



# annual report

2006



Mouza Kund Plant-1 (MHP-1)

Bosicor Pakistan Limited

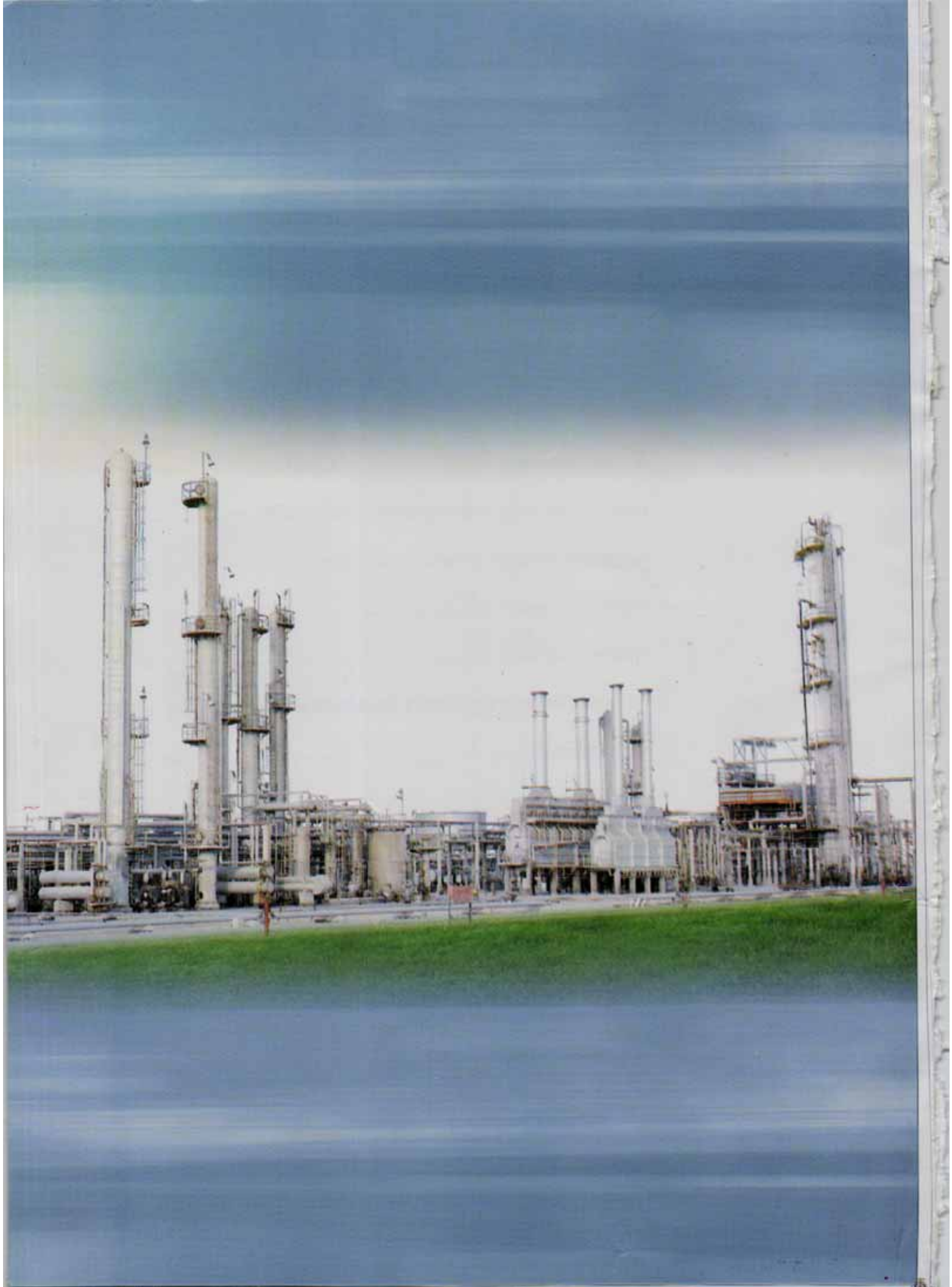
[www.bosicor.com.pk](http://www.bosicor.com.pk)

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# corporate information

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



management team

## **vision** **statement**

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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.

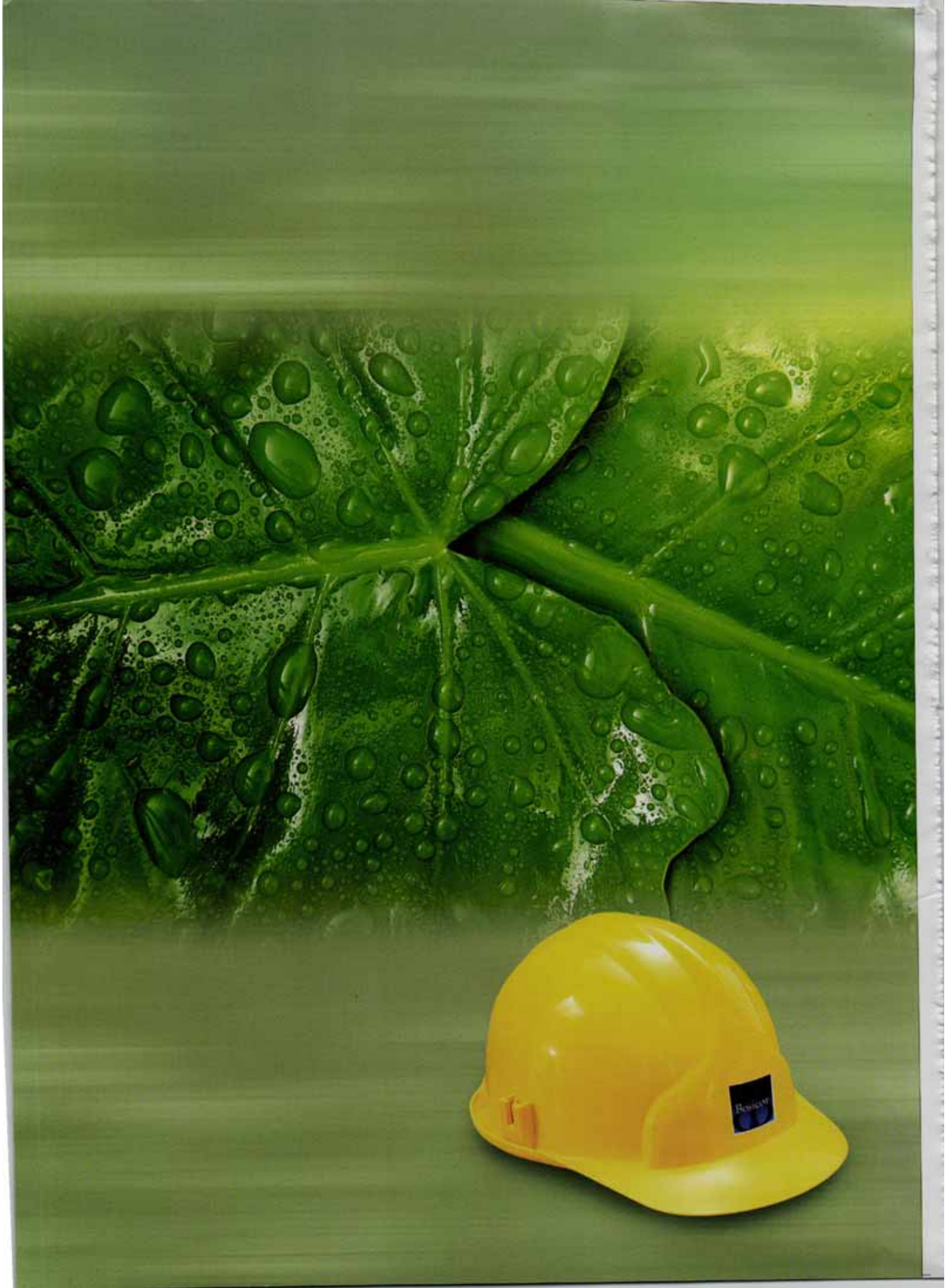


## **mission** **statement**

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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.





# environment H & S

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## 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:

- 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
- Encourage all our employee's safety consciousness
- Assure that all applicable laws and regulations are known and are being followed
- Involve employees for good suggestions.
- Improve health and safety standards
- Monitor health & safety performance through established systems.

## board of directors



Amir Abbassciy  
Chairman



M. Rashid Zahir  
Director



M. Mahmood Hussain  
Director



Syed Arshad Raza  
Director



Samia Roomi  
Director



Uzma Abbassciy  
Director



Syed Masood Raza  
Director



Mohammad Wasi Khan  
CEO/ President

Notice is hereby given that the 12th Annual General Meeting of **Bosicor Pakistan Limited** will be held on Friday, October 27, 2006 at 9:30 am at Pearl Continental Hotel, Karachi to transact the following business:

**Ordinary Business**

1. To confirm the minutes of 11th Annual General Meeting held on October 27, 2005
2. To receive, consider and adopt the Audited Accounts for the year ended June 30, 2006 together with the directors' and auditors' report thereon.
3. To approve and declare the final cash dividend @ 7.5% for the year ended June 30, 2006 to the minority shareholders only as recommend by the Board of Directors.
4. To appoint auditors for the year ending June 30, 2007 and to fix their remuneration.
5. To transact any other business with the permission of the chair.

