



**BURSHANE LPG (PAKISTAN)  
LIMITED  
QUARTERLY REPORT – DECEMBER 2021**

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## Consolidated Condensed Interim Financial Information

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## Company Information

### Board of Directors

Mr. Shaikh Abdus Sami  
Chairman / Independent Director

Mr. Asad Alam Khan  
CEO / Director

Mrs. Hamdia Fatin Niazi  
Director

Mr. Saiffee Zakiuddin  
Director

Ms. Shahbano Hameed  
Director (NIT Nominee)

Mr. Muhammad Khalid Dar  
Director

Maj. Gen Rafi Ullah Khan (R)  
Independent Director

Mr. Osman Malik  
Director (NBP Nominee)

### Auditors

BDO Ibrahim & Co., Chartered Accountants.

### Legal Advisors

Mohsin Tayeb Aly & Co

### Tax Advisors

Maavins Solutions

### Registrar & Share Registration Office

THK Associates (Pvt.) Limited

### Management

Mr. Asad Alam Niazi  
Chief Executive Officer

Mr. Saiffee Zakiuddin  
Director Finance

Mr. Khurram Kasbati  
Chief Financial Officer

Mr. Murtaza Saifuddin  
Financial Controller & Company Secretary

Mr. Amir Aziz  
Head of Operations Distribution & HSSE

Mr. Irfan Javaid Warsi  
General Manager - Commercial & Business  
Development and Human Resources (HR)

Mr. Asad Wasty  
Head of Internal Audit

### Bankers

MCB Bank Limited  
Meezan Bank Limited  
National Bank of Pakistan  
Habib Bank Limited  
Standard Chartered Bank Pakistan Limited  
Faysal Bank Limited  
United Bank Limited  
Summit Bank Limited  
Bank Alfalah Limited  
Sindh Bank Limited  
JS Bank Limited

### Registered Office

Suite 101, 1st Floor, Horizon Vista  
Plot No. Commercial - 10, Block-4  
Scheme No. 5, Clifton, Karachi – 75600  
Tel : + 92 21 35898356, 35309870 & 73  
Fax : + 92 21 3587 8353  
[www.burshane.com](http://www.burshane.com)

## Directors' Report

The Directors of your Company are hereby presenting the financial information of the Company for the half year ended December 31, 2021.

### Financial Performance

During the period under review, the net turnover at PKR 1,980M higher than the comparative period of last year PKR 1,232M (60.70%), mainly due to higher prices of LPG. Quantity sold was 14,632 MT decreased by 1937 MT (11.69%) and was 16,569 MT during the comparative period of last year. The principal reason for decrease in quantity sold was increased in LPG prices in the market due to rising international crude oil prices. However, gross margins of your Company increased to PKR 112.486M (5.68%) compared to last year comparative period of PKR 36.895M (3.00%) due to increased prices of LPG.

Administrative expenses decreased by PKR 13.166M (18.95%) from last year comparative period, mainly due to lesser legal expenses compared to last year where cases pertained to complaint lodged by Investigation and Intelligence (Inland Revenue) (I&I IR) added additional legal expenses. The distribution & marketing expenses decreased by PKR 0.076M (0.02%) mainly due to lesser quantity of LPG sold and distributed during this period from comparative period.

The Company's earnings per share for the period under review is at Re. 0.60 compared to loss of Re. 1.60 per share in the comparative period of previous year.

### Material Changes and Commitments

On January 06, 2022, the Company received a revised offer letter for the restructuring of loan from NBP via offer letter No. NBP/ARG/ARW(S)/BLPL/2022/08. As per the aforementioned letter, the long-term loan and accrued mark-up on long-term loan are termed as Demand Finance-I and Demand Finance-II. In respect of Demand Finance - I, the Company is required to make upfront payment of PKR 25.44M and the balance of PKR 75M to be re-paid in 20 quarterly installments starting from September 30, 2022 with a grace period of 1 year from the date of the drawdown with the mark-up rate of 3 months KIBOR + 2%, which will also be payable during the grace period. In respect of Demand Finance II, the Company is required to make upfront payment of PKR 10.59M towards outstanding markup and the balance Markup will be re-paid in 20 quarterly installments starting from September 30, 2022 with a grace period of 1 year from the date of drawdown and there will be no markup charged.

A complaint was filed by the Directorate of Investigation and Intelligence (Inland Revenue) (I & I – IR) on 31<sup>st</sup> August 2020, against the Company for alleged Tax evasion of approximately PKR 1.7 billion, with Special Court for Customs, Taxation and (Anti-Smuggling). Based on this complaint the court passed 2 orders against the Company and some of its Directors. The orders were pertaining to freezing of Company's 9 bank accounts for 90 days and issuance of Non Bailable Arrest Warrants of its certain Directors. The Company immediately obtained Protective Bail from the High Court and subsequently from the Special Court which was later confirmed.

The Company also filed a Constitutional Petition with High Court against the order of the Special Court for freezing of 9 bank accounts. All banks have removed the freeze on Company's accounts on expiry of 90 days.



Another Constitutional Petition challenging the Complaint filed by I & I - IR with the special Court under the Anti Money Laundering Act 2010, has also been filed with High Court. The High Court in its first interim order has restrained all the respondents, which include FBR, I & I DG, Director, the Complaining Deputy Director and the Special Court, from taking any further coercive action against the Company and its Directors.

The Company believes that the application filed by I & I – IR, is based on some personal Vendetta and that there is no substance in the Complaint. All the above cases are in progress with the respective courts and the Company is confident that the decisions in all these cases shall be in favor of the Company.

In continuation of above, on February 10, 2021 the Company received notices under section 177(1) of Income Tax Ordinance, 2001 regarding audit for tax years 2018 and 2019. The Company replied and submitted relevant details and documents timely through various letters to FBR. However, the Company has received further notices under section 111(1) and 122(9) on December 31, 2021 after completion of audits for the above mentioned tax years, which have been responded with available information and the Company has obtained extension for submission of remaining information.

The Company and some of its Directors have also filed a Suit for Damages in the High Court for recovery of Rs 1 billion for damages caused to the reputation of the Company and its Directors and for mental torture caused due to appearance of the Director of I & I - IR on Dunya TV News Show named “Dunya Kamran Khan ke Saath”. This case is also under hearing with the High Court and we are confident the decision shall be in our favor.

### **Business Ethics**

We believe that sustainable development is only possible if we abide by our Business Principles. Burshane has firmly embedded them in all the operations of the company and we continuously strive to inculcate these principles amongst our stakeholders.

We have once again excelled in our performance of Health, Safety, Security and Environment (HSSE), with no lost time injury and fatality. The management is committed towards not only improving the HSSE standards for itself but leading in to establish best practices for the industry as well.

We would like to assure you that the management of your company is fully aware of its obligations towards its stakeholders and is determined to develop long-term corporate plans to increase the value of the business. We are looking into all possible options to increase the market share and earn an adequate return on capital employed in Business in a profitable manner; therefore, we are confident that we will show strong performance in the coming years

### **Composition of Board:**

The total number of directors are eight (8) and their compositions are as following:

- Male: 6
- Female: 2

Category	Name
Independent Director	Maj.Gen (R.) Rafiullah Khan (R) Mr. Sheikh Abdus Sami
Non-Executive Directors	Ms. Hamdia Fatin Niazi Mr. Khalid Dar Ms. Shahbano Hameed (Nominee Director) Mr. Osman Malik (Nominee Director)
Executive Directors	Mr. Asad Alam Niazi Mr. Saifee Zakiuddin

The following Committees continued to function as per the requirements of the law and as directed by the Board.

**a) Audit Committee**

Maj.Gen Rafi ullah Khan (R)	-	Chairman
Mr. Shaikh Abdus Sami	-	Member
Ms. Hamdia Fatin Niazi	-	Member

**b) Human Resource and Remuneration Committee**

Maj. Gen Rafi ullah Khan (R)	-	Chairman
Mr. Asad Alam Niazi	-	Member
Ms. Hamdia Fatin Niazi	-	Member
Mr. Saifee Zakiuddin	-	Member

**Financial Highlights:**

Following are the key numbers of the results for the half year ended	(PKR in '000)
Net Sales	1,979,746
Gross Margins	112,486
Profit before Tax	13,451
Profit after Tax	13,545
Earnings per Share	Re.0.60

Following is the appropriation:

Dividend declared	Cash	NIL
	Bonus	NIL

On behalf of the Board, we would like to thanks our staff, business partners, customers and all other stakeholders for their continued support in ensuring sustainable growth of the Company and for making Burshane their brand of first choice.



DIRECTOR



CEO & DIRECTOR

Karachi

Dated February 28, 2022

## INDEPENDENT AUDITOR'S REPORT ON REVIEW OF UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS TO THE MEMBERS OF BURSHANE LPG (PAKISTAN) LIMITED

### Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of BURSHANE LPG (PAKISTAN) LIMITED ("the Company") as at December 31, 2021 and the related unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of cash flows, unconsolidated condensed interim statement of changes in equity and notes to the unconsolidated condensed interim financial statements for the six-month period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

### Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Statements Performed by the Independent Auditor of the Entity." A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with the accounting standards as applicable in Pakistan for interim financial reporting.

### Emphasis of Matter

Without modifying our conclusion, we draw attention to the following;

1. Note 9.1.6 to the unconsolidated condensed interim financial statements which provide details regarding transactions with the Roots International Brands Private Limited (RIBS) and investigation order passed by Securities and Exchange Commission of Pakistan. Further the Company received show cause notices under section 183, 199 & 204 read with section 479 of the Companies Act, 2017.
2. Note 9.1.7 to the unconsolidated condensed interim financial statements which provide details regarding complaint filed by Directorate of Intelligence and Investigation, Inland Revenue, Karachi with the Court of Special Judge (Customs, Taxation and Anti-Smuggling), Karachi, (Trial Court) against the Company and its Directors alleging tax evasion. Later the Company has filed constitution petitions in its defense in the High Court. FBR issued notices to audit the tax years 2018 and 2019 upon written request of Directorate (I & I). FBR has finalized audit of the tax years 2018 and 2019 and issued further notices under section 111(1) and 122(9).
3. Note 7.1 and 9.1.8 to the unconsolidated condensed interim financial statements which provide details regarding reprofiling of the financing facilities with National Bank of Pakistan.

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BDO Ebrahim & Co. Chartered Accountants

BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.



