



half year ended report

December 31, 2006

Mouza Kund Plant-1 (MKP-1)



www.bosicor.com.pk

Bosicor Pakistan Limited

Chairman	Amir Abbassciy
Directors	Muhammad Rashid Zahir Muhammad Mahmood Hussain Farooq Ahmed Yamin Zuberi Syed Arshad Raza Uzma Abbassciy Samia Roomi
Chief Executive Officer	Muhammad Wasi Khan
Chief Financial Officer	Asad A. Siddiqui
Corporate Secretary	Amir Waheed Ahmed
Chief Internal Auditor	Ozair Muhammad
Audit Committee	Muhammad Rashid Zahir - Chairman Amir Abbassciy - Member Syed Arshad Raza - Member
Auditors	Faruq Ali & Co. Chartered Accountants
Legal Advisor	Saleem uz Zaman of Kabraji & Talibuddin
Bankers	Habib Bank Limited Allied 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 Habib Metropolitan Bank Bank Islami
Share Registrar	THK Associates (Pvt.) Ltd Ground floor, State Life Building No. 3 Dr. Ziauddin Ahmed Road, Karachi
Registered office	2 nd floor Business Plaza, Mumtaz Hassan Road, Karachi Tel : 111-222-081



The Directors are pleased to present their report together with the financial statements of the Company for the half-year ended 31st December, 2006 and the review report of external auditors thereon.

Internationally, Crude Oil prices and Product prices continued to remain under pressure and led to a downward trend which has affected 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 is rigorously pursuing the projects for enhancing the Refinery's capacity by de-bottlenecking from existing 18,000 barrels per stream day to 30,000 barrels per stream day and installation of a Liquid Petroleum Gas (LPG) treating unit in order to enhance the production of LPG to the maximum. Inshaallah, completion is expected, for both these projects, before the end of the current financial year.

Over the medium term, i.e. for 2007 – 2008, your Company is pursuing 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 bowsters movement 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.

Over the longer term, i.e. 2009 – 2010, your Company will add an Isomerization plant for converting and upgrading Light Naphtha into environmental friendly Motor Gasoline.

For realising your Company's above referred growth plan, the financial close of 2.6 billion for syndicated loan with ABL & UBL has already been achieved. We are also in the process of issuing of Right Shares to meet the equity portion of the cost of these projects amounting to Rs. 4.8 billion.

Your company is also making progress in establishing its product retail outlets and we expect to have approximately **15** such outlets with our Brand identity by June, 2007 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 Rs 946.359 million on Sales of Rs. 9.558 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 Shareholders for their continued support, confidence and trust in Bosicor Pakistan Limited and the Company's employees for their dedicated efforts.

For and on behalf of the Board of Directors



Karachi: 27th February 2007

Chairman

We have reviewed the annexed balance sheet of Bosicor Pakistan limited as at December 31, 2006 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the "financial statement") for the half-year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the International standard on Review Engagements 2400. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the annexed financial statements are not presented fairly, in all material respects, in accordance with approved accounting standards as applicable in Pakistan

Date: 27th February 2007
Place: Karachi

Faruq Ali & Co.
Chartered Accountants

balance sheet

Bosicor

as at December 31, 2006 (Unaudited)

	Note	Un-audited December 31, 2006	Audited June 30, 2006
(Rs. in '000')			
Non Current Assets			
Property, plant and equipment	5	5,862,077	3,719,322
Intangible assets		17,696	17,696
Long term deposit		4,817	4,817
Current Assets			
Stores and spares		105,934	94,155
Stock in trade		3,434,212	3,909,395
Trade debts - considered good		1,830,986	1,106,960
Loan and advances - Considered good		93,103	25,762
Trade deposits, prepayments, current account balances with statutory authorities and other receivables		177,456	49,716
Cash and bank balances		466,019	2,189,778
		6,107,730	7,375,766
Current Liabilities			
Trade and other payables		5,469,087	5,768,618
Accrued markup		70,252	121,273
Short term borrowing - Secured		75,000	600,000
Current portion of non current liabilities		396,773	290,101
Dividend payable		10,705	--
Provision for taxation		47,736	89,645
		6,069,553	6,869,637
Net current assets		38,177	506,129
Non Current Liabilities			
Subordinated loan from sponsor - Unsecured		655,179	452,594
Term finance certificates - Secured	6	428,555	535,698
Long term loans - Secured		1,135,616	419,543
Liabilities against assets subject to finance lease		37,116	45,364
Deferred taxation		316,625	36,174
Contingencies and Commitments	7	--	--
Net Assets		<u>3,349,676</u>	<u>2,758,591</u>
Represented by			
Authorized Capital			
360,000,000 ordinary shares of Rs. 10/- each		3,600,000	3,600,000
Issued, subscribed and paid up capital		2,450,652	2,450,652
Unappropriated (loss) / profit		(717,715)	307,939
		1,732,937	2,758,591
Surplus on Revaluation of Property, Plant and Equipment	8	1,616,739	--
		<u>3,349,676</u>	<u>2,758,591</u>

