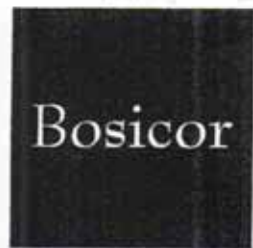


Bosicor Pakistan Limited
Annual Report 2004



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COMPANY INFORMATION

Board of Directors

Chairman & CEO

Mr. Parvez Abbasi

Directors

Mr. Amir A. Abbassciy
Mr. Muhammad Rashid Zahir
Mr. Rizwan A. Panjwani
Syed Arshad Raza
Mrs. Uzma A. Abbassciy
Mrs. Samia Roomi

Chief Financial Officer Corporate Secretary

Mr. Tariq Mohammad Khan
Mr. Abid Amin

Audit Committee

Mr. Muhammad Rashid Zahir - Chairman
Mr. Amir A. Abbassciy - Member
Mr. Rizwan A. Panjwani - Member

Registered & Corporate Office

2nd Floor, Business Plaza
Mumtaz Hasan 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
The Bank of Khyber
Bank Al-Falah Limited

Auditors

Khalid Majid Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

Legal Advisor

Saleem uz Zaman of Kabraji & Talibuddin

Website

www.bosicor.com.pk



NOTICE OF THE TENTH ANNUAL GENERAL MEETING

Notice is hereby given that the Tenth Annual General Meeting of Bosicor Pakistan Limited will be held on 27th October 2004 at 12:00 noon at Beach Luxury Hotel, Beach Hotel Road, Karachi to transact the following business:

1. To read and confirm the minutes of the Ninth Annual General Meeting held on 27th October, 2003.
2. To receive, consider and adopt the Annual Audited Accounts for the year ended 30th June 2004, together with the Directors' and Auditors' Reports thereon.
3. To appoint Auditors of the Company for the year ending 30th June 2005 and to fix their remuneration.
4. To transact any other business with the permission of the Chair.

Special Business:

5. To approve placement of Quarterly Accounts on the website of the Company as required under Circular 19 of 2004 of the Securities & Exchange Commission of Pakistan.

Date : 6th October 2004
Place: Karachi

By Order of the Board
Abid Amin
Company Secretary

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.

Central Depository Company of Pakistan Ltd. (CDC) Account Holders will further have the following under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan.

A) For Attending Meeting:

- i) In the case of individuals, the account holder or sub account holder and/or the person who's securities are in group account and their Registration Details are uploaded as per the Regulations, shall authenticate his identity by showing his original National Identity Card (NIC) or original Passport at the time of attending the meeting.
- ii) In the case of a Corporate Entity, the Board of Directors' Resolution/Power of Attorney with Specimen 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 the case of Individuals, the Account Holder or Sub-Account Holder and/or the Person who's 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) Two Persons who's Names, Addresses and NIC Numbers shall be mentioned on the Form shall witness the Proxy.
 - iii) Attested copies of NIC or the Passport of the Beneficial Owners and Proxy shall be furnished with the Proxy Form.
 - iv) The Proxy shall produce His original NIC or Original Passport at the time of the meeting.
 - v) In the case of Corporate Entity, the Board of Directors' Resolution/Power of Attorney with Specimen Signature of the Nominee shall be produced (unless it has been provided earlier) along with Proxy Form to the Company.
2. Members are requested to immediately notify the change of their Address, if any.
 3. The Share Transfer Books of the Company will remain closed from 20th October 2004 to 27th October 2004 (both days inclusive).

A statement under Section 160 of the Companies Ordinance, 1984 relating to special business is annexed with the Annual Report circulated to the members of the Company".

STATEMENT UNDER SECTION 160 OF THE COMPANIES ORDINANCE, 1984

This statement is annexed to the notice of the Tenth Annual General Meeting of Bosicor Pakistan Limited (hereinafter referred to as BP Limited) to be held on 27th October, 2004 and sets out Material Facts concerning the special business to be transacted at the Meeting.

Placement of Quarterly Accounts on Website. Item (5) of the Agenda.

The sending of quarterly accounts to all Shareholders by mail is a costly and cumbersome exercise. Cost savings can be achieved if Companies are allowed to place accounts on their websites instead of transmitting the same to the Shareholders by post.

The Securities and Exchange Commission of Pakistan (SECP) vide circular no. 19 of 2004 has allowed listed companies to place their quarterly accounts on their websites instead of sending the same to each shareholder by post which will be treated as compliance with the provisions of section 245 of the Companies Ordinance, 1984.

The Company already has a website www.bosicor.com.pk Prior permission of the Securities and Exchange Commission of Pakistan and the Stock Exchanges would be sought for transmitting the quarterly accounts through the Company's website after the approval of the Shareholders is obtained. After obtaining the requisite permissions, the Company shall inform its Shareholders through an advertisement in the press that subsequent quarterly accounts would be transmitted to them through the Company's website. The Company, however, will supply printed copies of accounts to the Shareholders, on demand, at their registered address free of charge, within one week of receiving such requests.

The Directors of the Company have no interest in the above resolution that would require further disclosure.



DIRECTORS' REPORT

On behalf of the Board of Directors, I present the Annual Report and the Financial Statements of the Company for the year ended 30th June, 2004.

The principal activity of the Company is refining of Crude Oil and the sale of Petroleum Products.

The Company has started Commercial Operations at our Mouza Kund Plant (MKP) from 1st July, 2004, for which we are thankful to Almighty Allah, the most Gracious, who has given us the courage, guidance and assistance in achieving this milestone.

Petroleum Industry Review

Pakistan's annual consumption of petroleum products was 16.4 million tons during 2002 - 2003, accounting for 38% of the country's primary energy requirements. Domestic oil refining capacity at 11.33 million tons per year can meet approximately 69% of this domestic demand while the remaining is imported. The current and projected demand of refined petroleum products in Pakistan indicates that there is more than sufficient demand for our MKP Facilities entire output within the Country with the exception of Naphtha. Naphtha accounts for 9% of the output of our Refinery and is currently being exported with Attock Refinery Limited.

