

Burshane LPG (Pakistan) Limited



Half Yearly Report 2022



Content

Company's Information	02
Directors' Report	03

Condensed Interim Unconsolidated Financial Statements

Auditors' Report to Members on Review of Interim Financial Statements	06
Statement of Financial Position	08
Statement of Profit or Loss	09
Statement of Comprehensive Income	10
Statement of Changes in Equity	11
Statement of Cash Flows	12
Notes to the Financial Statements	13

Condensed Interim Consolidated Financial Statements

Statement of Financial Position	27
Statement of Profit or Loss	28
Statement of Comprehensive Income	29
Statement of Changes in Equity	30
Statement of Cash Flows	31
Notes to the Financial Statements	32



Company's Information

Board of Directors

- Mr. Shaikh Abdus Sami
Chairman / Independent Director
- Mr. Asad Alam Khan
CEO / Director
- Mr. Saiffee Zakiuddin
Director
- Mrs. Hamdia Fatin Niazi
Director
- Mr. Muhammad Khalid Dar
Director
- Maj. Gen Rafi Ullah Khan (R)
Independent Director
- Ms. Shahbano Hameed
Director (NIT Nominee)
- Mr. Osman Malik
Director (NBP Nominee)

Management

- Mr. Asad Alam Khan
Chief Executive Officer
- Mr. Saiffee Zakiuddin
Director Finance
- Mr. Khurram Kasbati
Chief Financial Officer
- Mr. Irfan Javaid Warsi
General Manager - Commercial & Business
Development and Human Resources (HR)
- Mr. Amir Aziz
Head of Operations Distribution
& HSSE
- Mr. Daniyal Mughal
Company Secretary
& Financial Controller
- 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
- Summit Bank Limited
- United Bank Limited
- Bank Alfalah Limited
- Sindh Bank Limited
- JS Bank Limited

Legal Advisors

- Mohsin Tayebaly & Co.

Auditors

- BDO Ebrahim & Co
Chartered Accountants

Tax Advisors

- Maavins Solutions

Shares Registrar

- THK Associates (Pvt.) Limited
Plot No.32-C,
Jami Commercial Street-2,
D.H.A., Phase-VII, Karachi.
UAN: +92 (021) 111-000-322
FAX: +92(021) 35310190

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
UAN: +92 21 111 111 BPL (275)
Fax : + 92 21 3587 8353
www.burshane.com



Director's Report

The Directors of your Company are hereby presenting the financial information of the Company for the period ended December 31, 2022.

Financial Performance

During the period under review, the sales volume of the Company at 12,224 MTs, decreased by 2,408 MTs (16.46%) compared to the corresponding period of the previous year excess of LPG in the market compared to demand. Net sales of the Company at Rs. 2,023.89 million increased by Rs. 44.15 million (2.20%) due to rising international crude oil prices. Gross margins of the Company at Rs. 107.92 million (5.33% of sales value) was decreased by 4.57 million from last year's comparative period due to reduction in quantity sold.

In order to ensure continuity and uninterrupted supply of LPG, the Company has renewed its LPG supply contract with PARCO and has paid signature bonus amounting to Rs. 6.20 million in January 2023 and is also looking for further options for increasing quota of locally produced LPG. During the period, the Company paid the first installment with interest of Rs. 11.76 million in respect of restructured long-term loan from National Bank of Pakistan.

Administrative expenses increased by Rs. 0.49 million (0.88%) and distribution and marketing expenses decreased by Rs. 1.34 million (3.94%) from last year's comparative period. Profit before tax of the Company at Rs. 5.29 million, is decreased by Rs. 8.16 million from last year comparative period, mainly due to increased financial costs compared to corresponding period of last year.

The Company's profit per share for the period under review is at Rs. 0.26 compared to Rs. 0.60 per share in the corresponding period of the previous year.

Material Changes and Commitments

A complaint was filed by the Directorate of Investigation and Intelligence (Inland Revenue) (I & I – IR) on August 31, 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.



The Company had received notices under section 177(1) of Income Tax Ordinance, 2001 regarding audit for tax years 2018 and 2019. The Company has replied and submitted relevant details and documents timely through various letters to FBR. The Company has received further notices for same tax years on August 16, 2022, in which the additions made by the Deputy Commissioner Inland Revenue in the assessments made under section 122 through order dated June 14, 2022 has not been accepted by the learned Commissioner Inland Revenue (Appeals-II), Karachi who has been pleased to remand the matter back for both the years, as such no demand subsists for tax year 2018 and 2019.

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 among our stakeholders.

In the context of business growth, 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 of Burshane in a profitable manner; therefore, we are confident that we will show strong performance in the coming periods.

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.

Composition of Board:

The total number of directors are eight and their composition is as following:

- Male: 6
- Female: 2

Category	Name
Independent Director	Maj. Gen (R.) Rafiullah Khan (R)
	Mr. Shaikh Abdus Sami
Non-Executive Directors	Ms. Hamdia Fatin Niazi
	Ms. Shahbano Hameed
	Mr. Khalid Dar
	Mr. Osman Malik
Executive Directors	Mr. Asad Alam Niazi
	Mr. Saif 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 Rafiullah Khan (R)	- Chairman
Mr. Shaikh Abdus Sami	- Member
Ms. Hamdia Fatin Niazi	- Member

b) Human Resource and Remuneration Committee

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

Financial Highlights:

(Rs. in '000)

Following are the key numbers of the results for the period:

Net Sales	2,323,769
Gross Margins	107,915
Profit before Tax	5,287
Profit after Tax	5,902
Earnings per share	0.26

Following is the appropriation:

Dividend declared	Cash	NIL
	Bonus	NIL

On behalf of the Board, we would like to thank 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.



Saifee Zakiuddin
Director



Asad Alam Niazi
Director / CEO

Karachi

Dated: February 23, 2023

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, 2022 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 9.1.2 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).

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.