**Special Business**

1. To consider and approve short term loans and advances, out of surplus funds available with the Company to M/s. Premier System (Private) Limited, Bosicor Chemicals Pakistan Limited and Bosicor Oil Pakistan Limited upto Rs. 50,000,000 each in compliance with the provisions of Section 208 of the Companies Ordinance 1984 and, if thought fit, to pass special resolution, with or without modification(s), in this behalf.
2. To consider amendments/ alterations in the Articles of Association of the Company to bring them in line with the changes made in the Companies Ordinance 1984 vide Companies (Amendment) Ordinance, 2002 and to pass special resolutions, with or without modification(s), in this connection.

By Order of the Board

S. Abrar Hussain Bokhari  
(Company Secretary)

Date: 29th September, 2006

Place: 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 holder 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 regulation, 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.
- 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 21, 2006 to October 27, 2006 (both days inclusive).

A statement under section 160 (1) (b) of the Companies Ordinance 1984 in the above matters alongwith the draft of Special Resolutions to be passed pertaining to above special business is annexed to the annual report.



**STATEMENT UNDER SECTION 160 (1) (b) OF THE COMPANIES ORDINANCE 1984**

This statement is being circulated to the members of the Company for consideration in the Annual General Meeting of **Bosicor Pakistan Limited** to be held on Friday, October 27, 2006 and sets out material facts concerning the **Special Business** to be transacted at the meeting.

**Special Business No.1**

**INVESTMENT TO BE MADE BY THE COMPANY**

1. The Board of Directors has considered to make short term loan and advances to **M/s. Premier Systems (Private) Limited, M/s. Bosicor Chemicals Pakistan Limited, M/s. Bosicor Oil Pakistan Limited**, associated

- |   |  |
|---|--|
| (i) Names of the borrowing companies;   | The names of the associated companies to whom advance is to be made:<br>1. Premier Systems (Private) Limited<br>2. Bosicor Chemicals Pakistan Limited<br>3. Bosicor Oil Pakistan Limited   |
| (ii) Rate of interest to be charged on each loan and advance together with the particulars of the collateral security to be obtained from borrower. | 1% above the rate on which the lending company has obtained its own borrowing. No security is considered necessary as all the Companies are under common management control.   |
| (iii) Period for which these loans and advances will be made  | Up to a maximum of Twelve Months.  |
| (iv) The terms of repayment or any other terms of loans and advances  | The loans and advances are adjustable within a period of twelve months or as and when required by the lending company.   |
| (v) Purpose of loans and advances   | The purpose of loans and advances is to provide any immediate requirement of working capital of the borrowing Company.   |
| (vi) Benefits likely to accrue to the Company and its shareholders from loans and advances  | The investing Company and its shareholders will be benefited in a manner that their investment will fetch a return of one percent over and above the mark-up rate at which the investing Company has borrowed. Further, the surplus funds will not remain idle and will be invested in the most efficient manner whereby the investing Company, not only getting good return but the funds will also remain at the disposal of the investing Company as such loans and advances are repayable on demand. |



companies. Details of such financing are given below:

In this regard following resolution is proposed to be passed, with or without modification, as a "SPECIAL RESOLUTION".

"RESOLVED that pursuant to the requirements of the Section 208 of the Companies Ordinance, 1984 the Board of Directors of **Bosicor Pakistan Limited** be and is hereby authorized to make short term loans and advances to **M/s. Premier Systems (Private) Limited, M/s. Bosicor Chemicals Pakistan Limited, M/s. Bosicor Oil Pakistan Limited**, associated companies, upto a maximum of Rs.50.00 million **Each** at a mark-up rate of 1% above the company lending rate per annum, provided that the mark-up rate shall not be less than the rate on which Investing Company has obtained the borrowing. The loans and advances are repayable in twelve months OR as and when required by the Company.

"FURTHER RESOLVED that the Chief Executive of the Company be and is hereby authorized to complete the required formalities in this behalf."

#### **Special Business No.2**

##### **Amendment / Alteration in Articles of Association of the Company**

The Board of Directors has recommended the members the amendments / alteration in the Articles of Association to make them consistent with the Companies Ordinance, 1984. The members are requested to pass the following resolutions accordingly:

**Resolution No.1** "RESOLVED that the existing article-58 of the Articles of Association of the Company be deleted and in its place the following be substituted:

58-A general meeting to be called Annual General Meeting shall be held in accordance with the provisions of Section 158 within eighteen months from the date of incorporation of the Company and thereafter once at least in every calendar year within a period of four months following the close of its financial year and not more than fifteen months after the holding of its last preceding annual general meeting as may be determined by the Directors."

**Resolution No.2** "RESOLVED that the existing article-63 of the Articles of Association of the Company be deleted and in its place the following be substituted:

63-No business shall be transacted at any general meeting unless a quorum of members is present at that time when the meeting proceeds to business; save as herein otherwise

provided, not less than Ten members having fifty one percent of the total voting power present in person or through proxy; shall be a quorum."

**Resolution No.3** "RESOLVED that the existing article-159 of the Articles of Association of the Company be deleted and in its place the following be substituted:

159- Balance sheets, profit and loss accounts and other reports referred to in the above articles shall be made out in every year and laid before the Company in the annual general meeting, made up to a date not more than four months before such meeting. The balance sheets and profit and loss accounts or income and expenditure accounts shall be accompanied by a report of the Directors."

The Directors of the Company and their spouse have no other interest in the Special Business except that they are the shareholders/Directors of the company.



# statement of ethics & business practices



Bosicor is engaged in the manufacturing of a wide range of petroleum products with the objective to achieve sustainable productivity, profitability and high standards of care for, environmental, health and safety. This entails human resource development, enhancing value addition, implementing conservation measures and growth up-gradation and addition of newer generation technologies. Our Company solemnly believes in the application of business ethics as have been embodied in this document.

- The credibility, goodwill and repute earned can be maintained through continued conviction in our corporate values of honesty, integrity, justice and respect for people. Our Company strongly promotes openness, professionalism, Team work and Trust in its entire business activities.
- Safeguarding of Shareholders' interest and a suitable return on equity is an integral part of our business ethics.
- We believe in servicing Customers by providing products, which offer value in terms of environment and price.
- We respect human values, provide congenial working environment, offer competitive terms of employment, develop human resource and provide an equal opportunity for all our employees.
- We believe that profits are the real yardstick to measure our value addition to the economy and is essential for business survival, as it measures of efficiency and the value that the customer places on products and services produced by a company.
- In view of the critical importance of its business and impact on National Economy, our Company provides all relevant information concerning its activities to legitimate interested parties, subject to any overriding confidentiality.

A handwritten signature in black ink, appearing to read "Mohammad Wasi Khan".

**Mohammad Wasi Khan**  
President & CEO

Dear Shareholders,

The Board of Directors of the Company have immense pleasure to welcome you all to the 12<sup>th</sup> Annual General Meeting of the Company and to present the Company's Annual Report and the Audited Financial Statements of the Company together with Auditor's Report for the year ended June 30<sup>th</sup> 2006.

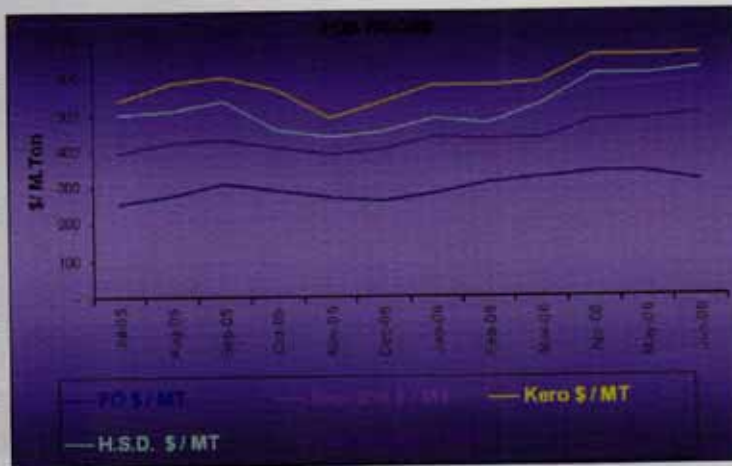
During the period under review, we saw a global decline in refining margins as compared to the fiscal year 2004 - 2005, with one of the most affected regions being the Asian Refining Industry.

Locally, the Country's trade deficit has soared amid high oil prices, which has increased inflationary pressures on the Economy, prompting an increase in the mark up rates which have further affected corporate profits negatively.

