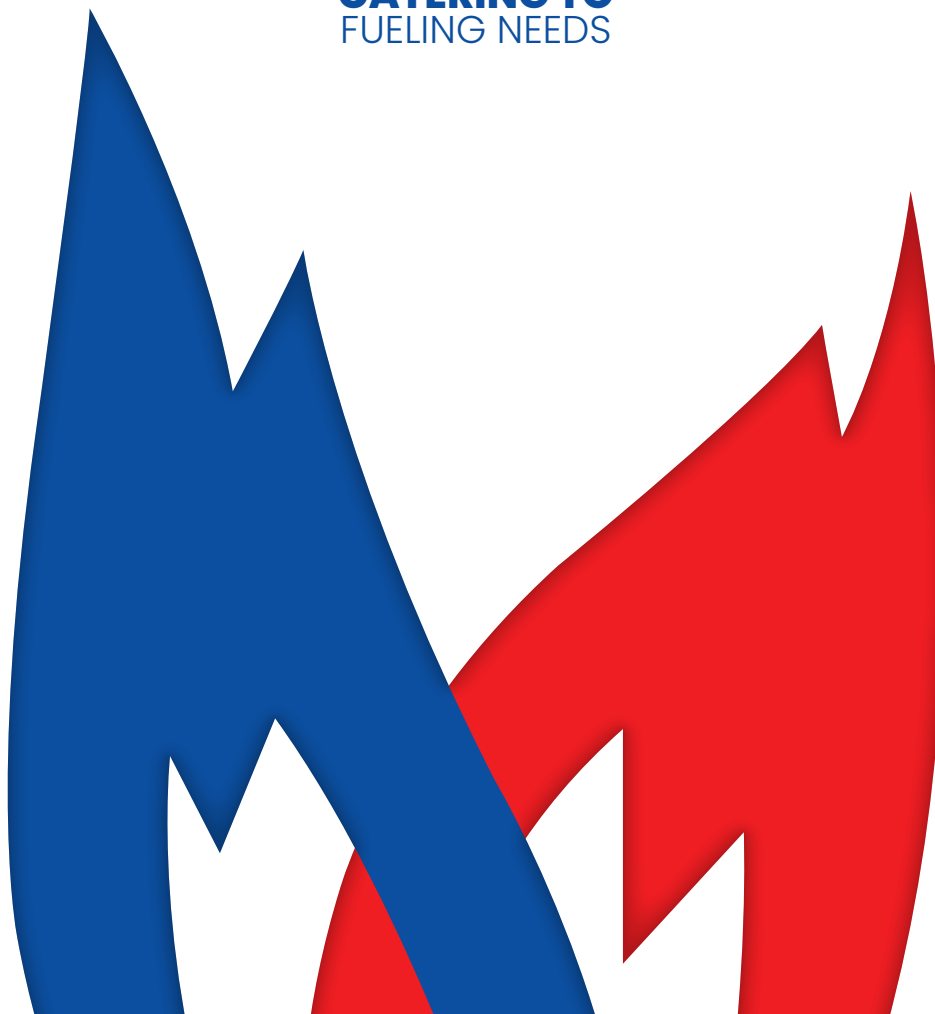




Half Year Ended
December 31, 2023

**CATERING TO
FUELING NEEDS**





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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
- Maj. Gen Abid Latif Khan (R)
Director
- Maj. Gen Rafi Ullah Khan (R)
Independent Director
- Brig. (R) Rashid Siddiqi
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
- Faysal Bank Limited
- Summit Bank Limited
- Sindh Bank Limited
- JS Bank Limited

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

Legal Advisors

- Mohsin Tayebaly & Co.

Tax Advisors

- Maavins Solutions

Auditors

- BDO Ebrahim & Co
Chartered Accountants

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, 2023.

Financial Performance

During the period under review, the sales volume of the Company at 7,508 MTs, decreased by 4,716 MTs (37.19%) compared to the corresponding period due to reduced local LPG quota and higher prices of imported LPG. Net sales of the Company at Rs. 1,478.27 million decreased by Rs. 545.62 million (26.96%) due to reduction in sales volume during the period. The gross margins of the Company at Rs. 102.67 million (6.95% of sales value) was decreased by 5.25 million from comparative period of last year.