Tel: +92 21 3568 3030
Fax: +92 21 3568 4239
www.bdo.com.pk

2nd Floor, Block-C
Lakson Square, Building No. 1
Sarwar Shaheed Road
Karachi-74200
Pakistan

Other Matter

The figures for the quarters ended December 31, 2022 and December 31, 2021 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: Febraury 23, 2023

UDIN: AR202210067yEMzdvdK7

CHARTERED ACCOUNTANTS

Engagement Partner: Zulfikar Ali Causer

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 STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022

		(Un-audited) December 31, 2022	(Audited) June 30, 2022
		----- (Rupees in '000) -----	
ASSETS	Note		
NON-CURRENT ASSETS			
Property, plant and equipment	5	824,980	834,143
Intangible assets		264,316	269,375
Long-term investment		50,000	50,000
Long-term deposit		3,174	3,174
		1,142,470	1,156,692
CURRENT ASSETS			
Stores and spares - net		4,531	4,673
Stock-in-trade		92,442	44,925
Trade debts		127,191	87,747
Loans and advances		69,487	56,529
Deposits, prepayments and other receivables		28,980	124,908
Taxation - net		139,551	124,657
Cash and bank balances		14,440	96,296
		476,622	539,735
TOTAL ASSETS		1,619,092	1,696,427
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
90,000,000 (June 30, 2022: 90,000,000) ordinary shares of Rs. 10/-each		900,000	900,000
Issued, subscribed and paid-up capital			
22,488,890 (June 30, 2022: 22,488,890) ordinary share of Rs. 10/-each		224,888	224,888
Capital reserve			
Revaluation surplus of property		336,715	336,715
Other reserves		122,981	122,981
Revenue reserves		(69,230)	(75,132)
		615,354	609,452
NON-CURRENT LIABILITIES			
Long-term loan	7	108,162	114,345
Lease liabilities	8	15,872	18,871
Deferred taxation - net		3,015	9,345
Cylinder and regulator deposits		478,147	466,197
		605,196	608,758
CURRENT LIABILITIES			
Loan from a subsidiary company		50,000	50,000
Trade and other payables		62,548	112,827
Short-term borrowings		160,600	151,061
Accrued mark-up		10,270	3,205
Un-claimed dividend		83,050	83,050
Short - term loan	6	-	45,000
Current portion of long - term loan	7	24,147	23,770
Current portion of lease liabilities	8	7,927	9,304
		398,542	478,217
TOTAL EQUITY AND LIABILITIES		1,619,092	1,696,427
CONTINGENCIES AND COMMITMENTS	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, 2022

	Quarter ended		Half year ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Note	----- (Rupees in '000) -----			
Gross sales	1,087,131	1,380,827	2,323,769	2,296,254
Sales tax	(136,695)	(184,581)	(299,878)	(316,508)
Sales - net	950,436	1,196,246	2,023,891	1,979,746
Cost of sales	(898,926)	(1,140,512)	(1,915,976)	(1,867,260)
Gross profit	51,510	55,734	107,915	112,486
Administrative expenses	(24,262)	(27,601)	(56,779)	(56,285)
Distribution and marketing expenses	(15,610)	(16,588)	(32,594)	(33,930)
Other income	6,633	11,642	17,520	12,602
Other operating expenses	(2,602)	(3,875)	(3,552)	(5,283)
Operating profit	15,669	19,311	32,510	29,590
Finance costs	(14,479)	(9,896)	(27,223)	(16,139)
Profit before taxation	1,190	9,415	5,287	13,451
Taxation	3,299	2,053	615	94
Profit for the period	4,489	11,468	5,902	13,545
Earnings per share - basic and diluted (Rs.)	0.20	0.51	0.26	0.60

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, 2022**

	Quarter ended		Half year ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
	----- (Rupees in '000) -----			
Profit for the period	4,489	11,468	5,902	13,545
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	-	10,166
Less: Taxation thereon	-	(2,948)	-	(2,948)
	-	7,218	-	7,218
Total comprehensive income for the period	4,489	18,686	5,902	20,763

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, 2022

	Capital Reserves			Revenue Reserves			Total	
	Reserve on amalgamation	Revaluation surplus of property	Actuarial (loss) / gain on remeasurement of retirement and other service	General Reserve	Accumulated loss	Sub total		
Issued, subscribed & paid-up capital	224,888	153,458	336,415	(36,223)	453,650	90,000	(191,971)	576,567
	-	-	-	-	-	-	13,545	13,545
	-	-	7,218	7,218	7,218	-	-	7,218
	-	-	7,218	7,218	7,218	-	13,545	20,763
Balance as at December 31, 2021 (Un-audited)	224,888	153,458	336,415	(29,005)	460,868	90,000	(178,426)	597,330
	224,888	153,458	336,715	(30,477)	459,696	90,000	(165,132)	609,452
	-	-	-	-	-	-	5,902	5,902
	-	-	-	-	-	-	-	-
Balance as at December 31, 2022 (Un-audited)	224,888	153,458	336,715	(30,477)	459,696	90,000	(159,230)	615,354

(Rupees in '000)

Balance as at July 1, 2021 (Audited)

Profit for the period
 Other comprehensive income for the interim period - net of tax
 Total comprehensive loss for the period

Balance as at December 31, 2021 (Un-audited)

Balance as at July 1, 2022 (Audited)

Profit for the period
 Other comprehensive income for the interim period - net of tax
 Total comprehensive income for the period

Balance as at December 31, 2022 (Un-audited)