With gratitude to Allah we overcame these hurdles in the path of the performance, which was better during the period under review. The Company's Net Sales were Rs. 17.929 billion (Rs. 9.999 billion 2004-05), Gross Profit was Rs. 624.629 million (Rs. 391.473 million 2004-05), Profit after taxation was Rs. 197.030 million (Rs. 110.909 million 2004-05) and Earnings Per Share were Rs. 0.80 (Rs. 0.48 2004-05).

During the year)

Plant and machinery was kept mechanically sound, reliable and operable. The Company's technical staff successfully handled the operational and maintenance and renovation of the process & other plant areas. Regular turnaround and annual inspection and maintenance activities were undertaken as scheduled.



During the year technical assessment of plant and equipment has been carried out by Enar Petrotech Services Limited, whereby the equipment / facilities, conditions are determined based on its present condition, past performance, maintenance record etc. The assessment besides providing useful input also has determined useful economic life which is well within the standards of other plants of similar age.

Water supply in Hub area has always a problem therefore bowzers have to be arranged to meet the water requirements. To overcome the problem we have

successfully commissioned first stream of sea water reverse osmosis (RO) Plant, with this achievement your refinery is self sufficient for all its water requirements.

During the year your refinery has also started producing Liquid Petroleum Gas (LPG) the sale of this product to Pakistan State Oil is continued since then.

## Projects:

The more significant projects that the Company is presently working on are as follows:

### Crude Distillation Unit Revamp:

The Company is currently engaged in a de-bottle-necking and revamping project of its crude distillation unit which aims to enhance the current capacity of 18,000 bpd to 30,000 plus bpd capacity.

The major items involved in this revamp are a new Crude Furnace, a pre flash column, heat exchangers and rotary equipments. The engineering of this project was awarded to Universal Oil Products (UOP), with detail engineering being awarded to Descon Engineering Limited and a review and verification being awarded to Enar Petrotech Services Limited. The project has completed its engineering phase and has entered the procurement phase with the Crude Oil Furnace, being the longest lead item already ordered and slated for delivery in October, 2006.



The estimated Cost of CDU Revamp Project is Rs. 750 million and its commissioning is planned for the end of 1<sup>st</sup> Quarter of 2007.

### Single Point Mooring:

The Company presently receives its imported Crude Oil at the Fauji Oil Terminal & Distribution Company Limited (Fotco) Jetty at Port Qasim. This Crude Oil is discharged into two Storage Tanks leased from Pakistan State Oil Company Limited (PSO) and is transported to the Refinery by road going Bowsers. As evident, this process incurs substantial costs and environment hazards.

In order to save these costs and to minimize the environmental impact, the Company has taken a bold step to install jointly with Coastal Refinery Limited (CRL) the Country's first Single Point Mooring (SPM) at a distance of approximately 15 Kilometers from the Refinery, in deep Sea. The two Companies have entered into an Agreement which places the responsibility of installation of the Buoy with CRL and the installation of the Sub Sea Pipelines with the Company.



Project was awarded to OPE Inc. and the Project is currently in this phase. Once this phase is completed, we will proceed to the next phase which would be the ocean sonar survey, which would allow the route to be finalized. Upon completion of this phase, we can proceed with the ordering of the pipeline and commence its laying. Once the pipeline laying is complete, we will proceed with pre commissioning and commissioning.

As this is the first project of its nature in the Country, just as was in the case of the Refinery relocation, we expect there may be challenges in developing this Project. However, we are confident of its economic and environmental justification and are excited to take on this Project and to see it completed within budgeted costs and time.

The proposed arrangement will entail saving on account of FOTCO charges, inland freight costs and inland transportation losses and will facilitate freight savings from utilizing larger sized Crude Oil Tankers.

Total estimated cost of this Project is approximately Rs. 2 billion out of which Bosicor is investing Rs. 997 million in its pipeline project. The completion of pipeline project is planned for 1<sup>st</sup> Quarter 2007.

#### Storage Capacity Improvement:

Reliable product and its crude storage are vital to refinery operations. Recently additional storage capacity has been undertaken by the Company. The Company is further developing additional Storage Tanks with a combined capacity of 126,000 tons, primarily for discharging larger Crude Oil tankers through SPM and also with a view to be in position to take advantage of volatility in oil prices. This addition will also improve refining runs by providing additional storage for finished products.



Altogether the Company will construct two Crude Oil Storage Tanks, both of which will be the largest of their type to be constructed in the Country and nine Product Storage Tanks.

Total estimated cost of this Project is Rs. 913 million and its commissioning is planned for 2<sup>nd</sup> Quarter, 2007.

#### Isomerisation Penex – Molex Unit:

All southern refineries and a northern Refinery export Naphtha as there is not sufficient enough demand for this product in the Country due to low absorption in the existing petrochemicals producers.

The Company's plans are to upgrade this low value petroleum stream into environmentally friendly Motor Gasoline, which can then be exported at substantial premiums to Neighboring Countries or Middle Eastern Region. For this purpose, the Company has acquired an Isomerisation Penex – Molex Unit with a capacity of 12,500 barrels per day, which will be installed and integrated with the existing Refinery and is expected to be the Country's first Isomerisation



Penex – Molex Unit. This unit will have a capacity to process all export Naphtha to produce Motor Gasoline with a low content of Benzene and Aromatics.

Total estimated cost of this Project is Rs. 1.8 billion. Presently we are in the deconstruction engineering phase. The completion of this project is planned for 2<sup>nd</sup> Quarter 2008 with its payback period of three years.

Your Company is the only Refinery in the Country which also has a licence to market petroleum products. The Company is developing plans to establish and operate an

Oil Marketing Business Unit, along the lines of the existing Oil Refining Business Unit.

Initially we intent to establish a Marketing Office in Islamabad and Karachi and develop twelve Sites by 2<sup>nd</sup> Quarter, 2007. This initial pace is expected to gather speed as the Business Unit gears up and for 2007 – 2008, we expect the number of installed Sites to increase by thirty six , to total forty eight.

#### SAP (An Enterprise Resource Planning Solution):

In September 2005, the company signed an implementation agreement for SAP ERP Solution with Siemens Pakistan. The implementation of SAP in the Company was completed within scheduled time and Go-live was achieved on June 23, 2006. Using SAP, Bosicor can now integrate their accounting, sales & distribution, material planning, purchasing, human resources and other transssactions into one application thus providing an environment where transactions are synchronized throughout the system. This is expected to enhance individual and system efficiencies and also to provide valuable information instantly for decision making.

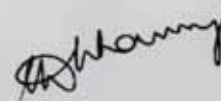


to its valued Shareholders, the Federal and Provincial Government Authorities and the Financial Institutions whose co-operation & continued support has helped us in achieving the goals.

The Board expresses its appreciation for the valuable efforts, loyalty and services, rendered by the Company's Executives, Staff Members and Workers, all of whom have contributed towards the growth. We also place on record the gratitude to the quality of professional & timely materials & services provided to us by the contractors and vendors.



We thank Allah all mighty for His blessings and the courage He has bestowed upon us to take on the challenges we have and ask for His continued benevolence upon the Company and the Country.



Amir Abbasciy

Chairman

September 27, 2006

The Board of Directors of the Company have immense pleasure to welcome you all to the 12th Annual General Meeting of the Company and to Present Company's Annual Report and the Audited Financial Statements of the Company together with Auditor's Report for the year ended June 30, 2006.

**FINANCIAL RESULTS:**

With gratitude to Allah the performance of the Company was satisfactory despite the downturn in the refining margins globally and more importantly, in our Region. However as a result of concerted efforts of Management Team we have been able to earn a gross profit of Rs. 624.629 million (Rs. 391.473 million 2004-05).

During the year the Company's net sales were Rs. 17.929 billion (Rs. 9.999 billion 2004-05) and profit after taxation was Rs. 197.030 million (Rs. 110.909 million 2004-05) with earnings per share of Rs. 0.80 (Rs. 0.48 2004-05)

The highlights of the accounts are as follows:

	(Rs. In 000's)
Profit before taxation	301,361
Taxation	89,645
Deferred	14,686
	<u>104,331</u>
Profit after taxation	197,030
Un-appropriated profit brought forward	110,909
Profit available for appropriation	<u>307,939</u>

**Appropriation:**

The Directors propose that this should be utilized in providing for:

Final dividend to minority shareholders only @ 7.5% (2004-05-Nil)	81,035
Un-appropriated profit to be carried forward to next year.	<u>226,904</u>

**Financing:**

The Company is in the process of finalizing agreement to obtain a syndicated term Finance Facility of Rs. 2.6 billion to finance implementation of the Single Point Mooring (SPM) Sub Sea Pipelines, Storage Tanks and the Isomerisation Penex - Molex Unit. We expect Financial Close for this Facility in October, 2006.

**Operations:**

The Company completed its operations and operated at 15,218 Barrels per Day, equating to an annual Crude Oil consumption of 673,537 Metric Tons during the year 2005 2006.

