



**BURSHANE LPG (PAKISTAN)
LIMITED
QUARTERLY REPORT – DECEMBER 2020**

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Company Information

Board of Directors

Mr. Shaikh Abdus Sami
Chairman / Independent Director

Mr. Asad Alam Khan
CEO / Director

Mrs. Hamdia Fatin Niazi
Director

Mr. Darayus T. Sethna
Director

Mr. Shahriar D.Sethna
Director

Mr. Saifee Zakiuddin
Director

Ms. Shahbano Hameed
Director (NIT Nominee)

Mr. Muhammad Khalid Dar
Director

Maj. Gen Rafi Ullah Khan (R)
Independent Director

Auditors

BDO Ibrahim & Co., Chartered Accountants.

Legal Advisors

Mohsin Tayeb Aly & Co

Tax Advisors

Maavins Solutions

Registrar & Share Registration Office

THK Associates (Pvt.) Limited

Management

Mr. Asad Alam Niazi
Chief Executive Officer

Mr. Saifee Zakiuddin
Director Finance

Mr. Muhammad Khalid Dar
Director Marketing & Sales

Mr. Khurram Kasbati
Chief Financial Officer

Mr. Murtaza Saifuddin
Financial Controller & Company Secretary

Mr. Amir Aziz
Head of Operations Distribution & HSSE

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

Mr. Asad Wasty
Head of Internal Audit

Bankers

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

Registered Office

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



Burshane LPG (Pakistan) Limited
Suite 101, 1st Floor, Horizon Vista
Plot No. Commercial - 10, Block-4
Scheme No. 5, Clifton, Karachi - 75600
UAN + 92 (21) 111 111 BPL (275)
Tel + 92 (21) 3587 8356, 3530 9870 & 73
Fax +92 (21) 3587 8353

Directors' Report

The Directors of your Company are hereby presenting the financial information of the Company for the half year ended December 31, 2020.

During the period under review, the sales volume of the Company decreased by 2,655 MT (13%) compared to the corresponding period of the previous year and net sales of the Company also decreased by Rs.359.95M (22%) due to reduced quantity sales and lower selling prices compared to corresponding period of the previous year because of lower international prices coupled with lower demand due to COVID-19 pandemic, in the local segment. The gross margins of the Company at Rs.36.89M (3% of Sales value) was also lower by 133.26M from last year comparative period due to decrease in sales and margins.

Administrative expenses increased by Rs.15.77M (29%) compared to comparative period of previous year, mainly due to increase in Litigation expenses pertaining to complaint lodged by Investigation and Intelligence (Inland Revenue) (I&I IR); however, distribution & marketing expenses have decreased by Rs.1M mainly due to decrease in hospitality costs as lower LPG filling at third party Plants.

Loss before tax of the company at Rs.73.34M, is increased by Rs.143M from last year comparative period, mainly due to lower gross margins compared to last year. Further due to decrease in turnover tax rate from 1.5% to 0.25% applied from Tax year 2016 to date which resulted in reversal of tax charge of Rs.57M which has been net with Taxation expense in Statement of Profit and Loss.

The Company's loss per share for the period under review is at Rs. 1.60 compared to earnings of Rs. 2.04 per share in the six months ended for preceding year.

Material Changes and Commitments

The Company is negotiating reprofiling of its Demand Finance Liability of Rs 254m with National Bank of Pakistan Ltd. Under the reprofiling agreement, the company will convert its term debt into short term line and achieve reduction in mark up by utilizing the cash balance towards adjustment of its exposure on daily basis and at the same time regularize overdue into current status. Additionally, the Company has asked for an LC limit within the OD/funded facility to finance the import of LPG which shall be repaid by the cash generation of the company.

A complaint was filed by the Directorate of Investigation and Intelligence (Inland Revenue) (I & I – IR) on 31st August 2020, against the Company for alleged Tax evasion of approximately Rs 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.

Registered in Pakistan No. 0002370 / K-2131
Registered Office Suite 101, 1st Floor
Horizon Vista, Plot No. Commercial-10,
Block-4 Scheme No. 5,
Clifton, Karachi-75600

Regional Office South & Filling Plant
Adjacent to Pakistan Refinery Limited
Korangi Creek,
Karachi-75190
Tel + 92 (21) 3512 2861 - 2863
Fax + 92 (21) 3512 2864

Regional Office North
66, Gul Meher Road,
Saint John Park, Lahore
UAN + 92 (42) 111 111 BPL (275)
Tel + 92 (42) 3668 5487
Fax + 92 (42) 3660 2618

Filling Plant Faisalabad
Filling Plant, Near Railway Station
Abbaspur, Faisalabad.
UAN + 92 (41) 111 111 BPL (275)
Tel + 92 (41) 256 6436
Fax + 92 (41) 256 6437

Burshane LPG (Pakistan) Limited

Suite 101, 1st Floor, Horizon Vista
 Plot No. Commercial - 10, Block-4
 Scheme No. 5, Clifton, Karachi - 75600
 UAN + 92 (21) 111 111 BPL (275)
 Tel + 92 (21) 3587 8356, 3530 9870 & 73
 Fax +92 (21) 3587 8353

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

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

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

Business Ethics

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

In the context of business growth I 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 Nine (9) and their compositions are as following:

- Male: 7
- Female: 2

Category	Name
Independent Director	Maj.Gen (R.) Rafiullah Khan (R) Mr. Sheikh Abdus Sami
Other Non-Executive Directors	Mr. Shahriar D. Sethna Ms. Hamdia Fatin Niazi Mr. Darayus T.Sethna Ms. Shahbano Hameed
Executive Directors	Mr. Asad Alam Niazi Mr. Saifee Zakiuddin Mr. Khalid Dar

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

a) Audit Committee

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

b) Human Resource and Remuneration Committee

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

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

Following are the key numbers of the results for the period	(Rs. in '000)
Net Sales	1,231,900
Gross Margins	36,895
Operating Loss	-60,033
Loss after Tax	-35,975

Following is the appropriation:	
Loss after Tax	-35,975

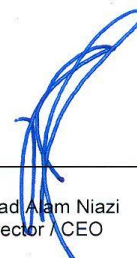
Appropriation:

Dividend declared	Cash	NIL
	Bonus	NIL



Shaikh Abdus Sami
 Director/Chairman

Karachi
 Dated: June 25, 2021



Asad Alam Niazi
 Director / CEO



**BURSHANE LPG (PAKISTAN) LIMITED
UNCONSOLIDATED CONDENSED INTERIM
FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2020**

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, 2020 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 (herein-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 8.1.5 to the 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. Note 8.1.5 provides details regarding the matter which is sub-judice; and
2. Note 6.1 to the interim financial statements which provide details regarding restructuring of the financing facilities with National Bank of Pakistan.



Other Matter

The figures for the quarters ended December 31, 2020 and December 31, 2019 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.

The interim financial statement of the Company for the half year ended December 31, 2019 were reviewed by another firm of chartered accountants who have expressed an unmodified conclusion thereon vide their report dated February 28, 2020.

