



# quarter ended report

September 30, 2006

Mouazzam Khan - Photo (Pakistan)



[www.bosicor.com.pk](http://www.bosicor.com.pk)

Bosicor Pakistan Limited

<b>Chairman</b>	Mr. Amir Abbassciy
<b>Directors</b>	Mr. Muhammad Rashid Zahir Mr. Muhammad Mahmood Hussain Syed Masood Raza Syed Arshad Raza Mrs. Uzma Abbassciy Mrs. Samia Roomi
<b>Chief Executive/President</b>	Mr. Mohammad Wasi Khan
<b>Chief Financial Officer</b>	Mr. Asad A. Siddiqui
<b>Corporate Secretary</b>	Syed Abrar Hussain Bukhari
<b>Audit committee</b>	Mr. Muhammad Rashid Zahir - Chairman Mr. Amir Abbassciy - Member Syed Arshad Raza - Member
<b>Registered &amp; Corporate Office</b>	2nd Floor, Business Plaza, Mumtaz Hassan Road, Karachi.
<b>Plant</b>	Mouza Kund, Sub Tehsil Gadani Lasbella-Baluchistan
<b>Bankers</b>	Habib Bank Limited National Bank of Pakistan Union Bank Limited The Bank of Khyber Bank Al-Falah Limited KASB Bank Limited United Bank Limited Standard Chartered Bank Bank Islami Allied Bank Limited
<b>Auditors</b>	Faruq Ali & Co Chartered Accountants
<b>Legal Advisor</b>	Saleem uz Zaman of Kabraji & Talibuddin
<b>Website</b>	<a href="http://www.bosicor.com.pk">www.bosicor.com.pk</a>



The Board of Directors' of the Company have the pleasure in presenting the 1st Quarterly Report of 2006 - 07 with un-audited Financial Statements for the period ended 30th September, 2006.

Recent sudden changes in the geopolitical scene have impacted drastically in the oil business all over the world. As a result the gross refining margin in 1<sup>st</sup> quarter of the Financial year were negative. Internationally Crude Oil prices and Product prices remained under pressure and led to a downward trend. This downward trend has caused unprecedented negative gross refining margin, affecting profitability of refineries all over the world in general, and in particular the refineries of Pakistan being hydro skimming in nature, suffered substantial financial losses.

Your company's short term investment plans i.e. for the current financial year entail enhancing the Refinery's capacity by de-bottlenecking from 18,000 barrels per stream day to 30,000 barrels per stream day. Insha Allah, we expect this project to attain the stage of commissioning by the end of 1st quarter, 2007.

Other short term investment plans call for installation of a Liquid Petroleum Gas (LPG) treating Unit in order to enhance the production of LPG to the maximum.

Our medium term plans i.e. for 2007 – 2008, call for investment in additional storage capacity of 126,000 Metric Tons, along with investment in a Single Point Mooring (SPM) in order to improve freight economics by bringing in larger Crude Oil vessels, eliminating road bowser movements of Crude Oil and the related transit losses. These two projects are aimed at development of infrastructure for becoming self reliant in supply chain in the most cost effective manner.

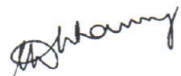
Our longer term plans i.e. 2009 – 2010 call for investment in an Isomerization plant for converting and upgrading Light Naphtha into environmental friendly Motor Gasoline.

Your company is also making progress in establishing its product retail outlets and we expect to have approximately 30 such outlets with our Brand identity by June, 2007. At present an investment of Rs. 500 million has been earmarked for this development and our marketing team has started spadework to achieve this target in an efficient manner.

During the period under review the Net Loss after Tax was 199.821 million on Sales of Rs. 4.939 billion. However, it is expected that the gross margins for hydro-skimming refineries shall improve in future as we are beginning to see a reduction in the negative margins between the Crude Oil and Product Pricing.

In conclusion the Board prays to Almighty Allah for His blessings and would like to extend its gratitude to our Shareholders for their continued support, confidence and trust in Bosicor Pakistan Limited and the Company's employees for their dedicated efforts.

