BOSICOR

Bosicor Pakistan Limited

Annual Report 2008


Welcome
By the way...
Air
Tyre Shop
Services
Diesel 64:76
Gasoline 86:78
Rs. Kg

Contents

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.

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.

Environment H&S Policy

We will develop our company on ethical and professional basis and be a responsible corporate entity with respect to Environment Health & Safety.

Management Belief

Management Leadership, Participation and Accountability: Our leaders, from top management to front-line supervisors, are responsible and accountable for Environment, Health and Safety, its compliance and for managing such risks of their areas. Their active participation includes collaborating across organizational lines to integrate risk management practices into our routine business processes.

Management Role

- Worker Protection and Wellbeing: To enable all employees to accept individual responsibility for EHS, implement best practices, and work in partnership to create an ethos of continuous improvement by providing appropriate training & information.
- Contractor Safety: To work with and demand compliance from our contractors for adhering to our EHS Policies and Procedures, thereby ensuring high standards for protection of our environment, workers and assets.

Employee Responsibilities

- Environmental Protection: Adopt best in class practices that protect the environment, including reducing the quantity of emissions, developing opportunities for recycling, pollution prevention, and efficient use recyclable materials.
- Emergency Vigilence: Anticipate emergency situations and be ready to respond appropriately to eliminate harm to the environment, people and property.
- Continual Improvement: Strive to constantly improve our EHS performance and management processes by measures, including the following:
  - Benchmarking industry best practices to identify improvement opportunities; and
  - Conducting reviews and auditing our EHS management system and operations to monitor progress and compliance.
  - Incorporating newer generation technology and advance management systems.
  - Learning from events - accidents, close calls and identified substandard conditions;

Statement of Ethics & Business Practices

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

- 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 worthwhile 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 of efficiency and the 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.

Mohammad Wasi Khan
President & CEO

Company Information

Board of Directors

Amir Abbassciy, *Chairman*
Hamid Imtiaz Hanfi, *Director*
Muhammad Rashid Zahir, *Director*
Syed Arshad Raza, *Director*
Farooq Ahmed Yamin Zubairi, *Director*
Samia Roomi, *Director*
Uzma Abbassciy, *Director*

Audit Sub Committee of the Board

Muhammad Rashid Zahir, *Chairman*
Hamid Imtiaz Hanfi, *Member*
Syed Arshad Raza, *Member*
Ozair Muhammad, *Secretary*
M. Mazahir Hussain *(by invitation)*

Corporate Secretariat
Hamid Imtiaz Hanfi, *Vice Chairman*
Amir Waheed Ahmed, *GM Corporate Services & Company Secretary*
Ozair Muhammad, *Head Internal Financial Audits*

CEO / President Secretariat & Management Team
Mohammad Wasi Khan, *President & Chief Executive Officer*
Syed Masood Raza, *VP Admin & HR*
Derek Lawler, *VP Technical*
M. Mazahir Hussain, *GM Treasury & Chief Financial Officer*
Jawed Ahmed, *VP Commercial*
Muhammad Waseem, *GM Projects*
Shamim Anwar, *GM Oil Refining Unit*
Sheikh Atta-ur-Rehman, *GM Oil Marketing Unit*

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
JS Bank Limited
KASB Bank Limited
National Bank of Pakistan
Standard Chartered Bank (Pakistan) Limited
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
Fax # 021-111-888-081

Website
www.bosicor.com.pk

Board of Directors

Muhammad Rashid Zahir
Director

Hamid Imtiaz Hanfi
Director

Syed Arshad Raza
Director

Uzma Abbassciy
Director

Samia Roomi
Director

Farooq Ahmed Yamin Zubairi
Director

Amir Abbassciy
Chairman

Management Team

From Left to Right

Muhammad Waseem
GM Projects

Jawed Ahmed
VP Commercial

M. Mazahir Hussain
GM Treasury & Chief Financial Officer

Mohammad Wasi Khan
President & Chief Executive Officer

Syed Masood Raza
VP Admin & HR

Sheikh Atta-ur-Rehman
GM Oil Marketing Unit

Shamim Anwar
GM Oil Refining Unit

Derek Lawler *(not in picture)*
VP Technical

Chairman's Review

On behalf of the Board of Directors,
I am pleased to welcome you all to the 14th 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, 2008.

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 14th 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, 2008.

We have witnessed worsening international financial crisis and an unprecedented rise in global energy prices. This phenomenon has tested the strength of economic fundamentals of Pakistan. However country's economy managed to grow at 5.8% in 2007-08, as against 6.8% last year. The monetary tightening phase that started from April 2005 in order to curb domestic inflation has also played its role in dampening this year's growth. Several important sectors failed to meet their growth targets for the year, exhibiting not only signs of moderation but also fell victim to domestic and external shocks.

The Pakistani rupee plunged to an all time low against the US dollar amid political uncertainty. The rupee has traded as low as around 76 against the dollar in the official inter-bank market, but recovered to close at 75.90 rupees. It is the first time in Pakistan's history that the rupee has undergone such a sharp decline over a relatively short time span. Worryingly, there is no assurance from either the Ministry of Finance or the State Bank of Pakistan that this decline has been halted. Due to this Pakistan's economy has been under tremendous inflationary and deficit pressure, with the stock market also experiencing instability.

During the year under review, the oil prices have been rising dramatically. In parallel refinery margins also improved which contributed towards the profitability of the Company. This year, Gross Sales were Rs. 40.09 billion which have increased by 71.7% as compared to Rs. 23.35 billion achieved last year, whereas improvement in refining margins led to a Gross Profit of Rs. 2,141.91 million as compared to a Gross Loss of Rs. 72.49 million incurred last year.

During the last quarter of the fiscal year, the unprecedented depreciation of Pak Rupee vis-à-vis the US Dollar has led to a significant increase in the liabilities, our Company has had to book against its crude suppliers, by increasing the payment in equivalent Pak Rupees. Resultantly, an extra ordinary expense on account of foreign exchange differential loss of Rs. 1,257.96 million has been incurred which could have otherwise increased our profit by the same amount. Your company's profit after tax has therefore been restricted to Rs. 15.12 million as compared to loss after tax of Rs. 681.27 million incurred last year.


DIESEL
4

Your company has overarching aim to develop an integrated position in growth areas and the company has completed the crude oil distillation unit revamp project which was one of the major ongoing projects, thereby increasing the refining capacity to over 30,000 barrels per day.

Aggressive efforts are being made to achieve desired goals for completion of the following projects in hand:

1. Oil Marketing Unit:

With the confidence of becoming one of the major petroleum retailers in Pakistan, the Oil Marketing Unit commissioned its first modern Station in July 2007 in Hazro, District Haripur. This Station has been equipped with latest equipments as per international environment, health and safety standards. This Business Unit continued its journey and concluded its first year with commissioning 34 such Stations.

In line with its vision, this Business Unit is planning to set up Stations on strategic locations, with customer oriented layouts, latest equipment and attractive color scheme. Initial emphasis is on developing such Stations in major urban markets and on major highways of the


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NISSAN DIESEL


BOSICOR

country. Our Marketing Business Unit is committed to develop a network to be made available to the customers at convenient locations, offering all kinds of value added services ranging from conventional petroleum and CNG to convenience shopping, carwash, tyre shop, mosque and restaurants.

The next years' target is setting up of additional 50 such stations including commissioning of the company's first Station in Karachi. This Station will not only enhance the Company's image in the urban metropolis of Karachi but will also help in improving its brand recognition.

Our Unit started sale of Furnace Oil to industrial consumers and bunker market with an objective to be an efficient and reliable provider of this energy related product in the Country and was able to achieve a significant share in the bunker supplies during the year.

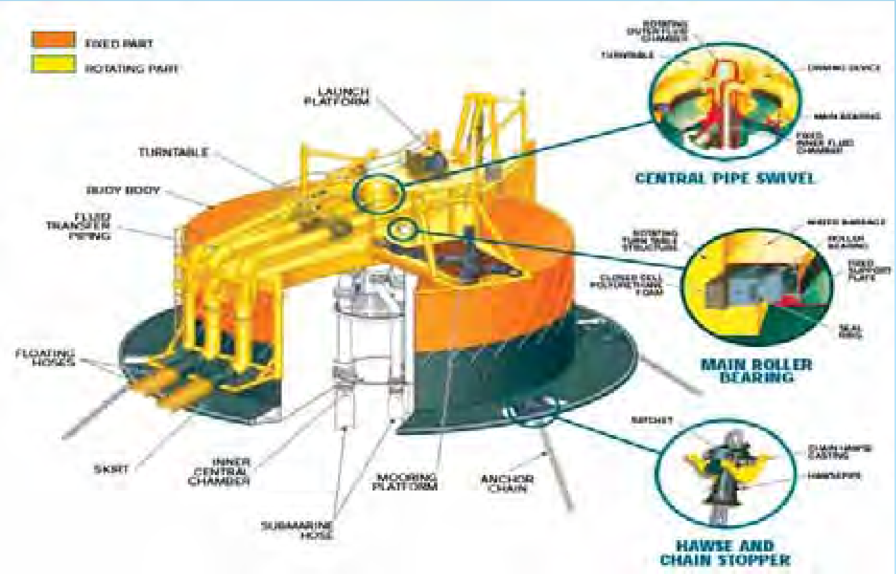
Another landmark was achieved during the year with the development of a fleet of Bowsers/Tank Lorries for this Unit for transportation of our crude oil and petroleum products for the refining Business Unit as well as for this Unit's own dispatches of pertoleum products. Our present fleet of 25 Bowsers/Tank Lorriers have an aggregate carrying capacity of 9,400 barrels per day. This project has been completed in a record time and will help in strengthening the supply chain functions and the Brand Identity of the Company.