KARACHI

DATED: 25 JUN 2021



CHARTERED ACCOUNTANTS
Engagement Partner: Zulfikar Ali Causer

BURSHANE LPG (PAKISTAN) LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020

		(Un-audited) December 31, 2020	(Audited) June 30, 2020
	Note	----- (Rupees in '000) -----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	813,205	827,317
Intangible assets		305,040	328,661
Long-term investment		50,000	50,000
Long-term loans		360	488
Long-term deposit		3,174	122,761
		1,171,779	1,329,227
CURRENT ASSETS			
Stores and spares - net		3,534	2,215
Stock-in-trade		104,490	43,901
Trade debts		63,230	24,776
Loans and advances		60,844	53,084
Deposits, prepayments and other receivables		213,004	21,755
Taxation - net		89,643	9,295
Cash and bank balances		113,119	265,197
		647,864	420,223
TOTAL ASSETS		1,819,643	1,749,450
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
90,000,000 (June 30, 2020: 90,000,000) ordinary shares of Rs10/-each		900,000	900,000
Issued, subscribed and paid-up capital		224,888	224,888
Capital reserve			
Revaluation surplus of property		336,415	336,415
Other reserves		121,866	110,070
Revenue reserves		(18,192)	17,783
		664,977	689,156
NON-CURRENT LIABILITIES			
Long-term loan	6	-	-
Lease liabilities	7	9,517	17,511
Deferred taxation - net		25,891	-
Cylinder and regulator deposits		430,604	414,260
		466,012	431,771
CURRENT LIABILITIES			
Loan from a subsidiary company		50,000	50,000
Trade and other payables		183,444	138,743
Accrued mark-up on long - term loan		108,111	97,029
Un-claimed dividend		83,198	83,198
Current portion of lease liabilities	7	9,462	5,114
Current portion of long-term loan	6	254,439	254,439
		688,654	628,523
TOTAL EQUITY AND LIABILITIES		1,819,643	1,749,450
CONTINGENCIES AND COMMITMENTS			
	8		

The annexed notes from 1 to 13 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, 2020

Note	Quarter ended		Half year ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	(Rupees in '000)			
Gross sales	805,161	1,068,496	1,459,628	1,827,977
Sales tax	(125,306)	(140,329)	(227,728)	(236,122)
Sales - net	679,855	928,167	1,231,900	1,591,855
Cost of sales	(659,987)	(822,600)	(1,195,005)	(1,421,701)
Gross profit	19,868	105,567	36,895	170,154
Administrative expenses	(37,824)	(27,012)	(69,451)	(53,681)
Distribution and marketing expenses	(18,189)	(18,174)	(34,006)	(35,012)
Other income	(47,886)	15,708	11,437	18,349
Other operating expenses	(3,569)	(6,658)	(4,908)	(7,719)
Operating (loss) / profit	(87,600)	69,431	(60,033)	92,091
Finance costs	(6,429)	(12,316)	(13,308)	(22,410)
(Loss) / profit before taxation	(94,029)	57,115	(73,341)	69,681
Taxation	38,746	(13,946)	37,366	(23,901)
Net (loss) / profit for the period	(55,283)	43,169	(35,975)	45,780
(Loss) / earnings per share - basic and diluted	(2.46)	1.92	(1.60)	2.04

The annexed notes from 1 to 13 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, 2020

	Quarter ended		Half year ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	(Rupees in '000)			
Net (loss) / profit for the period	(55,283)	43,169	(35,975)	45,780
Other comprehensive income for the period				
Items that will not be reclassified subsequently to profit or loss:				
Actuarial gain / (loss) of remeasurement of retirement and other service benefits	11,796	(35,761)	11,796	(35,761)
Total comprehensive (loss) / income for the period	<u>(43,487)</u>	<u>7,408</u>	<u>(24,179)</u>	<u>10,019</u>

The annexed notes from 1 to 13 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, 2020

	Half year ended	
	December 31, 2020	December 31, 2019
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / profit before taxation	(73,341)	69,681
Adjustments for:		
Depreciation	21,458	22,576
Amortisation	36,142	29,859
Allowance for expected credit losses	1,465	-
Retirement and other service benefits	8,651	663
Finance costs	13,308	22,410
Gain on sale of assets	-	(1,347)
Profit on saving accounts	(1,646)	(4,315)
Liability for cylinder deposits written back	(7,942)	(11,116)
	71,436	58,730
(Increase) / decrease in current assets		
Stores and spares - net	(1,319)	(137)
Stock-in-trade	(60,589)	(54,480)
Trade debts	(39,920)	(9,861)
Loans and advances	(7,760)	(70,973)
Deposits, prepayments and other receivables	(34,268)	(17,641)
	(143,856)	(153,092)
Increase / (decrease) in current liabilities		
Trade and other payables - net	58,295	28,433
Cash used in operations	(87,466)	3,752
Finance costs paid	(571)	(2,015)
Taxes paid	(17,090)	(22,631)
Long term loans - net	128	246
Long term deposits - net	-	-
Retirement and other service benefits paid	(10,645)	(4,732)
Cylinder and regulator deposits - net	24,287	28,164
Net cash (used in) / generated from operating activities	(91,357)	2,784
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of operating fixed assets	(9,097)	(26,731)
Intangible assets	-	(149)
Refinery signature bonus	(49,600)	-
Proceeds from sale of fixed assets	-	1,373
Interest received	1,646	4,315
Net cash used in investing activities	(57,051)	(21,192)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	-	(5,624)
Prepayments of right to use assets	-	(1,616)
Repayment of liabilities under finance lease	(3,669)	(1,179)
Net cash used in financing activities	(3,669)	(8,419)
Net decrease in cash and cash equivalents	(152,078)	(26,827)
Cash and cash equivalents at beginning of the period	265,197	173,732
Cash and cash equivalents at end of the period	113,119	146,905

The annexed notes from 1 to 13 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, 2020

	Capital Reserves				Revenue Reserves			Total	
	Issued, subscribed & paid-up capital	Reserve on amalgamation	Revaluation surplus of property	Actuarial (loss) / gain on remeasurement of retirement and other service benefits	Sub total	General Reserve	Unappropriated profit / (Accumulated loss)		Sub total
	(Rupees in '000)								
Balance as at July 01, 2019 (Audited)	224,888	153,458	274,765	16,081	444,304	90,000	60,252	150,252	819,444
Profit for the period	-	-	-	-	-	-	45,780	45,780	45,780
Other comprehensive loss for the period	-	-	-	(35,761)	(35,761)	-	-	-	(35,761)
Total comprehensive income for the period	-	-	-	(35,761)	(35,761)	-	45,780	45,780	10,019
Final dividend for the year ended June 30, 2018 @ Re. 1 per share	-	-	-	-	-	-	(22,640)	(22,640)	(22,640)
Balance as at December 31, 2019 (Un-audited)	224,888	153,458	274,765	(19,680)	408,543	90,000	83,392	173,392	806,823
Balance as at July 01, 2020 (Audited)	224,888	153,458	336,415	(43,388)	446,485	90,000	(72,217)	17,783	689,156
Loss for the period	-	-	-	-	-	-	(35,975)	(35,975)	(35,975)
Other comprehensive income for the period	-	-	-	11,796	11,796	-	-	-	11,796
Total comprehensive loss for the period	-	-	-	11,796	11,796	-	(35,975)	(35,975)	(24,179)
Balance as at December 31, 2020 (Un-audited)	224,888	153,458	336,415	(31,592)	458,281	90,000	(108,192)	(18,192)	664,977

The annexed notes from 1 to 13 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, 2020

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 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, 2020.