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



Chief Executive



Director

profit & loss

account for the half year ended
December 31, 2006 (Unaudited)

Bosicor

	Note	3 months Oct - Dec 2006 (Rs. in '000')	3 months Oct - Dec 2005 (Rs. in '000')	6 months July - Dec 2006 (Rs. in '000')	6 months July - Dec 2005 (Rs. in '000')
Gross sales		5,797,214	5,594,601	11,749,708	9,285,738
Sales tax, discount and others		1,177,592	774,763	2,191,230	1,257,541
Net sales		4,619,622	4,819,838	9,558,478	8,028,197
Cost of sales	9	5,188,255	4,667,266	10,197,293	7,764,103
Gross (loss) / profit		(568,633)	152,572	(638,815)	264,094
Operating expenses					
Administrative expenses		59,093	32,223	84,314	52,266
Selling expenses		9,723	6,221	12,602	13,196
Operating (loss) / profit		(637,449)	114,128	(735,731)	198,632
Other income		8,549	85,895	21,524	93,917
		(628,900)	200,023	(714,207)	292,549
Financial and other charges		95,881	54,328	185,701	102,761
(Loss) / profit before taxation		(724,781)	145,695	(899,908)	189,788
Taxation					
Current		23,098	24,099	47,792	40,141
Deferred		(1,341)	27,217	(1,341)	27,217
		21,757	51,316	46,451	67,358
(Loss) / profit after taxation		(746,538)	94,379	(946,359)	122,430
(Loss) / earnings per share - basic (Rupees)	10	(3.05)	0.39	(3.86)	0.50

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



Chief Executive



Director

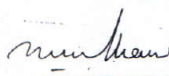
cash flow

statement for the half year ended
December 31, 2006 (Unaudited)


Bosicor

	6 months ended December 31, 2006	6 months ended December 31, 2005
	(Rs. in '000')	
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) / Profit before taxation	(899,908)	189,788
Adjustments for non-cash charges and other items:		
Depreciation	99,259	158,751
Financial charges	185,701	93,445
Amortization of deferred cost	--	257
Loss on disposal of vehicle	--	72
Operating (loss) / profit before working capital changes	(614,948)	442,313
Working capital changes		
<i>(Increase)/Decrease in current assets</i>		
Stores and spares	(11,799)	(9,367)
Stock in trade	475,183	(1,813,695)
Trade debts - considered good	(724,026)	38,518
Loan and advances	(67,341)	(145,057)
Trade deposits, prepayments, current account balances with statutory authorities and other receivables	(123,207)	(23,543)
<i>Increase/(Decrease) in current liabilities</i>		
Trade and other payables	(299,531)	1,931,193
Cash generated from operations	(1,365,669)	420,362
Financial charges paid	(236,722)	(84,887)
Dividend paid	(71,133)	--
Taxes paid	(94,180)	(50,044)
Net cash flow (used in) / from operating activities	(1,767,704)	285,431
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(340,993)	(302,630)
Intangible asset	--	(4,583)
Proceeds from disposal of vehicle	--	232
Long term deposits and deferred costs	--	(3,025)
Net cash used in investing activities	(340,993)	(310,006)
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of short term financing	(525,000)	(365,000)
Subordinated loan from sponsor - Unsecured	202,585	--
Repayment of obligation under finance lease	(11,212)	(30,068)
Repayment against term finance certificates	(107,143)	--
Long term loans	825,708	290,625
Net cash flow from financing activities	384,938	(104,443)
Net (decrease) in cash and cash equivalents	(1,723,759)	(129,018)
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	466,019	11,324

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



Chief Executive



Director

statement of changes in equity

for the half year ended
December 31, 2006 (Unaudited)


Bosicor

	Issued, subscribed and paid up capital	Unappropriated profit / (loss)	Total
	(Rs. in '000')		
Balance as at July 01, 2005	2,450,652	110,909	2,561,561
Net profit for the period	--	122,430	122,430
Balance as at December 31, 2005	<u>2,450,652</u>	<u>233,339</u>	<u>2,683,991</u>
Balance as at July 01, 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 period	--	(946,359)	(946,359)
Transfer from surplus on revaluation of property, plant and equipment - Net of tax	--	2,490	2,490
Balance as at December 31, 2006	<u>2,450,652</u>	<u>(717,715)</u>	<u>1,732,937</u>

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



Chief Executive



Director

notes to the **accounts**
for the half year ended
December 31, 2006 (Unaudited)



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.

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".

3 ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these six monthly accounts are the same as those applied in the preparation of the accounts for the preceding year ended 30 June, 2006.

4 CHANGE IN ACCOUNTING ESTIMATES

The company used to depreciate its fixed assets following the reducing balance method. During the current period 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 asset. Had there been no change the depreciation expense and loss of the period would have been higher by Rs.80 million.

Dec 31, 2006 June 30, 2006
(Rs. in '000')

5 PROPERTY PLANT AND EQUIPMENT

Operating fixed assets - At written down value
Capital work in progress - At cost

	5,187,467	3,347,298
	674,610	372,024
	<u>5,862,077</u>	<u>3,719,322</u>
5.1 Additions and disposals during the period		
Additions		
<u>Owned</u>		
Lease hold land	--	213,200
Plant and machinery	2,161	207,247
Generator	3,500	--
Furniture, fixture and equipment	1,284	6,449
Computer and allied	10,131	3,724
Safety lab equipments	192	3,231
Vehicles	19,901	25,568
Portable cabins	1,238	--
	<u>38,407</u>	<u>459,419</u>
<u>Leased</u>		
Plant and machinery	--	46,500
Vehicles	--	10,211
	<u>--</u>	<u>56,711</u>
<u>Disposals</u>		
Vehicles	--	2,336

6 TERM FINANCE CERTIFICATES - Secured

These represent privately placed term finance certificates (TFCs), which have been fully subscribed (including green shoe option of Rs.250 million).

Major Terms and Conditions

Issue Date:	October 01, 2004
Tenor:	5 Years
TFC Coupon Rate:	Base rate + 550 bps with a floor of 9% p.a and a cap of 13% p.a payable semi annually
Base Rate:	6-months KIBOR
Grace Period:	18 months

7 CONTINGENCIES AND COMMITMENTS

- 7.1 There is no material change in the contingencies since the last audited financial statements.
7.2 Commitments in respect of letter of credits amounting to Rs. 935 millions (June 30, 2006: Rs. 818 million)

Dec 31, 2006 June 30, 2006
(Rs. in '000')

8 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

Surplus arising due to revaluation of Property, plant and equipment carried out during the period	1,901,021	--
Related deferred tax liability	(281,792)	--
Transfer to accumulated loss in respect of incremental depreciation charged during the period - Net of tax	(2,490)	--
Surplus on revaluation of Property, plant and equipment - Closing	<u>1,616,739</u>	<u>--</u>

The following Property, plant and equipment owned by the company were revalued by independent revaluers M/s Rizvi Associates (Pvt) Limited on September 2006 and by M/s Imran Associates on December 2006 using prevailing market value being the basis of revaluation. 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.

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
Building 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

notes to the **accounts**
for the half year ended
December 31, 2006 (Unaudited)

Bosicor

	3 months Oct - Dec 2006 (Rs. in '000')	3 months Oct - Dec 2005	6 months December 31, 2006 (Rs. in '000')	6 months December 31, 2005
9 COST OF SALES				
Opening stock of raw material	2,617,676	1,399,879	3,263,658	1,336,717
Purchases	5,206,650	6,153,006	9,506,517	9,278,189
Available for use	7,824,326	7,552,885	12,770,175	10,614,906
Closing stock of raw material	(2,772,011)	(2,904,874)	(2,772,011)	(2,904,874)
Raw material consumed	5,052,315	4,648,011	9,998,164	7,710,032
Manufacturing expenses	124,015	152,566	215,593	300,420
Cost of goods manufactured	5,176,330	4,800,577	10,213,757	8,010,452
Opening stock of finished products	674,126	587,835	645,737	474,797
Closing stock of finished products	(662,201)	(721,146)	(662,201)	(721,146)
	5,188,255	4,667,266	10,197,293	7,764,103

10 (LOSS) / EARNINGS PER SHARE - BASIC

(Loss) / Profit after taxation	(746,538)	94,379	(946,359)	122,430
	Number of Shares		Number of Shares	
Weighted average number of ordinary shares	245,065,000	245,065,000	245,065,000	245,065,000
	Rupees		Rupees	
(Loss) / earnings per share - Basic	(3.05)	0.39	(3.86)	0.50

6 months
July - Dec
2006
(Rs. in '000')

11 TRANSACTION WITH RELATED PARTIES

Purchase of operating assets	10,310	1,949
Funds from sponsors & associated undertaking	427,585	--
Repayment of loans to group companies & associates	10,370	9,375
Rent	175	175
Payment against services (freight for crude oil)	175,376	106,601
Mark up on borrowings and leases	5,924	--

notes to the **accounts**
for the half year ended
December 31, 2006 (Unaudited)




12 DATE OF AUTHORIZATION OF ISSUE

The financial statements were authorized for issue on 27th February 2007 in accordance with the resolution of the Board of Directors of the company.

13 GENERAL

13.1 Figures have been rounded off to the nearest thousand of rupee.



Chief Executive



Director