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, 2022

	Half year ended	
	December 31, 2022	December 31, 2021
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	5,287	13,451
Adjustments for non-cash and other items:		
Depreciation	25,752	22,015
Amortisation	5,059	5,059
Allowance for expected credit losses	1,370	552
Retirement and other service benefits	-	3,841
Finance costs	27,223	16,139
Gain / (loss) on sale of assets	42	(2,274)
Profit on saving accounts	(714)	(490)
Liability for cylinder deposits written back	(11,066)	(7,876)
	47,666	36,966
Increase in current assets		
Stores and spares - net	142	1,134
Stock-in-trade	(47,517)	(105,295)
Trade debts	(40,814)	(7,734)
Loans and advances	(12,958)	737
Deposits, prepayments and other receivables	95,928	(3,255)
	(5,219)	(114,413)
(Increase) / decrease in current liabilities		
Trade and other payables - net	(50,279)	15,614
Cash flow used in operations	(2,545)	(48,382)
Finance costs paid	(17,450)	(4,448)
Taxes paid	(20,609)	(3,138)
Long term loans - net	-	217
Retirement and other service benefits paid	-	(4,115)
Cylinder and regulator deposits - net	23,016	27,874
Net cash flows used in operating activities	(17,588)	(31,992)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of operating fixed assets	(16,840)	(14,290)
Proceeds from sale of the fixed assets	129	3,094
Interest received	714	490
Net cash flows used in investing activities	(15,997)	(10,706)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term loan repaid	(8,514)	-
Short-term loan received	130,000	187,000
Short-term loan paid	(175,000)	(120,000)
Payment of lease liabilities	(4,296)	(7,461)
Net cash flows (used in) / generated from financing activities	(57,810)	59,539
Net (decrease) / increase in cash and cash equivalents	(91,395)	16,841
Cash and cash equivalents at beginning of the period	(54,765)	92,822
Cash and cash equivalents at end of the period	(146,160)	109,663
Cash and cash equivalents at end of the period comprise of:		
Cash and bank balances	14,440	109,663
Short-term borrowings	(160,600)	-
	(146,160)	109,663

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, 2022

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, 2022.

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, 2022 and December 31, 2021 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, 2022 and December 31, 2021.

The comparative statement of financial position presented in this condensed interim financial information has been extracted from the annual audited financial statements of the Company for the year ended June 30, 2022, whereas the comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity are extracted from the unaudited condensed interim financial information for the half year ended December 31, 2021.

2.2 Basis of measurement

These unconsolidated condensed interim financial statements have been prepared under the historical cost basis, 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 flows information.

2.3 Functional and presentation currency

These unconsolidated condensed interim financial statements have been presented in rupee or "Rs", 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, 2022.

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, 2022. The adoption of these new and amended standards did not have material impact on the Company's unconsolidated condensed interim financial statements.

4 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND FINANCIAL RISK MANAGEMENT

The preparation of unconsolidated 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 unconsolidated condensed interim financial statements are the same as those applied in the Company's annual financial statements for the year ended June 30, 2022 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 financial statements as at and for the year ended June 30, 2022.

		(Un-audited) December 31, 2022	(Audited) June 30, 2022
	Note	----- (Rupees in '000) -----	
5	PROPERTY, PLANT AND EQUIPMENT		
	Operating fixed assets, at net book value	800,885	804,367
	Right-of-use assets	24,095	29,776
		<u>824,980</u>	<u>834,143</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	500	763
Fire fighting equipment	-	279
Plant & machinery	171	552

	(Un-audited) December 31, 2022	(Audited) June 30, 2022
Note	----- (Rupees in '000) -----	
Office equipment	8	283
Cylinder and regulators	15,844	43,754
Vehicles - owned	92	28,877
Computers and related accessories	225	209
	<u>16,840</u>	<u>74,717</u>

5.2 Right-of-use assets

Balance at the beginning of the period / year	29,776	13,453
Additions during the period / year	318	26,005
Deletions during the period / year	(1,233)	(2,433)
Transfer in / (out)	-	(768)
	28,861	36,257
Depreciation charged during the period / year	(4,766)	(6,481)
Balance at the end of the period / year	<u>24,095</u>	<u>29,776</u>

The right to use assets comprises of premises acquired on lease by the Company for its operations.

6 SHORT TERM LOAN

Related party - unsecured			
Burshane Petroleum (Private) Limited	6.1	<u>-</u>	<u>45,000</u>

6.1 The loan was obtained from Burshane Petroleum (Private) Limited amounting to Rs. 130 million for purchase of LPG. It carried rate of return of KIBOR + 2%. During the reporting period loan amounting to Rs. 175 million has been repaid.

7 LONG-TERM LOAN

Secured			
National Bank of Pakistan (NBP)	7.1	132,309	138,115
Current maturity of long-term loan		<u>(24,147)</u>	<u>(23,770)</u>
		<u>108,162</u>	<u>114,345</u>

7.1 During 2015, long-term finance obtained, under conventional banking terms, by HTPL had been transferred to the Company at the time of amalgamation (the scheme). This loan was obtained as a demand finance facility under the agreement dated April 08, 2013 from NBP and was repayable in 9 semi-annual installments of Rs. 44.44 million latest by April 01, 2018 with a grace period of six months. The loan carried mark-up at rate of 6 months KIBOR plus 2.5% to 6% per annum. This loan was 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 guarantee of Chief Executive of the Company. In previous years, the Company negotiated several offer letters from NBP.

On September 20, 2021, the Company received a proposal via offer letter No. NBP/ARG/ARW(S)/BLPL/2021/770 supplemented by offer letter for the restructuring / rehabilitation scheme No. NBP/ARG/ARW(S)/BLPL/2022/08 dated January 06, 2022 and addendum to offer letter for the restructuring / rehabilitation scheme dated June 03, 2022 for the restructuring of loan from NBP which has since been accepted on June 08, 2022 by the Company's management.

However, the competent authority of NBP approved the acceptance of this offer by the Company and executed restructuring of long-term loan on June 08, 2022. During the reporting period, the Company paid the first installment of Rs. 3.75 million and Rs. 4.77 million in respect of Demand Finance - I and Demand Finance - II.

	Note	(Un-audited) December 31, 2022	(Audited) June 30, 2022
----- (Rupees in '000) -----			
8 LEASE LIABILITIES			
Total lease liabilities	8.1	23,799	28,175
Current maturity of lease liabilities		(7,927)	(9,304)
		<u>15,872</u>	<u>18,871</u>
8.1 Reconciliation of total lease liabilities:			
Balance at the beginning of the period / year		28,175	16,291
Additions during the period / year		318	27,000
Disposals during the period / year		(2,922)	(3,018)
Finance cost during the period / year		2,524	2,218
Payments / adjustment during the period / year		(4,296)	(14,316)
Balance at the end of the period / year	8.2	<u>23,799</u>	<u>28,175</u>

Note	(Un-audited) December 31, 2022	(Audited) June 30, 2022
	----- (Rupees in '000) -----	

8.2 Maturity analysis-contractual undiscounted cashflow

Within one year	7,927	9,304
Later than one year but not later than five years	15,872	18,871
More than five years	-	-
Total undiscounted lease liability	23,799	28,175

8.3 When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate 17.32% (June 30, 2022: 17.01%) per annum.

9 CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

9.1.1 Claims not acknowledged as debt by the Company as at December 31, 2022 amounted to Rs. 28.54 million (June 30, 2022: Rs. 31.90 million).