Administrative expenses decreased by Rs. 2.71 million (4.77%) compared to comparative period of previous year, mainly due to decrease in Litigation expenses pertaining to complaint lodged by Investigation and Intelligence (Inland Revenue) (I&I IR); however, distribution & marketing expenses have decreased by Rs. 5.70 million.

Profit before tax of the Company at Rs. 3.48 million, is decreased by Rs. 1.81 million from last year comparative period, financial costs have increased by 9.41 million due to higher KIBOR rates.

The Company's earnings per share for the period under review is at Rs. 0.11 compared to earnings per share of Rs. 0.26 per share in the preceding period.

Material Changes and Commitments

On January 06, 2022, the Company received a revised proposal for the restructuring of loan from NBP which has since been accepted and duly executed 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. The remaining outstanding loan of Rs 154 million has been restructured to running finance facility. In respect of Demand Finance - I, the Company has made 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 has made 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.

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. The Company has received further notices under section 124 / 129 of Income Tax Ordinance, 2001 on December 23, 2023 regarding audit for the same tax years in which FBR imposed taxes and the Company preferred an appeal against the orders which has been admitted by the Commissioner Inland Revenue (Appeals).

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: 8
- Female: 1

Category	Name
Independent Director	Mr. Shaikh Abdus Sami
	Maj. Gen (R.) Rafiullah Khan (R)
	Brig. Rashid Siddiqi (R)
Non-Executive Directors	Maj. Gen (R.) Abid Latif Khan (R)
	Mr. Muhammad Ali Niazi
	Ms. Shahbano Hameed
	Mr. Osman Malik
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 Rafiullah Khan (R)	- Chairman
Mr. Shaikh Abdus Sami	- Member
Mr. Muhammad Ali Niazi	- Member

b) Human Resource and Remuneration Committee

Maj. Gen Rafiullah Khan (R)	- Chairman
Mr. Asad Alam Niazi	- Member
Mr. Muhammad Ali Niazi	- Member
Mr. Saifee Zakiuddin	- Member
Brig. Rashid Siddiqi ®	- Member

Financial Highlights:

(Rs. in '000)

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

Net Sales	1,478,267
Gross Margins	102,669
Profit before Tax	3,479
Profit after Tax	2,443
Earnings per share	0.11

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 26, 2024

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, 2023 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 9.1.6 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.



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Pakistan

- Note 7 to the unconsolidated condensed interim financial statements which provide details regarding reprofiling of the financing facilities with National Bank of Pakistan.

Other Matter

The figures for the quarters ended December 31, 2023 and December 31, 2022 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 26, 2024

UDIN: RR202310067Z7o5ywud6

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, 2023

		(Un-audited) December 31, 2023	(Audited) June 30, 2023
	Note	----- (Rupees in '000) -----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	810,080	817,215
Intangible assets		304,348	309,407
Long-term investment		50,000	50,000
Long-term deposit		3,174	3,174
		1,167,602	1,179,796
CURRENT ASSETS			
Stores and spares - net		4,051	4,321
Stock-in-trade		20,100	26,348
Trade debts		124,525	101,847
Loans and advances		32,273	36,170
Deposits, prepayments and other receivables		24,018	43,529
Taxation - net		162,362	152,637
Cash and bank balances		28,458	20,154
		395,787	385,006
		1,563,389	1,564,802
TOTAL ASSETS			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
90,000,000 (June 30, 2023: 90,000,000) ordinary shares of Rs. 10/-each		900,000	900,000
Issued, subscribed and paid-up capital			
22,488,890 (June 30, 2023: 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		123,281	123,281
Revenue reserves		(138,840)	(141,283)
		546,044	543,601
NON-CURRENT LIABILITIES			
Long-term loan	7	82,342	91,729
Lease liabilities	8	25,849	15,889
Deferred taxation - net		-	2,660
Cylinder and regulator deposits		479,571	479,457
		587,762	589,735
CURRENT LIABILITIES			
Loan from a subsidiary company		50,000	50,000
Trade and other payables		64,241	103,715
Short-term borrowings		154,000	153,701
Accrued mark-up		13,489	11,886
Un-claimed dividend		83,050	83,050
Short - term loan	6	33,000	-
Current portion of long - term loan	7	25,820	24,948
Current portion of lease liabilities	8	5,983	4,166
		429,583	431,466
		1,563,389	1,564,802
TOTAL EQUITY AND LIABILITIES			
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, 2023