During the year Fuel Oil Consumption has increased due to reduced monsoon rains as well as an increase in demand.

Our Refinery can produce Liquid Petroleum Gas, Light Naphtha, Heavy Naphtha, High Octane Blending Component, Motor Gasoline, Kerosene, Jet Fuels 1 & 4, High Speed Diesel and Furnace Oil and we have a long-term Sale and Purchase Agreement with Pakistan State Oil Company Limited (PSOCL) for marketing our Products.

Financial Results

During the trial operations the Company achieved a turn over of Rs. 2.112 billion (net of sales tax) and incurred a trial operation loss of Rs. 131 million which have been transferred to unallocated expenditure. The trial operation loss was incurred due to damage of a crude oil heater during testing period. This damage resulted in operations at a lower capacity. However, the Crude oil Heater has now been repaired and operating smoothly. The Company is in process of finalizing insurance claim to be lodged to the Insurance Company.

The highlights of the accounts are as follows:

	Rs. in '000			
	2004	2003	2002	2001
Tangible Fixed Assets	3,148,340	2,737,904	2,434,803	2,141,903
Investment Property	-	29,000	29,000	52,883
Long Term Deposits & Deferred Cost	13,876	16,020	37,973	36,889
Current Assets	2,001,207	44,417	36,449	19,005
Current Liabilities	1,957,087	94,326	104,136	198,901
Current Portion of Long Term Liabilities	38,380	115,991	88,631	45,653
Long Term Liabilities	526,403	435,656	292,896	666,659
Sponsor's Loans	600,087	430,902	302,096	234,451
Share Capital	1,750,466	1,750,466	1,750,466	1,105,066

Financing

With the Grace of AL Mighty Allah and support of Banks and Financial Institutions, the Company has successfully completed re-profiling of its existing debts. For this purpose, the Company awarded a mandate to Messers Aqeel Karim Dhedhi Securities (Pvt.) Limited to raise Rs. 750 Million (including a green shoe option of Rs. 250 Million) in the form of privately placed term finance certificates. The issue will be closed by 30th September 2004. Your Company has received overwhelming response from the investors of all sectors. Till the date of this report, Rs. 642 Million have been disbursed and commitments of remaining Rs. 108 Million have been received, disbursement against which will be made in the first week of October 2004.

From the proceeds received against issue of Term Finance Certificates, the Company prepaid the entire outstanding liabilities of Habib Bank Limited and Syndicated Term Finance Facility.

In order to further strengthen the balance sheet and to implement the balancing, modernization and de-bottlenecking of the existing Crude Oil Unit (CDU), the Board of Directors declared issuance of right shares @ 40% of the existing Paid Up Capital i.e. 70,018,642 shares at Rs. 10 each.

Bank Al-Falah Limited has been included in the Syndicate of Banks establishing Letters of Credit for import of Crude Oil under the Syndicated Letters of Credit Agreement. The total Facility amount now stands at Rs. 4,066 million.

Operations

The trial operations commenced in November, 2003 at a capacity of 8,000 barrels per day and have been increased to 15,000 barrels per day. We expect higher production in the next 2 quarters.

Future Outlook

The Energy & Petroleum Industry expects lower Furnace Oil demand in future, due to conversion of heavy industries from this energy source to Coal and Gas, this is a significant challenge specifically for the refineries, as Furnace Oil accounts for 40% plus of a standard non-conversion refinery's output. We are considering options for converting this Furnace Oil residue into value-added middle distillates and once our economic studies are finalized, we will be highlighting the route we expect to take.

In the meanwhile we are initiating a tank construction program in order to increase our storage capacity and flexibility at the MKP Facilities for Crude Oil and the various Products, as well as a revamp exercise for our existing Crude Oil Unit to enhance the present refining capacity.

After our success in converting the Platformer Unit and the Hydrotreater Unit to Distributed Control System (DCS), we are now embarking on converting the existing pneumatic controls at the Crude Oil Unit, the Meroxes and the Liquid Petroleum Gas Unit to DCS.

We are also working towards installing 2 x 150,000 gallons per day Desalination Plant to feed the Facilities. The current process and utilities water requirements are approximately 150,000 gallons per day. This Plant once in operations will significantly reduce the utilities cost associated with the current process.

Quality Control

The Company is committed to producing high quality products taking into account 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 Health and Safety of its Employees, Contractors working on its Site and visitors as well as protection of the 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

In addition to saving substantial amount of Foreign Exchange (presently approximately at US\$ 25 million per annum) through local refining operations, we expect to earn valuable Foreign Exchange through export of our Naphtha.

Having our refining Facilities in a relatively remote area, such as Mouza Kund we will encourage the development of the locality by providing direct as well as indirect earning potential to the residents there. We expect our efforts will be appreciated by the Local, Provincial as well as the Federal Government, which have and should provide support to assist industry development.

Human Resource Management

We are an equal opportunity employer and give priority to the development of Human Resources. Our aims are to develop our Management Teams from within the Organisation 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

As the MKP Facilities has started Commercial Operations from 1st July, 2004 therefore as at the Balance Sheet date, Profit & Loss account were not prepared and Earning per Share has not been worked out.

Statements on Corporate and Financial matters

- a) 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.
- b) Proper books of accounts of the Company have been maintained.
- c) Appropriate Accounting Policies have been consistently applied in preparation of these Financial Statements and Accounting Estimates are based on reasonable and prudent judgment.
- d) 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.
- e) The system of Internal Controls is sound in design and has been effectively implemented and monitored.
- f) There are no significant doubts upon the Company's ability to continue as a going concern.
- g) There has been no material departure from the best practices of Corporate Governance, as detailed in the Listing Regulations.