9.1.2 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 was 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 from 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.

The Company has been imposed penalty of Rs. 2 million by SECP on October 11, 2022. However, the Company filed a Constitutional Petition with High Court challenging the constitutional as well as legal validity of the inspection order passed by SECP. After issuing notices, comments have filed on December 21, 2022 and next hearing is awaited.

- 9.1.3 The Special Sales Tax Reference Application (STRA) has been filed by the Commissioner Inland Revenue, Zone-IV, Large Taxpayers Unit Karachi in the High Court of Sindh at Karachi on December 18, 2019. During the year ended June 30, 2018, tax authorities issued Order dated May 25, 2018 and charged sales tax under section 8B of Sales Tax Act, 1990, raising sales tax demand and imposing penalties aggregating to Rs. 133.11 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 July 03, 2018 vacated the whole principal amount of sales tax of Rs. 65.57 million and reduced the imposition of penalties from Rs. 67.54 million to Rs. 0.50 million 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. 1.34 million and maintained the amount of penalty Rs. 0.50 million.

- 9.1.4 The captioned Special Sales Tax Reference Application (STRA) is filed by the Commissioner Inland Revenue, Zone-IV, Large Taxpayers Unit Karachi in the High Court of Sindh at Karachi. On September 28, 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. 7.90 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 October 31, 2018 vacated the whole principal amount of sales tax of Rs. 7.67 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 August 28, 2019 reduced the substantial amount of default surcharge to Rs. 0.16 million and maintained the amount of penalty Rs. 0.23 million. The Company has paid the reduced amount of default surcharge and penalty without pursuing the matter further.

- 9.1.5 The Company has filed Special Federal Excise Duty (FED) Ref. Application before the Hon'ble High Court of Sindh against the Appellate order dated April 02, 2012 of the Appellate Tribunal IR. The tax authorities at Large Taxpayers Office established a demand towards 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.

- 9.1.6 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.
- 9.1.7 A complaint was filed by the Directorate of Investigation and Intelligence (Inland Revenue) (I & I - IR) on August 31, 2020, against the Company for alleged Tax evasion of approximately Rs. 1.78 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 the 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 the 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 Hon'ble Court on June 20, 2022 directed the Company to defend the case in the court of Special Judge (Custom, Taxation and Anti-Smuggling) Karachi.

On February 10, 2021, the Company had received notices under section 177(1) of Income Tax Ordinance, 2001 regarding audit for tax years 2018 and 2019. The Company has replied and submitted relevant details and documents timely through various letters to FBR. The Company has received further notices for same tax years on August 16, 2022, in which the additions made by the Deputy Commissioner Inland Revenue in the assessments made for the mentioned tax years under section 122 through order dated June 14, 2022 has not been accepted by the learned Commissioner Inland Revenue (Appeals-II), Karachi who has been pleased to remand the matter back for both the years, as such no demand subsists for tax year 2018 and 2019.

The Director of Intelligence and 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 and 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 Company is in process to these notices.

- 9.1.8 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.

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.

The Company filed application dated March 25, 2021 for approval for revision of return under clause (ba) of subsection 6 of section 114 of Income Tax Ordinance, 2001, for charging minimum tax u/s 113 at the rate 0.2% instead of 1%. The commissioner audit vide his letter dated May 07, 2021 rejected the request of the Company for granting permission for revision of return. The Company has filed a petition in the Hon'ble High Court of Sindh with prayer to direct the Commissioner Inland Revenue to allow revision of return of income for the tax year 2016 and no adverse order has been passed.

9.2 Commitments

This includes post-dated cheques issued amounted to Rs. 28.54 million (June 30, 2022: Rs. 31.90 million).

	Quarter ended		Half year ended	
	December 31, 2022 Un-audited	December 31, 2021 Un-audited	December 31, 2022 Un-audited	December 31, 2021 Un-audited
	Rupees in 000's			
10 TAXATION				
Current	(3,123)	(3,021)	(5,807)	(4,980)
Prior	92	-	92	-
Deferred	6,330	5,074	6,330	5,074
	<u>3,299</u>	<u>2,053</u>	<u>615</u>	<u>94</u>

11 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

11.1 The related parties include the former holding company, subsidiary company, staff retirement benefit / contribution plans, associate 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 reporting period, other than those which have been disclosed elsewhere in these unconsolidated condensed interim financial statements, are as follows:

11.2.1 Transactions with related parties

Nature of relationship	Nature of transactions	Half year ended	
		December 31, 2022	December 31, 2021
		----- (Rupees in '000) ----- (Un-audited)	
Subsidiary			
Burshane Auto Gas (Private) Limited	Expenses incurred on behalf of the Company	369	212
	Received against expense	-	189
Staff retirement benefit / contribution plans			
Burshane LPG (Pakistan) Limited:			
Provident Fund	Company's contribution for the period	5,377	1,388
	Loan received during the period	900	1,000
	Loan repaid during the period	900	1,000
Gratuity Fund	Company's contribution for the period	-	855
Pension Fund	Company's contribution for the period	-	1,598
Associate companies / other related parties			
Burshane Petroleum (Private) Limited [Formerly Darian International (Private) Limited]			
	Short term loan - received	130,000	187,000
	Short term loan - paid	175,000	120,000
	Finance cost paid	2,559	309
Key management personnel			
Chief Executive Officer			
	Managerial remuneration and other benefits	13,848	13,662
	Contribution to retirement and other service benefits	900	581
	Advance given against salary	-	500
Executive Directors			
	Managerial remuneration and other benefits	5,293	6,445
	Advance given against salary	-	716
	Medical reimbursements	-	313
Directors	Fee for attending meetings	1,550	2,000