	Quarter ended		Half year ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Note	----- (Rupees in '000) -----			
Gross sales	893,314	1,087,131	1,672,170	2,323,769
Sales tax	(92,422)	(136,695)	(193,903)	(299,878)
Sales - net	800,892	950,436	1,478,267	2,023,891
Cost of sales	(762,115)	(898,926)	(1,375,598)	(1,915,976)
Gross profit	38,777	51,510	102,669	107,915
Administrative expenses	(27,466)	(24,262)	(54,070)	(56,779)
Distribution and marketing expenses	(9,351)	(15,610)	(26,892)	(32,594)
Other income	12,528	6,633	20,996	17,520
Other operating expenses	(1,793)	(2,602)	(2,594)	(3,552)
Operating profit	12,695	15,669	40,109	32,510
Finance costs	(18,379)	(14,479)	(36,630)	(27,223)
(Loss) / profit before taxation	(5,684)	1,190	3,479	5,287
Taxation	657	3,299	(1,036)	615
(Loss) / profit for the period	(5,027)	4,489	2,443	5,902
(Loss) / earnings per share - basic and diluted (Rs.)	(0.22)	0.20	0.11	0.26

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, 2023

	Quarter ended		Half year ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	----- (Rupees in '000) -----			
(Loss) / profit for the period	(5,027)	4,489	2,443	5,902
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>(5,027)</u>	<u>4,489</u>	<u>2,443</u>	<u>5,902</u>

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, 2023

	Capital Reserves				Revenue Reserves			Total	
	Issued, subscribed and paid-up capital	Reserve on amalgamation	Revaluation surplus of property	Actuarial loss on remeasurement of retirement and other service benefits	Sub total	General Reserve	Accumulated loss		Sub total
	(Rupees in '000)								
Balance as at July 1, 2022 (Audited)	224,888	153,458	336,715	(30,477)	459,696	90,000	(165,132)	(75,132)	609,452
Profit for the period	-	-	-	-	-	-	5,902	5,902	5,902
Other comprehensive income for the interim period - net of tax	-	-	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	-	-	5,902	5,902	5,902
Balance as at December 31, 2022 (Un-audited)	<u>224,888</u>	<u>153,458</u>	<u>336,715</u>	<u>(30,477)</u>	<u>459,696</u>	<u>90,000</u>	<u>(159,230)</u>	<u>(69,230)</u>	<u>615,354</u>
Balance as at July 1, 2023 (Audited)	224,888	153,458	336,715	(30,177)	459,996	90,000	(231,283)	(141,283)	543,601
Profit for the period	-	-	-	-	-	-	2,443	2,443	2,443
Other comprehensive income for the interim period - net of tax	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	2,443	2,443	2,443
Balance as at December 31, 2023 (Un-audited)	<u>224,888</u>	<u>153,458</u>	<u>336,715</u>	<u>(30,177)</u>	<u>459,996</u>	<u>90,000</u>	<u>(228,840)</u>	<u>(138,840)</u>	<u>546,044</u>

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, 2023

	Half year ended	
	December 31, 2023	December 31, 2022
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	3,479	5,287
Adjustments for non-cash and other items:		
Depreciation	24,833	25,752
Amortisation	5,059	5,059
Allowance for expected credit losses	560	1,370
Finance costs	36,630	27,223
(Gain) / loss on sale of assets	(4,820)	42
Profit on saving accounts	(395)	(714)
Liability for cylinder deposits written back	(13,061)	(11,066)
	48,806	47,666
Decrease / (increase) in current assets		
Stores and spares - net	270	142
Stock-in-trade	6,248	(47,517)
Trade debts	(23,238)	(40,814)
Loans and advances	3,897	(12,958)
Deposits, prepayments and other receivables	19,511	95,928
	6,688	(5,219)
Decrease in current liabilities		
Trade and other payables - net	(39,474)	(50,279)
Cash flow used in operations	19,499	(2,545)
Finance costs paid	(30,263)	(17,450)
Taxes paid	(13,421)	(20,609)
Cylinder and regulator deposits - net	13,175	23,016
Net cash flows used in operating activities	(11,010)	(17,588)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of operating fixed assets	(461)	(16,840)
Proceeds from sale of the fixed assets	4,820	129
Interest received	395	714
Net cash flows / (used in) investing activities	4,754	(15,997)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term loan repaid	(13,279)	(8,514)
Short-term loan received	95,320	130,000
Short-term loan paid	(62,320)	(175,000)
Payment of lease liabilities	(5,460)	(4,296)
Net cash flows / (used in) from financing activities	14,261	(57,810)
Net decrease in cash and cash equivalents	8,005	(91,395)
Cash and cash equivalents at beginning of the period	(133,547)	(54,765)
Cash and cash equivalents at end of the period	(125,542)	(146,160)
Cash and cash equivalents at end of the period comprise of:		
Cash and bank balances	28,458	14,440
Short-term borrowings	(154,000)	(160,600)
	(125,542)	(146,160)

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, 2023

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, 2023.