**Future Plans:**

The Company's ongoing and future business plans are detailed in Chairman's Review.

**Value Assurance:**

Commitment to providing value products as an integral base of business vision. All products before leaving the Refinery must pass stringent National and in some select cases, international specifications & standards.

**Environment, Health & Safety:**

Operational safety continues to receive the highest priority to keep it in compliance with internationally recognized safety management systems. Up-gradation of Emergency Response, Safety and Personal Protective Equipment is periodically undertaken to continuously conform to international safety standards. The Company remains committed to meeting the environmental standards and achieving the excellence in this area.

**Contributions to National Economy:**

Refining Facilities of the company are located in a remote area, allow for development of the local labour work force thus promoting employment and improving the earning potential of the residents of surrounding areas.

**Earnings Per Share:**

Based on the Net Profit for the current year the earnings per share was Rs. 0.80 ( Rs. 0.48 2004 - 2005). As the Company had commenced its commercial operations from 1st July, 2004, hence comparative figures of Earning Per Share prior to that date are not available.

**Statements on Corporate & 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 Financial Statements except for the change in Accounting Policy as described in Note 2.6 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



- The meeting of the Audit Committee was held at least once every quarter prior to approval of interim and Final Results of the Company and as required by the Code. There are no significant doubts upon the Company's ability to continue as a going concern.
  - The Directors, Chief Executive Officer & Executive do not hold any interest in the shares of the Company other than that disclosed in the pattern of share holding.
  - There has been no material departure from the best practices of Corporate governance, as detailed in the listing Regulations.
  - The Board has declared the final cash dividend to minority shareholders only @ 7.5%.
- The value of investment of employees' Provident Fund as at June 30, 2006 is Rs. 6.683 million.



Key Operating and financial data of last Six years is annexed

#### **Holding Company**

Bosicor Pakistan Limited is a majority owned company of Bosicor Corporation Limited a company incorporated in the Cayman Islands, having shareholding of 55%.

#### **Pattern of Shareholding:**

The statement showing the pattern of shareholdings in the Company as at 30<sup>th</sup> June, 2006 is annexed to this Report.



**Board of Directors Meetings during the Year under Review:**

Four Board of Directors' meetings 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	4	2*
Mr. Amir Abbassciy	4	4
Mr. Muhammad Rashid Zahir	4	2*
Syed Arshad Raza	4	4
Mrs. Samia Roomi	4	2*
Mrs. Uzma Abbassciy	4	2*
Mr. Muhammad Mahmood Hussain	4	3

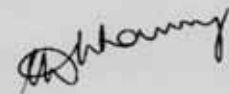
\* Leave of absence was granted to the Directors who could not attend the meeting

We express our deep sorrow and grief on the sad demise of the Chairman, Mr. Pervez Abbasi on 25th July, 2006 and pray that may Allah Almighty bless the departed soul. His foresight and genuine affection for us will be greatly missed.

**Auditors:**

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

For & on behalf of the Board of Directors



**AMIR ABBASSCIY**  
Chairman

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 Regulation No. 37 (Chapter XI) and No. 40 (Chapter XIII) of the Karachi & Lahore Stock Exchanges respectively where the company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2006.

Karachi: 27th September 2006

**FARUQ ALI & CO.**  
**CHARTERED ACCOUNTANTS**

# statement of compliance

with the code of corporate governance and best practices on transfer pricing for the year ended June 30, 2006



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. No casual vacancy occurred in the Board during the year.
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 the 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 & CFO duly endorsed the Financial Statements of the company before approval of the Board.

# statement of compliance

with the code of corporate governance and best practices on transfer pricing for the year ended June 30, 2006



13. The Directors, CEO and executives do not hold any interest in the Share 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 meeting of the Audit Committee was 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 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 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 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, 2006.

For and behalf of the Board of Directors.

A handwritten signature in black ink, appearing to read "M. Khan", written over a horizontal line.

President & CEO



We have audited the annexed balance sheet of BOSICOR PAKISTAN LIMITED as at June 30, 2006 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 conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of 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; except for the change in accounting policy as described in notes 2.6 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;

# auditors' report

to the members



- 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, 2006, 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.

Karachi: 27th September 2006

**FARUQ ALI & CO.**  
**CHARTERED ACCOUNTANTS**

# balance sheet

as at june 30, 2006



	Notes	2006 (Rupees in '000)	2005
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	3	3,719,322	3,274,196
Intangible assets	4	17,696	5,769
Long term deposits and deferred cost	5	4,817	89,902
<b>CURRENT ASSETS</b>			
Stores and spares	6	94,155	84,784
Stock in trade	7	3,909,395	1,812,325
Trade debts - Considered good	8	1,106,960	1,260,162
Loans and advances - Considered good	9	25,762	19,625
Trade deposits, prepayments, current account balances with statutory authorities and other receivables	10	49,716	28,489
Cash and bank balances	11	2,189,778	300,887
		<u>7,375,766</u>	<u>3,506,272</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	5,768,618	2,581,418
Accrued markup		121,273	26,793
Short term borrowings - Secured	13	600,000	760,545
Current portions of non current liabilities	14	290,101	53,557
Provision for taxation		89,645	49,995
		<u>6,869,637</u>	<u>3,472,308</u>
<b>Net current assets</b>		<b>506,129</b>	<b>33,964</b>
<b>NON-CURRENT LIABILITIES</b>			
Subordinated loan from sponsor - Unsecured	15	452,594	--
Term finance certificates - Secured	16	535,698	750,000
Long term loans - Secured	17	419,543	51,563
Liabilities against assets subject to finance lease	18	45,364	19,219
Deferred taxation	19	36,174	21,488
<b>CONTINGENCIES AND COMMITMENTS</b>	20	--	--
<b>NET ASSETS</b>		<b><u>2,758,591</u></b>	<b><u>2,561,561</u></b>
<b>FINANCED BY:</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital			
360,000,000 (2005: 360,000,000)			
Ordinary shares of Rs.10/- each		3,600,000	3,600,000
Issued, subscribed and paid-up capital	21	2,450,652	2,450,652
Accumulated profit		307,939	110,909
		<u>2,758,591</u>	<u>2,561,561</u>

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

Chief Executive

Director

# profit and loss account

for the year ended june 30, 2006



	Notes	2006 (Rupees in '000)	2005
Net sales	22	17,929,007	9,998,865
Cost of sales	23	17,304,378	9,607,392
Gross profit		624,629	391,473
Operating expenses			
Administrative expenses	24	99,410	67,179
Selling and distribution expenses	25	23,236	28,836
		122,646	96,015
Operating profit		501,983	295,458
Other income	26	100,876	2,786
		602,859	298,244
Other charges			
Financial charges	27	285,566	106,253
Worker's profit participation fund		15,932	9,600
		301,498	115,853
Profit before taxation		301,361	182,391
Taxation			
Current	28	89,645	49,994
Deferred		14,686	21,488
		104,331	71,482
Profit after taxation		197,030	110,909
Earnings per share - Basic and diluted (Rupees)	29	0.80	0.48

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

Chief Executive

Director



# cash flow statement

for the year ended june 30, 2006

Bosicor

	Note	2006	2005
		(Rupees in '000)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before taxation		301,361	182,391
Adjustments for non cash and other items:			
Depreciation and amortization		327,651	338,057
Financial charges		285,566	106,253
Exchange difference on restatement of subordinated loan		2,222	--
Loss / (gain) on disposal of fixed assets		239	(425)
Workers' profit participation fund		15,932	9,600
Cash flow before working capital changes		932,971	635,876
<b>Movement in working capital</b>			
<i>(Increase) / decrease in current assets</i>			
Stores and spares		(9,371)	42,716
Stock in trade		(2,097,070)	(888,144)
Trade debts - Considered good		153,202	(497,014)
Loans and advances - Considered good		(6,137)	(6,829)
Trade deposits, prepayments and current account balances with statutory authorities		7,799	63,892
<i>Increase / (decrease) in current liabilities</i>			
Trade and other payables		3,169,924	778,468
Cash generated from / (used in) operations		2,151,318	128,965
Payments for:			
Financial charges		(189,742)	(90,822)
Taxes		(79,021)	(10,768)
Net cash generated from operating activities		1,882,555	27,375
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(714,836)	(449,524)
Intangible assets		(11,927)	(5,769)
Sale proceeds of fixed assets		584	549
Long term deposit		83,032	(76,539)
Net cash used in investing activities		(643,147)	(531,283)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds against right issue of shares		--	267,099
Proceed against subordinated loan from sponsor		450,372	--
Proceeds against term finance certificates		--	459,000
Repayment of long term loan		(18,750)	(648,703)
Receipt against long term loan		420,063	65,000
Repayment of liability against assets subject to finance lease		(41,657)	(37,740)
Short term borrowings		--	480,049
Net cash inflow from financing activities		810,028	584,705
Net increase in cash and cash equivalents		2,049,436	80,797
Cash and cash equivalents as at 1st July		140,342	59,545
Cash and cash equivalents as at 30th June	30	2,189,778	140,342

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



Chief Executive



Director

# statement of changes in equity

for the year ended june 30, 2006

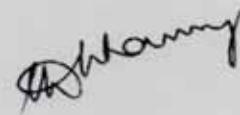
Bosicor

	Issued, subscribed and paid-up capital	Accumulated Profit	Total
(Rupees in '000)			
Balance as on July 01, 2004	1,750,466	--	1,750,466
Right shares issued	700,186	--	700,186
Net profit for the year	--	110,909	110,909
<b>Balance as on June 30, 2005</b>	<b>2,450,652</b>	<b>110,909</b>	<b>2,561,561</b>
Net profit for the year	--	197,030	197,030
<b>Balance as on June 30, 2006</b>	<b>2,450,652</b>	<b>307,939</b>	<b>2,758,591</b>

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



Chief Executive



Director

# notes to the financial statements

for the year ended june 30, 2006



## 1 STATUS AND NATURE OF BUSINESS

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

## 2 SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan 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 2.16 respectively, which have been included in the cost of the relevant assets and also financial assets and liabilities which are stated at fair value.