The project has been financed through leasing arrangement spread over a period of three years with total cost of Rs. 150 million. The target is to transform this logistics strength into a Marketing tool for the Company. The Bowser fleet is being managed by a dedicated staff conversant with the transport fleet management and EHS tools.

Your Company's retail network is supported by the strength of its refinery to ensure consistent provision of value added products to its customers in southern region of the Country, whereas for northern and central regions, the Company has entered into product sale purchase agreements with Attock Refinery Limited and Pak Arab Refinery Limited respectively. To further ensure uninterrupted provision of products at all times, your Company has also entered into hospitality agreement with Pakistan State Oil Company Limited which will enable it to use PSOCL storages and filling facilities in some of the specific areas where your Company does business.

2. Construction of additional storage facilities:

The construction work on the additional storage tanks with a combined capacity of 126,000 tons is in progress with a phased completion target for the Storage Tanks in December, 2008 and ancillary Piping Systems by February, 2009.



FIXED PART
ROTATING PART
LAUNCH PLATFORM
TURNTABLE
BUOY BODY
FLUID TRANSFER PIPING
FLOATING HOSES
SKIRT
INNER CENTRAL CHAMBER
SUBMARINE HOSE
MOORING PLATFORM
ANCHOR CHAIN
CENTRAL PIPE SWIVEL
MAIN ROLLER BEARING
HAWSE AND CHAIN STOPPER

Once this Facility comes on-line, it will enhance your Company's Crude Oil and Product storage capacity thereby improving efficiency and reducing handling, carrying and other associated costs.

3. SBM & Sub-sea Pipeline Project:

The Sub-sea and on-land pipeline project is progressing with 100% of the design works completed and the Letters of Credit established for the pipeline and parts of the associated fittings. The installation works for the pipeline is expected to start in February, 2009, with planned completion by 30th March, 2009. Some delays due to complex fittings may still be experienced, however the Management of your Company has been asked to ensure compliance with the new project completion plan.

This project will improve freight economics and reduce transit losses, thus contributing to improved financial performance of your Company.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4. Isomerization Unit:

A UOP licensed and designed Isomerization unit has been acquired to integrate it with the existing Refinery. The addition of an Isomerization unit will allow your Company to convert and upgrade Light Naphtha into environmental friendly Motor Gasoline low in Aromatics and Benzene. At present, most of the refineries are exporting their Naphtha which can be upgraded to this Gasoline by processing it through our Isomerization unit. The capacity of this 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 exported Naphtha thereby earning foreign exchange for the Country.

The Isomerization unit has been shipped from United Kingdom and it is expected to arrive at Karachi in the first week of October 2008. The contribution to profitability from the Isomerization unit is expected from 3rd Quarter, 2010.

FINANCING ARRANGEMENTS:

Our Company had obtained a syndicated financing facility of Rs. 2.6 billion for above referred three projects, from which an amount of Rs. 700 million has been


BOSICOR
Extra Ordinary General Meeting
22 April 2008
BOSICOR PAKISTAN LIMITED

drawn down till now with a repayment of Rs 70 million has been made out of this amount. An amount of Rs. 1,470.4 million, raised through a 60% right shares issue, has been injected into these projects. This has enabled the Company to achieve desired progress on the ongoing projects.

Investment In Associates:

Your company had injected funds amounting to Rs 150 million each in Bosicor Chemical Pakistan Limited (BCPL) and Bosicor 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 March 19, 2007. Now your Company in the interest to provide confidence towards protecting the minority shareholders' interest has unwound this transaction by setting off these investments against the Sponsors' loan after the approval accorded in the Extra Ordinary General Meeting (EOGM) of the Company held on April 22, 2008.

Both these entities are in the project phase and your Company is expected to benefit from the synergies



after completion of these projects, as well as from the various contracts executed between your Company and these entities.

Corporate Social Responsibilities:

Your Company has been actively involved in social responsibilities through its Corporate Social Responsibilities (CSR) program. Besides focusing primarily on the welfare of economically and socially deprived sections of the society, your Company is also aiming to develop economically viable and environment-friendly products for the benefit of millions of its consumers, while at the same time ensuring the highest standards of safety and environment protection in its operations.

Your Company continues to serve and assist the needy in the vicinity of the refinery and have sponsored social activities for the local community. Support is provided to local community by providing assistance in rebuilding their homes damaged by rain and in the areas of health care and education.


FIRE SERVICE
BOSICOR PAKISTAN LTD.
HUB

Environment, 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 maintain conformity with best international safety standards. For this purpose, regular mock and live drills are conducted to test the response time in case of emergency, effectiveness of safety gears, equipment and professional skills of the Emergency Response Team. Your Company remains committed to meeting the environmental standards and achieving excellence in this area.

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.

Contribution to National Exchequer:

During the current year the Company contributed an amount of Rs. 4.47 billion to the national exchequer through direct and indirect taxes. Export of products, valued at US Dollar 63 million has contributed towards improving the country's balance of payments.


BOSICOR
BULK OCEAN SHIPPING
INVESTMENTS
CRUDE OIL REFINING

Information Technology:

SAP is already active with strong presence in the organization and it has been expanded recently to cover activities of Oil Marketing Unit (OMU). The implementation was completed within a record time of four months following SAP standard ASAP Implementation Methodology. Organization's implementation scope covers SAP modules for the admin & human resources, commercial, technical and treasury functions. This has enhanced system efficiencies by providing real time information to the management for decision making.

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, and ingenuity which drive our success. The focused efforts, dedication and commitment of your Company's Employees have enabled us to produce improved operating performance.

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 and on behalf of the Board of Directors

Karachi:
27 September 2008

Amir Abbassciy
Chairman

Directors' Report

This Crude Oil Distillation revamp Project has been successfully commissioned in February, 2008 and your Company has achieved production capacity of over 30,000 barrels per stream day.

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, 2008.

During the year election of Directors was held on 27th October, 2007 and all the Directors of the Company were re-elected to the Board of Directors for a term of three years:

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

Performance Overview:

By the grace of Almighty Allah the Refinery has achieved its energy efficient enhanced design capacity target by de-bottlenecking and up gradation in equipment and control systems. Completion of this revamp Project took longer than planned due to delays in the deliveries of critical pumps. This Crude Oil Distillation Revamp Project has been successfully commissioned in February, 2008 and your Company has achieved production capacity of over 30,000 barrels per stream day. During the year under review, a shutdown of 45 days was taken as per plan to carry out revamp works/incorporation of new equipment with superior control system and turnaround for the inspection/refurbishment of existing equipment.

The crude throughput after revamp turnaround (for the remaining 4.5 months of the year under review) remained much higher than that of the prior period. The crude processing for the financial year under review came to 6.188 million barrels as compared to 5.067 million barrels processed during last year. The Refinery is still confronted with logistics challenges relating to its crude oil deliveries from the terminal at port to the Refinery as well as shipments from

