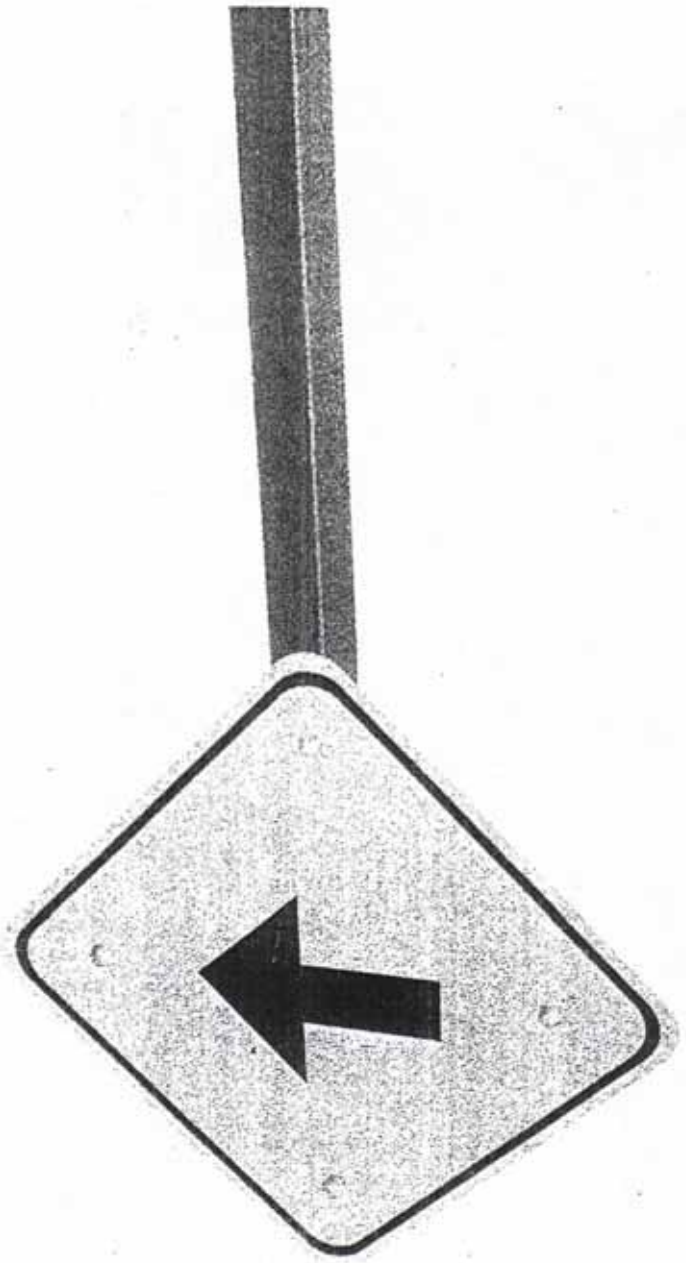


Bosicor Pakistan Limited



Annual Report 2005



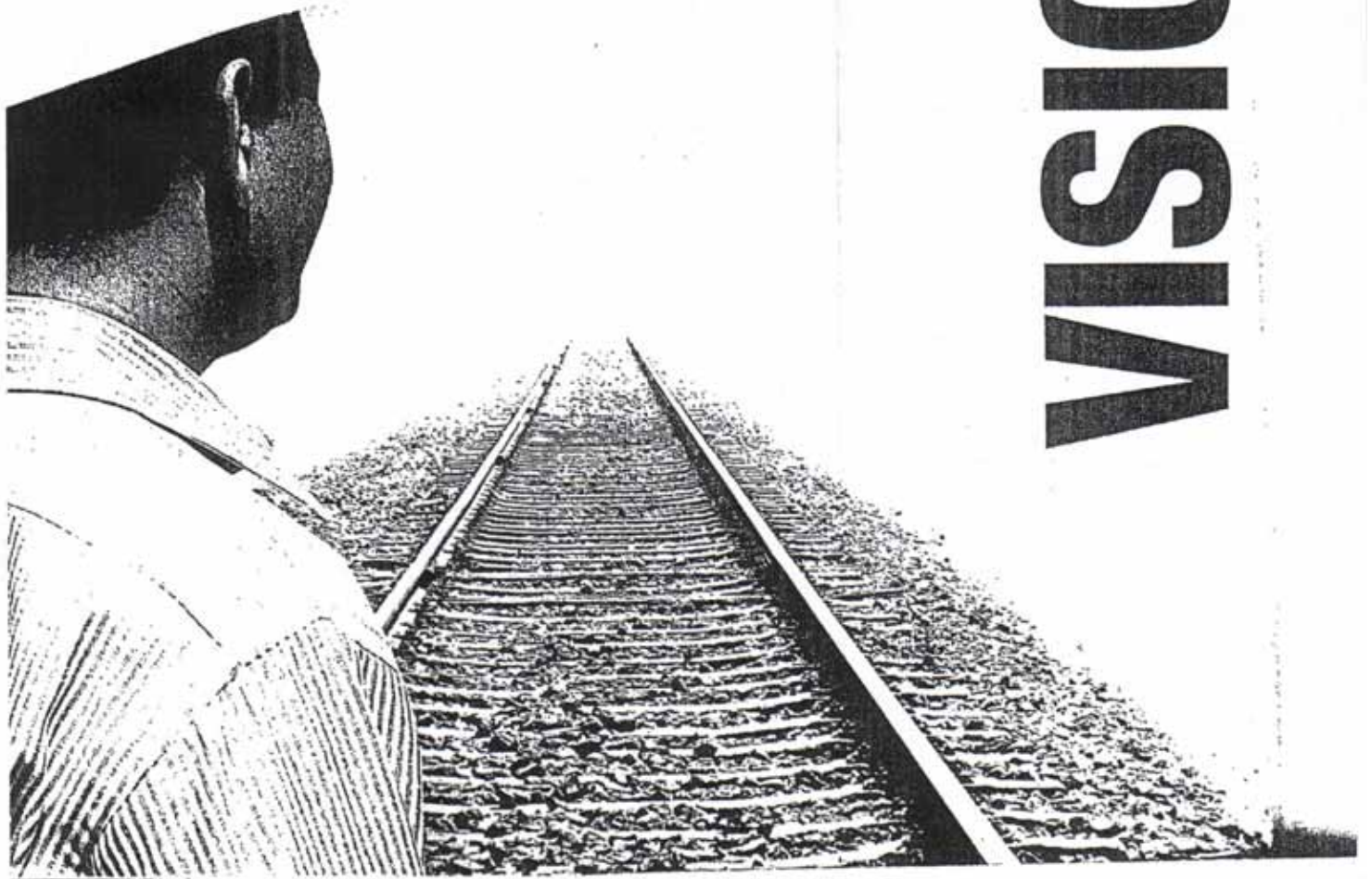


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SHEET

CONTENT SHEET

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VISION STATEMENT

VISION | STATEMENT

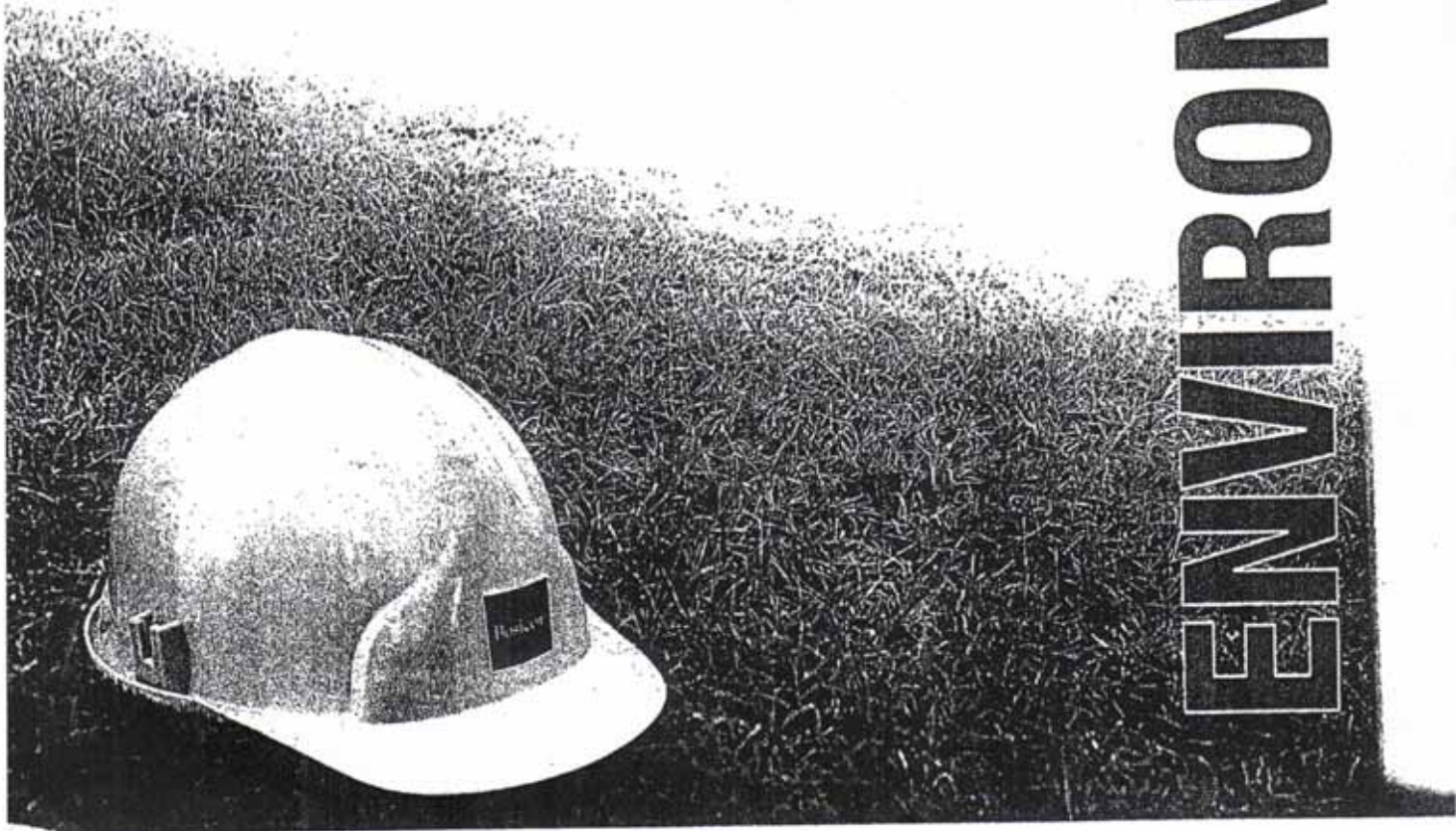
Our Vision is to develop our Company on ethical and professional basis in order to steadily grow and become a valued contributor to the Economy and a respected Corporate Entity.