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are as follows:

- i) Provision for taxes
- ii) Estimation of residual values and useful lives of property, plant and equipment.

### 2.3 Staff retirements 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.

# notes to the financial statements

## for the year ended june 30, 2006



### 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.

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

An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and that the cost of such asset can also be measured reliably.

Software under development are carried at cost. Direct cost include the purchase cost and directly attributable cost of preparing the asset for its intended use.

Intangible asset is amortized from the month such asset is put into use on straight line basis over its useful life.

### 2.6 Deferred cost

Deferred cost was to be amortized over a period of five years from the date of the commencement of commercial operations, but during the current year company has changed its accounting policy and charged entire balance of deferred cost to profit and loss account. Had there been no change the profit for the year would have been higher by Rs.1.540 million.

# notes to the financial statements

for the year ended june 30, 2006



## 2.7 Stores and spares

These are valued at lower of moving average cost and net realizable value, less provision for obsolescence. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

## 2.8 Stock in trade

Stock of raw material is valued at lower of cost, determined on first in first out (FIFO) basis, and net realizable value. Raw material in transit is valued at cost comprising invoice value plus other charges incurred thereon accumulated to the balance sheet date.

Stock of finished products are valued at lower of cost and net realizable value. Cost in relation to finished products represents cost of raw material and an appropriate allocation of manufacturing overheads. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and estimated cost necessary to make the sale.

## 2.9 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.

## 2.10 Cash and cash equivalents

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

## 2.11 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.

## 2.12 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.

# notes to the financial statements

for the year ended June 30, 2006



## 2.13 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 cust

## 2.14 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.

## 2.15 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.

## 2.16 Borrowing costs

Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing cost that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalized as part of the cost of the relevant asset.

## 2.17 Provisions

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

## 2.19 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.

# notes to the financial statements

## for the year ended June 30, 2006

Bosicor

### 2.20 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.

### 3 PROPERTY, PLANT AND EQUIPMENT

2006 2005

(Rupees in '000)

Operating fixed assets	3.1	3,347,298	3,157,589
Capital work in progress	3.4	372,024	116,607
		<u>3,719,322</u>	<u>3,274,196</u>

#### 3.1 Operating fixed assets

Particulars	Cost				As at June 30, 2006	Rate %	Depreciation				Book value As at June 30, 2006
	As at July 01, 2005	Transfers	Additions	(Deletions)			As at July 01, 2005	Transfers	For the year	On disposals	
	(Rupees in '000)						(Rupees in '000)				
<b>Owned</b>											
Freehold land	22,280	-	-	-	22,280	-	-	-	-	-	22,280
Leasehold land	-	-	213,200	-	213,200	-	-	-	-	-	213,200
Plant and machinery	3,130,033	65,000	207,247	-	3,411,280	10	300,483	7,983	254,030	-	3,157,750
Generators	56,300	-	-	-	56,300	10	5,780	4,352	-	-	51,520
Building, on freehold land, roads and civil works	133,188	-	-	-	133,188	5	6,692	6,325	-	-	126,496
Furniture and fixtures	10,472	-	6,440	-	16,912	10	1,691	1,667	-	-	15,251
Computer and allied	2,952	-	3,724	-	6,676	30	960	1,434	-	-	5,246
Safety and lab equipments	8,874	-	3,231	-	12,105	10	1,210	1,028	-	-	10,887
Vehicles	4,540	4,080	25,668	(2,338)	29,950	20	5,990	2,243	2,537	(1,513)	26,440
Portable cabins	2,806	-	-	-	2,806	20	561	350	-	-	2,245
<b>Sub - Total</b>	<b>3,388,236</b>	<b>69,080</b>	<b>469,419</b>	<b>(2,338)</b>	<b>3,914,396</b>		<b>330,485</b>	<b>10,206</b>	<b>312,598</b>	<b>(1,513)</b>	<b>3,601,797</b>
<b>Leased</b>											
Plant and machinery	91,221	(65,000)	46,500	-	72,721	10	7,272	(7,983)	6,596	-	69,334
Vehicles	20,161	(4,060)	10,211	-	26,312	20	5,262	(2,243)	3,792	-	23,861
Portable cabins	8,155	-	-	-	8,155	20	1,631	660	-	-	6,524
<b>Sub - Total</b>	<b>119,537</b>	<b>(69,060)</b>	<b>56,711</b>	<b>-</b>	<b>107,188</b>		<b>14,165</b>	<b>(10,206)</b>	<b>10,388</b>	<b>-</b>	<b>97,325</b>
<b>2006</b>	<b>3,507,773</b>	<b>-</b>	<b>526,130</b>	<b>(2,338)</b>	<b>4,031,565</b>		<b>344,650</b>	<b>-</b>	<b>322,986</b>	<b>(1,513)</b>	<b>3,703,502</b>
<b>2005</b>	<b>60,078</b>	<b>-</b>	<b>3,444,858</b>	<b>(1,684)</b>	<b>3,504,252</b>		<b>9,680</b>	<b>-</b>	<b>337,544</b>	<b>(40)</b>	<b>3,474,156</b>

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

Administrative and selling	9,650	4,915
Cost of sales	315,948	332,629
	<u>325,598</u>	<u>337,544</u>

#### 3.3 Details of assets disposed off during the year

Particulars	Cost	Accumulated Depreciation	Book Value	Sale Proceeds	(Loss) / gain	Mode of Disposal	Particulars of Buyer
	(Rupees in '000)						
<b>Vehicles</b>							
Suzuki Alto	469	298	173	117	(56)	Company policy	Mr. Abid Amin - Employee
Suzuki Alto	469	296	173	117	(56)	- // -	Mr. Mohammad Shahid - Employee
Suzuki Alto	469	296	173	117	(56)	- // -	Mr. Masroor Sibir - Employee
Toyota Corolla	929	625	304	232	(71)	- // -	Mr. Zafar Iqbal - Employee
<b>2006</b>	<b>2,336</b>	<b>1,513</b>	<b>823</b>	<b>584</b>	<b>(239)</b>		
<b>2005</b>	<b>164</b>	<b>40</b>	<b>124</b>	<b>549</b>	<b>425</b>		

# notes to the financial statements

for the year ended june 30, 2006

Bosicor

	2006	2005
	(Rupees in '000)	
<b>3.4 Capital work in progress</b>		
Plant and machinery	358,590	115,828
Civil and mechanical works	13,434	779
	372,024	116,607
<b>3.4.1</b>	Additions to capital work in progress includes Rs.25.420 million borrowing cost capitalized during the year, out of which Rs.23.690 million relates to the specific borrowings and Rs.1.730 million has been capitalized at annual capitalization rate of 6.19%.	
<b>4 INTANGIBLE ASSETS</b>		
Software under development	17,696	5,769
<b>5 LONG TERM DEPOSITS AND DEFERRED COST</b>		
Deposits	4,817	87,849
Deferred cost [Preliminary expenses (Note 2.6)]	--	2,053
	4,817	89,902
<b>6 STORES AND SPARES</b>		
Stores and spares	78,826	55,591
Stores in transit	15,329	29,193
	94,155	84,784
<b>7 STOCK IN TRADE</b>		
Raw material	3,263,658	1,336,717
Stock in transit	--	811
Finished goods	645,737	474,797
	3,909,395	1,812,325
<b>8 TRADE DEBTS - Considered good</b>		
Trade debt include receivables amounting to Rs. 9,144 million (2005: Rs. 27,144 million) in respect of price differential claims from Ministry of Petroleum, Government of Pakistan.		
<b>9 LOANS AND ADVANCES - Considered good</b>		
Employees	9.1 1,376	3,255
Suppliers and contractors	24,386	12,631
Others	--	3,739
	25,762	19,625

**9.1** This includes Rs.0.471 million (2005: 1.250 million) due from executives of the company.



# notes to the financial statements

for the year ended june 30, 2006



		2006	2005
		(Rupees in '000)	
<b>10</b>	<b>TRADE DEPOSITS, PREPAYMENTS, CURRENT ACCOUNT BALANCES WITH STATUTORY AUTHORITIES AND OTHER RECEIVABLES</b>		
	Deposits	3,026	9,276
	Pre-payments	6,010	15,311
	Advance Income tax	29,550	524
	Sales tax adjustable/refundable	11,130	3,378
		<u>49,716</u>	<u>28,489</u>
<b>11</b>	<b>CASH AND BANK BALANCES</b>		
	Cash in hand	184	108
	Cash at banks		
	- Current account	230,256	300,779
	- Deposit account	1,959,338	--
		<u>2,189,778</u>	<u>300,887</u>
<b>12</b>	<b>TRADE AND OTHER PAYABLES</b>		
	Bills payable	5,655,888	2,502,376
	Creditors for services	37,101	49,456
	Creditors for supplies	26,723	12,775
	Advances from customers	20,070	--
	Payable to staff provident fund	--	393
	Accrued expenses	1,146	5,346
	Withholding tax deductions payable	814	1,472
	Workers profit participation fund	26,876	9,600
		<u>5,768,618</u>	<u>2,581,418</u>
	<b>12.1 Workers profit participation fund</b>		
	Opening balance	9,600	--
	Provision for the year	15,932	9,600
	Markup on workers profit participation fund	1,344	--
		<u>26,876</u>	<u>9,600</u>
<b>13</b>	<b>SHORT TERM BORROWINGS - Secured</b>		
	From banks		
	Bridge financing	600,000	--
	Bill discounting facility	--	550,000
	From related party (financial institution)	--	50,000
	Short term running finances	--	160,545
		<u>600,000</u>	<u>760,545</u>

# notes to the financial statements

for the year ended june 30, 2006

Bosicor

**13.1** The bridge financing facility has been obtained to meet the requirements of capital expenditure and working capital. The facility carries markup @ 1.25% over 6 months average KIBOR payable at the time of maturity and is secured by ranking hypothecation charge over plant and machinery of the company with 25% margin.

**13.2** The company has unavailed facilities of Rs. 900 million as at balance sheet date. These facilities carry markup ranging from 1% to 3% over KIBOR and are secured against first pari passu hypothecation charge over present and future current assets, present and future fixed assets of the company and personal guarantees of directors.

	2006	2005
	(Rupees in '000)	
<b>14 CURRENT PORTIONS OF NON CURRENT LIABILITIES</b>		
Term finance certificates	214,302	--
Long term loans - Secured	52,083	18,750
Liabilities against assets subject to finance leases	23,716	34,807
	<u>290,101</u>	<u>53,557</u>
<b>15 SUBORDINATED LOAN FROM SPONSOR - Unsecured</b>		
Bosicor Corporation Limited	<u>452,594</u>	<u>--</u>

The company is in the process of finalizing agreement to obtain a syndicated term finance facility of Rs.2,600 million from various banks and financial institutions. The terms of arrangement requires that the company have to inject a total sum of Rs.600 million in shape of subordinated loan by December, 2006. By virtue of this arrangement, Bosicor Corporation Limited (holding company) has provided the interest free, unsecured foreign currency loan and the same will be treated as subordinated to the syndicated term finance facility to be obtained by the company.

## 16 TERM FINANCE CERTIFICATES - Secured

Term finance certificates	750,000	750,000
Less: Current maturity	<u>(214,302)</u>	<u>--</u>
	<u>535,698</u>	<u>750,000</u>

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

### Major Terms and Conditions

Issue Date:	October 01, 2004
Tenor:	5 Years
TFC Coupon Rate:	Base rate + 550 bps with a floor of 9% p.a and a cap of 13% p.a payable semi annually
Base Rate:	6-months KIBOR
Grace Period:	18 months
Principal repayments:	To be repaid in equal semi-annual installments, the first of such installments falling due on 24th month after the issue date.

# notes to the financial statements

for the year ended june 30, 2006



- Issue 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 - Secured	2006	2005
	(Rupees in '000)	
From banks		
Term finance	17.1	83,333
Term finance - I	17.2	136,730
Term finance - II	17.3	200,000
From related party		
Financial Institution		
Term finance	17.4	51,563
	<u>471,626</u>	<u>70,313</u>
Less: Current maturity		
related party	18,750	18,750
banks	33,333	--
	<u>52,083</u>	<u>18,750</u>
	<u>419,543</u>	<u>51,563</u>

- 17.1** The facility is secured against first charge, ranking pari passu over present and future plant and machinery. The facility is payable in six equal quarterly installments commencing from April 2006. The facility carries markup @ 3% over 6 month average KIBOR payable quarterly.
- 17.2** The facility is secured against first charge, ranking pari passu over present and future fixed assets. The tenor of financing is five years including a grace period of One year and is repayable in eight equal semi-annual installments starting from the 19th month of first disbursement. The facility carries markup @ 3% over 6 month average KIBOR payable quarterly.
- 17.3** The facility is secured against first charge, ranking pari passu over present and future fixed assets. The tenor of financing is five years including a grace period of One year and is repayable in eight equal semi-annual installments starting from the 19th month of first disbursement. The facility carries markup @ 3% over 6 month average KIBOR payable quarterly.
- 17.4** The 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 KIBOR payable quarterly.

# notes to the financial statements

for the year ended june 30, 2006



## 18 LIABILITY AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2006		2005	
	Lease Payments		Lease Payments	
	Minimum	Present Value	Minimum	Present Value
	(Rupees in '000)			
Less than one year	30,495	23,716	38,566	34,807
One to five years	54,085	45,364	20,724	19,219
Total minimum lease payments	84,580	69,080	59,312	54,026
Less: Financial charges allocated to the future period	15,480	--	5,286	--
Present value of minimum lease payments	69,080	69,080	54,026	54,026
Less: Transferred to current maturity	23,716	23,716	34,807	34,807
	45,364	45,364	19,219	19,219

The Company entered into lease agreement 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 September 30, 2010. Financing rates ranging from 7.2% to 12.8% per annum (2005: 7.2% to 22% per annum) have been used as discounting factors. The cost of operating and maintaining the leased assets is borne by the company. The Company intends to exercise its option to purchase the leased assets at the residual values of assets upon the completion of the respective lease periods.

The lease liability as at June 30, 2006 includes Rs.2.996 million payable to associated leasing company.

	2006	2005
	(Rupees in '000)	
<b>19 DEFERRED TAXATION</b>		
Deferred tax liability arising due to		
Accelerated depreciation allowances	585,565	528,645
Finance lease transactions	5,440	16,027
Deferred tax asset arising due to		
available tax loss and credits	(554,831)	(523,184)
	36,174	21,488

## 20 CONTINGENCIES AND COMMITMENTS

### 20.1 Contingencies

The Company was 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. On July 28, 2004 the plaintiff was granted an interim injunction restraining the defendants from interfering in the subject lands based on a Fatwa against which the Company filed an appeal and the said order was set aside. The said case was dismissed by the Court of Qazi, Zila Lasbela, Uthal, on the basis of weak grounds submitted by the plaintiff in support of his claim vide order dated 31-03-2006. Subsequent to the balance sheet date the plaintiff filed an appeal before Court of Majlis-e-Shoora, Lasbela which has also been dismissed on 08-08-06. Therefore, the case stands decided in favour of the company.

# notes to the financial statements

for the year ended june 30, 2006



## 20.2 Commitments

Commitments in respect of:

- letter of credits other than capital expenditures amount to Rs. 18.06 million (2005: Rs. 850 million)
- capital expenditures amount to Rs.800 million (2005: Rs. 200 million)

	2006	2005
	(Rupees in '000)	
<b>21 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL</b>		
245,065,248 Ordinary shares of Rs.10/- each fully paid in cash (2005: 245,065,248 of Rs.10/- each)	<u>2,450,652</u>	<u>2,450,652</u>
21.1 135,870,899 shares (2005: 156,516,467 shares) are held by Bosicor Corporation Limited (holding company) representing 55.44% (2005: 63.87%) shareholding in the company.		

## 22 NET SALES

### Gross Sales

Local	21,201,256	11,700,614
Export	<u>432,263</u>	<u>--</u>
	21,633,519	11,700,614
Sales Tax	(2,765,384)	(1,520,239)
Discounts	(9,779)	(2,949)
Excise duty and development surcharge	<u>(929,349)</u>	<u>(178,561)</u>
	(3,704,512)	(1,701,749)
	<u>17,929,007</u>	<u>9,998,865</u>

- 22.1 Price differential claims from Ministry of Petroleum, Government of Pakistan amounting to Rs. NIL (2005: Rs. 37.144 million) is included in sales.

# notes to the financial statements

for the year ended june 30, 2006



	2006	2005
	(Rupees in '000)	
<b>23 COST OF SALES</b>		
Opening stock of raw material	1,336,717	803,362
Purchases	18,601,156	9,810,181
Available for use	19,937,873	10,613,543
Closing stock of raw material	(3,263,658)	(1,336,717)
Raw material consumed	16,674,215	9,276,826
<b>23.1 Manufacturing expenses</b>		
Salaries, wages and other benefits	23.2 74,977	56,905
Staff transportation and catering	24,991	17,486
Stores and spares	61,607	39,958
Crude oil inspection and cleaning charges	13,344	4,739
Insurance	14,292	14,132
industrial gases and chemicals	5,424	7,659
Fuel, power and water	221,184	189,402
Repairs and maintenance	54,196	12,783
Communications	1,669	1,690
Traveling and conveyance	758	424
Rent, rates and taxes	1,214	471
Security	3,520	3,134
Vehicle running	4,024	2,484
Technical fee	3,955	2,038
Depreciation	3.2 315,948	332,629
<b>Total manufacturing expenses</b>	<b>801,103</b>	<b>685,934</b>
<b>Cost of goods manufactured</b>	<b>17,475,318</b>	<b>9,962,760</b>
Opening stock of finished products	474,797	119,429
Closing stock of finished products	(645,737)	(474,797)
<b>Cost of goods sold</b>	<b>17,304,378</b>	<b>9,607,392</b>

23.2 Included herein is a sum of Rs.2.061 million (2005: 1.034 million) in respect of staff retirement benefits.

## 24 ADMINISTRATIVE EXPENSES

Salaries, allowances and other benefits	24.1 44,569	28,928
Vehicle running	3,099	1,226
Repairs and maintenance	1,863	1,047
Insurance	1,648	999
Fee and subscriptions	12,213	7,166
Utilities	3,626	2,359
Legal and professional	7,052	10,343
Traveling and conveyance	1,836	3,856
Advertisements and subscriptions	1,696	1,629
Rent, rates and taxes	1,433	701
Printing and stationary	1,106	866
Auditors' remuneration	24.2 420	230
Amortization of deferred costs	2,053	513
Depreciation	3.2 9,650	4,915
Others	7,146	2,401
	<b>99,410</b>	<b>67,179</b>

24.1 Included herein is a sum of Rs. 1.051 million (2005: 0.752million) in respect of staff retirement benefits.

# notes to the financial statements

for the year ended June 30, 2006



	2006	2005
	(Rupees in '000)	
<b>24.2</b> Statutory audit	250	150
Half yearly review	125	75
Out of pocket expense	45	5
	<u>420</u>	<u>230</u>
<b>25 SELLING AND DISTRIBUTION EXPENSES</b>		
Insurance	1,517	891
Transportation	5,611	8,391
Products handling charges	15,134	19,554
Wharfage on export sales	974	--
	<u>23,236</u>	<u>28,836</u>
<b>26 OTHER INCOME</b>		
Profit on deposits	10,838	2,361
(Loss) / gain on disposal of fixed assets	(239)	425
Scrap sales	460	--
Insurance claim	26.1 83,700	--
Receipt from sponsors	26.2 6,117	--
	<u>100,876</u>	<u>2,786</u>

**26.1** This represents amount received from Adamjee Insurance Co. Ltd. after settlement of insurance claim on account of loss of profit arising from break down in production during the year 2003-2004 due to rupture of one of its Crude Oil Heater Tubes.

**26.2** This represents amount paid by sponsors to the company on account of loss incurred on sale of investment property (land) as reflected in the financial statements of the company for the year ended June 30, 2002.

## 27 FINANCIAL CHARGES

Markup on:		
- Finance leases	8,278	8,173
- Term finance certificates	94,096	63,823
- Long term loans	36,021	9,152
- Short term loans	23,489	10,946
- Running finances	25,496	12,758
- Crude purchases	82,638	--
Markup on WPPF	1,344	--
Bank charges	756	1,401
Exchange difference	12,224	--
Export charges	1,224	--
	<u>285,566</u>	<u>106,253</u>

# notes to the financial statements

for the year ended june 30, 2006



## 28 TAXATION - Current

The assessments of the company has been finalized upto tax year 2005. Since the company has available tax losses therefore provision for taxation is based on minimum tax payable under section 113 of Income Tax Ordinance, 2001.

	2006	2005
	(Rupees in '000)	
<b>28.1 Relationship between accounting profit and tax expense for the year</b>		
Profit before tax as per accounts	301,361	182,391
Applicable tax rate	35%	35%
Tax on accounting profit	105,476	63,837
Tax effect of accelerated tax depreciation	(5,622)	(524,147)
Tax effect of finance lease transactions	(11,416)	(12,880)
Tax effect of export sales separately covered u/s 154	(1,569)	--
	86,869	(473,191)
Adjustment of brought forward losses	(86,869)	--
Tax payable under normal rules	--	--
Minimum tax payable under section 113 of Income Tax Ordinance, 2001	89,645	49,994

## 29 EARNINGS PER SHARE - Basic and diluted

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

Net profit after tax	197,030	110,909
	Number	
Weighted average number of ordinary shares	245,065,248	232,407,702
Earnings per share - Basic and diluted	(Rupees) 0.80	0.48

## 30 CASH AND CASH EQUIVALENTS

Cash and bank balances	2,189,778	300,887
Running finances - Secured	--	(160,545)
	2,189,778	140,342



# notes to the financial statements

for the year ended june 30, 2006

Bosicor

## 31 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 32 to the accounts. Transaction with related parties, other than those which have been specifically disclosed elsewhere in these financial statements, are as follows: -

	2006	2005
	(Rupees in '000)	
<i>Parent company:</i>		
Receipt of loans	450,372	--
<i>Associated companies:</i>		
Purchase of operating fixed assets	2,290	1,469
Payment of rent	350	350
Receipt of loans	--	65,000
Repayment of loan and lease liabilities	71,027	236,688
Payment against services (freight for crude oil)	348,080	83,796
Markup on borrowings and leases	14,462	11,783

## 32 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		Executive		Total	
	2006	2005	2006	2005	2006	2005	2006	2005
	(Rupees in '000)							
Managerial remuneration	2,100	4,000	6,692	3,517	18,959	10,150	27,751	17,667
Provident fund	117	--	--	--	1,199	652	1,316	652
Housing and utilities	1,050	2,000	3,200	1,200	9,479	5,075	13,729	8,275
Leave passage	--	--	343	--	386	533	729	533
	3,267	6,000	10,235	4,717	30,023	16,410	43,525	27,127
Number of persons	1	1	3	2	19	11	23	14

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

Director are not taking any meeting fee.

# notes to the financial statements

for the year ended june 30, 2006



## 33 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

### 33.1 Financial assets and liabilities

	Interest / Markup bearing			Non Interest / Markup bearing			Total	
	Maturity		Total	Maturity		Total	2006	2005
	upto one year	One to five years		upto one year	one to five years			
(Rupees in '000)								
<b>Financial Assets</b>								
Deposits				3,026	4,817	7,843	7,843	99,178
Trade debts				1,097,816		1,097,816	1,097,816	1,233,018
Loans, advances and other receivable				1,376		1,376	1,376	6,904
Cash and bank balances	1,959,338		1,959,338	230,440		230,440	2,189,778	300,867
<b>Total</b>	<b>1,959,338</b>	<b></b>	<b>1,959,338</b>	<b>1,332,658</b>	<b>4,817</b>	<b>1,337,475</b>	<b>3,296,813</b>	<b>1,640,077</b>
<b>Financial liabilities</b>								
Subordinated loan form sponsor					452,594	452,594	452,594	
Term finance certificates	214,302	536,698	750,000				750,000	750,000
Long term loans	52,063	419,543	471,626				471,626	70,313
Liabilities against assets subject to finance lease	23,716	45,364	69,080				69,080	54,026
Short term borrowings	600,000		600,000				600,000	760,545
Trade and other payables	26,876		26,876	5,740,928		5,740,928	5,757,804	2,579,946
Accrued markup				121,273		121,273	121,273	26,793
<b>Total</b>	<b>916,977</b>	<b>1,000,605</b>	<b>1,917,582</b>	<b>5,862,201</b>	<b>452,594</b>	<b>6,314,795</b>	<b>6,232,377</b>	<b>4,241,623</b>
<b>Net Exposure - 2006</b>	<b>1,042,361</b>	<b>(1,000,605)</b>	<b>41,756</b>	<b>(4,529,543)</b>	<b>(447,777)</b>	<b>(4,977,320)</b>	<b>(4,935,564)</b>	<b>(2,601,546)</b>
<b>Net Exposure - 2005</b>	<b>(814,102)</b>	<b>(820,782)</b>	<b>(1,534,884)</b>	<b>(1,006,564)</b>	<b>86,902</b>	<b>(966,662)</b>	<b>(2,601,546)</b>	<b>(2,532,254)</b>

### 33.2 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.

### 33.3 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.

### 33.4 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.

### 33.5 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.

# notes to the financial statements

for the year ended june 30, 2006

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## 33.6 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. The financial assets exposed to credit risk amount to Rs.1,107.035 million (2005: Rs.1,339.150).

## 33.7 Off balance sheet financial instruments

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

	2006	2005
	US Barrels in '000	
<b>34 CAPACITY AND ANNUAL PRODUCTION</b>		
Designed annual refining capacity (at 330 days)	9,900	9,900
Attainable annual refining capacity (at 330 days)	5,940	5,940
Actual throughput during the year	4,808	3,789

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.

## 35 COMPARATIVES

Comparative figure of Excise duty and development surcharge amounting to Rs.178.561 million (note 22) has been grossed up in the amount of gross sales and shown as deduction therefrom. The aforementioned reclassification has no impact on amount of net sales. The comparative reclassification has been made for more appropriate presentation.

## 36 PROPOSED CASH DIVIDEND

The Board of Directors have recommended final cash dividend @ 7.50% i.e. Rs. 0.75 per share to the minority shareholders only. The financial statements of the company for the year ended June 30, 2006 do not include the effect of aforementioned cash dividend which will be accounted for in the financial statements for the year ending June 30, 2007.

## 37 DATE OF AUTHORIZATION FOR ISSUE

The financial statements were authorized for issue on 27th September 2006 in accordance with the resolution of the Board of Directors of the company.

## 38 GENERAL

These financial statements are presented in Rupees and Figures have been rounded off to nearest thousand rupees.



Chief Executive



Director

Rupees in '000

Six Years at a Glance:	2006	2005	2004	2003	2002	2001
Tangible Fixed Assets	3,719,322	3,274,196	3,148,340	2,737,904	2,434,803	2,141,903
Intangible Assets	17,696	5,769	-	-	-	-
Investment Property	-	-	-	29,000	29,000	52,883
Long Term Deposits & Deferred Cost	4,817	89,902	13,876	16,020	37,973	36,889
Current Assets	7,375,766	3,506,272	2,001,207	44,417	36,449	19,005
Current Liabilities	6,579,536	3,418,751	1,957,087	94,326	104,136	198,901
Current Portion of Long Term Liabilities	290,101	53,557	38,380	115,991	88,631	45,653
Long term Liabilities	1,489,373	842,270	1,417,490	866,558	573,741	901,110
Sponsor's Loan	452,594	-	600,087	430,902	302,096	234,451
Share capital	2,450,652	2,450,652	1,750,466	1,750,466	1,750,466	1,105,066
Sales (net of sales tax)	17,929,007	9,998,865	-	-	-	-
Gross Profit	624,629	391,473	-	-	-	-
Operating Profit (including other income)	602,859	298,244	-	-	-	-
Profit Before Tax	301,361	182,391	-	-	-	-
Profit After Tax	197,030	110,909	-	-	-	-
Share Holder Equity	2,758,591	2,561,561	-	-	-	-
Financial Expense	285,566	106,253	-	-	-	-
Gross Profit / Turnover	3.484%	3.915%	-	-	-	-
Profit Before Tax/ Turnover	1.681%	1.824%	-	-	-	-
Return on Capital employed	8.040%	4.526%	-	-	-	-
Interest coverage (times)	2.111	2.807	-	-	-	-
Fixed Assets turnover	4.821	3.054	-	-	-	-
Debt Equity Ratio	3.157	1.684	1.950	0.615	0.438	1.037
Current Ratio	1.074	1.010	1.003	0.211	0.189	0.078
Earning Per Share (Rupees)	0.80	0.48	-	-	-	-

# pattern of shareholdings

as at june 30, 2006



Number of Shareholders	Share Holding		Shares Held	Percentage
	From	To		
109	1	100	8905	.0036
2091	101	500	970960	.3962
3165	501	1000	3117450	1.2720
5480	1001	5000	15828543	6.4589
1368	5001	10000	10901937	4.4489
386	10001	15000	5061200	2.0652
212	15001	20000	3911800	1.5962
144	20001	25000	3355750	1.3693
81	25001	30000	2341900	.9556
53	30001	35000	1756727	.7168
50	35001	40000	1930300	.7875
26	40001	45000	1115800	.4553
54	45001	50000	2665200	1.0875
22	50001	55000	1165000	.4753
12	55001	60000	699050	.2852
10	60001	65000	624800	.2549
13	65001	70000	900500	.3674
17	70001	75000	1256100	.5125
7	75001	80000	541573	.2209
2	80001	85000	164500	.0671
9	85001	90000	797500	.3254
5	90001	95000	462700	.1888
20	95001	100000	1992000	.8128
5	100001	105000	510638	.2083
5	105001	110000	547000	.2232
3	110001	115000	341500	.1393
1	115001	120000	116000	.0473
3	120001	125000	371400	.1515
2	125001	130000	255248	.1041
5	135001	140000	691600	.2822
7	140001	145000	998700	.4075
3	145001	150000	446200	.1820
4	150001	155000	616000	.2513
3	155001	160000	473700	.1932
4	165001	170000	671600	.2740
2	170001	175000	345200	.1408
2	175001	180000	357800	.1450
3	185001	190000	561900	.2292
1	190001	195000	192000	.0783
10	195001	200000	1995500	.8142
2	200001	205000	405100	.1653

# pattern of shareholdings

as at june 30, 2006



Number of Shareholders	Share Holding		Shares Held	Percentage
	From	To		
1	205001	210000	207000	.0844
1	210001	215000	214000	.0873
1	215001	220000	216000	.0881
4	220001	225000	891000	.3635
1	225001	230000	230000	.0938
1	230001	235000	231000	.0942
3	240001	245000	730000	.2978
3	250001	255000	754082	.3077
1	255001	260000	260000	.1060
2	275001	280000	560000	.2285
1	295001	300000	297000	.1211
1	300001	305000	302100	.1232
2	305001	310000	615800	.2552
1	310001	315000	315000	.1285
2	315001	320000	640000	.2611
1	335001	340000	337700	.1378
1	365001	370000	369700	.1508
1	415001	420000	415200	.1694
1	450001	455000	453500	.1850
1	470001	475000	475000	.1938
1	490001	495000	490500	.2001
1	505001	510000	507500	.2070
1	615001	620000	616600	.2516
1	650001	655000	653538	.2666
1	660001	665000	664700	.2712
1	805001	810000	809000	.3301
1	900001	905000	904600	.3691
1	1075001	1080000	1075300	.4387
1	1080001	1085000	1085000	.4427
1	1090001	1095000	1090100	.4448
1	1175001	1180000	1176700	.4801
1	1210001	1215000	1214500	.4955
1	1795001	1800000	1800000	.7344
1	1860001	1865000	1864080	.7606
1	2310001	2315000	2311500	.9432
1	2615001	2620000	2619000	1.0686
1	2715001	2720000	2715800	1.1081
1	3305001	3310000	3309500	1.3504
1	5390001	5395000	5390068	2.1994
1	134785001	134790000	134785899	55.0000
13451			245065248	100.0000

# categories of shareholders



Categories of Shareholders	No. of Shareholders	Shares Held	Percentage
Directors, CEO & Children	7	147500	.0601
Associated Companies	2	135870899	55.4427
Banks, DFI & NBF1	14	3407800	1.3905
Insurance Companies	4	147000	.0599
Modarabas & Mutual Funds	11	787000	.3211
Public Sector Cos, & Corp	3	55001	.0224
General Public (Local)	13218	82777747	33.7778
General Public (Foreign)	55	141200	.0576
Foreign Companies	2	473500	.1932
Others	135	21257601	8.6742
<b>Total</b>	<b>13451</b>	<b>245065248</b>	<b>100.0000</b>

# information as required

under code of corporate governance



	Holding	Percentage
<b>1. Associated Companies</b>	-	-
<b>2. Directors Holding</b>		
Mr. Parvez Abbasi	77,973	0.03
Mr. Amir Abbassciy	33,027	0.01
Mr. Muhammad Rashid Zahir	1,000	0.00
Mrs. Uzma Abbassciy	3,500	0.00
Mrs. Samia Roomi	3,500	0.00
Syed Arshad Raza	3,500	0.00
<b>3. Executives</b>		
Mr. Mohammad Wasi Khan CEO	25,000	0.01
<b>4. Public Sector Companies And Corporations</b>	55,001	0.02
<b>5. Banks, Financial Institutions, Modarabas, Investment Companies, Etc.</b>	140,686,200	57.41
<b>6. Individuals</b>	104,176,547	42.51
	<b><u>245,065,248</u></b>	<b><u>100.00</u></b>

### More Than 10% of Shareholding

Bosicor Corporation Limited	136,870,899	55.44
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\* Holding of Directors have not been included in Individuals





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 14th Annual General Meeting of the shareholders of the Company to be held  
 on .....

Signed..... day of .....2006

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  
Voice: (92-21) 111-222-081, Fax: (92-21) 111-888-021, (9221) 2420722



## Bosicor Pakistan Limited

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