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, 2023 and December 31, 2022 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, 2023 and December 31, 2022.

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, 2023, 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, 2022.

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 MATERIAL ACCOUNTING POLICIES AND CHANGES THEREIN

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, 2023

3.1 Initial application of standards, amendments or an interpretation to existing standards

a) Standards, amendments and interpretations to accounting standards that are effective in the current period

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on July 01, 2023, but are considered not to be relevant or expected to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these condensed interim financial statements.

The Company has adopted the narrow scope amendments to the International Accounting Standard (IAS1), Presentation of Financial Statements which have been effective for annual reporting periods beginning on or after 1 January 2023. Although the amendments did not result in any changes to accounting policy themselves, they will impact the accounting policy information disclosed in the annual financial statements.

The amendments aim to make accounting policy disclosures more informative by replacing the requirement to disclose 'significant accounting policies' with 'material accounting policies'. The amendments also provide guidance under what circumstance the accounting policy information is likely to be considered material and therefore requiring disclosure.

These amendments had no effect on the interim condensed financial statements of the Company as they relate to disclosures of accounting policies in the annual financial statements rather than interim financial statements. The amendments are expected to be applicable for the accounting policy disclosures in the annual financial statements of the Company.

b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after July 1, 2024, but are considered not to be relevant or expected to have any significant effect on the Company's operations and are, therefore, not detailed in these 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, 2023 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, 2023.

	Note	(Un-audited) December 31, 2023	(Audited) June 30, 2023
----- (Rupees in '000) -----			
5	PROPERTY, PLANT AND EQUIPMENT		
	Operating fixed assets, at net book value	776,193	796,172
	Right-of-use assets	33,887	21,043
		<u>810,080</u>	<u>817,215</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	121	630
	Plant & machinery	185	171
	Office equipment	155	64
	Cylinder and regulators	-	32,471
	Vehicles - owned	-	106
	Computers and related accessories	-	225
		<u>461</u>	<u>33,667</u>
5.2	Right-of-use assets		
	Balance at the beginning of the period / year	21,043	29,776
	Additions during the period / year	17,237	2,016
	Deletions during the period / year	-	(1,232)
		38,280	30,560
	Depreciation charged during the period / year	(4,393)	(9,517)
	Balance at the end of the period / year	<u>33,887</u>	<u>21,043</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		
	Loan from Director	33,000	-

- 6.1 The loan was obtained from Burshane Petroleum (Private) Limited and Director amounting to Rs. 31.50 million (2023: Rs. 155 million) and Rs. 63.82 million (2023: 17 million) for purchase of LPG. During the reporting period, loan amounting to Rs. 62.32 million (2023: Rs. 217 million) was repaid. It carries rate of return of KIBOR + 2%.

		(Un-audited) December 31, 2023	(Audited) June 30, 2023
	Note	----- (Rupees in '000) -----	
7	LONG-TERM LOAN		
	Secured		
	National Bank of Pakistan (NBP)	108,162	116,677
	Current maturity of long-term loan	(25,820)	(24,948)
		<u>82,342</u>	<u>91,729</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.

8 LEASE LIABILITIES

Total lease liabilities	8.1	31,832	20,055
Current maturity of lease liabilities		(5,983)	(4,166)
		<u>25,849</u>	<u>15,889</u>

8.1 Reconciliation of total lease liabilities:

Balance at the beginning of the period / year		20,055	28,175
Additions during the period / year		17,237	2,016
Disposals during the period / year		-	(2,922)
Finance cost during the period / year		2,864	4,575
Payments / adjustment during the period / year		(8,324)	(11,789)
Balance at the end of the period / year	8.2	<u>31,832</u>	<u>20,055</u>

	Note	(Un-audited) December 31, 2023	(Audited) June 30, 2023
		----- (Rupees in '000) -----	
8.2	Maturity analysis-contractual undiscounted cashflow		
	Within one year	5,983	4,166
	Later than one year but not later than five years	25,849	15,889
	More than five years	-	-
	Total undiscounted lease liability	31,832	20,055

8.3 When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate 24.66% (June 30, 2023: 22.25%) per annum.

9 CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

9.1.1 Claims not acknowledged as debt by the Company as at December 31, 2023 amounted to Rs. 22.45 million (June 30, 2023: Rs. 25.66 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.