Meeting of the Board of Directors during the year

During the year, 5 meetings of the Board of Directors were held. Attendance of each director personally or through alternate directors is as follow:

1.	Mr. Parvez Abbassi	4
2.	Mr. Amir Abbassciy	5
3.	Mr. Rashid Zahir	2
4.	Syed Arshad Raza	5
5.	Mr. Rizwan A. Panjwani	3
6.	Mrs. Samia Roomi	5
7.	Mrs. Uzma Abbassciy	5

Auditors

The Auditors, of the Company, M/s. Khalid Majid Rehman Sarfraz Rahim Iqbal Rafiq, Chartered Accountants retire and offer their services for re-appointment for the next fiscal year.

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. We give assurance of our strive to set high standards for ourselves and achieve these.

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.

Conclusion

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

For and on behalf of the Board of Directors

Karachi : 28th September 2004

PARVEZ ABBASI
Chairman & CEO



STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE AND BEST PRACTICES ON TRANSFER PRICING FOR THE YEAR ENDED JUNE 30, 2004

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 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 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, an NBF1 or, being a member of a Stock Exchange, has been declared as a defaulter by that Stock Exchange.
4. No casual vacancies had occurred in the Board during the year under review.
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 Meetings were appropriately recorded and circulated.
9. The Board arranged two (2) orientation courses for its Directors during the year to apprise them of their duties and responsibilities.
10. The Board had 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 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 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 set-up 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 (IF AC) guidelines on 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 provide 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 on Transfer Pricing:

The Company has fully complied with the Best Practices on Transfer Pricing as contained in the Listing Regulations of the Stock Exchanges.

For and on behalf of the Board of Directors

PARVEZ ABBASI
Chairman & CEO

Karachi : 28th September 2004

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 Listing Regulations of the respective 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 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, 2004.

KHALID MAJID RAHMAN SARFARAZ
RAHIM IQBAL RAFIQ
CHARTERED ACCOUNTANTS

Karachi : 28th September 2004

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **BOSICOR PAKISTAN LIMITED** as at **June 30, 2004**, 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 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 the 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 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, except for the change referred to in note 2.4 to the financial statements, with which we concur;
 - (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, 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, 2004**, and 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.

KHALID MAJID RAHMAN SARFARAZ
RAHIM IQBAL RAFIQ
CHARTERED ACCOUNTANTS

Karachi : 28th September 2004

- (c) In our opinion and to the best of our information and according to the explanations given to us, the balance sheet, 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, 2004**, and 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.

KHALID MAJID RAHMAN SARFARAZ
RAHIM IQBAL RAFIQ
CHARTERED ACCOUNTANTS

Karachi : 28th September 2004



**CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2004**

Note

2004

Rs.'000

2003

CASH FLOW FROM OPERATING ACTIVITIES

Changes in working capital

(Increase)/Decrease in current assets

Stores and spares	(127,500)	-
Stock in trade	(924,181)	-
Trade debts	(763,148)	-
Advances, deposits, prepayments & other receivables	(60,977)	(16,546)

Increase/(Decrease) in current liabilities

Creditors, accrued & other liabilities	1,707,261	42,328
Gratuity paid	(245)	(382)
Financial charges paid	(45,458)	-
Income tax paid	(555)	-

Net cash used in operating activities	<u>(214,803)</u>	<u>25,400</u>
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CASH FLOW FROM INVESTING ACTIVITIES

Fixed capital expenditure	(127,271)	(185,856)
Unallocated capital expenditure	(143,199)	(68,434)
Long term deposits and deferred costs	2,144	21,953
Proceeds from sale of investment property	10,000	-
Proceeds from sale of fixed assets	1,498	-

Net cash used in investing activities	<u>(256,828)</u>	<u>(232,337)</u>
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CASH FLOW FROM FINANCING ACTIVITIES

Short term finances	119,951	-
Term finance certificates	291,000	-
Long term loans	(12,295)	128,983
Loans from sponsors & associated undertakings	169,185	128,806
Repayments against assets subject to finance lease	(37,369)	(59,430)

Net cash flow from financing activities	<u>530,472</u>	<u>198,359</u>
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Increase/(Decrease) in cash and cash equivalents	58,841	(8,578)
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Cash and cash equivalents at the beginning of the year	704	9,282
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Cash and cash equivalents at the end of the year	<u>59,545</u>	<u>704</u>
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The annexed notes from 1 to 35 form an integral part of these financial statements.

Chairman & CEO

Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2004

Particulars	Issued share capital	Advance against share capital	Rs.'000
			Total
Balance as at June 30, 2002	1,377,566	372,900	1,750,466
Share capital issued	372,900	(372,900)	-
Balance as at June 30, 2003	1,750,466	-	1,750,466
Balance as at June 30, 2004	1,750,466	-	1,750,466

The annexed notes from 1 to 35 form an integral part of these financial statements.

Chairman & CEO

Director

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2004**

1 Status and Nature of Business

- 1.1 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.
- 1.2 Subsequent to the balance sheet date, the company started commercial production of complete range of its petroleum products after completion of trial run of the plant which started in November, 2003 and continued till end of June, 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 the 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 as referred in note 2.5 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. Prior to this, the Company made provision in respect of gratuity for the benefit of the employees existing at that time, which has been fully paid during the year.

	2004	<u>Rs.'000</u>	2003
Provident fund	667		330

2.4 Operating fixed assets

Owned

Operating assets except freehold land are stated at cost less accumulated depreciation. Freehold land is stated at cost.

Depreciation is charged to unallocated capital expenditure and trial run operation using the reducing balance method whereby the cost of an asset is written off over its estimated useful life.