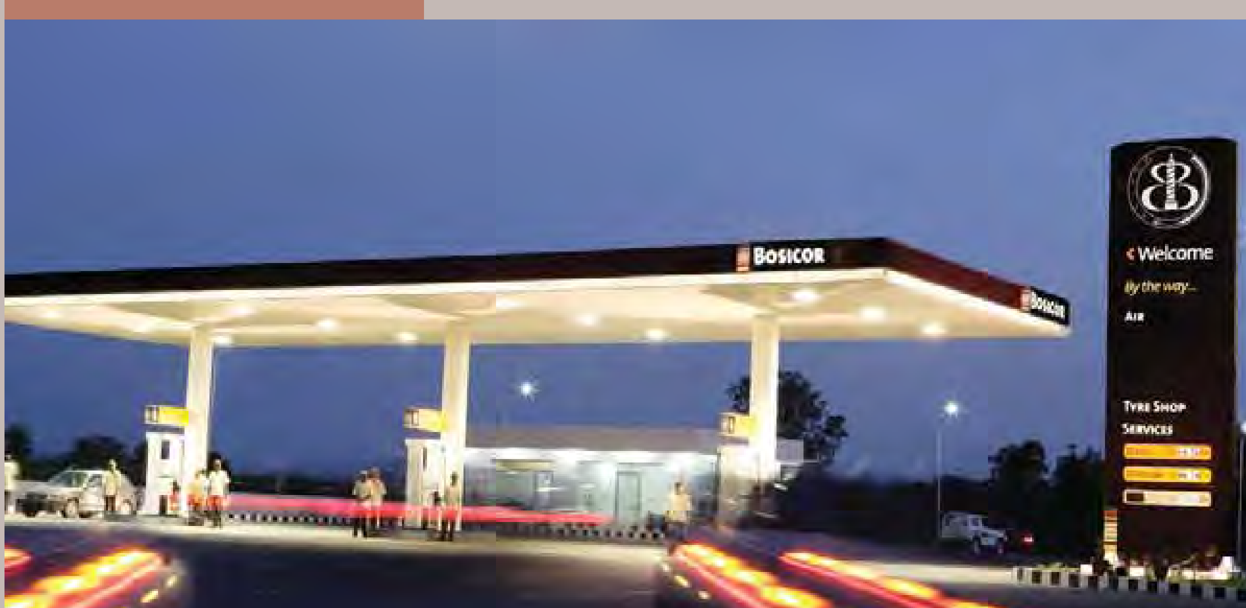
the Refinery to its Customers. Both of these operations are carried out through Bowzers/Tank Lorries, which remained subject to a significant variations on account of tanker/transporters' strikes due to hike in Diesel prices by the Government. This has affected the crude oil throughputs and resultantly, petroleum dispatches at various occasions during the year under review.

The Company has achieved the Gross Sales of Rs. 40.09 billion and Net Sales of Rs. 35.81 billion during the year as compared to the Gross and Net Sales of Rs. 23.35 billion and Rs. 19.33 billion respectively for the last year. Due to improvement in the refining margins the Company has earned Gross Profit of Rs. 2,033.14 million as compared to a Gross Loss of Rs. 72.49 million incurred during last year.

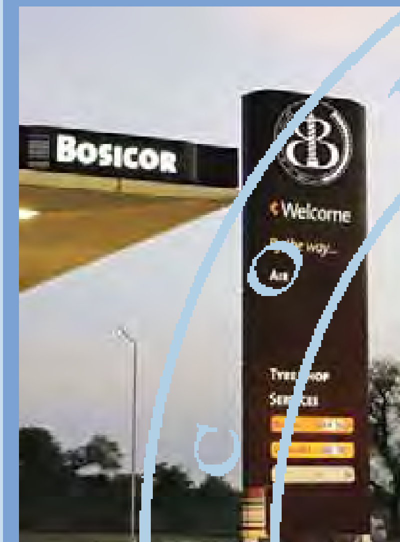
Your company has been procuring Crude Oil on usance basis for which the payments were allowed for periods beyond the usual 30 days from the Bill of Lading date, this has allowed the State Bank of Pakistan and the Government relief by retaining about US Dollar 400 million in its reserves and thereby making this available to the National Exchequer. This deferred payment arranged by us is to-date without any facilitation from the GOP for coverages on exchange differential.

During last quarter of the fiscal year, the unprecedented depreciation of Pak Rupee vis-à-vis the US Dollar has harshly effected our above mentioned arrangement by increasing the payment in equivalent Pak Rupees. Due to this depreciation the Company has incurred an extra ordinary expense on account of foreign exchange differential loss of Rs.1,257.96 million which may have otherwise increased our profit by the same amount.

The year under review has therefore ended with an after tax Profit of Rs. 15.12 million as compared to an after tax Loss of Rs. 681.27 million incurred last year. The financial results highlights are as follows:




Bosicor Pakistan Limited



	Amount in Rs. '000
Operating profit / (loss)	1,761,804
Other income	186,999
	1,948,803
Financial charges	(497,179)
Exchange differences - net	(1,257,960)
Workers profit participation fund	(9,683)
Profit before taxation	183,981
Taxation	(168,860)
Profit after taxation	15,121
Un-appropriated profit brought forward	(437,581)
Transfer from surplus on revaluation of Property, plant and equipment – net of tax	30,051
Un-appropriated loss carried forward	(392,409)

In the absence of an appropriate mechanism provided by our Government to a refinery to safe guard itself from foreign exchange differential, the refinery becomes exposed to a risk which has no bearing to its core refining business of foreign exchange parity as State Bank of Pakistan and the Government does not allow foreign exchange forward cover or hedging on oil imports.

Hence we have requested GOP for a mechanism same as the price differential claim (PDC) on account of Pak Rupee parity differential with the US Dollar between the Bill of Lading date and the Letter of Credit payment dates.

Earnings Per Share:

During the year under review, based on the net profit the earnings per share was Rs. 0.04 as compared to a loss of Rs. 2.37 per share during the last year, as a result the Directors have not recommended payment of dividend for the year ended June 30, 2008.

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 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
- 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 77.
- 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, 2008 is as follows:
  Bosicor Pakistan Limited - Staff Provident Fund - 2008, Rs. 21.793 million (2007: Rs. 9.793 million)
- During the year four meetings of the Board of Directors were held. Attendance by each Director was as follows:

Name of Director	No. of BOD Meetings Attended
1. Mr. Amir Abbassciy	3
2. Mr. Hamid Imtiaz Hanfi	4
3. Mr. M. Rashid Zahir	1
4. Syed Arshad Raza	4
5. Mrs. Samia Roomi	3
6. Mr. Farooq Ahmed Yamin Zubairi	4
7. Mrs. Uzma Abbassciy	2

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

Pattern of Shareholding

- The pattern of shareholding in the Company and additional information as at June 30, 2008 appear on page 78.
- Bosicor Corporation Limited continues to hold 55.19% shares, while institutions and Banks held 2.34%, and individuals held the balance 42.47%.
- The highest and lowest market prices during 2008 were Rs. 23.50 and Rs. 12.11 per share respectively.
- The Directors, CEO, CFO and Company Secretary and their spouses and minor children did not carry out any transaction in the shares of the Company during the year, except for sale and transfer of 75,473 shares held by Mr. Amir Abbassciy to Bosicor Corporation Limited. All statutory requirements in this connection were duly complied.

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 wishes to express appreciation and place on record its gratitude for the faith reposed in and co-operation extended to the Company by the State Governments, various Government Agencies/Departments, Financial Institutions, Banks, Customers, Suppliers and Investors of the Company. Your Directors place on record their appreciation of the dedicated and sincere services rendered by the Employees of the Company.

For and on behalf of the Board of Directors

Amir Abbassciy
Chairman

Karachi: 27 September 2008

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, 2008.

Faruq Ali & Co.
Chartered Accountants

Karachi: 27 September 2008

Statement of compliance with the Code of Corporate Governance
for the year ended June 30, 2008

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 NBFI. None of the director is a member of any of the stock exchanges on which the Company's shares are listed.

4. No casual vacancy occurred in the Board during the year ended June 30, 2008.

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 four 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 four 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. No new appointments have been made during the year for Chief Financial Officer, Company Secretary and Head of Internal Financial Audits.

Statement of compliance with the Code of Corporate Governance
for the year ended June 30, 2008

11. The Directors' report for the year ended June 30, 2008 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, 2008.

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, 2008 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 30,2008 and of the profit,its cash flows and changes in equity for the year then ended; and

d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Faruq Ali & Co.
Chartered Accountants

Karachi: 27 September 2008

Balance Sheet

as at June 30, 2008

Amounts in Rs '000

	Note	2008	2007
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	3	8,564,933	6,387,534
Intangible asset	4	10,618	14,157
Long term deposits		45,629	17,239
Long term investments	5	-	300,000
CURRENT ASSETS			
Stores and spares	6	132,253	138,342
Stock in trade	7	11,934,244	5,177,422
Trade debts - Considered good	8	3,217,917	1,079,213
Loans and advances - Considered good	9	87,978	87,005
Trade deposits, prepayments and other receivables	10	119,094	252,854
Markup accrued	11	42,432	-
Cash and bank balances	12	7,906,497	1,788,863
		23,440,415	8,523,699
		32,061,595	15,242,629
EQUITIES AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
500,000,000 (2007: 500,000,000) Ordinary shares of Rs.10/- each		5,000,000	5,000,000
Issued, subscribed and paid-up capital	13	3,921,044	2,450,652
Accumulated loss		(392,409)	(437,581)
		3,528,635	2,013,071
Surplus on revaluation of property, plant and equipment	14	1,571,647	1,601,698
NON-CURRENT LIABILITIES			
Contribution towards right issue of shares		-	1,434,028
Loan from sponsor - Unsecured	15	170,140	-
Term finance certificates - Secured	16	107,094	321,396
Long term loans - Secured	17	644,340	984,739
Liabilities against assets subject to finance lease	18	182,465	145,454
Long term deposits	19	4,446	-
Deferred liabilities	20	260,589	272,353
CURRENT LIABILITIES			
Trade and other payables	21	23,683,442	7,402,998
Accrued markup		124,234	110,658
Short term borrowings - Secured	22	1,000,000	249,000
Current portions of non current liabilities	23	605,532	610,375
Provision for taxation		179,031	96,859
		25,592,239	8,469,890
CONTINGENCIES AND COMMITMENTS	24	-	-
		32,061,595	15,242,629

