operation of the Aromatics Plant, at the prevailing prices in the market.

Bosicor Pakistan Limited

ADMISSION SLIP

The Thirteenth Annual General Meeting of Bosicor Pakistan Limited will be held on Saturday, October 27, 2007 at 10:00 a.m. at Pearl-Continental Hotel, Ball Room A, Karachi.

Kindly bring this slip duly signed by you for attending the Meeting.

Company Secretary

Name _____

Shareholder No. _____ Signature _____

Note:

- i) The signature of the shareholder must tally with the specimen signature on the Company's record.
- ii) Shareholders are requested to hand over duly completed admission slips at the counter before entering the Meeting premises.

CDC Account Holders / Proxies / Corporate Entities:

- a) The CDC Account Holder / Proxies shall authenticate his / her identity by showing his / her original National Identity Card (NIC) or original passport at the time of attending the Meeting.
- b) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced at the time of the Meeting (unless it has been provided earlier).

This Admission Slip is Not Transferable

Balance Sheet

as at June 30, 2007

Amounts in Rs '000

	Note	2007	2006
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	3	6,387,534	3,719,322
Intangible asset	4	14,157	17,696
Long term deposits		17,239	4,817
Long term investments	5	300,000	-
CURRENT ASSETS			
Stores and spares	6	138,342	94,155
Stock in trade	7	5,177,422	3,909,395
Trade debts - Considered good	8	1,079,213	1,106,960
Loans and advances - Considered good	9	87,005	25,762
Trade deposits, prepayments and other receivables	10	252,854	49,716
Cash and bank balances	11	1,788,863	2,189,778
		8,523,699	7,375,766
		15,242,629	11,117,601
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 500,000,000 (2006: 360,000,000) Ordinary shares of Rs.10/- each		5,000,000	3,600,000
Issued, subscribed and paid-up capital	12	2,450,652	2,450,652
Accumulated (loss) / unappropriated profit		(437,581)	307,939
		2,013,071	2,758,591
Surplus on revaluation of property, plant and equipment	13	1,601,698	-
NON-CURRENT LIABILITIES			
Contribution towards right issue of shares	14	1,434,028	-
Subordinated loan from sponsor - Unsecured	15	-	452,594
Term finance certificates - Secured	16	321,396	535,698
Long term loans - Secured	17	984,739	419,543
Liabilities against assets subject to finance lease	18	145,454	45,364
Deferred taxation	19	272,353	36,174
CURRENT LIABILITIES			
Trade and other payables	20	7,402,998	5,768,618
Accrued markup		110,658	121,273
Short term borrowings - Secured	21	249,000	600,000
Current portion of non current liabilities	22	610,375	290,101
Provision for taxation		96,859	89,645
		8,469,890	6,869,637
CONTINGENCIES AND COMMITMENTS			
	23	-	-
		15,242,629	11,117,601

The annexed notes form an integral part of these financial statements.



Chief Executive



Director

Cash Flow Statement

for the year ended June 30, 2007

Amounts in Rs '000

	2007	2006
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) / profit before taxation	(628,204)	301,361
Adjustments for non cash and other items:		
Depreciation and amortization	223,429	327,651
Financial charges	405,647	285,566
Exchange difference on restatement of subordinated loan	-	2,222
(Gain) / loss on disposal of fixed assets	(2,231)	239
Workers' profit participation fund	-	15,932
Cash flow before working capital changes	(1,359)	932,971
Movement in working capital		
(Increase) / decrease in current assets		
Stores and spares	(44,187)	(9,371)
Stock in trade	(1,268,027)	(2,097,070)
Trade debts - Considered good	27,747	153,202
Loans and advances - Considered good	(61,243)	(6,137)
Trade deposits, prepayments and other receivables	(136,526)	7,799
Increase / (decrease) in current liabilities		
Trade and other payables	1,640,060	3,169,924
Cash generated from / (used in) operations	156,465	2,151,318
Payments for:		
Financial charges	(415,893)	(189,742)
Taxes	(158,074)	(79,021)
Workers' profit participation fund	(9,600)	-
Net cash (used in) / generated from operating activities	(427,102)	1,882,555
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(858,141)	(714,836)
Intangible assets	-	(11,927)
Sale proceeds of fixed assets	12,000	584
Long term deposits	(12,422)	83,032
Long term investments	(300,000)	-
Net cash used in investing activities	(1,158,563)	(643,147)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds against right issue of shares	983,656	-
Payment of dividend	(80,456)	-
Proceed against subordinated loan from sponsor	-	450,372
Repayment of term finance certificates	(214,302)	-
Repayment of long term loans	(77,084)	(18,750)
Receipt against long term loans	351,950	420,063
Liabilities against assets subject to finance lease - Net	(28,014)	(41,657)
Short term borrowings	249,000	-
Net cash generated from financing activities	1,184,750	810,028
Net (decrease) / increase in cash and cash equivalents	(400,915)	2,049,436
Cash and cash equivalents as at 1st July	2,189,778	140,342
Cash and cash equivalents as at 30th June	1,788,863	2,189,778

The annexed notes form an integral part of these financial statements.