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, 2020 and December 31, 2019 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, 2020 and December 31, 2019.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted and methods of computation followed in the preparation of these unconsolidated condensed interim financial statements are same as those for the preceding annual financial statements for the year ended June 30, 2020.

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, 2020. 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

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 (unconsolidated) for the year ended June 30, 2020 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 unconsolidated financial statements as at and for the year ended June 30, 2020.

	Note	(Un-audited) December 31, 2020	(Audited) June 30, 2020
----- (Rupees in '000) -----			
5	PROPERTY, PLANT AND EQUIPMENT		
	Operating fixed assets, at net book value	5.1 795,534	804,465
	Right-of-use assets	5.2 17,671	22,852
		<u>813,205</u>	<u>827,317</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	501	1,166
	Office equipment	304	372
	Cylinder and regulators	8,292	44,843
	Vehicles - owned	-	2,231
	Computers and related accessories	-	648
		<u>9,097</u>	<u>49,260</u>
5.2	Right-of-use assets		
	Balance at the beginning of the period / year	22,852	-
	Impact of lease modification	(1,631)	-
	Additions during the period / year	-	30,347
		21,221	30,347
	Depreciation charged during the period / year	(3,550)	(7,495)
	Balance at the end of the period / year	<u>17,671</u>	<u>22,852</u>
	The right to use assets comprises of premises acquired on lease by the Company for its operations		
6	LONG-TERM LOAN		
	Secured		
	National Bank of Pakistan (NBP)	6.1 254,439	254,439
	Current maturity of long-term loan	(254,439)	(254,439)
		<u>-</u>	<u>-</u>
6.1	As a result of the Scheme referred to in note 7 to the audited financial statements for the year ended June 30, 2020, long-term finance obtained, under conventional banking terms, by HTPL had been transferred to the Company at the time of amalgamation. The loan was obtained as a demand finance facility under the agreement dated April 08, 2013 from NBP and is repayable in 9 semi-annual installments of Rs. 44.444 million latest by April 01, 2018 with a grace period of six months from the date of the drawdown.		

The loan carries mark-up at rate of 6 months KIBOR plus 2.5% to 6% per annum. This loan is secured by way of mortgage on leasehold land and charge on the Company's present and future current and fixed assets as well as personal guarantees of Directors of the Company. In previous years, the Company negotiated several different offer letters from NBP. During the period, on November 13, 2020, the Company received a revised proposal for the restructuring of loan from NBP via offer letter No. NBP/ARG/ARW(S)/BLPL/2020. As per the aforementioned letter, the long-term loan and accrued mark-up on long-term loan are termed as Demand Finance-I and Demand Finance-II. In respect of Demand Finance - I, the Company was required to make a principal down payment of Rs. 89.060 million and the balance of Rs. 165.390 million to be re-paid in 20 quarterly installments starting from January 01, 2022 with a grace period of 1 year from the date of the drawdown.

In respect of Demand Finance - II, the Company required to make a principal down payment of Rs. 29.600 million and the balance of Rs. 54.970 million to be re-paid in 16 quarterly installments starting from January 01, 2022 with a grace period of 1 year from the date of the drawdown. Both facilities carries mark-up at the rate of 3 months KIBOR + 1.5%, which will also be payable during the grace period.

		(Un-audited) December 31, 2020	(Audited) June 30, 2020
	Note	----- (Rupees in '000) -----	
7	LEASE LIABILITIES		
	Total lease liabilities	18,979	22,625
	Current maturity of lease liabilities	<u>(9,462)</u>	<u>(5,114)</u>
		<u>9,517</u>	<u>17,511</u>
7.1	Reconciliation of total lease liabilities:		
	Balance at the beginning of the period / year	22,625	3,745
	Impact of initial application of IFRS 16 as	-	23,534
	Impact of lease modification	(1,631)	
	Additions during the period / year	-	-
	Finance cost during the period / year	1,654	4,144
	Payments during the period / year	<u>(3,669)</u>	<u>(8,798)</u>
	Balance at the end of the period / year	<u>18,979</u>	<u>22,625</u>
7.2	Maturity analysis-contractual undiscounted cashflow		
	Within one year	9,462	5,114
	Later than one year but not later than five years	9,517	17,511
	More than five years	-	-
	Total undiscounted lease liability	<u>18,979</u>	<u>22,625</u>
7.3	When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate 17.06% per annum.		

8 CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

8.1.1 The Company was contesting an appeal before Honorable Appellate Tribunal Inland Revenue in relation to sales tax demand of Rs. 13.73 million as modified by the order of Commissioner (Appeals). The aforesaid demand was raised in pursuance to sales tax audit for tax periods from July 2009 to June 2010. The Honorable Appellate Tribunal has remanded back to the Commissioner (Appeal) who has further remanded back to the assessing officer for re-assessment. The Department has not yet re-adjudicated the matter.

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

During the year ended June 30, 2020, the tax authorities issued Order dated July 24, 2019 confronting under 8B of the Sales Tax Act, 1990, raising sales tax demand of Rs. 37.28 million along with penalty and default surcharge for the period from August 2011 to May 2015. Against the Order, the Company has filed appeal before Commissioner Inland Revenue (Appeals-I), Large Taxpayers Unit, Karachi on August 22, 2019 who vide order dated November 18, 2019 vacated the whole principal amount of sales tax Rs. 37.28. However, the liability on account of default surcharge and penalty was maintained. The Order of the Commissioner Inland Revenue (Appeals-I), Large Taxpayers Unit, has been challenged before the Hon'ble Appellate Tribunal Inland Revenue, Karachi by Commissioner Inland Revenue, Zone IV, Large Taxpayers, Unit which is pending for hearing.

8.1.3 For the tax year 2016, a notice dated June 25, 2018 was issued to 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 NIL tax demand due to applicability of minimum tax.

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.

- 8.1.4 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 are involved in financial irregularities of the Companies Act, 2017, which include advance made to Roots International Brands Private Limited (RIBS), an associated company, and that the bank account was being used for illegal activities by CEO and Company's Director Finance who appears to have concealed the existence of such financial transactions.

On the conclusion of inspection, a report has been issued on October 23, 2020 mentioning cognizance of offences under sections 204, 199(1), 199(2), 183(2), CEO and Director Finance of the Company, during the period July 1, 2018 to June 30, 2020 and suggested that they are liable with regard to all the above non-compliances as the Board of Directors did not discuss or approve transactions with RIBS until June 26, 2020 and the predecessor auditors are liable for proceedings to be initiated under section 249 read with section 253 of the Act as they failed to highlight lack of disclosure of transactions with RIBS in notes to the financial statements for year ended June 30, 2019 especially in related parties note as required under IAS 24. The Auditor also failed to highlight the unsecured interest free loans extended without any agreement to a non-related party i.e., RIBS before June 3, 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 the SECP compliance regulations. It has further been resolved in the Board that extra care shall be taken in future to ensure that no non-compliance takes place. No action has been taken up by SECP to date and management asserts, based on advise of Legal counsel that there would not any material impact on the financial statements of any action taken up by SECP.