11.2.2 Balances with related parties

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

Nature of relationship	Nature of balances	(Un-audited)	(Audited)
		December 31, 2022	June 30, 2022
		----- (Rupees in '000) -----	
Subsidiary			
Burshane Auto Gas (Private) Limited	Investment in a subsidiary company	50,000	50,000
	Loan payable to a subsidiary company	50,000	50,000
	Receivable against expenses	596	227
Staff Retirement Benefit / Contribution Plans			
Burshane LPG (Pakistan) Limited:			
Pension Fund	Receivable from Pension Fund	1,451	3,133
Provident Fund	Receivable from Provident Fund	-	511
Associated Companies / Other Related Parties			
Burshane Petroleum (Private) Limited [Formerly Darian International (Private) Limited]			
	Receivable against use of name "Burshane"	9,000	9,000
	Short-term loan	-	45,000
	Markup payable	333	1,038
Key management personnel	Advance to Chief Financial Officer	300	-

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 Alsa & 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

At 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 at February 15, 2022 and leasehold land as at June 14, 2022 was carried out by M/s. K. G. Traders (Private) Limited and 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 reporting 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			Total
	Level 1	Level 2	Level 3	
	----- (Rupees in '000) -----			
December 31, 2022 (Un-audited):				
Assets measured at fair value				
Property, plant and equipment				
Freehold land	-	16,800	-	16,800
Leasehold land	-	569,288	-	569,288
	-	586,088	-	586,088

	Fair value measurement			Total
	Level 1	Level 2	Level 3	
----- (Rupees in '000) -----				
June 30, 2022 (Audited):				
Assets measured at fair value				
Property, plant and equipment				
Freehold land	-	16,800	-	16,800
Leasehold land	-	569,288	-	569,288
	-	586,088	-	586,088

13 DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorised for issue on **February 23, 2023** by the Board of Directors of the Company.

14 GENERAL

- 14.1 Figures have been rounded off to the nearest thousands, unless stated otherwise.
- 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 STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022

		(Un-audited) December 31, 2022	(Audited) June 30, 2022
		----- (Rupees in '000) -----	
ASSETS	Note		
NON-CURRENT ASSETS			
Property, plant and equipment	5	824,980	834,143
Intangible assets		264,316	269,375
Long-term deposit		3,174	3,174
		1,092,470	1,106,692
CURRENT ASSETS			
Stores and spares - net		4,531	4,673
Stock-in-trade		92,442	44,925
Trade debts		127,191	87,747
Loans and advances		69,487	56,529
Deposits, prepayments and other receivables		28,980	124,687
Taxation - net		139,605	124,696
Cash and bank balances		15,106	96,932
		477,342	540,190
TOTAL ASSETS		1,569,812	1,646,882
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
90,000,000 (June 30, 2022: 90,000,000) ordinary shares of Rs. 10/-each		900,000	900,000
Issued, subscribed and paid-up capital			
22,488,890 (June 30, 2022: 22,488,890) ordinary share of Rs. 10/-each		224,888	224,888
Capital reserve			
Revaluation surplus of property		336,715	336,715
Other reserves		122,987	122,987
Revenue reserves		(69,112)	(74,895)
		615,478	609,695
NON-CURRENT LIABILITIES			
Long-term loan	7	108,162	114,345
Lease liabilities	8	15,872	18,871
Deferred taxation - net		3,015	9,345
Cylinder and regulator deposits		478,147	466,197
		605,196	608,758
CURRENT LIABILITIES			
Trade and other payables		63,144	113,039
Short-term borrowings		160,600	151,061
Accrued mark-up		10,270	3,205
Un-claimed dividend		83,050	83,050
Short - term loan	6	-	45,000
Current portion of long - term loan	7	24,147	23,770
Current portion of lease liabilities	8	7,927	9,304
		349,138	428,429
TOTAL EQUITY AND LIABILITIES		1,569,812	1,646,882
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, 2022

	Quarter ended		Half year ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Note	----- (Rupees in '000) -----			
Gross sales	1,087,131	1,380,827	2,323,769	2,296,254
Sales tax	(136,695)	(184,581)	(299,878)	(316,508)
Sales - net	950,436	1,196,246	2,023,891	1,979,746
Cost of sales	(898,926)	(1,140,512)	(1,915,976)	(1,867,260)
Gross profit	51,510	55,734	107,915	112,486
Administrative expenses	(24,576)	(27,635)	(56,936)	(56,319)
Distribution and marketing expenses	(15,610)	(16,588)	(32,594)	(33,930)
Other income	6,709	11,659	17,558	12,619
Other operating expenses	(2,602)	(3,875)	(3,552)	(5,283)
Operating profit	15,431	19,294	32,391	29,573
Finance costs	(14,479)	(9,896)	(27,223)	(16,139)
Profit before taxation	952	9,398	5,168	13,434
Taxation	3,299	2,053	615	94
Profit for the period	4,251	11,451	5,783	13,528
Earnings per share - basic and diluted (Rs.)	0.19	0.51	0.26	0.60

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, 2022

	Quarter ended		Half year ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
	----- (Rupees in '000) -----			
Profit for the period	4,251	11,451	5,783	13,528
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	-	10,166
Less: Taxation thereon	-	(2,948)	-	(2,948)
	-	7,218	-	7,218
Total comprehensive income for the period	<u>4,251</u>	<u>18,669</u>	<u>5,783</u>	<u>20,746</u>

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, 2022

	Capital Reserves			Revenue Reserves			Total
	Reserve on amalgamation	Revaluation surplus of property	Actuarial (loss) / gain on remeasurement of retirement and other service	General Reserve	Accumulated loss	Sub total	
Issued, subscribed & paid-up capital	224,888	153,458	336,415	(36,217)	453,656	(191,508)	577,036
Profit for the period	-	-	-	-	-	-	13,528
Other comprehensive income for the interim period - net of tax	-	-	7,218	-	7,218	-	7,218
Total comprehensive loss for the period	-	-	7,218	-	7,218	-	20,746
Balance as at December 31, 2021 (Un-audited)	224,888	153,458	336,415	(28,999)	460,874	(177,980)	597,782
Profit for the period	224,888	153,458	336,715	(30,471)	459,702	(164,895)	609,695
Other comprehensive income for the interim period - net of tax	-	-	-	-	-	5,783	5,783
Total comprehensive income for the period	-	-	-	-	-	-	-
Balance as at December 31, 2022 (Un-audited)	224,888	153,458	336,715	(30,471)	459,702	(159,112)	615,478