Chief Executive



Director

Board of Directors

Amir Abbassciy, *Chairman*
Hamid Imtiaz Hanfi, *Director*
Muhammad Rashid Zahir, *Director*
Syed Arshad Raza, *Director*

Audit Sub Committee of the Board

Muhammad Rashid Zahir, *Chairman*
Hamid Imtiaz Hanfi, *Member*
Syed Arshad Raza, *Member*

Corporate Secretariat

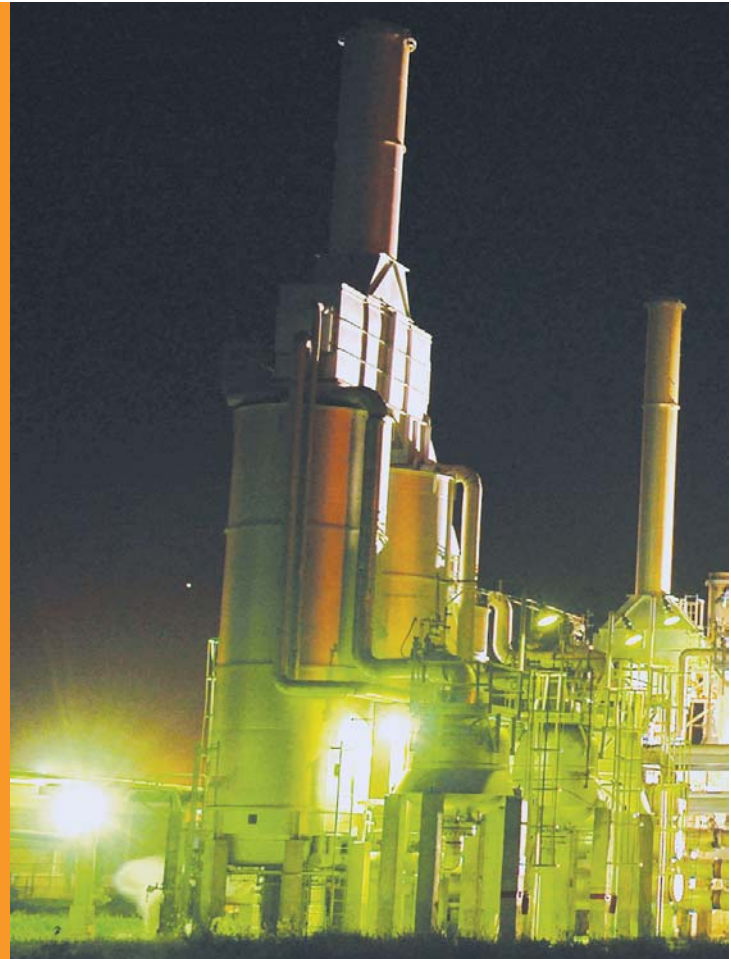
Hamid Imtiaz Hanfi, *Vice Chairman*
Amir Waheed Ahmed, *GM Corporate Services & Company Secretary*

Farooq Ahmed Yamin Zubairi, *Director*
Samia Roomi, *Director*
Uzma Abbassciy, *Director*

Ozair Muhammad, *Secretary*
M. Mazahir Hussain (*by invitation*)

Ozair Muhammad, *Head Internal Financial Audits*

Company Information



CEO / President Secretariat

Mohammad Wasi Khan, *President & Chief Executive Officer*
Derek Lawler, *VP Technical*
Syed Masood Raza, *VP Admin & HR*

Jawed Ahmed, *VP Commercial*
M. Mazahir Hussain, *Chief Financial Officer*

Auditors

Faruq Ali & Co. Chartered Accountants

Legal Advisor

Saleem uz Zaman of Kabraji & Talibuddin

Bankers

Allied Bank Limited
Bank Al-Falah Limited
Bank Islami Pakistan Limited
Habib Bank Limited
Habib Metropolitan Bank Limited

KASB Bank Limited
National Bank of Pakistan
Standard Chartered Bank
United Bank Limited
The Bank of Khyber

Shares Registrar

THK Associates (Pvt) Limited,
Ground Floor, State Life Building No.3,
Dr. Ziauddin Ahmed Road, Karachi - 75530

Tel # 021-111-000-322
Fax # 021-5655595



Registered Office

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021-2410099
021-2410909
Fax # 021-2420722
021-111-888-081

Website

www.bosicor.com.pk

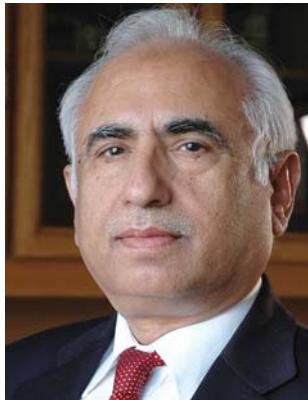
Board of Directors



Amir Abbasciy
Chairman



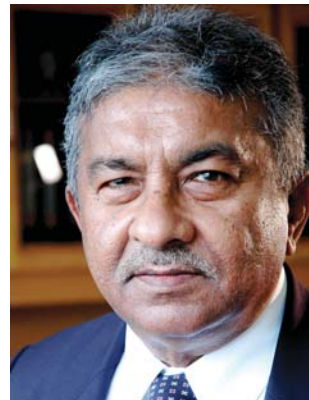
Hamid Imtiaz Hanfi
Director



Muhammad Rashid Zahir
Director



Syed Arshad Raza
Director



Farooq Ahmed Yamin Zubairi
Director



Samia Roomi
Director



Uzma Abbasciy
Director

Directors' Report

The Directors of your Company are pleased to present their annual report together with the audited financial statements and auditors' report thereon for the year ended June 30, 2007.

Syed Masood Raza resigned from the Board of Directors of the Company with effect from October 30, 2006 and Capt. Farooq Ahmed Yamin Zubairi joined the Board to fill the casual vacancy Syed Masood Raza has been holding after the sad demise of our ex-chairman and the founder of the Boscicor Pakistan Limited (BPL), Mr. Parvez Abbasi on July 25, 2006. With effect from June 25, 2007, Mr. Hamid Imtiaz Hanfi has joined the Board of Directors of the Company in place of Mr. Muhammad Mahmood Hussain who has resigned from the Board of Directors of the Company due to his other professional commitments. The Board wishes to place on record the valuable services rendered by the outgoing Directors, Syed Masood Raza and Mr. Muhammad Mahmood Hussain, and also welcomes the incoming Directors of the Company.





Performance Overview:

The refinery operations were better than last year, as the operating capacity increased to 15,355 barrels per day as compared to 15,218 barrels per day achieved during the last year. This equates to an annual crude oil consumption of 712,240 metric tons, 5.7% higher than the crude consumption of 673,537 metric tons during the last year.

The refining margins continued to remain under pressure and the company incurred a gross loss of Rs. 72.49 million as compared to a gross profit of Rs. 624.63 million earned during last year.

During the year under review, the Company achieved net sales of Rs. 19.33 billion as compared to net sales of Rs. 17.93 billion for the last year and ended the year with an after tax loss of Rs. 681.27 million as compared to after tax profit of Rs. 197.03 million earned last year. The financial results highlights are as follows:

Amount in Rs. '000

Loss before taxation	(628,204)
Taxation	(53,062)
Loss after taxation	(681,266)
Un-appropriated profit brought forward	226,154
Transfer from surplus on revaluation of Property, plant and equipment – net of tax	17,531
Un-appropriated loss carried forward	(437,581)

During the year your company has finalized agreement to obtain a syndicated term loan of Rs. 2.6 billion to finance the debt portion for implementing the ongoing projects:

- Construction of additional storage tanks with a combined capacity of 126,000 tons;
- Laying of sub-sea pipeline for the SBM project; and
- Addition of Isomerization Penex-Molex Unit

The equity portion has also been arranged through the issue of 60% right shares amounting to Rs. 1,470.4 million during the year.

Earnings Per Share:

During the year under review, based on the net loss the earnings per share was Rs. (2.78) as compared to Rs. 0.80 earned last year, as a result the Directors have not recommended payment of dividend for the year ended June 30, 2007.

Future Plans:

The Company's ongoing and future business plans are covered in detail in the Chairman's Review.

Compliance with the Code of Corporate Governance:

As required under the Code of Corporate Governance, the Directors are pleased to state as follows:

- The financial statements, prepared by the management of the Company present fairly its state of affairs, the results of the its operations, cash flows and changes in equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment, except for the change in depreciation policy as explained in note 2.4.



- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- The system of internal control and other such procedures, which are in place, are being continuously reviewed by the Internal Audit Function. The process of review will continue and any weakness in controls will be removed.
- The meeting of the Audit Committee is held at least once every quarter prior to approval of interim and final financial results of the Company and as required by the Code.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the Listing Regulations.
- Key operating and financial data for the last six years is summarized on page 55.
- The management of the Company is committed to good corporate governance, and appropriate steps have been taken to comply with best practices.



- The value of investments in the staff retirement funds for the year ended June 30, 2007 is as follows:

Bosicor Pakistan Limited - Staff Provident Fund 2007 Rs. 9.793 million (2006: Rs. 6.293 million)

- During the year ten meetings of the Board of Directors were held. Attendance by each Director was as follows:

Name of Directors	No. of BOD Meetings Attended
1. Mr. Amir Abbassciy	10
2. Mr. M. Rashid Zahir	7
3. Syed Arshad Raza	9
4. Mr. Farooq Ahmed Yamin Zubairi (i)	5
5. Mr. M. Mahmood Hussain (ii)	6
6. Mrs. Samia Roomi	4
7. Mrs. Uzma Abbassciy	2
8. Syed Masood Raza (iii)	3
9. Mr. Hamid Imtiaz Hanfi (iv)	0

(i) Joined the Board w.e.f. October 30, 2006

(ii) Resigned from the Board w.e.f. June 25, 2007

(iii) Resigned from the Board w.e.f. October 30, 2006

(iv) Joined the Board w.e.f. June 25, 2007

Leave of absence was granted to Directors who could not attend some of the Board meetings.



Pattern of Shareholding

- The pattern of shareholdings in the Company and additional information as at June 30, 2007 appears on page 56.
- Bosicor Corporation Limited continues to hold 55.44% shares, while institutions and Banks held 7.28%, and individuals held the balance 37.28%.
- The highest and lowest market prices during 2007 were Rs. 24.65 and Rs. 12.00 per share respectively.
- The Directors, CEO, CFO and Company Secretary and their spouse and minor children did not carry out any transaction in the shares of the Company during the year, except for purchase of 500 shares by Mr. Farooq Ahmed Yamin Zubairi, as qualification shares on becoming Director of the Company.

Karachi: September 25, 2007

External Auditors

The Company's present auditors, M/s Faruq Ali & Co., Chartered Accountants retire at the conclusion of the Annual General meeting and being eligible have offered themselves for re-appointment for the next fiscal year.

Acknowledgement

The Board of Directors would like to take this opportunity to extend its gratitude to Shareholders, Government and regulatory authorities, our customers and strategic partners for their continued support, the Financial Institutions for their confidence and trust and the Company's Employees for their dedicated efforts.

For & on behalf of the Board of Directors

AMIR ABBASCIY
Chairman

Statement of Changes in Equity

for the year ended June 30, 2007

	Issued, Subscribed and Paid-up Capital	Accumulated (Loss)/ Unappropriated Profit	Total
	(Rupees in '000)		
Balance as on July 01, 2005	2,450,652	110,909	2,561,561
Net profit for the year	-	197,030	197,030
Balance as on June 30, 2006	2,450,652	307,939	2,758,591
Final dividend for the year ended June 30, 2006		(81,785)	(81,785)
Net loss for the year	-	(681,266)	(681,266)
Transfer from surplus on revaluation of property, plant and equipment - Net of tax	-	17,531	17,531
Balance as on June 30, 2007	2,450,652	(437,581)	2,013,071

The annexed notes form an integral part of these financial statements.



Chief Executive



Director

Profit and Loss Account

for the year ended June 30, 2007

Amounts in Rs '000

	Note	2007	2006
Sales	24	19,328,906	17,929,007
Cost of sales	25	19,401,391	17,304,378
Gross (loss) / profit		(72,485)	624,629
Operating expenses			
Administrative expenses	26	159,936	99,410
Selling and distribution expenses	27	36,206	23,236
		196,142	122,646
Operating (loss) / profit		(268,627)	501,983
Other income	28	46,070	100,876
		(222,557)	602,859
Other charges			
Financial charges	29	405,647	285,566
Workers' profit participation fund		-	15,932
		405,647	301,498
(Loss) / profit before taxation		(628,204)	301,361
Taxation			
Current year	30	96,859	89,645
Prior year		1,817	-
Deferred		(45,614)	14,686
		53,062	104,331
(Loss) / profit after taxation		(681,266)	197,030
(Loss) / earnings per share - Basic and diluted (Rupees)	31	(2.78)	0.80

The annexed notes form an integral part of these financial statements.



Chief Executive



Director