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

The Company filed a Constitutional Petition (CP) of No 4602 dated September 23, 2020, against the Trial Court's order of freezing the Company's nine bank accounts, which is still under hearing. In yet another order of CP, the Company obtained protective bail from the High Court followed by bail from the Trial Court which was confirmed on October 22, 2020. After the last hearing in December 2020, the case has been adjourned with date in office. The Company has filed another Constitutional Petition No 5162 on October 19, 2020 in the High Court (HC), challenging the Jurisdiction of the Complaint no. 945/2020 in the Court of Special Judge (Customs, Taxation and Anti-Smuggling). The CP was taken up on October 23, 2020 in which the High Court has asked the respondents to file their comments on this case but since its inception in October 2020, the Complainant and all other respondents have not yet filed any comment. In the very first hearing the High Court has restrained the respondents which includes the Trial Court, not to take any further coercive action against the Petitioners. Our plea of challenging the jurisdiction is remarkably supported by the case laws hence, the respondents are not filing their comments in the High Court and are trying to continue prosecution in the Trial Court. However, in the last hearing, the High Court has warned the respondents that if they fail to file their comments, HC would restrain the Trial Court to stop its proceedings on the case till disposition of CP first.

In the hearing of February 20, 2021, the Trial Court, discussed in detail about jurisdiction of the case and the Complainant was unable to satisfy the Trial Court as to why this case should not be first transferred to Income Tax Department to assess the tax liability, as currently there is no default on part of the Company or there is no demand ascertained by the Income Tax Department on the Company and therefore no offence has been committed by the Company or its Directors and management. The Trial Court has given next date of hearing as April 27, 2021 in which the Complainant is asked to satisfy the High Court as to why this case should not first be dealt by the Income Tax Department under the Income Tax Ordinance, 2001. Directorate & I (Inland Revenue) had already written to the Income Tax department, in November 2020, to take up the matter of Tax Evasion and the Tax department has recently issued notices for the same for various years. This fact/action was not disclosed by Directorate I & I (Inland Revenue) either to the Trial Court, even at the time when the Court asked them as to why this case should not be dealt by the Income Tax department first, or the High Court and in that manner it is concealment on their part of a material fact. The Company is going to take up this matter in the High Court as well as in the Trial Court in the next hearing and convince the courts that I & I (Inland Revenue) is trying to mislead the Courts and doesn't have any case and therefore they have written to the Tax Department to deal the case as per the Income Tax law. However, due to COVID-19 court proceedings are suspended, so hearing of April 27, 2021 was not took place. Date of next hearing will be on June 21, 2021.

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. He tried to conduct a media trial of the Company and its Directors. Additionally, The Director of Intelligence and Investigation, Inland Revenue also disclosed our tax and assets details, hence breached privacy and confidentiality laws. The Company has filed a law suit for damages against the Director General, the Director of South Region and the Deputy Director, (the Complainant) of the Directorate of Intelligence & Investigation, Inland Revenue for a sum of Rs. 1 billion. The case is under hearing.

Management asserts, based on advise of Legal counsel that the case shall be ultimately decided in favor of the Company.

Further, subsequent to the reporting period in February, 2021 the Company has received notices under section 177(1) of Income Tax Ordinance, 2001 regarding audit of tax years 2018 & 2019. The Company is in process to respond on the notices.

		(Un-audited) December 31, 2020	(Audited) June 30, 2020
		----- (Rupees in '000) -----	
8.2	Commitments		
	Post-dated cheques	2,100	2,541
		<u>2,100</u>	<u>2,541</u>
		Quarter ended	Half year ended
		December 31, 2020	December 31, 2019
		Un-audited	Un-audited
		Rupees in 000's	
9	TAXATION		
	Current	(4,484)	(13,946)
	Prior	66,361	66,361
	Deferred	(25,891)	-
		<u>35,986</u>	<u>(13,946)</u>
		<u>37,366</u>	<u>(23,901)</u>

10 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

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. He tried to conduct a media trial of the Company and its Directors. Additionally, The Director of Intelligence and Investigation, Inland Revenue also disclosed our tax and assets details, hence breached privacy and confidentiality laws. The Company has filed a law suit for damages against the Director General, the Director of South Region and the Deputy Director, (the Complainant) of the Directorate of Intelligence & Investigation, Inland Revenue for a sum of Rs. 1 billion. The case is under hearing.

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		(Un-audited) December 31, 2020	(Audited) June 30, 2020
		----- (Rupees in '000) -----	
8.2	Commitments		
	Post-dated cheques	2,100	2,541
		<u>2,100</u>	<u>2,541</u>
		Quarter ended	Half year ended
		December 31, 2020	December 31, 2019
		Un-audited	Un-audited
		Rupees in 000's	
9	TAXATION		
	Current	(4,484)	(13,946)
	Prior	66,361	-
	Deferred	(25,891)	-
		<u>35,986</u>	<u>(13,946)</u>
		<u>37,366</u>	<u>(23,901)</u>

10 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

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

10.2.1 Transaction with related parties

Nature of relationship	Nature of transactions	Half year ended	
		December 31, 2020	December 31, 2019
		----- (Rupees in '000) -----	
		(Un-audited)	
Former Holding Company H.A.K.S. Trading (Private) Limited	Dividend	-	16,836
Subsidiary			
Burshane Trading (Private) Limited	Expenses incurred on behalf of the company	-	90
Burshane Auto Gas (Private) Limited	Expenses incurred on behalf of the company	-	210
Burshane Petroleum (Private) Limited [Formerly Darian International (Private) Limited]	Received against expense	500	-
Staff Retirement Benefit / Contribution Plans			
Burshane LPG (Pakistan) Limited:			
Provident Fund	Company's contribution for the period	1,396	1,391
Gratuity Fund	Benefits paid	485	199
Pension Fund	Benefits paid	6,770	(927)
Associated Companies / Other Related Parties			
AAK Commodities (private) Limited [Formerly Alsaa & AAK Commodities (Private) Limited]	Paid against expenses	-	145
	Receivable against expenses	209	-
A & S Corporation (Private) Limited	Paid against expenses	-	75
	Receivable against expenses	75	-
Key management personnel			
Chief Executive Officer	Managerial remuneration and other benefits	13,662	20,619
	Contribution to retirement and other service benefits	581	581
Executive Directors	Managerial remuneration and other benefits	7,632	7,671
	Advance given against salary	-	743
Directors	Medical reimbursements	282	618
	Fee for attending meetings	1,700	1,100