MISSION STATEMENT

MISSION STATEMENT

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

ENVIRONMENT H & S POLICY

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

We declare our Policy as:

1. Safety health and environment is our most priority. All our employees from executive management to common workers are responsible in achieving our Three Zero Targets.
 - Zero Accident
 - Zero Personal Injury
 - Zero property loss or damage to the Environment
2. Encourage all our employee's safety consciousness
3. Assure that all applicable laws and regulations are known and are being followed
4. Involve employees for good suggestions.
5. Improve health and safety standards
6. Monitor health & safety performance through established systems.



M. Parvez Abbasi
Chairman

COMPANY

DIRECTORS

COMPANY DIRECTORS



Amir Abbasciy
Vice Chairman & Director



M. Rashid Zahir
Director



M. Mahmood Hussain
Director



Syed Arshad Raza
Director



Samia Roomi
Director



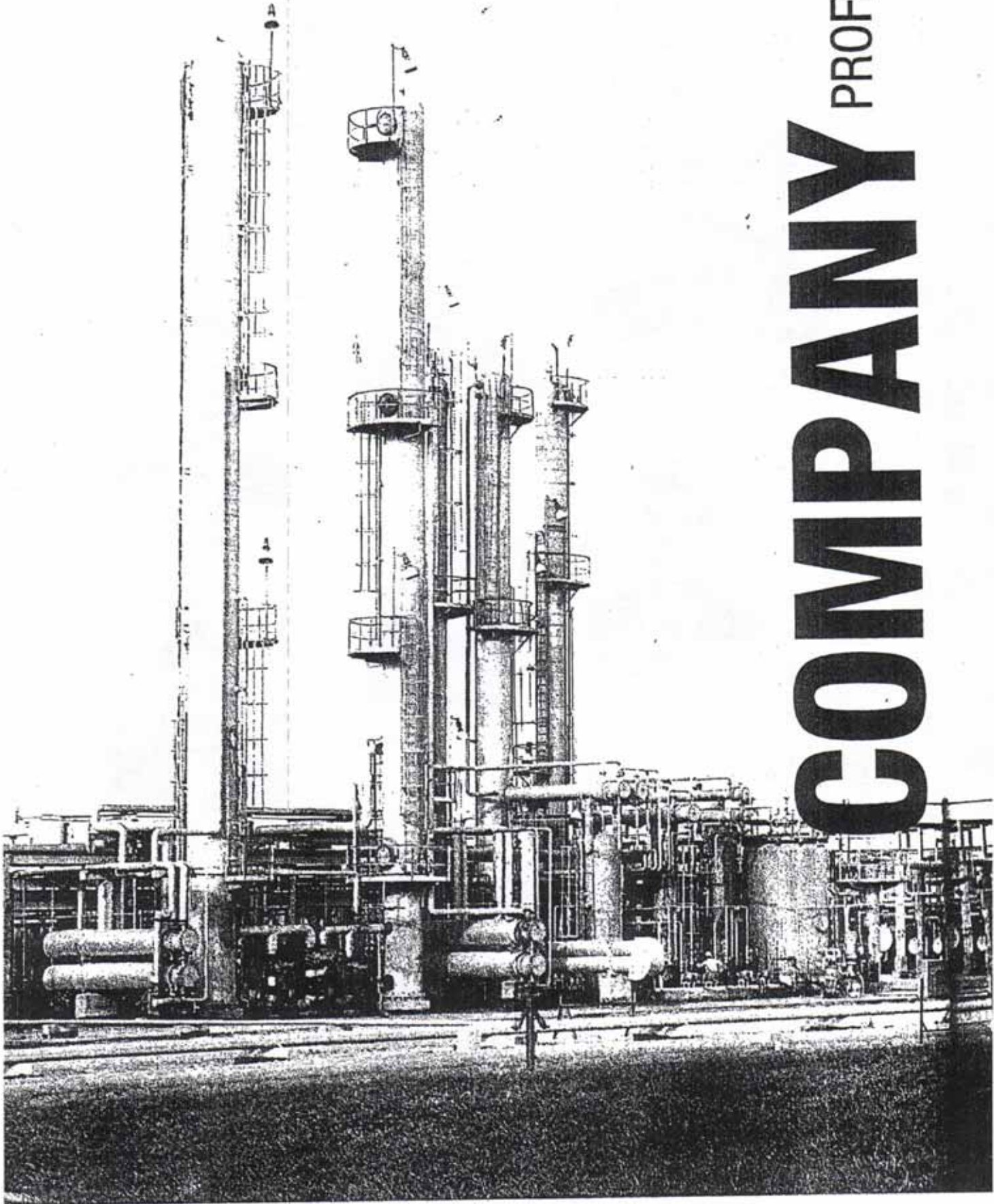
Uzma Abbasciy
Director



Abid Amin
Company Secretary



Sikander Kasim
Chief Financial Officer



COMPANY PROFILE

History and Incorporation

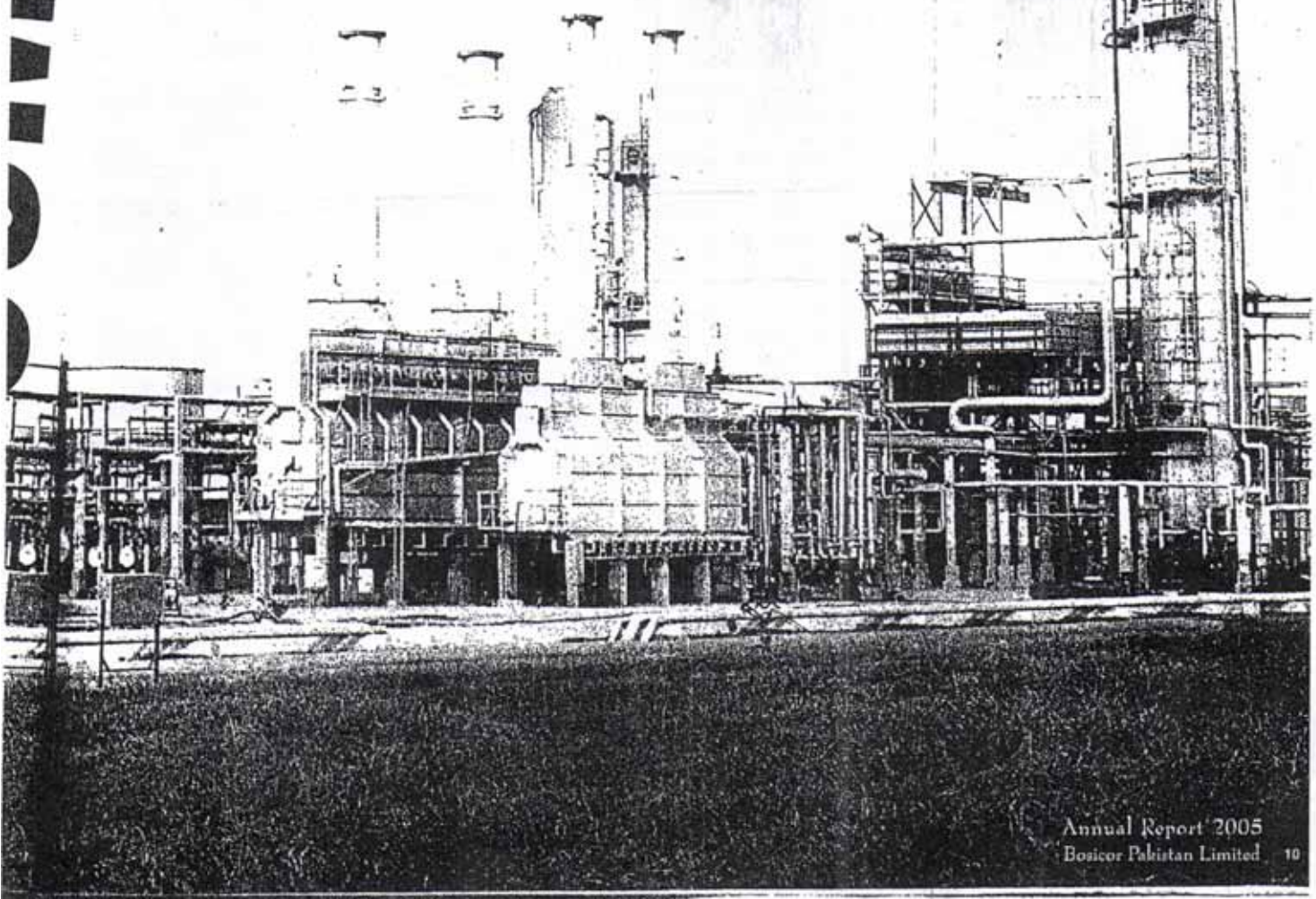
The Company was incorporated on 9th January, 1995 as a Public Limited Company with the objective of acquiring, setting up and operating an oil refinery of 30,000 barrels per day capacity. The company is listed on the Karachi & Lahore Stock Exchanges.

Overview of Operations

The refinery is situated at District Hub, Lasbela, Balochistan; 1/2 kilometers from HUBCO. The plant consists of a Crude Distillation unit, the Reformer Unit, the Kerosene Merox Unit, the Light Straight Run Merox Unit, Utilities, Offsites and associated Ancillaries. The Company has started has commercial operations from 1st July 2004.