**Other Matter**

The figures for the quarters ended December 31, 2021 and December 31, 2020 in the interim statement of profit or loss and interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

KARACHI

DATED: 28 FEB 2022

UDIN: RR202110067GQzHK0AxI

  
CHARTERED ACCOUNTANTS  
Engagement Partner: Zulfikar Ali Causer

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BDO Ebrahim & Co. Chartered Accountants

BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

**BURSHANE LPG (PAKISTAN) LIMITED  
UNCONSOLIDATED CONDENSED INTERIM  
FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2021**

**BURSHANE LPG (PAKISTAN) LIMITED**  
**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2021**

		(Un-audited) December 31, 2021	(Audited) June 30, 2021
	Note	(Rupees in '000)	
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	798,750	807,389
Intangible assets		274,434	279,493
Long-term investment		50,000	50,000
Long-term loans		136	353
Long-term deposit		3,174	3,174
		<u>1,126,494</u>	<u>1,140,409</u>
<b>CURRENT ASSETS</b>			
Stores and spares - net		2,739	3,873
Stock-in-trade		124,429	19,134
Trade debts		94,846	87,665
Loans and advances		71,290	72,027
Deposits, prepayments and other receivables		146,024	141,652
Taxation - net		106,773	106,961
Cash and bank balances		109,663	92,822
		<u>655,764</u>	<u>524,134</u>
<b>TOTAL ASSETS</b>		<u>1,782,258</u>	<u>1,664,543</u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital			
90,000,000 (June 30, 2021: 90,000,000) ordinary shares of Rs10/-each		900,000	900,000
Issued, subscribed and paid-up capital			
22,488,890 ordinary share of Rs. 10/-each		224,888	224,888
Capital reserve			
Revaluation surplus of property		336,415	336,415
Other reserves		124,453	117,235
Revenue reserves		(88,426)	(101,971)
		<u>597,330</u>	<u>576,567</u>
<b>NON-CURRENT LIABILITIES</b>			
Long-term loan	7	-	-
Lease liabilities	8	2,296	9,942
Deferred taxation - net		16,241	18,368
Cylinder and regulator deposits		458,260	438,262
		<u>476,797</u>	<u>466,572</u>
<b>CURRENT LIABILITIES</b>			
Loan from a subsidiary company		50,000	50,000
Trade and other payables		115,877	108,026
Accrued mark-up on long - term loan		131,083	119,392
Un-claimed dividend		83,198	83,198
Short - term loan	6	67,000	-
Current portion of long - term loan	7	254,439	254,439
Current portion of lease liabilities	8	6,534	6,349
		<u>708,131</u>	<u>621,404</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>1,782,258</u>	<u>1,664,543</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	9		

The annexed notes from 1 to 14 form an integral part of these unconsolidated condensed interim financial statements.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR



**BURSHANE LPG (PAKISTAN) LIMITED**  
**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2021**

Note	Quarter ended		Half year ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	(Rupees in '000)			
Gross sales	1,380,827	805,161	2,296,254	1,459,628
Sales tax	(184,581)	(125,306)	(316,508)	(227,728)
Sales - net	1,196,246	679,855	1,979,746	1,231,900
Cost of sales	(1,140,512)	(659,987)	(1,867,260)	(1,195,005)
Gross profit	55,734	19,868	112,486	36,895
Administrative expenses	(27,601)	(37,824)	(56,285)	(69,451)
Distribution and marketing expenses	(16,588)	(18,189)	(33,930)	(34,006)
Other income	11,642	(47,886)	12,602	11,437
Other operating expenses	(3,875)	(3,569)	(5,283)	(4,908)
Operating profit / (loss)	19,311	(87,600)	29,590	(60,033)
Finance costs	(9,896)	(6,429)	(16,139)	(13,308)
Profit / (loss) before taxation	9,415	(94,029)	13,451	(73,341)
Taxation	2,053	38,746	94	37,366
Net profit / (loss) for the period	11,468	(55,283)	13,545	(35,975)
Earnings / (loss) per share - basic and diluted (Rs.)	0.51	(2.46)	0.60	(1.60)

The annexed notes from 1 to 14 form an integral part of these unconsolidated condensed interim financial statements.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

**BURSHANE LPG (PAKISTAN) LIMITED**  
**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2021**

	Quarter ended		Half year ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	(Rupees in '000)			
<b>Net profit / (loss) for the period</b>	11,468	(55,283)	13,545	(35,975)
<b>Other comprehensive income for the period</b>				
Items that will not be reclassified subsequently to profit or loss:				
Actuarial gain on remeasurement of retirement and other service benefits	10,166	15,490	10,166	15,490
Less: Taxation thereon	(2,948)	(3,694)	(2,948)	(3,694)
	7,218	11,796	7,218	11,796
<b>Total comprehensive income / (loss) for the period</b>	18,686	(43,487)	20,763	(24,179)

The annexed notes from 1 to 14 form an integral part of these unconsolidated condensed interim financial statements.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR



**BURSHANE LPG (PAKISTAN) LIMITED**  
**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2021**

	Half year ended	
	December 31, 2021	December 31, 2020
	----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit / (loss) before taxation	13,451	(73,341)
<b>Adjustments for:</b>		
Depreciation	22,015	21,458
Amortisation	5,059	36,142
Allowance for expected credit losses	552	1,465
Retirement and other service benefits	3,841	8,651
Finance costs	16,139	13,308
Gain on sale of assets	(2,274)	-
Profit on saving accounts	(490)	(1,646)
Liability for cylinder deposits written back	(7,876)	(7,942)
	36,966	71,436
<b>(Increase) / decrease in current assets</b>		
Stores and spares - net	1,134	(1,319)
Stock-in-trade	(105,295)	(60,589)
Trade debts	(7,734)	(39,920)
Loans and advances	737	(7,760)
Deposits, prepayments and other receivables	(3,255)	(34,268)
	(114,413)	(143,856)
<b>Increase in current liabilities</b>		
Trade and other payables - net	15,614	58,295
<b>Cash used in operations</b>		
Finance costs paid	(48,382)	(87,466)
Taxes paid	(4,448)	(571)
Long term loans - net	(3,138)	(17,090)
Retirement and other service benefits paid	217	128
Cylinder and regulator deposits - net	(4,115)	(10,645)
Net cash used in operating activities	27,874	24,287
	(31,992)	(91,357)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of operating fixed assets	(14,290)	(9,097)
Refinery signature bonus	-	(49,600)
Proceeds from sale of fixed assets	3,094	-
Interest received	490	1,646
Net cash used in investing activities	(10,706)	(57,051)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Short term loan received	187,000	-
Short term loan paid	(120,000)	-
Repayment of lease liabilities	(7,461)	(3,669)
Net cash generated from / (used in) financing activities	59,539	(3,669)
Net increase / (decrease) in cash and cash equivalents	16,841	(152,078)
Cash and cash equivalents at beginning of the period	92,822	265,197
Cash and cash equivalents at end of the period	109,663	113,119

The annexed notes from 1 to 14 form an integral part of these unconsolidated condensed interim financial statements.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

**BURSHANE LPG (PAKISTAN) LIMITED**  
**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2021**

	Capital Reserves				Revenue Reserves			Total	
	Issued, subscribed & paid-up capital	Reserve on amalgamation	Revaluation surplus of property	Actuarial (loss) / gain on remeasurement of retirement and other service benefits	Sub total	General Reserve	Accumulated loss		Sub total
</									

The annexed notes from 1 to 14 form an integral part of these unconsolidated condensed interim financial statements.

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR

**BURSHANE LPG (PAKISTAN) LIMITED**  
**NOTES TO THE UNCONSOLIDATED CONDENSED**  
**INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2021**

**1 LEGAL STATUS AND OPERATIONS**

- 1.1 Burshane LPG (Pakistan) Limited (the Company) is a limited liability company incorporated in Pakistan and is listed on the Pakistan Stock Exchange. The registered office of the Company is situated at Suite 101, 1st Floor, Horizon Vista, Plot No. Commercial-10, Block-4, Scheme No. 5, Clifton, Karachi.

The principal activity of the Company is storing and marketing of Liquefied Petroleum Gas (LPG) throughout Pakistan and also include trading of Low Pressure Regulators (LPR).

- 1.2 These unconsolidated condensed interim financial statements is separate financial statements of the Company in which investment in subsidiary is accounted for on the basis of direct equity interest and is not consolidated or accounted for using equity method.

During the year 2014, the Company entered into a scheme of arrangement for amalgamation (scheme) of H.A.K.S Trading (Private) Limited (HTPL) and the Company. Under the scheme, 0.31 ordinary shares of the Company with a face value of Rs.10 each will be offered to the shareholders of HTPL for every one share of HTPL with a face value of Rs.10 each. The scheme was approved and adopted, subject to sanction by the Honourable High Court of Sindh (the Court), in the Extra Ordinary General Meeting of the shareholders of the Company held on September 03, 2014. The Court has granted approval of the scheme on February 20, 2015 which will become effective / operative once filed with the Securities and Exchange Commission of Pakistan (SECP).

**2 BASIS OF PREPARATION**

**2.1 Statement of compliance**

These unconsolidated condensed interim financial statements are un-audited but subject to limited scope review by the statutory auditors as required under Section 237 of the Companies Act, 2017. These unconsolidated condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2021.



These unconsolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting which comprise of International Accounting Standard (IAS) 34 - 'Interim Financial Reporting', issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirement of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

The figures of the unconsolidated condensed interim statement of profit or loss and unconsolidated condensed interim statement of comprehensive income for the quarters ended December 31, 2021 and December 31, 2020 and notes forming part thereof have not been reviewed by the statutory auditors of the Company, as they are required to review only the cumulative figures for the half year ended December 31, 2021 and December 31, 2020.

## **2.2 Basis of measurement**

These unconsolidated condensed interim financial statements has been prepared under the historical cost convention, except leasehold and freehold land which are recognized at revalued amount and lease liabilities and certain retirement benefits which are recognized at present values. These unconsolidated condensed interim financial statements has been prepared following accrual basis of accounting except for cash flow information.

## **2.3 Functional and presentation currency**

These unconsolidated condensed interim financial statements has been presented in Pak Rupees, which is the functional and presentation currency of the Company.

## **3 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted and methods of computation followed in the preparation of these unconsolidated condensed interim financial statements are same as those for the preceding annual financial statements for the year ended June 30, 2021.