The company has changed the policy of charging depreciation during the year, whereby depreciation is charged on the fixed assets, acquired or capitalized during the quarter, no depreciation is charged in the quarter of disposal. Previously full year's depreciation was charged during the year of acquisition and no depreciation was charged in the year of disposal. There has been no effect on these accounts due to the change.

Maintenance and normal repairs prior to trial run operations have been charged to unallocated capital expenditure 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 assets are presently included in unallocated capital expenditure.

Leased

Operating Lease

Lease rentals for assets acquired under operating lease have been charged to unallocated capital expenditure.

Finance Lease

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. Financial charges are taken to unallocated capital expenditure prior to trial run operations, thereafter to trial run expenses in a manner so as to provide a constant periodic rate of charge on outstanding liabilities. Depreciation is charged over the period of useful life as and when these are transferred to operating fixed assets.

2.5 Capital work-in-progress

Capital work-in-progress is stated at cost except for certain foreign currency exchange elements which have been included in the cost of the relevant assets. It consist of fixed capital expenditure incurred in the course of their construction and installation. The cost under this head shall be transferred to operating fixed assets upon commencement of commercial operations.

2.6 Unallocated capital expenditure

Unallocated capital expenditure are stated at cost and to be allocated to Operating Fixed Assets on prorata basis upon commencement of commercial operations.

2.7 Investment property

The investment property is stated at cost.

2.8 Deferred cost

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

2.9 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.

2.10 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 realisable value. Cost in relation to finished products represent cost of raw material and an appropriate allocation of manufacturing overheads. Net realisable 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.

2.11 Trade Debts

Trade debts are recognised and carried at original invoice amount. Bad debts are written off as incurred.

2.12 Cash and cash equivalents

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

2.13 Taxation

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

2.14 Revenue recognition

Local sales: Recognized on despatch 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 comparable market to a buyer unrelated to the seller.

2.17 Provisions

A provision is recognized in the balance sheet when the company has a legal or constructive obligation as a result of past event and 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.

2.18 Financial Instruments

All financial assets and financial liabilities are recognized when the company becomes a party to the contractual provisions of the instrument. Financial assets include long term deposits, trade debts, advances (excluding prepayments, sales tax and advance income tax) and cash and bank balances. Financial liabilities include term finance certificates, long term loans, sponsors' loans, finance leases and creditors, accrued and other liabilities (excluding taxes payable). The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

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 recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

3 Operating Fixed Assets

3.1 The following is a statement of operating assets:

Rs.'000

Particulars	Cost			Rate %	Depreciation			W.D.V. as on June 30, 2004
	As on July 01, 2003	Additions/ (Disposals)	As on June 30, 2004		As on July 01, 2003	For the Year/ (relating to disposals)	As on June 30, 2004	
Owned								
Freehold land	14,384	7,876	22,260	-	-	-	-	22,260
Generators	1,025	-	1,025	10	195	83	278	747
Furniture, fixtures & equipment	6,652	7,882	14,534	10 & 30	2,154	1,497	3,651	10,883
Vehicles	1,897	728	2,391	20	647	348	961	1,430
Portable cabins	-	(234)	2,806	20	-	(34)	561	2,245
	23,958	19,292 (234)	43,016		2,996	2,489 (34)	5,451	37,565
Leased								
Vehicles	2,837	9,071	11,908	20	1,021	2,177	3,198	8,710
Portable cabins	-	5,155	5,155	20	-	1,031	1,031	4,124
	2,837	14,226	17,063		1,021	3,208	4,229	12,834
Rs. - 2004	26,795	33,518 (234)	60,079		4,017	5,697 (34)	9,680	50,399
Rs. - 2003	24,729	2,716 (650)	26,795		2,788	1,359 (130)	4,017	22,778

3.2 Details of asset disposed off during the year

S. No.	Vehicle Name	Registration No	Cost	WDV	Sale proceeds	Gain on disposal	Mode of disposal	Particular of Buyer
1	Toyota Corolla 2.0 D	ACT-274	87,900	70,320	700,000	629,680	Negotiation	Mr. Tariq Mahmood s/o Muhammad Afzal NIC # 517-85-204747 House No. 68, Block 7/8 C.P.Berar Society Bahadurabad, Karachi.
2	Toyota Corolla 2.0 DG	ACF-469	84,400	67,520	700,000	632,480	Negotiation	Mr. Shabbir Ahmed s/o Muhammad Afzal NIC # 516-91-107749 House No. 68, Block 7/8 C.P.Berar Society Bahadurabad, Karachi.
3	Mazda Van	CK-8981	62,176	62,176	98,000	35,824	Negotiation	Mr. Elahi Buksh s/o Muhammad Shafi NIC # 514-69-100611 House No. A-306, Masoom Shah Bukhari Road, Mahmoodabad, Karachi.

234,476 200,016 1,498,000 1,297,984

	Note	2004	2003
		<u>Rs.'000</u>	
4 Capital Work-in-Progress			
Plant & machinery		2,147,663	2,087,240
Civil & mechanical works		280,480	212,449
		<u>2,428,143</u>	<u>2,299,689</u>
5 Unallocated Capital Expenditure			
Salaries, wages and benefits	5.1	55,534	43,399
Project appraisal fee		700	700
Consultancy		16,358	15,653
Travelling & conveyance		27,654	22,446
Utility charges		5,582	4,921
Legal and professional		50,189	33,000
Vehicle running		5,794	4,544
Repairs and maintenance		4,117	1,403
Operating lease rentals		4,593	4,468
Printing and stationery		4,709	4,192
Subscription and periodicals		1,817	485
Auditors' remuneration	5.2	1,706	1,450
Depreciation		6,368	4,469
Financial charges on leased assets		138,996	139,252
Mark-up on bridge loan & short term loans		164,718	108,608
Bank charges		1,636	1,451
Exchange loss		596	596
Security expenses		2,465	2,041
Promotional expenses		5,943	1,519
Gain on sale of fixed assets		(1,697)	(399)
Loss on sale of investment property		19,000	-
Commission on initial public offer		14,547	14,547
Income tax		399	399
Insurance		129	-
Gratuity expense		657	670
Others		6,385	5,623
Trial Run loss	5.3	130,903	-
		<u>669,798</u>	<u>415,437</u>
5.1 Included herein is a sum of Rs. 0.114 million (2003 : 0.330 million) in respect of staff retirement benefits.			
5.2 Auditors' remuneration			
Audit fee		760	760
Tax & consultancy		790	540
Secretarial practices		30	30
Other certifications		70	70
Out of pocket expenses		56	50
		<u>1,706</u>	<u>1,450</u>