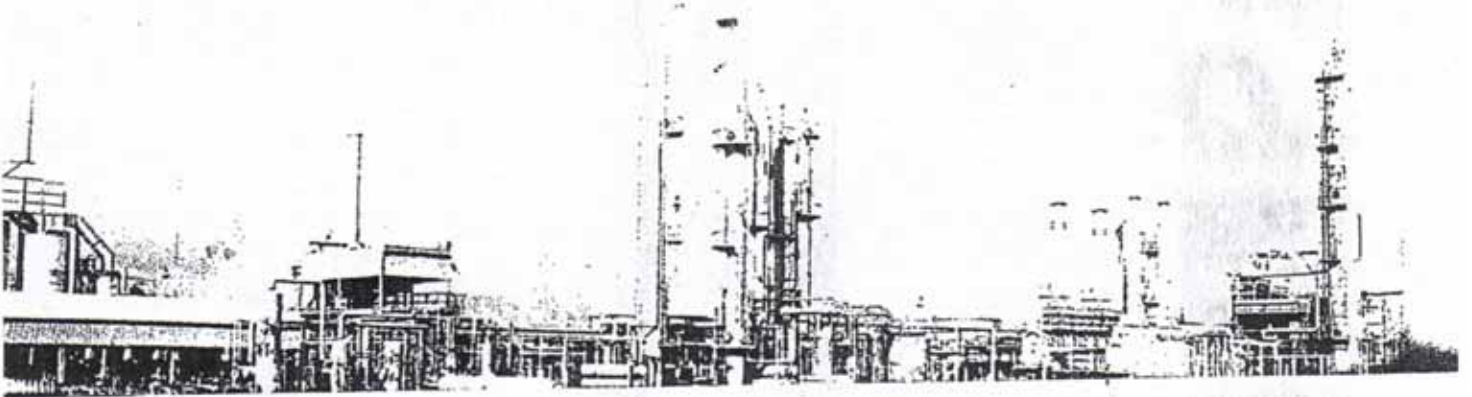
Business Strategies

The Company has been set up with a vision to be a market leader in refining the crude oil to meet the marketing requirements for oil needs of the country's various sectors. The Company will be utilizing its resources to achieve goals and objectives determined under the strategic outlook. BOSICOR intends to obtain, develop and maintain sustainable competitive advantages to enable the company in gaining the economies of scale and increased shareholders wealth.



Chairman & CEO	Mr. Parvez Abbasi
Directors	Mr. Amir Abbassciy (Vice Chairman) Mr. Muhammad Rashid Zahir Mr. Muhammad Mahmood Hussain Syed Arshad Raza Mrs. Uzma Abbassciy Mrs. Samia Roomi
Chief Financial Officer	Mr. Sikander Kasim
Corporate Secretary	Mr. Abid Amin
Audit committee	Mr. Muhammad Rashid Zahir - Chairman Mr. Amir Abbassciy - Member Syed Arshad Raza - Member
Registered & Corporate Office	2nd Floor, Business Plaza, Mumtaz Hassan Road, Karachi.
Plant	Mouza Kund, Sub Tehsil Gadani Lasbella-Baluchistan
Bankers	Habib Bank Limited National Bank of Pakistan Union Bank Limited Saudi Pak Commercial Bank Limited Bank of Khyber Bank Al-Falah Limited KASB Bank Limited United Bank Limited Faysal Bank Limited Mybank Limited Standard Chartered Bank
Auditors	Faruq Ali & Co Chartered Accountants
Legal Advisor	Saleem uz Zaman of Kabraji & Talibuddin
Website	www.bosicor.com.pk

COMPANY INFORMATION



Notice of the 11th annual general meeting

Notice is hereby given that 11th Annual General Meeting of Boscicor Pakistan Limited will be held on Thursday, October 27, 2005 at 8.00 a.m. at Beach Luxury Hotel, Beach Hotel Road, Karachi to transact the following business:

1. To read and confirm the minutes of Extraordinary General Meeting held on December 23, 2004.
2. To receive, consider and adopt the Audited Accounts for the year ended June 30, 2005.
3. To appoint auditors for the year ending June 30, 2006 and to fix their remuneration.
4. To transact any other business with the permission of the Chair.

SPECIAL BUSINESS

5. To approve remuneration of whole-time working Director and Chief Executive Officer.

By Order of the Board



ABID AMIN
Company Secretary

October 06, 2005
Karachi.

NOTES:

1. A member of the Company entitled to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies, in order to be effective, must be received by the Company not less than 48 hours before the meeting. CDC Account holders will further have the following guidelines as laid down by the Securities and Exchange Commission of Pakistan.
 - a) **For Attending Meeting:**
 - i) In case of individual, 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 authenticate his/her identity by showing his/her original National Identity Card (NIC) or original passport at the time of attending the meeting.
 - ii) In case of corporate entity, the Board of Directors' resolution/power of attorney with the specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of meeting.
 - b) **For Appointing Proxies:**
 - i) In case of individual, 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 requirements.
 - ii) Two persons whose names, addresses and NIC numbers shall be mentioned on the form shall witness the proxy.

Notice of the 11th

- iii) Attested copies of NIC or passport of the beneficial owners and proxy shall be furnished with the proxy form.
 - iv) The proxy shall produce his/her original NIC or original passport at the time of the meeting.
 - v) In case of corporate entity, the Board of Directors' resolution/power of attorney with the specimen signature of the nominee shall be produced (unless it has been provided earlier) along with the proxy form to the Company.
2. Members are requested to immediately notify the change in their addresses, if any.
 3. The Share Transfer Books of the Company will remain closed from October 19, 2005 to October 27, 2005 (both days inclusive).

A statement under Section 160 of the Companies Ordinance, 1984 relating to special business is annexed.

STATEMENT UNDER SECTION 160 OF THE COMPANIES ORDINANCE, 1984

This statement is annexed to the Notice of Eleventh Annual General Meeting of Bosicor Pakistan Limited to be held on October 27, 2005 and sets out Material Facts concerning the special business to be transacted in the Meeting.

Remuneration of the Chairman & whole-time working Director and Chief Executive Officer & President:

Approval of shareholders was obtained for payment of remuneration to the Chairman & Chief Executive, Mr. Parvez Abbasi of Rs. 500,000/= exclusive of perquisites and facilities as per Company's Policies & procedures. The Board of Directors has appointed Mr. M. Wasi Khan as Chief Executive Officer & President in place of Mr. Parvez Abbasi for rest of his tenure. Mr. Parvez Abbasi will continue to hold the office of Chairman and whole time working director.

Approval of Shareholders is sought to continue the payment of remuneration to Mr. Parvez Abbasi, Rs. 500,000/= per month and Rs. 352,000/= to Mr. M. Wasi Khan, besides perquisites and facilities as per Company's Policy such as membership of Provident Fund Scheme, company maintained chauffeur driven cars, leave fare assistance, bonus, facility of medical & group life insurance, reimbursement of cellular phone bills, club subscriptions, etc.

For this purpose, it is intended to propose that the following resolution be passed as a special resolution:

"RESOLVED THAT the company hereby authorizes the payment as remuneration to Mr. Parvez Abbasi, Chairman & whole-time working Director and Mr. M. Wasi Khan, Chief Executive Officer & President, Rs. 500,000/- per month and Rs. 352,000/- per month respectively, exclusive of perquisites & allowances such as membership of Provident Fund Scheme, company maintained chauffeur driven vehicles, leave fare assistance, bonus, facility of medical & group life insurance, reimbursement of cellular phone bills, club subscriptions, etc and other benefits to which they are entitled under their terms of offices from 1st October, 2005 and for the remainder of their Term remuneration as increased by the sums that may be applicable under their respective Terms of Offices."

The Board of Directors of the Company have pleasure in presenting Annual Report and the Audited Financial statements of the company together with Auditor's Report for the year ended June 30th 2005.

GLOBAL OIL DEMAND:

During the last financial year growth in refining margins has been on the back of strong growth in international oil consumption and lack of refining capacity available. Among the four topping products Diesel and Kerosene showed strongest growth in gross refining margins. Similarly Naphtha margins also increased though its growth was much slower than Diesel.

The global high capacity utilization of refineries and strict environmental concerns had led to surplus Furnace Oil (FO) and widened its deficit over crude oil. Despite widening of deficit of Furnace Oil, increase in margins on other products i.e. Diesel, Kerosene/Jet Fuel and Naphtha, more than compensated for the negative impact on Furnace Oil.

Refining margins have been rising against the background of strong oil demand emanating from China, US and emerging market economies like India. With refineries operating at about full capacity level globally, the short supply of light crude oil and the rise in the demand of Diesel Motor Sprit and Jet fuels is resulting in higher refined products prices and benefiting gross refining margins.

PAKISTAN'S PETROLEUM DEMAND:

Pakistan per capita consumption of petroleum products is not only below developed nations, but also below the levels in many other developing countries in the region. Therefore there is significant growth potential for the country's POL market over both the medium and long term. Historical pattern of the consumption of petroleum products confirms this trend, showing compound annual growth rate of approximately 3.2% over the last 10 years.

Oil has been the largest source of energy for Pakistan. However over the last few years, natural gas has overtaken oil as the single largest source of energy. This has been resulted from the development of recently discovered natural gas fields. The Government of Pakistan desire to promote the use of indigenous fuel sources (such as natural gas) to control the country's oil import bill. As a result Furnace oil has seen substantial displacement by natural gas, primarily in power sector.



Furnace Oil and High Speed Diesel (HSD) are the largest constituents of refined product demand accounting for almost 65% of total consumption of petroleum products. Furnace Oil demand is primarily from the power sector whereas HSD demand is primarily from the transportation sector, which is directly, linked to general economic activity in the country. Besides HSD demand is growing because of increasing number of vehicles in Pakistan as consumer financing at a cheaper rate is available in the country.

Recent initiatives by the GOP to promote the use of indigenous fuels have led to FO displacement by natural gas over the last few years. Going forward it is generally believed that unless there are material new natural discoveries, natural gas production in Pakistan (based on existing reserves) will peak over the next few years and decline thereafter. Therefore with limited natural gas reserves and strong domestic demand, the potential for further substitution of FO by natural gas is limited.

FINANCIAL RESULTS:

With gratitude to Allah the performance of your company was satisfactory despite the fact that last year was the first year of operation and a number of operational problems were faced. As a result of concerted efforts of our team we have been able to earn a gross profit of Rs. 390 million.

During the year the Company's net sales were Rs. 10 billion and profit after taxation was Rs. 110.909 million with Earnings per share was Rs. 0.48. The turnover of the company was lower than expected mainly due to starting of operations at lower throughput which was increased gradually during the year.

The highlights of the accounts are as follows:

	(Rs. in '000)
Profit before taxation	182,391
Taxation	
Current	49,994
Deferred	21,488
	<u>71,482</u>
Profit available for appropriation	<u>110,909</u>

Considering the first year of commercial operations and expansion projects in hand, Company have not recommended dividend.

FINANCING

During the year the company has successfully closed the transaction of term finance certificates amounting to Rs. 750 million (including a green option of Rs. 250 million) to repay the existing Long-term Loans and to meet the permanent working capital requirement of operations.

The company has also issued right shares @ 40% of the existing paid up capital i.e. 70,018,642 shares at Rs. 10 each in order to finance and implement the balancing, modernization and debottlenecking of the existing crude oil unit and to restructure the existing debt base.