(Rupees in '000)

Profit for the period
 Other comprehensive income for the interim period - net of tax
 Total comprehensive loss for the period

Balance as at July 1, 2022 (Audited)
 Profit for the period
 Other comprehensive income for the interim period - net of tax
 Total comprehensive income for the period
Balance as at December 31, 2022 (Un-audited)

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, 2022

	Half year ended	
	December 31, 2022	December 31, 2021
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	5,168	13,434
Adjustments for non-cash and other items:		
Depreciation	25,752	22,015
Amortisation	5,059	5,059
Allowance for expected credit losses	1,370	552
Retirement and other service benefits	-	3,841
Finance costs	27,223	16,139
Gain / (loss) on sale of assets	42	(2,274)
Profit on saving accounts	(752)	(490)
Liability for cylinder deposits written back	(11,066)	(7,876)
	47,628	36,966
Increase in current assets		
Stores and spares - net	142	1,134
Stock-in-trade	(47,517)	(105,295)
Trade debts	(40,814)	(7,734)
Loans and advances	(12,958)	737
Deposits, prepayments and other receivables	95,707	(3,052)
	(5,440)	(114,210)
(Increase) / decrease in current liabilities		
Trade and other payables - net	(49,895)	15,258
	(2,539)	(48,552)
Cash flow used in operations	(2,539)	(48,552)
Finance costs paid	(17,450)	(4,448)
Taxes paid	(20,623)	(3,144)
Long term loans - net	-	217
Retirement and other service benefits paid	-	(4,115)
Cylinder and regulator deposits - net	23,016	27,874
Net cash flows used in operating activities	(17,596)	(32,168)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of operating fixed assets	(16,840)	(14,290)
Proceeds from sale of the fixed assets	129	3,094
Interest received	752	490
Net cash flows used in investing activities	(15,959)	(10,706)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term loan repaid	(8,514)	-
Short-term loan received	130,000	187,000
Short-term loan paid	(175,000)	(120,000)
Payment of lease liabilities	(4,296)	(7,461)
Net cash flows (used in) / generated from financing activities	(57,810)	59,539
Net (decrease) / increase in cash and cash equivalents	(91,365)	16,665
Cash and cash equivalents at beginning of the period	(54,129)	93,623
Cash and cash equivalents at end of the period	(145,494)	110,288
Cash and cash equivalents at end of the period comprise of:		
Cash and bank balances	15,106	110,288
Short-term borrowings	(160,600)	-
	(145,494)	110,288

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, 2022

1 LEGAL STATUS AND OPERATIONS OF THE GROUP

The Group consists of Burshane LPG (Pakistan) Limited (note 1.1) and its subsidiary companies i.e. Burshane Auto Gas (Private) Limited (note 1.2.1) and Burshane Trading (Private) Limited (note 1.2.2).

1.1 The Holding Company

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, Commercial Plot No. 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 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 energy related products. The registered office of BTPL is situated at Suite 101, 1st Floor, Horizon Vista, Plot 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.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated condensed interim financial statements are un-audited and 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 Group for the year ended June 30, 2022.

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.

The comparative statement of financial position presented in this condensed interim financial information has been extracted from the annual audited financial statements of the Group for the year ended June 30, 2022, whereas the comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity are extracted from the unaudited condensed interim financial information for the half year ended December 31, 2021.

2.2 Basis of measurement

These consolidated condensed interim financial statements have been prepared under the historical cost basis, 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 flows information.

2.3 Functional and presentation currency

These consolidated condensed interim financial statements have been presented in rupee or "Rs", which is the functional and presentation currency of the Group.

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, 2022.

The Group 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, 2022. The adoption of these new and amended standards did not have material impact on the Group'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 Group's annual financial statements for the year ended June 30, 2022 except for significant judgement in determining the lease term of contracts with renewal options.

The Group's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements as at and for the year ended June 30, 2022.

		(Un-audited) December 31, 2022	(Audited) June 30, 2022
	Note	----- (Rupees in '000) -----	
5 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets, at net book value	5.1	800,885	804,367
Right-of-use assets	5.2	24,095	29,776
		<u>824,980</u>	<u>834,143</u>

	(Un-audited) December 31, 2022	(Audited) June 30, 2022
Note	----- (Rupees in '000) -----	

5.1 Operation fixed assets

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

Furniture, fittings, electrical and other equipment	500	763
Fire fighting equipment	-	279
Plant & machinery	171	552
Office equipment	8	283
Cylinder and regulators	15,844	43,754
Vehicles - owned	92	28,877
Computers and related accessories	225	209
	16,840	74,717
	16,840	74,717

5.2 Right-of-use assets

Balance at the beginning of the period / year	29,776	13,453
Additions during the period / year	318	26,005
Deletions during the period / year	(1,233)	(2,433)
Transfer in / (out)	-	(768)
	28,861	36,257
Depreciation charged during the period / year	(4,766)	(6,481)
Balance at the end of the period / year	24,095	29,776

The right to use assets comprises of premises acquired on lease by the Group for its operations.

6 SHORT TERM LOAN

Related party - unsecured			
Burshane Petroleum (Private) Limited	6.1	-	45,000

6.1 The loan was obtained from Burshane Petroleum (Private) Limited amounting to Rs. 130 million for purchase of LPG. It carried rate of return of KIBOR + 2%. During the reporting period loan amounting to Rs. 175 million has been repaid.