The Company has adopted all the new standards and amendments to standards, including any consequential amendments to other standards which are applicable for the financial year beginning on July 1, 2021. The adoption of these new and amended standards did not have material impact on the Company's unconsolidated condensed interim financial statements.

			(Un-audited) December 31, 2021	(Audited) June 30, 2021
	Note		----- (Rupees in '000) -----	
<b>5.2 Right-of-use assets</b>				
Balance at the beginning of the period / year			13,455	22,852
Impact of lease modification			-	(1,632)
			13,455	21,220
Depreciation charged during the period / year			(3,612)	(7,765)
Balance at the end of the period / year			9,843	13,455
The right to use assets comprises of premises acquired on lease by the Company for its operations.				
<b>6 SHORT TERM LOAN</b>				
Related party - unsecured				
Burshane petroleum (Private) Limited	6.1		67,000	-
			67,000	-
6.1	The loan was obtained from Burshane petroleum (Private) Limited amounting to Rs. 187 million for purchase of LPG. During the period loan amounting to Rs. 120 million was repaid. It carries rate of return 50% of the profit earned by the Company on sale of LPG purchased, in case of loss then KIBOR + 1%.			
<b>7 LONG-TERM LOAN</b>				
Secured				
National Bank of Pakistan (NBP)	7.1		254,439	254,439
Current maturity of long-term loan			(254,439)	(254,439)
			-	-
7.1	As a result of the Scheme referred to in note 7 to the audited financial statements for the year ended June 30, 2021, long-term finance obtained, under conventional banking terms, by HTPL had been transferred to the Company at the time of amalgamation. The loan was obtained as a demand finance facility under the agreement dated April 08, 2013 from NBP and is repayable in 9 semi-annual installments of Rs. 44.444 million latest by April 01, 2018 with a grace period of six months from the date of the drawdown.			

The loan carries mark-up at rate of 6 months KIBOR plus 2.5% to 6% per annum. This loan is secured by way of mortgage on leasehold land and charge on the Company's present and future current and fixed assets as well as personal guarantees of Directors of the Company. In previous years, the Company negotiated several different offer letters from NBP. Subsequent to the period end, on January 06, 2022, the Company received a revised proposal for the restructuring of loan from NBP via offer letter No. NBP/ARG/ARW(S)/BLPL/2022/08. As per the aforementioned letter, the long-term loan and accrued mark-up on long-term loan are termed as Demand Finance-I and Demand Finance-II. In respect of Demand Finance - I, the Company was required to make a principal down payment of Rs. 25.44 million and the balance of Rs. 75 million to be re-paid in 20 quarterly installments starting from September 30, 2022 with a grace period of 1 year from the date of the drawdown. The facility carries mark-up at the rate of 3 months KIBOR + 2%, which will also be payable during the grace period.

In respect of Demand Finance - II, the Company required to make a principal down payment of Rs. 10.59 million and the balance of Rs. 95.29 million to be re-paid in 20 quarterly installments starting from September 30, 2022.

All the legal formalities are fulfilled and management is awaited for the final agreement from NBP.

		(Un-audited) December 31, 2021 ----- (Rupees in '000) -----	(Audited) June 30, 2021
<b>8</b>	<b>LEASE LIABILITIES</b>		
	Total lease liabilities	8,830	16,291
	Current maturity of lease liabilities	(6,534)	(6,349)
		<u>2,296</u>	<u>9,942</u>
<b>8.1</b>	<b>Reconciliation of total lease liabilities:</b>		
	Balance at the beginning of the period / year	16,291	22,625
	Impact of lease modification	-	(1,632)
	Finance cost during the period / year	-	3,013
	Payments / Adjustment during the period / year	(7,461)	(7,715)
	Balance at the end of the period / year	<u>8,830</u>	<u>16,291</u>
<b>8.2</b>	<b>Maturity analysis-contractual undiscounted cashflow</b>		
	Within one year	6,534	6,349
	Later than one year but not later than five years	2,296	9,942
	More than five years	-	-
	Total undiscounted lease liability	<u>8,830</u>	<u>16,291</u>
<b>8.3</b>	When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate 17.06% per annum.		



## **9 CONTINGENCIES AND COMMITMENTS**

### **9.1 Contingencies**

9.1.1 Claims not acknowledged as debt by the Company as at December 31, 2021 amounted to Rs. 0.516 million (June 30, 2021: Rs. 1.68 million).

9.1.2 The Company was contesting an appeal before Honorable Appellate Tribunal Inland Revenue in relation to sales tax demand of Rs. 13.73 million as modified by the order of Commissioner (Appeals). The aforesaid demand was raised in pursuance to sales tax audit for tax periods from July 2009 to June 2010. The Honorable Appellate Tribunal has remanded back to the Commissioner (Appeal) who has further remanded back to the assessing officer for re-assessment. The Department has not yet re-adjudicated the matter. Barred by time limitation, it appears that the department may not be able to re-adjudicate the matter now onwards.

9.1.3 On March 25, 2019, the Company received a show cause notice confronting under section 8B of Sales Tax Act, 1990, raising sales tax demand amounting to Rs. 37.28 million along with the levy of penalty for tax periods from August 2011 to May 2015. The Company responded to such notice vide the tax advisor's letter No. KST-AA-1091 dated April 8, 2019.

During 2019, the tax authorities issued Order dated July 24, 2019 confronting under 8B of the Sales Tax Act, 1990, raising sales tax demand of Rs. 37.28 million along with penalty and default surcharge for the period from August 2011 to May 2015. Against the Order, the Company has filed appeal before Commissioner Inland Revenue (Appeals-I), Large Taxpayers Unit, Karachi on August 22, 2019 who vide order dated November 18, 2019 vacated the whole principal amount of sales tax Rs. 37.28. However, the liability on account of default surcharge amounting to Rs. 3.17 million and penalty restricted at Rs. 0.5 million was maintained. The Order of the Commissioner Inland Revenue (Appeals-I), Large Taxpayers Unit, has been challenged before the Appellate Tribunal Inland Revenue, Karachi by Commissioner Inland Revenue, Zone IV, Large Taxpayers, Unit which is pending for hearing.

9.1.4 For the tax year 2016, a notice dated June 25, 2018 was issued to the Company to provide certain information / details for audit proceedings. The notice was duly complied.

Show cause notice dated June 13, 2019 was issued to amend assessment u/s 122(9) read with section 214C of the Income Tax Ordinance, 2001 which was duly responded on all the points. Subsequently, order dated August 29, 2019 passed by the DCIR raising null tax demand due to applicability of minimum tax.

The Company filed appeal to the Commissioner (Appeals) against the aforesaid order dated August 29, 2019. The said appeal was heard and order passed wherein the Commissioner (Appeals) has confirmed the certain additions made by the DCIR, whereas, he has annulled / deleted certain additions i.e. (rent, advertising expenses and financial charges - profit on debt) as such. Further, the Commissioner (Appeals) has also directed the Officer to allow credit of actual taxes paid of Rs. 23.45 million subject to due verification. Appeal effect under section 124 to be filed.

- 9.1.5 Monitoring of WHT was conducted by the DCIR by issuing a notice under section 176 dated March 28, 2018 which was duly responded. Thereafter, a show-cause notice dated February 13, 2019 was issued under section 161(1A) confronting on non-withholding of taxes on certain payments. Response was duly filed and accordingly order dated March 15, 2019 was passed under section 161 / 205 by the ACIR wherein the total tax demand of Rs. 2.05 million was raised which comprised the defaulted amount of Rs. 1.552 million; default surcharge of Rs. 0.49 million.

Against the Order, the Company filed an appeal before the Commissioner (Appeals-I) which was heard and appellate order passed dated May 15, 2019 wherein Commissioner (Appeals-I) remanded back the Order of DCIR with the directions to verify supporting documentary evidences in respect of expenses claimed to be furnished by appellant company within seven days time. Following the underlying directions of Commissioner (Appeals-I) the Company has filed the details of expenses / payments in question vide our letter no. KT-AA-3707 dated May 22, 2019 to the DCIR for onward proceedings.

- 9.1.6 An inspection order dated August 04, 2020 under Section 221 of Companies Act, 2017 was issued by SECP against complaint received by the Commission wherein it was alleged that the CEO and Director Finance of the Company are involved in financial irregularities of the Companies Act, 2017, which include advance made to Roots International Brands Private Limited (RIBS), an associate company, and that the bank account was being used for illegal activities by CEO and Company's Director Finance who appears to have concealed the existence of such financial transactions.

On the conclusion of inspection, a report has been issued on October 23, 2020 mentioning cognizance of offences under sections 204, 199(1), 199(2), 183(2), CEO and Director Finance of the Company, during the period July 1, 2018 to June 30, 2020 and suggested that they are liable with regard to all the above non-compliances as the Board of Directors did not discuss or approve transactions with RIBS until June 26, 2020 and the predecessor auditors are liable for proceedings to be initiated under section 249 read with section 253 of the Act as they failed to highlight lack of disclosure of transactions with RIBS in notes to the financial statements for year ended June 30, 2019 especially in related parties note as required under IAS 24. The Auditor also failed to highlight the unsecured interest free loans extended without any agreement to a related party i.e., RIBS before June 03, 2019.

The Company has provided the comments on findings to SECP, that the non-compliance was not intentional but was omission by mistake. The Company had advanced certain amount to RIBS, However, the Company has received all the monies back with mark up and therefore there is no financial loss to the company. The Board has subsequently ratified all these transactions with RIBS, and therefore to an extent the non-compliance has been addressed. It was merely an oversight of SECP compliance regulations. It has further been resolved in the Board that extra care shall be taken in future to ensure that non-compliance should not takes place.



In this regard, SECP has issued hearing notice dated February 01, 2022 for which Company has filed extension request due to availability of Company's Directors of that day, the next date of hearing is March 02, 2022.

- 9.1.7 On August 31, 2020, Directorate of Intelligence and Investigation, Inland Revenue, Karachi filed a Complaint with the Court of Special Judge (Customs, Taxation and Anti-Smuggling), Karachi, (Trial Court) against the Company and its Directors alleging tax evasion to the extent of Rs. 1.78 billion. On September 21, 2020, the Trial Court passed two orders in Case No 945/2020, one of which was issuance of arrest warrants for four Directors of the Company and in the second order authorized the Complainant to put freeze on Company's nine bank accounts for 90 days.