The company has increased its total facility of the syndicate for import of crude oil to Rs. 5,516 million and due to increasing trend of the crude oil prices, negotiations are underway with the banks to increase the LC facility to Rs. 7.5 billion by the end of October, 2005

OPERATIONS

The company has completed its first turnaround on 15th August, 2005 after starting its trial operations in November, 2003 at a capacity of 8,000 barrels per day and have increased it to 18,500 barrels per day. The company has carried out revamp study with the consultation of United Oil Products (UOP) and started its implementation from the current month and we expect that the company will complete revamp projects in ten months period.

The company has completed construction of additional storage tanks for crude oil as well as its petroleum products and has started utilization some of the tanks on test basis.

The company has also installed 2 x 150,000 gallons per day desalination plant to feed the facilities. The current process and utilities water requirements are approximately 120,000 gallons per day.

FUTURE OUTLOOK

Project in Hand:

Revamp Project to enhance Crude Oil processing capacity up to + 30,000 Bbls per day is moving fast. Process design has already been completed by UOP, which has cleared the existing plant's capability for the desired revamp capacity with certain modifications. Work on the detail engineering is commencing in October 2005. The project is planned to be commissioned and operational by June 2006.



Planned Projects:

The company is actively working on a number of projects aimed at improving productivity and profitability of its existing operations as well as expansions in the capacity:

- Installation of a single point mooring facility to unload crude oil and export products. The capacity of this project will take into account the future projects of capacity enhancements. The project is currently on a design basis formation stage. An estimated cost of this project is US \$ 20 million. Completion time is worked out to be around 14 months.
- Incorporating a 60,000 Bbls/day crude oil refining plant alongwith Naphtha hydrotreater reformer, Diesel Hydrotreater and vacuum distillation is being actively studied. Internationally renowned company UOP is working on this project.

- Adding a 25,000 Bbls per day Aromatics plant. The feed to this plant will be obtained from the revamped existing plant (30,000 Bbls/day) and the above 60,000 Bbls/day project. This project's details are also being handled by UOP. Estimated cost of this project is US \$ 70 million.

QUALITY CONTROL

The Company is committed to produce high quality products taking care of the Environment, Health and Safety. Quality standards are enforced at each stage of production for all the products.

ENVIRONMENT, HEALTH AND SAFETY (EHS)

The Company is committed to the Safety and Health of its Employees, Contractors working on its site and visitors as well as protection of environment. The Company ensures the high EHS standard by:

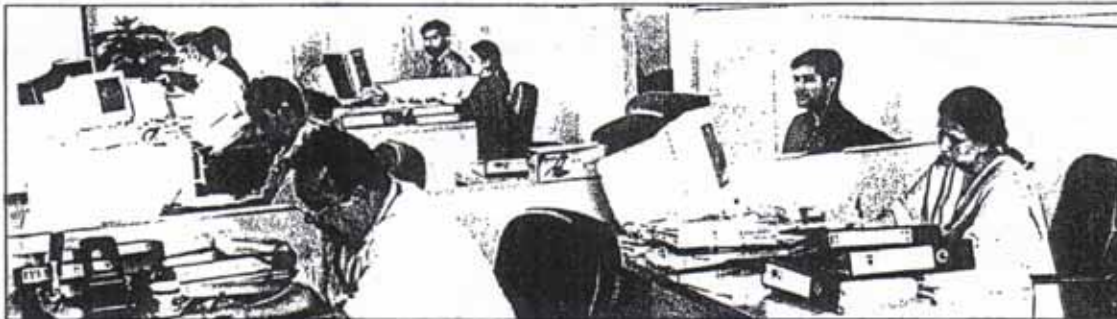
- Effective communication and training
- Safe operation and maintenance of Plant, machinery and equipment that minimizes risks to health and environment.
- Safe disposal of liquid effluents, wastes and toxic gases.
- Enforcing safe systems of work.
- Cleanliness and upkeep of structures, access, building and other facilities in a safe condition.
- Maintain adequate fire fighting facilities and safety equipment.

CONTRIBUTION TO NATIONAL ECONOMY

Since our refining facilities are in a relatively remote area, we therefore encourage the development of the locality by providing direct as well as indirect earning potential to the local residents. Our efforts have been appreciated by the Local and Provincial Government.

HUMAN RESOURCE MANAGEMENT

We recognize that our staff is the asset of the company and we believe that by creating a strong working environment, the company would grow and contribute to the Country's Economy. Our aims are also to develop our Management Teams from within the Organization and provide them with the requisite incentives, resources, & skills to ensure healthy morale and improved productivity. We have an operating Provident Fund and well designed Life Insurance schemes for the benefit of our employees, whereas a proposal to provide medical insurance coverage to all the employees is under active consideration.



EARNING PER SHARE

Based on the net profit for the current year the earnings per share was Rs. 0.48. The Company has started its commercial operations from July 01, 2004 therefore the comparative figures of earnings per share are not available.

STATEMENTS ON CORPORATE AND FINANCIAL MATTERS

- The Financial Statements, prepared by the Management, fairly present the Company's State of the Affairs, the result 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 these 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 these Financial Statements and departure, if any there from has been adequately disclosed.
- The system of Internal Controls is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There is no trading in the shares of the Company by the Chief Executive Officer, Directors, Chief Financial Officer and Company Secretary, their spouses and minor children.
- There has been no material departure from the best practices of Corporate Governance, as detailed in the Listing Regulations.

The value of investment of employees' provident fund as at 30th June 2005 is Rs. 3,233,799/=.

Key operating and financial data of last 5 years is annexed.

PATTERN OF SHAREHOLDERS

The statement showing the pattern of shareholdings in the Company as at 30 June 2005 is annexed to this report.

MEETING OF THE BOARD OF DIRECTORS DURING THE YEAR

Six Board of Directors meeting were held during the year under review and the attendance of each director is given below:

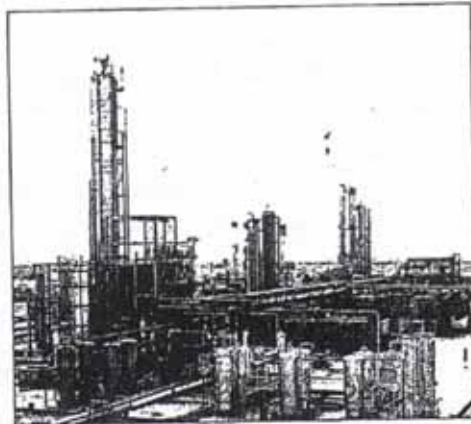
Name of Directors	Total No. of Meetings(*)	No. of meetings Attended
Mr. Parvez Abbassi	6	6
Mr. Amir Abbassciy	6	6
Mr. Muhammad Rashid Zahir	6	4**
Syed Arshad Raza	6	
Mr. Rizwan A. Panjwani***	3	0**
Mrs. Samia Roomi	6	6
Mrs. Uzma Abbassciy	4	4
Mr. Muhammad Mahmood Hussain	5	5

* Held during the period concerned directors were on the Board.

** Leave of absence was granted to the Directors who could not attend the meeting.

*** Retired on 23rd December 2004.

The Board of Directors has appointed Mr. M. Wasi Khan as Chief Executive Officer & President in place of Mr. Parvez Abbasi for rest of his tenure. Mr. Parvez Abbasi will continue to hold the office of Chairman and whole time working director. The Board has also appointed Mr. Amir A. Abbassciy as Vice Chairman and Mr. Asad A. Siddiqui as Chief Financial Officer effective October 1, 2005



VOTE OF THANKS

The Board places on record its gratitude to its valued shareholders, the federal and provincial government authorities and the financial institutions whose co-operation & continued support has helped us in achieving our goals.

The Board also expresses its appreciations for the valuable efforts, loyalty and services, rendered by the company's executives, staff members and workers. We also place on record our gratitude to the quality of professional & timely materials & services provided to us by our contractors and vendors.

AUDITORS

The auditors, of the company, M/s. Faruq Ali & Company, chartered accountants retire and offer their services for re-appointment for the next fiscal year.

CONCLUSION

In conclusion, we pray to Almighty Allah for his continued blessings to us.

For and on behalf of the Board of Directors

PARVEZ ABBASI
Chairman & CEO

Karachi : September 30th, 2005

FIVE YEARS AT A GLANCE:

Rs.in '000

	2005	2004	2003	2002	2001
Tangible Fixed Assets	3,274,196	3,148,340	2,737,904	2,434,803	2,141,903
Intangible Assets	5,769	-	-	-	-
Investment Property	-	-	29,000	29,000	52,883
Long Term Deposits & Deferred Cost	89,902	13,876	16,020	37,973	36,889
Current Assets	3,506,272	2,001,207	44,417	36,449	19,005
Current Liabilities	3,418,751	1,957,087	94,326	104,136	198,901
Current Portion of Long Term Liabilities	53,557	38,380	115,991	88,631	45,653
Long Term Liabilities	842,770	1,417,490	866,558	573,741	901,110
Sponsors' Loans	-	600,087	430,902	302,096	234,451
Share Capital	2,450,652	1,750,466	1,750,466	1,750,466	1,105,066
Sale(net of sales tax)	9,998,865				
Gross Profit	391,473				
Profit After Taxation	110,909				

KEY FINANCIAL RATIOS

	2005	2004	2003	2002	2001
Gross profit / turnover	3.92%	-	-	-	-
Profit before tax / turnover ratio	1.82%	-	-	-	-
Return on capital employed	4.53%	-	-	-	-
Interest coverage (times)	2.81	-	-	-	-
Inventory turnover (times)	-	-	-	-	-
Fixed assets turnover	3.05	-	-	-	-
Debt Equity ratio	1.68	1.95	0.62	0.57	2.30
Current ratio	1.01	1.00	0.21	0.19	0.08

Statement of **compliance** with the code of corporate governance and best practices on transfer pricing for the year ended June 30, 2005

This statement is being presented to comply with the code of Corporate Governance contained in the listing regulation of Karachi & Lahore Stock Exchanges (Guarantee) Limited for the purpose of establishing a frame work of good governance whereby a listed company is managed in compliance with the best practices of Corporate governance.