		(Un-audited) December 31, 2022	(Audited) June 30, 2022
	Note	----- (Rupees in '000) -----	
7	LONG-TERM LOAN		
	Secured		
	National Bank of Pakistan (NBP)	132,309	138,115
	Current maturity of long-term loan	(24,147)	(23,770)
		<u>108,162</u>	<u>114,345</u>

7.1 During 2015, long-term finance obtained, under conventional banking terms, by HTPL had been transferred to the Holding Company at the time of amalgamation (the scheme). This loan was obtained as a demand finance facility under the agreement dated April 08, 2013 from NBP and was repayable in 9 semi-annual installments of Rs. 44.44 million latest by April 01, 2018 with a grace period of six months. The loan carried mark-up at rate of 6 months KIBOR plus 2.5% to 6% per annum. This loan was secured by way of mortgage on leasehold land and charge on the Holding Company's present and future current and fixed assets as well as personal guarantee of Chief Executive of the Holding Company. In previous years, the Holding Company negotiated several offer letters from NBP.

On September 20, 2021, the Holding Company received a proposal via offer letter No. NBP/ARG/ARW(S)/BLPL/2021/770 supplemented by offer letter for the restructuring / rehabilitation scheme No. NBP/ARG/ARW(S)/BLPL/2022/08 dated January 06, 2022 and addendum to offer letter for the restructuring / rehabilitation scheme dated June 03, 2022 for the restructuring of loan from NBP which has since been accepted on June 08, 2022 by the Holding Company's management.

However, the competent authority of NBP approved the acceptance of this offer by the Holding Company and executed restructuring of long-term loan on June 08, 2022. During the reporting period, the Holding Company paid the first installment of Rs. 3.75 million and Rs. 4.77 million in respect of Demand Finance - I and Demand Finance - II.

8 LEASE LIABILITIES

Total lease liabilities	8.1	23,799	28,175
Current maturity of lease liabilities		(7,927)	(9,304)
		<u>15,872</u>	<u>18,871</u>

		(Un-audited) December 31, 2022	(Audited) June 30, 2022
	Note	----- (Rupees in '000) -----	
8.1 Reconciliation of total lease liabilities:			
Balance at the beginning of the period / year		28,175	16,291
Additions during the period / year		318	27,000
Disposals during the period / year		(2,922)	(3,018)
Finance cost during the period / year		2,524	2,218
Payments / adjustment during the period / year		(4,296)	(14,316)
Balance at the end of the period / year	8.2	23,799	28,175
8.2 Maturity analysis-contractual undiscounted cashflow			
Within one year		7,927	9,304
Later than one year but not later than five years		15,872	18,871
More than five years		-	-
Total undiscounted lease liability		23,799	28,175

8.3 When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate 17.32% (June 30, 2022: 17.01%) per annum.

9 CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

9.1.1 Claims not acknowledged as debt by the Holding Company as at December 31, 2022 amounted to Rs. 28.54 million (June 30, 2022: Rs. 31.90 million).

9.1.2 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 Holding 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 Holding Company's Director Finance who appears to have concealed the existence of such financial transactions.

On the conclusion of inspection, a report was issued on October 23, 2020 mentioning cognizance of offences under sections 204, 199(1), 199(2), 183(2), CEO and Director Finance of the Holding Company, during the period from 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 Holding Company has provided the comments on findings to SECP, that the non-compliance was not intentional but was omission by mistake. The Holding Company had advanced certain amount to RIBS, However, the Holding Company has received all the monies back with mark up and therefore there is no financial loss to the Holding 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.

The Holding Company has been imposed penalty of Rs. 2 million by SECP on October 11, 2022. However, the Holding Company filed a Constitutional Petition with High Court challenging the constitutional as well as legal validity of the inspection order passed by SECP. After issuing notices, comments have filed on December 21, 2022 and next hearing is awaited.

- 9.1.3 The Special Sales Tax Reference Application (STRA) has been filed by the Commissioner Inland Revenue, Zone-IV, Large Taxpayers Unit Karachi in the High Court of Sindh at Karachi on December 18, 2019. During the year ended June 30, 2018, tax authorities issued Order dated May 25, 2018 and charged sales tax under section 8B of Sales Tax Act, 1990, raising sales tax demand and imposing penalties aggregating to Rs. 133.11 million and also default surcharge for tax periods from July 2014 to March 2018. Against the said Order, the Holding Company filed appeal before Commissioner (Appeals-I), Karachi who vide Order dated July 03, 2018 vacated the whole principal amount of sales tax of Rs. 65.57 million and reduced the imposition of penalties from Rs. 67.54 million to Rs. 0.50 million 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. 1.34 million and maintained the amount of penalty Rs. 0.50 million.

- 9.1.4 The captioned Special Sales Tax Reference Application (STRA) is filed by the Commissioner Inland Revenue, Zone-IV, Large Taxpayers Unit Karachi in the High Court of Sindh at Karachi. On September 28, 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. 7.90 million for tax periods from April 2018 to May 2018.

Against the Order, the Holding Company filed appeal before Commissioner (Appeals-I), Karachi, who vide Order dated October 31, 2018 vacated the whole principal amount of sales tax of Rs. 7.67 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 August 28, 2019 reduced the substantial amount of default surcharge to Rs. 0.16 million and maintained the amount of penalty Rs. 0.23 million. The Holding Company has paid the reduced amount of default surcharge and penalty without pursuing the matter further.

- 9.1.5 The Holding Company has filed Special Federal Excise Duty (FED) Ref. Application before the Hon'ble High Court of Sindh against the Appellate order dated April 02, 2012 of the Appellate Tribunal IR. The tax authorities at Large Taxpayers Office established a demand towards FED on the payment of license fee paid/payable by the Holding 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 Holding Company has a strong arguable case to defend its position that the impugned demand of FED may not be warranted.

- 9.1.6 On July 31, 2015, the Holding 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 Holding Company uses this land for LPG storage and filling plant of Faisalabad. The landlords filed an ejectment petition against the Holding Company and the Holding Company has filed defending argument in the rent tribunal Faisalabad and case is under hearing stage.
- 9.1.7 A complaint was filed by the Directorate of Investigation and Intelligence (Inland Revenue) (I & I - IR) on August 31, 2020, against the Holding Company for alleged Tax evasion of approximately Rs. 1.78 billion, with Special Court for Customs, Taxation and (Anti-Smuggling). Based on this complaint the court passed 2 orders against the Holding Company and some of its directors. The orders were pertaining to freezing of the Holding Company's 9 bank accounts for 90 days and issuance of non bailable arrest warrants of its certain Directors. The Holding Company immediately obtained Protective Bail from the High Court and subsequently from the Special Court which was later confirmed.

The Holding 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 the Holding 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 Hon'ble Court on June 20, 2022 directed the Holding Company to defend the case in the court of Special Judge (Custom, Taxation and Anti-Smuggling) Karachi.

On February 10, 2021, the Holding Company had received notices under section 177(1) of Income Tax Ordinance, 2001 regarding audit for tax years 2018 and 2019. The Holding Company has replied and submitted relevant details and documents timely through various letters to FBR. The Holding Company has received further notices for same tax years on August 16, 2022, in which the additions made by the Deputy Commissioner Inland Revenue in the assessments made for the mentioned tax years under section 122 through order dated June 14, 2022 has not been accepted by the learned Commissioner Inland Revenue (Appeals-II), Karachi who has been pleased to remand the matter back for both the years, as such no demand subsists for tax year 2018 and 2019.

The Director of Intelligence and 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 Holding Company's reputation was damaged and tried to conduct a media trial of the Holding 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 Holding 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 Holding Company is in process to these notices.

9.1.8 For the tax year 2016, a notice dated June 25, 2018 was issued to the Holding 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 Holding 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.

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 Holding 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 Holding 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.

The Holding Company filed application dated March 25, 2021 for approval for revision of return under clause (ba) of subsection 6 of section 114 of Income Tax Ordinance, 2001, for charging minimum tax u/s 113 at the rate 0.2% instead of 1%. The commissioner audit vide his letter dated May 07, 2021 rejected the request of the Holding Company for granting permission for revision of return. The Holding Company has filed a petition in the Hon'ble High Court of Sindh with prayer to direct the Commissioner Inland Revenue to allow revision of return of income for the tax year 2016 and no adverse order has been passed.

9.2 Commitments

This includes post-dated cheques issued amounted to Rs. 28.54 million (June 30, 2022: Rs. 31.90 million).

	Quarter ended		Half year ended	
	December 31, 2022 Un-audited	December 31, 2021 Un-audited	December 31, 2022 Un-audited	December 31, 2021 Un-audited
	Rupees in 000's			
10 TAXATION				
Current	(3,123)	(3,021)	(5,807)	(4,980)
Prior	92	-	92	-
Deferred	6,330	5,074	6,330	5,074
	<u>3,299</u>	<u>2,053</u>	<u>615</u>	<u>94</u>

11 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

11.1 The related parties include the staff retirement benefit / contribution plans, associate 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 Holding Company.

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

11.2.1 Transactions with related parties

Nature of relationship	Nature of transactions	Half year ended	
		December 31, 2022	December 31, 2021
		----- (Rupees in '000) ----- (Un-audited)	
Staff retirement benefit / contribution plans			
Burshane LPG (Pakistan) Limited: Provident Fund	Company's contribution for the period	5,377	1,388
	Loan received during the period	900	1,000
	Loan repaid during the period	900	1,000
Gratuity Fund	Company's contribution for the period	-	855
Pension Fund	Company's contribution for the period	-	1,598
Associate companies / other related parties			
Burshane Petroleum (Private) Limited [Formerly Darian International (Private) Limited]	Short term loan - received	130,000	187,000
	Short term loan - paid	175,000	120,000
	Finance cost paid	2,559	309
Key management personnel			
Chief Executive Officer	Managerial remuneration and other benefits	13,848	13,662
	Contribution to retirement and other service benefits	900	581
	Advance given against salary	-	500
Executive Directors	Managerial remuneration and other benefits	5,293	6,445
	Advance given against salary	-	716
	Medical reimbursements	-	313
Directors	Fee for attending meetings	1,550	2,000

11.2.2 Balances with related parties

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

Nature of relationship	Nature of balances	(Un-audited)	(Audited)
		December 31, 2022	June 30, 2022
		----- (Rupees in '000) -----	
Staff Retirement Benefit / Contribution Plans			
Burshane LPG (Pakistan) Limited:			
Pension Fund	Receivable from Pension Fund	1,451	3,133
Provident Fund	Receivable from Provident Fund	-	511
Associated Companies / Other Related Parties			
Burshane Petroleum (Private) Limited [Formerly Darian International (Private) Limited]	Receivable against use of name "Burshane"	9,000	9,000
	Short-term loan	-	45,000
	Markup payable	333	1,038
Key management personnel	Advance to Chief Financial Officer	300	-

11.2.3 Following are the related parties with whom the Holding 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 Alsa & 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

At the reporting date, the Holding Company's all assets and liabilities are carried at amortised cost except for those mentioned below:

The Holding 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 Holding Company's free hold land at February 15, 2022 and leasehold land as at June 14, 2022 was carried out by M/s. K. G. Traders (Private) Limited and 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 reporting period.

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

	Fair value measurement			Total
	Level 1	Level 2	Level 3	
	----- (Rupees in '000) -----			
December 31, 2022 (Un-audited):				
Assets measured at fair value				
Property, plant and equipment				
Freehold land	-	16,800	-	16,800
Leasehold land	-	569,288	-	569,288
	-	586,088	-	586,088

	Fair value measurement			Total
	Level 1	Level 2	Level 3	
----- (Rupees in '000) -----				
June 30, 2022 (Audited):				
Assets measured at fair value				
Property, plant and equipment				
Freehold land	-	16,800	-	16,800
Leasehold land	-	569,288	-	569,288
	-	586,088	-	586,088

13 DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial statements were authorised for issue on **February 23, 2023** by the Board of Directors of the Holding Company.

14 GENERAL

- 14.1 Figures have been rounded off to the nearest thousands, unless stated otherwise.
- 14.2 Certain corresponding figures have been reclassified for better presentation.



CHIEF EXECUTIVE OFFICER



CHIEF FINANCIAL OFFICER



DIRECTOR



Burshane LPG (Pakistan) Limited
Suite 101, 1st Floor, Horizon Vista, Plot No.
Commercial-10, Block-04, Scheme No. 05,
Clifton, Karachi 75600.
Tel: +92 21 35878356, 35309870 & 73
UAN: +92 21 111 111 BPL (275)
Off Fax: +92-21 35878353