5.3	Trial Run Profit and Loss	Note	2004 Rs.'000
	Sales - local		2,377,982
	Sales - export		44,991
			2,422,973
	Sales tax		(310,467)
	Sales - net		2,112,506
	Cost of goods sold	5.3.1	2,182,300
	Gross loss		(69,794)
	Administrative & Selling	5.3.2	29,386
	Financial charges	5.3.3	20,936
			50,322
	Loss before taxation		(120,116)
	Taxation		(10,787)
	Trial run loss transferred to unallocated capital expenditure		(130,903)
5.3.1	Cost of goods sold		
	Opening stock of raw material		-
	Purchases		3,028,961
	Available for use		3,028,961
	Closing stock of raw material		(803,362)
	Raw material consumed		2,225,599
	Manufacturing expenses		
	Salaries, wages and other benefits	5.3.1.1	35,025
	Survey and monitoring		3,965
	Stores and spares		1,671
	Insurance		4,254
	Indirect materials		3,239
	Fuel and power		12,735
	Repairs and maintenance		2,931
	Communications		726
	Travelling and conveyance		7,534
	Depreciation		2,969
	Others		1,081
	Total manufacturing expenses		76,130
	Cost of goods manufactured		2,301,729
	Opening stock of finished products		-
	Closing stock of finished products		(119,429)
	Cost of goods sold		2,182,300

5.3.1.1 Included herein is a sum of Rs. 0.348 million in respect of staff retirement benefits.

5.3.2 Administrative & Selling	Note	2004 Rs.'000
Salaries, allowances and other benefits	5.3.2.1	8,646
Repairs and maintenance		1,906
Insurance		513
Legal and professional		6,068
Travelling and conveyance		1,679
Advertisements and subscriptions		3,222
Printing and stationary		321
Auditors' remuneration	5.3.2.2	190
Depreciation		830
Transportation		5,136
Export expenses		357
Others		518
		29,386

5.3.2.1 Included herein is a sum of Rs. 0.205 million in respect of staff retirement benefits.

5.3.2.2 Statutory audit	125	
Half yearly review		65
		190

5.3.3 Financial charges

Financial charges - finance leases	1,033
Mark up on running finances , long & short term financing	19,570
Bank charges	162
Export charges	171
	20,936

6 Investment Property		2004	Rs.'000	2003
Opening balance				29,000
Less: Disposed during the period	6.1	29,000		-
Closing balance		-		29,000

6.1 This represents land measuring 393 acres located at Mirpur Sakro. This piece of land was held for the purposes of expansion in the project. However, the management has decided that it will not be feasible to carry out any expansion on this land and therefore it has been sold out to the bonafide bidder for a value of Rs.10 million. Loss on sale has been charged to unallocated capital expenditure.

	2004	2003
	<u>Rs.'000</u>	
7 Long Term Deposits and Deferred Cost		
Deposits	11,310	13,454
Deferred cost		
- preliminary expenses (Note 2.8)	2,566	2,566
	<u>13,876</u>	<u>16,020</u>
8 Stores and spares		
Stores and spares	126,994	-
In transit	506	-
	<u>127,500</u>	<u>-</u>
9 Stock in trade		
Raw material	804,752	-
Finished products	119,429	-
	<u>924,181</u>	<u>-</u>
10 Trade Debts		
Unsecured - considered good	<u>763,148</u>	<u>-</u>
11 Advances, deposits, prepayments and other receivables		
Advances-considered good		
- mobilization and others	12,796	20,214
- income tax	543	37
	13,339	20,251
Deposits	2,943	3,597
Prepayments	4,119	-
Other receivables		
- sales tax adjustable/refundable	84,325	19,865
- insurance claim receivable	470	-
	<u>105,196</u>	<u>43,713</u>

	Note	2004	2003
		Rs.'000	
12 Cash and Bank Balances			
Cash in hand		70	50
Cash at banks			
- current account		250	623
- collection account		80,862	10
- deposit account		-	21
		<u>81,182</u>	<u>704</u>
13 Current portion of long term liabilities			
Liabilities against assets subject to finance leases		33,692	30,700
Long term loans - secured		4,688	85,291
		<u>38,380</u>	<u>115,991</u>
14 Short Term Finances			
ORIX Investment Bank of Pakistan Limited		-	5,000
Saudi Pak Industrial & Agricultural Investment Co. (Pvt) Ltd. (Associated undertaking)	14.1	50,000	
Bank of Khyber - Trust receipt	14.2	69,951	
Working capital finance			
Orix Leasing Pakistan Limited		-	15,000
		<u>119,951</u>	<u>20,000</u>
Less: Transferred to finance lease		-	(20,000)
		<u>119,951</u>	<u>-</u>
14.1	Secured against first charge on plant, machinery and equipment. The loan carries mark up @ 7.5% per annum payable quarterly.		
14.2	Secured against first charge, ranking pari passu on company's all present and future machinery, and carries a mark up of 8% per annum.		
15 Running finances - Secured			
The running finance facilities available under mark-up arrangements with various banks amounting to Rs. 300 million (2003 : Nil) secured against first charge on plant and machinery.			
The rates of mark-up range between 7% to 10% per annum. Mark up is payable on quarterly basis.			