1. The Company encourages representation of independent non-executive Directors and Directors representing minority interest on its Board of Directors. At present the Board includes three (3) Independent non-executive Directors two (2) of whom are Directors' representing minority Shareholders.
2. The Directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.
3. All the resident Directors of the Company are registered as Tax Payers and none of them has defaulted in payment of any Loan to Banking Company, a DFI, and NBFIs or, being a member of a Stock Exchange, has been declared as a defaulter by that Stock Exchange.
4. Casual vacancy occurring on the Board during the year was filled up by the directors within 30 days of occurrence.
5. The Company has prepared a 'Statement of Ethics and Business Practices', which has been signed by all the Directors and Employees of the Company.
6. The Board has developed 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 the Board has taken decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO.
8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter, Written notices of the Board meetings, along with agenda and working papers were circulated at least seven days before the meetings. The Minutes of the Meeting were appropriately recorded and circulated.
9. The directors were apprised of their duties and responsibilities through various in-house and external orientation courses.
10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the CEO.
11. The Directors' Report for this Year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

12. CEO and CFO duly endorsed the Financial Statements of the Company 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 Shareholder.
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 3 members, of whom two 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 Interim and Final Results of the Company and 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 setup an effective Internal Audit Function.
18. The statutory Auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program 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 of Code of Ethics as adopted by Institute of Chartered Accountants of Pakistan.
19. The Statutory Auditors or the persons associated with them have not been appointed to provided other services except in accordance with the listing regulations and the Auditors have confirmed that they have observed IFAC guidelines in this regards.
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, 2005.

For and on behalf of the Board of Directors



PARVEZ ABBASI
Chairman & CEO

Karachi: 30th September 2005

Review report to the members on statement of compliance with
best practices 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 Listing Regulation No. 37 (Chapter XI) and No. 40 (Chapter XIII) of the Karachi & Lahore Stock Exchanges.

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 the 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, 2005

Karachi: 30th September 2005

FARUQ ALI & CO.
CHARTERED ACCOUNTANTS

auditors' report | to the members

We have audited the annexed balance sheet of BOSICOR PAKISTAN LIMITED as at June 30, 2005 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 purposes 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 conduct our 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 the 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, 2005, 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

The financial statements of the company for the year ended June 30, 2004 were audited by another firm of chartered accountants who expresses an unqualified opinion thereon in their report dated September 28, 2004.

Karachi: 30th September 2005


FARUQ ALI & CO.
CHARTERED ACCOUNTANTS

balance sheet | as at june 30, 2005

	Note	2005	Rs.'000	2004
NON CURRENT ASSETS				
Property, plant and equipment	3	3,274,196		2,478,542
Intangible assets	4	5,769		--
Unallocated capital expenditure	5	--		669,798
Long term deposits and deferred cost	6	89,902		13,876
CURRENT ASSETS				
Stores and spares	7	84,784		127,500
Stock-in-trade	8	1,812,325		924,181
Trade debts - Considered good	9	1,260,162		763,148
Loans and advances - Considered good	10	19,625		12,796
Trade deposits, prepayments, current account balances with statutory authorities and other receivables	11	28,489		92,400
Cash and bank balances	12	300,887		81,182
		<u>3,506,272</u>		<u>2,001,207</u>
CURRENT LIABILITIES				
Trade and other payables	13	2,581,418		1,793,350
Accrued markup		26,793		11,362
Short term borrowings - Secured	14	760,545		141,588
Current portions of non-current liabilities	15	53,557		38,380
Provision for taxation		49,995		10,787
		<u>3,472,308</u>		<u>1,995,467</u>
Net current assets		33,964		5,740
NON-CURRENT LIABILITIES				
Term finance certificates - secured	16	750,000		291,000
Long term loans	17	51,563		1,082,415
Liabilities against assets subject to finance lease	18	19,219		44,075
Deferred taxation	19	21,488		--
CONTINGENCIES AND COMMITMENTS	20	--		--
NET ASSETS		<u>2,561,561</u>		<u>1,750,466</u>
FINANCED BY:				
SHARE CAPITAL AND RESERVES				
Authorized share capital 360,000,000 (2004: 360,000,000) Ordinary shares of Rs.10/- each		3,600,000		3,600,000
Issued, subscribed and paid-up capital	21	2,450,652		1,750,466
Accumulated profit		110,909		--
		<u>2,561,561</u>		<u>1,750,466</u>

The annexed notes form an integral part of these accounts.


 Chariman & CEO


 Director

profit and loss | account for the year ended june 30, 2005


	Note	Rs.'000
Net Sales	22	9,998,865
Cost of sales	23	<u>9,607,392</u>
Gross profit		391,473
Operating expenses		
Administrative expenses	24	<u>67,179</u>
Selling and distribution expenses	25	<u>28,836</u>
		<u>96,015</u>
Operating profit		295,458
Other income		<u>2,786</u>
		298,244
Other charges	26	<u>106,253</u>
Financial charges		<u>9,600</u>
Worker's profit participation fund		<u>115,853</u>
		182,391
Profit before taxation		
Taxation		
-Current		<u>49,994</u>
-Deferred	27	<u>21,488</u>
		<u>71,482</u>
Profit after taxation (balance carried over to balance sheet)		<u>110,909</u>
Earnings per share - basic (Rupees)	28	<u>0.48</u>

Note: The comparative figures of profit and loss are not available as the company has started its commercial operations from July 01, 2004.

The annexed notes form an integral part of these accounts.



 Chariman & CEO



 Director

	2005	Rs.'000	2004
3.4 Capital work-in-progress			
Plant & machinery	115,828		2,147,663
Civil & mechanical works	779		280,480
	<u>116,607</u>		<u>2,428,143</u>
4. Intangible Assets			
Software under development	5,769		--
5. Unallocated Capital Expenditure			
Salaries, wages and benefits			
Project appraisal fee	55,534		55,534
Consultancy	700		700
Travelling & conveyance	16,358		16,358
Utility Charges	27,654		27,654
Legal and professional	5,582		5,582
Vehicle running	50,189		50,189
Repairs and maintenance	5,794		5,794
Operating lease rental	4,117		4,117
Printing and stationery	4,593		4,593
Subscription and periodicals	4,709		4,709
Auditors' remuneration	1,817		1,817
Depreciation	1,706		1,706
Financial charges on leased assets	6,368		6,368
Mark-up on bridge loan & short term loans	138,996		138,996
Bank charges	164,718		164,718
Exchange loss	1,636		1,636
Security expenses	596		596
Promotional expenses	2,465		2,465
Gain on sale of fixed assets	5,943		5,943
Loss on sale of investment property	(1,697)		(1,697)
Commission on initial public offer	19,000		19,000
Income tax	14,547		14,547
Insurance	399		399
Gratuity expense	129		129
Other	657		657
Trail Run loss	6,385		6,385
	<u>130,903</u>		<u>130,903</u>
	669,798		669,798
Receipt from sponsors	5.1	(19,000)	--
Transferred to operating assets	2.6	(650,798)	--
	--		<u>669,798</u>

5.1 This represents amount paid by sponsors to the company on account of entire loss incurred on sale of investment property as reflected in the financial statements of the company for the year ended June 30, 2004.

		2005	Rs.'000	2004
3.	Property, Plant And Equipment			
	Operating fixed assets	3.1	3,157,589	50,399
	Capital work in progress	3.4	<u>116,607</u>	<u>2,428,143</u>
			<u>3,274,196</u>	<u>2,478,542</u>
	3.1 Operating fixed assets			

Particulars	As at July 01, 2004	Additions / Transfer	Disposals	As at June 30, 2005	Rate %	As at July 01, 2004	For the year	Disposals	As at June 30, 2005	Book Value As at June 30, 2005
Owned										
Freehold land	22,260	-	-	22,260	-	-	-	-	-	22,260
Plant and machinery	-	3,139,033	-	3,139,033	10	-	308,493	-	308,493	2,829,540
Generators	1,025	54,275	-	55,300	10	278	5,502	-	5,780	49,520
Buildings, roads & civil works	-	133,189	-	133,189	5	-	6,692	-	6,692	126,497
Furniture and fixtures	12,232	7,240	-	19,472	10	3,162	1,242	-	4,404	15,068
Computer and allied	1,295	1,745	(87)	2,953	30	388	597	(22)	983	1,990
Safety and lab equipments	1,007	7,667	-	8,674	10	101	690	-	791	7,883
Vehicles	2,391	2,235	(77)	4,549	20	961	389	(18)	1,332	3,217
Portable cabins	2,806	-	-	2,806	20	561	449	-	1,010	1,796
Leased	43,016	3,345,384	(164)	3,388,236		5,451	325,054	(40)	330,465	3,057,771
Plant & machinery	-	91,221	-	91,221	10	-	8,978	-	8,978	82,243
Vehicles	11,908	8,253	-	20,161	20	3,190	2,687	-	5,885	14,276
Portable cabins	5,155	-	-	5,155	20	1,031	825	-	1,856	3,299
	17,063	99,474	-	116,537		4,229	12,490	-	16,719	89,818
2005	60,079	3,444,858	(164)	3,504,773		9,680	337,544	(40)	347,184	3,157,589
2004	26,795	33,519	234	60,079		4,017	5,698	(34)	9,680	50,399

3.2 Depreciation charge for the year has been allocated as follows

	2005
	Rs.'000
Administrative and selling	4,915
Cost of sales	<u>332,629</u>
	<u>337,544</u>

3.3 Details of assets disposed off during the year

Particulars	Cost	Accumulated Depreciation	Book Value	Sale Proceeds	Gain on Disposal	Mode of Disposal	Particulars of Buyer
Computer and allied	87	22	65	74	9	Insurance claim	Adarejo Insurance Co. Ltd
Vehicle	77	18	59	475	416	Company policy	Mr. Sikander Kasim-Executive
2005	164	40	124	549	425		
2004	234	34	200	1,498	1,298		

2.18 Provisions

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

2.19 Financial instruments

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

2.20 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.

2.21 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.

2.10 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.

2.11 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 deposit accounts and running finance under mark up arrangements.

2.12 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation or half percent of turnover, whichever is higher.

Deferred

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

2.13 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.

2.14 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.

2.15 Foreign currency translation

Transactions in foreign currencies are converted into rupees at the exchange rates prevailing at transaction date. Monetary assets and liabilities in Foreign Currency are expressed in Rupee terms at the rates of exchange prevailing on the balance sheet date.

2.16 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.

2.17 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.

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.

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 (Software under development)

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 date such asset is put into use on straight line basis over its useful life.

2.6 Unallocated capital expenditure

The cost under this head has been allocated to plant and machinery, buildings and ancillary on prorata basis upon commencement of commercial operations.

2.7 Deferred cost

Deferred cost is amortized over a period of five years from the date of the commencement of commercial operations.

2.8 Stores and spares

These are valued at moving average cost less provision for obsolescence. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

2.9 Stock-in-trade

Stock of raw material is valued at cost determined on first in first out (FIFO) basis. 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.

1. Status and Nature of Business

The Company was incorporated in Pakistan as a public limited company on January 09, 1995 and was granted a certificate of commencement of business on March 13, 1995. The company is quoted on the Karachi and Lahore Stock Exchanges. The principal business of the company is refining and selling of the petroleum products. The company has started its commercial operations from July 01, 2004.