10.2.2 Balances with related parties

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

Nature of relationship	Nature of balances	(Un-audited)	(Audited)
		December 31, 2020	June 30, 2020
		----- (Rupees in '000) -----	
Former Holding Company			
H.A.K.S. Trading (Private) Limited	Dividend payable	79,857	79,971
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	11	11
Staff Retirement Benefit / Contribution Plans			
Burshane LPG (Pakistan) Limited:			
Pension Fund	Receivable / (Payable) to Pension Fund	(19,185)	26,690
Provident Fund	Receivable from Provident Fund	1,560	15
Gratuity Fund	Receivable / (Payable) to Gratuity Fund	865	1,036
Associated Companies / Other Related Parties			
Burshane Petroleum (Private) Limited [Formerly Darian International (Private) Limited]	Receivable against use of name "Burshane"	9,000	9,000
AAK Commodities (private) Limited [Formerly Alsa & AAK Commodities (Private) Limited]	Receivable against expenses	-	500
A & S Corporation (Private) Limited	Receivable against expenses	41	250
Key management personnel	Receivable against expenses	-	75
	Advance to Chief Executive Officer	-	855

10.2.3 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
AAK Commodities (Private) Limited [Formerly Alsa & AAK Commodities (Private) Limited]	Common	Nil
A & S Corporation (Private) Limited	Common	Nil
Norinco International Thatta Power (Private) Limited	Common	Nil
Burshane Petroleum (Private) Limited [Formerly Darian International (Private) Limited]	Common directorship	Nil
Burshane LPG (Pakistan) Limited:		
Gratuity Fund	Staff Retirement	Nil
Pension Fund	Staff Retirement	Nil
Provident Fund	Contribution Plan	Nil
	Staff Retirement	Nil

11 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.

11.1 Fair value of hierarchy

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

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

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

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

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

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

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

	Fair value measurement using			Total
	Level 1	Level 2	Level 3	
	(Rupees in '000)			
December 31, 2020 (Un-audited):				
Assets measured at fair value				
Property, plant and equipment				
Freehold land	-	16,500	-	16,500
Leasehold land	-	569,288	-	569,288
	-	585,788	-	585,788

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

10.2.1 Transaction with related parties

Nature of relationship	Nature of transactions	Half year ended	
		December 31, 2020	December 31, 2019
		----- (Rupees in '000) ----- (Un-audited)	
Former Holding Company			
H.A.K.S. Trading (Private) Limited	Dividend	-	16,836
Subsidiary			
Burshane Trading (Private) Limited	Expenses incurred on behalf of the company	-	90
Burshane Auto Gas (Private) Limited	Expenses incurred on behalf of the company	-	210
Burshane Petroleum (Private) Limited [Formerly Darian International (Private) Limited]	Received against expense	500	-
Staff Retirement Benefit / Contribution Plans			
Burshane LPG (Pakistan) Limited:			
Provident Fund	Company's contribution for the period	1,396	1,391
Gratuity Fund	Benefits paid	485	199
Pension Fund	Benefits paid	6,770	(927)
Associated Companies / Other Related Parties			
AAK Commodities (private) Limited [Formerly Alsaa & AAK Commodities (Private) Limited]	Paid against expenses	-	145
	Receivable against expenses	209	-
A & S Corporation (Private) Limited	Paid against expenses	-	75
	Receivable against expenses	75	-
Key management personnel			
Chief Executive Officer	Managerial remuneration and other benefits	13,662	20,619
	Contribution to retirement and other service benefits	581	581
Executive Directors	Managerial remuneration and other benefits	7,632	7,671
	Advance given against salary	-	743
	Medical reimbursements	282	618
Directors	Fee for attending meetings	1,700	1,100

10.2.2 Balances with related parties

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

Nature of relationship	Nature of balances	(Un-audited)	(Audited)
		December 31, 2020	June 30, 2020
		----- (Rupees in '000) -----	
Former Holding Company			
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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	11	11
Staff Retirement Benefit / Contribution Plans			
Burshane LPG (Pakistan) Limited:			
Pension Fund	Receivable / (Payable) to Pension Fund	(19,185)	26,690
Provident Fund	Receivable from Provident Fund	1,560	15
Gratuity Fund	Receivable / (Payable) to Gratuity Fund	865	1,036
Associated Companies / Other Related Parties			
Burshane Petroleum (Private) Limited [Formerly Darian International (Private) Limited]	Receivable against use of name "Burshane"	9,000	9,000
	Receivable against expenses	-	500
AAK Commodities (private) Limited [Formerly Alsa & AAK Commodities (Private) Limited]	Receivable against expenses	41	250
A & S Corporation (Private) Limited	Receivable against expenses	-	75
Key management personnel	Advance to Chief Executive Officer	-	855

10.2.3 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
AAK Commodities (Private) Limited [Formerly Alsa & AAK Commodities (Private) Limited]		
A & S Corporation (Private) Limited	Common	Nil
Norinco International Thatta	Common	Nil
Power (Private) Limited	Common	Nil
Burshane Petroleum (Private) Limited [Formerly Darian International (Private) Limited]	Common	Nil
	directorship	Nil
Burshane LPG (Pakistan) Limited:		
Gratuity Fund	Staff Retirement	Nil
Pension Fund	Staff Retirement	Nil
Provident Fund	Contribution Plan	Nil
	Staff Retirement	Nil

11 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.

11.1 Fair value of hierarchy

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

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

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

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

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

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

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

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

	Fair value measurement using			Total
	Level 1	Level 2	Level 3	
	----- (Rupees in '000) -----			
December 31, 2020 (Un-audited):				
Assets measured at fair value				
Property, plant and equipment				
Freehold land	-	16,500	-	16,500
Leasehold land	-	569,288	-	569,288
	-	585,788	-	585,788

	Fair value measurement using			Total
	Level 1	Level 2	Level 3	
----- (Rupees in '000) -----				
June 30, 2020 (Audited):				
Assets measured at fair value				
Property, plant and equipment				
Freehold land	-	16,500	-	16,500
Leasehold land	-	569,288	-	569,288
	-	585,788	-	585,788

12 DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorised for issue on 25 JUN 2021 by the Board of Directors of the Company.

13 GENERAL

13.1 Figures have been rounded off to the nearest thousands.

13.2 Certain corresponding figures have been reclassified for better presentation.


CHIEF EXECUTIVE OFFICER


CHIEF FINANCIAL OFFICER


DIRECTOR



**BURSHANE LPG (PAKISTAN) LIMITED
CONSOLIDATED CONDENSED INTERIM
FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2020**

BURSHANE LPG (PAKISTAN) LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020

		(Un-audited) December 31, 2020	(Audited) June 30, 2020
	Note	----- (Rupees in '000) -----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	813,205	827,317
Intangible assets		305,040	328,661
Long-term loans		360	488
Long-term deposit		3,174	122,761
		1,121,779	1,279,227
CURRENT ASSETS			
Stores and spares - net		3,534	2,215
Stock-in-trade		104,490	43,901
Trade debts		63,230	24,776
Loans and advances		60,844	53,084
Deposits, prepayments and other receivables		213,006	21,757
Taxation - net		88,973	8,627
Cash and bank balances		114,586	266,636
		648,663	420,996
TOTAL ASSETS		1,770,442	1,700,223
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
90,000,000 (June 30, 2020: 90,000,000) ordinary shares of Rs10/-each		900,000	900,000
Issued, subscribed and paid-up capital		224,888	224,888
Capital reserve			
Revaluation surplus of property		336,415	336,415
Other reserves		121,872	110,076
Revenue reserves		(17,577)	18,371
		665,598	689,750
NON-CURRENT LIABILITIES			
Long-term loan	6	-	-
Lease liabilities	7	9,517	17,511
Deferred taxation - net		25,891	-
Cylinder and regulator deposits		430,604	414,260
		466,012	431,771
CURRENT LIABILITIES			
Trade and other payables		183,622	138,922
Accrued mark-up on long - term loan		108,111	97,029
Un-claimed dividend		83,198	83,198
Current portion of lease liabilities	7	9,462	5,114
Current portion of long-term loan	6	254,439	254,439
		638,832	578,702
TOTAL EQUITY AND LIABILITIES		1,770,442	1,700,223
CONTINGENCIES AND COMMITMENTS			
	8		

The annexed notes from 1 to 13 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, 2020

	Quarter ended		Half year ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	(Rupees in '000)			
Note				
Gross sales	805,161	1,068,496	1,459,628	1,827,977
Sales tax	(125,306)	(140,329)	(227,728)	(236,122)
Sales - net	679,855	928,167	1,231,900	1,591,855
Cost of sales	(659,987)	(822,600)	(1,195,005)	(1,421,701)
Gross profit	19,868	105,567	36,895	170,154
Administrative expenses	(37,824)	(27,012)	(69,451)	(53,681)
Distribution and marketing expenses	(18,189)	(18,174)	(34,006)	(35,012)
Other income	38	15,744	11,475	18,423
Other operating expenses	(3,569)	(6,657)	(4,908)	(7,719)
Operating (loss) / profit	(39,676)	69,468	(59,995)	92,165
Finance costs	(6,429)	(12,316)	(13,308)	(22,410)
(Loss) / profit before taxation	(46,105)	57,152	(73,303)	69,755
Taxation	35,970	(13,956)	37,355	(23,922)
Net (loss) / profit for the period	(10,135)	43,196	(35,948)	45,833
(Loss) / earnings per share - basic and diluted	(0.45)	1.92	(1.60)	2.04

The annexed notes from 1 to 13 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, 2020

	Quarter ended		Half year ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	----- (Rupees in '000) -----			
Net (loss) / profit for the period	(10,135)	43,196	(35,948)	45,833
Other comprehensive income for the period				
Items that will not be reclassified subsequently to profit or loss:				
Actuarial gain / (loss) of remeasurement of retirement and other service benefits	11,796	(35,761)	11,796	(35,761)
Total comprehensive (loss) / income for the period	<u>1,661</u>	<u>7,435</u>	<u>(24,152)</u>	<u>10,072</u>

The annexed notes from 1 to 13 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, 2020

	Half year ended	
	December 31, 2020	December 31, 2019
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / profit before taxation	(73,303)	69,755
Adjustments for:		
Depreciation	21,458	22,576
Amortisation	36,141	29,859
Allowance for expected credit losses	1,465	-
Retirement and other service benefits	8,651	663
Finance costs	13,308	22,410
Gain on sale of assets	-	(1,347)
Profit on saving accounts	(1,684)	(4,319)
Liability for cylinder deposits written back	(7,942)	(11,116)
	71,397	58,726
(Increase) / decrease in current assets		
Stores and spares - net	(1,319)	(137)
Stock-in-trade	(60,589)	(54,480)
Trade debts	(39,920)	(9,861)
Loans and advances	(7,760)	(70,973)
Deposits, prepayments and other receivables	(34,268)	(17,641)
	(143,856)	(153,092)
Increase / (decrease) in current liabilities		
Trade and other payables - net	58,295	28,433
Cash used in / generated from operations	(87,467)	3,822
Finance costs paid	(571)	(2,015)
Taxes paid	(17,100)	(22,645)
Long term loans - net	128	246
Long term deposits - net	-	-
Retirement and other service benefits paid	(10,645)	(4,732)
Cylinder and regulator deposits - net	24,287	28,164
Net cash (used in) / generated from operating activities	(91,368)	2,840
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of operating fixed assets	(9,097)	(26,731)
Intangible assets	-	(149)
Refinery signature bonus	(49,600)	-
Proceeds from sale of fixed assets	-	1,373
Interest received	1,684	4,315
Net cash used in investing activities	(57,013)	(21,192)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	-	(5,624)
Prepayments of right to use assets	-	(1,616)
Repayment of liabilities under finance lease	(3,669)	(1,179)
Net cash used in financing activities	(3,669)	(8,419)
Net decrease in cash and cash equivalents	(152,050)	(26,771)
Cash and cash equivalents at beginning of the period	266,636	175,069
Cash and cash equivalents at end of the period	114,586	148,298

The annexed notes from 1 to 13 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, 2020

	Capital Reserves				Revenue Reserves			Total	
	Issued, subscribed & paid-up capital	Reserve on amalgamation	Revaluation surplus of property	Actuarial (loss) / gain on remeasurement of retirement and other service benefits	Sub total	General Reserve	Unappropriated profit / (Accumulated loss)		Sub total
	(Rupees in '000)								
Balance as at July 01, 2019 (Audited)	224,888	153,458	274,765	16,081	444,304	90,000	60,770	150,770	819,962
Profit for the period	-	-	-	-	-	-	45,833	45,833	45,833
Other comprehensive loss for the period	-	-	-	(35,761)	(35,761)	-	-	-	(35,761)
Total comprehensive income for the period	-	-	-	(35,761)	(35,761)	-	45,833	45,833	10,072
Final dividend for the year ended June 30, 2018 @ Re. 1 per share	-	-	-	-	-	-	(22,640)	(22,640)	(22,640)
Balance as at December 31, 2019 (Un-audited)	224,888	153,458	274,765	(19,680)	408,543	90,000	83,963	173,963	807,394
Balance as at July 01, 2020 (Audited)	224,888	153,458	336,415	(43,382)	446,491	90,000	(71,629)	18,371	689,750
Loss for the period	-	-	-	-	-	-	(35,948)	(35,948)	(35,948)
Other comprehensive income for the period	-	-	-	11,796	11,796	-	-	-	11,796
Total comprehensive loss for the period	-	-	-	11,796	11,796	-	(35,948)	(35,948)	(24,152)
Balance as at December 31, 2020 (Un-audited)	224,888	153,458	336,415	(31,586)	458,287	90,000	(107,577)	(17,577)	665,598

The annexed notes form 1 to 13 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, 2020

1 LEGAL STATUS AND OPERATIONS OF THE GROUP

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

1.1 The Holding Company

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

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

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

1.2 Subsidiary Companies

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

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

1.3 Geographical location and addresses of major business units of the Group are as under:

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted and methods of computation followed in the preparation of these consolidated condensed interim financial statements are same as those for the preceding annual financial statements for the year ended June 30, 2020.

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, 2020. The adoption of these new and amended standards did not have material impact on the Company's consolidated condensed interim financial statements.

4 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND FINANCIAL RISK

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

Judgements and estimates made by the management in the preparation of these consolidated condensed interim financial statements are the same as those applied in the Company's annual financial statements (consolidated) for the year ended June 30, 2020 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 consolidated financial statements as at and for the year ended June 30, 2020.

		(Un-audited) December 31, 2020	(Audited) June 30, 2020
		----- (Rupees in '000) -----	
5	PROPERTY, PLANT AND EQUIPMENT		
	Operating fixed assets, at net book value	795,534	804,465
	Right-of-use assets	17,671	22,852
		<u>813,205</u>	<u>827,317</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	501	1,166
	Office equipment	304	372
	Cylinder and regulators	8,292	44,843
	Vehicles - owned	-	2,231
	Computers and related accessories	-	648
		<u>9,097</u>	<u>49,260</u>
5.2	Right-of-use assets		
	Balance at the beginning of the period / year	22,852	-
	Impact of lease modification	(1,631)	-
	Additions during the period / year	-	30,347
		21,221	30,347
	Depreciation charged during the period / year	(3,550)	(7,495)
	Balance at the end of the period / year	<u>17,671</u>	<u>22,852</u>
	The right to use assets comprises of premises acquired on lease by the Company for its operations		
6	LONG-TERM LOAN		
	Secured		
	National Bank of Pakistan (NBP)	254,439	254,439
	Current maturity of long-term loan	(254,439)	(254,439)
		<u>-</u>	<u>-</u>

6.1 As a result of the Scheme referred to in note 6 to the consolidated audited financial statements for the year ended June 30, 2020, long-term finance obtained, under conventional banking terms, by HTPL had been transferred to the Holding Company at the time of amalgamation. The loan was obtained as a demand finance facility under the agreement dated April 08, 2013 from NBP and is repayable in 9 semi-annual installments of Rs. 44.444 million latest by April 01, 2018 with a grace period of six months from the date of the drawdown.

The loan carries mark-up at rate of 6 months KIBOR plus 2.5% to 6% per annum. This loan is secured by way of mortgage on leasehold land and charge on the Holding Company's present and future current and fixed assets as well as personal guarantees of Directors of the Holding Company. In previous years, the Holding Company negotiated several different offer letters from NBP. During the period, on November 13, 2020, the Holding Company received a revised proposal for the restructuring of loan from NBP via offer letter No. NBP/ARG/ARW(S)/BLPL/2020. As per the aforementioned letter, the long-term loan and accrued mark-up on long-term loan are termed as Demand Finance-I and Demand Finance-II. In respect of Demand Finance - I, the Holding Company was required to make a principal down payment of Rs. 89.060 million and the balance of Rs. 165.390 million to be re-paid in 20 quarterly installments starting from January 01, 2022 with a grace period of 1 year from the date of the drawdown.

In respect of Demand Finance - II, the Holding Company required to make a principal down payment of Rs. 29.600 million and the balance of Rs. 54.970 million to be re-paid in 16 quarterly installments starting from January 01, 2022 with a grace period of 1 year from the date of the drawdown. Both facilities carries mark-up at the rate of 3 months KIBOR + 1.5%, which will also be payable during the grace period.

	Note	(Un-audited) December 31, 2020	(Audited) June 30, 2020
----- (Rupees in '000) -----			
7 LEASE LIABILITIES			
Total lease liabilities	7.1	18,979	22,625
Current maturity of lease liabilities		(9,462)	(5,114)
		<u>9,517</u>	<u>17,511</u>
7.1 Reconciliation of total lease liabilities:			
Balance at the beginning of the period / year		22,625	3,745
Impact of initial application of IFRS 16 as at		-	23,534
Impact of lease modification		(1,631)	-
Additions during the period / year		-	-
Finance cost during the period / year		1,654	4,144
Payments during the period / year		(3,669)	(8,798)
Balance at the end of the period / year	7.2	<u>18,979</u>	<u>22,625</u>
7.2 Maturity analysis—contractual undiscounted cashflow			
Within one year		9,462	5,114
Later than one year but not later than five years		9,517	17,511
More than five years		-	-
Total undiscounted lease liability		<u>18,979</u>	<u>22,625</u>
7.3	When measuring lease liabilities, the Holding Company discounted lease payments using its incremental borrowing rate 17.06% per annum.		

8 CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

8.1.1 The Holding Company was contesting an appeal before Honorable Appellate Tribunal Inland Revenue in relation to sales tax demand of Rs. 13.73 million as modified by the order of Commissioner (Appeals). The aforesaid demand was raised in pursuance to sales tax audit for tax periods from July 2009 to June 2010. The Honorable Appellate Tribunal has remanded back to the Commissioner (Appeal) who has further remanded back to the assessing officer for re-assessment. The Department has not yet re-adjudicated the matter.

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

During the year ended June 30, 2020, the tax authorities issued Order dated July 24, 2019 confronting under 8B of the Sales Tax Act, 1990, raising sales tax demand of Rs. 37.28 million along with penalty and default surcharge for the period from August 2011 to May 2015. Against the Order, the Holding Company has filed appeal before Commissioner Inland Revenue (Appeals-I), Large Taxpayers Unit, Karachi on August 22, 2019 who vide order dated November 18, 2019 vacated the whole principal amount of sales tax Rs. 37.28. However, the liability on account of default surcharge and penalty was maintained. The Order of the Commissioner Inland Revenue (Appeals-I), Large Taxpayers Unit, has been challenged before the Hon'ble Appellate Tribunal Inland Revenue, Karachi by Commissioner Inland Revenue, Zone IV, Large Taxpayers, Unit which is pending for hearing.

- 8.1.3 For the tax year 2016, a notice dated June 25, 2018 was issued to 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 NIL tax demand due to applicability of minimum tax.

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 Holding 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.

- 8.1.4 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 are involved in financial irregularities of the Companies Act, 2017, which include advance made to Roots International Brands Private Limited (RIBS), an associated 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 has been issued on October 23, 2020 mentioning cognizance of offences under sections 204, 199(1), 199(2), 183(2), CEO and Director Finance of the Holding Company, during the period July 1, 2018 to June 30, 2020 and suggested that they are liable with regard to all the above non-compliances as the Board of Directors did not discuss or approve transactions with RIBS until June 26, 2020 and the predecessor auditors are liable for proceedings to be initiated under section 249 read with section 253 of the Act as they failed to highlight lack of disclosure of transactions with RIBS in notes to the financial statements for year ended June 30, 2019 especially in related parties note as required under IAS 24. The Auditor also failed to highlight the unsecured interest free loans extended without any agreement to a non-related party i.e., RIBS before June 3, 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 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 the SECP compliance regulations. It has further been resolved in the Board that extra care shall be taken in future to ensure that no non-compliance takes place. No action has been taken up by SECP to date and management asserts, based on advise of Legal counsel that there would not any material impact on the financial statements of any action taken up by SECP.

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

The Holding Company filed a Constitutional Petition (CP) of No 4602 dated September 23, 2020, against the Trial Court's order of freezing the Holding Company's nine bank accounts, which is still under hearing. In yet another order of CP, the Holding Company obtained protective bail from the High Court followed by bail from the Trial Court which was confirmed on October 22, 2020. After the last hearing in December 2020, the case has been adjourned with date in office. The Holding Company has filed another Constitutional Petition No 5162 on October 19, 2020 in the High Court (HC), challenging the Jurisdiction of the Complaint no. 945/2020 in the Court of Special Judge (Customs, Taxation and Anti-Smuggling). The CP was taken up on October 23, 2020 in which the High Court has asked the respondents to file their comments on this case but since its inception in October 2020, the Complainant and all other respondents have not yet filed any comment. In the very first hearing the High Court has restrained the respondents which includes the Trial Court, not to take any further coercive action against the Petitioners. Our plea of challenging the jurisdiction is remarkably supported by the case laws hence, the respondents are not filing their comments in the High Court and are trying to continue prosecution in the Trial Court. However, in the last hearing, the High Court has warned the respondents that if they fail to file their comments, HC would restrain the Trial Court to stop its proceedings on the case till disposition of CP first.