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

Chief Executive

Director

Profit and Loss Account
for the year ended June 30, 2008

Amounts in Rs '000

	Note	2008	2007
Gross sales	25	40,092,140	23,349,577
Less: Government levies	25	(4,286,024)	(4,020,671)
Net Sales	25	35,806,116	19,328,906
Cost of sales	26	33,664,208	19,401,391
Gross profit / (loss)		2,141,908	(72,485)
Operating expenses			
Administrative expenses	27	241,199	159,936
Selling and distribution expenses	28	138,905	36,206
		380,104	196,142
Operating profit / (loss)		1,761,804	(268,627)
Other income	29	186,999	46,070
		1,948,803	(222,557)
Financial and other charges			
Financial charges	30	497,179	354,964
Exchange differences - net	31	1,257,960	50,683
Workers' profit participation fund		9,683	-
		1,764,822	405,647
Profit / (loss) before taxation		183,981	(628,204)
Taxation			
Current year	32	179,031	96,859
Prior year		6,011	1,817
Deferred		(16,182)	(45,614)
		168,860	53,062
Profit / (loss) after taxation		15,121	(681,266)
Earnings / (loss) per share - Basic and diluted (Rupees)	33	0.04	(2.37)

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

Chief Executive

Director

Cash Flow Statement

for the year ended June 30, 2008

Amounts in Rs '000

	Note	2008	2007
CASH FLOW FROM OPERATING ACTIVITIES			
Profit / (loss) before taxation		183,981	(628,204)
Adjustments for non cash and other items:			
Depreciation and amortization		252,861	223,429
Financial and other charges		1,764,822	405,647
Gain on disposal of fixed assets		(1,800)	(2,231)
Mark up on advance against future issue of shares	5.2	(42,432)	-
Provision for gratuity		4,418	-
Cash flow before working capital changes		2,161,850	(1,359)
Movement in working capital			
(Increase) / decrease in current assets			
Stores and spares		6,089	(44,187)
Stock in trade		(6,756,822)	(1,268,027)
Trade debts		(2,138,704)	27,747
Loans and advances		(973)	(61,243)
Trade deposits, prepayments and other receivables		135,145	(136,526)
Increase / (decrease) in current liabilities			
Trade and other payables		15,258,694	1,640,060
Cash generated from operations		8,665,279	156,465
Payments for:			
Financial and other charges		(711,156)	(415,893)
Taxes		(104,255)	(158,074)
Workers' profit participation fund		-	(9,600)
Net cash generated from / (used in) operating activities		7,849,868	(427,102)
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(2,333,474)	(858,141)
Sale proceeds of fixed assets		3,080	12,000
Long term deposits		(28,390)	(12,422)
Long term investments		-	(300,000)
Net cash used in investing activities		(2,358,784)	(1,158,563)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds against right issue of shares		36,364	983,656
Payment of dividend		(183)	(80,456)
Proceed against loan from sponsor - net		451,983	-
Repayment of term finance certificates		(214,302)	(214,302)
Repayment of long term loans		(361,753)	(77,084)
Receipt against long term loans		-	351,950
Liabilities against assets subject to finance lease - Net		(41,005)	(28,014)
Long term deposits		4,446	-
Short term borrowings - net		751,000	249,000
Net cash generated from financing activities		626,550	1,184,750
Net increase / (decrease) in cash and cash equivalents		6,117,634	(400,915)
Cash and cash equivalents as at 1st July		1,788,863	2,189,778
Cash and cash equivalents as at 30th June		7,906,497	1,788,863

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, 2008

Amounts in Rs '000

	Issued, subscribed and paid-up capital	Accumulated (loss)	Total
Balance as on 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 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
Shares issued during the year	1,470,392	-	1,470,392
Net profit for the year	-	15,121	15,121
Transfer from surplus on revaluation of property, plant and equipment - Net of tax	-	30,051	30,051
Balance as on June 30, 2008	**3,921,044**	**(392,409)**	**3,528,635**

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

Chief Executive

Director

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. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984 provision of and directives issued under the Companies Ordinance, 1984. In case requirement differ, the provisions of and directives of the Companies Ordinance, 1984 shall prevail.

New accounting standards and IFRIC interpretations that are not yet effective

The following standards, amendments and interpretations of approved accounting standards are only effective for accounting periods beginning on or after 1 July, 2008 and are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain increased disclosures in the certain cases:

- Revised IAS 1 - Presentation of Financial Statements;
- Revised IAS 23 - Borrowing costs;
- IAS 29 - Financial Reporting in Hyperinflationary Economies;
- IAS 32 (amendment) - Financial instruments : presentation and consequential amendments to IAS 1 Presentation of Financial Statements;
- IFRS 2 (amendment) - Share-based payments;
- IFRS 3 (amendment) - Business Combinations and consequential amendments to IAS 27 - Consolidated and separate financial statements, IAS 28 - Investment in associates and IAS 31- Interest in Joint Ventures;
- IFRS 7 - Financial Instruments: Disclosures;
- IFRS 8 - Operating Segments;
- IFRIC 12 - Service Concession Arrangements;
- IFRIC 13 - Customer Loyalty Programmes;
- IFRIC 14 - IAS 19-The Limit on Defined Benefit Asset, Minimum Funding Requirements and their interaction;
- IFRIC 15 - Agreement for the Construction of Real Estate;
- IFRIC 16 - Hedge of Net Investment in a Foreign Operation;

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 certain fixed assets mentioned in note 14 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 lives of property, plant and equipment.

iii) Staff retirement benefits

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.

Defined benefit plan

During the year Company introduced unfunded gratuity scheme covering all employees eligible to the benefit w.e.f. July 01, 2007. Provisions are based on actuarial recommendations and service for all employees for the purpose of actuarial valuation has been calculated from July 01, 2007 or actual date of joining; whichever is later. Actuarial valuations are carried out using the projected unit credit method as required by International Accounting Standard 19 “Employee Benefits”. The unrecognized actuarial gains or losses at each valuation date are amortized over the average remaining working lives of the employees in excess of 10% of the present value of the defined benefit obligation.

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 14 to the financial statements which are carried at revalued amounts. All expenditures connected with specific assets incurred during installation and construction period are carried under capital work in progress at cost. These are transferred to specific assets as and when these assets are available for use.

Depreciation is charged using the straight line method. On additions depreciation is charged from the month the asset is 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. 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.

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 and 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.

Amounts in Rs '000

2.17 Financial instruments

All financial assets and liabilities are recognized when the company becomes a party to the contractual provisions of the instruments. Financial assets include long term and short term deposits, trade debts, loans, advances, accrued markup, other receivables, cash and bank balances. Financial liabilities include sponsors loan, term finance certificates, long term loans, finance lease, short term borrowings, deposits, 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.

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 Dividends and appropriation to general reserve

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

3 PROPERTY, PLANT AND EQUIPMENT

	Note	2008	2007
Operating fixed assets	3.1	6,142,776	5,077,202
Capital work in progress	3.5	2,422,157	1,310,332
		8,564,933	6,387,534

Notes to the Financial Statements

for the year ended June 30, 2008

Amounts in Rs '000

3.1 Operating fixed assets

Particulars	Cost / Revaluation					Depreciation						Book value
	As at July 01, 2007	Additions and Revaluation	Transfers	(Deletions)	As at June 30, 2008	Useful life in years	As at July 01, 2007	Transfers	For the year	On deletions	As at June 30, 2008	As at June 30, 2008
Owned												
Freehold land	631,360	-	-	-	631,360	-	-	-	-	-	-	631,360
Leasehold land	700,000	-	-	-	700,000	-	-	-	-	-	-	700,000
Plant and machinery	4,192,178	1,030,145	-	-	5,222,323	20	794,570	-	201,367	-	995,937	4,226,386
Generators	80,994	-	-	-	80,994	15	15,403	-	5,425	-	20,828	60,166
Building, on freehold land, roads and civil works	165,797	44,741	-	-	210,538	25	19,040	-	6,919	-	25,959	184,579
Furniture and fixtures	27,347	453	-	-	27,800	10	8,616	-	2,375	-	10,991	16,809
Computer and allied	17,859	4,984	-	-	22,843	3	7,276	-	6,459	-	13,735	9,108
Safety and lab equipments	16,814	1,096	-	-	17,910	5	5,198	-	4,184	-	9,382	8,528
Vehicles	45,287	1,522	10,204	(5,146)	51,867	5	11,008	7,706	10,238	(3,866)	25,086	26,781
Portable cabins	9,199	-	-	-	9,199	10	4,571	-	696	-	5,267	3,932
Sub - Total	5,886,835	1,082,941	10,204	(5,146)	6,974,834		865,682	7,706	237,663	(3,866)	1,107,185	5,867,649
Leased												
Plant and machinery	52,246	217,718	-	-	269,964	20	9,423	-	5,380	-	14,803	255,161
Vehicles	26,307	15,517	(10,204)	-	31,620	5	13,081	(7,706)	6,279	-	11,654	19,966
Sub - Total	78,553	233,235	(10,204)	-	301,584		22,504	(7,706)	11,659	-	26,457	275,127
2008	5,965,388	1,316,176	-	(5,146)	7,276,418		888,186	-	249,322	(3,866)	1,133,642	6,142,776
2007	4,018,567	1,959,563	-	(12,742)	5,965,388		671,269	-	219,890	(2,973)	888,186	5,077,202

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

	2008	2007
Administrative and selling	25,351	22,233
Cost of sales	223,971	197,657
	249,322	219,890

3.3 Details of assets disposed off during the year:

Particulars	Cost	Accumulated Depreciation	Book Value	Sale Proceeds	Gain / (loss)	Mode of Disposal	Particulars of Buyer
Vehicles:							
Suzuki Alto	464	464	-	250	250	Tender	Mr. Muhammad Shafique (NIC 42401-1918800-7)
Suzuki Bolan	367	367	-	256	256	Tender	Mr. Muhammad Arif (NIC 42401-1556529-3)
Toyota corolla	879	324	555	625	70	Tender	M/s. Premier Services (Pvt) Ltd (Associated undertaking)
Hyundai Santro executive	559	47	512	559	47	Tender	M/s. Bosicor Oil Pakistan Limited (Associated undertaking)
Toyota corolla saloon 2.OD	1,189	1,113	76	635	559	Tender	Mr. Muhammad Shafique (NIC 42401-1918800-7)
Toyota corolla saloon 2.OD	1,189	1,138	51	630	579	Tender	M/s. Bosicor Oil Pakistan Limited (Associated undertaking)
Hyundai Santro Club	499	413	86	125	39	Co. Policy	Mr. Rashid Badruddin (NIC 42201-5744690-5)
2008	5,146	3,866	1,280	3,080	1,800		
2007	12,742	2,973	9,769	12,000	2,231		

Amounts in Rs '000

3.4 Had there been no revaluation the carrying amount of revalued assets would have been as follows :

	Note	2008	2007
Freehold land		22,260	22,260
Leasehold land		213,200	213,200
Plant and machinery		3,545,380	2,674,328
Generators		40,765	44,426
Building on freehold land, roads and civil works		154,241	114,986
Safety and lab equipments		7,355	9,681
		3,983,201	3,078,881

3.5 Capital work in progress

	Note	2008	2007
Opening balance		1,310,332	372,024
Additions	3.5.1	2,322,906	938,308
		3,633,238	1,310,332
Less: Capitalized		(1,211,081)	-
Closing balance		2,422,157	1,310,332
Plant and machinery		2,357,622	1,123,499
Plant and machinery - Leased		-	138,708
Civil and mechanical works		64,535	48,125
		2,422,157	1,310,332

3.5.1 Additions to capital work in progress include Rs.146.224 million (2007:Rs.196.286 million) borrowing cost capitalized during the year relating to the specific borrowings taken for the projects.

4 INTANGIBLE ASSET

	Note	2008	2007
Computer software (ERP Solutions)	4.1	14,157	17,696
Less: Amortized during the year		(3,539)	(3,539)
		10,618	14,157

4.1 The computer software is being amortized on straight line basis over the useful life of five years.

5 LONG TERM INVESTMENTS

	2008	2007
Associated companies:		
Bosicor Chemicals Pakistan Limited	-	150,000
Bosicor Oil Pakistan Limited	-	150,000
	-	300,000

Notes to the Financial Statements

for the year ended June 30, 2008

Amounts in Rs '000

5.1 These represented advance against future issuance of 15 million shares @ Rs.10/- in each of the associated companies.

5.2 The above amounts have been settled against the interest bearing loan received from the Sponsor of the Company, M/s Bosicor Corporation Limited instead of receiving shares against the amount invested in the associated companies. A return of 1% over and above the average borrowing cost of the company from the date of investment up to the date of aforesaid settlement as a compensation to the company for retaining Company's fund has been accrued in these financial statements.

The aforementioned settlement has been made in accordance with special resolution required U/s 208 of the Companies Ordinance, 1984 passed in the Extra Ordinary General Meeting of the Company held on April 22, 2008.

	Note	2008	2007
6 STORES AND SPARES			
Stores and spares		**132,068**	122,570
Stores in transit		**185**	15,772
		132,253	138,342
7 STOCK IN TRADE			
Raw material		**7,112,584**	4,343,029
Stock in transit		**3,620,815**	-
Finished goods		**1,200,845**	834,393
		11,934,244	5,177,422

8 TRADE DEBTS - Considered good

Trade debts include receivables amounting to Rs.169.439 million (2007: Rs. 9.144 million) in respect of price differential claims from Ministry of Petroleum, Government of Pakistan.

9 LOANS AND ADVANCES - Considered good

	Note	2008	2007
Employees	9.1	**6,231**	17,013
Suppliers and contractors		**81,747**	69,992
		87,978	87,005

9.1 This includes amount of Rs.2.654 million (2007: 13.482 million) due from executives of the company.

10 TRADE DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2008	2007
Deposits	**7,168**	3,304
Pre-payments	**10,681**	9,483
Current account balances with statutory authorities:		
Advance income tax	**97,547**	96,162
Sales tax adjustable/refundable	**-**	143,905
Inland freight equalization margin	**3,698**	-
	119,094	252,854

Amounts in Rs '000

11 MARKUP ACCRUED

This represents markup receivable (2007: Nil) from associated companies in respect of settlement of advance against future issue of shares as explained in note 5.2 to the financial statements.

	2008	2007
12 CASH AND BANK BALANCES		
Cash in hand	100	36
Cash at banks		
- Current account	1,418,427	796,969
- Deposit account	6,487,970	991,858
	7,906,497	1,788,863
13 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		
392,104,396 (2007: 245,065,248) Ordinary shares of Rs.10/- each fully paid in cash.	3,921,044	2,450,652

13.1 216,383,911 shares (2007: 135,870,899 shares) are held by Bosicor Corporation Limited (holding company) representing 55.19% (2007: 55.44%) shareholding in the company.

14 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

	2008	2007
Surplus on revaluation of property, plant and equipment - Opening	1,601,698	-
Surplus arising due to revaluation of property, plant and equipment	-	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	(30,051)	(17,531)
Surplus on revaluation of property, plant and equipment - Closing	1,571,647	1,601,698

The following property, plant and equipment owned by the company were revalued by independent revaluers 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 as per fourth schedule of the Companies Ordinance, 1984.

PARTICULARS	W.D.V. of assets before revaluation	Revalued Amount	Surplus on Revaluation
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**

Amounts in Rs '000

	Note	2008	2007
15 LOAN FROM SPONSOR - Unsecured			
Bosicor Corporation Limited	15.1	170,140	-

15.1 The foreign currency loan has been obtained from M/s Bosicor Corporation Limited (holding company), which carries markup @ LIBOR plus 1.5% payable semiannualy. The loan is repayable in respective currency in 10 equal semi annual installments commencing from September, 2009.

16 TERM FINANCE CERTIFICATES - Secured

	Note	2008	2007
Term finance certificates	16.1	321,396	535,698
Less: Current maturity		(214,302)	(214,302)
		107,094	321,396

16.1 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.

17 LONG TERM LOANS - Secured

	Note	2008	2007
From banks			
Term finance	17.1	16,667	49,999
Term finance - I	17.2	179,010	238,680
Term finance - II	17.3	125,000	175,000
Syndicated Loan	17.4	560,000	700,000
From related party (associated financial institution)			
Financial Institution			
Term finance	17.5	14,062	32,813
Term finance - II	17.6	90,000	150,000
		984,739	1,346,492
Less: Current maturity			
Banks		266,336	283,003
Related party		74,063	78,750
		340,399	361,753
		644,340	984,739

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 quarterly installments commencing from April 2006. The facility carries markup @ 3% over 6 month average KIBOR payable quarterly.

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 @ 2.5% over 6 month average KIBOR payable quarterly.

Amounts in Rs '000

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 quarterly.

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% (2007: 3.5%) over 6 month average KIBOR payable quarterly.

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

	2008		2007	
	Lease Payments		Lease Payments	
	Minimum	Present Value	Minimum	Present Value
Less than one year	77,587	50,831	54,919	34,320
One to five years	220,225	182,465	180,235	145,454
Total minimum lease payments	297,812	233,296	235,154	179,774
Less: Financial charges allocated to the future period	64,516	-	55,380	-
Present value of minimum lease payments	233,296	233,296	179,774	179,774
Less: Transferred to current maturity	50,831	50,831	34,320	34,320
	182,465	182,465	145,454	145,454

The Company entered into lease agreements with various leasing companies to acquire plant and machinery and vehicles. The rentals under these lease agreements are payable monthly / quarterly up to February 2013. Financing rates ranging from 10.03% to 17.17% per annum (2007: 9% to 14% 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. Nil (2007:Rs.0.829 million) payable to associated leasing company.

Amounts in Rs '000

	Note	2008	2007
19 LONG TERM DEPOSITS			
Related parties (associated companies)	19.1	3,646	-
Others		800	-
		4,446	-

19.1 This represents security deposit received from associated companies against land lease agreement.

20 DEFERRED LIABILITIES

	Note	2008	2007
Deferred taxation	20.1	256,171	272,353
Employees' retirement benefits	20.2	4,418	-
		260,589	272,353
20.1 Deferred taxation			
Deferred tax liability arising due to accelerated tax depreciation		820,495	602,467
Deferred tax liability arising due to finance lease transactions		14,641	5,244
Deferred tax assets arising out of staff gratuity, available tax losses and credits		(1,128,699)	(854,519)
		(293,563)	(246,808)
Deferred tax asset not recognised		293,563	246,808
		-	-
Deferred tax liability relating to surplus on revaluation of property, plant and equipment		256,171	272,353
		256,171	272,353
20.2 Employees retirement benefits			
Staff gratuity:			
Charge for the year	20.2.1	4,418	-
	20.2.2	4,418	-
20.2.1 Charge for the year			
Current service cost		3,631	-
Interest cost		182	-
Past service cost to be recognized		605	-
		4,418	-
20.2.2 Balance sheet reconciliation			
Present value of defined benefit obligations		4,418	-
		4,418	-

20.2.3 Principal actuarial assumption

Expected rate of increase in salaries	10 % per annum
Discount factor used	10 % per annum
Normal retirement age of employees	60 years

Amounts in Rs '000

	Note	2008	2007
21 TRADE AND OTHER PAYABLES			
Foreign bills payable		22,905,676	7,122,325
Creditors for services		115,085	96,220
Creditors for supplies		111,894	94,696
Advances from customers		103,512	64,911
Payable to staff provident fund		-	963
Accrued expenses		3,749	477
Withholding tax deductions payable		3,157	2,210
Dividend Payable		1,146	1,329
Workers' profit participation fund	21.1	31,626	19,867
Sales tax, petroleum development levy and federal excise duty payable		407,597	-
		23,683,442	7,402,998
21.1 Workers' profit participation fund			
Opening balance		19,867	26,876
Provision for the year		9,683	-
Payment during the year		-	(9,600)
Markup on workers profit participation fund		2,076	2,591
		31,626	19,867
22 SHORT TERM BORROWINGS - Secured			
From banks			
Bills discounting facility	22.1	1,000,000	-
Bridge financing		-	211,500
From related party (financial institution)		-	37,500
		1,000,000	249,000

22.1 The facility of Rs.1 billion is secured against equitable mortgage charge of Rs. 1,334 million on land, building, plant & machinery of the company, PSO's undertaking for payment against invoices raised by the company by or before a specific date. The facility carries markup @ 1.75 over three months KIBOR payable at the time of invoice discounting.

	2008	2007
23 CURRENT PORTIONS OF NON CURRENT LIABILITIES		
Term finance certificates	214,302	214,302
Long term loans - Secured	340,399	361,753
Liabilities against assets subject to finance leases	50,831	34,320
	605,532	610,375

24 CONTINGENCIES AND COMMITMENTS

Commitments in respect of capital expenditures amount to Rs.332.011 million (2007: Rs. 915 million.)

Notes to the Financial Statements

for the year ended June 30, 2008

Amounts in Rs '000

	Note	2008	2007
25 SALES			
Gross sales			
Local		36,023,035	22,435,606
Export		4,069,105	913,971
		40,092,140	23,349,577
Less:			
Sales tax		(3,983,932)	(2,926,362)
Excise duty and petroleum development levy		(302,092)	(1,094,309)
		(4,286,024)	(4,020,671)
		35,806,116	19,328,906

	Note	2008	2007
26 COST OF SALES			
Opening stock of raw material		4,343,029	3,263,658
Purchases		36,010,389	20,008,291
Available for use		40,353,418	23,271,949
Closing stock of raw material		(7,112,584)	(4,343,029)
Raw material consumed		33,240,834	18,928,920
26.1 Manufacturing expenses			
Salaries, wages and other benefits	26.2	151,496	109,073
Staff transportation and catering		32,622	26,502
Stores and spares		51,646	79,851
Crude oil inspection and clearing charges		13,605	4,760
Insurance		30,087	13,151
Industrial gases and chemicals		3,459	2,130
Fuel, power and water		222,441	172,478
Repairs and maintenance		42,757	43,822
Communications		894	1,025
Traveling and conveyance		115	62
Rent, rates and taxes		1,104	303
Security		5,444	2,819
Vehicle running		5,550	4,247
Technical fee		4,635	3,247
Depreciation	3.2	223,971	197,657
Total manufacturing expenses		789,826	661,127
Cost of goods manufactured		34,030,660	19,590,047
Opening stock of finished goods		834,393	645,737
Closing stock of finished goods		(1,200,845)	(834,393)
Cost of goods sold		33,664,208	19,401,391

26.2 Included herein is a sum of Rs. 7.260 million (2007:3.069) million in respect of staff retirement benefits.

Amounts in Rs '000

	Note	2008	2007
27 ADMINISTRATIVE EXPENSES			
Salaries, allowances and other benefits	27.1	115,196	65,389
Vehicle running		10,417	6,815
Repairs and maintenance		7,852	13,633
Insurance		2,666	2,361
Fee and subscriptions		7,465	11,253
Utilities		4,754	3,970
Legal and professional		25,036	11,450
Traveling and conveyance		10,779	5,600
Advertisements and subscriptions		3,618	3,199
Rent, rates and taxes		11,282	2,824
Printing and stationary		5,676	4,112
Auditors' remuneration	27.2	821	421
Depreciation	3.2	25,351	22,233
Others		6,747	3,137
Amortization of intangible asset	4.0	3,539	3,539
		241,199	159,936

27.1 Included herein is a sum of Rs. 6.416 million (2007: Rs. 2.019 million) in respect of staff retirement benefits.

27.2 Auditors' remuneration

	2008	2007
Statutory audit	500	250
Half yearly review	125	125
Certifications	150	15
Out of pocket expense	46	31
	821	421

	2008	2007
28 SELLING AND DISTRIBUTION EXPENSES		
Insurance	2,774	199
Transportation	42,400	16,547
Products handling charges	12,334	11,206
Wharfage on export sales	5,377	2,640
Transportation on export sales	38,429	-
Commission on export sales	25,039	-
Export development surcharge	9,660	2,148
Others	2,892	3,466
	138,905	36,206

	2008	2007
29 OTHER INCOME		
Income from financial assets		
Profit on deposits	100,128	42,974
Mark up on advance against future issue of shares (note 5.2)	42,432	-
	142,560	42,974
Income from non-financial assets		
Gain on disposal of fixed assets	1,800	2,231
Scrap sales	3,217	865
Joining income	11,000	-
Gantry charges	6,547	-
Land lease rent	21,875	-
	44,439	3,096
	186,999	46,070

Amounts in Rs '000

30 FINANCIAL CHARGES

	2008	2007
Markup on:		
- Finance leases	25,478	8,298
- Term finance certificates	55,905	83,632
- Long term loans	19,546	34,018
- Short term borrowings	18,292	12,283
- Running finances	12,279	10,975
- Crude purchases	341,504	197,454
- Sponsor's loan	18,731	-
Markup on WPPF	2,076	2,591
Bank charges	1,818	4,899
Export charges	1,550	814
	497,179	354,964

31 EXCHANGE DIFFERENCES - Net

This includes exchange diffference arising due to translation of foreign currency liabilities in respect of crude oil as at balance sheet date and the same are on account of unprecedented depreciation of Pak Rupee against US Dollar during last quarter of the financial year.

32 TAXATION - Current

The assessment of the company deemed to have been finalized upto tax year 2007. 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.

32.1 Relationship between accounting profit / (loss) and tax expense for the year

	2008	2007
Profit / (loss) before tax as per accounts	183,981	(628,204)
Applicable tax rate	35%	35%
Tax on accounting profit / (loss)	64,393	(219,871)
Tax effect of accelerated tax depreciation	(206,191)	(15,133)
Tax effect of finance lease transactions	(14,352)	(9,805)
Tax effect of rent income separately taxed	(7,656)	-
Tax effect of export sales separately covered u/s 154	44,550	(12,287)
	(119,256)	(257,096)
Carried over of losses	119,256	257,096
Tax payable under normal rules	-	-
Tax provision for the year	179,031	96,859

Amounts in Rs '000

		2008	2007
33 EARNINGS / (LOSS) PER SHARE - Basic and diluted			
There is no dilutive effect on the basic earnings per share of the company, which is based on:			
Net profit / (loss) after taxation		15,121	(681,266)
		Number	
Weighted average number of ordinary shares		387,212,733	287,076,444
Earnings / (loss) per share - Basic and diluted	(Rupees)	0.04	(2.37)

33.1 The earnings per share for the comparative year have been restated to give effect the bonus element included in the right issue to the existing shareholders. The earnings per share disclosed in the financial statements for the year ended June 30, 2007 were (Rs. 2.78) per share.

34 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 35 to the financial statements. Transaction with related parties, other than those which have been specifically disclosed elsewhere in these financial statements, are as follows: -

	2008	2007
Holding company:		
Receipt of loan	487,510	367,914
Payment on behalf of holding company	35,527	-
Adjustment of advance against future issue of shares (Note 5.2)	300,000	-
Markup on loan	18,731	-
Associated companies:		
Purchase of operating fixed assets	3,291	10,680
Services received	20,604	1,845
Sale of fixed assets	1,814	12,000
Payment of rent	350	350
Receipt of loans	-	225,000
Repayment of loan and lease liabilities	145,446	86,869
Payment against services (freight for crude oil)	820,025	372,657
Advance towards equity investment	-	300,000
Markup on borrowings and leases	30,474	34,807
Markup (income)	42,432	-
Security deposits received	3,646	-
Land lease rentals received	21,875	-
Staff provident fund		
Payment of employees and company's contribution	18,954	10,321

Amounts in Rs '000

35 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Chief Executive		Directors		Executives		Total	
	2008	2007	2008	2007	2008	2007	2008	2007
Managerial remuneration	4,217	3,261	7,044	3,757	60,168	37,463	71,429	44,481
Provident fund	422	272	-	-	5,018	2,254	5,440	2,526
Housing and utilities	2,109	1,630	3,522	1,879	30,085	18,731	35,716	22,240
Leave passage	312	244	-	400	3,675	1,749	3,987	2,393
	7,060	5,407	10,566	6,036	98,946	60,197	116,572	71,640
Number of persons	1	1	2	2	48	36	51	39

The Chief Executive, Directors and certain executives are provided company maintained vehicles.

Directors are not taking any meeting fee.

36 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

36.1 Financial assets and liabilities

	Interest / Markup bearing			Non Interest / Markup bearing			Total	
	Maturity			Maturity				
	upto one year	one to five years	Total	upto one year	one to five years	Total	2008	2007
Financial Assets								
Long term investment	-	-	-	-	-	-	-	300,000
Deposits	-	-	-	7,168	45,629	52,797	52,797	20,543
Trade debts	-	-	-	3,217,917	-	3,217,917	3,217,917	1,079,213
Loans, advances and other receivable	-	-	-	6,231	-	6,231	6,231	17,013
Markup accrued	-	-	-	42,432	-	42,432	42,432	-
Cash and bank balances	6,487,970	-	6,487,970	1,418,527	-	1,418,527	7,906,497	1,788,863
Total	6,487,970	-	6,487,970	4,692,275	45,629	4,737,904	11,225,874	3,205,632
Financial liabilities								
Loan form sponsor	-	170,140	170,140	-	-	-	170,140	-
Term finance certificates	214,302	107,094	321,396	-	-	-	321,396	535,698
Long term loans	340,399	644,340	984,739	-	-	-	984,739	1,346,492
Liabilities against assets subject to finance lease	50,831	182,465	233,296	-	-	-	233,296	179,774
Deposits	-	-	-	-	4,446	4,446	4,446	-
Trade and other payables	22,940,261	-	22,940,261	228,915	-	228,915	23,169,176	7,400,788
Short term borrowings	1,000,000	-	1,000,000	-	-	-	1,000,000	249,000
Accrued markup	-	-	-	124,234	-	124,234	124,234	110,658
Total	24,545,793	1,104,039	25,649,832	353,149	4,446	375,595	26,007,427	9,822,410
Net Exposure - 2008	(18,057,823)	(1,104,039)	(19,161,862)	4,339,126	41,183	4,380,309	(14,781,553)	-
Net Exposure - 2007	(7,009,709)	(1,451,589)	(8,461,298)	1,827,281	17,239	1,844,520	-	(6,616,778)

36.2 Financial risk management objectives and policies

The activities of the Company expose it to various financial risks, including the effect of changes in foreign exchange rates, market interest rates, credit and liquidity risks associated with various financial assets and liabilities respectively.

36.3 Credit risk and concentration of credit risk

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's credit risk is primary attributable to its receivables and balances with banks. The Company manages credit risk of receivables through the monitoring of credit exposures and continuous assessment of credit worthiness of its customers. The Company believes that it is not exposed to any major concentration of credit risk as it operates in an essential products industry, its customers are credit worthy and dealing banks posses good credit ratings. The financial assets exposed to credit risk amounting to Rs. 11,225.774 million (2007: Rs. 3,205.596 million).

36.4 Currency risk

Foreign currency risk arises mainly where receivables and payables exists due to transactions in foreign currencies. The company regularly assesses its foreign currency risk and has the option to obtain forward exchange cover, where permissible, to hedge the foreign currency exposure.

36.5 Interest rate risk

Interest rate risk is the risk that the value of financial instrument will fluctuate due to changes in market interest rates. Company's financial liabilities are subject to floating interest rates, however, the financial assets are subject to fixed interest rates.

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

36.6 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.

36.7 Capital risk management

The company's prime objective when managing capital is to safe guard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital

36.8 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. The carrying values of financial instruments reflected in these financial statements approximate their fair values.

36.9 Off balance sheet financial instruments

Off balance sheet financial liabilities are disclosed in note 24 to the accounts.

37 CAPACITY AND ANNUAL PRODUCTION

	US Barrels in '000	
	2008	2007
Designed annual refining capacity (at 330 days)	**9,900**	9,900
Attainable annual refining capacity (at 330 days)	**7,020**	5,940
Actual throughput during the year	**6,188**	5,067
%age of actual throughput on attainable capacity	**88%**	85%

During the current year's third quarter, revamp of Crude Distillation Unit has successfully been completed thereby Company achieved its designed annual capacity of 30,000 barrels per day. However, Company is facing the crude handling, storage and transportation constraints which resulted in lower capacity utilization. The Company is in process of establishing its own fleet for the movement of crude oil, which will enable the Company to ensure constant supply of crude to the plant.

38 CORRESPONDING FIGURES

For better presentation, the exchange difference amounting to Rs. 50.683 million has been reclassified from financial charges to profit and loss account.

39 DATE OF AUTHORIZATION FOR ISSUE

The financial statements were authorized for issue on September 27, 2008 in accordance with the resolution of the Board of Directors of the company.

40 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, 2008

Amounts in Rs Million

		2008	2007	2006	2005	2004	2003
INVESTOR INFORMATION							
Share capital		3,921	2,451	2,451	2,451	1,750	1,750
Shareholders' equity		3,529	2,013	2,759	2,562		
Property plant and equipment		8,565	6,388	3,719	3,274	3,148	2,738
Intangible Assets		11	14	18	6	-	-
Long term deposits & deferred cost		46	17	5	90	14	16
Long term investment		-	300	-	-	29	
Trade debts		3,218	1,079	1,107	888	924	
Stock in trade		11,934	5,177	3,909	1,812	924	-
Total current assets		23,440	8,524	7,376	3,506	2,001	44
Total current liabilities		25,592	8,470	6,870	3,472	1,957	94
Working capital		(2,152)	54	506	34	6	(166)
Short term borrowings		1,000	249	600	761	142	
Current portion of long term liabilities		606	610	290	54	38	116
Long term liabilities		1,369	1,723	1,036	842	1,417	867
Sponsor's loan		170	-	453	-	600	431
Profit & Loss Account							
Net sales		35,806	19,329	17,929	9,999	-	-
Cost of sales		33,664	19,401	17,304	9,607	-	-
Gross profit/(loss)		2,142	(72)	625	391	-	-
Operating (loss)/profit		1,762	(269)	502	295	-	-
Financial and other charges		1,755	406	286	106	-	-
Profit/(loss) before tax		184	(628)	301	182	-	-
Profit/(loss) after tax		15	(681)	197	111	-	-
Earning per share	Rs. 10/share	0.04	(2.37)	0.80	0.48	-	-
PERFORMANCE RESULTS							
Gross profit ratio	%	5.98	(0.37)	3.48	3.92	-	-
Profit before tax ratio	%	0.51	(3.25)	1.68	1.82	-	-
Interest coverage ratio	Times	1.39	(0.77)	2.11	2.81	-	-
Fixed assets turnover	Times	4.18	3.03	4.82	3.05	-	-
Debt equity ratio	%	17.56	39.35	37.56	32.87	-	0.62
Current ratio		0.92	1.01	1.07	1.01	1.02	0.47
Debtors turnover ratio	TImes	11.13	17.91	16.20	11.26	-	-
Return on shareholders' equity	%	0.43	(33.84)	7.14	4.33	-	-
Inventory turnover ratio	Times	3	4	4	5	-	-