2. Summary of Significant Accounting Policies

2.1 Statement of compliance

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

2.2 Basis of preparation

These accounts have been prepared under the historical cost convention, except for certain foreign currency exchange elements and borrowing costs as referred in note 2.4 and note 2.17 respectively, which have been included in the cost of the relevant assets and also financial assets and liabilities which are stated at fair value.

2.3 Staff retirement benefits

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 @ 8.33% of basic salary, both by the company and by the employees. The contributory provident fund was formed on January 01, 2001.

2.4 Property, plant and equipment and depreciation

Owned

These are stated at cost less accumulated depreciation except for freehold land which is stated at cost. All expenditures connected with specific assets incurred during installation and construction period are carried under capital work in progress at cost except for certain foreign currency exchange elements which have been included in the cost of the relevant assets. These are transferred to specific assets as and when these assets are available for use.

Depreciation is charged using the reducing balance method whereby the cost of an asset is written off over its estimated useful life.

Depreciation on additions is charged from the quarter the property, plant and equipment acquired or capitalized while no depreciation is charged in the quarter of disposal.

Statement of changes in **equity** for the year ended June 30, 2005

	Rs.'000		
	Issued, subscribed and paid-up capital	Accumulated Profit	Total
Balance as at July 01, 2003	1,750,466	-	1,750,466
Balance as on June 30, 2004	1,750,466	-	1,750,466
Reght shares issued	700,186	-	700,186
Net profit for the period	-	110,909	110,909
Balance as on June 30, 2005	<u>2,450,652</u>	<u>110,909</u>	<u>2,561,561</u>

The annexed notes form an integral part of these accounts.


 Chariman & CEO



 Director

cash flow | statement for the year ended june 30, 2005

	2005	Rs.'000	2004
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation	182,391		--
Adjustments for non cash and other items:			
Depreciation	337,544		--
Financial charges	106,253		--
Amortization of deferred cost	513		--
Gain on disposal of fixed assets	(425)		--
Workers' profit participation fund	9,600		--
Cash flow before working capital changes	635,876		--
MOVEMENT IN WORKING CAPITAL			
(Increase) / decrease in current assets			
Stores and spares	42,716		(127,500)
Stock-in-trade	(888,144)		(924,181)
Trade debts - Considered good	(497,014)		(763,148)
Loans and advances - Considered good	(6,829)		7,418
Trade deposits, prepayments and current account balances with statutory authorities	63,892		(68,395)
Increase / (decrease) in current liabilities			
Trade and other payables	778,468		1,707,261
Cash generated from / (used in) operations	128,965		(168,545)
Payments for:			
Financial charges	(90,822)		(45,458)
Taxes	(10,768)		(555)
Gratuity	--		(245)
Net cash generated from / (used in) operating activities	27,375		(214,803)
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure	(449,524)		(270,470)
Intangible assets (Software under development)	(5,769)		--
Sale proceeds of fixed assets	549		1,498
Sale proceeds of investment property	--		10,000
Long term deposit	(76,539)		2,144
Net cash used in investing activities	(531,283)		(256,828)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds against right issue of shares	267,099		--
Proceeds against term finance certificates	459,000		291,000
Repayment of long term loan	(648,703)		(12,295)
Receipt against long term loan	65,000		169,185
Repayment of liability against assets subject to finance lease	(37,740)		(37,369)
Short term borrowings	480,049		119,951
Net cash inflow from financing activities	584,705		530,472
Net increase in cash and cash equivalents	80,797		58,841
Cash and cash equivalents as at 1st July	59,545		704
Cash and cash equivalents as at 30th June	140,342	29	59,545

The annexed notes form an integral part of these accounts.


 Chariman & CEO


 Director

	2005	Rs.'000	2004
6 Long term deposits and deferred cost			
Deposits	87,849		11,310
Deferred cost [preliminary expenses (note 2.7)]	2,053		2,566
	<u>89,902</u>		<u>13,876</u>
7 Stores and spares			
Stores and spares	55,591		126,994
Stores in transit	29,193		506
	<u>84,784</u>		<u>127,500</u>
8 Stock-in-trade			
Raw material	1,336,717		803,362
Stock in transit	811		1,390
Finished products	474,797		119,429
	<u>1,812,325</u>		<u>924,181</u>
9 Trade debts			

Trade debts include receivables amounting to Rs. 27.144 million in respect of price differential claims from Ministry of Petroleum, Government of Pakistan.

10 Loans and advances - considered good			
Employees	10.1	3,255	535
Suppliers and contractors		12,631	2,968
Others		3,739	9,293
		<u>19,625</u>	<u>12,796</u>

10.1 This includes Rs.1.250 million (2004: Nil) due from executives of the company.

11 Trade deposits, prepayments, current account balances with statutory authorities and other receivables			
Deposits		9,276	2,943
Pre-payments		15,311	4,119
Advance income tax		524	543
Sales tax adjustable/refundable		3,378	84,325
Insurance claim receivable		-	470
		<u>28,489</u>	<u>92,400</u>

	2005	2004
	Rs.'000	
12 Cash and bank balances		
Cash in hand	108	70
Cash at banks	32,962	250
- Current accounts	267,817	80,862
- Collection account	<u>300,887</u>	<u>81,182</u>
13 Trade and other payables		
Bills payable	2,502,376	1,727,717
Creditors for services	13.1 49,456	37,763
Creditors for supplies	12,775	15,445
Payable to staff provident fund	393	153
Accrued expenses	5,346	11,236
Withholding tax deductions payable	1,472	1,036
Workers profit participation fund	9,600	--
	<u>2,581,418</u>	<u>1,793,350</u>

13.1 This includes Rs. 23.450 Million payable to adamjee insurance company limited. (2004: 20.461 Million).

14 Short term borrowings - secured

From banks			
Bill discounting facility	14.1	550,000	--
Trust receipt		--	69,951
From related party (financial institution)	14.2	50,000	50,000
Short term running finances	14.3	160,545	21,637
		<u>760,545</u>	<u>141,588</u>

14.1 The bill discounting facility carries markup @ 2.50% Per annum over 3 months average KIBOR payable on the date of transaction and is secured against first equitable mortgage charge on land, building and plant and machinery. Facilities amounting to Rs.400 million remained un-availed at balance sheet date.

14.2 The short term loan carries markup @ 3% per annum over 6 months average KIBOR payable quarterly in arrears and is secured against first pari passu charge on plant and machinery.

14.3 The running finance facilities available under mark-up arrangements with various banks amounting to Rs. 1,100 million (2004: 300 million) secured against hypothecation charge on plant and machinery and current assets including inventory and trade debts and personal guarantees of directors. The rates of mark-up range between 7% to 10% (2004: 7% to 10%) per annum mark up is payable on quarterly basis.

	2005	Rs.'000	2004
15 Current portions of non current liabilities			
Liabilities against assets subject to finance lease	34,807		33,692
Long term loans - secured	<u>18,750</u>		<u>4,688</u>
	<u>53,557</u>		<u>38,380</u>

16 Term finance certificates - secured

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

Major Terms and Conditions

Issue Date: October 01, 2004

Listing: 18 months after the issue date at the option of the investors.

Tenor: 5 Years

TFC Coupon Rate: Base rate + 550 bps with a floor of 9% p.a and a cap of 13% p.a payable semi annually.

Base Rate: 6-months KIBOR

Grace Period: 18 months

Principal repayments: To be repaid in equal semi-annual installments, the first of such installments falling due on 24th month after the issue date.

Issure call option The issuer will have a call option exercisable only on the semi-annual date, to redeem in full or part of the outstanding amount of the TFCs during the period from the beginning of the 24th month from the issue date till the last redemption date with a premium of 0.05% on the outstanding principal. The option will be exercisable by giving a 60 days notice to the investor and the Trustee.

Security: First charge, ranking pari passu over all present and future fixed assets of the company with 25% margin.

Event of default: The TFCs shall become immediately due and payable and the security created by the security documents shall become immediately enforceable by a declaration in writing of the trustee notified to the issuer, that trustee has been notified in writing by the TFCs holders representing at least 51% of the outstanding face value of the TFCs.

17 Long Term Loans

		2005	2004
		Rs.'000	
From banks and financial institutions- secured			
Demand finance	17.1	--	327,421
Syndicate term finance	17.1	--	56,250
Accrued mark-up on long term loans	17.1	--	28,345
From related parties			
Financial Institutions - secured			
Term finance	17.2	70,313	75,000
Sponsors and associated undertaking - unsecured			
Bosicor Corporation Limited	17.3	--	433,087
Premier Systems (Pvt) Limited	17.4	--	167,000
		<u>70,313</u>	<u>1,087,103</u>
		<u>18,750</u>	<u>4,688</u>
Less: Current maturity		<u>51,563</u>	<u>1,082,415</u>

- 17.1 The company has fully repaid the principal amounts of demand finance and syndicate term finance together with the markup accrued thereon.
- 17.2 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 @ 6.30% Over 6 month average kibar (2004: 8.5%) payable quarterly.
- 17.3 The loan has been converted into share capital under right issue of shares during the year under review.
- 17.4 This has been repaid during the year.

18 Liability against assets subject to finance lease

	Lease Payment			
	2005		2004	
	Minimum	Present Value	Minimum	Present Value
Less than one year	38,588	34,807	42,433	33,692
One to five years	20,724	19,219	47,416	44,075
Total Minimum Lease Payments	59,312	54,026	89,849	77,767
Less: Financial charges allocated to the future period	5,286	--	12,082	--
Present value of minimum lease payment	54,026	54,026	77,767	77,767
Less: Transferred to current maturity	34,807	34,807	33,692	33,692
	19,219	19,219	44,075	44,075

The Company entered into lease agreements with various leasing companies to acquire plant and machinery, vehicles and portable cabins. The rentals under these lease agreements are payable monthly / quarterly up to the period ending June 30, 2009. Financing rates ranging from 7.2% to 22% per annum (2004: 7.9% to 24% 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.