	Note	2004	2003
		<u>Rs.'000</u>	
16 Creditors, accrued and other liabilities			
Creditors			
Accrued expenses		1,727,717	3,780
Accrued mark-up on		11,236	1,586
- lease finances			
- long term loans		1,147	2,954
- short term loans		1,356	5,234
Payable to contractors/sub-contractors		8,859	-
Siemens Pakistan Engineering Company Limited		28,851	18,433
Other liabilities		-	46,097
Withholding tax deductions payable	16.1	24,510	15,892
Income tax payable		1,036	301
		-	49
		<u>1,804,712</u>	<u>94,326</u>

16.1 This includes Rs. 20.461 million payable to Adamjee Insurance Company Limited. (2003 : 10.724 million).

17 Term Finance Certificates

This represents amount received from the Investors against issue of Privately Placed Term Finance Certificates being arranged and advised by Aqeel Karim Dhedhi Securities (Pvt.) Ltd. The issue amount is Rs. 500 million plus a green shoe option of further Rs. 250 million. During the year, the company received an amount of Rs. 291 million from the issue. Further investment of Rs. 351 has been received subsequent to the year end.

Major Terms & Conditions

Issue Date:	September 30, 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 repayment :	To be repaid in equal semi-annual instalments, the first of such instalments falling due on 24th month after the issue date.
Issuer call option:	The issuer will have a call option exercisable only on the semi-annual dates, to redeem in full or part of the outstanding amount of the TFC 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 TFC holders representing at least 51% of the outstanding face value of the TFCs.

Restriction: The issuer shall until the completion of Private Placement not approach or mandate any other party to arrange or provide financing from the local debt capital market, other than financing for company's routine business without the prior written consent of the arranger, which consent shall not be reasonably withheld.

18 Long Term Loans - Secured	Note	2004	2003
		<u>Rs.'000</u>	
Demand finance	18.1	327,421	341,983
Syndicate term finance	18.2	56,250	128,983
Accrued mark-up - long term loans	18.3	28,345	-
Term finance	18.4	75,000	-
		<u>487,016</u>	<u>470,966</u>
Less : Current maturity		<u>4,688</u>	<u>85,291</u>
		<u>482,328</u>	<u>385,675</u>
18.1	Demand Finance I		
	Facility I	193,287	193,287
	Facility II	62,080	75,646
	Facility III	19,580	19,580
		<u>274,947</u>	<u>288,513</u>
	Demand Finance II		
	Facility IV	46,496	46,496
	Facility V	5,978	6,974
		<u>52,474</u>	<u>53,470</u>
		<u>327,421</u>	<u>341,983</u>

Subsequent to the balance sheet date, the company made full repayment of the principal amounts of demand finance and syndicated term finance together with the markup accrued thereon to that date from the amount received against the issue of Term Finance Certificates (refer note 17). The concerned bank invested Rs. 250 million in the Term Finance Certificates issue of Rs. 750 million by the company.

The facilities (I), (II) and (III) under demand finance I are secured by way of :

- Hypothecation and mortgage on company's present and future fixed assets and floating assets (except stocks and book debts).
- Personal guarantees of all sponsoring directors of the company.

The facilities (IV) and (V) under demand finance II are secured by way of :

- First parri passu charge by way of equitable mortgage on all present and future fixed assets of the company (except current assets).
- Personal guarantees of all sponsoring directors of the company.



18.2 Syndicate term finance.

This loan is secured by way of :

- First pari passu charge by way of hypothecation over present and future fixed assets of the company. Syndicate charge is registered for Rs. 180 Million.
- Personal Guarantees of directors of the company.

The current maturity of HBL demand finance and syndicated term finance amounting to Rs. 116.128 million and Rs. 37.5 million respectively has been shown as long term liability as the company has refinanced these along with mark up there on through issue of Term Finance Certificates subsequent to the year end.

18.3 Accrued mark-up - long term loans

This represents mark up on HBL demand finance and syndicated term finance facility accrued up to June 30, 2004 and has been shown as long term liability as the company has refinanced its long term loans along with mark-up through issue of Term Finance Certificates.

18.4 Term finance

The facility was obtained from Saudi Pak Industrial & Agricultural Investment Co. (Pvt.) Ltd. (associated undertaking). The facility is payable in 16 equal quarterly instalments, effective June 05, 2005.

The facility carries mark up @ 8.5% per annum payable quarterly.

Security: First charge, ranking pari passu on plant and machinery.

		2004	2003
		<u>Rs.'000</u>	
19	Loan from Sponsors and Associated Undertakings - Interest free - Unsecured		
	Bosicor Corporation Limited	433,087	355,888
	Premier Shipping Services (Pvt.) Limited	-	60,988
	Premier Systems (Pvt.) Limited	167,000	7,318
	Directors & Associates	-	6,708
	19.2	<u>600,087</u>	<u>430,902</u>

19.1 The repayment of this loan shall be subject to the approval of State Bank of Pakistan.

19.2 Maximum balance outstanding at the end of any month during the year was Rs. 657.105 million (2003 : Rs. 430.902 million).



	2004	2003
	<u>Rs.'000</u>	
20 Liabilities Against Assets Subject to Finance Lease		
Opening balance	80,435	313,153
Obtained/Transferred during the year	34,701	20,000
Restructured during the period	-	(193,287)
	<u>115,136</u>	<u>139,867</u>
Payment during the period	<u>(37,369)</u>	<u>(59,430)</u>
	77,767	80,436
Current maturity	<u>(33,692)</u>	<u>(30,700)</u>
Closing balance	<u>44,075</u>	<u>49,736</u>

This represents liabilities as per finance lease agreements with financial institutions and leasing companies against assets. The rate of interest used as discounting factor ranges between 7.9% and 24% (2003 : 15% and 24%).