The Company filed a Constitutional Petition (CP-I) of No 4602 dated September 23, 2020, against the Trial Court's order of freezing the Company's nine bank accounts in the High Court. In yet another CP, the Company obtained protective bail from the High Court followed by bail from the Trial Court which was confirmed subsequently on October 22, 2020. After the last hearing in December 2020. The case is still in progress and the High Court has given next date of hearing on May 19, 2022. The Company has also filed a Constitutional Petition (CP-II) No 5162 on October 19, 2020, challenging the Jurisdiction of the Complaint no. 945/2020 in the Court of Special Judge (Customs, Taxation and Anti-Smuggling). The CP-II was taken up on October 23, 2020 in which the High Court has asked the respondents to file their comments on this case but since its inception in October 2020, the Complainant and all other respondents have not yet filed any comment. In the very first hearing the High Court has restrained the respondents which includes the Trial Court, not to take any further coercive action against the Petitioners.

The Company's plea of challenging the jurisdiction is remarkably supported by the case laws hence, the respondents are not filing their comments in the High Court and are trying to continue prosecution in the Trial Court. However, in the last hearing, the High Court has warned the respondents that if they fail to file their comments, he would restrain the Trial Court to stop its proceedings on the case till disposition of our CP-II in the High Court. The case is still in progress and the High Court has given next date of hearing as March 10, 2022.

In the hearing of February 20, 2021, the Trial Court, discussed in detail on jurisdiction of the case and the Complainant was unable to satisfy the Trial Court as to why this case should not be first transferred to Income Tax Department to assess the tax liability, as currently there is no default on part of the Company or there is no demand ascertained by the Income Tax Department on the Company and therefore no offence has been committed by the Company or its Directors and management. The Company has filed an application challenging Jurisdiction of the Special Court for Customs and Anti Smuggling, to deal this case. The Trial Court has given next date of hearing as April 04, 2022 in which the matter pertaining to Jurisdiction of the Court would be heard.

Directorate I & I (Inland Revenue) had already written to the Income Tax department, in November 2020, to take up the matter of tax evasion and the Income Tax department subsequently issued notices for the same for various years as stated in the below paragraph. This fact / action was not disclosed by Directorate I & I (Inland Revenue) either to the Trial Court, even at the time when the Court asked them as to why this case should not be dealt by the Income Tax department first, or the High Court and in that manner it is concealment on their part of a material fact. The Income Tax Department is auditing the books of the Company for the years 2018 and 2019 and so far no material audit observation has been pointed out by the Tax Department. Management asserts, based on advice of legal counsel that the case shall be ultimately decided in favor of the Company.

The Director of Intelligence & Investigation, Inland Revenue had appeared on TV in Kamran Khan's News show on September 23, 2020, and there he discussed the case in a manner whereby Company's reputation was damaged. He tried to conduct a media trial of the Company and its Directors. Additionally, the Director of Intelligence and Investigation, Inland Revenue also disclosed our tax and assets details, hence breached privacy and confidentiality laws. The Company has filed a law suit for damages against the Director General, the Director of South Region and the Deputy Director, (the Complainant) of the Directorate of I&I, Inland Revenue for a sum of Rs. 1 billion. The case is under hearing.

On February 10, 2021 the Company received notices under section 177(1) of Income Tax Ordinance, 2001 regarding audit for tax years 2018 and 2019. The Company replied and submitted relevant details and documents timely through various letters to FBR. However, the Company has received further notices under section 111(1) and 122(9) on December 31, 2021 after completion of audits for the above mentioned tax years, which have been responded with available information and the Company has obtained extension for submission of remaining information.

- 9.1.8 National Bank of Pakistan has filed Suit No. B-07 of 2021 on April 02, 2021 under section 9 of the Financial Institutions (Recovery of Finances) Ordinance, 2001 for recovery of Rs. 322.99 million along with liquidated damages, cost of funds, charges, costs till the realization of the whole amount by National Bank of Pakistan before the Hon'ble High Court of Sindh. Application for leave to defend under section 10 of the Financial Institutions (Recovery of Finances) Ordinance, 2001 has been filed. However, subsequent to the period end, the Company has received a revised proposal for debt reprofiling / restructuring from NBP which has also been accepted by management of the Company. Based on the reprofiling of the debt, subject case will be decreed and closed amicably.
- 9.1.9 The captioned Spl: STRA is filed by the Commissioner Inland Revenue, Zone-IV, Large Taxpayers Unit Karachi in the High Court of Sindh at Karachi. On 28 September 2018, tax authorities levied sales tax under section 8B of Sales Tax Act, 1990, raising sales tax demand along with the levy of penalty aggregating to Rs.7.898 million for tax periods from April 2018 to May 2018.



Against the Order, the Company filed appeal before Commissioner (Appeals-I), Karachi, who vide Order dated 31 October 2018 vacated the whole principal amount of sales tax of Rs.7.668 million. However, the liability on account of default surcharge and penalty was maintained.

The Order of the Commissioner (Appeal) was challenged before the Hon'ble Appellate Tribunal Inland Revenue, Karachi who vide Order dated 28 August 2019 reduced the substantial amount of default surcharge to Rs.0.156 million and maintained the amount of penalty Rs.0.230 million. The Company has paid the reduced amount of default surcharge and penalty without pursuing the matter further.

- 9.1.10 The Spl: STRA has been filed by the Commissioner Inland Revenue, Zone-IV, Large Taxpayers Unit Karachi in the High Court of Sindh at Karachi. During the year ended 30 June 2018, tax authorities issued Order dated 25 May 2018 and charged sales tax under section 8B of Sales Tax Act, 1990, raising sales tax demand and imposing penalties aggregating to Rs.133.109 million and also default surcharge for tax periods from July 2014 to March 2018. Against the said Order, the Company filed appeal before Commissioner (Appeals-I), Karachi who vide Order dated 3rd July, 2018 vacated the whole principal amount of sales tax of Rs.65.570 million and reduced the imposition of penalties from Rs.67.538 million to Rs.500,000/- only. However, the liability on account of default surcharge was maintained.

The Order of the Commissioner (Appeal) was challenged before the Hon'ble Appellate Tribunal Inland Revenue, Karachi who vide Order dated August 28, 2019 reduced the substantial amount of default surcharge to Rs.1.336 million and maintained the amount of penalty Rs.0.500 million. The Company has paid the reduced amount of default surcharge and penalty without pursuing the matter before the High Court.

- 9.1.11 The Company has filed Spl. FED Ref. Application before the Hon'ble High Court of Sindh against the Appellate order dated 02.04.2012 of the Appellate Tribunal IR. The tax authorities at Large Taxpayers Office established a demand towards Federal Excise Duty (FED) on the payment of license fee paid/payable by the company in relation with the software / IT services acquired from the non-resident parent company under the tariff heading "franchise service" as per First Schedule to Federal Excise Act, 2005. At that time, Burshane LPG (Pakistan) Limited was a subsidiary of Shell Group, operating under the name of Shell LPG Pakistan Limited. The scope of services under the head 'franchise services' was not clear when the Federal Excise Act was promulgated in the year 2005 and then the jurisdictional issues also made the matter more complicated when the franchise services were subjected to Provincial sales tax by promulgation of Sindh Sales Tax on Services Act, 2011 effective July 01, 2011.

Software licensing does not fall under the service classification "franchise services" and this aspect has been settled at the Appellate Tribunal level in reported judgments, also. Hence, the Company has a strong arguable case to defend its position that the impugned demand of FED may not be warranted and next hearing date is March 01, 2022.

9.1.12 On July 31, 2015, the Company received a show cause notice under Punjab Rented Premises Act, 2009, by the landlords of the property measuring 51-Kanals-03-Marlas, or thereabouts bearing Square No. 94, Killa no. 1, 2, 3, 4, 5, 6 & 7, tehsil Faisalabad, near Abbaspur railway station. The Company uses this land for LPG storage and filling plant of Faisalabad. The landlords filed an ejectment petition against the Company and the Company has filed defending argument in the rent tribunal Faisalabad and case is under hearing stage.

	(Un-audited) December 31, 2021 ----- (Rupees in '000) -----	(Audited) June 30, 2021 ----- (Rupees in '000) -----
9.2 Commitments		
Post-dated cheques	516	1,677

	Quarter ended		Half year ended	
	December 31, 2021 Un-audited	December 31, 2020 Un-audited	December 31, 2021 Un-audited	December 31, 2020 Un-audited
	Rupees in 000's			
10 TAXATION				
Current	(3,021)	(1,724)	(4,980)	(3,104)
Prior	-	66,361	-	66,361
Deferred	5,074	(25,891)	5,074	(25,891)
	2,053	38,746	94	37,366

## 11 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

11.1 The related parties include the former holding company, subsidiary company, staff retirement benefit / contribution plans, associated companies / other related parties, Directors and other Key Management Personnel. All transactions with related parties are entered into at agreed terms duly approved by the Board of Directors of the Company.