19	Deferred taxation	2005	Rs.'000	2004
	Deferred tax liability arising due to			
	Accelerated depreciation allowances	528,645		--
	Finance lease transactions	16,027		--
	Deferred tax asset arising due to			
	Available tax loss and credits	(523,184)		--
		<u>21,488</u>		<u>--</u>
20	Contingencies And Commitments			

20.1 Contingencies

i) The Company Is Defendant In Suit Filed In The Court Of Qazi, Zila Lasbela, Uthal, Balochistan In Respect For Portion (17-1/2 Acres) Of Land Situated In Mouza Kund, Gadani, Balochistan Out Of One Portion Of Around 96 Acres Purchased By The Company From Eighteen Persons, Who Are Defendants In The Said Suit. This Land Measuring Around 96 Acres Forms Part Of Total Of Around 140 Acres Of Lands Purchase By Way Of Three Sale Deeds Duly Registered. On July 28, 2004 The Plaintiff Was Granted An Interim Injunction Restraining The Defendants From Interfering In The Subject Lands Based On A Fatwa. The Company Filed An Appeal Against The Order Dated July 28, 2004 Before Court Of Majlis E Shoora, Hub, Lasbela, Balochistan, Which Was Allowed On October 30, 2004 And The Order Dated July 28, 2004 Was Set Aside. In The Opinion Of Its Legal Counsel, Company Is A Bonafide Purchaser And Plaintiff's Cause Of Action, If Any, Would Be Against Defendants And Not Against The Company. Company Has Accordingly Not Made Any Provision In This Respect.

ii) The Company has filed a claim with Adamjee Insurance Co. Ltd. and has submitted the required documents in support of its claim for US \$ 3 million on account of loss of profit arising from break down in production during the last year due to rupture of one of its Crude Oil Heater Tubes. The final outcome of the claim lodged by the Company depends upon the settlement of the claim which is expected to be settled by the end of November 2005

20.2 Commitments

Commitments in respect of:

- Letter of credits amount to Rs. 850 million (2004:Rs.1,198 million.)
- Capital expenditure amount to Rs. 200 million.
- Intangible assets amount to Rs. 9 million.

21	Issued, Subscribed And Paid-up Capital	2005	2004
	245,065,248 Ordinary shares of rs.10/- Each fully paid in cash (2004: 175,046,606 of Rs.10/- Each)	<u>2,450,652</u>	<u>1,750,466</u>

21.1 During the year 70,018,642 shares have been issued under right issue of shares by the company.

21.2 156,516,467 Shares (2004: 111,797,477 shares) are held by Bosicor Corporation Limited (holding company) representing 63.87% (2004: 63.87%) shareholding in the company.

	2005 Rs.'000
22 Net sales	
Gross Sales	11,522,053
less: Sales tax	(1,520,239)
Discount	(2,949)
	<u>9,998,865</u>

22.1 Price differential claims from Ministry of Petroleum, Government of Pakistan amounting to Rs. 37.144 million is included in sales.

23 Cost of sales	803,362
Opening stock of raw material	9,810,181
Purchases	<u>10,613,543</u>
Available for use	(1,336,717)
Closing stock of raw material	<u>9,276,826</u>
Raw material consumed	

23.1 Manufacturing expenses

Salaries, wages and other benefits	56,905
Staff transportation and catering	17,486
Stores and spares	39,958
Crude oil inspection and clearing charges	4,739
Insurance	14,132
Industrial gases and chemicals	7,659
Fuel, power and water	189,402
Repairs and maintenance	12,783
Communications	1,690
Traveling and conveyance	424
Rent, rates and taxes	471
Security	3,134
Vehicle running	2,484
Technical fee	2,038
Depreciation	332,629
Total manufacturing expenses	685,934
Cost of goods manufactured	<u>9,962,760</u>

Opening stock of finished products	119,429
Closing stock of finished products	(474,797)
Cost of goods sold	<u>9,607,392</u>

23.2 Included herein is a sum of Rs.1.034 million (2004: 0.348) million in respect of staff retirement benefits.

24 Administrative expenses		2005 Rs.'000
Salaries, allowances and other benefits	24.1	28,928
Vehicle running		1,226
Repairs and maintenance		1,047
Insurance		999
Fee and subscriptions		7,166
Utilities		2,359
Legal and professional		10,343
Traveling and conveyance		3,856
Advertisements and subscriptions		1,629
Rent, rates and taxes		701
Printing and stationary		866
Auditors' remuneration	24.2	230
Amortization of deferred costs		513
Depreciation		4,915
Others		2,401
		<u>67,179</u>
24.1	Included therein is a sum of rs. 0.752 million (2004: 0.205) million in respect of staff retirement benefits.	
24.2	Statutory audit	150
	Half yearly review	75
	Out of pocket expense	5
		<u>230</u>
25 Selling and distribution expenses		
Insurance		891
Transportation		8,391
Products handling charges		19,554
		<u>28,836</u>
26 Financial charges		
Markup on:		
-	Finance leases	8,173
-	Term finance certificates	63,823
-	Long term loans	9,152
-	Short term loans	10,946
-	Running finances	12,758
	Bank charges	1,401
		<u>106,253</u>
26.1	Markup relating to borrowings from related party amounting to Rs.8.614 million and Rs.3.169 million is included as markup on long term loans and short term loans respectively.	

27 Taxation - current

The assessments of the company has been finalized upto including tax year 2004.

27.1 Relationship between accounting profit and tax expense for the year

	2005 Rs.'000
Profit before tax as per accounts	182,391
Applicable tax rate	<u>35%</u>
Tax on accounting profit	63,837
Tax effect of accelerated tax depreciation	(524,147)
Tax effect of finance lease transactions	<u>(12,880)</u>
	<u>(473,190)</u>
Tax payable under normal rules	--
Minimum tax payable under section 113 of Income tax ordinance, 2001	<u>49,994</u>

28 Earnings per share - basic

There is no dilutive effect on the basic earning per share of the company, which is based on:

Net profit after tax	<u>110,909</u>
	Number
Weighted average number of ordinary shares	<u>232,407,702</u>
Earnings per share - basic (rupees)	<u>0.48</u>

	2005	2004
	Rs.'000	
Cash and cash equivalents		
Cash and bank balances	300,887	81,182
Running finances-secured	<u>(160,545)</u>	<u>(21,637)</u>
	<u>140,342</u>	<u>59,545</u>

30 Transactions With Related Parties

The related parties comprise holding company, associated undertakings, directors and key management personnel. Remuneration and benefits to chief executive, directors and key management personnel under terms of their employment are disclosed in note 31 to the accounts. Transaction with related parties, other than those which have been specifically disclosed elsewhere in these financial statements, are as follows: -

	2005	2004
	Rs.'000	
Purchase of operating fixed assets	1,469	1,457
Payment of rent	350	350
Receipt of loans	65,000	455,049
Repayment of loans	236,688	160,864
Payment against services (freight for curde oil)	83,796	-

31 Remuneration of chief executive, directors and executives

The aggregate amount charged in the accounts for remuneration, including all benefits, to the chief executive, directors and executives of the company was as follows:

	Chief Executive		Directors		Executives		Total	
	2005	2004	2005	2004	2005	2004	2005	2004
Managerial remuneration	4,000	-	3,517	-	10,160	5,178	17,667	5,178
Provident fund	-	-	-	-	652	79	652	79
Housing and utilities	2,000	-	1,200	-	5,075	2,589	8,275	2,589
Leaves passage	-	-	-	-	533	67	533	67
	6,000	-	4,717	-	16,410	7,913	27,127	7,913
Number of persons	1	1	2	1	11	5	14	7

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

Directors are not taking any meeting fee.

32 Financial Instruments and related disclosures

32.1 Financial assets and liabilities

Rs.'000

	Interest / Markup bearing			Non Interest / Markup bearing			Total	
	Maturity		Total	Maturity		Total	2005	2004
	upto one year	One to five years		upto one year	One to five years			
Financial Assets								
Deposits	-	-	-	8,276	89,902	98,178	98,178	14,253
Trade debts	-	-	-	1,233,018	-	1,233,018	1,233,018	763,148
loans, advances and other receivable	-	-	-	6,994	-	6,994	6,994	10,298
Cash and bank balances	-	-	-	300,887	-	300,887	300,887	81,182
Total				1,550,175	89,902	1,640,077	1,640,887	868,881
Financial Liabilities								
Term finance certificates	-	750,000	750,000	-	-	-	750,000	291,000
Long term loans	18,750	51,563	70,313	-	-	-	70,313	1,087,103
Liabilities against asset subject to finance	34,807	19,219	54,026	-	-	-	54,026	77,768
Short term borrowings	760,545	-	760,545	-	-	-	760,545	141,588
Trade and other payable	-	-	-	2,579,946	-	2,579,946	2,579,946	1,792,314
Accrued markup	-	-	-	26,793	-	26,793	26,793	11,362
Total	814,102	820,782	1,634,884	2,606,739	-	2,606,739	4,241,623	3,401,135
Net Exposure	(814,102)	(820,782)	(1,634,884)	(1,056,564)	(89,902)	(966,662)	(2,601,546)	(2,532,254)

32.2 Foreign exchange risk management

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

32.3 Interest rate risk

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

32.4 Liquidity risk

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

32.5 Fair value of financial instruments

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

32.6 Concentration of credit risk and risk management

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. The company believes that it is not exposed to any major concentration of credit risk as it operates in an essential products industry and has as its customers namely Pakistan State Oil Company Limited and Attock Refinery Limited.

32.7 Off balance sheet financial instruments

Off balance sheet financial liabilities are disclosed in note 20.2 To the accounts.

33 Capacity and annual production

The designed annual refining capacity of the plant is 9,900,000 US barrels. The actual throughput during the year was 3,789,308 US barrels. The actual throughput for the year remained low as the plant was operated keeping in view the demand and supply position of petroleum products in the country, constraints of storage and transportation of products.

	2005	2004
34 Number of employees		
Total number of employees at the end of the year	249	178

35 Corresponding figures

During the current financial year, the securities and exchange commission of Pakistan substituted the fourth schedule to the Companies Ordinance, 1984 which is applicable to the financial statements for the years ending on or after July 5, 2004. Consequent to substitution of fourth schedule to the Companies Ordinance, 1984, previous year's figures have been rearranged and reclassified wherever necessary for the purposes of comparison. Significant changes made during the year are as follows:

- Operating fixed assets and capital work in progress previously classified as separate items now reclassified under the head 'property, plant and equipment'.
- Markup accrued previously classified under the head 'creditors accrued and other liabilities' now reclassified as separate item on face of the balance sheet.
- Long term loans from banking companies and from associated undertaking and sponsors previously classified separately now reclassified under the head 'long term loans'.
- Short term borrowings and running finances under markup arrangements previously classified as separate item now reclassified under the head short term borrowings.

Loans and advances, trade deposits, prepayments and balances with statutory authorities and other receivables previously classified under the head 'advanced deposits prepayments and other receivables' now reclassified as separate items on face of the balance sheet.

Comparative figures in note 31 have also been restated on account of change of definition of executive.

36 Date of authorization for issue


The financial statements were authorized for issue on September 30, 2005 in accordance with the resolution of the Board of Directors of the company.

37 General

37.1 Figures have been rounded off to nearest thousand rupees.



Chariman & CEO



Director

Pattern of Share Holding

Number of Shareholders	Share Holding			Total Share Held
	From		To	
86	1	-	100	7,457
1,011	101	-	500	434,009
1,435	501	-	1,000	1,376,170
3,028	1,001	-	5,000	8,981,805
969	5,001	-	10,000	7,652,827
367	10,001	-	15,000	4,811,112
227	15,001	-	20,000	4,182,600
104	20,001	-	25,000	2,452,700
80	25,001	-	30,000	2,267,700
63	30,001	-	35,000	2,105,027
38	35,001	-	40,000	1,471,400
33	40,001	-	45,000	1,415,700
41	45,001	-	50,000	2,013,900
26	50,001	-	55,000	1,365,300
13	55,001	-	60,000	761,400
12	60,001	-	65,000	747,080
15	65,001	-	70,000	1,034,400
11	70,001	-	75,000	815,600
14	75,001	-	80,000	1,095,673
3	80,001	-	85,000	250,000
7	85,001	-	90,000	619,500
5	90,001	-	95,000	466,400
23	95,001	-	100,000	2,292,300
3	100,001	-	105,000	308,500
10	105,001	-	110,000	1,088,900
5	110,001	-	115,000	563,300
2	115,001	-	120,000	237,400
4	120,001	-	125,000	496,300
5	125,001	-	130,000	640,700
4	130,001	-	135,000	529,600
6	135,001	-	140,000	823,700
1	140,001	-	145,000	142,800
3	145,001	-	150,000	447,900
6	150,001	-	155,000	913,100
1	155,001	-	160,000	157,500
2	170,001	-	175,000	343,200
2	175,001	-	180,000	354,800
1	185,001	-	190,000	187,400
5	195,001	-	200,000	998,800

Number of Shareholders	Share Holding			Total Share Held
	From		To	
1	200,001	-	205,000	203,000
3	210,001	-	215,000	642,500
1	215,001	-	220,000	219,000
1	220,001	-	225,000	225,000
1	225,001	-	230,000	226,900
2	230,001	-	235,000	464,200
1	240,001	-	245,000	243,900
3	245,001	-	250,000	749,748
1	250,001	-	255,000	250,500
1	275,001	-	280,000	280,000
2	280,001	-	285,000	567,200
1	285,001	-	290,000	285,160
2	295,001	-	300,000	600,000
1	300,001	-	305,000	300,200
3	305,001	-	310,000	925,000
2	310,001	-	315,000	627,000
1	320,001	-	325,000	324,000
1	340,001	-	345,000	341,000
2	360,001	-	365,000	724,995
1	365,001	-	370,000	369,000
2	380,001	-	385,000	770,000
1	425,001	-	430,000	430,000
1	435,001	-	440,000	439,600
1	450,001	-	455,000	451,600
1	485,001	-	490,000	486,600
1	495,001	-	500,000	500,000
1	565,001	-	570,000	567,200
1	625,001	-	630,000	627,000
1	675,001	-	680,000	680,000
1	815,001	-	820,000	818,900
1	995,001	-	1,000,000	1,000,000
1	1,730,001	-	1,735,000	1,733,500
1	1,860,001	-	1,865,000	1,864,080
1	1,915,001	-	1,920,000	1,916,000
1	2,000,001	-	2,005,000	2,003,500
1	2,615,001	-	2,620,000	2,619,000
1	2,735,001	-	2,740,000	2,739,538
1	3,475,001	-	3,480,000	3,480,000
1	156,515,001	-	156,520,000	156,516,467
7,722				245,065,248

Categories of Share Holders

Categories of Shareholders	No. of Shareholders	Share Held	Percentage
INDIVIDUALS	7,592	67,656,491	27.61%
INVESTMENT COMPANIES	6	579,600	0.24%
INSURANCE COMPANIES	3	77,000	0.03%
JOINT STOCK COMPANIES	85	167,978,975	68.54%
FINANCIAL INSTITUTIONS	15	7,384,300	3.01%
LEASING COMPANIES	4	445,000	0.18%
MODARABA COMPANIES	2	6,000	0.00%
MODARABA MANAGEMENT CO	1	10,000	0.00%
COOPERATIVE SOCIETIES	1	5,000	0.00%
OTHERS	12	922,882	0.38%
	7,721	245,065,248	100.00%

	Holding	Percentage
1 Associated Companies	-	-
2 Investment Corporation Of Pakistan National Bank Of Pakistan (Trustee Department)	2,003,500	0.82
3 Directors Holding		
Mr. Parvez Abbasi	73,973	0.03
Mr. Amir Abbassciy	30,027	0.01
Mr. Muhammad Rashid Zahir	3,500	0.00
Mrs. Uzma Abbassciy	3,500	0.00
Mrs. Samia Roomi	3,500	0.00
Mr. Muhammad Mahmood Hussain	2,500	0.00
Syed Arshad Raza	3,500	0.00
Spouse and Minor Children	-	-
4 Executives	-	-
5 Public Sector Companies And Corporations	-	-
6 Banks, Financial Institutions, Modrabas, Investment Companies, Etc.	175,405,257	71.57
7 Individuals	67,535,991	27.56
	245,065,248	100.00
More Than 10% Of Shareholding		
Bosicor Corporation Limited	156,516,467	63.87

- * Holdings Of ICP & NBP Are Not Included In Investment Companies & Financial Institutions.
- * Holdings Of Directors Are Not Included In Individuals.

form of proxy

I/We of
 a Member of Boticor Pakistan Limited hereby appoint of
 or failing him of
 to act as my/our proxy and to vote for me/us on my/our
 behalf at the 11th Annual General Meeting of the shareholders of the Company to be held
 on

Signed..... day of2005

Folio No.	CDC Participant ID No.o No.	Sub-Account No.	No. of Shares Held	Signature over Revenue Stamp

Witness 1
 Signature
 Name
 NIC No.
 Address

Witness 2
 Signature
 Name
 NIC No.
 Address

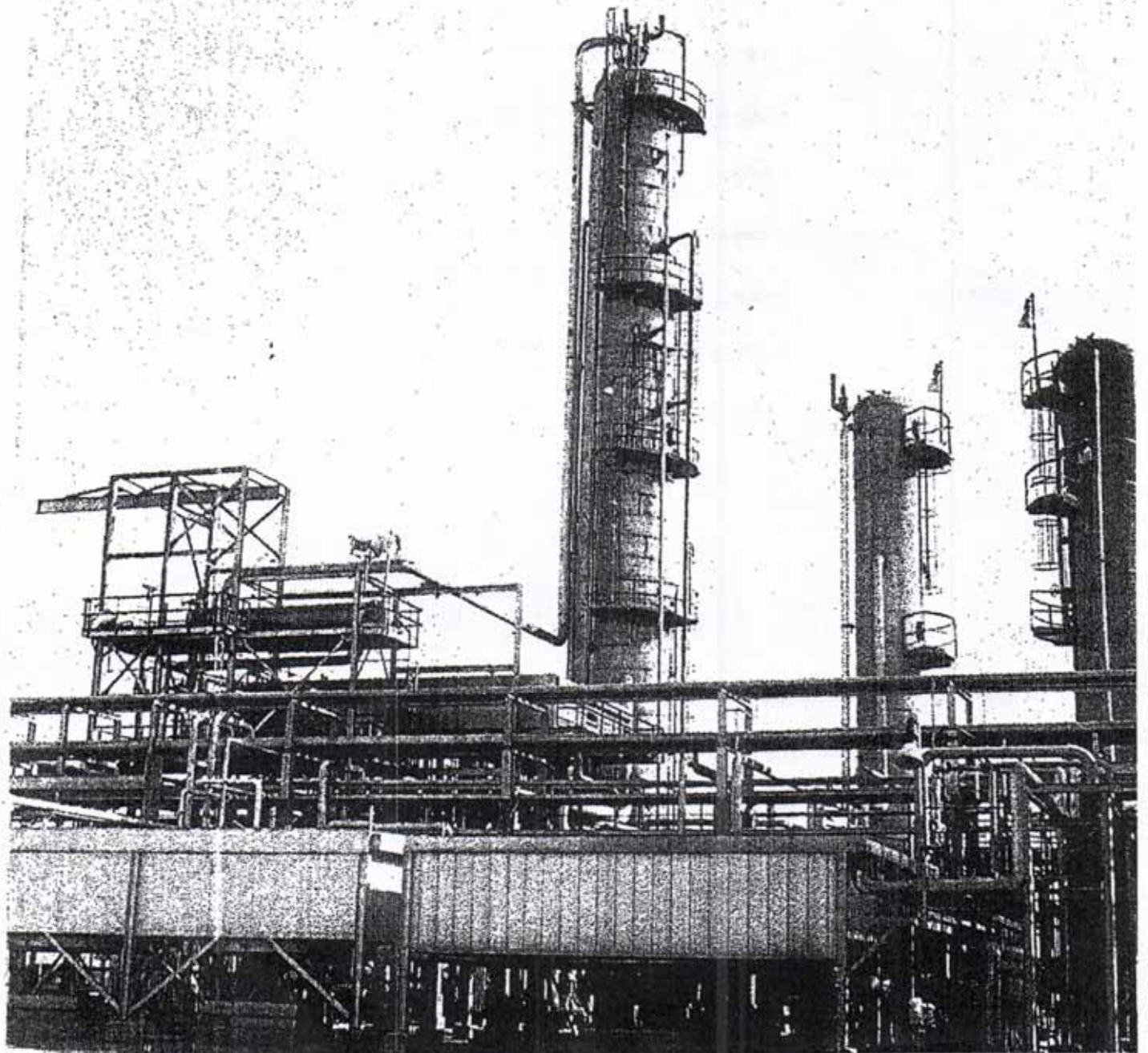
- Notes:
1. The proxy must be a member of the Company
 2. This signature must tally with the specimen signature/s registered with the Company.
 3. If a proxy is granted by a member who has deposited his/her shares into Central Depository Company of Pakistan Limited, the proxy must be accompanied with the participant's ID number and account number ingrowth attested copies of the national identity Card or Passport of the beneficial owner. Representatives of Corporate Members should bring the usual documents required for such purpose
 4. The instrument of Proxy properly completed should be deposited at the Registered Office of the Company not latter than 48 hours before the time of the meeting.

AFFIX
CORRECT
POSTAGE

The Company Secretary

Bosicor Pakistan Limited

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