The amounts of future payments and the periods in which these will become due are as follows:

Less than one year		
Minimum lease payments	44,433	46,944
Less: Financial charges not yet due	10,741	16,244
Present Value	<u>33,692</u>	<u>30,700</u>
More than one year but not less than five years		
Minimum lease payments	45,420	56,431
Less: Financial charges not yet due	1,345	6,695
Present Value	<u>44,075</u>	<u>49,736</u>
Total	<u>77,767</u>	<u>80,436</u>

- No restriction has been imposed on the company under the lease agreements.
- The lessee can exercise purchase option at the end of lease term.

21 Contingencies and Commitments

Contingencies

The Company is defendant in a 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. In the opinion of its legal counsel, Company is a bonafide purchaser and its appeal against the order has been admitted for hearing and is pending adjudication. He has opined that plaintiff cause of action, if any, would be against defendants and not against the Company. Company has accordingly not made any provision in this respect.

The Company is in the process of preparing a claim for lodging the same with Adamjee Insurance Co. Ltd. on account of loss of profit arising from break down in production during the year due to rupture of one of its Crude Oil Heater Tubes. The amount of claim is under process of being quantified and is expected to be lodged by end of October 2004.

Commitments

Commitments in respect of letter of credits amounts to Rs. 1,198 million.

22 Authorized share capital

During the year, company has enhanced its authorised share capital from Rs. 2,170 million to Rs. 3,600 million. The enhancement was on account of issuance of right shares in the rate of 0.40 : 1, subsequent to the balance sheet date.

23 Issued, Subscribed and Paid up Capital	2004	Rs.'000	2003
175,046,606 (2003 : 175,046,606) ordinary shares of Rs. 10/- each fully paid in cash.	<u>1,750,466</u>		<u>1,750,466</u>
24 Cash and Cash Equivalents			
Cash and bank balances	81,182		704
Running finances - secured	(21,637)		-
	<u>59,545</u>		<u>704</u>
25 Transactions with Related Parties			
Purchase of operating fixed assets	1,457		-
Funds received from group companies & associates	330,049		399,523
Repayment of loans to group companies & associates	160,864		270,717
Short term loan received from associated undertaking 14.1	50,000		-
Long term loan received from associated undertaking 18.4	75,000		-

26 Remuneration of Director and Executives

The aggregate amounts charged in the accounts for the remuneration, including all benefits, to the director & executives of the company were as follows:

Rs.'000

Particulars	Director		Executives		Total	
	2004	2003	2004	2003	2004	2003
Managerial remuneration	-	260	17,871	3,242	17,871	3,502
Provident fund	-	22	483	228	483	250
Allowances	-	130	10,021	2,344	10,021	2,474
Medical expenses	-	-	-	235	-	235
Leave passage	-	120	335	99	335	219
Gratuity	-	-	-	45	-	45
	-	532	28,711	6,193	28,711	6,725
Number	-	1	69	20	69	21

Director and certain executives are provided with the free use of company maintained vehicles. Directors are not taking any meeting fee.

27 Financial Assets and Financial Liabilities

Rs.'000

	Interest / Markup bearing		Non Interest / Markup bearing		2004	2003		
	Maturity upto one year	Maturity within one year to Five year	Maturity upto one year	Maturity within one year to Five year				
Financial Assets								
Long term deposits	-	-	-	11,310	11,310	13,454		
Trade debts	-	-	763,148	-	763,148	-		
Advances, deposits & other receivables	-	-	16,209	-	16,209	23,811		
Cash and bank balances	-	-	81,182	-	81,182	704		
	2004		-	-	860,539	11,310	871,849	37,969
Financial Liabilities								
Term finance certificates	-	291,000	-	-	291,000	-		
Long term loans	4,688	482,328	-	-	487,016	470,966		
Sponsors' loans	-	-	-	600,087	600,087	430,902		
Liabilities against assets subject to finance lease	33,693	44,075	-	-	77,768	80,436		
Gratuity	-	-	-	-	-	245		
Short term finances	119,951	-	-	-	119,951	-		
Running finances	21,637	-	-	-	21,637	-		
Creditors, accrued & other liabilities	-	-	1,803,676	-	1,803,676	94,277		
	2004		179,969	817,403	1,803,676	600,087	3,401,135	1,076,826
			(179,969)	(817,403)	(943,137)	(588,777)	(2,409,335)	(1,038,857)

27.1 Effective rates of markup on financial liabilities are disclosed in notes 14, 15, 17, & 18.



28 Plant Capacity & Annual Productions

The designed annual refining capacity of the plant is 30,000 barrels per day. The company has commenced commercial production from July 01, 2004.

29 No. of Employees

Total number of employees at the end of the year were 178. (2003: 71)

30 Foreign Exchange Risk Management

Foreign exchange risk arises mainly where receivables and payables exist 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.

31 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 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 amount of all financial assets and liabilities reflected in the financial statements approximates their fair value.

33 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.

34 Date of Authorization for Issue

The financial statements were authorized for issue on **28th September 2004** by the Board of Directors of the Company.

35 General

35.1 Figures have been rounded off to the nearest thousand of Rupee.

35.2 The Company started its commercial operations subsequent to the balance sheet and as such profit and loss account has not been prepared.