For & on behalf of the Board of Directors



Chairman

# balance sheet

## as at September 30, 2006

Bosicor

Sept. 30, 2006

June 30, 2006

Rs. '000

### NON CURRENT ASSETS

Property, plant and equipment  
Intangible assets  
Long term deposits and deferred cost

Note  
4

3,706,900	3,719,322
17,696	17,696
4,096	4,817

### CURRENT ASSETS

Stores and spares  
Stock in trade  
Trade debts - Considered good  
Loans and advances - Considered good  
Trade deposits, prepayments, current account balances  
with statutory authorities and other receivables  
Cash and bank balances

5

99,687	94,155
3,296,661	3,909,395
1,301,768	1,106,960
55,858	25,762
210,874	49,716
1,034,857	2,189,778
5,999,706	7,375,766

### CURRENT LIABILITIES

Trade and other payables  
Accrued markup  
Short term borrowings - Secured  
Current portions of non current liabilities  
Provision for taxation  
Dividend payable

4,227,406	5,768,618
138,600	121,273
1,027,546	600,000
288,339	290,101
114,339	89,645
81,035	--
5,877,265	6,869,637

### Net current assets

122,441	506,129
---------	---------

### NON-CURRENT LIABILITIES

Subordinated loan from sponsor - Unsecured  
Term finance certificates - Secured  
Long term loans - Secured  
Liabilities against assets subject to finance lease  
Deferred taxation

452,594	452,594
428,555	535,698
414,855	419,543
41,220	45,364
36,174	36,174

### CONTINGENCIES AND COMMITMENTS

6

--	--
----	----

### NET ASSETS

2,477,735	2,758,591
-----------	-----------

### FINANCED BY:

#### SHARE CAPITAL AND RESERVES

Authorized share capital  
360,000,000 (2005: 360,000,000) Ordinary shares of Rs.10/- each

3,600,000	3,600,000
-----------	-----------

Issued, subscribed and paid-up capital  
Unappropriated profit

2,450,652	2,450,652
27,083	307,939

2,477,735	2,758,591
-----------	-----------

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



Chief Executive



Director

# profit & loss account

## for the quarter ended September 30, 2006

Bosicor

3 months ended    3 months ended  
Sept. 30, 2006    Sept. 30, 2005

Rs.'000

Gross sales	5,952,494	3,701,295
Duty, taxes and levies	1,013,638	492,935
Net sales	4,938,856	3,208,360
Cost of sales	5,009,037	3,096,837
Gross profit / (loss)	(70,180)	111,523
Operating expenses		
Administrative expenses	25,222	20,043
Selling and distribution expenses	2,879	6,975
	28,101	27,018
Operating profit / (loss)	(98,281)	84,505
Other income	12,975	8,021
	(85,307)	92,526
Financial and other charges	89,820	48,432
Profit / (loss) before taxation	(175,127)	44,094
Taxation	24,694	16,042
Profit/ (loss) after taxation	(199,821)	28,052
Earnings / (loss) per share (Rupees)	(0.82)	0.11



Chief Executive



Director

# cash flow statement

**for the quarter ended September 30, 2006**



**3 months ended      3 months ended**  
**Sept. 30, 2006      Sept. 30, 2005**

## CASH FLOW FROM OPERATING ACTIVITIES

Note

Rs.'000

Profit / (loss) before taxation	(175,127)	44,093
Adjustments for non-cash charges and other items:		
Depreciation	46,704	78,798
Financial charges	89,820	46,112
Workers' profit participation fund	-	2,321
Loss on disposal of fixed assets	-	72
<b>Cash flow before working capital changes</b>	<b>(38,602)</b>	<b>171,397</b>
Movement in working capital		
(Increase)/decrease in current assets		
Stores and spares	(5,532)	(24,416)
Stock in trade	612,734	(180,289)
Trade debts - considered good	(194,808)	(710,204)
Loans and advances - considered good	(30,096)	(44,551)
Trade deposits, prepayments, current account balances with statutory authorities	(145,863)	(5,079)
Increase/(decrease) in current liabilities		
Trade and other payables	(1,541,212)	705,829
<b>Cash used in operations</b>	<b>(1,343,379)</b>	<b>(87,313)</b>
Payments for:		
Financial charges	(72,494)	(65,581)
Taxes	(15,295)	(379)

**Net cash used in operating activities**

**(1,431,168)**      **(153,273)**

## CASH FLOW FROM INVESTING ACTIVITIES

Fixed capital expenditure	(34,282)	(26,588)
Intangible asset (software under development)	-	(640)
Sale proceeds of fixed assets	-	232
Long term deposits	721	(2,803)
<b>Net cash used in investing activities</b>	<b>(33,562)</b>	<b>(29,799)</b>

## CASH FLOW FROM FINANCING ACTIVITIES

Repayment against term finance certificates	(107,143)	
Repayment of long term loans	(4,688)	(4,688)
Repayment of liabilities against assets subject to finance lease	(5,906)	(10,287)
Short term borrowings		(550,000)
<b>Net cash used in financing activities</b>	<b>(117,737)</b>	<b>(564,974)</b>

Net decrease in cash & cash equivalents      (1,582,467)      (748,047)  
Cash and cash equivalents at the beginning of the period      2,189,778      140,342

**Cash and cash equivalents at the end of the period**

7

**607,311**      **(607,705)**

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

\_\_\_\_\_  
Chief Executive

\_\_\_\_\_  
Director



# statement of changes in equity

## for the quarter ended September 30, 2006



	Share Capital	Unappropriated Profit	Total
	Rs.'000		
<b>Balance as at July 01, 2005</b>	2,450,652	110,909	<b>2,561,561</b>
Net profit for the period	-	28,052	<b>28,052</b>
<b>Balance as at September 30, 2005</b>	2,450,652	138,961	<b>2,589,613</b>
<b>Balance as at July 01, 2006</b>	2,450,652	307,939	<b>2,758,591</b>
Final cash dividend for the year ended Jun 30, 2006 @ 7.5% (to minority shareholders only)	-	(81,035)	<b>(81,035)</b>
Net profit / (loss) for the period	-	(199,821)	<b>(199,821)</b>
<b>Balance as at September 30, 2006</b>	2,450,652	27,083	<b>2,477,735</b>

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

Chief Executive

Director

# notes to the accounts

## for the quarter ended September 30, 2006



**1. Status and nature of business**

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 company is quoted on the Karachi and Lahore Stock Exchanges. The principal business of the company is refining and selling of the petroleum products. The company has started commercial operations from 01st July 2004.

**2. Basis of preparations**

These financial statements are unaudited and have been prepared in accordance with the requirements of section 245 of the Companies Ordinance 1984 and International Accounting Standard 34 (IAS 34) "Interim Financial Reporting" as applicable in Pakistan.

**3. Accounting policies**

The accounting policies and methods of computation followed for the preparation of these financial statements are same as those applied in the preparation of the preceding annual financial statements of the company.

**4. Property, plant and equipment**

	Sept. 30, 2006	Sept. 30, 2005
<b>Additions during the period</b>		<b>Rs.'000</b>
<b>Owmed</b>		
Furniture and fixtures	132	172
Computer and allied	65	1,217
<b>Leased</b>		
Plant and machinery	-	46,500
Vehicles	-	1,789
	197	49,678
<b>Capital works in progress</b>	34,084	25,198
	34,281	74,876
<b>Disposals during the period</b>		
Vehicles	-	304

**5. Trade deposits, prepayments, current account balances with statutory authorities**

	Sept. 30, 2006	June. 30, 2006
		<b>Rs.'000</b>
Deposits	4,154	3,026
Pre-payments	4,354	6,010
Advance income tax	44,845	29,550
Sales tax refundable/adjustable	157,521	11,130
	210,874	49,716



# notes to the accounts

for the quarter ended September 30, 2006



## 6 Contingencies and commitments

6.1 There has been no material change in contingencies since the last audited annual accounts, June 30, 2006.

6.2 Commitments in respect of letter of credits amounting to Rs.2,540 million

## 7 Cash and cash equivalents

Sept. 30, 2006

Sept. 30, 2005

Rs.'000

Cash and bank balances	1,034,857	9,726
Running finances under mark up arrangements	(427,547)	(617,431)
	<u>607,310</u>	<u>(607,705)</u>

## 8 Transaction with related parties

Purchase of operating assets and services	210	1,196
Rent	87	87
Repayment of loan and lease liabilities	5,178	5,145
Payment against services (freight )	79,264	48,857
Mark up on borrowings and leases	2,137	2,705


## 9 Date of authorization

The financial statements were authorized for issue on 30th October 2006 by the Board of Directors of the company.

## 10 General

The figures have been rounded off to the nearest thousand rupees.

  
\_\_\_\_\_  
Chief Executive

  
\_\_\_\_\_  
Director



## Bosicor Pakistan Limited

2nd Floor, Business Plaza, Mumtaz Hassan Road, Karachi-74000, Pakistan  
Voice: (92-21) 111-222-081, Fax: (92-21) 111-888-021, (9221) 2420722