11.2 Details of transactions with related parties during the period, other than those which have been disclosed elsewhere in these unconsolidated condensed interim financial statements, are as follows:

### 11.2.1 Transaction with related parties

Nature of relationship	Nature of transactions	Half year ended	
		December 31, 2021 ----- (Rupees in '000) ----- (Un-audited)	December 31, 2020
Subsidiary			
Burshane Auto Gas (Private) Limited	Expenses incurred on behalf of the Company	212	-
	Received against expense	189	-

		Half year ended	
		December 31, 2021	December 31, 2020
		----- (Rupees in '000) -----	
		(Un-audited)	
<b>Staff Retirement Benefit / Contribution Plans</b>			
Burshane LPG (Pakistan) Limited:			
Provident Fund	Company's contribution for the period	1,388	1,396
	Loan received during the period	1,000	-
	Loan paid during the period	1,000	-
Gratuity Fund	Company's contribution for the period	855	485
Pension Fund	Company's contribution for the period	1,598	6,770
<b>Associated Companies / Other Related Parties</b>			
AAK Commodities (Private) Limited			
[Formerly Alsaa & AAK Commodities (Private) Limited]	Receivable against expenses	-	209
Burshane Petroleum (Private) Limited			
[Formerly Darian International (Private) Limited]	Short term loan - received	187,000	-
	Short term loan - paid	120,000	-
	Finance cost paid	2,309	-
	Received against expense	-	500
A & S Corporation (Private) Limited	Receivable against expenses	-	75
<b>Key management personnel</b>			
Chief Executive Officer	Managerial remuneration and other benefits	13,662	13,662
	Contribution to retirement and other service benefits	581	581
	Advance given against salary	500	-
Executive Directors	Managerial remuneration and other benefits	6,445	7,632
	Advance given against salary	716	-
	Medical reimbursements	313	282
Directors	Fee for attending meetings	2,000	1,700

### 11.2.2 Balances with related parties

Balances with related parties as at the period / year end, other than those which have been disclosed elsewhere in this unconsolidated condensed interim financial statements, are as follows:

		(Un-audited) December 31, 2021	(Audited) June 30, 2021
		----- (Rupees in '000) -----	
Nature of relationship	Nature of balances		
<b>Subsidiary</b>			
Burshane Auto Gas (Private) Limited	Investment in a subsidiary company	50,000	50,000
	Loan payable to a subsidiary company	50,000	50,000
<b>Staff Retirement Benefit / Contribution Plans</b>			
Burshane LPG (Pakistan) Limited:			
Pension Fund	Payable to Pension Fund	4,577	14,483
Provident Fund	Receivable to Provident Fund	19	-
Gratuity Fund	Receivable to Gratuity Fund	3,020	1,098



		(Un-audited)	(Audited)
		December 31,	June 30,
		2021	2021
		----- (Rupees in '000) -----	
Nature of relationship	Nature of balances		
Associated Companies / Other Related Parties			
Burshane Petroleum (Private) Limited [Formerly Darian International (Private) Limited]	Receivable against use of name "Burshane"	9,000	9,000
	Payable against short term loan	67,000	-
Key management personnel	Advance to Chief Executive Officer	500	787
	Advance to Director Finance	716	-

11.2.3 Following are the related parties with whom the Company had entered into transactions or has arrangement / agreement in place:

Name	Basis of relationship	% of shareholding in the Company
H.A.K.S. Trading (Private) Limited	Former Holding Company	Nil
Burshane Auto Gas (Private) Limited	Subsidiary Company	100
Burshane Trading (Private) Limited	Subsidiary Company	100
AAK Commodities (Private) Limited [Formerly Alsaa & AAK Commodities (Private) Limited]	Common directorship	Nil
A & S Corporation (Private) Limited	Common directorship	Nil
Norinco International Thatta (Private) Limited	Common directorship	Nil
AN Energy (Private) Limited	Common directorship	Nil
AN Developers (Private) Limited	Common directorship	Nil
Burshane Petroleum (Private) Limited [Formerly Darian International (Private) Limited]	Common directorship	Nil
Burshane LPG (Pakistan) Limited:		
Gratuity Fund	Staff Retirement Benefit Plan	Nil
Pension Fund	Staff Retirement Contribution Plan	Nil
Provident Fund	Staff Retirement Benefit Plan	Nil

## 12 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

## 12.1 Fair value of hierarchy

Fair value is the amount for which an asset could be exchanged, or a liability can be settled, between knowledgeable willing parties in an arm's length transaction. As of the reporting date, the Company's all assets and liabilities are carried at amortised cost except for those mentioned below:

The Company's freehold land and leasehold land are stated at revalued amounts, being the fair value at the date of revaluation, less any subsequent impairment losses, if any. The fair value measurement of the Company's free hold land and lease hold land as at June 26, 2020 was carried out by M/s. Luckyhiya Associate (Private) Limited.

The valuation techniques and inputs used to develop fair value measurement of aforementioned assets are as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities;

Level 2: Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: Those whose inputs for the asset or liability that are not based on observable market date (unobservable inputs).

There were no transfers between level 1, 2 or 3 of the fair value hierarchy during the period.

Details of fair value hierarchy and information relating to fair value of the Company's freehold land and leasehold land are as follows:

Fair value measurement using				
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
December 31, 2021 (Un-audited):				
Assets measured at fair value				
Property, plant and equipment				
Freehold land	-	16,500	-	16,500
Leasehold land	-	569,288	-	569,288
	-	585,788	-	585,788
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
June 30, 2021 (Audited):				
Assets measured at fair value				
Property, plant and equipment				
Freehold land	-	16,500	-	16,500
Leasehold land	-	569,288	-	569,288
	-	585,788	-	585,788

**13 DATE OF AUTHORIZATION FOR ISSUE**

These unconsolidated condensed interim financial statements were authorised for issue on  
28 FEB 2022 by the Board of Directors of the Company.

**14 GENERAL**

14.1 Figures have been rounded off to the nearest thousands.

14.2 Certain corresponding figures have been reclassified for better presentation.

  
**CHIEF EXECUTIVE OFFICER**

  
**CHIEF FINANCIAL OFFICER**

  
**DIRECTOR**

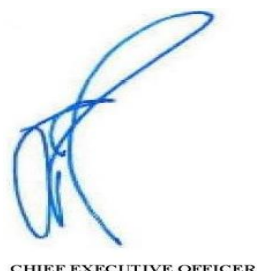


**BURSHANE LPG (PAKISTAN) LIMITED  
CONSOLIDATED CONDENSED INTERIM  
FINANCIAL INFORMATION (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2021**

**BURSHANE LPG (PAKISTAN) LIMITED**  
**CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2021**

		(Un-audited) December 31, 2021	(Audited) June 30, 2021
	Note	----- (Rupees in '000) -----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	798,750	807,389
Intangible assets		274,434	279,493
Long-term loans		136	353
Long-term deposit		3,174	3,174
		1,076,494	1,090,409
CURRENT ASSETS			
Stores and spares - net		2,739	3,873
Stock-in-trade		124,429	19,134
Trade debts		94,846	87,665
Loans and advances		71,290	72,027
Deposits, prepayments and other receivables		145,815	141,646
Taxation - net		106,809	106,990
Cash and bank balances		110,288	93,623
		656,216	524,958
TOTAL ASSETS		1,732,710	1,615,367
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
90,000,000 (June 30, 2021: 90,000,000) ordinary shares of Rs10/-each		900,000	900,000
Issued, subscribed and paid-up capital			
22,488,890 ordinary share of Rs. 10/-each		224,888	224,888
Capital reserve			
Revaluation surplus of property		336,415	336,415
Other reserves		124,459	117,241
Revenue reserves		(87,980)	(101,508)
		597,782	577,036
NON-CURRENT LIABILITIES			
Long-term loan	7	-	-
Lease liabilities	8	2,296	9,942
Deferred taxation - net		16,241	18,367
Cylinder and regulator deposits		458,260	438,262
		476,797	466,571
CURRENT LIABILITIES			
Trade and other payables		115,877	108,382
Accrued mark-up on long - term loan		131,083	119,392
Un-claimed dividend		83,198	83,198
Short - term loan	6	67,000	-
Current portion of long - term loan	7	254,439	254,439
Current portion of lease liabilities	8	6,534	6,349
		658,131	571,760
TOTAL EQUITY AND LIABILITIES		1,732,710	1,615,367
CONTINGENCIES AND COMMITMENTS			
	9		

The annexed notes from 1 to 14 form an integral part of these consolidated condensed interim financial statements.



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER

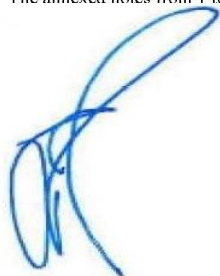


DIRECTOR

**BURSHANE LPG (PAKISTAN) LIMITED**  
**CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2021**

	Quarter ended		Half year ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Note	(Rupees in '000)			
Gross sales	1,380,827	805,161	2,296,254	1,459,628
Sales tax	(184,581)	(125,306)	(316,508)	(227,728)
Sales - net	1,196,246	679,855	1,979,746	1,231,900
Cost of sales	(1,140,512)	(659,987)	(1,867,260)	(1,195,005)
Gross profit	55,734	19,868	112,486	36,895
Administrative expenses	(27,635)	(37,824)	(56,319)	(69,451)
Distribution and marketing expenses	(16,588)	(18,189)	(33,930)	(34,006)
Other income	11,659	38	12,619	11,475
Other operating expenses	(3,875)	(3,569)	(5,283)	(4,908)
Operating profit / (loss)	19,294	(39,676)	29,573	(59,995)
Finance costs	(9,896)	(6,429)	(16,139)	(13,308)
Profit / (loss) before taxation	9,398	(46,105)	13,434	(73,303)
Taxation	2,053	35,970	94	37,355
Net profit / (loss) for the period	11,451	(10,135)	13,528	(35,948)
Earnings / (loss) per share - basic and diluted (Rs.)	0.51	(0.45)	0.60	(1.60)

The annexed notes from 1 to 14 form an integral part of these consolidated condensed interim financial statements.



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR

**BURSHANE LPG (PAKISTAN) LIMITED**  
**CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2021**

	Quarter ended		Half year ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	(Rupees in '000)			
Net profit / (loss) for the period	11,451	(10,135)	13,528	(35,948)
Other comprehensive income for the period				
Items that will not be reclassified subsequently to profit or loss:				
Actuarial gain on remeasurement of retirement and other service benefits	10,166	11,796	10,166	11,796
Less: Taxation thereon	(2,948)	(3,694)	(2,948)	(3,694)
	7,218	8,102	7,218	8,102
Total comprehensive income / (loss) for the period	18,669	(2,033)	20,746	(27,846)

The annexed notes from 1 to 14 form an integral part of these consolidated condensed interim financial statements.



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER

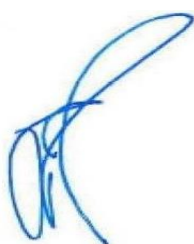


DIRECTOR

BURSHANE LPG (PAKISTAN) LIMITED  
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF YEAR ENDED DECEMBER 31, 2021

	Capital Reserves				Revenue Reserves				
	Issued, subscribed & paid-up capital	Reserve on amalgamation	Revaluation surplus of property	Actuarial (loss) / gain on remeasurement of retirement and other service benefits	Sub total	General Reserve	Accumulated loss	Sub total	Total
(Rupees in '000)									
Balance as at July 1, 2020 (Audited)	224,888	153,458	336,415	(43,382)	446,491	90,000	(71,629)	18,371	689,750
Loss for the period	-	-	-	-	-	-	(35,948)	(35,948)	(35,948)
Other comprehensive income for the year - net of tax	-	-	-	8,102	8,102	-	-	-	8,102
Total comprehensive loss for the period	-	-	-	8,102	8,102	-	(35,948)	(35,948)	(27,846)
Balance as at December 31, 2020 (Un-audited)	224,888	153,458	336,415	(35,280)	454,593	90,000	(107,577)	(17,577)	661,904
Balance as at July 1, 2021 (Audited)	224,888	153,458	336,415	(36,217)	453,656	90,000	(191,508)	(101,508)	577,036
Profit for the period	-	-	-	-	-	-	13,528	13,528	13,528
Other comprehensive income for the year - net of tax	-	-	-	7,218	7,218	-	-	-	7,218
Total comprehensive income for the period	-	-	-	7,218	7,218	-	13,528	13,528	20,746
Balance as at December 31, 2021 (Un-audited)	224,888	153,458	336,415	(28,999)	460,874	90,000	(177,980)	(87,980)	597,782

The annexed notes from 1 to 14 form an integral part of these consolidated condensed interim financial statements.



CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER



DIRECTOR

**BURSHANE LPG (PAKISTAN) LIMITED**  
**CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2021**

	Half year ended	
	December 31, 2021	December 31, 2020
	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit / (loss) before taxation	13,434	(73,303)
<b>Adjustments for:</b>		
Depreciation	22,015	21,458
Amortisation	5,059	36,142
Allowance for expected credit losses	552	1,465
Retirement and other service benefits	3,841	8,651
Finance costs	16,139	13,308
Gain on sale of assets	(2,274)	-
Profit on saving accounts	(490)	(1,684)
Liability for cylinder deposits written back	(7,876)	(7,942)
	36,966	71,398
<b>(Increase) / decrease in current assets</b>		
Stores and spares - net	1,134	(1,319)
Stock-in-trade	(105,295)	(60,589)
Trade debts	(7,734)	(39,920)
Loans and advances	737	(7,760)
Deposits, prepayments and other receivables	(3,052)	(34,268)
	(114,210)	(143,856)
<b>Increase in current liabilities</b>		
Trade and other payables - net	15,258	58,295
<b>Cash used in operations</b>	(48,552)	(87,466)
Finance costs paid	(4,448)	(571)
Taxes paid	(3,144)	(17,100)
Long term loans - net	217	128
Retirement and other service benefits paid	(4,115)	(10,645)
Cylinder and regulator deposits - net	27,874	24,287
Net cash used in operating activities	(32,168)	(91,367)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of operating fixed assets	(14,290)	(9,097)
Refinery signature bonus	-	(49,600)
Proceeds from sale of fixed assets	3,094	-
Interest received	490	1,684
Net cash used in investing activities	(10,706)	(57,014)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Short term loan received	187,000	-
Short term loan paid	(120,000)	-
Repayment of lease liabilities	(7,461)	(3,669)
Net cash generated from / (used in) financing activities	59,539	(3,669)
Net increase / (decrease) in cash and cash equivalents	16,665	(152,050)
Cash and cash equivalents at beginning of the period	93,623	266,636
Cash and cash equivalents at end of the period	110,288	114,586

The annexed notes from 1 to 14 form an integral part of these consolidated condensed interim financial statements.



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR

**BURSHANE LPG (PAKISTAN) LIMITED**  
**NOTES TO THE CONSOLIDATED CONDENSED INTERIM**  
**FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE HALF YEAR ENDED DECEMBER 31, 2021**

**1 LEGAL STATUS AND OPERATIONS OF THE GROUP**

The Group consists of Burshane LPG (Pakistan) Limited and its subsidiary companies i.e. Burshane Auto Gas (Private) Limited and Burshane Trading (Private) Limited.

**1.1 The Holding Company**

Burshane LPG (Pakistan) Limited (the Holding Company) is a limited liability company incorporated in Pakistan and is listed on the Pakistan Stock Exchange. The registered office of the Company is situated at Suite 101, 1st Floor, Horizon Vista, Plot No. Commercial-10, Block-4, Scheme No. 5, Clifton, Karachi.

The principal activity of the Company is storing and marketing of Liquefied Petroleum Gas (LPG) throughout Pakistan and also include trading of Low Pressure Regulators (LPR).

The Holding Company was a subsidiary of H.A.K.S. Trading (Private) Limited (HTPL). The major shareholder of HTPL was Mr. Asad Alam Niazi, Chief executive of the Holding Company, with 73.88% shareholding of the ordinary shares while various other shareholders held 26.12% shares. However, consequent to the approval of the scheme of arrangement for amalgamation of HTPL and the Company by the High Court of Sindh (the Court), HTPL was amalgamated with the Holding Company on February 20, 2015, as more fully explained in note 6 to the consolidated audited financial statements for the year ended June 30, 2020.

**1.2 Subsidiary Companies**

1.2.1 Burshane Auto Gas (Private) Limited (the Subsidiary Company) was incorporated on September 26, 2014 under the repealed Companies Ordinance, 1984, now Companies Act, 2017. The Subsidiary Company will mainly be engaged in opening and managing petrol pumps and Liquefied Petroleum Gas (LPG) outlets. The registered office of the Subsidiary Company is situated at Suit No.101, 1st Floor, Horizon Vista, Commercial - 10, Block 04, Clifton, Karachi. The Subsidiary Company has not commenced its operations and is in the start-up phase. the Holding Company holds 99.99% voting rights and is committed to provide financial support to the Subsidiary Company as and when required.

1.2.2 Burshane Trading (Private) Limited (BTPL) was incorporated on October 13, 2014 under the repealed Companies Ordinance, 1984, now Companies Act, 2017, for setting up trading operations particularly in coal and other No. Commercial Block-4, Scheme No. 5, Clifton, Karachi. No share capital has been issued and no transactions were undertaken by BTPL during the year.

**1.3 Geographical location and addresses of major business units of the**

Karachi:	Purpose:
Plot No. 70, Sector 7-D, Korangi Filling Plant-1, Adjacent to Pakistan Refinery Limited, Korangi Creek	LPG Storage & filling plant
Faisalabad:	Purpose:
Square No. 94, Killa no. 1,2,3,4,5,6 & 7, tehsil Faisalabad, Near Abbaspur railway station	LPG Storage & filling plant



## **2 BASIS OF PREPARATION**

### **2.1 Statement of compliance**

These consolidated condensed interim financial statements are un-audited but subject to limited scope review by the statutory auditors as required under Section 237 of the Companies Act, 2017. These consolidated condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements of the Company for the year ended June 30, 2021.

These consolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting which comprise of International Accounting Standard (IAS) 34 - 'Interim Financial Reporting', issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirement of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

### **2.2 Basis of measurement**

These consolidated condensed interim financial statements has been prepared under the historical cost convention, except leasehold and freehold land which are recognized at revalued amount and lease liabilities and certain retirement benefits which are recognized at present values. These consolidated condensed interim financial statements has been prepared following accrual basis of accounting except for cash flow information.

### **2.3 Functional and presentation currency**

These consolidated condensed interim financial statements has been presented in Pak Rupees, which is the functional and presentation currency of the Company.

## **3 SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies adopted and methods of computation followed in the preparation of these consolidated condensed interim financial statements are same as those for the preceding annual financial statements for the year ended June 30, 2021.

The Company has adopted all the new standards and amendments to standards, including any consequential amendments to other standards which are applicable for the financial year beginning on July 1, 2021. The adoption of these new and amended standards did not have material impact on the Company's consolidated condensed interim financial statements.



#### 4 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND FINANCIAL RISK MANAGEMENT

The preparation of consolidated condensed interim financial statements require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses, however, actual results may differ from these estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Revision to accounting estimates are recognised prospectively commencing from the period of revision.

Judgements and estimates made by the management in the preparation of these consolidated condensed interim financial statements are the same as those applied in the Company's annual financial statements (consolidated) for the year ended June 30, 2021 except for significant judgement in determining the lease term of contracts with renewal options.

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual consolidated financial statements as at and for the year ended June 30, 2021.

	Note	(Un-audited) December 31, 2021	(Audited) June 30, 2021
		----- (Rupees in '000) -----	
<b>5 PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets, at net book value	5.1	788,907	793,934
Right-of-use assets	5.2	9,843	13,455
		<u>798,750</u>	<u>807,389</u>

##### 5.1 Operation fixed assets

Additions - at cost, to operating fixed assets during the period were as follows:

Furniture, fittings, electrical and other equipment	-	890
Fire fighting equipment	280	-
Plant & machinery	553	314
Office equipment	54	324
Cylinder and regulators	10,334	23,946
Vehicles - owned	2,859	-
Computers and related accessories	210	250
	<u>14,290</u>	<u>25,724</u>

		(Un-audited) December 31, 2021	(Audited) June 30, 2021
	Note	----- (Rupees in '000) -----	
<b>5.2 Right-of-use assets</b>			
Balance at the beginning of the period / year		13,455	22,852
Impact of lease modification		-	(1,632)
		13,455	21,220
Depreciation charged during the period / year		(3,612)	(7,765)
Balance at the end of the period / year		9,843	13,455
The right to use assets comprises of premises acquired on lease by the Company for its operations.			
<b>6 SHORT TERM LOAN</b>			
Related party - unsecured			
Burshane petroleum (Private) Limited	6.1	67,000	-
		67,000	-
6.1	The loan was obtained from Burshane petroleum (Private) Limited amounting to Rs. 187 million for purchase of LPG. During the period loan amounting to Rs. 120 million was repaid. It carries rate of return 50% of the profit earned by the Company on sale of LPG purchased, in case of loss then KIBOR + 1%.		
<b>7 LONG-TERM LOAN</b>			
Secured			
National Bank of Pakistan (NBP)	7.1	254,439	254,439
Current maturity of long-term loan		(254,439)	(254,439)
		-	-
7.1	As a result of the Scheme referred to in note 7 to the audited financial statements for the year ended June 30, 2021, long-term finance obtained, under conventional banking terms, by HTPL had been transferred to the Company at the time of amalgamation. The loan was obtained as a demand finance facility under the agreement dated April 08, 2013 from NBP and is repayable in 9 semi-annual installments of Rs. 44.444 million latest by April 01, 2018 with a grace period of six months from the date of the drawdown.		