- 9.1.3 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.
- 9.1.4 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.

- 9.1.5 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.

9.1.6 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.

9.1.7 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.

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. 22.45 million (June 30, 2023: Rs. 25.66 million).

10 TAXATION

	Quarter ended		Half year ended	
	December 31, 2023 Un-audited	December 31, 2022 Un-audited	December 31, 2023 Un-audited	December 31, 2022 Un-audited
	Rupees in 000's			
Current	(2,003)	(3,123)	(3,696)	(5,807)
Prior	-	92	-	92
Deferred	2,660	6,330	2,660	6,330
	<u>657</u>	<u>3,299</u>	<u>(1,036)</u>	<u>615</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, 2023	December 31, 2022
		----- (Rupees in '000) ----- (Un-audited)	
Subsidiary			
Burshane Auto Gas (Private) Limited	Expenses incurred on behalf of the Company	-	369
Staff retirement benefit / contribution plans			
Burshane LPG (Pakistan) Limited: Provident Fund	Company's contribution for the period	2,230	5,377
	Loan received during the period	-	900
	Loan repaid during the period	-	900
Associate companies / other related parties			
Burshane Petroleum (Private) Limited [Formerly Darian International (Private) Limited]	Short term Loan - received	31,500	130,000
	Short term Loan - paid	31,500	175,000
	Interest expense on short term loan	553	2,559
	Interest paid on short term loan	553	2,559

		Half year ended	
		December 31, 2023	December 31, 2022
		----- (Rupees in '000) -----	
		(Un-audited)	
Director			
Mr. Asad Alam Niazi	Short term Loan - received	63,820	-
	Short term Loan - paid	30,820	-
	Interest expense on short term loan	2,174	-
	Interest paid on short term loan	1,656	-
Key management personnel			
Chief Executive Officer	Managerial remuneration and other benefits	13,587	13,848
	Contribution to retirement and other service benefits	900	900
Executive Director	Managerial remuneration and other benefits	5,292	5,293
	Advance given against salary	700	-
Directors	Fee for attending meetings	1,850	1,550

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, 2023	June 30, 2023
		----- (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
Associated Companies / Other Related Parties			
Burshane Petroleum (Private) Limited [Formerly Darian International (Private) Limited]	Receivable against use of name "Burshane"	9,000	9,000
	Markup payable	-	333
Director			
Mr. Asad Alam Niazi	Short-term loan	33,000	-
	Markup payable	518	-
Key management personnel	Advance to Chief Financial Officer	50	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
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, 2023 (Un-audited):				
Assets measured at fair value				
Property, plant and equipment				
Freehold land	-	16,800	-	16,800
Leasehold land	-	569,288	-	569,288
	<u>-</u>	<u>586,088</u>	<u>-</u>	<u>586,088</u>
June 30, 2023 (Audited):				
Assets measured at fair value				
Property, plant and equipment				
Freehold land	-	16,800	-	16,800
Leasehold land	-	569,288	-	569,288
	<u>-</u>	<u>586,088</u>	<u>-</u>	<u>586,088</u>

13 DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorised for issue on **February 26, 2024** 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, 2023