Pattern of Shareholding

As at June 30, 2008

Size of Holding		No. of Shareholders	No. of Shares Held
From	To		
1	100	569	45,168
101	500	2460	1,045,707
501	1000	3199	3,023,475
1001	5000	6958	19,723,764
5001	10000	1944	15,531,525
10001	15000	677	8,704,249
15001	20000	466	8,433,932
20001	25000	227	5,343,143
25001	30000	152	4,313,120
30001	35000	99	3,257,000
35001	40000	81	3,117,605
40001	45000	45	1,934,740
45001	50000	105	5,184,100
50001	55000	33	1,731,480
55001	60000	21	1,226,500
60001	65000	16	1,011,240
65001	70000	24	1,637,700
70001	75000	27	1,999,000
75001	80000	18	1,404,700
80001	85000	8	666,980
85001	90000	10	886,380
90001	95000	8	751,400
95001	100000	40	3,991,626
100001	105000	9	920,000
105001	110000	14	1,527,170
110001	115000	6	674,400
115001	120000	11	1,306,600
120001	125000	8	993,927
125001	130000	7	900,000
130001	135000	2	268,040
135001	140000	7	963,500
140001	145000	3	430,600
145001	150000	10	1,498,480
150001	155000	5	764,900
155001	160000	1	159,500
160001	165000	4	651,000
165001	170000	6	1,008,800

Pattern of Shareholding

As at June 30, 2008

Size of Holding From	Size of Holding To	No. of Shareholders	No. of Shares Held
170001	175000	1	175,000
175001	180000	3	531,734
180001	185000	2	369,000
185001	190000	2	376,600
190001	195000	1	193,600
195001	200000	11	2,194,400
200001	205000	2	407,900
205001	210000	1	208,000
210001	215000	2	422,660
215001	220000	3	652,400
220001	225000	2	450,000
225001	230000	3	684,660
230001	235000	1	231,000
235001	240000	2	480,000
240001	245000	2	486,500
245001	250000	2	500,000
250001	255000	2	504,900
255001	260000	1	260,000
260001	265000	1	264,620
265001	270000	3	808,000
270001	275000	1	270,560
275001	280000	2	559,000
280001	285000	2	562,808
285001	290000	1	289,500
290001	295000	1	291,830
295001	300000	3	895,104
315001	320000	1	320,000
320001	325000	1	325,000
325001	330000	2	655,500
350001	355000	1	350,500
355001	360000	2	720,000
365001	370000	1	368,000
395001	400000	3	1,197,800
405001	410000	1	406,000
430001	435000	2	866,000
445001	450000	2	895,520
470001	475000	2	947,500

Pattern of Shareholding

As at June 30, 2008

Size of Holding		No. of Shareholders	No. of Shares Held
From	To		
480001	485000	2	966,100
495001	500000	5	2,500,000
540001	545000	1	545,000
545001	550000	1	550,000
550001	555000	1	554,000
555001	560000	1	558,700
570001	575000	1	570,400
585001	590000	1	587,000
600001	605000	1	601,800
675001	680000	1	680,000
795001	800000	1	800,000
965001	970000	1	965,400
995001	1000000	2	2,000,000
1070001	1075000	1	1,075,000
1110001	1115000	1	1,111,800
1115001	1120000	1	1,118,528
1150001	1155000	1	1,151,720
1225001	1230000	1	1,227,000
1285001	1290000	1	1,289,000
1305001	1310000	1	1,309,930
1415001	1420000	1	1,417,500
1540001	1545000	1	1,541,740
1750001	1755000	1	1,751,800
1945001	1950000	1	1,945,400
2060001	2065000	1	2,065,000
2155001	2160000	1	2,159,200
2660001	2665000	1	2,663,000
2755001	2760000	1	2,755,600
3280001	3285000	1	3,284,000
3365001	3370000	1	3,365,820
5455001	5460000	1	5,457,000
216380001	216385000	1	216,383,911
	Total	**17,393**	**392,104,396**

Pattern of Shareholding
As at June 30, 2008

Shareholders' Category	No. of Shareholders	No. of Shares held	Percentage %
Associated Companies, Undertakings and Related Parties	1	216,383,911	55.1853
Directors, CEO and their spouses and minor children	8	294,026	0.0750
Executives	4	202,000	0.0515
Banks, Development Finance Institutions, Non-Banking Finance Institutions Insurance Companies, Modaraba and Mutual Funds	41	9,815,128	2.5032
Others	155	29,165,968	7.4383
Individuals	17,184	136,243,363	34.7467
TOTAL	**17,393**	**392,104,396**	**100.00**

ADDITIONAL INFORMATION

Shareholders' Category	No. of Shareholders	No. of Shares held
Associated Companies		
Bosicor Corporation Limited	1	216,383,911
Directors, CEO and their spouses and minor children		
Mr. Amir Abbassciy	2	7,126
Mr. Hamid Imtiaz Hanfi	1	268,000
Mr. M. Rashid Zahir	1	1,600
Syed Arshad Raza	1	5,600
Mr. Farooq Ahmed Yamin Zubairi	1	500
Mrs. Samia Roomi	1	5,600
Mrs. Uzma Abbassciy	1	5,600
Executives	4	202,000
Banks, Development Finance Institutions & Non-Banking Finance Institute	18	3,829,428
Insurance Companies	6	380,200
Modaraba and Mutual Funds	13	4,984,000
Foreign Companies	4	621,500
Others	155	29,165,968
Individuals	17,184	136,243,363
TOTAL	17,393	392,104,396
Shareholders holding 10% or more voting interest		
Bosicor Corporation Limited	1	216,383,911

Notice of Annual General Meeting

Notice is hereby given that the 14th Annual General Meeting of Bosicor Pakistan Limited will be held on Thursday, October 30, 2008 at 8:30 am at Beach Luxury Hotel, Karachi to transact the following business:

1. To confirm minutes of the Extra Ordinary General Meeting of the members of the Company held on April 22, 2008.

2. To receive, consider and adopt the Audited Financial Statements for the year ended June 30, 2008 together with the Directors' and Auditors' report thereon.

3. To appoint Auditors for the year 2008-09 and fix their remuneration. The present auditors M/s Faruq Ali & Co., Chartered Accountants will retire and offer themselves for reappointment.

By Order of the Board

Amir Waheed Ahmed
Company Secretary

September 27, 2008
Karachi

Notes:

1. The Register of Members and the Share Transfer Books of the Company will be closed from Friday, October 24, 2008 to Thursday, October 30, 2008 (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 23, 2008 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 Computerized National Identity Card (CNIC) 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 CNIC numbers shall be mentioned on the form.

iii) Attested copies of CNIC 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 CNIC 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.

Bosicor Pakistan Limited

ADMISSION SLIP

The Fourteenth Annual General Meeting of Bosicor Pakistan Limited will be held on Thursday, October 30, 2008 at 8:30 a.m. at Beach Luxury Hotel, 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 Computerized National Identity Card (CNIC) 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

Bosicor Pakistan Limited

Form of Proxy

14th Annual General Meeting

I / We ______________________________

of ______________________________

being member(s) of Bosicor Pakistan Limited holding ______________________________

ordinary shares hereby appoint ______________________________

of ______________________________ or failing him / her ______________________________

of ______________________________ who is / are also member(s) of Bosicor Pakistan Limited as my / our proxy in my / our absence to attend and vote for me / us and on my / our behalf at the Fourteenth Annual General Meeting of the Company to be held on October 30, 2008 and at any adjournment thereof.

As witness my / our hand / seal this ______________ day of ______________ 2008

Signed by the said ______________________________

in the presence of 1. ______________________________

____

2. ______________________________

____

Folio / CDC Account No.

Signature on Revenue Stamp of Appropriate Value

This signature should agree with the specimen registered with the Company.

Important:

1. This Proxy Form, duly completed and signed, must be received at the Registered Office of the Company at 2nd Floor, Business Plaza, Mumtaz Hassan Road, Karachi, not less than 48 hours before the time of holding the meeting.
2. No person shall act as proxy unless he / she himself / herself is a member of the Company, except that a corporation may appoint a person who is not a member.
3. If a member appoint more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

For CDC Account Holders / Corporate Entities:

In addition to the above the following requirements have to be met:

i) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

ii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

iii) The proxy shall produce his / her original CNIC or original passport at the time of the Meeting.

iv) 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) alongiwth proxy form to the Company.

Bosicor Pakistan Limited
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