In the hearing of February 20, 2021, the Trial Court, discussed in detail about jurisdiction of the case and the Complainant was unable to satisfy the Trial Court as to why this case should not be first transferred to Income Tax Department to assess the tax liability, as currently there is no default on part of the Holding Company or there is no demand ascertained by the Income Tax Department on the Holding Company and therefore no offence has been committed by the Company or its Directors and management. The Trial Court has given next date of hearing as April 27, 2021 in which the Complainant is asked to satisfy the High Court as to why this case should not first be dealt by the Income Tax Department under the Income Tax Ordinance, 2001. Directorate & I (Inland Revenue) had already written to the Income Tax department, in November 2020, to take up the matter of Tax Evasion and the Tax department has recently issued notices for the same for various years. This fact/action was not disclosed by Directorate I & I (Inland Revenue) either to the Trial Court, even at the time when the Court asked them as to why this case should not be dealt by the Income Tax department first, or the High Court and in that manner it is concealment on their part of a material fact. The Holding Company is going to take up this matter in the High Court as well as in the Trial Court in the next hearing and convince the courts that I & I (Inland Revenue) is trying to mislead the Courts and doesn't have any case and therefore they have written to the Tax Department to deal the case as per the Income Tax law. However, due to COVID-19 court proceedings are suspended, so hearing of April 27, 2021 was not took place. Date of next hearing will be on June 21, 2021.

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. He 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 Intelligence & Investigation, Inland Revenue for a sum of Rs. 1 billion. The case is under hearing.

Management asserts, based on advise of Legal counsel that the case shall be ultimately decided in favor of the Holding Company.

Further, subsequent to the reporting period in February, 2021 the Holding Company has received notices under section 177(1) of Income Tax Ordinance, 2001 regarding audit of tax years 2018 & 2019. The Holding Company is in process to respond on the notices.

		(Un-audited) December 31, 2020	(Audited) June 30, 2020
		----- (Rupees in '000) -----	
8.2	Commitments		
	Post-dated cheques	2,100	2,541
		Quarter ended	Half year ended
		December 31,	December 31,
		2020	2019
		Un-audited	Un-audited
		Rupees in 000's	
9	TAXATION		
	Current	(4,500)	(13,956)
	Prior	66,361	-
	Deferred	(25,891)	-
		<u>35,970</u>	<u>(13,956)</u>
		<u>37,355</u>	<u>(23,922)</u>

10 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

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

10.2.1 Transaction with related parties

Nature of relationship	Nature of transactions	Half year ended	
		December 31, 2020	December 31, 2019
		----- (Rupees in '000) ----- (Un-audited)	
Former Holding Company			
H.A.K.S. Trading (Private) Limited	Dividend	-	16,836
Staff Retirement Benefit / Contribution Plans			
Burshane LPG (Pakistan) Limited:			
Provident Fund	Company's contribution for the period	1,396	1,391
Gratuity Fund	Benefits paid	485	199
Pension Fund	Benefits paid	6,770	(927)
Associated Companies / Other Related Parties			
AAK Commodities (private) Limited [Formerly Alsa & AAK Commodities (Private) Limited]	Paid against expenses	-	145
	Receivable against expenses	209	-
A & S Corporation (Private) Limited	Paid against expenses	-	75
	Receivable against expenses	75	-
Key management personnel			
Chief Executive Officer	Managerial remuneration and other benefits	13,662	20,619
	Contribution to retirement and other service benefits	581	581
Executive Directors	Managerial remuneration and other benefits	7,632	7,671
	Advance given against salary	-	743
	Medical reimbursements	282	618
Directors	Fee for attending meetings	1,700	1,100

10.2.2 Balances with related parties

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

Nature of relationship	Nature of balances	(Un-audited)	(Audited)
		December 31, 2020	June 30, 2020
		— (Rupees in '000) —	
Former Holding Company			
H.A.K.S. Trading (Private) Limited	Dividend payable	79,857	79,971
Staff Retirement Benefit / Contribution Plans			
Burshane LPG (Pakistan) Limited:			
Pension Fund	Receivable / (Payable) to Pension Fund	(19,185)	26,690
Provident Fund	Receivable from Provident Fund	1,560	15
Gratuity Fund	Receivable / (Payable) to Gratuity Fund	865	1,036
Associated Companies / Other Related Parties			
Burshane Petroleum (Private) Limited [Formerly Darian International (Private) Limited]	Receivable against use of name "Burshane"	9,000	9,000
	Receivable against expenses	-	500
AAK Commodities (private) Limited [Formerly Alsaa & AAK Commodities (Private) Limited]	Receivable against expenses	41	250
A & S Corporation (Private) Limited	Receivable against expenses	-	75
Key management personnel	Advance to Chief Executive Officer	-	855

10.2.3 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
AAK Commodities (Private) Limited [Formerly Alsaa & AAK Commodities (Private) Limited]	Common directorship	Nil
A & S Corporation (Private) Limited	Common directorship	Nil
Norinco International Thatta	Common directorship	Nil
Power (Private) Limited	Common directorship	Nil
Burshane Petroleum (Private) Limited [Formerly Darian International]	Common directorship	Nil
Burshane LPG (Pakistan) Limited:		
Gratuity Fund	Staff Retirement	Nil
Pension Fund	Staff Retirement	Nil
	Contribution Plan	
Provident Fund	Staff Retirement	Nil

11 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.

11.1 Fair value of hierarchy

Fair value is the amount for which an asset could be exchanged, or a liability can be settled, between knowledgeable willing parties in an arm's length transaction. As of the reporting date, 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 and lease hold land as at June 26, 2020 was carried out by M/s. Luckyhiya Associate (Private) Limited.

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

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

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

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

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

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

	Fair value measurement using			Total
	Level 1	Level 2	Level 3	
	----- (Rupees in '000) -----			
December 31, 2020 (Un-audited):				
Assets measured at fair value				
Property, plant and equipment				
Freehold land	-	16,500	-	16,500
Leasehold land	-	569,288	-	569,288
	-	585,788	-	585,788
	----- (Rupees in '000) -----			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
June 30, 2020 (Audited):				
Assets measured at fair value				
Property, plant and equipment				
Freehold land	-	16,500	-	16,500
Leasehold land	-	569,288	-	569,288
	-	585,788	-	585,788

12 DATE OF AUTHORIZATION FOR ISSUE

These consolidated condensed interim financial statements were authorised for issue on _____ by the Board of Directors of the Holding Company.

13 GENERAL

13.1 Figures have been rounded off to the nearest thousands.

13.2 Certain corresponding figures have been reclassified for better presentation. However,

CHIEF EXECUTIVE OFFICER

CHIEF FINANCIAL OFFICER

DIRECTOR