		(Un-audited) December 31, 2023	(Audited) June 30, 2023
	Note	----- (Rupees in '000) -----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	810,080	817,215
Intangible assets		304,348	309,407
Long-term deposit		3,174	3,174
		1,117,602	1,129,796
CURRENT ASSETS			
Stores and spares - net		4,051	4,321
Stock-in-trade		20,100	26,348
Trade debts		124,525	101,847
Loans and advances		32,273	36,170
Deposits, prepayments and other receivables		23,422	42,933
Taxation - net		162,449	152,705
Cash and bank balances		29,202	20,853
		396,022	385,177
TOTAL ASSETS		1,513,624	1,514,973
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
90,000,000 (June 30, 2023: 90,000,000) ordinary shares of Rs. 10/-each		900,000	900,000
Issued, subscribed and paid-up capital			
22,488,890 (June 30, 2023: 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		123,287	123,287
Revenue reserves		(138,803)	(141,310)
		546,087	543,580
NON-CURRENT LIABILITIES			
Long-term loan	7	82,342	91,729
Lease liabilities	8	25,849	15,889
Deferred taxation - net		-	2,660
Cylinder and regulator deposits		479,571	479,457
		587,762	589,735
CURRENT LIABILITIES			
Trade and other payables		64,433	103,907
Short-term borrowings		154,000	153,701
Accrued mark-up		13,489	11,886
Un-claimed dividend		83,050	83,050
Short - term loan	6	33,000	-
Current portion of long - term loan	7	25,820	24,948
Current portion of lease liabilities	8	5,983	4,166
		379,775	381,658
TOTAL EQUITY AND LIABILITIES		1,513,624	1,514,973
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, 2023

	Quarter ended		Half year ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Note	----- (Rupees in '000) -----			
Gross sales	893,314	1,087,131	1,672,170	2,323,769
Sales tax	(92,422)	(136,695)	(193,903)	(299,878)
Sales - net	800,892	950,436	1,478,267	2,023,891
Cost of sales	(762,115)	(898,926)	(1,375,598)	(1,915,976)
Gross profit	38,777	51,510	102,669	107,915
Administrative expenses	(27,466)	(24,576)	(54,070)	(56,936)
Distribution and marketing expenses	(9,351)	(15,610)	(26,892)	(32,594)
Other income	12,592	6,709	21,060	17,558
Other operating expenses	(1,793)	(2,602)	(2,594)	(3,552)
Operating profit	12,759	15,431	40,173	32,391
Finance costs	(18,379)	(14,479)	(36,630)	(27,223)
(Loss) / profit before taxation	(5,620)	952	3,543	5,168
Taxation	657	3,299	(1,036)	615
(Loss) / profit for the period	(4,963)	4,251	2,507	5,783
(Loss) / earnings per share - basic and diluted (Rs.)	(0.22)	0.19	0.11	0.26

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, 2023

	<u>Quarter ended</u>		<u>Half year ended</u>	
	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
	----- (Rupees in '000) -----			
(Loss) / profit for the period	(4,963)	4,251	2,507	5,783
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>(4,963)</u>	<u>4,251</u>	<u>2,507</u>	<u>5,783</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, 2023

	Capital Reserves				Revenue Reserves			Total	
	Issued, subscribed and paid-up capital	Reserve on amalgamation	Revaluation surplus of property	Actuarial loss on remeasurement of retirement and other service benefits	Sub total	General Reserve	Accumulated loss		Sub total
	(Rupees in '000)								
Balance as at July 1, 2022 (Audited)	224,888	153,458	336,715	(30,471)	459,702	90,000	(164,895)	(74,895)	609,695
Profit for the period	-	-	-	-	-	-	5,783	5,783	5,783
Other comprehensive income for the interim period - net of tax	-	-	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	-	-	5,783	5,783	5,783
Balance as at December 31, 2022 (Un-audited)	<u>224,888</u>	<u>153,458</u>	<u>336,715</u>	<u>(30,471)</u>	<u>459,702</u>	<u>90,000</u>	<u>(159,112)</u>	<u>(69,112)</u>	<u>615,478</u>
Balance as at July 1, 2023 (Audited)	<u>224,888</u>	<u>153,458</u>	<u>336,715</u>	<u>(30,171)</u>	<u>460,002</u>	<u>90,000</u>	<u>(231,310)</u>	<u>(141,310)</u>	<u>543,580</u>
Profit for the period	-	-	-	-	-	-	2,507	2,507	2,507
Other comprehensive income for the interim period - net of tax	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	2,507	2,507	2,507
Balance as at December 31, 2023 (Un-audited)	<u>224,888</u>	<u>153,458</u>	<u>336,715</u>	<u>(30,171)</u>	<u>460,002</u>	<u>90,000</u>	<u>(228,803)</u>	<u>(138,803)</u>	<u>546,087</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 CASH FLOWS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2023

	Half year ended	
	December 31, 2023	December 31, 2022
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	3,543	5,168
Adjustments for non-cash and other items:		
Depreciation	24,833	25,752
Amortisation	5,059	5,059
Allowance for expected credit losses	560	1,370
Finance costs	36,630	27,223
(Gain) / loss on sale of assets	(4,820)	42
Profit on saving accounts	(395)	(752)
Liability for cylinder deposits written back	(13,061)	(11,066)
	48,806	47,628
Decrease / (increase) in current assets		
Stores and spares - net	270	142
Stock-in-trade	6,248	(47,517)
Trade debts	(23,238)	(40,814)
Loans and advances	3,897	(12,958)
Deposits, prepayments and other receivables	19,511	95,707
	6,688	(5,440)
Decrease in current liabilities		
Trade and other payables - net	(39,474)	(49,895)
Cash flow used in operations	19,563	(2,539)
Finance costs paid	(30,263)	(17,450)
Taxes paid	(13,440)	(20,623)
Cylinder and regulator deposits - net	13,175	23,016
Net cash flows used in operating activities	(10,965)	(17,596)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of operating fixed assets	(461)	(16,840)
Proceeds from sale of the fixed assets	4,820	129
Interest received	395	752
Net cash flows / (used in) investing activities	4,754	(15,959)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term loan repaid	(13,279)	(8,514)
Short-term loan received	95,320	130,000
Short-term loan paid	(62,320)	(175,000)
Payment of lease liabilities	(5,460)	(4,296)
Net cash flows / (used in) from financing activities	14,261	(57,810)
Net decrease in cash and cash equivalents	8,050	(91,365)
Cash and cash equivalents at beginning of the period	(132,848)	(54,129)
Cash and cash equivalents at end of the period	(124,798)	(145,494)
Cash and cash equivalents at end of the period comprise of:		
Cash and bank balances	29,202	15,106
Short-term borrowings	(154,000)	(160,600)
	(124,798)	(145,494)

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, 2023

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, 2023.

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, 2023, 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, 2022.

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 consolidated 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 Company.

3 MATERIAL ACCOUNTING POLICIES AND CHANGES THEREIN

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, 2023

3.1 Initial application of standards, amendments or an interpretation to existing standards

a) Standards, amendments and interpretations to accounting standards that are effective in the current period

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on July 01, 2023, but are considered not to be relevant or expected to have any significant effect on the Holding Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these condensed interim financial statements.

The Holding Company has adopted the narrow scope amendments to the International Accounting Standard (IAS1), Presentation of Financial Statements which have been effective for annual reporting periods beginning on or after 1 January 2023. Although the amendments did not result in any changes to accounting policy themselves, they will impact the accounting policy information disclosed in the annual financial statements.

The amendments aim to make accounting policy disclosures more informative by replacing the requirement to disclose 'significant accounting policies' with 'material accounting policies'. The amendments also provide guidance under what circumstance the accounting policy information is likely to be considered material and therefore requiring disclosure.

These amendments had no effect on the interim condensed financial statements of the Company as they relate to disclosures of accounting policies in the annual financial statements rather than interim financial statements. The amendments are expected to be applicable for the accounting policy disclosures in the annual financial statements of the Holding Company.

b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the Holding Company's accounting periods beginning on or after July 1, 2024, but are considered not to be relevant or expected to have any significant effect on the Holding Company's operations and are, therefore, not detailed in these 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 Holding Company's annual financial statements for the year ended June 30, 2023 except for significant judgement in determining the lease term of contracts with renewal options.

The Holding 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, 2023.

		(Un-audited) December 31, 2023	(Audited) June 30, 2023
	Note	----- (Rupees in '000) -----	
5	PROPERTY, PLANT AND EQUIPMENT		
	Operating fixed assets, at net book value	776,193	796,172
	Right-of-use assets	33,887	21,043
		<u>810,080</u>	<u>817,215</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	121	630
Plant & machinery	185	171
Office equipment	155	64
Cylinder and regulators	-	32,471
Vehicles - owned	-	106
Computers and related accessories	-	225
	<u>461</u>	<u>33,667</u>

5.2 Right-of-use assets

Balance at the beginning of the period / year	21,043	29,776
Additions during the period / year	17,237	2,016
Deletions during the period / year	-	(1,232)
	38,280	30,560
Depreciation charged during the period / year	(4,393)	(9,517)
Balance at the end of the period / year	<u>33,887</u>	<u>21,043</u>

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

6 SHORT TERM LOAN

Related party - unsecured			
Loan from Director	6.1	<u>33,000</u>	<u>-</u>

6.1 The loan was obtained from Burshane Petroleum (Private) Limited and Director amounting to Rs. 31.50 million (2023: Rs. 155 million) and Rs. 63.82 million (2023: 17 million) for purchase of LPG. During the reporting period, loan amounting to Rs. 62.32 million (2023: Rs. 217 million) was repaid. It carries rate of return of KIBOR + 2%.

		(Un-audited) December 31, 2023	(Audited) June 30, 2023
	Note	----- (Rupees in '000) -----	
7	LONG-TERM LOAN		
	Secured		
	National Bank of Pakistan (NBP)	108,162	116,677
	Current maturity of long-term loan	(25,820)	(24,948)
		<u>82,342</u>	<u>91,729</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.

8 LEASE LIABILITIES

	Total lease liabilities	8.1	31,832	20,055
	Current maturity of lease liabilities		(5,983)	(4,166)
			<u>25,849</u>	<u>15,889</u>
8.1	Reconciliation of total lease liabilities:			
	Balance at the beginning of the period / year		20,055	28,175
	Additions during the period / year		17,237	2,016
	Disposals during the period / year		-	(2,922)
	Finance cost during the period / year		2,864	4,575
	Payments / adjustment during the period / year		(8,324)	(11,789)
	Balance at the end of the period / year	8.2	<u>31,832</u>	<u>20,055</u>

	(Un-audited) December 31, 2023	(Audited) June 30, 2023
Note	----- (Rupees in '000) -----	
8.2 Maturity analysis-contractual undiscounted cashflow		
Within one year	5,983	4,166
Later than one year but not later than five years	25,849	15,889
More than five years	-	-
Total undiscounted lease liability	31,832	20,055

8.3 When measuring lease liabilities, the Holding Company discounted lease payments using its incremental borrowing rate 24.66% (June 30, 2023: 22.25%) 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, 2023 amounted to Rs. 22.45 million (June 30, 2023: Rs. 25.66 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 the 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.

9.1.3 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 filing 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.

9.1.4 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.

9.1.5 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.

- 9.1.6 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.

- 9.1.7 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.

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 the 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. 22.45 million (June 30, 2023: Rs. 25.66 million).

10 TAXATION

	Quarter ended		Half year ended	
	December 31, 2023 Un-audited	December 31, 2022 Un-audited	December 31, 2023 Un-audited	December 31, 2022 Un-audited
	Rupees in 000's			
Current	(2,003)	(3,123)	(3,696)	(5,807)
Prior	-	92	-	92
Deferred	2,660	6,330	2,660	6,330
	<u>657</u>	<u>3,299</u>	<u>(1,036)</u>	<u>615</u>

11 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

11.1 The related parties include the 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 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, 2023	December 31, 2022
		----- (Rupees in '000) ----- (Un-audited)	
Staff retirement benefit / contribution plans			
Burshane LPG (Pakistan) Limited: Provident Fund	Company's contribution for the period	2,230	5,377
	Loan received during the period	-	900
	Loan repaid during the period	-	900
Associate companies / other related parties			
Burshane Petroleum (Private) Limited [Formerly Darian International (Private) Limited]	Short term Loan - received	31,500	130,000
	Short term Loan - paid	31,500	175,000
	Interest expense on short term loan	553	2,559
	Interest paid on short term loan	553	2,559

		Half year ended	
		December 31, 2023	December 31, 2022
		----- (Rupees in '000) ----- (Un-audited)	
Director			
Mr. Asad Alam Niazi	Short term Loan - received	63,820	-
	Short term Loan - paid	30,820	-
	Interest expense on short term loan	2,174	-
	Interest paid on short term loan	1,656	-
Key management personnel			
Chief Executive Officer	Managerial remuneration and other benefits	13,587	13,848
	Contribution to retirement and other service benefits	900	900
Executive Director	Managerial remuneration and other benefits	5,292	5,293
	Advance given against salary	700	-
Directors	Fee for attending meetings	1,850	1,550

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, 2023	June 30, 2023
		----- (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
Associated Companies / Other Related Parties			
Burshane Petroleum (Private) Limited [Formerly Darian International (Private) Limited]	Receivable against use of name "Burshane"	9,000	9,000
	Markup payable	-	333
Director			
Mr. Asad Alam Niazi	Short-term loan	33,000	-
	Markup payable	518	-
Key management personnel	Advance to Chief Financial Officer	50	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
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 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 date (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, 2023 (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, 2023 (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 26, 2024** 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