Chairman & CEO

Director

PATTERN OF SHARE HOLDING

NUMBER OF SHAREHOLDERS	SHARE HOLDING			TOTAL SHARES HELD
	From		To	
2	1	-	100	36
506	101	-	500	178,405
785	501	-	1,000	471,400
1,605	1,001	-	5,000	1,765,755
553	5,001	-	10,000	3,041,500
148	10,001	-	15,000	1,554,000
109	15,001	-	20,000	1,689,500
87	20,001	-	25,000	1,783,500
50	25,001	-	30,000	1,421,500
23	30,001	-	35,000	757,500
22	35,001	-	40,000	848,500
15	40,001	-	45,000	648,000
18	50,001	-	55,000	964,500
11	55,001	-	60,000	630,195
6	60,001	-	65,000	379,000
4	65,001	-	70,000	270,000
10	70,001	-	75,000	732,000
1	80,001	-	85,000	85,000
1	90,001	-	95,000	93,000
3	100,001	-	105,000	312,000
1	105,001	-	110,000	110,000
1	110,001	-	115,000	115,000
3	120,001	-	125,000	372,189
5	130,001	-	135,000	658,500
2	135,001	-	140,000	277,000
4	140,001	-	145,000	573,500
1	145,001	-	150,000	150,000
3	150,001	-	155,000	457,000
1	165,001	-	170,000	166,000
1	170,001	-	175,000	170,500
2	185,001	-	190,000	377,500
2	195,001	-	200,000	400,000
3	200,001	-	205,000	611,000
2	205,001	-	210,000	418,000
3	210,001	-	215,000	638,500
1	220,001	-	225,000	225,000
2	230,001	-	235,000	463,000
1	240,001	-	245,000	242,000
1	245,001	-	250,000	249,500
1	255,001	-	260,000	257,225
2	265,001	-	270,000	538,500
2	270,001	-	275,000	550,000
1	275,001	-	280,000	276,000
3	290,001	-	295,000	876,000
2	295,001	-	300,000	600,000
2	315,001	-	320,000	633,400
1	320,001	-	325,000	324,500
2	345,001	-	350,000	695,500

PATTERN OF SHARE HOLDING

NUMBER OF SHAREHOLDERS	SHARE HOLDING			TOTAL SHARES HELD
	From		To	
1	350,001	-	355,000	354,500
1	410,001	-	415,000	411,000
2	415,001	-	420,000	835,000
1	465,001	-	470,000	469,000
3	475,001	-	480,000	1,436,000
1	490,001	-	495,000	493,000
1	495,001	-	500,000	497,500
3	500,001	-	505,000	1,512,500
2	505,001	-	510,000	1,016,500
1	515,001	-	520,000	517,500
1	520,001	-	525,000	522,475
1	555,001	-	560,000	556,000
1	560,001	-	565,000	560,000
1	660,001	-	665,000	660,000
1	750,001	-	755,000	754,540
1	985,001	-	990,000	989,000
1	1,000,001	-	1,005,000	1,000,500
1	1,240,001	-	1,245,000	1,242,000
1	1,255,001	-	1,260,000	1,257,500
1	1,625,001	-	1,630,000	1,630,000
2	1,695,001	-	1,700,000	3,400,000
1	1,760,001	-	1,765,000	1,762,500
1	1,860,001	-	1,865,000	1,864,080
1	1,980,001	-	1,985,000	1,983,500
1	2,000,001	-	2,005,000	2,003,500
1	6,465,001	-	6,470,000	6,468,129
1	111,795,001	-	and above	111,797,477
4,048				175,046,606

CATEGORIES OF SHARE HOLDERS

Categories of Shareholders	No. of Shareholders	Shares Held	Percentage
INDIVIDUALS	3,911	40,167,695	22.95%
INVESTMENT COMPANIES	1	1,983,500	1.13%
INSURANCE COMPANIES	1	50,000	0.03%
JOINT STOCK COMPANIES	104	12,284,229	7.02%
FOREIGN COMPANIES	1	111,797,477	63.87%
FINANCIAL INSTITUTIONS	14	7,740,023	4.42%
LEASING COMPANIES	1	31,500	0.02%
CHARITABLE TRUSTS	1	30,000	0.02%
MODARABA COMPANIES	4	56,500	0.03%
MUTUAL FUNDS	1	480,000	0.27%
OTHERS	9	425,682	0.24%
	4,048	175,046,606	100.00%

**PATTERN OF SHAREHOLDING
(ACCORDING TO CODE OF CORPORATE GOVERNANCE)**

	HOLDING	PERCENTAGE
ASSOCIATED COMPANIES	-	-
ICP-S.E.M.F.	41,500	0.02
NATIONAL BANK OF PAKISTAN (Trustee Dept)	2,003,500	1.14
DIRECTORS HOLDING		
MR. PARVEZ ABBASI	53,195	0.03
MR. AMIR ABBASSICY	23,591	0.01
MR. MUHAMMAD RASHID ZAHIR	2,500	0.00
MRS. UZMA ABBASSCIY	2,500	0.00
MRS. SAMIA ROOMI	2,500	0.00
MR. RIZWAN A. PANJWANI	2,500	0.00
SYED ARSHAD RAZA	2,500	0.00
SPOUSE AND MINOR CHILDREN	-	-
EXECUTIVES	-	-
PUBLIC SECTOR COMPANIES AND CORPORATIONS	-	-
BANKS, FINANCIAL INSTITUTIONS, MODARABAS, INVESTMENT COMPANIES, ETC.	132,833,911	75.88*
INDIVIDUALS	40,078,409	22.90**
	175,046,606	100.00
MORE THAN 10% OF SHAREHOLDING		
BOSICOR CORPORATION LIMITED	111,797,477	63.87

* Holding of NBP/ICP is not included in Banks/Financial Institutions etc.

** Holdings of Directors are not included in Individuals.



Form of Proxy

I/We _____ of _____
a

Member of Bosicor 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 10th Annual General Meeting of the shareholders of the Company to be held on Wednesday, October 27, 2004 and at any adjournment thereof.

Signed this _____ day of _____ 2004.

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

Witness 1

Witness 2

Signature _____ Signature _____

Name _____ Name _____

NIC No. _____ NIC No. _____

Address _____ Address _____

- Notes: -
1. The proxy must be a member of the Company.
 2. The 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 alongwith 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.



Bosicor Pakistan Limited