The loan carries mark-up at rate of 6 months KIBOR plus 2.5% to 6% per annum. This loan is secured by way of mortgage on leasehold land and charge on the Company's present and future current and fixed assets as well as personal guarantees of Directors of the Company. In previous years, the Company negotiated several different offer letters from NBP. Subsequent to the period end, on January 06, 2022, the Company received a revised proposal for the restructuring of loan from NBP via offer letter No. NBP/ARG/ARW(S)/BLPL/2022/08. As per the aforementioned letter, the long-term loan and accrued mark-up on long-term loan are termed as Demand Finance-I and Demand Finance-II. In respect of Demand Finance - I, the Company was required to make a principal down payment of Rs. 25.44 million and the balance of Rs. 75 million to be re-paid in 20 quarterly installments starting from September 30, 2022 with a grace period of 1 year from the date of the drawdown. The facility carries mark-up at the rate of 3 months KIBOR + 2%, which will also be payable during the grace period.

In respect of Demand Finance - II, the Company required to make a principal down payment of Rs. 10.59 million and the balance of Rs. 95.29 million to be re-paid in 20 quarterly installments starting from September 30, 2022.

All the legal formalities are fulfilled and management is awaited for the final agreement from NBP.

		(Un-audited) December 31, 2021	(Audited) June 30, 2021
	Note	----- (Rupees in '000) -----	
<b>8</b>	<b>LEASE LIABILITIES</b>		
	Total lease liabilities	8,830	16,291
	Current maturity of lease liabilities	(6,534)	(6,349)
		<u>2,296</u>	<u>9,942</u>
<b>8.1</b>	<b>Reconciliation of total lease liabilities:</b>		
	Balance at the beginning of the period / year	16,291	22,625
	Impact of lease modification	-	(1,632)
	Finance cost during the period / year	-	3,013
	Payments / Adjustment during the period / year	(7,461)	(7,715)
	Balance at the end of the period / year	<u>8,830</u>	<u>16,291</u>
<b>8.2</b>	<b>Maturity analysis-contractual undiscounted cashflow</b>		
	Within one year	6,534	6,349
	Later than one year but not later than five years	2,296	9,942
	More than five years	-	-
	Total undiscounted lease liability	<u>8,830</u>	<u>16,291</u>
<b>8.3</b>	<b>When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate 17.06% per annum.</b>		

## 9 CONTINGENCIES AND COMMITMENTS

### 9.1 Contingencies

9.1.1 Claims not acknowledged as debt by the Company as at December 31, 2021 amounted to Rs. 0.516 million (June 30, 2021: Rs. 1.68 million).

9.1.2 The Company was contesting an appeal before Honorable Appellate Tribunal Inland Revenue in relation to sales tax demand of Rs. 13.73 million as modified by the order of Commissioner (Appeals). The aforesaid demand was raised in pursuance to sales tax audit for tax periods from July 2009 to June 2010. The Honorable Appellate Tribunal has remanded back to the Commissioner (Appeal) who has further remanded back to the assessing officer for re-assessment. The Department has not yet re-adjudicated the matter. Barred by time limitation, it appears that the department may not be able to re-adjudicate the matter now onwards.

9.1.3 On March 25, 2019, the Company received a show cause notice confronting under section 8B of Sales Tax Act, 1990, raising sales tax demand amounting to Rs. 37.28 million along with the levy of penalty for tax periods from August 2011 to May 2015. The Company responded to such notice vide the tax advisor's letter No. KST-AA-1091 dated April 8, 2019.

During 2019, the tax authorities issued Order dated July 24, 2019 confronting under 8B of the Sales Tax Act, 1990, raising sales tax demand of Rs. 37.28 million along with penalty and default surcharge for the period from August 2011 to May 2015. Against the Order, the Company has filed appeal before Commissioner Inland Revenue (Appeals-I), Large Taxpayers Unit, Karachi on August 22, 2019 who vide order dated November 18, 2019 vacated the whole principal amount of sales tax Rs. 37.28. However, the liability on account of default surcharge amounting to Rs. 3.17 million and penalty restricted at Rs. 0.5 million was maintained. The Order of the Commissioner Inland Revenue (Appeals-I), Large Taxpayers Unit, has been challenged before the Appellate Tribunal Inland Revenue, Karachi by Commissioner Inland Revenue, Zone IV, Large Taxpayers, Unit which is pending for hearing.

9.1.4 For the tax year 2016, a notice dated June 25, 2018 was issued to the Company to provide certain information / details for audit proceedings. The notice was duly complied.

Show cause notice dated June 13, 2019 was issued to amend assessment u/s 122(9) read with section 214C of the Income Tax Ordinance, 2001 which was duly responded on all the points. Subsequently, order dated August 29, 2019 passed by the DCIR raising null tax demand due to applicability of minimum tax.

The Company filed appeal to the Commissioner (Appeals) against the aforesaid order dated August 29, 2019. The said appeal was heard and order passed wherein the Commissioner (Appeals) has confirmed the certain additions made by the DCIR, whereas, he has annulled / deleted certain additions i.e. (rent, advertising expenses and financial charges - profit on debt) as such. Further, the Commissioner (Appeals) has also directed the Officer to allow credit of actual taxes paid of Rs. 23.45 million subject to due verification. Appeal effect under section 124 to be filed.

9.1.5 Monitoring of WHT was conducted by the DCIR by issuing a notice under section 176 dated March 28, 2018 which was duly responded. Thereafter, a show-cause notice dated February 13, 2019 was issued under section 161(1A) confronting on non-withholding of taxes on certain payments. Response was duly filed and accordingly order dated March 15, 2019 was passed under section 161 / 205 by the ACIR wherein the total tax demand of Rs. 2.05 million was raised which comprised the defaulted amount of Rs. 1.552 million; default surcharge of Rs. 0.49 million.



Against the Order, the Company filed an appeal before the Commissioner (Appeals-I) which was heard and appellate order passed dated May 15, 2019 wherein Commissioner (Appeals-I) remanded back the Order of DCIR with the directions to verify supporting documentary evidences in respect of expenses claimed to be furnished by appellant company within seven days time. Following the underlying directions of Commissioner (Appeals-I) the Company has filed the details of expenses / payments in question vide our letter no. KT-AA-3707 dated May 22, 2019 to the DCIR for onward proceedings.

- 9.1.6 An inspection order dated August 04, 2020 under Section 221 of Companies Act, 2017 was issued by SECP against complaint received by the Commission wherein it was alleged that the CEO and Director Finance of the Company are involved in financial irregularities of the Companies Act, 2017, which include advance made to Roots International Brands Private Limited (RIBS), an associate company, and that the bank account was being used for illegal activities by CEO and Company's Director Finance who appears to have concealed the existence of such financial transactions.

On the conclusion of inspection, a report has been issued on October 23, 2020 mentioning cognizance of offences under sections 204, 199(1), 199(2), 183(2), CEO and Director Finance of the Company, during the period July 1, 2018 to June 30, 2020 and suggested that they are liable with regard to all the above non-compliances as the Board of Directors did not discuss or approve transactions with RIBS until June 26, 2020 and the predecessor auditors are liable for proceedings to be initiated under section 249 read with section 253 of the Act as they failed to highlight lack of disclosure of transactions with RIBS in notes to the financial statements for year ended June 30, 2019 especially in related parties note as required under IAS 24. The Auditor also failed to highlight the unsecured interest free loans extended without any agreement to a related party i.e., RIBS before June 03, 2019.

The Company has provided the comments on findings to SECP, that the non-compliance was not intentional but was omission by mistake. The Company had advanced certain amount to RIBS, However, the Company has received all the monies back with mark up and therefore there is no financial loss to the company. The Board has subsequently ratified all these transactions with RIBS, and therefore to an extent the non-compliance has been addressed. It was merely an oversight of SECP compliance regulations. It has further been resolved in the Board that extra care shall be taken in future to ensure that non-compliance should not takes place.

In this regard, SECP has issued hearing opportunity notice dated February 21, 2022 for the hearing date fixed on March 02, 2022.

- 9.1.7 On August 31, 2020, Directorate of Intelligence and Investigation, Inland Revenue, Karachi filed a Complaint with the Court of Special Judge (Customs, Taxation and Anti-Smuggling), Karachi, (Trial Court) against the Company and its Directors alleging tax evasion to the extent of Rs. 1.78 billion. On September 21, 2020, the Trial Court passed two orders in Case No 945/2020, one of which was issuance of arrest warrants for four Directors of the Company and in the second order authorized the Complainant to put freeze on Company's nine bank accounts for 90 days.



The Company filed a Constitutional Petition (CP-I) of No 4602 dated September 23, 2020, against the Trial Court's order of freezing the Company's nine bank accounts in the High Court. In yet another CP, the Company obtained protective bail from the High Court followed by bail from the Trial Court which was confirmed subsequently on October 22, 2020. After the last hearing in December 2020. The case is still in progress and the High Court has given next date of hearing on May 19, 2022. The Company has also filed a Constitutional Petition (CP-II) No 5162 on October 19, 2020, challenging the Jurisdiction of the Complaint no. 945/2020 in the Court of Special Judge (Customs, Taxation and Anti-Smuggling). The CP-II was taken up on October 23, 2020 in which the High Court has asked the respondents to file their comments on this case but since its inception in October 2020, the Complainant and all other respondents have not yet filed any comment. In the very first hearing the High Court has restrained the respondents which includes the Trial Court, not to take any further coercive action against the Petitioners.

The Company's plea of challenging the jurisdiction is remarkably supported by the case laws hence, the respondents are not filing their comments in the High Court and are trying to continue prosecution in the Trial Court. However, in the last hearing, the High Court has warned the respondents that if they fail to file their comments, he would restrain the Trial Court to stop its proceedings on the case till disposition of our CP-II in the High Court. The case is still in progress and the High Court has given next date of hearing as March 10, 2022.

In the hearing of February 20, 2021, the Trial Court, discussed in detail on jurisdiction of the case and the Complainant was unable to satisfy the Trial Court as to why this case should not be first transferred to Income Tax Department to assess the tax liability, as currently there is no default on part of the Company or there is no demand ascertained by the Income Tax Department on the Company and therefore no offence has been committed by the Company or its Directors and management. The Company has filed an application challenging Jurisdiction of the Special Court for Customs and Anti Smuggling, to deal this case. The Trial Court has given next date of hearing as April 04, 2022 in which the matter pertaining to Jurisdiction of the Court would be heard.

Directorate I & I (Inland Revenue) had already written to the Income Tax department, in November 2020, to take up the matter of tax evasion and the Income Tax department subsequently issued notices for the same for various years as stated in the below paragraph. This fact / action was not disclosed by Directorate I & I (Inland Revenue) either to the Trial Court, even at the time when the Court asked them as to why this case should not be dealt by the Income Tax department first, or the High Court and in that manner it is concealment on their part of a material fact. The Income Tax Department is auditing the books of the Company for the years 2018 and 2019 and so far no material audit observation has been pointed out by the Tax Department. Management asserts, based on advise of legal counsel that the case shall be ultimately decided in favor of the Company.

The Director of Intelligence & Investigation, Inland Revenue had appeared on TV in Kamran Khan's News show on September 23, 2020, and there he discussed the case in a manner whereby Company's reputation was damaged. He tried to conduct a media trial of the Company and its Directors. Additionally, the Director of Intelligence and Investigation, Inland Revenue also disclosed our tax and assets details, hence breached privacy and confidentiality laws. The Company has filed a law suit for damages against the Director General, the Director of South Region and the Deputy Director, (the Complainant) of the Directorate of I&I, Inland Revenue for a sum of Rs. 1 billion. The case is under hearing.

On February 10, 2021 the Company received notices under section 177(1) of Income Tax Ordinance, 2001 regarding audit for tax years 2018 and 2019. The Company replied and submitted relevant details and documents timely through various letters to FBR. However, the Company has received further notices under section 111(1) and 122(9) on December 31, 2021 after completion of audits for the above mentioned tax years, which have been responded with available information and the Company has obtained extension for submission of remaining information.

- 9.1.8 National Bank of Pakistan has filed Suit No. B-07 of 2021 on April 02, 2021 under section 9 of the Financial Institutions (Recovery of Finances) Ordinance, 2001 for recovery of Rs. 322.99 million along with liquidated damages, cost of funds, charges, costs till the realization of the whole amount by National Bank of Pakistan before the Hon'ble High Court of Sindh. Application for leave to defend under section 10 of the Financial Institutions (Recovery of Finances) Ordinance, 2001 has been filed. However, subsequent to the period end, the Company has received a revised proposal for debt reprofiling / restructuring from NBP which has also been accepted by management of the Company. Based on the reprofiling of the debt, subject case will be decreed and closed amicably.

- 9.1.9 The captioned Spl: STRA is filed by the Commissioner Inland Revenue, Zone-IV, Large Taxpayers Unit Karachi in the High Court of Sindh at Karachi. On 28 September 2018, tax authorities levied sales tax under section 8B of Sales Tax Act, 1990, raising sales tax demand along with the levy of penalty aggregating to Rs.7.898 million for tax periods from April 2018 to May 2018.

Against the Order, the Company filed appeal before Commissioner (Appeals-I), Karachi, who vide Order dated 31 October 2018 vacated the whole principal amount of sales tax of Rs.7.668 million. However, the liability on account of default surcharge and penalty was maintained.

The Order of the Commissioner (Appeal) was challenged before the Hon'ble Appellate Tribunal Inland Revenue, Karachi who vide Order dated 28 August 2019 reduced the substantial amount of default surcharge to Rs.0.156 million and maintained the amount of penalty Rs.0.230 million. The Company has paid the reduced amount of default surcharge and penalty without pursuing the matter further.

- 9.1.10 The Spl: STRA has been filed by the Commissioner Inland Revenue, Zone-IV, Large Taxpayers Unit Karachi in the High Court of Sindh at Karachi. During the year ended 30 June 2018, tax authorities issued Order dated 25 May 2018 and charged sales tax under section 8B of Sales Tax Act, 1990, raising sales tax demand and imposing penalties aggregating to Rs.133.109 million and also default surcharge for tax periods from July 2014 to March 2018. Against the said Order, the Company filed appeal before Commissioner (Appeals-I), Karachi who vide Order dated 3rd July, 2018 vacated the whole principal amount of sales tax of Rs.65.570 million and reduced the imposition of penalties from Rs.67.538 million to Rs.500,000/- only. However, the liability on account of default surcharge was maintained.

The Order of the Commissioner (Appeal) was challenged before the Hon'ble Appellate Tribunal Inland Revenue, Karachi who vide Order dated August 28, 2019 reduced the substantial amount of default surcharge to Rs.1.336 million and maintained the amount of penalty Rs.0.500 million. The Company has paid the reduced amount of default surcharge and penalty without pursuing the matter before the High Court.

- 9.1.11 The Company has filed Spl. FED Ref. Application before the Hon'ble High Court of Sindh against the Appellate order dated 02.04.2012 of the Appellate Tribunal IR. The tax authorities at Large Taxpayers Office established a demand towards Federal Excise Duty (FED) on the payment of license fee paid/payable by the company in relation with the software / IT services acquired from the non-resident parent company under the tariff heading "franchise service" as per First Schedule to Federal Excise Act, 2005. At that time, Burshane LPG (Pakistan) Limited was a subsidiary of Shell Group, operating under the name of Shell LPG Pakistan Limited. The scope of services under the head 'franchise services' was not clear when the Federal Excise Act was promulgated in the year 2005 and then the jurisdictional issues also made the matter more complicated when the franchise services were subjected to Provincial sales tax by promulgation of Sindh Sales Tax on Services Act, 2011 effective July 01, 2011.

Software licensing does not fall under the service classification "franchise services" and this aspect has been settled at the Appellate Tribunal level in reported judgments, also. Hence, the Company has a strong arguable case to defend its position that the impugned demand of FED may not be warranted and next hearing date is March 01, 2022.





## 11.2.1 Transaction with related parties

		Half year ended	
		December 31, 2021	December 31, 2020
		(Rupees in '000)	
		(Un-audited)	
<b>Staff Retirement Benefit / Contribution Plans</b>			
Burshane LPG (Pakistan) Limited:			
Provident Fund	Company's contribution for the period	1,388	1,396
	Loan received during the period	1,000	-
	Loan paid during the period	1,000	-
Gratuity Fund	Company's contribution for the period	855	485
Pension Fund	Company's contribution for the period	1,598	6,770
<b>Associated Companies / Other Related Parties</b>			
AAK Commodities (Private) Limited [Formerly Alsaa & AAK Commodities (Private) Limited]			
	Receivable against expenses	-	209
Burshane Petroleum (Private) Limited [Formerly Darian International (Private) Limited]			
	Short term loan - received	187,000	-
	Short term loan - paid	120,000	-
	Finance cost paid	2,309	-
	Received against expense	-	500
A & S Corporation (Private) Limited			
	Receivable against expenses	-	75
<b>Key management personnel</b>			
Chief Executive Officer			
	Managerial remuneration and other benefits	13,662	13,662
	Contribution to retirement and other service benefits	581	581
	Advance given against salary	500	-
Executive Directors			
	Managerial remuneration and other benefits	6,445	7,632
	Advance given against salary	716	-
	Medical reimbursements	313	282
Directors			
	Fee for attending meetings	2,000	1,700

## 11.2.2 Balances with related parties

Balances with related parties as at the period / year end, other than those which have been disclosed elsewhere in this consolidated condensed interim financial statements, are as follows:

		(Un-audited) December 31, 2021	(Audited) June 30, 2021
		(Rupees in '000)	
Nature of relationship	Nature of balances		
<b>Staff Retirement Benefit / Contribution Plans</b>			
Burshane LPG (Pakistan) Limited:			
Pension Fund	Payable to Pension Fund	4,577	14,483
Provident Fund	Receivable to Provident Fund	19	-
Gratuity Fund	Receivable to Gratuity Fund	3,020	1,098

		(Un-audited) December 31, 2021	(Audited) June 30, 2021
		———— (Rupees in '000) ————	
Nature of relationship	Nature of balances		
Associated Companies / Other Related Parties			
Burshane Petroleum (Private) Limited [Formerly Darian International (Private) Limited]	Receivable against use of name "Burshane"	9,000	9,000
	Payable against short term loan	67,000	-
Key management personnel	Advance to Chief Executive Officer	500	787
	Advance to Director Finance	716	-

11.2.3 Following are the related parties with whom the Company had entered into transactions or has arrangement / agreement in place:

Name	Basis of relationship	% of shareholding in the Company
AAK Commodities (Private) Limited [Formerly Alsaa & AAK Commodities (Private) Limited]	Common directorship	Nil
A & S Corporation (Private) Limited	Common directorship	Nil
Norinco International Thatta (Private) Limited	Common directorship	Nil
AN Energy (Private) Limited	Common directorship	Nil
AN Developers (Private) Limited	Common directorship	Nil
Burshane Petroleum (Private) Limited [Formerly Darian International (Private) Limited]	Common directorship	Nil
Burshane LPG (Pakistan) Limited: Gratuity Fund	Staff Retirement Benefit Plan	Nil
Pension Fund	Staff Retirement Contribution Plan	Nil
Provident Fund	Staff Retirement Benefit Plan	Nil

## 12 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

### 12.1 Fair value of hierarchy

Fair value is the amount for which an asset could be exchanged, or a liability can be settled, between knowledgeable willing parties in an arm's length transaction. As of the reporting date, the Company's all assets and liabilities are carried at amortised cost except for those mentioned below:

The Company's freehold land and leasehold land are stated at revalued amounts, being the fair

value at the date of revaluation, less any subsequent impairment losses, if any. The fair value measurement of the Company's free hold land and lease hold land as at June 26, 2020 was carried out by M/s. Luckyhiya Associate (Private) Limited.

The valuation techniques and inputs used to develop fair value measurement of aforementioned assets are as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities;

Level 2: Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: Those whose inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There were no transfers between level 1, 2 or 3 of the fair value hierarchy during the period.

Details of fair value hierarchy and information relating to fair value of the Company's freehold land and leasehold land are as follows:

Fair value measurement using				
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
<b>December 31, 2021 (Un-audited):</b>				
<b>Assets measured at fair value</b>				
<b>Property, plant and equipment</b>				
Freehold land	-	16,500	-	16,500
Leasehold land	-	569,288	-	569,288
	-	585,788	-	585,788
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
<b>June 30, 2021 (Audited):</b>				
<b>Assets measured at fair value</b>				
<b>Property, plant and equipment</b>				
Freehold land	-	16,500	-	16,500
Leasehold land	-	569,288	-	569,288
	-	585,788	-	585,788

### 13 DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial statements were authorised for issue on 28-02-2022 by the Board of Directors of the Company.

### 14 GENERAL

14.1 Figures have been rounded off to the nearest thousands.

14.2 Certain corresponding figures have been reclassified for better presentation.



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR