



ANNUAL REPORT 2015

CATERING TO FUELING NEEDS



A L L D O M A I N S

CATERING TO FUELING NEEDS

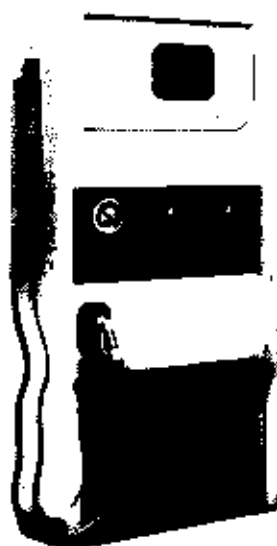


A L L D O M A



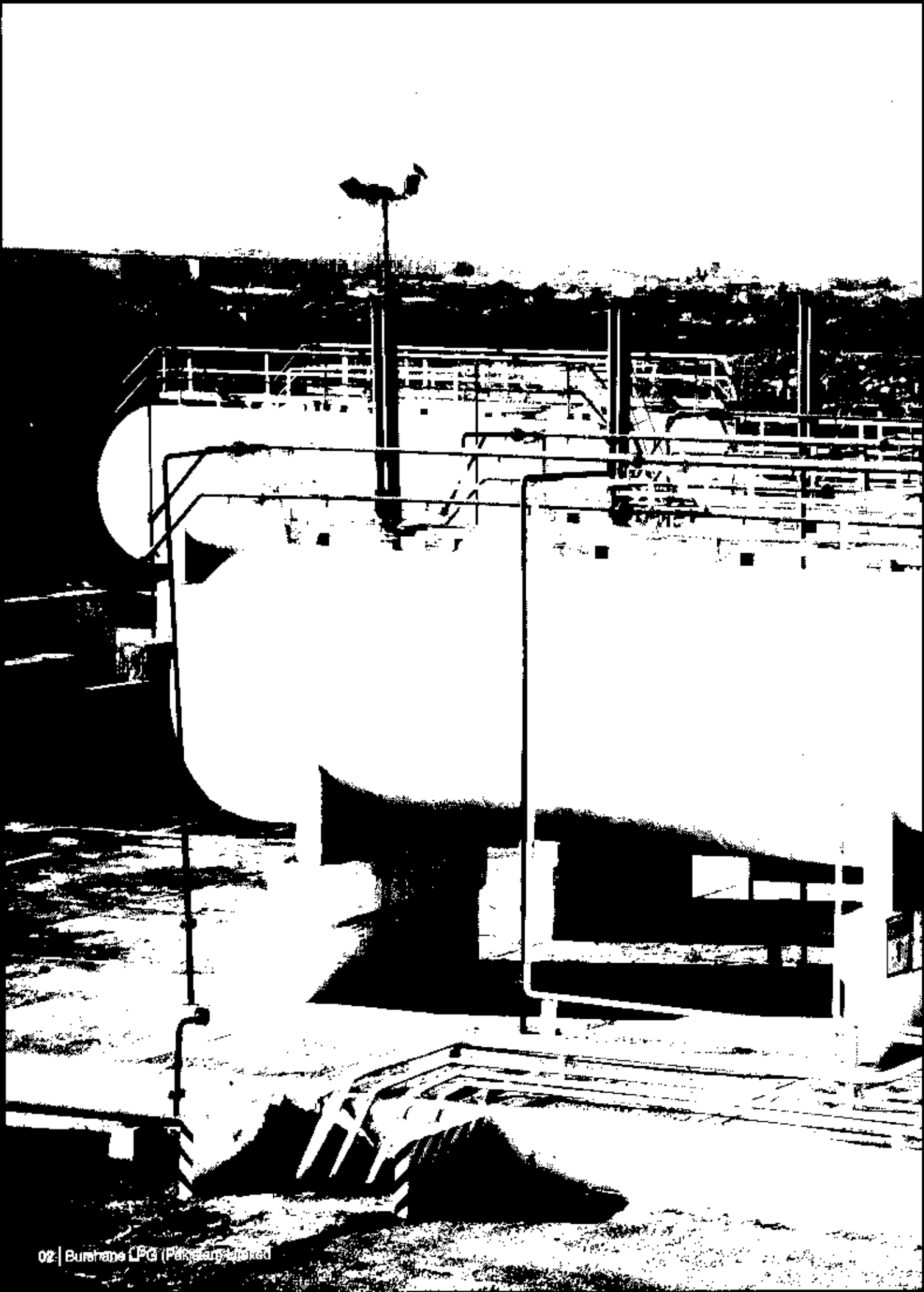
Established in 1966, the objective of Burshane LPG (Pakistan) Limited is to engage efficiently, responsibly and profitably in the LPG and allied business. We seek a high standard of performance, maintaining a strong long-term and growing position in the competitive environment. The driving force behind Burshane LPG (Pakistan) Limited is a dedicated workforce made up of experienced professionals and its continuous efforts in maintaining high standards of technical resources and safety standards.

I N S



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Vision

To Be The Top Performer of first Choice

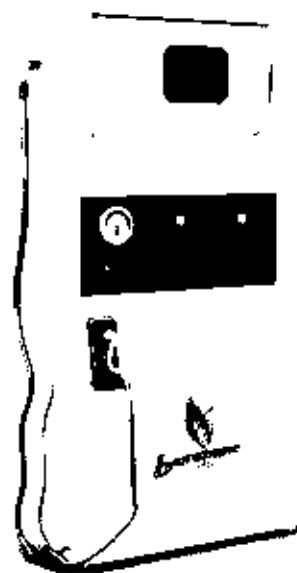
At Burshane LPG (Pakistan) Limited, we strive to provide quality customer service through continuous improvements in our efforts to make uninterrupted supply of LPG to the users, development of our people and maintaining high standards of technical resources and safety standards. Further we aim at sustained profitability and value growth for our shareholders through strong financial foundation and brand loyal customers. We shall strive to provide better choices to our communities for improving quality of their life.

INCREDIBLE

ENERGY

SOLUTION

It's Cleaner, Greener and Cheaper.
LPG Autogas is by far the most widely available environmentally friendly alternative fuel. Recent independent tests have also shown that LPG has the best environmental record compared with petrol and diesel.





Company Information

Board of Directors

Mr. Shahriar Sethna
Chairman

Mr. Asad Alam Khan
CEO / Director

Ms. Hamida Fatin Niazi
Director

Mr. Darayus T. Sethna
Director

Mr. Tassaduq Hussein Nizai
Director

Mr. Saifee Zakiuddin
Director

Mr. Sheikh Asim Rafiq
Director (NIT Nominee)

Mr. Muhammad Khalid Dar
Director Marketing & Sales

Auditors

A. F. Ferguson & Co. Chartered Accountants

Legal Advisors

Mohsin Tayyab & Co.

Tax Advisors

KPMG, Taseer Haddi & Co. Chartered Accountants

Registrar & Share Registration Office

TRK Associates (Pvt.) Limited

Management

Mr. Asad Alam Khan
Chief Executive Officer

Mr. Saifee Zakiuddin
Director Finance & Company Secretary

Mr. Muhammad Khalid Dar
Director Marketing & Sales

Mr. Irfan Javed Warsi
General Manager – Commercial
and Business Development (HR)

Mr. Amir Aziz
Head of Operations Distribution & HSSE

Mr. Khuram Kasbati
Head of Internal Audit

Bankers

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

Registered Office

Suite 101, 1st Floor, Horizon Vista,
Plot No. Commercial - 10, Block-4
Scheme No. 5, Clifton, Karachi - 75600
Tel: + 92 21 35895356, 35809570 & 73
UAN: + 92 21 111 111 BPL (276)
Fax: + 92 21 3587 8353
www.burshane.com







CONV

In both liquid and dry forms, BPC is the most widely used disinfectant in the world. It is used in hospitals, homes, schools, and industry. It is also used for the disinfection of water, sewage, and food. BPC is a powerful disinfectant that kills bacteria, viruses, and fungi. It is also used for the disinfection of surfaces, equipment, and clothing. BPC is a safe and effective disinfectant that is used in a wide range of applications.

E

& S A F E D O M E S T I C U S E

Burshane LPG (Pakistan) Limited is among the pioneers in LPG marketing and distribution in Pakistan. Company incorporated in 1966 and consistently developed and established its countrywide distribution network which is primarily focused to cater the needs of domestic users and deliver our best services to them.

Burshane LPG has a very clear strategy to offer and deliver differentiated Customer Value Propositions to various segments of market, to increase customer satisfaction and retain its position as the premium LPG brand available in market.

Company is committed on attracting more customers and enhancing the brand by providing products and services to create customer loyalty and market share on a sustainable basis. Consistent focus on our CVP across the entire value chain has distinguished our brand among competitors in industry. Our core values of honesty, integrity and respect for people are at the heart of the way we manage our business.

Chairman's Message



Dear Shareholders,

It is a pleasure to present to you the financial results of Burshane LPG (Pakistan) Limited for the financial year under review.

Despite a nominal decrease in turnover as compared to last year, gross margins increased from Rs. 147,842 million during the 2013-2014 to Rs. 329,017 million during the financial year under review. Increase in gross margins has been achieved mainly due to increase in prices during winter months of October 2014 to January 2015 when the demand overshoot the supply.

The year under review witnessed the long awaited merger between HAKS Trading (Pvt) Ltd (HTPL) and your Company. The Honorable High Court of Sindh approved the Scheme of Merger on 20th February 2015 on which the merger became effective and the order in original was filed with SFOP on 27th February 2015. According to the Scheme, the Company is in process of completing legal formalities for issuing 0.31 shares to HTPL shareholders for every one share of HTPL. The financial results presented to you as of 30th June, 2015 are consolidated numbers of HTPL and Burshane LPG Pakistan Ltd and these have been computed in accordance with professional advice obtained on Merger Accounting.

Profit before tax for the year amounted to Rs. 150,228 million which shows an improvement of Rs. 104,604 million over the last year mainly because of higher gross margins earned which partly offset by increased administrative expenses of Rs. 20.03 million.

The Company has recently renewed its LPG supply contract with PARCO and NRL and is also looking for new options for increased quota of locally produced LPG. We are therefore confident that the Company shall depict ever better performance in the years to come.

We are committed to growth by diversification and your management is actively pursuing the Autogas business for which a wholly owned subsidiary has been registered last year with a paid up capital of Rs. 50 million. For long term business growth and business development, the Management of your Company is fully committed to look for ways and means to develop long term development plans to increase its shareholders wealth. Apart from the Autogas business, the Management is also looking for other options including but not limited to LPG Transportation fleet comprising of Prime Movers and LPG tankers to increase the value for the shareholders.

We have once again excelled in our performance of Health, Safety, Security and Environment (HSSE) with zero lost time injury and fatality. The Management is continuously looking for ways to reduce the environmental impact of its operations, products and services.

It is our firm belief that sustainable growth and development is only possible if we abide by our business principles. These principles have been firmly embedded in our operations and we continuously strive to include these principles amongst our stakeholders.

In the end I would like to thank the staff, LPG suppliers, distributors, customers and bankers for their continuous support in ensuring sustainable growth of the Company and for making Burshane their preferred choice brand second to none.

Karachi
Dated: 6th October, 2015

Mr. Shahriar D Sethna
Chairman



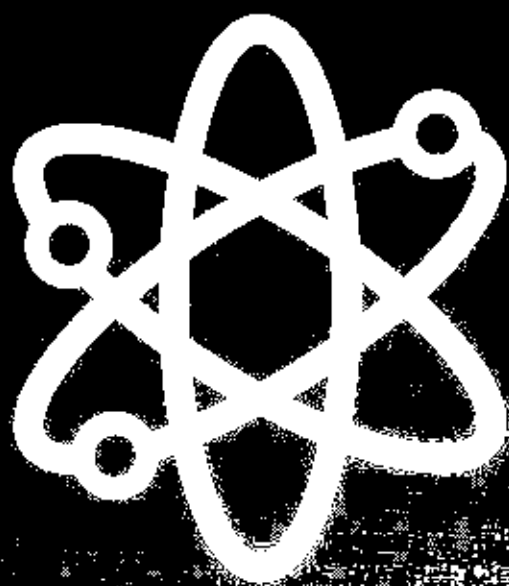


E N V I R O N M E N T F R I E N D L Y L P G

LPG is truly a modern environmentally friendly product. LPG is the normal abbreviation used to describe 'Liquefied Petroleum Gas', which is itself used to describe those hydrocarbons existing as vapors under ambient conditions of temperature and pressure.



ECO-FRIENDLY



Director's Report

Energy Research and Development Administration

Washington, D.C. 20545

October 1974

Volume 1, Number 1

1974-1975

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During the year, HAKS Trading (Pvt) Ltd has been merged with and into the Company under the Scheme of Merger approved by the Board of Directors on May 27, 2014, which was approved by the Honorable High Court of Sindh on February 20, 2015. Accounts presented here are the merged numbers of these two entities.

Summarized financial results

(Rupees in 000's)

	June 30, 2015	June 30, 2014
Profit and loss account		
Profit before taxation	150,228	45,624
Taxation	(54,022)	(17,342)
Profit after taxation	96,206	28,282
Balance sheet		
Non-current assets	1,197,764	346,734
Current assets	443,387	479,211
	1,641,151	825,945
Non-current liabilities	538,986	269,776
Current liabilities	289,790	154,626
	828,776	424,402
Net assets of the Company	812,375	401,543

Net sales for the year declined by 3.06% because, the industry witnessed a decline in oil and related products' prices. However, gross margin of the Company increased by Rs. 180.18 million through efficient supply chain management and increase in LPG prices during winter months of October 2014 to January 2015.



Administrative expenses have increased by Rs. 20.03 million (37.59%).

Earnings per share (EPS) increased from Rs. 1.25/- per ordinary share to Rs. 4.26/- per ordinary share.

Since the Company has to pay a signature bonus, an upfront amount of Rs. 248 million to PARCO for renewal of its LPG

Supply contract, the Board of Directors decided not to pay any dividend for the year.

Future Outlook:

Future outlook and details of investment in subsidiary has been explained in detail in Chairman's Review report.

Burshane LPG (Pakistan) Limited has always placed great importance on the Health, Safety, Security and Environment as a core value for all its stakeholders and for it to be a key element in the way it does business.

The management at Burshane demonstrates strong, visible leadership and commitment by allocating sufficient resources to operate and maintain their HSSE Management Systems and by example in their personal actions and behaviors.

The overall corporate objective of Burshane LPG (Pakistan) Limited is to conduct business by aiming to reduce risks associated with the business to as low as reasonably practicable, while remaining commercially competitive. A strategy of continuous improvement in HSSE

performance of operations is being pursued as follows:

- Operate business without harm to people or the environment in which we work.
- Established a sustained improvement trend by focusing on proactive HSSE management and driving towards proactive culture whilst employing stronger compliance measures.
- Continue to have an operationally sustainable proactive HSSE culture, which delivers excellent HSSL performance, everywhere in the business.



Corporate Social Responsibility

The Corporate Social Responsibility (CSR) has become an essential part of business today. Burshane LPG (Pakistan) Limited plays a vital role for social and economic upliftment of the society; pursuing all activities comply with laws and statutes. Burshane LPG (Pakistan) Limited recognizes that its business values and operations must be embedded to meet the expectations of its stakeholders at large, and it discern its moral and ethical values.



Burshane LPG (Pakistan) Limited encourage to promote as many opportunities for sustainable development as possible. Compliance is another facet that can be marked as the foundation of responsible conduct.



The Burshane LPG (Pakistan) Limited inspires friendly environment and a modest workplace culture for its employees and ensures that no discrimination prevails – be it owing to race, religion, threats or gender. Burshane LPG (Pakistan) Limited provides an environment that intensify productivity with responsibility. The Company considers responsibility as a strategic, management-driven assignment and binds the business, environment and citizenship activities and this in turn creates resolute tangible and intangible value for the Company and also for the stakeholders.

The Company realizes its social responsibility towards disable citizens in terms of their medical and educational requirements and strives to cater to the requirements of the needy.

Corporate Governance:

The Board is committed to maintain high standards of Corporate Governance. The Board is pleased to give the following specific statements to comply with the requirements of the Code of Corporate Governance:

- | | |
|---|--|
| a) The financial statements, prepared by the management of the Company, present its state of affairs fairly, the results of its operations, changes in equity and cash flows. | f) There are no significant doubts upon the company's ability to continue as a going concern. |
| b) Proper books of account of the Company have been maintained. | g) There are no material departures from the best practices of corporate governance, as detailed in the listing regulations except as disclosed in the Statement of Compliance with the Code of Corporate Governance. |
| c) Appropriate accounting policies have been consistently applied in preparation of the financial statements except for changes as stated in note no. 2.2.1 to the financial statements. Accounting estimates are based on reasonable and prudent judgment. | h) Key operating and financial data in summarized form is annexed. |
| d) International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from have been adequately disclosed and explained. | i) No trades in the shares of Burshane LPG (Pakistan) Limited were carried out by the Directors, CEO, CFO & Company Secretary and their spouses and minor children. |
| e) The system of internal control is sound in design and has been effectively implemented and monitored. | j) Two of the directors have completed the Director's Training course conducted by the Institute of Chartered Accountants of Pakistan (ICAP). In accordance with the criteria specified in the Code, the remaining Directors of the Company will acquire the required directors' training certification within the time specified in the Code. |

Value of investments:

Value of investments of Pension, Gratuity and Provident Funds on the basis of the respective latest financial statements is as follows:

	Rs. in 000's	
	June 30, 2015 (Un-Audited)	June 30, 2014 (Un-Audited)
Pension Fund	91,355	84,098
Gratuity Fund	10,028	9,350
Provident Fund	48,681	45,974

Board Meetings:

The number of Board and Committees' meetings held during the year and attendance by each Director is disclosed on page no. 121.

Board of Directors:

During the year Mr. Muhammad Khalid Dar was appointed to fill the vacancy with effect from March 26, 2015. The Directors as on June 30, 2015 were Mr. Asad Alam Khan, Mr. Shahriar D Sethna, Ms. Hamdia Fatin Niazi, Mr. Darayus T Sethna, Mr. Tassaduq Hussein Niazi, Mr. Sheikh Asim Rafiq, Mr. Saiffee Zakiuddin and Mr. Muhammad Khalid Dar.

Pattern of Shareholding:

The pattern of shareholding as of June 30, 2015 as required under section 236 of the Companies Ordinance 1984 is given on page no. 122.

Auditors:

Audit committee has recommended M/S Ernst and Young as external auditors of the Company for the financial year 2015-16 to replace the existing retiring auditors.

Karachi

6th October, 2015

On behalf of the Board

Mr. Asad Alam Khan

Director and Chief Executive Officer

Statement of General Business Principles

Our Values

Burshane LPG (Pakistan) Limited employees share a set of core values - honesty, integrity and respect for people. We also firmly believe in the fundamental importance of trust, openness, teamwork and professionalism, and pride in what we do.

Sustainable Development

As part of the Business Principles, we commit to contribute to sustainable development. This requires balancing short and long term interests, integrating economic, environmental and social considerations into business decision-making.

Obligations

We have obligations in five major areas. It is the duty of management to continuously assess the priorities and discharge these inseparable obligations on the basis of that assessment.

Towards shareholders

To protect shareholders' investment, and provide a long-term return competitive with those of other leading companies in the industry by fully utilizing the creativity of its employees, financial and technical resources and physical assets

Towards customers

To win and maintain customers by developing and providing products and services which offer value in terms of price, quality, safety and environmental impact, which are supported by the requisite technological, environmental and commercial expertise.

Towards employees

To provide a safe and satisfying work environment to foster a responsive organization of highly motivated,

team-oriented employees who contribute to our success.

To respect the human rights of its employees and to provide them with good and Burshane LPG (Pakistan) Limited support free enterprise. It seeks to compete fairly and ethically and within the framework of applicable competition laws; the company will not prevent others from competing freely with it.

Towards those with whom we do business

To seek mutually beneficial relationships with contractors, suppliers and in joint ventures and to promote the application of these Burshane LPG (Pakistan) limited general business principles or equivalent principles in such relationships.

Towards society

To conduct business as responsible corporate members of society, to comply with applicable laws and regulations, to support fundamental human rights in line with the legitimate role of business, and to give proper regard to health, safety, security and the environment providing full relevant information to legitimately interested parties, subject to any overriding considerations of business confidentiality.

Statement of General Business Principles

Financial Objectives

- To earn adequate return on the capital employed and maintain a reasonable annual dividend on equity capital.
- To ensure maximum economy in expenditure.
- To manage and operate all facilities in an efficient manner so as to generate adequate internal resources to meet cost and requirements for project investment, without budgetary support.
- To develop long-term corporate plans to provide for adequate growth of the business.
- To complete all planned projects within the scheduled time.

Burshane LPG (Pakistan) Limited support free enterprise. It seeks to compete fairly and ethically and within the framework of applicable competition laws; the company will not prevent others from competing freely with it.

Other Objectives

Business Integrity

Burshane LPG (Pakistan) Limited insist on honesty, integrity and fairness in all aspects of its business and expect the same in its relationships with all those with whom it does business. The direct or indirect offer, payment, soliciting or acceptance of bribes in any form is unacceptable.

Employees must avoid conflicts of interest between their private activities and their part in the conduct of company business. Employees must also declare to the company potential conflicts of interest. All business transactions on behalf of Burshane LPG (Pakistan) Limited must be reflected accurately and fairly in the accounts of the company.

Local Communities

Burshane LPG (Pakistan) Limited aim to be good neighbors by continuously improving the ways in which we contribute directly or indirectly to the general well-being of the communities within which it work.

Burshane LPG (Pakistan) Limited manage the social impacts of its business activities carefully and work with others to enhance the benefits to local communities, and to mitigate any negative impacts from its activities.

In addition, Burshane LPG (Pakistan) Limited take a constructive interest in societal matters, directly or indirectly related to its business.

Communication and Engagement

Burshane LPG (Pakistan) Limited recognize that regular dialogue and engagement with its stakeholders is essential. Burshane LPG (Pakistan) Limited is committed to reporting of its performance by providing full relevant information to legitimately interested parties, subject to any overriding considerations of business confidentiality.

Political Activities

a) Of the company

Burshane LPG (Pakistan) Limited act in a socially responsible manner within the laws of the countries in which it operate in pursuit of its legitimate commercial objectives.

Burshane LPG (Pakistan) Limited do not make payments to political parties, organizations or their representatives.

Statement of General Business Principles

Burshane LPG (Pakistan) do not take part in party politics. However, when dealing with government, Burshane LPG (Pakistan) Limited have the right and the responsibility to make its position known on any matters which affect itself, its employees, its customers its shareholders or local communities in a manner which is in accordance with its values and the Business Principles.

b) Of employees

Where individuals wish to engage in activities in the community, including standing for election to public office, they will be given the opportunity to do so where this is appropriate in the light of local circumstances.

Health, Safety, Security & Environment

Burshane LPG (Pakistan) Limited has a systematic approach to health, safety, security and environmental management in order to achieve continuous performance improvement.

Burshane LPG (Pakistan) Limited ensures management of these matters as critical business activities, set standards and targets for improvement, and measure, appraise and report performance.

Burshane LPG (Pakistan) Limited continually look for ways to reduce the environmental impact of its operations, products and services.

Compliance

Burshane LPG (Pakistan) Limited comply with all applicable laws and regulations of the country in which it operate

There are a comprehensive set of assurance procedures, which are designed to make sure that company employees understand the principles and confirm that they act in accordance with them.

As part of the assurance system, it is also the responsibility of management to provide employees with safe and confidential channels, to raise concerns and report instances of noncompliance. In turn it is the responsibility of Burshane LPG (Pakistan) Limited employees to report suspected breaches of the Business Principles to the Company.

The Business Principles have for many years been fundamental to how the company conducts its business and living by them is crucial to its continued success.

Notice of 49th Annual General Meeting

NOTICE IS HEREBY given that an Annual General Meeting (AGM) of Burshane LPG (Pakistan) Limited will be held on Friday, October 30, 2015 at 05:30 P.M. at Beach Luxury Hotel, M.T. Khan Road, Karachi, to transact the following business:

1. To confirm Minutes of the last EOGM Meeting held on September 04, 2015.
2. To receive, consider and adopt the Audited Financial Statements together with the Directors' Report and the Auditors' Report thereon for the year ended June 30, 2015.
3. To appoint auditors for the year 2015-16 and fix their remuneration.
4. To consider any other business with the permission of the chair.

Karachi:
October 06, 2015

By Order of the Board
Saifee Zakiuddin
Company Secretary

Notes:

1. A member entitled to attend and vote at this meeting is entitled to appoint another member as a proxy to attend and vote on the member's behalf. Proxies must be deposited with the Company not less than 48 hours before the time appointed for holding the meeting.
2. The Share Transfer Books of the Company will remain closed from October 24, 2015 to October 30, 2015 (both days inclusive).
3. Shareholders are requested to notify to the Company's Share Registrar, M/s. THK Associates (Pvt) Limited, Ground Floor, State Life Building No. 3, Dr. Ziauddin Ahmed Road, Karachi of any change in their address.
4. All Physical Shareholders are requested to submit their attested CNIC & Zakat Declaration Form to the Company's Share Registrar, M/s. THK Associates (Pvt) Limited, Ground Floor, State Life Building No. 3, Dr. Ziauddin Ahmed Road, Karachi, with a copy to the the Company's registered office, Suit # 101 Horizon Vista Clifton Karachi. CDC account holders are advised to submit these directly to the relevant Participant / CDC Investor Account Services.

5. CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan

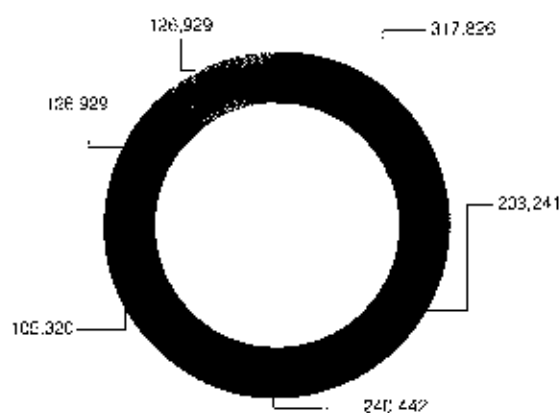
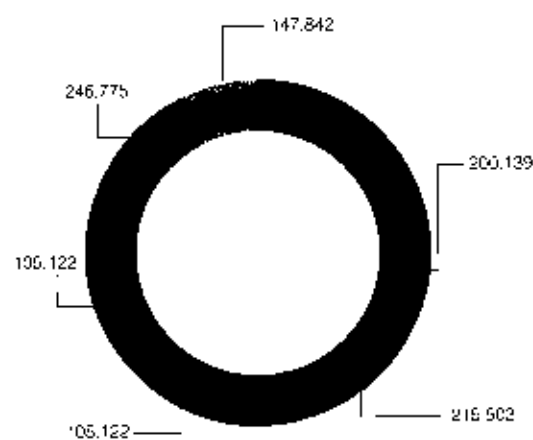
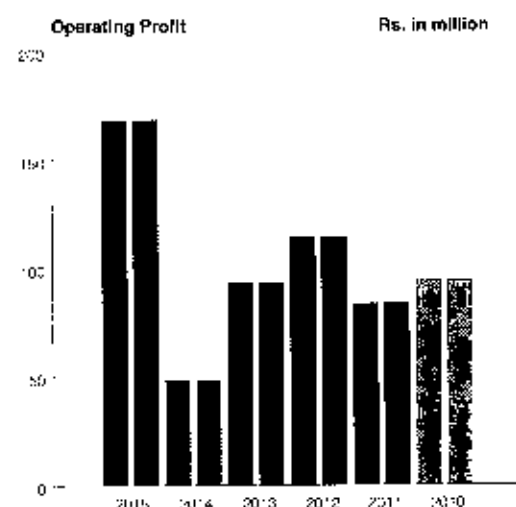
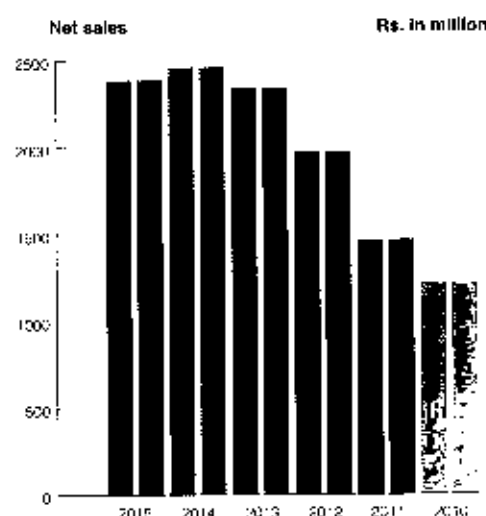
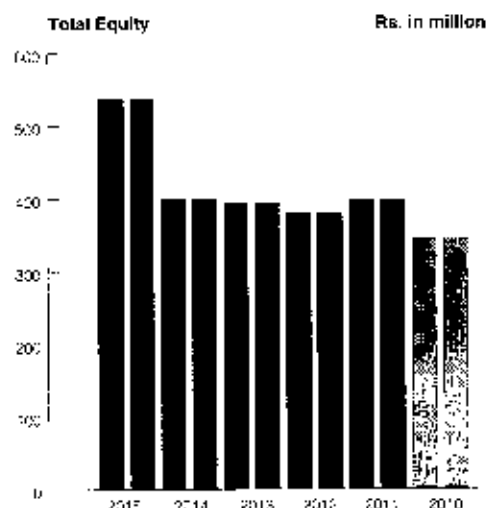
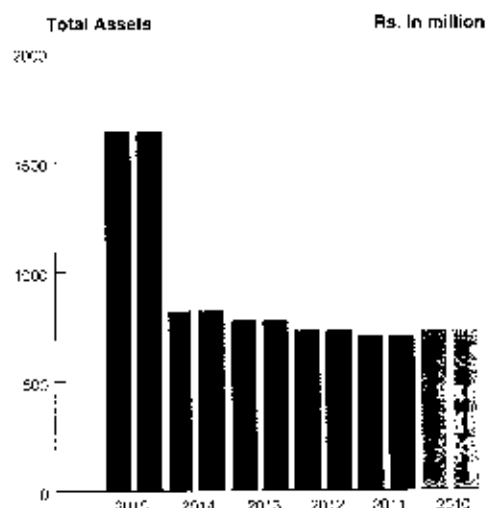
A. For Attending the Meeting:

- i). In case of individuals, the account holders or sub-account holders whose registration details are uploaded as per the Regulations, shall authenticate their identity by showing their original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.
- ii). In case of corporate entity, the Board of Directors' Resolution / Power of Attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

B. For Appointing Proxies:

- i). In case of individuals, the account holders or sub-account holders whose registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
- ii). The Proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- iii). Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv). The proxy shall produce his original CNIC or original passport at the time of the meeting.
- v). In case of corporate entity, the Board of Directors' Resolution / Power of Attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

Financial Highlights



■ 2015 ■ 2014 ■ 2013 ■ 2012 ■ 2011 ■ 2010

Six Years Summary

Six Years Summary Rupees in '000	2015	2014	2013	2012	2011	2010
			-----Restated-----			
Trading Results						
Net turnover	2,391,891	2,467,544	2,350,872	1,377,637	1,471,885	1,225,694
Gross profit	328,017	147,842	200,139	215,503	105,122	77,605
Operating (Loss)/ profit	168,603	49,352	94,198	115,471	83,870	94,683
Earnings before interest, taxes, depreciation and amortisation	243,290	107,258	154,162	180,489	157,186	171,074
Earnings after tax	96,206	28,282	57,338	72,557	50,104	50,330
Interim dividend	-	-	22,640	33,960	-	-
Final dividend	-	40,752	40,752	22,640	-	-
Earnings before tax	150,228	45,624	90,125	111,831	79,896	82,897
Financial Position						
Share capital	224,888	226,400	226,400	226,400	226,400	226,400
Reserves and Retained Earnings	373,816	188,581	201,051	188,993	172,469	122,365
Surplus on revaluation of fixed assets	274,765	-	-	-	-	-
Property, plant and equipment	1,040,987	238,311	247,659	304,009	365,954	411,548
Net current assets	443,387	479,211	393,483	318,618	203,831	202,590
Long-term/deferred liabilities	538,986	269,776	203,141	197,982	189,759	252,139
Inventory	41,489	11,707	85,920	11,401	21,854	25,645
Debtor	17,581	15,450	23,766	6,682	15,719	5,525
Creditor	145,141	154,626	180,912	153,386	114,775	134,738
Total Assets	1,641,151	875,945	780,494	730,533	706,556	735,642
Total current assets	443,387	479,211	393,483	318,618	203,831	202,590
Total current liabilities	789,790	154,626	180,912	155,729	117,928	134,738
Number of issued shares	22,489	22,640	22,640	22,640	22,640	22,640
Cash & Cash equivalents	234,771	317,826	203,241	240,442	305,320	176,929
Investors Information						
Profitability Ratios						
Gross profit ratio	13.71%	5.99%	8.51%	10.90%	7.14%	6.33%
(Loss) / profit before tax to sales	6.28%	1.85%	3.83%	5.65%	5.47%	6.76%
(Loss) / profit after tax in percent of sales	4.02%	1.15%	2.44%	3.67%	3.40%	4.11%
EBITDA Margin to sales	10.17%	4.35%	6.56%	9.13%	10.68%	13.96%
Return on equity/ capital employed	17.53%	6.82%	13.41%	17.47%	12.56%	14.43%
Activity / Turnover Ratios						
Inventory turnover ratio (in times)	77.60	47.52	44.20	105.98	57.55	44.67
Inventory turnover ratio (no. of days)	5	8	8	3	6	8
Debtor turnover ratio (in times)	144.83	177.47	157.00	176.57	138.57	298.19
Debtor turnover ratio (no. of days)	3	3	2	2	3	1
Creditor turnover ratio (in times)	13.77	13.83	12.87	13.14	10.96	9.45
Creditor turnover ratio (no. of days)	27	26	28	28	33	39
Operating cycle (no. of days)	(19)	(16)	(18)	(22)	(24)	(29)
Total assets turnover ratio (in times)	1.94	3.07	3.11	2.75	2.04	1.52
Total assets turnover ratio (in days)	188.24	118.81	117.30	132.67	178.82	240.87
Liquidity Ratios						
Current ratio	1.53	3.10	2.17	2.05	1.73	1.50
Quick/ acid test ratio	1.39	3.02	1.70	1.97	1.54	1.31
Cash to Current Liabilities	0.81	2.06	1.12	1.54	0.80	0.94
Investment/Market Ratios						
(Loss) / earnings per share	4.26	1.25	2.53	3.20	2.21	2.22
Break-up value per share	24.40	18.33	18.88	18.35	17.62	15.40
Cash Flows						
Net cash flow from operating activities	174,932	186,022	3,787	182,238	(15,230)	(220)
Net cash flow from investing activities	(75,929)	(34,195)	12,096	14,847	(4,272)	8,650
Net cash flow from financing activities	(182,109)	(37,242)	(53,084)	(61,963)	(2,107)	(75,000)
Net change in cash and cash equivalents	(83,106)	114,585	(37,201)	135,122	(21,609)	(66,570)

Horizontal Analysis of Financial Statements

		-----Restated-----				
	2015	2014	2013	2012	2011	2010
		-----Rupee 000-----				
Balance Sheet						
Non-current assets	1,137,764	346,734	387,011	411,915	502,725	533,052
Current assets	443,387	479,211	393,483	318,618	203,831	202,590
Total assets	<u>1,641,151</u>	<u>825,945</u>	<u>780,494</u>	<u>730,533</u>	<u>706,556</u>	<u>735,642</u>
Equity	537,610	401,543	396,441	381,822	398,869	348,765
Surplus on revaluation of fixed assets	274,765	-	-	-	-	-
Non-current liabilities	538,986	269,776	203,141	192,982	189,759	252,139
Current liabilities	289,790	154,626	180,912	155,729	117,928	134,738
Total equity and liabilities	<u>1,641,151</u>	<u>825,945</u>	<u>780,494</u>	<u>730,533</u>	<u>706,556</u>	<u>735,642</u>
Net sales	2,391,591	2,467,544	2,350,872	1,977,637	1,471,883	1,225,694
Cost of product sold	(2,063,874)	(2,319,702)	(2,150,733)	(1,762,134)	(1,368,763)	(1,148,089)
Gross profit	327,717	147,842	200,139	215,503	103,122	77,605
Administrative expenses	(73,320)	(53,290)	(48,011)	(41,448)	(59,758)	(92,704)
Distribution and marketing expenses	(90,100)	(68,965)	(66,407)	(61,721)	(55,893)	(58,271)
Other operating income	25,949	31,862	23,115	21,220	112,227	185,252
Other operating expenses	(21,943)	(7,897)	(14,638)	(18,083)	(17,878)	(27,199)
	<u>(159,414)</u>	<u>(98,490)</u>	<u>(105,941)</u>	<u>(100,032)</u>	<u>(21,302)</u>	<u>17,018</u>
Operating profit	<u>168,603</u>	<u>49,352</u>	<u>94,198</u>	<u>115,471</u>	<u>83,820</u>	<u>94,683</u>
Finance costs	(18,375)	(3,728)	(4,073)	(3,540)	(3,924)	(1,786)
Profit before taxation	<u>150,228</u>	<u>45,624</u>	<u>90,125</u>	<u>111,931</u>	<u>79,896</u>	<u>92,897</u>
	2015	2014	2013	2012	2011	2010
		-----% increase/ (decrease) over preceeding year-----				
Balance Sheet						
Non-current assets	245.44%	-10.41%	6.05%	-18.06%	-5.69%	-1.3%
Current assets	-7.48%	21.79%	23.50%	56.31%	0.61%	-24%
Total assets	<u>99.70%</u>	<u>5.82%</u>	<u>6.84%</u>	<u>3.39%</u>	<u>-3.95%</u>	<u>-16.60%</u>
Equity	33.89%	1.29%	3.53%	-4.27%	14.37%	16.86%
Non-current liabilities	99.79%	32.80%	6.26%	1.70%	-24.74%	46.97%
Current liabilities	87.41%	-14.53%	16.17%	32.05%	-12.48%	24.57%
Total equity and liabilities	<u>99.70%</u>	<u>5.82%</u>	<u>6.84%</u>	<u>3.39%</u>	<u>-3.95%</u>	<u>-16.60%</u>
Net sales	-3.07%	4.96%	18.87%	34.36%	20.09%	-1.12%
Cost of product sold	-11.03%	7.86%	22.05%	28.93%	19.05%	15.64%
Gross profit	121.87%	-26.13%	-7.13%	105.00%	35.46%	-68.55%
Administrative expenses	37.59%	11.00%	15.83%	-30.64%	27.74%	-7.79%
Distribution and marketing expenses	30.65%	3.85%	7.59%	-0.43%	-4.08%	-37.65%
Other operating income	-18.04%	36.98%	5.93%	-81.09%	-39.42%	532.54%
Other operating expenses	177.87%	-46.05%	-19.05%	1.15%	-34.27%	133.31%
Operating profit	<u>241.63%</u>	<u>-47.61%</u>	<u>-18.42%</u>	<u>37.76%</u>	<u>-11.47%</u>	<u>16.52%</u>
Finance costs	392.89%	-8.47%	11.90%	-7.24%	-66.71%	-7.08%
Profit before taxation	<u>229.27%</u>	<u>49.38%</u>	<u>-19.41%</u>	<u>39.97%</u>	<u>-3.62%</u>	<u>20.89%</u>

Vertical Analysis of Financial Statements

	2015	2014	2013	2012	2011	2010
	-----Rupee 000-----	-----Rupee 000-----	-----Rupee 000-----	-----Rupee 000-----	-----Rupee 000-----	-----Rupee 000-----
	%	%	%	%	%	%
-----Restated-----						
Balance Sheet						
Non-current assets	1,197,764	346,734	387,011	411,915	502,725	533,052
Current assets	443,367	479,211	393,483	318,618	203,831	202,590
Total assets	1,641,151	825,945	780,494	730,533	706,556	735,642
	100%	100%	100%	100%	100%	100%
Equity	537,610	401,543	336,441	381,822	398,869	348,765
Surplus on revaluation of fixed assets	274,765					
Non-current liabilities	538,986	269,776	203,141	192,982	189,759	252,139
Current liabilities	289,790	154,626	180,912	155,729	117,928	134,738
Total equity and liabilities	1,641,151	825,945	780,494	730,533	706,556	735,642
	100%	100%	100%	100%	100%	100%
Net sales	2,391,891	2,467,544	2,350,872	1,377,637	1,471,885	1,225,694
Cost of product sold	(2,063,874)	(2,319,702)	(2,150,733)	(1,762,134)	(1,366,763)	(1,148,089)
Gross profit	328,017	147,842	200,139	215,503	105,122	77,605
	14%	6%	9%	11%	7%	6%
Administrative expenses	(73,320)	(53,290)	(48,011)	(41,448)	(59,758)	(82,704)
Distribution and marketing expenses	(30,100)	(68,985)	(66,407)	(61,721)	(55,893)	(58,271)
Other operating income	26,949	31,662	23,115	21,220	112,227	185,252
Other operating expenses	(21,943)	(7,897)	(14,638)	(18,083)	(7,878)	(27,199)
Operating profit	(159,214)	(98,490)	(105,941)	(100,032)	(21,302)	17,078
	-7%	-4%	-5%	-5%	-1%	1%
Finance costs	168,603	49,352	94,192	115,471	83,820	94,683
	7%	2%	4%	6%	6%	8%
Profit before taxation	(18,375)	(3,728)	(4,073)	(3,640)	(3,924)	(1,786)
	-1%	0%	0%	0%	0%	-1%
Income tax	150,228	45,624	90,125	111,831	79,896	82,897
	6%	2%	4%	6%	5%	7%

Statement of Compliance with the Code of Corporate Governance

For the year ended 30 June 2015

This statement is being presented to comply with the Code of Corporate Governance (the Code) contained in Regulation No.5.19 of Karachi Stock Exchange Limited Regulations & Regulation no. 35 of Chapter XI contained in the Listing Regulations of the Lahore Stock Exchange for the purpose of establishing a frame work of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests, on its Board of Directors. As at June 30, 2015, the Board included the following members.

Category	Name
Non- Executive Director/ Chairman	Mr. Shahriar D. Sethna
Non- Executive Director	Mr. Hamd a Fatm Niaz
Non- Executive Director	Mr. Darayus T. Sethna
Non- Executive Director	Mr. Tassaduq Hussain Niaz
Non- Executive Director (NIT Nominee)	Mr. Sheikh Asim Rafiq
Executive Director / CEO	Mr. Asad Alam Khan
Executive Director / Company Secretary / CFO	Mr. SaTee Zakiuddin
Executive Director / Head of Sales & Marketing	Mr. Khalid Dar

Presently no independent director is appointed on the Board of Directors of the Company. The tenure of the present Board of Directors expired on August 09, 2015 and elections of new Board took place on September 04, 2015. The Company invited nominations from the shareholders and the intention of the then existing Board was to appoint an independent director from the nominations received. However, apart from National Investment Trust Limited and H.A.K.S. Trading (Private) Limited, no other shareholders sent in their nominations and therefore, independent director could not be elected as required under the Code. However, it is the intention of the Board, to appoint an independent director by replacing an executive / non-executive director in the ensuing year.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.
3. All the resident Directors of the Company are registered as taxpayers and none of them has

defaulted in payment of any loan to a banking company, a DFI or an NBFIs or being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. A casual vacancy occurred in the Board when a non-executive director resigned from the Board with effect from September 20, 2013. The casual vacancy was filled during the year through appointment of an executive director on March 26, 2015.
5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. The Board has developed and approved a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive directors and non-executive directors, have been taken by the Board.

- | | |
|--|---|
| <p>8. The meetings of the Board were presided over by the Chairman and in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with the agenda & working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.</p> <p>9. Two of the directors have completed the Director's Training course conducted by the Institute of Chartered Accountants of Pakistan (ICAP). In accordance with the criteria specified in the Code, the remaining Directors of the Company will acquire the required directors' training certification within the time specified in the Code.</p> <p>10. The Board has approved the appointment of Chief Financial Officer and Head of Internal Audit, including their remuneration and terms and conditions of employment. There has been no change in the Company Secretary during the year.</p> <p>11. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.</p> <p>12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.</p> <p>13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that</p> | <p>disclosed in the pattern of shareholding.</p> <p>14. The Company has complied with all the relevant corporate and financial reporting requirements of the Code.</p> <p>15. The Board has formed an Audit Committee. It comprises of three members, all of whom are non-executive directors including the chairman of the Committee. The requirement for one of the members to be an independent director, as required under of the Code, will be complied at that time when an independent director is appointed on the Board, as referred to in paragraph 1.</p> <p>16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.</p> <p>17. The Board has formed an HR and Remuneration Committee. It comprises of three members, of whom one is executive director i.e. the CEO and other two are non-executive directors. The chairman of the Committee is a non-executive director.</p> <p>18. The Board has setup an effective internal audit function manned by suitably qualified and experienced persons who are involved in the internal audit function on a full time basis.</p> |
|--|---|

Continued...

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The "closed period", prior to the announcement of interim/ final results, and business decisions, which may materially affect the market price of the Company's securities was determined and intimated to directors, employees and stock exchanges.
22. Material/ price sensitive information has been disseminated among all market participants at once through stock exchanges.
23. We confirm that all other material principles contained in the Code have been complied with except for the following towards which reasonable progress is being made by the Company to seek compliance by the end of next accounting year:
- appointment of an independent director on the Board as well as the Board Audit Committee; and
 - development of a mechanism for annual evaluation of Board's own performance

On behalf of the Board of Directors
Mr. Asad Alam Khan
 Chief Executive

October 06, 2015



REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Burshane LPG (Pakistan) Limited (the Company) for the year ended June 30, 2015 to comply with the Code contained in the Regulation No. 5.19 of Karachi Stock Exchange Limited Regulations and Regulation No. 35 of Chapter XI contained in the Listing Regulations of the Lahore Stock Exchange, where the Company is listed.

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

As a part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors, for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price, recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

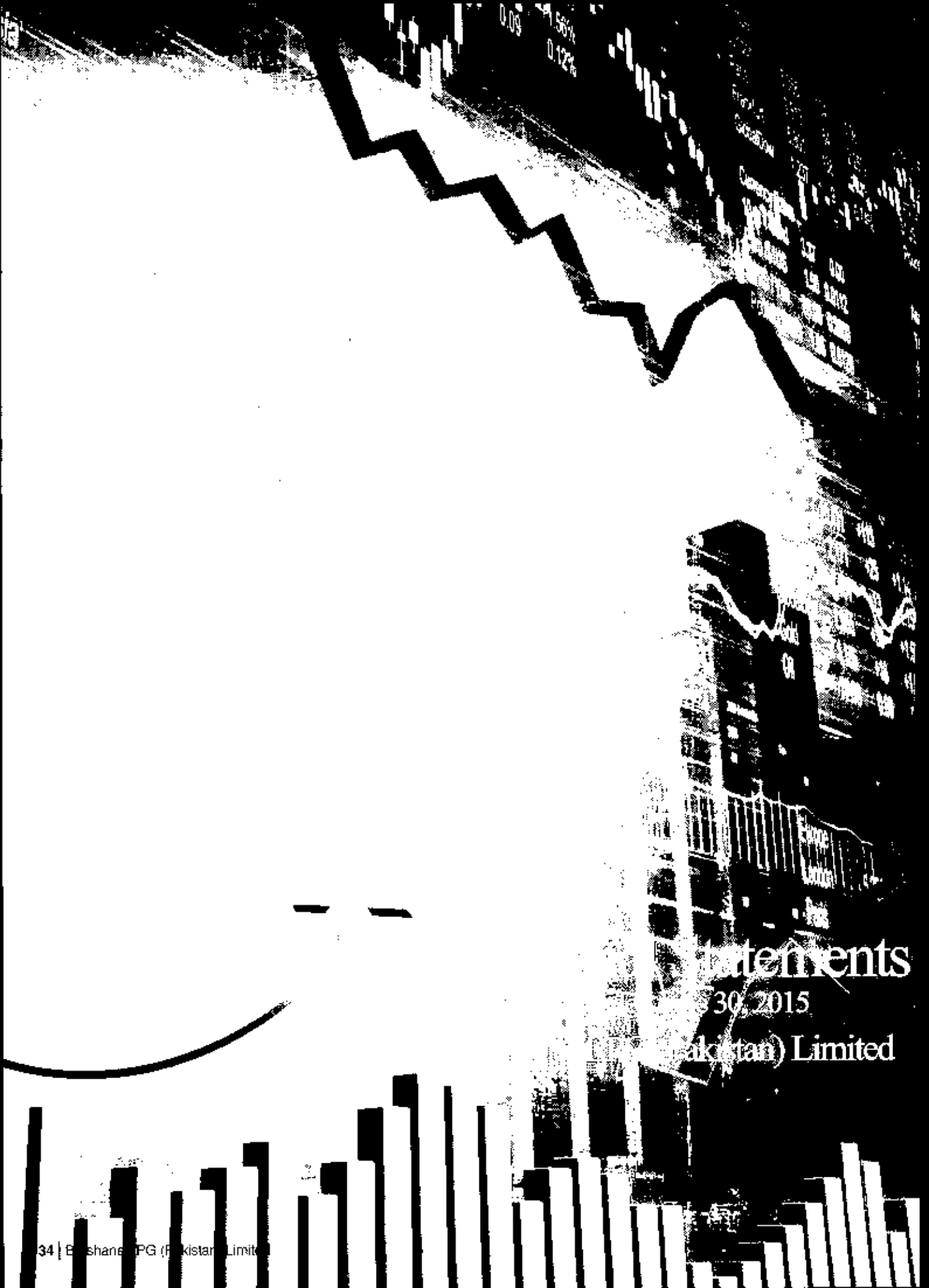
Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2015.

Further, we highlight below instances of non-compliance with the requirements of the Code as reflected in the paragraph reference where these are stated in the Statement of Compliance:

- a) Paragraph 1 – The Company intends to appoint an independent director on the Board;
- b) Paragraph 15 – The Company intends to include an independent director on the Audit Committee upon appointment on the Board; and
- c) Paragraph 23 – The Company intends to put in place a mechanism for annual evaluation of performance of the Board.

Chartered Accountants
Karachi
Dated: October 7, 2015

Engagement Partner: Osama Kapadia



Statements

30, 2015

(Pakistan) Limited

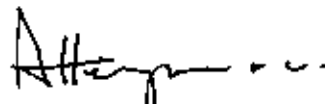
AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Burshane LPG (Pakistan) Limited (the Company) as at June 30, 2015 and the related statement of comprehensive income, statement of changes in equity and statement of cash flows together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - (i) the balance sheet and statement of comprehensive income together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied except for the change as stated in note 2.2.1 with which we concur;
 - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, statement of comprehensive income, statement of changes in equity and statement of cash flows together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2015 and of the total comprehensive income, changes in equity and its cash flows for the year then ended; and
- (d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the Company during the year and deposited in the Central Zakat Fund established under Section 7 of that Ordinance subsequent to year end.



Chartered Accountants
Karachi
Dated: October 7, 2015

Engagement Partner: Osama Kapadia

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BALANCE SHEET

AS AT 30 JUNE, 2015

	Note	2015 ------(Rupees in '000)-----	2014
ASSETS			
Non-Current Assets			
Property, plant and equipment	5	760,352	200,957
Intangible assets	6	280,635	37,354
Long-term investment	7	50,000	-
Long-term loans	8	29,754	1,985
Long-term deposits	9	77,023	106,438
		<u>1,197,764</u>	<u>346,734</u>
Current Assets			
Stores and spares	10	3,607	3,417
Stock-in-trade	11	41,489	11,707
Trade debts	12	17,581	15,450
Loans, advances, deposits, prepayments and other receivables	13	142,858	120,857
Taxation		-	9,954
Short-term investment	14	3,081	-
Cash and bank balances	15	234,771	317,826
		<u>443,387</u>	<u>479,211</u>
TOTAL ASSETS		<u>1,641,151</u>	<u>825,945</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	16	224,888	226,400
Reserve on amalgamation		153,458	-
General reserve		90,000	90,000
Unappropriated profit		80,358	98,581
Remeasurement of post employment benefits - Actuarial loss		<u>(11,094)</u>	<u>(13,438)</u>
		537,610	401,543
Surplus on revaluation of fixed assets	17	274,765	-
Non-Current Liabilities			
Long-term borrowing	18	175,050	-
Obligation under finance lease	19	9,944	-
Deferred taxation	20	23,576	8,753
Cylinder and regulator deposits	21	330,416	261,023
		<u>538,986</u>	<u>269,776</u>
Current Liabilities			
Current portion of:			
- Long-term borrowing	18	88,889	-
- Obligation under finance lease	19	3,034	-
Short-term borrowings	22	27,146	-
Trade and other payables	23	145,141	154,626
Accrued markup	24	5,746	-
Taxation		19,834	-
		<u>289,790</u>	<u>154,626</u>
Contingencies and commitments	25		
TOTAL EQUITY AND LIABILITIES		<u>1,641,151</u>	<u>825,945</u>

The annexed notes 1 to 45 form an integral part of these financial statements.

Director

Chief Executive

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015 ------(Rupees in '000)-----	2014
Gross sales		2,817,087	2,898,722
Sales tax		(425,196)	(431,178)
Net sales		<u>2,391,891</u>	<u>2,467,544</u>
Cost of products sold	26	(2,063,874)	(2,319,702)
Gross profit		<u>328,017</u>	<u>147,842</u>
Administrative expenses	27	(73,320)	(53,290)
Distribution and marketing expenses	28	(90,100)	(70,455)
Other income	29	25,949	33,152
Other operating expenses	30	(21,943)	(7,897)
Operating profit		<u>168,603</u>	<u>49,352</u>
Finance costs	31	(18,375)	(3,728)
Profit before taxation		<u>150,228</u>	<u>45,624</u>
Taxation	32	(54,022)	(17,342)
Profit for the year		<u>96,206</u>	<u>28,282</u>
Other comprehensive income for the year			
Items that will not be reclassified to profit or loss			
Remeasurement of post employment benefits obligation - net of tax		2,344	17,572
Total comprehensive income for the year		<u>98,550</u>	<u>45,854</u>
		-----Rupees-----	
Earnings per share - basic and diluted	33	<u>4.26</u>	<u>1.25</u>

The annexed notes 1 to 45 form an integral part of these financial statements.

Director

Chief Executive

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2015

	Reserves					Total
	Share capital	Capital	General reserve	Revenue	Remeasurement of post employment benefits - Actuarial (loss) / gain	
		Reserve on amalgamation		Unappropriated profit		
	------(Rupees in '000)-----					
Balance as at July 1, 2013	226,400	-	90,000	111,051	(31,010)	396,441
Profit for the year	-	-	-	28,282	-	28,282
Other comprehensive income for the year	-	-	-	-	17,572	17,572
Transaction with owners						
Final dividend for the year ended June 30, 2013 @ Rs. 1.80 per share	-	-	-	(40,752)	-	(40,752)
Balance as at June 30, 2014	226,400	-	90,000	98,581	(13,438)	401,543
Effect of amalgamation:						
- recognition of reserve (note 3)	-	151,946	-	-	-	151,946
- transferred from H.A.K.S. Trading (Private) Limited (note 3)	-	-	-	(73,677)	-	(73,677)
- reduction in paid-up share capital	(1,512)	1,512	-	-	-	-
	(1,512)	153,458	-	(73,677)	-	78,269
Profit for the year	-	-	-	96,206	-	96,206
Other comprehensive income for the year	-	-	-	-	2,344	2,344
Transaction with owners						
Final dividend for the year ended June 30, 2014 @ Rs. 1.80 per share	-	-	-	(40,752)	-	(40,752)
Balance as at June 30, 2015	<u>224,888</u>	<u>153,458</u>	<u>90,000</u>	<u>80,358</u>	<u>(11,094)</u>	<u>537,610</u>

The annexed notes 1 to 45 form an integral part of these financial statements.

Director

Chief Executive

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015 ----- (Rupees in '000) -----	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	39	163,274	123,153
Retirement and other service benefits paid		(4,970)	(11,179)
Finance costs paid		(30,137)	-
Taxes paid		(24,274)	(22,296)
Long-term loans - net		(27,769)	1,404
Long-term deposits - net		29,415	29,525
Cylinder and regulator deposits - net		69,393	65,415
Net cash generated from operating activities		174,932	186,022
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of :			
- property, plant and equipment		(44,106)	(25,846)
- intangible asset		-	(22,713)
Investment in subsidiary		(50,000)	-
Purchase of short-term investments		(92,000)	-
Redemption of short-term investment		91,907	-
Proceeds from disposal of property, plant and equipment		-	4,227
Interest received		18,270	10,137
Net cash utilised in investing activities		(75,929)	(34,195)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(44,016)	(37,242)
Repayment of long-term borrowing		(136,061)	-
Repayment of obligation under finance lease		(2,032)	-
Net cash utilised in financing activities		(182,109)	(37,242)
Net (decrease) / increase in cash and cash equivalents		(83,106)	114,585
Cash and cash equivalents at beginning of the year		317,826	203,241
Cash transferred on amalgamation	3	51	-
Cash and cash equivalents at end of the year		234,771	317,826

The annexed notes 1 to 45 form an integral part of these financial statements.

Director

Chief Executive

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

1. LEGAL STATUS AND OPERATIONS

Burshane LPG (Pakistan) Limited (the Company) is a limited liability company incorporated in Pakistan and is listed on the Karachi and Lahore Stock Exchanges. 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.

Till last year, the Company was a subsidiary of H.A.K.S. Trading (Private) Limited (HTPL). However, consequent to the approval of the scheme of arrangement for amalgamation of HTPL and the Company (the Group) by the High Court of Sindh (the Court), HTPL has been amalgamated with the Company on February 20, 2015, as more fully explained in note 3.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

2.1.1 Statement of compliance

These financial statements have been prepared under the historical cost convention, unless specifically disclosed in the accounting policies below.

These financial statements have been prepared in accordance with the requirements of approved accounting standards, as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984 (the Ordinance), provisions of and directives issued under the Ordinance. In case requirements differ, the provisions or directives of the Ordinance shall prevail.

2.1.2 Critical accounting estimates and judgments

The preparation of financial statements in conformity with the above requirements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

2.1.3 Initial application of standards, amendments or interpretation to existing standards

a) Standards, amendments to published standards and interpretations effective in 2014-15 and relevant

The following new amendments and interpretation are effective for the year ended June 30, 2015 and are relevant to the Company:

- IAS 16 'Property, plant and equipment' and IAS 38, 'Intangible assets' (Amendment). Both standards are amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model. The amendment does not have any significant impact on the Company's financial statements.
- IAS 19 (Amendment) 'Employee benefits'. The amendment applies to contributions from employees or third parties to defined benefit plans and clarifies the treatment of such contributions. The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. The objective of the amendment is to simplify the accounting for contributions that are independent of the number of years of employee service, for example employee contributions that are calculated according to a fixed percentage of salary. Entities with plans that require contributions that vary with service will be required to recognise the benefit of those contributions over employee's working lives. The amendment does not have any significant impact on the Company's financial statements.
- IAS 32 (Amendment), 'Financial instruments: Presentation'. This amendment updates the application guidance in IAS-32 'Financial Instruments: Presentation', to clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet date. The amendment clarifies that right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The Company's current accounting treatment is already in line with this amendment.
- IAS 36 (Amendment) 'Impairment of assets'. The amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. This amendment only affects the disclosures in the Company's financial statements, in case of any impairment.
- IFRIC 21 'Levies'. This is an interpretation of IAS 37, 'Provisions, contingent liabilities and contingent assets'. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The Company's current accounting policy is substantially in line with this amendment.

The other new standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on July 1, 2014 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

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

The following new standards and amendments to published standards are not effective for the financial year beginning on July 1, 2014 and have not been early adopted by the Company:

- IFRS 10 'Consolidated financial statements' (effective for annual periods beginning on or after January 1, 2015). This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in determination of control where this is difficult to assess. It is unlikely that the standard will have any significant impact on the Company's financial statements.
- IFRS 12 'Disclosure of interests in other entities' (effective for annual periods beginning on or after January 1, 2015). The standard includes disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance sheet vehicles. The application of standard will only result in additional disclosures in the Company's financial statements.
- IFRS 13 'Fair value measurement' (effective for annual periods beginning on or after January 1, 2015). The standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The Company is yet to assess the full impact of this standard.
- IAS 27 (revised) 'Separate financial statements' (effective for annual periods beginning on or after January 1, 2015). This standard replaces the current IAS 27 'Consolidated and Separate Financial Statements' (as amended in 2008) and includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10. It is unlikely that the standard will have any significant impact on the Company's financial statements.
- IAS 27 (Amendment) 'Separate financial statements' (effective for annual periods beginning on or after January 1, 2016). The amendment allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The Company is yet to assess the impact of this amendment.

Amendments to following standards as a result of annual improvements to International Financial Reporting Standards, issued by IASB:

- IFRS 7 'Financial instruments: Disclosures' (effective for periods beginning on or after July 1, 2016). Interim financial statements – the amendment clarifies that the additional disclosure required by the amendments to IFRS 7, 'Disclosure – Offsetting financial assets and financial liabilities' is not specifically required for all interim periods unless required by IAS 34. This amendment is retrospective. It is unlikely that the amendment will have any significant impact on the Company's interim financial information.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

- IAS 19 'Employee benefits' (effective for periods beginning on or after July 1, 2016). The amendment clarifies that, when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important, not the country where they arise. The assessment of whether there is a deep market in high-quality corporate bonds is based on corporate bonds in that currency, not corporate bonds in a particular country. Similarly, where there is no deep market in high-quality corporate bonds in that currency, government bonds in the relevant currency should be used. The amendment is retrospective but limited to the beginning of the earliest period presented. It is unlikely that the amendment will have any significant impact on the Company's financial statements.
- IAS 34 'Interim financial reporting' (effective for periods beginning on or after July 1, 2016). This amendment clarifies what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report'. The amendment also amends IAS 34 to require a cross-reference from the interim financial statements to the location of that information. The amendment is retrospective. It is unlikely that the amendment will have any significant impact on the Company's interim financial information.

There are number of other standards, amendments and interpretations to the published standards that are not yet effective, and are also not relevant to the Company and therefore have not been presented here.

2.2 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses, except for freehold land, which is stated at revalued amount less accumulated impairment loss, if any, and leasehold land, which is stated at revalued amount less accumulated depreciation and accumulated impairment loss, if any. Capital work-in-progress is stated at cost less accumulated impairment loss, if any.

Capital work-in-progress consists of expenditure incurred in respect of tangible assets in the course of their construction and installation, including financial charges on borrowings for financing the project until such projects are completed or become operational. Transfers are made to relevant asset category as and when assets are available for use.

Depreciation is charged to profit or loss using straight-line method whereby the cost of the asset is allocated over its estimated useful life at the rates given in note 5.1. Depreciation on additions is charged from the month in which the asset is available for use, while no depreciation is charged in the month in which the asset is disposed off. The revalued amount of leasehold land is depreciated equally over the remaining life from the date of revaluation. The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at each balance sheet date.

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. Maintenance and normal repairs are charged to profit or loss in the statement of comprehensive income.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognised as an income or expense in the profit or loss in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

2.2.1 Change in accounting policy

During the year, the Company has changed its accounting policy to measure 'freehold land' to revaluation model from cost model to better reflect the realization of economic benefits resulting from 'freehold land' and to bring the valuation policy for land in line with HTPL (former Holding Company). Till last year, the freehold land was valued at cost. The change in accounting policy has been accounted for prospectively in accordance with the requirements of the International Accounting Standard (IAS) 8, 'Accounting policies, change in accounting estimates and errors'. Accordingly, the effect on the current year is increase in the carrying amount of freehold land under the head property, plant and equipment by Rs 5,627 thousand and creating a surplus on revaluation accordingly.

2.3 Surplus on revaluation of fixed assets

The surplus arising on revaluation of fixed assets is credited to the 'Surplus on revaluation of fixed assets' account which is shown below equity in the balance sheet in accordance with the requirements of Section 235 of the Companies Ordinance, 1984. The said section was amended through the Companies (Amendment) Ordinance, 2002 and accordingly the Company has adopted the following accounting treatment of depreciation on revalued assets, keeping in view the Securities and Exchange Commission of Pakistan (SECP) SRO 45(1)/2003 dated January 13, 2003:

- depreciation on assets which are revalued is determined with reference to the value assigned to such assets on revaluation and depreciation charge is taken to the profit or loss account; and
- an amount equal to incremental depreciation for the period net of deferred taxation where applicable is transferred from surplus on revaluation of fixed assets to unappropriated profit through statement of changes in equity to record realisation of surplus to the extent of the incremental depreciation charge.

2.4 Leased assets

Leases of property, plant and equipment where the Company has substantially all the risks and rewards of ownership, are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and present value of minimum lease payments. Outstanding obligations under the lease less finance cost allocated to future periods are shown as a liability.

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

Finance cost under lease agreements are allocated to the period of the lease term so as to produce a constant periodic rate of finance cost on the remaining balance of principal liability for each period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

2.5 Intangible assets

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

i) Software

Costs that are directly associated with identifiable computer software and have probable economic benefits exceeding one year, are recognised as intangible asset. Costs include the purchase cost of software, implementation cost and related overhead cost. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses thereon.

Expenditure which enhances or extends the performance of computer software beyond its original specification and useful life is recognised as a capital improvement and added to the original cost of the software.

ii) Goodwill

This represents excess of cost of acquisition over fair value of the identifiable assets and liabilities of the Company at the time of acquisition by HTPL (former Holding Company).

Goodwill on acquisition is not amortised but tested annually for impairment and carried at cost less accumulated impairment losses.

iii) Trademarks

This represents separately acquired trade marks with indefinite useful life. These are stated at cost less impairment, if any. Carrying amounts of trademarks are subject to impairment review at each balance sheet date.

Intangible assets, where applicable, are amortised from the month when such asset is available for use on straight line method whereby the cost of an intangible asset is allocated over its estimated useful life, at the rates given in note .

The useful lives of intangible assets are reviewed at each balance sheet date to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset.

2.6 Investment in subsidiary

Investment in subsidiary is initially recognised at cost. At subsequent reporting dates, the recoverable amounts are estimated to determine the extent of impairment losses, if any, and carrying amounts of the investment is adjusted accordingly.

The gain or loss on disposal of an interest in subsidiary, represented by the difference between the sale proceeds and the carrying amount of investment, is recognised as an income or expense in profit or loss in the statement of comprehensive income.

2.7 Impairment of non-financial assets

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assets fair value less costs to sell and value in use. Impairment losses are charged to profit or loss in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

2.8 Financial instruments

2.8.1 Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held to maturity and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at the time of initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets. Financial assets at fair value through profit or loss comprise 'short term investment' at the balance sheet date.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are included in current assets, except for maturities greater than twelve months after the balance sheet date, which are classified as non-current assets. Loans and receivables comprise 'trade debts', 'loans, deposits and other receivables' and 'cash and bank balances' at the balance sheet date.

(c) Held to maturity

Held to maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturity with a positive intention to hold to maturity.

(d) Available-for-sale

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. These are included in non-current assets unless management intends to dispose of the investments within twelve months of the balance sheet date.

All financial assets are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognised on trade-date – the date on which the Company commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed to the profit or loss in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the profit or loss in the statement of comprehensive income within 'other income / operating expenses' in the period in which they arise. Dividend income from financial assets at 'fair value through profit or loss' is recognised in the profit or loss in the statement of comprehensive income as part of 'other income' when the Company's right to receive payments is established. Gains or losses on sale of investments at 'fair value through profit or loss' are recognised in the profit or loss in the statement of comprehensive income as 'gains and losses from investment securities'.

Gains or losses arising from changes in the fair value of monetary and non-monetary securities as available-for-sale are recognised in other comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are taken to the profit or loss in the statement of comprehensive income 'as gains and losses from investment securities'. Interest on available-for-sale securities calculated using the effective interest method is recognised in the profit or loss in the statement of comprehensive income as part of 'other income'. Dividends on available-for-sale equity instruments are recognised in the profit or loss in the statement of comprehensive income as part of 'other income' when the Company's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company measures the investments at cost less impairment in value, if any.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available for sale financial assets, the cumulative loss-measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in equity is removed from equity and recognised in the profit or loss in the statement of comprehensive income. Impairment losses recognised in profit or loss in the statement of comprehensive income on equity instruments classified as available-for-sale are not reversed. Impairment testing of trade debts and other receivables are described in note 2.11.

2.8.2 Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the profit or loss in the statement of comprehensive income.

2.8.3 Offsetting of financial assets and liabilities

A financial asset and a financial liability are offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set-off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.9 Stores and spares

Stores and spares to be consumed in the ordinary course of business are valued at weighted average cost, except for those in transit which are stated at cost. Cost comprises of invoice value plus other direct costs but excludes borrowing costs. Provision is made for slow moving and obsolete items wherever necessary and is recognised in the profit or loss in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

2.10 Stock-in-trade

Stock-in-trade is valued at the lower of cost and net realisable value. Cost is determined using the first-in-first-out method for Liquefied Petroleum Gas and weighted average method for low pressure regulators. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

Net realisable value signifies the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

2.11 Trade debts and other receivables

Trade debts and other receivables are stated initially at fair value and subsequently measured at amortised cost using the effective interest rate method less provision for impairment, if any. A provision for impairment is established where there is objective evidence that the Company will not be able to collect all amounts due to according to the original terms of receivables. Trade debts and other receivables are written-off when considered irrecoverable.

2.12 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, cash with banks on current, collection, deposit and savings accounts, other short-term highly liquid investments with original maturities of three months or less and running finance under mark-up arrangements. Running finance under mark-up arrangements, if utilised, are shown in current liabilities on the balance sheet.

2.13 Share capital

Ordinary shares are classified as equity and are recorded at their face value.

2.14 Retirement and other service benefits

2.14.1 Defined benefit plans

The Company operates:

- an approved defined benefit gratuity scheme for all permanent employees. The scheme provides for a graduated scale of benefits dependent on the length of service of the employee on terminal date, subject to the completion of minimum qualifying period of service. Gratuity is based on employee's last drawn salary; and
- an approved defined benefit pension scheme for management staff. The scheme provides pension based on the employees' last drawn salary subject to the completion of minimum qualifying period of service. Pensions are payable for life and thereafter to surviving spouses and / or dependent children.

Both the above schemes are funded and contributions to them are made monthly on the basis of actuarial valuation and in line with the provisions of the Income Tax Ordinance, 2001. Further, monthly contributions are made by employees in the defined benefit pension fund at the rate of 1.4% and 1.72% according to their job grades. Actuarial valuations of these schemes are carried out at appropriate regular intervals.

2.14.2 Defined contribution plan

The Company operates a recognised contributory provident fund for all permanent employees. Equal monthly contributions are made, both by the Company and the employees at the rate of 4.25% per annum of the basic salary and 10% per annum of the basic salary for management and non-management employees, respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

2.15 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest rate method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer the settlement of the liability for at least twelve months after the balance sheet date.

2.16 Trade and other payables

These are stated initially at fair value and subsequently measured at amortised cost using the effective interest rate method. Exchange gains and losses arising in respect of liabilities in foreign currency are added to the carrying amount of the respective liability.

2.17 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

2.18 Taxation

2.18.1 Current

Provision for current taxation is based on the taxable income for the year, determined in accordance with the prevailing law for taxation on income, using prevailing tax rates. The charge for current tax also includes tax credits and adjustments, where considered necessary, for prior years determined during the year or otherwise considered necessary for such years.

2.18.2 Deferred

Deferred income tax is accounted for using the liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised only to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset will be realised or the deferred income tax liability will be settled. Deferred tax is charged or credited to the profit or loss in the statement of comprehensive income except to the extent that it relates to the items recognised directly in equity in which case it is recognised in equity.

2.19 Foreign currencies

The financial statements are presented in Pakistan Rupees which is the Company's functional currency.

Transactions in foreign currencies are translated into Pakistan Rupees using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated into Pakistan Rupees at the rates of exchange which approximate those prevailing at the balance sheet date. Exchange differences are included in the profit or loss in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

2.20 Revenue recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable and is recognised on the following basis:

- Sales are recorded at the time of delivery to the distributors and direct customers.
- Return on deposits is recognised on accrual basis.
- Recovery of storage and handling charges is accounted for on accrual basis after netting off the related costs.
- Income from dividend is recognised when right to receive dividend is established.

2.21 Borrowing costs

Borrowing costs are recognised as an expense in the period in which these are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset, in which case such costs are capitalised as part of the cost of that asset.

2.22 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognised in the financial statements in the period in which these are approved.

3. AMALGAMATION WITH HOLDING COMPANY

In 2013, the Company entered into a scheme of arrangement for amalgamation (the Scheme) with its Holding Company i.e. H.A.K.S. Trading (Private) Limited (HTPL). The Scheme, which was approved and adopted in the Extra Ordinary General Meeting of the shareholders of the Company held on September 3, 2014, was filed with the High Court of Sindh (the Court) for approval after fulfillment of necessary requirements. During the year, the Court granted approval of the Scheme on February 20, 2015 which is the 'effective date' under the Scheme. The order of the Court was filed with the Securities and Exchange Commission of Pakistan (SECP) on February 27, 2015.

Under the Scheme, the entire assets and liabilities of HTPL have been transferred to and stand vested in the Company on the effective date i.e. February 20, 2015. Further the reserves of HTPL, as at the effective date, shall constitute and be treated as reserves of a corresponding nature in the Company.

According to the Scheme, 0.31 ordinary shares of the Company, with a face value of Rs. 10 each, were offered to the shareholders of HTPL for every one share held of HTPL, with a face value of Rs. 10 each. As per the Scheme, the Company is required to allot new shares to the shareholders of HTPL. Upon allotment of new shares, old shares of the Company, held by HTPL, shall stand cancelled and simultaneously HTPL shall stand dissolved without being wound up. Further, the cancellation of old shares and issuance of new shares, as per the swap ratio, will result in reduction of 151,154 shares of the Company. The Company is in the process of completing the legal formalities for issuance of new shares.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

Based on Company's assessment, the aforementioned transaction is outside the scope of IFRS 3 'Business Combination' and in substance is a legal re-organization of the Group. Accordingly, these financial statements represent continuance of the consolidated financial statements of HTPL and retain purchase price allocation performed on acquisition of the Company by HTPL in a business combination. The share capital in these financial statements reflects the legal equity structure of the Company. Further, non-controlling interest as appearing in the consolidated financial statements of HTPL has been derecognised as the same has been effectively acquired for no consideration. As a result of the above, a reserve on amalgamation amounting to Rs. 153,458 thousand has been recognised as part of equity.

To account for aforementioned amalgamation assets, liabilities and reserves of HTPL are based on the audited financial statements of HTPL prepared as of February 19, 2015. Further, impact of purchase price allocation as reflected in the latest available unaudited consolidated condensed interim financial information of the HTPL for the half year ended December 31, 2014, which have been reviewed by the external auditors of HTPL, has been incorporated. The effect of incremental depreciation over fair valuation between January 1, 2015 and February 19, 2015 has been separately computed and incorporated for the purpose of amalgamation.

The effects of amalgamation have been summarized below:

Description	Balances of HTPL as at February 19, 2015 (Audited)	Purchase price allocation as at February 19, 2015	Total
	(Rupees in '000)		
ASSETS:			
Goodwill	-	253,091	253,091
Property, plant and equipment (note 5.1)	510,733	48,796	559,529
Cash and bank balances	51	-	51
	510,784	301,887	812,671
LIABILITIES:			
Long-term borrowing - secured	400,000	-	400,000
Deferred taxation	-	14,863	14,863
Trade and other payables	2,247	-	2,247
Short-term borrowings	30,646	-	30,646
Accrued mark-up	17,508	-	17,508
	450,401	14,863	465,264
Net assets / (liabilities)	60,383	287,024	347,407
Represented by :			
Unappropriated loss	(73,877)	-	(73,877)
Surplus on revaluation of fixed assets	269,138	-	269,138
Reserve on amalgamation	-	-	151,946
	195,461	-	347,407

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

4.1 Property, plant and equipment

The Company reviews appropriateness of the rates of depreciation, useful lives and residual values used in the calculation of depreciation. Further where applicable, an estimate of recoverable amount of assets is made for possible impairment on an annual basis.

4.2 Intangible assets

The Company reviews appropriateness of the rate of amortisation and useful life used in the calculation for amortisation. Further where applicable, an estimate of recoverable amount of assets is made for possible impairment on an annual basis.

4.3 Taxation

In making the estimates for current income taxes payable by the Company, the management considers the applicable laws and the decisions / judgments of appellate authorities on certain issues in the past. Accordingly, the recognition of deferred tax is also made, taking into account these judgments and the best estimates of future results of operations of the Company.

4.4 Provision for retirement and other service benefits

The present value of these obligations depend on a number of factors that are determined on actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of these obligations. The present values of these obligations and the underlying assumptions are disclosed in note 35.

5. PROPERTY, PLANT AND EQUIPMENT

	2015 ------(Rupees in '000)-----	2014 ------(Rupees in '000)-----
Operating assets (note 5.1)	760,038	195,549
Capital work-in-progress (note 5.2)	314	5,408
	<u>760,352</u>	<u>200,957</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

5.1 Operating assets

	Owned Assets					Leased Assets							
	Freehold land	Leasehold land	Building on leasehold land	Plant and machinery	Tanks, pipelines and fittings	Fire fighting equipment	Cylinder and regulators (note 5.1.2)	Vehicles	Furniture, fittings, electrical and other equipment	Office machines	Personal computers	Vehicle	Total
(Rupees in '000)													
As at July 1, 2013													
Cost	5,610	-	8,675	10,442	7,130	64,465	20,761	458,518	56,386	26,177	2,020	16,106	872,915
Accumulated depreciation	-	-	(13,260)	(10,722)	(6,511)	(17,631)	(12,997)	(383,560)	(74,906)	(22,275)	(2,745)	(15,084)	(625,961)
Net book value	5,610	-	3,205	87,222	512	20,942	7,764	96,041	4,180	13,902	275	1,022	246,954
Year ended June 30, 2014													
Opening net book value	5,610	-	3,205	87,222	512	20,942	7,764	96,041	4,180	13,902	275	1,022	246,954
Additions	-	-	-	36	36	714	18,563	-	970	215	170	-	20,438
Disposals	-	-	-	-	-	-	(1,201)	(5,000)	-	-	-	-	(6,201)
Accumulated depreciation	-	-	-	-	-	-	(1,201)	(5,000)	-	-	-	-	(6,201)
Depreciation charge (note 5.1.1)	-	-	(2,261)	(14,300)	(27)	(4,554)	(10,871)	(31,862)	(3,412)	(4,500)	(141)	(80)	(52,796)
Closing net book value	5,610	-	2,281	53,637	521	24,414	9,187	81,739	768	9,372	74	24	155,549
As at June 30, 2014													
Cost	5,610	-	6,575	88,442	7,160	56,801	20,761	465,967	54,630	17,153	3,020	16,210	872,915
Accumulated depreciation	-	-	(13,594)	(10,452)	(6,511)	(17,631)	(12,997)	(383,560)	(74,906)	(22,275)	(2,745)	(15,084)	(625,961)
Net book value	5,610	-	2,981	53,637	521	24,414	9,187	81,739	768	9,372	74	24	155,549
Year ended June 30, 2015													
Opening net book value	5,610	-	2,981	53,637	521	24,414	9,187	81,739	768	9,372	74	24	155,549
Additions	-	-	-	72	72	-	22,170	2,020	9,225	631	265	-	28,413
Disposals	-	-	-	-	-	-	(1,201)	(5,000)	-	-	-	-	(6,201)
Accumulated depreciation	-	-	-	-	-	-	(1,201)	(5,000)	-	-	-	-	(6,201)
Depreciation charge (note 5.1.1)	-	-	(2,261)	(14,300)	(27)	(4,554)	(10,871)	(31,862)	(3,412)	(4,500)	(141)	(80)	(52,796)
Closing net book value	5,610	-	2,281	53,637	521	24,414	9,187	81,739	768	9,372	74	24	155,549
As at June 30, 2015													
Cost	5,610	-	6,575	88,442	7,160	56,801	20,761	465,967	54,630	17,153	3,020	16,210	872,915
Accumulated depreciation	-	-	(13,594)	(10,452)	(6,511)	(17,631)	(12,997)	(383,560)	(74,906)	(22,275)	(2,745)	(15,084)	(625,961)
Net book value	5,610	-	2,981	53,637	521	24,414	9,187	81,739	768	9,372	74	24	155,549
Annual rate of depreciation (%)	-	-	-	-	-	-	-	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

5.1.1 The depreciation charge for the year has been allocated as follows:

	2015	2014
	------(Rupees in '000)-----	
Cost of products sold (note 26)	21,255	17,199
Administrative expenses (note 27)	5,164	1,970
Distribution and marketing expenses (note 28)	38,458	32,677
	<u>64,877</u>	<u>51,846</u>

5.1.2 Company's assets include cylinders and regulators which are in custody of distributors / customers due to the nature of business of the Company. Due to significant number of distributors / customers, the particulars of these assets which are not in possession of the Company, have not been disclosed.

5.1.3 This represents fair value adjustment in the consolidated financial statements of HTPL in respect of property, plant and equipment of the Company at the time of its acquisition by HTPL, net of effect of depreciation till the date of amalgamation, i.e. February 19, 2015.

5.1.4 During the year, the Company's freehold land measuring 2.5 acres was revalued resulting in a surplus of Rs. 5,627 thousand. The valuation was carried out by an independent valuer - M/s Consultancy Support and Services on the basis of present market value for similar sized plots in the near vicinity for freehold land. Further, leasehold land transferred from HTPL, as more fully explained in note 3, is already carried at on revalued amount.

Had there been no revaluation, the total net book value of freehold and leasehold as at June 30, 2015 would have been Rs. 9,373 thousand and 240,000 thousand respectively.

5.2 Capital work-in-progress comprises of following:

	2015	2014
	------(Rupees in '000)-----	
- Plant and machinery	314	296
- Furniture, fittings and electrical equipment	-	112
- Advance against vehicles	-	5,000
	<u>314</u>	<u>5,408</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

6. INTANGIBLE ASSETS

	Goodwill (note 6.1)	Computer software	Rights under supply contract (notes 6.2 and 6.3) (Rupees in '000)	Trademarks (note 6.4)	Total
As at July 1, 2013					
Cost	-	4,356	64,206	8,600	77,162
Accumulated amortisation	-	(2,577)	(53,884)	-	(56,461)
Net book value	-	1,779	10,322	8,600	20,701
Year ended June 30, 2014					
Opening net book value	-	1,779	10,322	8,600	20,701
Additions	-	213	22,500	-	22,713
Amortisation charge (note 6.5)	-	(724)	(5,336)	-	(6,060)
Net book value	-	1,268	27,486	8,600	37,354
As at July 1, 2014					
Cost	-	4,569	86,706	8,600	99,875
Accumulated amortisation	-	(3,301)	(59,220)	-	(62,521)
Net book value	-	1,268	27,486	8,600	37,354
Year ended June 30, 2015					
Opening net book value	-	1,268	27,486	8,600	37,354
Transferred from HTPL on amalgamation (note 3)	253,091	-	-	-	253,091
Amortisation charge (note 6.5)	-	(724)	(9,086)	-	(9,810)
Net book value	253,091	544	18,400	8,600	280,635
As at June 30, 2015					
Cost	253,091	4,569	86,706	8,600	352,966
Accumulated amortisation	-	(4,025)	(68,306)	-	(72,331)
Net book value	253,091	544	18,400	8,600	280,635
Annual rate of amortisation (%)	-	20	7.14 - 20	-	

6.1 This represents excess of cost of acquisition over fair value of the identifiable assets and liabilities of the Company at the time of acquisition by HTPL (former Holding Company).

6.2 This represents consideration for beneficial rights of continuous supply of LPG under the supply contract between Sui Northern Gas Pipelines Limited (SNGPL) and Pak Arab Refinery Limited (PARCO) which was transferred to the Company as part of its acquisition of the LPG business of SNGPL in October 2001. The asset has been recorded at its cost, which has been bifurcated from the total cost of acquisition of Rs. 142,000 thousand, on the basis of a valuation carried out by an independent valuer. This cost is being amortised over a period of fourteen years, being the remaining period of the supply contract with PARCO at the acquisition date. Subsequent to balance sheet date, on completion of the term of contract, the Company has entered into an agreement with PARCO for purchase of LPG. The agreement provides right to supply of LPG for a period of five years for which the Company has paid a signature bonus of Rs. 248,000 thousand.

6.3 Last year, the Company participated in a tender offer by Government Holdings (Private) Limited (GHPL) in respect of purchase of LPG from Makori Gas Field, TAL Block. On successful submission of the highest bid of Rs. 22,500 thousand, the Company has been allotted one lot of LPG of five metric tons per day from the Makori Gas Field, TAL Block. However, pending the final decision of the Lahore High Court in writ petition No. 6569/2014, to which the Company is not a party, the LPG purchase agreement between the Company and GHPL has not yet been executed. The supply of LPG from Makori Gas Field is in accordance with the terms and conditions contained in the tender document and is for a temporary period of five years. Accordingly, Rs. 22,500 thousand, paid as signature bonus, being right to continuous supply of LPG, has been recognised as an intangible asset with a useful life of five years.

6.4 This represents consideration paid to OPI Gas (Private) Limited in 2011 for acquisition of rights and title to "Burshane" trademarks. These trade marks are considered to have an indefinite useful life, and therefore have not been amortised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

6.5 Amortisation for the year has been allocated as follows:

	2015	2014
	------(Rupees in '000)-----	
Cost of products sold (note 26)	9,086	5,336
Administrative expenses (note 27)	724	724
	<u>9,810</u>	<u>6,060</u>

7. LONG-TERM INVESTMENT

Subsidiary - at cost (note 7.1)

Burshane Autogas (Private) Limited

5,000,000 ordinary shares of Rs. 10 each

50,000	-
--------	---

7.1 During the year the Board of Directors of the Company in its meeting held on July 24, 2014, resolved to form two 100% owned subsidiaries i.e. Burshane Trading (Private) Limited (BTL) and Burshane Autogas (Private) Limited (BAL). BTL was incorporated on October 13, 2014 for setting up trading operations particularly in coal and other energy related products, while BAL was incorporated on September 26, 2014 to set up for operations of LPG autogas stations. No share capital has been issued or transactions undertaken by BTL during the year.

8. LONG-TERM LOANS - considered good

	2015	2014
	------(Rupees in '000)-----	
Chief Executive (notes 8.2 and 8.3)	15,500	-
Executives (note 8.3)	1,013	727
Other employees (note 8.3)	2,466	3,163
Supplier (note 8.4)	<u>30,000</u>	<u>-</u>
	<u>48,979</u>	<u>3,890</u>

Less:

Recoverable within one year, shown under current assets (note 13)

- Chief Executive

- Executives

- Employees

- Supplier

6,000	-
404	613
821	1,292
<u>12,000</u>	<u>-</u>
<u>19,225</u>	<u>1,905</u>
<u>29,754</u>	<u>1,985</u>

8.1 Reconciliation of carrying amount of loans:

	2015					2014				
	Chief Executive	Executives	Other Employees	Supplier	Total	Chief Executive	Executives	Other Employees	Supplier	Total
	------(Rupees in '000)-----									
Balance at beginning of the year	-	727	3,163	-	3,890	-	2,554	4,002	-	6,556
Add (Less):										
- Disbursements	20,000	1,266	987	30,000	52,253	-	-	1,702	-	1,702
- Repayments / Adjustments	(4,500)	(980)	(1,694)	-	(7,174)	-	(1,327)	(2,541)	-	(4,388)
Balance at the end of the year	<u>15,500</u>	<u>1,013</u>	<u>2,466</u>	<u>30,000</u>	<u>48,979</u>	<u>-</u>	<u>727</u>	<u>3,163</u>	<u>-</u>	<u>3,890</u>

8.2 This represents loan granted by the Company to Chief Executive Officer amounting to Rs. 20,000 thousand, repayable in 40 equal monthly installments carrying no markup.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

- 8.3 These loans are granted to employees under the Company's loan policies. Car and motor cycle loans are repayable over a maximum period of five years and two and a half years respectively. Housing loans are repayable in maximum 50 equal monthly installments and salary loans are repayable over a maximum period of three years. Car loans and housing loans carry interest at the rate of 1% per annum, however, the interest on housing loan can be waived off subject to approval of Chief Executive Officer / Board of Directors of the Company. These loans are secured by letter of hypothecation, third party guarantees and demand promissory notes.
- 8.4 This represents loan granted by the Company to transporter for purchase of vehicles to be used for the Company's business. The loan is unsecured and repayable in 30 equal monthly installments and carries no mark-up.
- 8.5 The maximum aggregate amount of loans due from Executives, including Chief Executive, at the end of any month during the year was Rs. 20,679 thousand (2014: Rs. 2,422 thousand) respectively.
- 8.6 The carrying value of these financial assets are neither past due nor impaired. The credit quality of these financial assets can be assessed with reference to no losses in recent history.

9. LONG-TERM DEPOSITS

This represents deposit placed with supplier of liquefied petroleum gas as per the terms of the supply agreement.

	2015	2014
	------(Rupees in '000)-----	
10. STORES AND SPARES		
Stores	2,018	1,891
Spares	1,715	1,652
	<u>3,733</u>	<u>3,543</u>
Less: Provision for obsolete items	(126)	(126)
	<u>3,607</u>	<u>3,417</u>
11. STOCK-IN-TRADE		
Liquefied petroleum gas (note 11.1)	35,011	4,324
Low pressure regulators	6,478	7,383
	<u>41,489</u>	<u>11,707</u>

- 11.1 Includes stock amounting to Rs. 3,504 thousand (2014: Rs. 1,253 thousand) held with the following parties under hospitality agreements:

	2015	2014
	------(Rupees in '000)-----	
- Pakistan State Oil Company Limited	324	148
- OPI Gas (Private) Limited	705	359
- Cress Gas Carriers	-	102
- Sadiq Gas Company	1,640	631
- Noor LPG Company (Private) Limited	-	13
- Sindh Gas (Private) Limited	835	-
	<u>3,504</u>	<u>1,253</u>

- 11.2 Stock held on behalf of third parties amounts to Rs. 5,093 thousand (2014: Rs. 1,106 thousand).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

12. TRADE DEBTS

12.1 Trade debts are unsecured and are considered good.

12.2 As at June 30, 2015, trade debts aggregating to Rs. 10,489 thousand (2014: Rs. 3,449 thousand) were past due but not impaired. These relate to various customers for which there is no or some history of default, however no losses. Aging analysis of these trade debts is as follows:

	2015	2014
	----- (Rupees in '000) -----	
Upto 1 month	5,368	850
1 to 6 months	4,565	1,137
More than 6 months	566	1,462
	<u>10,489</u>	<u>3,449</u>

13. LOANS, ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Loans and advances - considered good

Loans due from (note 8)

- Chief Executive	6,000	-
- Executives	404	613
- Employees	821	1,292
- Supplier	<u>12,000</u>	<u>-</u>
	19,225	1,905

Advances to

- Executives (note 13.1)	743	444
- Contractors and suppliers (note 13.2)	<u>104,258</u>	<u>52,704</u>
	124,226	55,053

Short-term deposits	2,712	5,145
Short-term prepayments	2,330	4,761
Due from Burshane LPG (Pakistan)		
Limited - Provident fund	-	4,861
Due from Holding Company (note 13.3)	-	26,563
Due from OPI Gas (Private) Limited (note 13.4)	3,642	3,642
Accrued interest	384	5,928
Receivable against cylinder deposits	3,049	7,905
Others	<u>9,088</u>	<u>8,376</u>
	145,431	122,234
Less: Provision for impairment (note 13.5)	<u>(2,573)</u>	<u>(1,377)</u>
	<u>142,858</u>	<u>120,857</u>

13.1 The maximum aggregate amount due from executives at the end of any month was Rs. 743 thousand (2014: Rs. 444 thousand).

13.2 This includes amounts advanced in respect of procurement of LPG bowzers and imported product in January 2014 and November 2014 amounting in aggregate to Rs. 68,375 thousand. This could not materialize due to changes in specification/requirements of the Company and delay on account of unfavourable prices. However, the Company is in communication with the supplier for early settlement and is confident that it will be able to utilize/adjust the aggregate advance against purchase of imported product in the ensuing year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

13.3 Represents amount receivable in respect of 'Business Support Fee' paid to the HTPL (former Holding Company) on June 27, 2014, which has been recovered during the year on August 5, 2014, as the related agreement could not be finalized and approved.

13.4 Represents receivable against reimbursement of expenses incurred for debranding activities, which has not been acknowledged by the counter party, as further explained in note 25.1.1.

	2015	2014
	----- (Rupees in '000) -----	
13.5 The movement in provision during the year is as follows:		
Balance at beginning of the year	1,377	1,377
Add: Charged during the year and recognised in other expenses (note 30)	1,196	-
Balance at end of the year	<u>2,573</u>	<u>1,377</u>

13.6 As at June 30, 2015 other receivables amounting to Rs. 2,573 thousand (2014: Rs. 1,377 thousand) were considered impaired and provided for. These receivables have been outstanding for more than six months.

13.7 Receivables amounting to Rs. 7,179 thousand (2014: 4,603 thousand) were past due but not impaired. These relate to various parties for which there is no some history of default. Aging analysis of these balances is as follows:

	2015	2014
	----- (Rupees in '000) -----	
Upto 1 month	227	4
1 to 6 months	1,210	46
More than 6 months	5,742	4,553
	<u>7,179</u>	<u>4,603</u>

14. SHORT-TERM INVESTMENT

Financial asset at fair value through profit or loss

Mutual Funds (note 14.1)	<u>3,081</u>	<u>-</u>
--------------------------	--------------	----------

14.1 This represents investment in units of NIT Islamic Equity Fund which are valued at their net asset value at the balance sheet date.

2015	2014
----- (Rupees in '000) -----	

15. CASH AND BANK BALANCES

Cash in hand	102	105
--------------	-----	-----

With banks in:

- savings accounts (note 15.1)	74,701	244,347
- current accounts	159,968	73,374
	<u>234,669</u>	<u>317,721</u>
	<u>234,771</u>	<u>317,826</u>

15.1 The range of rates of profit on these savings accounts is between 4.5% to 7% per annum (2014: 7% to 8.50% per annum).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

16. SHARE CAPITAL

16.1 Authorised capital

2015	2014		2015	2014
----(Number of shares)----			------(Rupees in '000)-----	
<u>90,000,000</u>	<u>30,000,000</u>	Ordinary shares of Rs. 10 each	<u>900,000</u>	<u>300,000</u>

16.2 Issued, subscribed and paid up capital

2015	2014		2015	2014
----(Number of shares)----			------(Rupees in '000)-----	
19,881,766	20,032,920	Ordinary shares of Rs. 10 each fully paid up in cash (note 16.3)	198,817	200,329
76,820	76,820	Ordinary shares of Rs. 10 each issued as fully paid for consideration other than cash	768	768
2,530,304	2,530,304	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	25,303	25,303
<u>22,488,890</u>	<u>22,640,044</u>		<u>224,888</u>	<u>226,400</u>

16.3 Under the Scheme, the authorised share capital of the Company shall stand enhanced to Rs. 900,000 thousand divided into 90,000 thousand ordinary shares of Rs. 10 each. Further, pursuant to the effects of amalgamation, the paid-up share capital of the Company has reduced by 151,154 shares, as more fully explained in note 3.

16.4 Till last year, HTPL (former Holding Company) held 16,834,343 ordinary shares of Rs. 10 each. The Company is in process of completing legal formalities for cancellation of these shares and for issuance of new shares to the shareholders of HTPL in accordance with the Scheme. Post completion of legal formalities, Mr. Asad Alam Khan Niazi, Chief Executive, will hold 12,326,629 ordinary shares of the Company of Rs. 10 each.

	2015	2014
	------(Rupees in '000)-----	
17. SURPLUS ON REVALUATION OF FIXED ASSETS		
Opening balance	-	-
Surplus arising on revaluation during the year	5,627	-
Transferred from HTPL on amalgamation (note 3)	269,138	-
Closing balance	<u>274,765</u>	<u>-</u>

18. LONG-TERM BORROWING - secured

National Bank of Pakistan (note 18.1)	263,939	-
Less: Current portion shown under current liabilities	<u>(88,889)</u>	<u>-</u>
	<u>175,050</u>	<u>-</u>

18.1 During the year, long-term finance obtained from National Bank of Pakistan (NBP) by the HTPL (former Holding Company) has been transferred to the Company pursuant to the amalgamation, as more fully explained in note 3. The finance was obtained as a demand finance facility under the agreement dated April 8, 2013 from NBP and is repayable in 9 semi-annual installments of Rs. 44,444 thousand by April 1, 2018 with a grace period of six months from the date of the drawdown. The finance carries markup rate of 6 months KIBOR plus 2.5% to 6%. 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

	2015	2014
	------(Rupees in '000)-----	
19. OBLIGATION UNDER FINANCE LEASE		
Balance as at July 1	-	-
Recognised during the year	15,010	-
Less: Principal repayment during the year	(2,032)	-
Present value of minimum lease payments	12,978	-
Less: Current maturity shown under current liabilities	(3,034)	-
	<u>9,944</u>	<u>-</u>

- 19.1 During the year, the Company has entered into lease arrangements in respect of motor vehicles. The liabilities under the lease agreements are payable on monthly installment basis by year 2020 and are subject to finance charge at the rate of 11.88 % to 14.03 % per annum, which has been used as the discount factor. Title of the leased assets will be transferred to the Company at the end of the lease term.

The amount of future payments for the leases and the period in which the lease payments will become due are as follows:

	2015		
	Minimum lease payments	Finance costs	Present value of minimum lease payments
	------(Rupees in '000)-----		
Not later than 1 year	4,546	1,512	3,034
Later than 1 year and not later than 5 years	12,125	2,181	9,944
	<u>16,671</u>	<u>3,693</u>	<u>12,978</u>

	2015	2014
	------(Rupees in '000)-----	
20. DEFERRED TAXATION		
Deferred tax asset arising due to:		
Obligation under finance lease	(3,983)	-
Recoupable minimum turnover tax	-	(7,648)
Provision for impairment of other receivables and slow moving stores and spares	(701)	(331)
	<u>(4,684)</u>	<u>(7,979)</u>
Deferred tax liability arising due to:		
Accelerated depreciation allowance	28,260	16,732
	<u>23,576</u>	<u>8,753</u>

21. CYLINDER AND REGULATOR DEPOSITS

These deposits are non-interest bearing and are refundable on termination of distributorship agreements and/or return of cylinders and ancillary equipment as per the Company policy.

22. SHORT-TERM BORROWINGS

This represent short-term loans received from Directors of the Company Mr. Asad Alam Khan Niazi (Chief Executive) and Mr. Shahriar D. Sethna (Non-executive Director) amounting to Rs. 22,126 thousand and Rs. 5,020 thousand respectively. These loans received by HTPL (former Holding Company) have been transferred to the Company on amalgamation. These loans carry no mark-up and are repayable on demand by the Directors. Further, these loans are sub-ordinated to the long-term borrowing.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

	2015	2014
	------(Rupees in '000)-----	------(Rupees in '000)-----
23. TRADE AND OTHER PAYABLES		
Creditors (note 23.1)	73,177	85,337
Accrued liabilities	15,226	25,413
Payable to Burshane LPG (Pakistan) Limited		
- Gratuity Fund (note 35.1.1)	5,266	7,042
- Management staff Pension Fund (note 35.1.1)	6,176	9,650
- Provident Fund	378	-
Workers' profits participation fund (note 23.2)	8,120	2,457
Workers' welfare fund	3,991	1,050
Withholding tax payable	957	-
Sales tax payable	2,532	1,860
Advances from distributors / customers	21,214	10,622
Dividends		
- unclaimed	1,525	4,149
- unpaid	-	640
	1,525	4,789
Zakat payable	65	-
Excess advance received from Shell Petroleum Company Limited against right issue	5,722	5,722
Others	792	684
	<u>145,141</u>	<u>154,628</u>

- 23.1 This includes an amount of Rs. 460 thousand (2014: NIL) payable to Buxly Paints Limited, a related party.

	2015	2014
	------(Rupees in '000)-----	------(Rupees in '000)-----
23.2 Workers' profit participation fund		
Balance at beginning of the year	2,457	4,717
Add:		
- Interest charged during the year (note 31)	-	525
- Allocation for the year (note 30)	8,120	2,457
Less: Amount paid	(2,457)	(5,242)
Balance at end of the year	<u>8,120</u>	<u>2,457</u>

24. ACCRUED MARKUP

This represents finance cost accrued on long-term borrowing.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

25. CONTINGENCIES AND COMMITMENTS

25.1 Contingencies

- 25.1.1 The Company entered into a tripartite LPG Debranding Agreement (the Agreement) with Shell Brands International AG (Shell AG) and OPI Gas (Private) Limited (OPI) on October 27, 2010. The Agreement was entered with an objective of phasing out the use of LPG trademarks and manifestations owned by Shell, subsequent to the sale of shares of the Company by Shell Petroleum Company Limited (Shell) to OPI Gas (Private) Limited. As per the terms of the Agreement, it is the Company's obligation to cease the use of aforesaid trademarks and manifestations embossed / printed on its assets, according to the timelines and conditions set out in the Agreement. In the event of delay in fulfillment of such obligations, the Company shall be liable to pay a fee at rates specified in the aforesaid timetable, in respect of each asset which the Company has not demonstrated to Shell's satisfaction to have been fully debranded. As per the terms of the Agreement OPI is guarantor under this Agreement.

As at June 30, 2015, all the assets in possession of the Company have been debranded of the aforesaid trademarks and manifestation embossed / printed on these assets. In respect of assets not in possession / control of the Company, based on the advice of its legal advisor, the Company during last year circulated notices directly to its distributors and through publication in newspapers to its customers requesting them to exchange the Shell branded cylinders with the Burshane branded cylinders, so as to limit its liability under the Agreement.

Based on the legal advice, the Company is confident that no fee shall be required to be paid to Shell AG for non-compliance with the debranding obligations under the Agreement for those assets which are not in possession / control of the Company. However, the debranding / rebranding expenses incurred by the Company to date, amounting to Rs. 3,642 thousand, have not been acknowledged by OPI for reimbursement to the Company. OPI is of the view that these expenses should be borne by the Company as the ultimate beneficiary of debranding and rebranding exercise is the Company and that OPI was just a guarantor under this Agreement, and accordingly liability of OPI will only arise if the Company fails to meet its original obligations according to the timelines set out in the Agreement.

However, the Company based on the advice of its legal advisor, is not in agreement with OPI's interpretation of the Agreement and hence has recorded the debranding / rebranding expenses incurred to date as receivable from OPI till the resolution of this matter with OPI. Accordingly, the Company has not recognised provision for the estimated further cost of rebranding amounting to Rs. 23,290 (2014: 25,816 thousand) thousand in respect of cylinders not in possession of the Company.

- 25.1.2 Claims not acknowledged as debt by the Company as at June 30, 2015 amounted to Rs. 16,200 thousand (2014: Rs. 16,200 thousand). This includes Rs. 14,140 thousand billed by OPI in respect of business support fee.

25.2 Commitments

Capital commitments contracted for but not incurred as at June 30, 2015 amount to Rs. 5,828 thousand (2014: Rs. 821 thousand).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

	2015	2014
	------(Rupees in '000)-----	
26. COST OF PRODUCTS SOLD		
Cost of LPG sold:		
Opening stock (note 11)	4,324	77,765
Purchases	2,019,084	2,176,711
	<u>2,023,408</u>	<u>2,254,476</u>
Less: Closing stock (note 11)	(35,011)	(4,324)
	<u>1,988,397</u>	<u>2,250,152</u>
Salaries, wages and other employee benefits (note 26.1)	29,505	27,548
Cost of low pressure regulators sold	905	773
Stores and spares consumed	2,096	2,874
Repairs and maintenance	2,951	925
Traveling, conveyance and vehicle maintenance	52	1,223
Rent, rates and electricity	4,472	6,130
Communication	813	1,247
Printing and stationery	203	158
Insurance	1,217	3,602
Depreciation (note 5.1.1)	21,255	17,199
Amortisation (note 6.5)	9,086	5,336
Security	2,206	2,033
Sundry expenses	716	502
	<u>2,063,874</u>	<u>2,319,702</u>

26.1 Salaries, wages and other employee benefits includes Rs. 3,148 thousand (2014: Rs. 3,674 thousand) in respect of staff retirement benefits.

	2015	2014
	------(Rupees in '000)-----	
27. ADMINISTRATIVE EXPENSES		
Salaries, wages and other employee benefits (note 27.1)	44,777	35,565
Repairs and maintenance	88	1,423
Travelling, conveyance and vehicle maintenance	4,503	3,740
Rent, rates and electricity	5,788	4,044
Communication	2,650	1,777
Printing and stationery	1,211	873
Insurance	346	718
Advertisement and publicity	1,066	134
Depreciation (note 5.1.1)	5,164	1,970
Amortisation (note 6.5)	724	724
Security	1,830	394
Donations	1,120	733
Sundry expenses	4,053	1,195
	<u>73,320</u>	<u>53,290</u>

27.1 Salaries, wages and other employee benefits include Rs. 2,801 thousand (2014: Rs. 5,403 thousand) in respect of staff retirement benefits.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

	2015	2014
	----- (Rupees in '000) -----	
28. DISTRIBUTION AND MARKETING EXPENSES		
Salaries, wages and other employee benefits (note 28.1)	17,752	15,341
Repairs and maintenance	924	179
Travelling, conveyance and vehicle maintenance	1,663	983
Rent, rates and electricity	1,056	1,479
Communication	580	783
Printing and stationery	135	111
Insurance	270	300
Hospitality charges	16,796	7,142
Freight and octroi	6,373	8,777
Advertisement and publicity	1,367	2,077
Commission	2,865	-
Depreciation (note 5.1.1)	38,458	32,677
Security	392	370
Sundry expenses	1,469	236
	<u>90,100</u>	<u>70,455</u>

28.1 Salaries, wages and other employee benefits include Rs. 1,354 thousand (2014: Rs. 2,039 thousand) in respect of staff retirement benefits.

	2015	2014
	----- (Rupees in '000) -----	
29. OTHER INCOME		
Income from financial assets		
Income from :		
- savings bank accounts	12,726	15,031
- short term investment	2,988	-
Income from non-financial assets		
Rental income from storage tanks	1,641	2,252
Gain on disposal of operating assets	-	4,226
	<u>1,641</u>	<u>6,478</u>
Others		
Scrap sales	10	1,275
Old liabilities written back	-	2,879
Recoveries against cylinder replacement	2,971	5,466
Hospitality income	2,453	1,490
Exchange gain - net	1,162	-
Miscellaneous	1,998	533
	<u>25,949</u>	<u>33,152</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

	2015	2014
	------(Rupees in '000)-----	
30. OTHER EXPENSES		
Legal and professional charges	5,721	1,653
Workers' profits participation fund (note 23.2)	8,120	2,457
Workers' welfare fund	4,031	1,050
Auditors' remuneration (note 30.1)	1,748	1,450
Provision for impairment of other receivables (note 13.5)	1,196	-
Directors' fees	1,015	705
Exchange loss - net	-	427
Others	112	255
	<u>21,943</u>	<u>7,897</u>
30.1 Auditors' remuneration		
Fee for:		
- statutory audit	734	634
- half yearly review	260	210
- review of compliance with the code of corporate governance	60	59
- audit of provident, pension and gratuity funds	144	140
- special certifications and other advisory services	250	128
	<u>1,448</u>	<u>1,171</u>
Out of pocket expenses	300	279
	<u>1,748</u>	<u>1,450</u>
31. FINANCE COSTS		
Mark-up on long-term borrowing	13,423	-
Finance charges on obligation under finance lease	1,248	-
Interest on Workers' profits participation fund (note 23.2)	-	525
Bank charges	3,704	3,203
	<u>18,375</u>	<u>3,728</u>
32. TAXATION		
Current:		
- for the year	54,212	24,921
- for prior years	(150)	254
	<u>54,062</u>	<u>25,175</u>
Deferred	(40)	(7,833)
	<u>54,022</u>	<u>17,342</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

	2015	2014
	----- (Rupees in '000) -----	
32.1 Reconciliation of income tax expense for the year:		
Profit before taxation	150,228	45,624
Tax at the applicable tax rate of 33% (2014: 34%)	49,575	15,512
Tax effect of:		
- Permanent differences	1,883	1,559
- Change in tax rate	2,075	-
- Others	639	17
Prior year tax	(150)	254
	54,022	17,342

33. EARNINGS PER SHARE – basic and diluted

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year. There is no dilutive effect on the basic earnings per share of the Company.

	2015	2014
	----- (Rupees in '000) -----	
Profit for the year	96,206	28,282
	-----	-----
	-----Number of Shares-----	
Weighted average number of ordinary shares in issue (in thousands)	22,586	22,640
	-----	-----
	-----Rupees-----	
Earnings per share - basic and diluted	4.26	1.25

34. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

34.1 The aggregate amounts charged during the year for remuneration, including all benefits, to the chief executive, executive directors and executives of the Company are as follows:

	2015				2014			
	Chief Executive	Executive Directors	Executives	Total	Chief Executive	Executive Director	Executives	Total
	----- (Rupees in '000) -----							
Managerial remuneration	9,882	8,052	11,452	29,386	7,059	2,000	11,431	20,490
Bonus	3,000	2,763	4,510	10,273	-	-	-	-
Company's contribution to gratuity, pension and provident funds	918	356	980	2,264	510	153	845	1,508
Housing, utilities and conveyance	5,435	3,582	5,624	14,641	3,882	1,300	7,145	12,327
Directors' fees	140	235	-	375	60	45	-	105
Medical, leave fare etc	1,482	776	2,007	4,265	1,059	300	2,003	3,422
	20,857	15,774	24,783	61,414	12,570	3,798	21,484	37,852
Number of persons (including those who worked part of the year)	1	2	16	19	1	1	1	13

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

34.2 Aggregate amount charged for the year in respect of fees to five non-executive directors is Rs. 640 thousand (2014: six non-executive directors. Rs. 447 thousand).

34.3 In addition, the chief executive, the executive directors and certain executives were also provided with free use of the Company's cars.

35. EMPLOYEE BENEFITS

The Company offers a defined post-employment gratuity benefit to permanent management and non-management employees and defined post-employment pension benefit to management employees. The gratuity and pension funds are governed under the Trusts Act, 1882, Trust Deed and Rules of Fund, Companies Ordinance, 1984, the Income Tax Ordinance, 2001 and the Income Tax Rules, 2002. Responsibility for governance of plan, including investment decisions and contribution schedule lie with the Board of Trustees of the Funds.

35.1 Valuation Results

The latest actuarial valuations of the defined benefit plans were carried out as at June 30, 2015, using the "Projected Unit Credit Method". The details of defined benefit plans are as follows:

	Pension Fund		Gratuity Fund	
	2015	2014	2015	2014
	(Rupees in '000)			
35.1.1 Balance sheet reconciliation				
Fair value of plan assets	91,355	84,098	10,028	9,350
Present value of defined benefit obligations	(97,531)	(93,748)	(15,294)	(16,392)
Net liability at end of the year	(6,176)	(9,650)	(5,266)	(7,042)
35.1.2 Movement in net liability recognised				
Net liability at beginning of the year	9,650	29,494	7,042	10,552
Charge for the year	2,887	6,919	1,921	2,531
Amounts paid to the Fund	(6,803)	(502)	-	(6,071)
Employee contribution to be paid to fund	244	384	-	-
Remeasurements recognised in OCI (note 35.1.7)	198	(28,655)	(3,697)	30
Net liability at end of the year	6,176	9,650	5,266	7,042
35.1.3 Movement in defined benefit obligations				
Obligation as at beginning of the year	93,748	127,719	16,392	26,406
Current service cost	1,608	3,534	988	1,867
Interest cost	12,422	13,283	1,887	2,157
Benefits paid	(11,961)	(24,425)	(4,296)	(15,299)
Remeasurements of obligations (note 35.1.7)	1,714	(26,363)	323	1,461
Obligations as at end of the year	97,531	93,748	15,294	16,392
35.1.4 Movement in fair value of plan assets				
Fair value as at beginning of the year	84,098	98,225	9,350	15,854
Expected return on plan assets	11,143	9,898	954	1,293
Benefits paid on behalf of the Fund	6,803	502	-	6,071
Employees contributions	(244)	(384)	-	-
Benefits paid	(11,961)	(24,425)	(4,296)	(15,299)
Remeasurements of plan assets (note 35.1.7)	1,516	282	4,020	1,431
Fair value as at end of the year	91,355	84,098	10,028	9,350

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

	Pension Fund		Gratuity Fund	
	2015	2014	2015	2014
	(Rupees in '000)			
35.1.5 Charge for the year				
Current service cost	1,608	3,534	988	1,667
Net interest cost	1,279	3,385	933	864
	<u>2,887</u>	<u>6,919</u>	<u>1,921</u>	<u>2,531</u>
35.1.6 Actual return on plan assets	<u>12,659</u>	<u>10,190</u>	<u>4,974</u>	<u>2,724</u>

35.1.7 Remeasurement recognised in Other Comprehensive Income:

Remeasurement of obligation

(Gain) / Loss from change in:

- demographic assumptions

- financial assumptions

Experience (gains) / losses

-	1,312	-	483
(4,023)	(15,694)	(2,585)	(1,058)
5,737	(11,981)	2,908	2,036
1,714	(26,363)	323	1,461

Remeasurement of plan assets

Return on plan assets, excluding amounts

included in interest expense / (income)

(Gain) / loss from change in financial assumptions

882	(3,437)	(3,463)	(1,823)
(2,408)	3,145	(557)	392
(1,516)	(292)	(4,020)	(1,431)
198	(26,655)	(3,697)	30

35.1.8 Principal actuarial assumptions used in the actuarial valuation:

Financial assumptions

Discount rate

9.75% 13.25% 9.75% 13.25%

Expected per annum rate of return on plan assets

9.75% 13.25% 9.75% 13.25%

Expected per annum rate of increase in salaries - long term

7.75% 12.25% 7.75% 12.25%

Expected per annum rate of increase in pension

0% 3% - -

Demographic assumptions

Expected mortality rate

Adjusted SLIC 2001-2005 Adjusted SLIC 2001-2005 Adjusted SLIC 2001-2005 Adjusted SLIC 2001-2005

Expected withdrawal rate

High High High High

As at June 30, 2015
Pension Fund Gratuity Fund
(Rupees in '000)

35.1.9 Analysis of present value of defined benefit obligation:

Vested benefits

81,989 14,793

Non-vested benefits

15,542 501

97,531 15,294

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

35.1.10 Plan assets comprise of the following:

	Pension Fund				Gratuity Fund			
	2015		2014		2015		2014	
	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%
Equity instruments	5,993	6.6	3,901	4.6	2,834	28.3	2,183	23.3
Debt instruments								
Defence Savings Certificates	13,409	14.7	11,250	13.4	11,175	111.4	9,375	100.3
Pakistan Investment Bonds	61,480	67.3	56,449	67.12	-	-	-	-
	74,889	82.0	67,699	80.5	11,175	111.4	9,375	100.3
Cash and cash equivalents	6,173	7	9,998	11.9	319	3.2	292	3.1
Others	4,300	4.7	2,600	2.97	(4,300)	(42.88)	(2,500)	(26.70)
	<u>91,355</u>		<u>84,098</u>		<u>10,028</u>		<u>9,350</u>	

35.1.11 The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date.

35.1.12 Historical information of staff retirement benefits:

	2015	2014	2013	2012	2011
	(Rupees in '000)				
Gratuity Fund					
Present value of defined benefit obligation	(15,294)	(16,392)	(26,406)	(30,212)	(31,135)
Fair value of plan assets	10,028	9,350	15,854	15,827	13,876
Deficit	<u>(5,266)</u>	<u>(7,042)</u>	<u>(10,552)</u>	<u>(14,385)</u>	<u>(17,259)</u>
Pension Fund					
Present value of defined benefit obligation	(97,531)	(93,748)	(127,719)	(125,980)	(81,323)
Fair value of plan assets	91,355	84,098	98,225	94,534	84,529
(Deficit) / Surplus	<u>(6,176)</u>	<u>(9,650)</u>	<u>(29,494)</u>	<u>(31,446)</u>	<u>3,206</u>

35.1.13 The amount of the defined benefit obligation after changes in the weighted principal assumptions is as follows:

	Pension Fund	Gratuity Fund
	(Rupees in '000)	
Discount rate + 1%	88,829	14,628
Discount rate - 1%	107,866	16,026
Long term salaries increase +1%	100,239	16,041
Long term salaries increase -1%	95,114	14,603
Withdrawal rates - Light	97,496	15,345
Withdrawal rates - Heavy	97,565	15,241

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

- 35.1.14 The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the liability recognised within the balance sheet.

35.2 Provident Fund

The following information is based upon the latest un-audited financial statements of the provident fund as at June 30, 2015 and June 30, 2014:

	2015 ------(Rupees in '000)-----	2014
Size of the fund - Total assets	49,059	46,812
Fair value of investments	48,681	45,974
Cost of investments	28,162	31,378
Percentage of investments	99%	98%

- 35.2.1 The break-up of fair value of investments is as follows:

	2015		2014	
	Rupees in '000	%	Rupees in '000	%
Bank deposits	4,520	9	7,907	17
Government securities	44,161	91	38,067	83
	48,681		45,974	

- 35.2.2 The investments out of the fund have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and the rules formulated for the purpose.

36. TRANSACTIONS WITH RELATED PARTIES

- 36.1 Related parties include associated companies and other companies with common directors, retirement benefit funds, directors and key management personnel.

- 36.2 Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these financial statements, are as follows:

Nature of relationship	Nature of transactions	2015 ------(Rupees in '000)-----	2014
Former parent			
H.A.K.S Trading (Private) Limited	Dividend	30,302	30,302
	Business Support Fee charged and paid	-	26,563
	Reversal of Business Support Fee	-	(26,563)
Subsidiary			
Burshune Autogas (Private) Limited	Investment in subsidiary	50,000	-
Staff retirement benefits/ contribution funds			
Pension	Contribution	6,803	502
Gratuity	Contribution	-	0,071
Provident	Contribution	-	6,564
Other related parties			
Buxly Paints Limited	Purchase of paints	1,562	1,747

- 36.3 All major transactions with related parties are entered into at agreed terms duly approved by the Board of Directors of the Company.

NOTES TO THE FINANCIAL STATEMENTS

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- 36.4 Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly. The Company considers its Chief Executive and Executive Directors to be the key management personnel. Transactions with key management personnel, as disclosed in note 34 to these financial statements, are as per the terms of their employment.

	2015	2014
	(Quantity in Metric Ton)	
37. CAPACITY		
Installed annual filling capacity	37,500	37,500
Actual utilization	31,035	27,590

Actual utilization is mainly attributable to availability of LPG supply and market demand.

38. NUMBER OF EMPLOYEES

	Number of employees as at		Average number of employees	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Management employees	21	16	19	21
Non-management employees	13	13	13	14
	34	29	32	35

39. CASH GENERATED FROM OPERATIONS

	2015	2014
	----- (Rupees in '000) -----	
Profit before taxation	150,228	45,624
Adjustment for non cash charges and other items:		
Depreciation	64,877	51,846
Amortisation	9,810	6,060
Provision for impairment of other receivable	1,196	-
Provision for retirement and other service benefits	7,303	11,115
Finance costs	18,375	-
Unrealised gain on short term investment	(81)	-
Gain on disposal of operating assets	-	(4,226)
Income on term deposit	(2,907)	-
Interest income on savings bank accounts	(12,726)	(15,031)
Working capital changes (note 39.1)	(72,801)	27,765
	163,274	123,153

39.1 Working capital changes

(Increase) / Decrease in current assets		
Stores and spares	(190)	155
Stock-in-trade	(29,782)	74,213
Trade debts	(2,131)	7,818
Loans, advances, deposits, prepayments and other receivables	(33,602)	(47,977)
	(65,705)	34,207
Decrease in current liabilities		
Trade and other payables - net	(3,596)	(6,442)
Short-term borrowings	(3,500)	-
	(72,801)	27,765

NOTES TO THE FINANCIAL STATEMENTS

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	2015	2014
	----- (Rupees in '000) -----	
40. FINANCIAL ASSETS AND LIABILITIES BY CATEGORY		
40.1 Financial assets as per balance sheet		
- Fair value through profit or loss		
Short-term investment	3,081	-
- Loans and receivables		
Long-term borrowing	29,754	1,985
Long-term deposits	77,023	106,438
Trade debts	17,581	15,450
Loans, deposits and other receivables	35,527	58,087
Cash and bank balances	234,771	317,826
	<u>394,656</u>	<u>499,786</u>
40.2 Financial liabilities as per balance sheet		
- Financial liabilities measured at amortized cost		
Long-term borrowing	263,939	-
Obligation under finance lease	12,978	-
Cylinder and regulator deposits	330,416	261,023
Short-term borrowings	27,146	-
Trade and other payables	98,442	121,945
Accrued markup	5,746	-
	<u>736,667</u>	<u>382,968</u>

41. FINANCIAL RISK MANAGEMENT

41.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on having cost effective funding as well as to manage financial risk to minimize earnings volatility and provide maximum return to share holders. Risk management is carried out by the Company's finance and treasury department under policies approved by the Board of Directors.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

As majority of the Company's financial assets and liabilities are denominated in Pakistan Rupees, therefore, the Company, at present, is not materially exposed to foreign currency risk.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is primarily exposed to interest rate risk arising from long-term borrowing from bank. Borrowing at variable rate exposes the Company to cash flow interest rate risk.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

As at June 30, 2015, if interest rate on Company's borrowing had been 1% higher / lower with all other variable held constant, post tax profit for the year would have been lower / higher by approximately Rs. 1,768 thousand (2014: Nil) mainly as a result of higher / lower interest exposure on variable rate borrowing.

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not materially exposed to other price risk as at June 30, 2015.

(b) Credit risk

Credit risk represents the risk of financial loss being caused if counter party fails to discharge an obligation.

Credit risk of the Company arises from deposits with banks and financial institutions, trade debts, loans, deposits and other receivables. The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. The maximum exposure to credit risk is equal to the carrying amount of financial assets.

The Company monitors the credit quality of its financial assets with reference to historical performance of such assets and available external credit ratings. The carrying values of financial assets which are neither past due nor impaired are as under:

	2015	2014
	----- (Rupees in '000) -----	
Long-term borrowing	29,754	1,985
Long-term deposits	77,023	106,438
Trade debts	7,092	12,001
Loans, deposits and other receivables	28,348	53,484
Short-term investment	3,081	-
Bank balances	234,669	317,721
	<u>379,967</u>	<u>491,629</u>

The credit quality of receivables can be assessed with reference to their historical performance with no or some defaults in recent history. The credit quality of Company's bank balances can be assessed with reference to external credit ratings as follows:

Name	Rating Agency	Rating			
		Short term		Long term	
		2015	2014	2015	2014
Bank Alfalah Limited	PACRA	A1+	A1+	AA	AA
Habib Bank Limited	JCR-VIS	A-1+	A-1+	AAA	AAA
MCB Bank Limited	PACRA	A1+	A1+	AAA	AAA
National Bank of Pakistan	PACRA	A1+	A-1+	AAA	AAA
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	A1+	AAA	AAA
Faysal Bank Limited	PACRA	A1+	A1+	AA	AA
United Bank Limited	JCR-VIS	A-1+	A-1+	AA+	AA+
Sindh Bank Limited	JCR-VIS	A-1+	A-1+	AA	AA-1
Summit Bank Limited	JCR-VIS	A-1	A-3	A	A-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

(c) Liquidity risk

Liquidity risk represents the risk that the Company will encounter difficulties in meeting obligations associated with financial liabilities.

The Company's liquidity risk management implies maintaining sufficient cash and also involves projecting cash flows and considering the level of liquid assets necessary to meet these.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity dates.

	As at June 30, 2015			As at June 30, 2014		
	Maturity upto one year	Maturity after one year	Total	Maturity upto one year	Maturity after one year	Total
	(Rupees in '000)					
Financial liabilities						
Long-term borrowing	88,888	175,050	263,938	-	-	-
Obligation under finance lease	3,034	0,944	12,978	-	-	-
Cylinder and regulator deposits	-	330,416	330,416	-	261,023	261,023
Short-term borrowings	27,146	-	27,146	-	-	-
Trade and other payables	96,442	-	96,442	121,945	-	121,945
Accrued markup	5,746	-	5,746	-	-	-
	<u>221,257</u>	<u>515,410</u>	<u>736,667</u>	<u>121,945</u>	<u>261,023</u>	<u>382,968</u>

41.2 Capital risk management

The objective of the Company when managing capital is to safeguard its ability to continue as a going concern and to provide expected returns to its shareholders by maintaining optimum capital structure to minimize the cost of capital. To maintain or adjust the capital structure, the Company may issue new equity, manage dividends payouts to its shareholders or sell its short-term investment to reduce debt.

The Company manages capital by maintaining gearing ratio at certain levels. This ratio is calculated as long-term borrowing, as disclosed in note 18, divided by total capital. Total capital is calculated as 'equity' as shown in the balance sheet plus long term borrowing.

The gearing of Company is as follows:

	2015	2014
	(Rupees in '000)	
Long-term borrowing (note 18)	175,050	-
Total equity	537,610	401,543
Total Capital	<u>712,660</u>	<u>401,543</u>
Gearing ratio	<u>0.246</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

42. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

- 42.1 Subsequent to the year end, the Board of Directors of the Company in their meeting held on October 06, 2015 have proposed a final cash dividend of Nil (2014 : Rs. 1.8) per share amounting to Nil (2014: Rs. 40,752 thousand).

43. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified for better presentation, wherever considered necessary, the effect of which is not material.

44. GENERAL

These financial statements have been rounded to the nearest thousand.

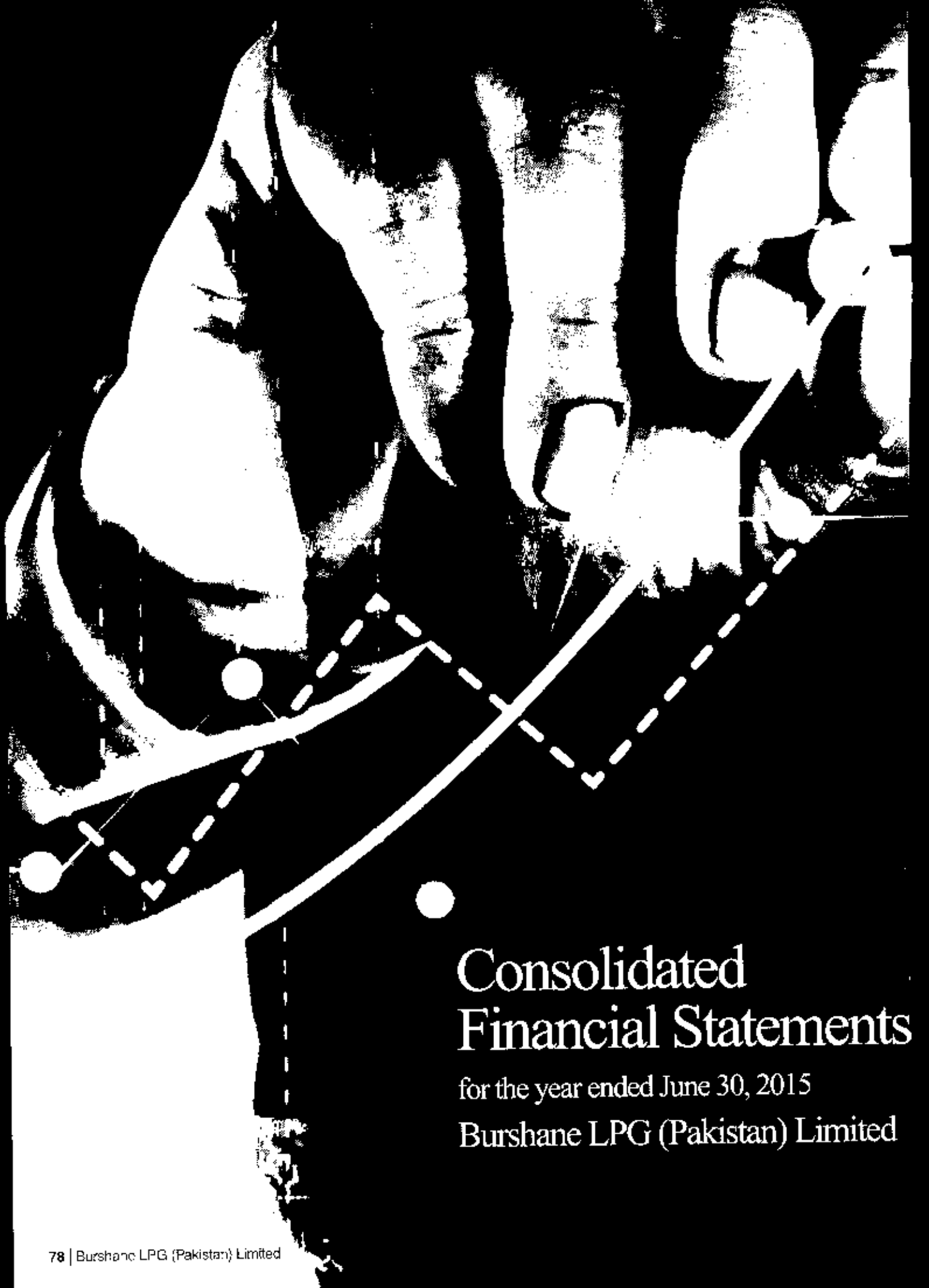
45. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on October 06, 2015 by the Board of Directors of the Company.

Director

Chief Executive





Consolidated Financial Statements

for the year ended June 30, 2015

Burshane LPG (Pakistan) Limited

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of Burshane LPG (Pakistan) Limited (the Holding Company) and its subsidiary company, Burshane Autogas (Private) Limited as at June 30, 2015 and the related consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows together with the notes forming part thereof, for the year then ended. We have also expressed separate opinion on the financial statements of the Holding Company whereas financial statements of Burshane Autogas (Private) Limited were audited by other firm of auditors whose report has been furnished to us and our opinion, in so far as it relates to the amounts included for such company, is based solely on the report of such other auditors.

These financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements present fairly the financial position of Burshane LPG (Pakistan) Limited (the Holding Company) and its subsidiary company as at June 30, 2015 and the results of their operations, changes in equity and cash flows for the year then ended.

**Chartered Accountants****Karachi****Date: October 7, 2015****Engagement Partner: Osama Kapadia**

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CONSOLIDATED BALANCE SHEET

AS AT JUNE 30, 2015

	Note	2015 ------(Rupees in '000)-----	2014
ASSETS			
Non-Current Assets			
Property, plant and equipment	5	760,352	200,957
Intangible assets	6	280,635	37,354
Long-term loans	7	29,754	1,985
Long-term deposits	8	77,023	106,438
		<u>1,147,764</u>	<u>346,734</u>
Current Assets			
Stores and spares	9	3,607	3,417
Stock-in-trade	10	41,489	11,707
Trade debts	11	17,581	15,450
Loans, advances, deposits, prepayments and other receivables	12	143,010	120,857
Taxation		-	9,954
Short-term investment	13	3,081	-
Cash and bank balances	14	284,079	317,826
		<u>492,847</u>	<u>479,211</u>
TOTAL ASSETS		<u>1,640,611</u>	<u>825,945</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	15	224,888	226,400
Reserve on amalgamation		153,458	-
General reserve		90,000	90,000
Unappropriated profit		79,391	98,581
Remeasurement of post employment benefits - Actuarial loss		<u>(11,094)</u>	<u>(13,438)</u>
		536,643	401,543
Surplus on revaluation of fixed assets	16	274,765	-
Non-Current Liabilities			
Long-term borrowing	17	175,050	-
Obligation under finance lease	18	9,944	-
Deferred taxation	19	23,576	8,753
Cylinder and regulator deposits	20	330,416	261,023
		<u>538,986</u>	<u>269,776</u>
Current Liabilities			
Current portion of:			
- Long-term borrowing	17	88,889	-
- Obligation under finance lease	18	3,034	-
Short-term borrowings	21	27,146	-
Trade and other payables	22	145,191	154,626
Accrued markup	23	5,746	-
Taxation		<u>20,211</u>	<u>-</u>
		290,217	154,626
Contingencies and commitments	24		
TOTAL EQUITY AND LIABILITIES		<u>1,640,611</u>	<u>825,945</u>

The annexed notes 1 to 44 form an integral part of these consolidated financial statements.

Director

Chief Executive

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015 ------(Rupees in '000)-----	2014
Gross sales		2,817,087	2,898,722
Sales tax		(425,196)	(431,178)
Net sales		<u>2,391,891</u>	<u>2,467,544</u>
Cost of products sold	25	(2,063,874)	(2,319,702)
Gross profit		<u>328,017</u>	<u>147,842</u>
Administrative expenses	26	(75,234)	(53,290)
Distribution and marketing expenses	27	(90,100)	(70,455)
Other income	28	27,520	33,152
Other operating expenses	29	(22,048)	(7,897)
Operating profit		<u>168,155</u>	<u>49,352</u>
Finance costs	30	(18,375)	(3,728)
Profit before taxation		<u>149,780</u>	<u>45,624</u>
Taxation	31	(54,541)	(17,342)
Profit for the year		<u>95,239</u>	<u>28,282</u>
Other comprehensive income for the year			
Items that will not be reclassified to profit or loss			
Remeasurement of post employment benefits obligation - net of tax		2,344	17,572
Total comprehensive income for the year		<u>97,583</u>	<u>45,854</u>
		-----Rupees-----	
Earnings per share - basic and diluted	32	<u>4.22</u>	<u>1.25</u>

The annexed notes 1 to 44 form an integral part of these consolidated financial statements.

Director

Chief Executive

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2015

	Reserves					
	Capital	Revenue				
	Share capital	Reserve on amalgamation	General reserve	Unappropriated profit	Remeasurement of post employment benefits - Actuarial (loss) / gain	Total
	(Rupees in '000)					
Balance as at July 1, 2013	226,400	-	90,000	111,051	(31,010)	396,441
Profit for the year	-	-	-	28,282	-	28,282
Other comprehensive income for the year	-	-	-	-	17,572	17,572
Transaction with owners						
Final dividend for the year ended June 30, 2013 @ Rs. 1.80 per share	-	-	-	(40,752)	-	(40,752)
Balance as at June 30, 2014	226,400	-	90,000	98,581	(13,438)	401,543
Effect of amalgamation:						
- recognition of reserve (note 3)	-	151,948	-	-	-	151,948
- transferred from H.A.K.S. Trading (Private) Limited (note 3)	-	-	-	(73,677)	-	(73,677)
- reduction in paid-up share capital	(1,512)	1,512	-	-	-	-
	(1,512)	153,458	-	(73,677)	-	78,269
Profit for the year	-	-	-	95,239	-	95,239
Other comprehensive income for the year	-	-	-	-	2,344	2,344
Transaction with owners						
Final dividend for the year ended June 30, 2014 @ Rs. 1.80 per share	-	-	-	(40,752)	-	(40,752)
Balance as at June 30, 2015	224,888	153,458	90,000	79,391	(11,094)	536,643

The annexed notes 1 to 44 form an integral part of these consolidated financial statements.

Director

Chief Executive

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015 ------(Rupees in '000)-----	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	38	161,305	123,153
Retirement and other service benefits paid		(4,970)	(11,179)
Finance costs paid		(30,137)	-
Taxes paid		(24,416)	(22,296)
Long-term loans - net		(27,769)	1,404
Long-term deposits - net		29,415	29,525
Cylinder and regulator deposits - net		69,393	65,415
Net cash generated from operating activities		172,821	186,022
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of :			
- property, plant and equipment		(44,106)	(25,846)
- intangible asset		-	(22,713)
Purchase of short-term investments		(92,000)	-
Redemption of short-term investment		91,907	-
Proceeds from disposal of property, plant and equipment		-	4,227
Interest received		19,689	10,137
Net cash utilised in investing activities		(24,510)	(34,195)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(44,016)	(37,242)
Repayment of long-term borrowing		(136,061)	-
Repayment of obligation under finance lease		(2,032)	-
Net cash utilised in financing activities		(182,109)	(37,242)
Net (decrease) / increase in cash and cash equivalents		(33,798)	114,585
Cash and cash equivalents at beginning of the year		317,826	203,241
Cash transferred on amalgamation	3	51	-
Cash and cash equivalents at end of the year		284,079	317,826

The annexed notes 1 to 44 form an integral part of these consolidated financial statements.

Director

Chief Executive

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

1. LEGAL STATUS AND OPERATIONS

Burshane LPG (Pakistan) Limited (the Holding Company) is a limited liability company incorporated in Pakistan and is listed on the Karachi and Lahore Stock Exchanges. The registered office of the Holding 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 Holding Company is storing and marketing of Liquefied Petroleum Gas (LPG) throughout Pakistan.

Till last year, the Holding Company was a subsidiary of H.A.K.S. Trading (Private) Limited (HTPL). However, consequent to the approval of the scheme of arrangement for amalgamation of HTPL and the Holding Company by the High Court of Sindh (the Court), HTPL has been amalgamated with the Holding Company on February 20, 2015, as more fully explained in note 3.

1.1 The Group consist of:

Holding Company: Burshane LPG (Pakistan) Limited

Subsidiary Companies: Burshane Autogas (Private) Limited (note 1.1.1) and Burshane Trading (Private) Limited (note 1.1.2) in which the Holding Company has 100% voting rights and are controlled by the Holding Company.

1.1.1 Burshane Autogas (Private) Limited (the Subsidiary Company) was incorporated on September 26, 2014 under the Companies Ordinance, 1984, to set up operations of LPG autogas stations. The Subsidiary Company's registered office is situated at Suite 101, 1st Floor, Horizon Vista, Plot No. Commercial-10, Block-4, Scheme No. 5, Clifton, Karachi.

1.1.2 Burshane Trading (Private) Limited (BTPL) was incorporated on October 13, 2014 under the Companies Ordinance, 1984, for setting up trading operations particularly in coal and other energy related products. The registered office of BTPL is situated at Suite 101, 1st Floor, Horizon Vista, Plot No. Commercial-10, Block-4, Scheme No. 5, Clifton, Karachi. No share capital has been issued or transactions undertaken by BTPL during the year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

2.1.1 Statement of compliance

These consolidated financial statements have been prepared under the historical cost convention, unless specifically disclosed in the accounting policies below.

These consolidated financial statements have been prepared in accordance with the requirements of approved accounting standards, as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984 (the Ordinance), provisions of and directives issued under the Ordinance. In case requirements differ, the provisions or directives of the Ordinance shall prevail.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

2.1.2 Critical accounting estimates and judgements

The preparation of consolidated financial statements in conformity with the above requirements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

2.1.3 Initial application of standards, amendments or interpretation to existing standards

a) Standards, amendments to published standards and interpretations effective in 2014-15 and relevant

The following new amendments and interpretation are effective for the year ended June 30, 2015 and are relevant to the Group:

- IAS 16 'Property, plant and equipment' and IAS 38, 'Intangible assets' (Amendment). Both standards are amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model. The amendment does not have any significant impact on the Group's financial statements.
- IAS 19 (Amendment) 'Employee benefits'. The amendment applies to contributions from employees or third parties to defined benefit plans and clarifies the treatment of such contributions. The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. The objective of the amendment is to simplify the accounting for contributions that are independent of the number of years of employee service, for example employee contributions that are calculated according to a fixed percentage of salary. Entities with plans that require contributions that vary with service will be required to recognise the benefit of those contributions over employee's working lives. The amendment does not have any significant impact on the Group's financial statements.
- IAS 32 (Amendment), 'Financial instruments: Presentation'. This amendment updates the application guidance in IAS-32 'Financial Instruments: Presentation', to clarify some of the requirements for offsetting financial assets and financial liabilities on the consolidated balance sheet date. The amendment clarifies that right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The Group's current accounting treatment is already in line with this amendment.
- IAS 36 (Amendment) 'Impairment of assets'. The amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. This amendment only affects the disclosures in the Group's financial statements, in case of any impairment.
- IFRIC 21 'Levies'. This is an interpretation of IAS 37, 'Provisions, contingent liabilities and contingent assets'. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The Group's current accounting policy is substantially in line with this amendment.

The other new standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on July 1, 2014 are considered not to be relevant or to have any significant effect on the Group's financial reporting and operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

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

The following new standards and amendments to published standards are not effective for the financial year beginning on July 1, 2014 and have not been early adopted by the Group:

- IFRS 10 'Consolidated financial statements' (effective for annual periods beginning on or after January 1, 2015). This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in determination of control where this is difficult to assess. It is unlikely that the standard will have any significant impact on the Group's financial statements.
- IFRS 12 'Disclosure of interests in other entities' (effective for annual periods beginning on or after January 1, 2015). The standard includes disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance sheet vehicles. The application of standard will only result in additional disclosures in the Group's financial statements.
- IFRS 13 'Fair value measurement' (effective for annual periods beginning on or after January 1, 2015). The standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The Group is yet to assess the full impact of this standard.

Amendments to following standards as a result of annual improvements to International Financial Reporting Standards, issued by IASB:

- IFRS 7 'Financial instruments: Disclosures' (effective for periods beginning on or after July 1, 2016). Interim financial statements – the amendment clarifies that the additional disclosure required by the amendments to IFRS 7, 'Disclosure – Offsetting financial assets and financial liabilities' is not specifically required for all interim periods unless required by IAS 34. This amendment is retrospective. It is unlikely that the amendment will have any significant impact on the Group's interim financial information.
- IAS 19 'Employee benefits' (effective for periods beginning on or after July 1, 2016). The amendment clarifies that, when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important, not the country where they arise. The assessment of whether there is a deep market in high-quality corporate bonds is based on corporate bonds in that currency, not corporate bonds in a particular country. Similarly, where there is no deep market in high-quality corporate bonds in that currency, government bonds in the relevant currency should be used. The amendment is retrospective but limited to the beginning of the earliest period presented. It is unlikely that the amendment will have any significant impact on the Group's financial statements.
- IAS 34 'Interim financial reporting' (effective for periods beginning on or after July 1, 2016). This amendment clarifies what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report'. The amendment also amends IAS 34 to require a cross-reference from the interim financial statements to the location of that information. The amendment is retrospective. It is unlikely that the amendment will have any significant impact on the Group's interim financial information.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

There are number of other standards, amendments and interpretations to the published standards that are not yet effective, and are also not relevant to the Group and therefore have not been presented here.

2.2 Basis of consolidation

- i) These consolidated financial statements include the financial statements of Burshane LPG (Pakistan) Limited and its subsidiary company - Burshane Autogas (Private) Limited.
- ii) The assets and liabilities of subsidiary company have been consolidated on a line by line basis at their book value. The carrying value of investment held by the Holding Company is eliminated against the subsidiary's share capital in this consolidated financial statements.
- iii) Material inter-company transactions, balances, income and expenses on transactions between group companies have been eliminated.

2.3 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses, except for freehold land, which is stated at revalued amount less accumulated impairment loss, if any, and leasehold land, which is stated at revalued amount less accumulated depreciation and accumulated impairment loss, if any. Capital work-in-progress is stated at cost less accumulated impairment loss, if any.

Capital work-in-progress consists of expenditure incurred in respect of tangible assets in the course of their construction and installation, including financial charges on borrowings for financing the project until such projects are completed or become operational. Transfers are made to relevant asset category as and when assets are available for use.

Depreciation is charged to profit or loss using straight-line method whereby the cost of the asset is allocated over its estimated useful life at the rates given in note 5.1. Depreciation on additions is charged from the month in which the asset is available for use, while no depreciation is charged in the month in which the asset is disposed off. The revalued amount of leasehold land is depreciated equally over the remaining life from the date of revaluation. The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at each balance sheet date.

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. Maintenance and normal repairs are charged to profit or loss in the consolidated statement of comprehensive income.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognised as an income or expense in profit or loss in the consolidated statement of comprehensive income.

2.3.1 Change in accounting policy

During the year, the Group has changed its accounting policy to measure 'freehold land' to revaluation model from cost model to better reflect the realization of economic benefits resulting from 'freehold land' and to bring the valuation policy for land in line with HTPL (former ultimate Holding Company). Till last year, the freehold land was valued at cost. The change in accounting policy has been accounted for prospectively in accordance with the requirements of the International Accounting Standard (IAS) 8, 'Accounting policies, change in accounting estimates and errors'. Accordingly, the effect on the current year is increase in the carrying amount of freehold land under the head property, plant and equipment by Rs 5,627 thousand and creating a surplus on revaluation accordingly.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

2.4 Surplus on revaluation of fixed assets

The surplus arising on revaluation of fixed assets is credited to the 'Surplus on revaluation of fixed assets' account which is shown below equity in the consolidated balance sheet in accordance with the requirements of Section 235 of the Companies Ordinance, 1984. The said section was amended through the Companies (Amendment) Ordinance, 2002 and accordingly the Group has adopted the following accounting treatment of depreciation on revalued assets, keeping in view the Securities and Exchange Commission of Pakistan (SECP) SRO 45(1)/2003 dated January 13, 2003:

- depreciation on assets which are revalued is determined with reference to the value assigned to such assets on revaluation and depreciation charge is taken to the profit or loss in the consolidated statement of comprehensive income; and
- an amount equal to incremental depreciation for the period net of deferred taxation where applicable, is transferred from surplus on revaluation of fixed assets to unappropriated profit through consolidated statement of changes in equity to record realisation of surplus to the extent of the incremental depreciation charge.

2.5 Leased assets

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership, are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and present value of minimum lease payments. Outstanding obligations under the lease less finance cost allocated to future periods are shown as a liability.

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Finance cost under lease agreements are allocated to the period of the lease term so as to produce a constant periodic rate of finance cost on the remaining balance of principal liability for each period.

2.6 Intangible assets

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

i) Software

Costs that are directly associated with identifiable computer software and have probable economic benefits exceeding one year, are recognised as intangible asset. Costs include the purchase cost of software, implementation cost and related overhead cost. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses thereon.

Expenditure which enhances or extends the performance of computer software beyond its original specification and useful life is recognised as a capital improvement and added to the original cost of the software.

ii) Goodwill

This represents excess of cost of acquisition over fair value of the identifiable assets and liabilities of the Holding Company at the time of acquisition by HTPL (former ultimate Holding Company).

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Goodwill on acquisition is not amortised but tested annually for impairment and carried at cost less accumulated impairment losses.

iii) Trademarks

This represents separately acquired trade marks with indefinite useful life. These are stated at cost less impairment, if any. Carrying amounts of trademarks are subject to impairment review at each consolidated balance sheet date.

Intangible assets, where applicable, are amortised from the month when such asset is available for use on straight line method whereby the cost of an intangible asset is allocated over its estimated useful life, at the rates given in note 6.

The useful lives of intangible assets are reviewed at each consolidated balance sheet date to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset.

2.7 Impairment of non-financial assets

The carrying amounts of the Group's assets are reviewed at each consolidated balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assets fair value less costs to sell and value in use. Impairment losses are charged to profit or loss in the consolidated statement of comprehensive income.

2.8 Financial instruments

2.8.1 Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held to maturity and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at the time of initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets. Financial assets at fair value through profit or loss comprise 'short term investment' at the consolidated balance sheet date.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are included in current assets, except for maturities greater than twelve months after the balance sheet date, which are classified as non-current assets. Loans and receivables comprise 'trade debts', 'loans, deposits and other receivables' and 'cash and bank balances' at the balance sheet date.

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(c) Held to maturity

Held to maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturity with a positive intention to hold to maturity.

(d) Available-for-sale

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. These are included in non-current assets unless management intends to dispose of the investments within twelve months of the balance sheet date.

All financial assets are recognised at the time when the Group becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed to the profit or loss in the consolidated statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in profit or loss in the consolidated statement of comprehensive income within 'other income / operating expenses' in the period in which they arise. Dividend income from financial assets at 'fair value through profit or loss' is recognised in the profit or loss in the consolidated statement of comprehensive income as part of 'other income' when the Group's right to receive payments is established. Gains or losses on sale of investments at 'fair value through profit or loss' are recognised in the profit or loss in the consolidated statement of comprehensive income as 'gains and losses from investment securities'.

Gains or losses arising from changes in the fair value of monetary and non-monetary securities as available-for-sale are recognised in consolidated other comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are taken to the profit or loss in the consolidated statement of comprehensive income 'as gains and losses from investment securities'. Interest on available-for-sale securities calculated using the effective interest method is recognised in the profit or loss in the consolidated statement of comprehensive income as part of 'other income'. Dividends on available-for-sale equity instruments are recognised in the profit or loss in the consolidated statement of comprehensive income as part of 'other income' when the Group's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group measures the investments at cost less impairment in value, if any.

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The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available for sale financial assets, the cumulative loss-measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in equity is removed from equity and recognised in the profit or loss in the consolidated statement of comprehensive income. Impairment losses recognised in consolidated profit or loss in the consolidated statement of comprehensive income on equity instruments classified as available-for-sale are not reversed. Impairment testing of trade debts and other receivables are described in note 2.11.

2.8.2 Financial liabilities

All financial liabilities are recognised at the time when the Group becomes a party to the contractual provisions of the instrument.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the profit or loss in the consolidated statement of comprehensive income.

2.8.3 Offsetting of financial assets and liabilities

A financial asset and a financial liability are offset and the net amount is reported in the consolidated balance sheet if the Group has a legally enforceable right to set-off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.9 Stores and spares

Stores and spares to be consumed in the ordinary course of business are valued at weighted average cost, except for those in transit which are stated at cost. Cost comprises of invoice value plus other direct costs but excludes borrowing costs. Provision is made for slow moving and obsolete items wherever necessary and is recognised in the profit or loss in the consolidated statement of comprehensive income.

2.10 Stock-in-trade

Stock-in-trade is valued at the lower of cost and net realisable value. Cost is determined using the first-in-first-out method for Liquefied Petroleum Gas and weighted average method for low pressure regulators. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

Net realisable value signifies the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

2.11 Trade debts and other receivables

Trade debts and other receivables are stated initially at fair value and subsequently measured at amortised cost using the effective interest rate method less provision for impairment, if any. A provision for impairment is established where there is objective evidence that the Group will not be able to collect all amounts due to according to the original terms of receivables. Trade debts and other receivables are written-off when considered irrecoverable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

2.12 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, cash with banks on current, collection, deposit and savings accounts, other short-term highly liquid investments with original maturities of three months or less and running finance under mark-up arrangements. Running finance under mark-up arrangements, if utilised, are shown in current liabilities on the consolidated balance sheet.

2.13 Share capital

Ordinary shares are classified as equity and are recorded at their face value.

2.14 Retirement and other service benefits

2.14.1 Defined benefit plans

The Holding Company operates:

- an approved defined benefit gratuity scheme for all permanent employees. The scheme provides for a graduated scale of benefits dependent on the length of service of the employee on terminal date, subject to the completion of minimum qualifying period of service. Gratuity is based on employee's last drawn salary; and
- an approved defined benefit pension scheme for management staff. The scheme provides pension based on the employees' last drawn salary subject to the completion of minimum qualifying period of service. Pensions are payable for life and thereafter to surviving spouses and / or dependent children.

Both the above schemes are funded and contributions to them are made monthly on the basis of actuarial valuation and in line with the provisions of the Income Tax Ordinance, 2001. Further, monthly contributions are made by employees of the Holding Company in the defined benefit pension fund at the rate of 1.4% and 1.72% according to their job grades. Actuarial valuations of these schemes are carried out at appropriate regular intervals.

2.14.2 Defined contribution plan

The Holding Company operates a recognised contributory provident fund for all permanent employees. Equal monthly contributions are made, both by the Group and the employees at the rate of 4.25% per annum of the basic salary and 10% per annum of the basic salary for management and non-management employees, respectively.

2.15 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest rate method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer the settlement of the liability for at least twelve months after the balance sheet date.

2.16 Trade and other payables

These are stated initially at fair value and subsequently measured at amortised cost using the effective interest rate method. Exchange gains and losses arising in respect of liabilities in foreign currency are added to the carrying amount of the respective liability.

2.17 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

2.18 Taxation

2.18.1 Current

Provision for current taxation is based on the taxable income for the year, determined in accordance with the prevailing law for taxation on income, using prevailing tax rates. The charge for current tax also includes tax credits and adjustments, where considered necessary, for prior years determined during the year or otherwise considered necessary for such years.

2.18.2 Deferred

Deferred income tax is accounted for using the liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognised only to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realized.

Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset will be realised or the deferred income tax liability will be settled. Deferred tax is charged or credited to the profit or loss in the consolidated statement of comprehensive income except to the extent that it relates to the items recognised directly in equity in which case it is recognised in equity.

2.19 Foreign currencies

The consolidated financial statements are presented in Pakistan Rupees which is the Group's functional currency.

Transactions in foreign currencies are translated into Pakistan Rupees using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated into Pakistan Rupees at the rates of exchange which approximate those prevailing at the balance sheet date. Exchange differences are included in the consolidated profit or loss in the consolidated statement of comprehensive income.

2.20 Revenue recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Group and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable and is recognised on the following basis:

- Sales are recorded at the time of delivery to the distributors and direct customers.
- Return on deposits is recognised on accrual basis.
- Recovery of storage and handling charges is accounted for on accrual basis after netting off the related costs.
- Income from dividend is recognised when right to receive dividend is established.

2.21 Borrowing costs

Borrowing costs are recognised as an expense in the period in which these are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset, in which case such costs are capitalised as part of the cost of that asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

2.22 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognised in the consolidated financial statements in the period in which these are approved.

3. AMALGAMATION WITH HOLDING COMPANY

In 2013, the Holding Company entered into a scheme of arrangement for amalgamation (the Scheme) with its Holding Company i.e. H.A.K.S. Trading (Private) Limited (HTPL). The Scheme, which was approved and adopted in the Extra Ordinary General Meeting of the shareholders of the Holding Company held on September 3, 2014, was filed with High Court of Sindh (the Court) for approval after fulfillment of necessary requirements. During the year, the Court granted approval of the Scheme on February 20, 2015 which is the 'effective date' under the Scheme. The order of the Court was filed with the Securities and Exchange Commission of Pakistan (SECP) on February 27, 2015.

Under the Scheme, the entire assets and liabilities of HTPL have been transferred to and stand vested in the Holding Company on the effective date i.e. February 20, 2015. Further the reserves of HTPL, as at the effective date, shall constitute and be treated as reserves of a corresponding nature in the Holding Company.

According to the Scheme, 0.31 ordinary shares of the Holding Company, with a face value of Rs. 10 each, were offered to the shareholders of HTPL for every one share held of HTPL, with a face value of Rs. 10 each. As per the Scheme, the Holding Company is required to allot new shares to the shareholders of HTPL. Upon allotment of new shares, old shares of the Holding Company, held by HTPL, shall stand cancelled and simultaneously HTPL shall stand dissolved without being wound up. Further, the cancellation of old shares and issuance of new shares, as per the swap ratio, will result in reduction of 151,154 shares of the Holding Company. The Holding Company is in the process of completing the legal formalities for issuance of new shares.

Based on Holding Company's assessment, the aforementioned transaction is outside the scope of IFRS 3 'Business Combination' and in substance is a legal re-organization of the Holding Company and HTPL. Accordingly, the financial statements of the Holding Company represent continuance of the consolidated financial statements of HTPL and retain purchase price allocation performed on acquisition of the Holding Company by HTPL in a business combination. The share capital in these consolidated financial statements reflects the legal equity structure of the Holding Company. Further, non-controlling interest as appearing in the consolidated financial statements of HTPL has been derecognized as the same has been effectively acquired for no consideration. As a result of the above, a reserve on amalgamation amounting to Rs. 153,458 thousand has been recognized as part of equity.

To account for aforementioned amalgamation assets, liabilities and reserves of HTPL are based on the audited financial statements of HTPL prepared as of February 19, 2015. Further, impact of purchase price allocation as reflected in the latest available unaudited consolidated condensed interim financial information of the HTPL for the half year ended December 31, 2014, which have been reviewed by the external auditors of HTPL, has been incorporated. The effect of incremental depreciation over fair valuation between January 1, 2015 and February 19, 2015 has been separately computed and incorporated for the purpose of amalgamation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

The effects of amalgamation have been summarized below:

Description	Balances of HTPL as at February 19, 2015 (Audited)	Purchase price allocation as at February 19, 2015	Total
	(Rupees in '000)		
ASSETS:			
Goodwill	-	253,091	253,091
Property, plant and equipment (note 5.1)	510,733	48,796	559,529
Cash and bank balances	51	-	51
	<u>510,784</u>	<u>301,887</u>	<u>812,671</u>
LIABILITIES:			
Long-term borrowing - secured	400,000	-	400,000
Deferred taxation	-	14,863	14,863
Trade and other payables	2,247	-	2,247
Short-term borrowings	30,646	-	30,646
Accrued mark-up	17,508	-	17,508
	<u>450,401</u>	<u>14,863</u>	<u>465,264</u>
Net assets / (liabilities)	<u>60,383</u>	<u>287,024</u>	<u>347,407</u>
Represented by :			
Unappropriated loss	(73,677)	-	(73,677)
Surplus on revaluation of fixed assets	269,138	-	269,138
Reserve on amalgamation	-	-	151,946
	<u>195,461</u>	<u>-</u>	<u>347,407</u>

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

4.1 Property, plant and equipment

The Group reviews appropriateness of the rates of depreciation, useful lives and residual values used in the calculation of depreciation. Further where applicable, an estimate of recoverable amount of assets is made for possible impairment on an annual basis.

4.2 Intangible assets

The Group reviews appropriateness of the rate of amortisation and useful life used in the calculation for amortisation. Further where applicable, an estimate of recoverable amount of assets is made for possible impairment on an annual basis.

4.3 Taxation

In making the estimates for current income taxes payable by the Group, the management considers the applicable laws and the decisions / judgments of appellate authorities on certain issues in the past. Accordingly, the recognition of deferred tax is also made, taking into account these judgments and the best estimates of future results of operations of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

4.4 Provision for retirement and other service benefits

The present value of these obligations depend on a number of factors that are determined on actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of these obligations. The present values of these obligations and the underlying assumptions are disclosed in note 34.

5. PROPERTY, PLANT AND EQUIPMENT

	2015 ----- (Rupees in '000) -----	2014 ----- (Rupees in '000) -----
Operating assets (note 5.1)	760,038	195,549
Capital work-in-progress (note 5.2)	314	5,408
	<u>760,352</u>	<u>200,957</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

5.1 Operating assets

[illegible]

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

5.1.1 The depreciation charge for the year has been allocated as follows:

	2015	2014
	----- (Rupees in '000) -----	
Cost of products sold (note 25)	21,255	17,199
Administrative expenses (note 26)	5,164	1,970
Distribution and marketing expenses (note 27)	38,458	32,677
	<u>64,877</u>	<u>51,846</u>

5.1.2 Holding Company's assets include cylinders and regulators which are in custody of distributors / customers due to the nature of business of the Group. Due to significant number of distributors / customers, the particulars of these assets which are not in possession of the Group, have not been disclosed.

5.1.3 This represents fair value adjustment in the consolidated financial statements of HTPL in respect of property, plant and equipment of the Holding Company at the time of its acquisition by HTPL, net of effect of depreciation till the date of amalgamation, i.e. February 19, 2015.

5.1.4 During the year, the Holding Company's freehold land measuring 2.5 acres was revalued resulting in a surplus of Rs. 5,627 thousand. The valuation was carried out by an independent valuer - M/s Consultancy Support and Services on the basis of present market value for similar sized plots in the near vicinity for freehold land. Further, leasehold land transferred from HTPL, as more fully explained in note 3, is already carried at on revalued amount.

Had there been no revaluation, the total net book value of freehold and leasehold land as at June 30, 2015 would have been Rs. 9,373 thousand and Rs. 240,000 thousand respectively.

5.2 Capital work-in-progress comprises of following:

	2015	2014
	----- (Rupees in '000) -----	
- Plant and machinery	314	296
- Furniture, fittings and electrical equipment	-	112
- Advance against vehicles	-	5,000
	<u>314</u>	<u>5,408</u>

6. INTANGIBLE ASSETS

	Goodwill (note 6.1)	Computer software	Rights under supply contract (notes 6.2 and 6.3)	Trademark (note 6.4)	Total
	----- (Rupees in '000) -----				
As at July 1, 2013					
Cost	-	4,356	64,206	8,600	77,162
Accumulated amortisation	-	(2,577)	(53,884)	-	(56,461)
Net book value	-	1,779	10,322	8,600	20,701
Year ended June 30, 2014					
Opening net book value	-	1,779	10,322	8,600	20,701
Additions	-	213	22,500	-	22,713
Amortisation charge (note 6.5)	-	(724)	(5,336)	-	(6,060)
Net book value	-	1,268	27,486	8,600	37,354
As at July 1, 2014					
Cost	-	4,969	86,706	8,600	90,275
Accumulated amortisation	-	(3,301)	(59,220)	-	(62,521)
Net book value	-	1,268	27,486	8,600	37,354
Year ended June 30, 2015					
Opening net book value	-	1,268	27,486	8,600	37,354
Transferred from HTPL on amalgamation (note 3)	253,091	-	-	-	253,091
Amortisation charge (note 6.5)	-	(724)	(9,086)	-	(9,810)
Net book value	253,091	544	18,400	8,600	280,635
As at June 30, 2015					
Cost	253,091	4,969	86,706	8,600	353,366
Accumulated amortisation	-	(4,025)	(68,306)	-	(72,331)
Net book value	253,091	544	18,400	8,600	280,635
Annual rate of amortisation (%)	-	20	7.14 - 20	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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- 6.1 This represents excess of cost of acquisition over fair value of the identifiable assets and liabilities of the Holding Company at the time of acquisition by HTPL (former ultimate Holding Company).
- 6.2 This represents consideration for beneficial rights of continuous supply of LPG under the supply contract between Sui Northern Gas Pipelines Limited (SNGPL) and Pak Arab Refinery Limited (PARCO) which was transferred to the Holding Company as part of its acquisition of the LPG business of SNGPL in October 2001. The asset has been recorded at its cost, which has been bifurcated from the total cost of acquisition of Rs. 142,000 thousand, on the basis of a valuation carried out by an independent valuer. This cost is being amortised over a period of fourteen years, being the remaining period of the supply contract with PARCO at the acquisition date. Subsequent to balance sheet date, on completion of the term of contract, the Holding Company has entered into an agreement with PARCO for purchase of LPG. The agreement provides right to supply of LPG for a period of five years for which the Holding Company has paid a signature bonus of Rs. 248,000 thousand.
- 6.3 Last year, the Holding Company participated in a tender offer by Government Holdings (Private) Limited (GHPL) in respect of purchase of LPG from Makori Gas Field, TAL Block. On successful submission of the highest bid of Rs. 22,500 thousand, the Holding Company has been allotted one lot of LPG of five metric tons per day from the Makori Gas Field, TAL Block. However, pending the final decision of the Lahore High Court in writ petition No. 6569/2014, to which the Holding Company is not a party, the LPG purchase agreement between the Holding Company and GHPL has not yet been executed. The supply of LPG from Makori Gas Field is in accordance with the terms and conditions contained in the tender document and is for a temporary period of five years. Accordingly, Rs. 22,500 thousand, paid as signature bonus, being right to continuous supply of LPG, has been recognised as an intangible asset with a useful life of five years.
- 6.4 This represents consideration paid to OPI Gas (Private) Limited in 2011 for acquisition of rights and title to "Burshane" trademarks. These trade marks are considered to have an indefinite useful life, and therefore have not been amortised.
- 6.5 Amortisation for the year has been allocated as follows:

	2015	2014
	----- (Rupees in '000) -----	
Cost of products sold (note 25)	9,086	5,336
Administrative expenses (note 26)	724	724
	<u>9,810</u>	<u>6,060</u>

7. LONG-TERM LOANS - considered good

Chief Executive (notes 7.2 and 7.3)	15,500	-
Executives (note 7.3)	1,013	727
Other employees (note 7.3)	2,466	3,163
Supplier (note 7.4)	30,000	-
	<u>48,979</u>	<u>3,890</u>

Less:

Recoverable within one year, shown under current assets (note 12)

- Chief Executive
- Executives
- Employees
- Supplier

6,000	-
404	613
821	1,292
12,000	-
<u>19,225</u>	<u>1,905</u>
<u>29,754</u>	<u>1,985</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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7.1 Reconciliation of carrying amount of loans:

	2015					2014				
	Chief Executive	Executives	Other Employees	Supplier	Total	Chief Executive	Executives	Other Employees	Supplier	Total
	(Rupees in '000)									
Balance at beginning of the year	-	727	3,163	-	3,890	-	2,552	4,002	-	6,556
Add / (Less):										
- Disbursements	20,000	1,266	997	30,000	52,263	-	-	1,702	-	1,702
- Repayments / Adjustments	(4,600)	(680)	(1,694)	-	(7,174)	-	(1,827)	(2,641)	-	(4,368)
Balance at the end of the year	15,500	1,013	2,466	30,000	48,979	-	727	3,163	-	3,890

7.2 This represents loan granted by the Holding Company to its Chief Executive Officer amounting to Rs. 20,000 thousand, repayable in 40 equal monthly installements carrying no markup.

7.3 These loans are granted to employees of the Holding Company under its loan policies. Car and motor cycle loans are repayable over a maximum period of five years and two and a half years respectively. Housing loans are repayable in maximum 50 equal monthly installments and salary loans are repayable over a maximum period of three years. Car loans and housing loans carry interest at the rate of 1% per annum, however, the interest on housing loan can be waived off subject to approval of Chief Executive Officer / Board of Directors of the Holding Company. These loans are secured by letter of hypothecation, third party guarantees and demand promissory notes.

7.4 This represents loan granted by the Holding Company to transporter for purchase of vehicles to be used for the Holding Company's business. The loan is unsecured and repayable in 30 equal monthly installments and carries no mark-up.

7.5 The maximum aggregate amount of loans due from Executives, including Chief Executive, at the end of any month during the year was Rs. 20,679 thousand (2014: Rs. 2,422 thousand) respectively.

7.6 The carrying value of these financial assets are neither past due nor impaired. The credit quality of these financial assets can be assessed with reference to no losses in recent history.

8. LONG-TERM DEPOSITS

This represents deposit placed with supplier of liquefied petroleum gas as per the terms of the supply agreement.

2015 2014
----- (Rupees in '000) -----

9. STORES AND SPARES

Stores	2,018	1,891
Spares	1,715	1,652
	<u>3,733</u>	<u>3,543</u>
Less: Provision for obsolete items	(126)	(126)
	<u>3,607</u>	<u>3,417</u>

10. STOCK-IN-TRADE

Liquefied petroleum gas (note 10.1)	35,011	4,324
Low pressure regulators	6,478	7,383
	<u>41,489</u>	<u>11,707</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

- 10.1 Includes stock amounting to Rs. 3,504 thousand (2014: Rs. 1,253 thousand) held with the following parties under hospitality agreements:

	2015	2014
	------(Rupees in '000)-----	
- Pakistan State Oil Company Limited	324	148
- OPI Gas (Private) Limited	705	359
- Cress Gas Carriers	-	102
- Sadiq Gas Company	1,640	631
- Noor LPG Company (Private) Limited	-	13
- Sindh Gas (Private) Limited	835	-
	<u>3,504</u>	<u>1,253</u>

- 10.2 Stock held on behalf of third parties amounts to Rs. 5,093 thousand (2014: Rs. 1,106 thousand).

11. TRADE DEBTS

- 11.1 Trade debts are unsecured and are considered good.

- 11.2 As at June 30, 2015, trade debts aggregating to Rs. 10,489 thousand (2014: Rs. 3,449 thousand) were past due but not impaired. These relate to various customers for which there is no or some history of default, however no losses. Aging analysis of these trade debts is as follows:

	2015	2014
	------(Rupees in '000)-----	
Upto 1 month	5,368	850
1 to 6 months	4,565	1,137
More than 6 months	556	1,462
	<u>10,489</u>	<u>3,449</u>

12. LOANS, ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Loans and advances - considered good

Loans due from (note 7)

- Chief Executive	6,000	-
- Executives	404	613
- Employees	821	1,292
- Supplier	12,000	-
	<u>19,225</u>	<u>1,905</u>

Advances to

- Executives (note 12.1)	743	444
- Contractors and suppliers (note 12.2)	104,258	52,704
	<u>124,226</u>	<u>55,053</u>

Short-term deposits

2,712 5,145

Short-term prepayments

2,330 4,761

Due from Burshane LPG (Pakistan)

Limited - Provident fund - 4,861

Due from H.A.K.S. Trading (Private) Limited (note 12.3)

- 26,563

Due from OPI Gas (Private) Limited (note 12.4)

3,642 3,642

Accrued interest

536 5,928

Receivable against cylinder deposits

3,049 7,905

Others

9,088 8,376

145,583 122,234

Less: Provision for impairment (note 12.5)

(2,573) (1,377)

143,010 120,857

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

12.1 The maximum aggregate amount due from executives at the end of any month was Rs. 743 thousand (2014: Rs. 444 thousand).

12.2 This includes amounts advanced by the Holding Company in respect of procurement of LPG bowlers and imported product in January 2014 and November 2014 amounting in aggregate to Rs. 68,375 thousand. This could not materialize due to changes in specification/requirements of the Holding Company and delay on account of unfavourable prices. However, the Holding Company is in communication with the supplier for early settlement and is confident that it will be able to utilize/adjust the aggregate advance against purchase of imported product in the ensuing year.

12.3 Represents amount receivable in respect of 'Business Support Fee' paid to the HTPL (former ultimate Holding Company) on June 27, 2014, which has been recovered during the year on August 5, 2014, as the related agreement could not be finalized and approved.

12.4 Represents receivable against reimbursement of expenses incurred for debranding activities, which has not been acknowledged by the counter party, as further explained in note 24.1.1.

	2015	2014
	----- (Rupees in '000) -----	
12.5 The movement in provision during the year is as follows:		
Balance at beginning of the year	1,377	1,377
Add: Charged during the year and recognised in other expenses (note 29)	1,196	-
Balance at end of the year	<u>2,573</u>	<u>1,377</u>

12.6 As at June 30, 2015 other receivables amounting to Rs. 2,573 thousand (2014: Rs. 1,377 thousand) were considered impaired and provided for. These receivables have been outstanding for more than six months.

12.7 Receivables amounting to Rs. 7,179 thousand (2014: 4,603 thousand) were past due but not impaired. These relate to various parties for which there is no or some history of default. Aging analysis of these balances is as follows:

	2015	2014
	----- (Rupees in '000) -----	
Upto 1 month	227	4
1 to 6 months	1,210	46
More than 6 months	<u>5,742</u>	<u>4,553</u>
	<u>7,179</u>	<u>4,603</u>

13. SHORT-TERM INVESTMENT

Financial asset at fair value through profit or loss

Mutual Funds (note 13.1)	<u>3,081</u>	<u>-</u>
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13.1 This represents investment in units of NIT Islamic Equity Fund which are valued at their net asset value at the balance sheet date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

	2015	2014
	------(Rupees in '000)-----	
14. CASH AND BANK BALANCES		
Cash in hand	105	105
With banks in:		
- savings accounts (note 14.1)	123,978	244,347
- current accounts	159,996	73,374
	283,974	317,721
	<u>284,079</u>	<u>317,826</u>

14.1 The range of rates of profit on these savings accounts is between 4.5% to 7% per annum (2014: 7% to 8.50% per annum).

15. SHARE CAPITAL

15.1 Authorised capital

2015	2014		2015	2014
-----(Number of shares)----			-----(Rupees in '000)----	
<u>90,000,000</u>	<u>30,000,000</u>	Ordinary shares of Rs. 10 each	<u>900,000</u>	<u>300,000</u>

15.2 Issued, subscribed and paid up capital

2015	2014		2015	2014
-----(Number of shares)----			-----(Rupees in '000)----	
19,881,766	20,032,920	Ordinary shares of Rs. 10 each fully paid up in cash (note 15.3)	198,817	200,329
76,820	76,820	Ordinary shares of Rs. 10 each issued as fully paid for consideration other than cash	768	768
2,530,304	2,530,304	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	25,303	25,303
<u>22,488,890</u>	<u>22,640,044</u>		<u>224,888</u>	<u>226,400</u>

15.3 Under the Scheme, the authorised share capital of the Holding Company shall stand enhanced to Rs. 900,000 thousand divided into 90,000 thousand ordinary shares of Rs. 10 each. Further, pursuant to the effects of amalgamation, the paid-up share capital of the Holding Company has reduced by 151,154 shares, as more fully explained in note 3.

15.4 Till last year, HTPL (former ultimate Holding Company) held 16,834,343 ordinary shares of Rs. 10 each. The Holding Company is in process of completing legal formalities for cancellation of these shares and for issuance of new shares to the shareholders of HTPL in accordance with the Scheme. Post completion of legal formalities, Mr. Asad Alam Khan Niazi, Chief Executive of the Holding Company, will hold 12,326,629 ordinary shares of the Holding Company of Rs. 10 each.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

	2015	2014
	------(Rupees in '000)-----	
16. SURPLUS ON REVALUATION OF FIXED ASSETS		
Opening balance	-	-
Surplus arising on revaluation during the year	5,627	-
Transferred from HTPL on amalgamation (note 3)	269,138	-
Closing balance	<u>274,765</u>	<u>-</u>
17. LONG-TERM BORROWING - secured		
National Bank of Pakistan (note 17.1)	263,939	-
Less: Current portion shown under current liabilities	<u>(88,889)</u>	<u>-</u>
	<u>175,050</u>	<u>-</u>

- 17.1 During the year, long-term finance obtained from National Bank of Pakistan (NBP) by the HTPL (former ultimate Holding Company) has been transferred to the Holding Company pursuant to the amalgamation, as more fully explained in note 3. The finance was obtained as a demand finance facility under the agreement dated April 8, 2013 from NBP and is repayable in 9 semi-annual installments of Rs. 44,444 thousand by April 1, 2018 with a grace period of six months from the date of the drawdown. The finance carries markup rate of 6 months KIBOR plus 2.5% to 6%. 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.

	2015	2014
	------(Rupees in '000)-----	
18. OBLIGATION UNDER FINANCE LEASE		
Balance as at July 1	-	-
Recognised during the year	15,010	-
Less: Principal repayment during the year	<u>(2,032)</u>	<u>-</u>
Present value of minimum lease payments	12,978	-
Less: Current maturity shown under current liabilities	<u>(3,034)</u>	<u>-</u>
	<u>9,944</u>	<u>-</u>

- 18.1 During the year, the Holding Company has entered into lease arrangements in respect of motor vehicles. The liabilities under the lease agreements are payable on monthly installment basis by year 2020 and are subject to finance charge at the rate of 11.88 % to 14.03 % per annum, which has been used as the discount factor. Title of the leased assets will be transferred to the Holding Company at the end of the lease term.

The amount of future payments for the leases and the period in which the lease payments will become due are as follows:

	2015	
	Minimum lease payments	Present value of minimum lease payments
	Finance costs	
	------(Rupees in '000)-----	
Not later than 1 year	4,546	3,034
Later than 1 year and not later than 5 years	12,125	9,944
	<u>16,671</u>	<u>12,978</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

	2015	2014
	----- (Rupees in '000) -----	
19. DEFERRED TAXATION		
Deferred tax asset arising due to:		
Obligation under finance lease	(3,983)	-
Recoupable minimum turnover tax	-	(7,648)
Provision for impairment of other receivables and slow moving stores and spares	(701)	(331)
	<u>(4,684)</u>	<u>(7,979)</u>
Deferred tax liability arising due to:		
Accelerated depreciation allowance	28,260	16,732
	<u>23,576</u>	<u>8,753</u>

20. CYLINDER AND REGULATOR DEPOSITS

These deposits are non-interest bearing and are refundable on termination of distributorship agreements and/or return of cylinders and ancillary equipment as per the Holding Company's policy.

21. SHORT-TERM BORROWINGS

This represent short-term loans received from Directors of the Holding Company Mr. Asad Alam Khan Niazi (Chief Executive) and Mr. Shahriar D. Sethna (Non-executive Director) amounting to Rs. 22,126 thousand and Rs. 5,020 thousand respectively. These loans received by HTPL (former ultimate Holding Company) have been transferred to the Holding Company on amalgamation. These loans carry no mark-up and are repayable on demand by the Directors. Further, these loans are sub-ordinated to the long-term borrowing.

	2015	2014
	----- (Rupees in '000) -----	
22. TRADE AND OTHER PAYABLES		
Creditors (note 22.1)	73,177	85,337
Accrued liabilities	15,276	25,413
Payable to Burshane LPG (Pakistan) Limited		
- Gratuity Fund (note 34.1.1)	5,266	7,042
- Management staff Pension Fund (note 34.1.1)	6,176	9,650
- Provident Fund	378	-
Workers' profits participation fund (note 22.2)	8,120	2,457
Workers' welfare fund	3,991	1,050
Withholding tax payable	957	-
Sales tax payable	2,532	1,860
Advances from distributors / customers	21,214	10,622
Dividends		
- unclaimed	1,525	4,149
- unpaid	-	640
	<u>1,525</u>	<u>4,789</u>
Zakat payable	65	-
Excess advance received from Shell Petroleum Company Limited against right issue	5,722	5,722
Others	792	684
	<u>145,191</u>	<u>154,826</u>

- 22.1 This includes an amount of Rs. 460 thousand (2014: NIL) payable to Buxly Paints Limited, a related party.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

2015 2014
------(Rupees in '000)-----

22.2 Workers' profit participation fund

Balance at beginning of the year	2,457	4,717
Add:		
- Interest charged during the year (note 30)	-	525
- Allocation for the year (note 29)	8,120	2,457
Less: Amount paid	(2,457)	(5,242)
Balance at end of the year	<u>8,120</u>	<u>2,457</u>

23. ACCRUED MARKUP

This represents finance cost accrued on long-term borrowing.

24. CONTINGENCIES AND COMMITMENTS

24.1 Contingencies

- 24.1.1 The Holding Company entered into a tripartite LPG Debranding Agreement (the Agreement) with Shell Brands International AG (Shell AG) and OPI Gas (Private) Limited (OPI) on October 27, 2010. The Agreement was entered with an objective of phasing out the use of LPG trademarks and manifestations owned by Shell, subsequent to the sale of shares of the Holding Company by Shell Petroleum Company Limited (Shell) to OPI Gas (Private) Limited. As per the terms of the Agreement, it is the Holding Company's obligation to cease the use of aforesaid trademarks and manifestations embossed / printed on its assets, according to the timelines and conditions set out in the Agreement. In the event of delay in fulfillment of such obligations, the Holding Company shall be liable to pay a fee at rates specified in the aforesaid timetable, in respect of each asset which the Holding Company has not demonstrated to Shell's satisfaction to have been fully debranded. As per the terms of the Agreement OPI is guarantor under this Agreement.

As at June 30, 2015, all the assets in possession of the Holding Company have been debranded of the aforesaid trademarks and manifestation embossed / printed on these assets. In respect of assets not in possession / control of the Holding Company, based on the advice of its legal advisor, the Holding Company, during last year, circulated notices directly to its distributors and through publication in newspapers to its customers requesting them to exchange the Shell branded cylinders with the Burshane branded cylinders, so as to limit its liability under the Agreement.

Based on the legal advice, the Holding Company is confident that no fee shall be required to be paid to Shell AG for non-compliance with the debranding obligations under the Agreement for those assets which are not in possession / control of the Holding Company. However, the debranding / rebranding expenses incurred by the Holding Company to date, amounting to Rs. 3,642 thousand, have not been acknowledged by OPI for reimbursement to the Holding Company. OPI is of the view that these expenses should be borne by the Holding Company as the ultimate beneficiary of debranding and rebranding exercise is the Holding Company and that OPI was just a guarantor under this Agreement, and accordingly liability of OPI will only arise if the Holding Company fails to meet its original obligations according to the timelines set out in the Agreement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

However, the Holding Company based on the advice of its legal advisor, is not in agreement with OPI's interpretation of the Agreement and hence has recorded the debranding / rebranding expenses incurred to date as receivable from OPI till the resolution of this matter with OPI. Accordingly, the Holding Company has not recognized provision for the estimated further cost of rebranding amounting to Rs. 23,290 (2014: 25,816 thousand) thousand in respect of cylinders not in possession of the Holding Company.

- 24.1.2 Claims not acknowledged as debt by the Group as at June 30, 2015 amounted to Rs. 16,200 thousand (2014: Rs. 16,200 thousand). This includes Rs. 14,140 thousand billed by OPI in respect of business support fee.

24.2 Commitments

- 24.2.1 Capital commitments contracted for but not incurred as at June 30, 2015 amount to Rs. 5,828 thousand (2014: Rs. 821 thousand).

	2015	2014
	------(Rupees in '000)-----	
25. COST OF PRODUCTS SOLD		
Cost of LPG sold:		
Opening stock (note 10)	4,324	77,765
Purchases	2,019,084	2,176,711
	<u>2,023,408</u>	<u>2,254,476</u>
Less: Closing stock (note 10)	<u>(35,011)</u>	<u>(4,324)</u>
	<u>1,988,397</u>	<u>2,250,152</u>
Salaries, wages and other employee benefits (note 25.1)	29,505	27,548
Cost of low pressure regulators sold	905	773
Stores and spares consumed	2,096	2,874
Repairs and maintenance	2,951	925
Traveling, conveyance and vehicle maintenance	52	1,223
Rent, rates and electricity	4,472	6,130
Communication	813	1,247
Printing and stationery	203	158
Insurance	1,217	3,602
Depreciation (note 5.1.1)	21,255	17,199
Amortisation (note 6.5)	9,086	5,336
Security	2,206	2,033
Sundry expenses	716	502
	<u>2,063,874</u>	<u>2,319,702</u>

- 25.1 Salaries, wages and other employee benefits includes Rs. 3,148 thousand (2014: Rs. 3,674 thousand) in respect of staff retirement benefits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

	2015	2014
	------(Rupees in '000)-----	
26. ADMINISTRATIVE EXPENSES		
Salaries, wages and other employee benefits (note 26.1)	45,319	35,565
Repairs and maintenance	88	1,423
Travelling, conveyance and vehicle maintenance	5,226	3,740
Rent, rates and electricity	5,788	4,044
Communication	2,671	1,777
Printing and stationery	1,211	873
Insurance	346	718
Advertisement and publicity	1,066	134
Depreciation (note 5.1.1)	5,164	1,970
Amortisation (note 6.5)	724	724
Security	1,830	394
Donations	1,120	733
Sundry expenses	4,681	1,195
	<u>75,234</u>	<u>53,290</u>

26.1 Salaries, wages and other employee benefits include Rs. 2,801 thousand (2014: Rs. 5,403 thousand) in respect of staff retirement benefits.

	2015	2014
	------(Rupees in '000)-----	
27. DISTRIBUTION AND MARKETING EXPENSES		
Salaries, wages and other employee benefits (note 27.1)	17,752	15,341
Repairs and maintenance	924	179
Travelling, conveyance and vehicle maintenance	1,663	983
Rent, rates and electricity	1,056	1,479
Communication	580	783
Printing and stationery	135	111
Insurance	270	300
Hospitality charges	16,796	7,142
Freight and octroi	6,373	8,777
Advertisement and publicity	1,367	2,077
Commission	2,865	-
Depreciation (note 5.1.1)	38,458	32,677
Security	392	370
Sundry expenses	1,469	236
	<u>90,100</u>	<u>70,455</u>

27.1 Salaries, wages and other employee benefits include Rs. 1,354 thousand (2014: Rs. 2,039 thousand) in respect of staff retirement benefits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

	2015	2014
	----- (Rupees in '000) -----	
28. OTHER INCOME		
Income from financial assets		
Income from :		
- savings bank accounts	14,297	15,031
- short term investment	2,988	-
Income from non-financial assets		
Rental income from storage tanks	1,641	2,252
Gain on disposal of operating assets	-	4,226
	1,641	6,478
Others		
Scrap sales	10	1,275
Old liabilities written back	-	2,879
Recoveries against cylinder replacement	2,971	5,466
Hospitality income	2,453	1,490
Exchange gain - net	1,162	-
Miscellaneous	1,998	533
	<u>27,520</u>	<u>33,152</u>
29. OTHER EXPENSES		
Legal and professional charges	5,742	1,553
Workers' profits participation fund (note 22.2)	8,120	2,457
Workers' welfare fund	4,031	1,050
Auditors' remuneration (note 29.1)	1,830	1,450
Provision for impairment of other receivables (note 12.5)	1,196	-
Directors' fees	1,015	705
Exchange loss - net	-	427
Others	114	255
	<u>22,048</u>	<u>7,897</u>
29.1 Auditors' remuneration		
Fee for:		
- statutory audit	784	634
- half yearly review	292	210
- review of compliance with the code of corporate governance	60	59
- audit of provident, pension and gratuity funds	144	140
- special certifications and other advisory services	250	128
	<u>1,530</u>	<u>1,171</u>
Out of pocket expenses	300	279
	<u>1,830</u>	<u>1,450</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

	2015	2014
	----- (Rupees in '000) -----	
30. FINANCE COSTS		
Mark-up on long-term borrowing	13,423	-
Finance charges on obligation under finance lease	1,248	-
Interest on Workers' profits participation fund (note 22.2)	-	525
Bank charges	3,704	3,203
	<u>18,375</u>	<u>3,728</u>
31. TAXATION		
Current:		
- for the year	54,731	24,921
- for prior years	(150)	254
	<u>54,581</u>	<u>25,175</u>
Deferred	(40)	(7,833)
	<u>54,541</u>	<u>17,342</u>
31.1 Reconciliation of income tax expense for the year:		
Profit before taxation	<u>149,780</u>	<u>45,624</u>
Tax at the applicable tax rate of 33% (2014: 34%)	49,428	15,512
Tax effect of:		
- Permanent differences	2,549	1,559
- Change in tax rate	2,075	-
- Others	639	17
Prior year tax	(150)	254
	<u>54,541</u>	<u>17,342</u>

32. EARNINGS PER SHARE -- basic and diluted

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Group by the weighted average number of ordinary shares in issue during the year. There is no dilutive effect on the basic earnings per share of the Group.

	2015	2014
	----- (Rupees in '000) -----	
Profit for the year	<u>95,239</u>	<u>28,282</u>
	-----	-----
	Number of Shares	
Weighted average number of ordinary shares in issue (in thousands)	<u>22,586</u>	<u>22,640</u>
	-----	-----
	Rupees	
Earnings per share - basic and diluted	<u>4.22</u>	<u>1.25</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

33. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

33.1 The aggregate amounts charged during the year for remuneration, including all benefits, to the chief executive, executive directors and executives of the Group are as follows:

	2015				2014			
	Chief Executive (note 33.2)	Executive Directors	Executives	Total	Chief Executive	Executive Director	Executives	Total
	(Rupees in '000)							
Managerial remuneration	9,862	8,052	1,850	29,764	7,059	2,090	11,431	20,490
Bonus	3,000	2,763	4,510	10,273	-	-	-	-
Company's contribution to gratuity, pension and provident funds	910	350	990	2,264	510	153	845	1,508
Housing, utilities and conveyance	5,435	3,592	5,824	14,851	3,882	1,310	7,145	12,337
Directors' fees	140	235	-	375	60	45	-	105
Medical, leave fare etc.	1,482	776	2,007	4,265	1,059	390	2,582	3,422
	<u>23,457</u>	<u>15,714</u>	<u>25,191</u>	<u>61,822</u>	<u>12,570</u>	<u>3,798</u>	<u>21,484</u>	<u>37,852</u>
Number of persons (including those who worked part of the year)	<u>2</u>	<u>2</u>	<u>17</u>	<u>21</u>	<u>1</u>	<u>1</u>	<u>11</u>	<u>13</u>

33.2 No remuneration is being paid to Chief Executive of the Subsidiary Company for his services.

33.3 Aggregate amount charged for the year in respect of fees to five non-executive directors is Rs. 640 thousand (2014: six non-executive directors, Rs. 447 thousand).

33.4 In addition, the chief executive, the executive directors and certain executives were also provided with free use of the Holding Company's cars.

34. EMPLOYEE BENEFITS

The Holding Company offers a defined post-employment gratuity benefit to permanent management and non-management employees and defined post-employment pension benefit to management employees. The gratuity and pension funds are governed under the Trusts Act, 1882, Trust Deed and Rules of Fund, Companies Ordinance, 1984, the Income Tax Ordinance, 2001 and the Income Tax Rules, 2002. Responsibility for governance of plan, including investment decisions and contribution schedule lie with the Board of Trustees of the Funds.

34.1 Valuation Results

The latest actuarial valuations of the defined benefit plans were carried out as at June 30, 2015, using the "Projected Unit Credit Method". The details of defined benefit plans are as follows:

	Pension Fund		Gratuity Fund	
	2015	2014	2015	2014
	(Rupees in '000)			
34.1.1 Balance sheet reconciliation				
Fair value of plan assets	91,355	84,098	10,028	9,350
Present value of defined benefit obligations	(97,531)	(93,748)	(15,294)	(16,392)
Net liability at end of the year	<u>(6,176)</u>	<u>(9,650)</u>	<u>(5,266)</u>	<u>(7,042)</u>
34.1.2 Movement in net liability recognised				
Net liability at beginning of the year	9,650	29,494	7,042	10,552
Charge for the year	2,887	6,919	1,921	2,531
Amounts paid to the Fund	(6,803)	(502)	-	(6,071)
Employee contribution to be paid to fund	244	394	-	-
Remeasurements recognised in OCI (note 34.1.7)	<u>198</u>	<u>(28,655)</u>	<u>(3,697)</u>	<u>30</u>
Net liability at end of the year	<u>6,176</u>	<u>9,650</u>	<u>5,266</u>	<u>7,042</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

		Pension Fund		Gratuity Fund	
		2015	2014	2015	2014
		(Rupees in '000)			
34.1.3	Movement in defined benefit obligations				
	Obligation as at beginning of the year	93,748	127,719	16,392	26,406
	Current service cost	1,608	3,534	988	1,667
	Interest cost	12,422	13,283	1,887	2,157
	Benefits paid	(11,961)	(24,425)	(4,298)	(15,299)
	Remeasurements of obligations (note 34.1.7)	1,714	(26,363)	323	1,461
	Obligations as at end of the year	97,531	93,748	15,294	16,392
34.1.4	Movement in fair value of plan assets				
	Fair value as at beginning of the year	84,098	98,225	9,350	15,854
	Expected return on plan assets	11,143	9,898	954	1,293
	Benefits paid on behalf of the Fund	6,803	502	-	6,071
	Employees contributions	(244)	(394)	-	-
	Benefits paid	(11,961)	(24,425)	(4,298)	(15,299)
	Remeasurements of plan assets (note 34.1.7)	1,516	292	4,020	1,431
	Fair value as at end of the year	91,355	84,098	10,028	9,350
34.1.5	Charge for the year				
	Current service cost	1,608	3,534	988	1,667
	Net interest cost	1,279	3,385	933	864
		2,887	6,919	1,921	2,531
34.1.6	Actual return on plan assets	12,659	10,190	4,974	2,724
34.1.7	Remeasurement recognized in Other Comprehensive Income:				
	Remeasurement of obligation				
	(Gain) / Loss from change in:				
	- demographic assumptions	-	1,312	-	483
	- financial assumptions	(4,023)	(15,694)	(2,585)	(1,058)
	Experience (gains) / losses	5,737	(11,981)	2,908	2,036
		1,714	(26,363)	323	1,461
	Remeasurement of plan assets				
	Return on plan assets, excluding amounts				
	included in interest expense / (income)	892	(3,437)	(3,463)	(1,823)
	(Gain) / loss from change in financial assumptions	(2,408)	3,145	(557)	392
		(1,516)	(292)	(4,020)	(1,431)
		198	(26,655)	(3,697)	30

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

	Pension Fund		Gratuity Fund	
	2015	2014	2015	2014
34.1.8 Principal actuarial assumptions used in the actuarial valuation:				
Financial assumptions				
Discount rate	9.75%	13.25%	9.75%	13.25%
Expected per annum rate of return on plan assets	9.75%	13.25%	9.75%	13.25%
Expected per annum rate of increase in salaries - long term	7.75%	12.25%	7.75%	12.25%
Expected per annum rate of increase in pension	0%	3%	-	-
Demographic assumptions				
Expected mortality rate	Adjusted SLIC 2001-2005	Adjusted SLIC 2001-2005	Adjusted SLIC 2001-2005	Adjusted SLIC 2001-2005
Expected withdrawal rate	High	High	High	High

As at June 30, 2015

Pension Fund Gratuity Fund
----- (Rupees in '000) -----

34.1.9 Analysis of present value of defined benefit obligation:

Vested benefits	81,989	14,793
Non-vested benefits	15,542	501
	<u>97,531</u>	<u>15,294</u>

34.1.10 Plan assets comprise of the following:

	Pension Fund				Gratuity Fund			
	2015		2014		2015		2014	
	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%
Equity instruments	5,993	6.6	3,901	4.6	2,834	28.3	2,183	23.3
Debt instruments								
Defence Savings Certificates	13,409	14.7	11,250	13.4	11,175	111.4	9,375	100.3
Pakistan Investment Bonds	61,480	67.3	56,449	67.1	-	-	-	-
	74,889	82.0	67,699	80.5	11,175	111.4	9,375	100.3
Cash and cash equivalents	6,173	6.8	9,988	11.9	319	3.2	292	3.1
Others	4,300	4.7	2,500	2.97	(4,300)	(42.9)	(2,500)	(26.7)
	<u>91,355</u>		<u>84,098</u>		<u>10,028</u>		<u>9,350</u>	

34.1.11 The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

34.1.12 Historical information of staff retirement benefits:

	2015	2014	2013	2012	2011
	------(Rupees in '000)-----				
Gratuity Fund					
Present value of defined benefit obligation	(15,294)	(16,392)	(26,406)	(30,212)	(31,135)
Fair value of plan assets	10,028	9,350	15,854	15,827	13,876
Deficit	<u>(5,266)</u>	<u>(7,042)</u>	<u>(10,552)</u>	<u>(14,385)</u>	<u>(17,259)</u>
Pension Fund					
Present value of defined benefit obligation	(97,531)	(93,748)	(127,719)	(125,980)	(81,323)
Fair value of plan assets	91,355	84,098	98,225	94,534	84,529
(Deficit) / Surplus	<u>(6,176)</u>	<u>(9,650)</u>	<u>(29,494)</u>	<u>(31,446)</u>	<u>3,206</u>

34.1.13 The amount of the defined benefit obligation after changes in the weighted principal assumptions is as follows:

	Pension Fund	Gratuity Fund
	------(Rupees in '000)-----	
Discount rate + 1%	88,829	14,628
Discount rate - 1%	107,886	16,026
Long term salaries increase +1%	100,239	16,041
Long term salaries increase -1%	95,114	14,603
Withdrawal rates - Light	97,496	15,345
Withdrawal rates - Heavy	97,565	15,241

34.1.14 The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the liability recognised within the consolidated balance sheet.

34.2 Provident Fund

The following information is based upon the latest un-audited financial statements of the provident fund as at June 30, 2015 and June 30, 2014:

	2015	2014
	------(Rupees in '000)-----	
Size of the fund - Total assets	<u>49,059</u>	<u>46,812</u>
Fair value of investments	<u>48,681</u>	<u>45,974</u>
Cost of investments	<u>28,162</u>	<u>31,378</u>
Percentage of investments	<u>99%</u>	<u>98%</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

4.2.1 The break-up of fair value of investments is as follows:

	2015		2014	
	Rupees in '000	%	Rupees in '000	%
Bank deposits	4,520	9	7,907	17
Government securities	44,161	91	38,087	83
	<u>48,681</u>		<u>45,974</u>	

4.2.2 The investments out of the fund have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and the rules formulated for the purpose.

5. TRANSACTIONS WITH RELATED PARTIES

5.1 Related parties include associated companies and other companies with common directors, retirement benefit funds, directors and key management personnel.

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

		2015 ----- (Rupees in '000) -----	2014
Nature of relationship	Nature of transactions		
Former parent			
H.A.K.S Trading (Private) Limited	Dividend	30,302	30,302
	Business Support Fee charged and paid	-	28,563
	Reversal of Business Support Fee	-	(28,563)
Staff retirement benefits/ contribution funds			
Pension	Contribution	6,803	502
Gratuity	Contribution	-	6,071
Provident	Contribution	-	6,804
Other related parties			
Buxly Paints Limited	Purchase of paints	1,562	1,747

35.3 All major transactions with related parties are entered into at agreed terms duly approved by the Board of Directors of the respective companies.

35.4 Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly. The Group considers its Chief Executive and Executive Directors to be the key management personnel. Transactions with key management personnel, as disclosed in note 33 to these consolidated financial statements, are as per the terms of their employment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

		2015	2014
		(Quantity in Metric Ton)	
36.	CAPACITY		
	Installed annual filling capacity	37,500	37,500
	Actual utilization	31,035	27,590
	Actual utilization is mainly attributable to availability of LPG supply and market demand.		
37.	NUMBER OF EMPLOYEES		
		Number of employees as at June 30, 2015	Average number of employees June 30, 2015
		June 30, 2014	June 30, 2014
	Management employees	23	19
	Non- management employees	13	13
		36	32
		29	35
		2015	2014
		----- (Rupees in '000) -----	
38.	CASH GENERATED FROM OPERATIONS		
	Profit before taxation	149,780	46,624
	Adjustment for non cash charges and other items:		
	Depreciation	64,877	51,846
	Amortisation	9,810	6,060
	Provision for impairment of other receivable	1,196	-
	Provision for retirement and other service benefits	7,303	11,115
	Finance costs	18,375	-
	Unrealised gain on short term investment	(81)	-
	Gain on disposal of operating assets	-	(4,226)
	Income on term deposit	(2,907)	-
	Interest income on savings bank accounts	(14,297)	(15,031)
	Working capital changes (note 38.1)	(72,751)	27,765
		161,305	123,153
38.1	Working capital changes		
	(Increase) / Decrease in current assets		
	Stores and spares	(190)	155
	Stock-in-trade	(29,782)	74,213
	Trade debts	(2,131)	7,816
	Loans, advances, deposits, prepayments and other receivables	(33,602)	(47,977)
		(65,705)	34,207
	Decrease in current liabilities		
	Trade and other payables - net	(3,546)	(6,442)
	Short-term borrowings	(3,500)	-
		(72,751)	27,765

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

2015 2014
-----{Rupees in '000}-----

39. FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

39.1 Financial assets as per balance sheet

- Fair value through profit or loss

Short-term investment

3,081

-

- Loans and receivables

Long-term borrowing

29,754

1,985

Long-term deposits

77,023

106,438

Trade debts

17,581

15,450

Loans, deposits and other receivables

35,679

58,087

Cash and bank balances

284,079

317,826

444,116

499,786

39.2 Financial liabilities as per balance sheet

- Financial liabilities measured at amortized cost

Long-term borrowing

263,939

-

Obligation under finance lease

12,978

-

Cylinder and regulator deposits

330,416

261,023

Short-term borrowings

27,146

-

Trade and other payables

96,492

121,945

Accrued markup

5,746

-

736,717

382,968

40. FINANCIAL RISK MANAGEMENT

40.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on having cost effective funding as well as to manage financial risk to minimize earnings volatility and provide maximum return to share holders. Risk management is carried out by the Group's finance and treasury department under policies approved by the Board of Directors.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

As majority of the Group's financial assets and liabilities are denominated in Pakistan Rupees, therefore, the Group, at present, is not materially exposed to foreign currency risk.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is primarily exposed to interest rate risk arising from long-term borrowing from bank. Borrowing at variable rate exposes the Group to cash flow interest rate risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

As at June 30, 2015, if interest rate on Group's borrowing had been 1% higher / lower with all other variable held constant, post tax profit for the year would have been lower / higher by approximately Rs. 1,768 thousand (2014: Nil) mainly as a result of higher / lower interest exposure on variable rate borrowing.

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Group is not materially exposed to other price risk as at June 30, 2015.

(b) Credit risk

Credit risk represents the risk of financial loss being caused if counter party fails to discharge an obligation.

Credit risk of the Group arises from deposits with banks and financial institutions, trade debts, loans, deposits and other receivables. The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. The maximum exposure to credit risk is equal to the carrying amount of financial assets.

The Group monitors the credit quality of its financial assets with reference to historical performance of such assets and available external credit ratings. The carrying values of financial assets which are neither past due nor impaired are as under:

	2015	2014
	----- (Rupees in '000) -----	
Long-term borrowing	29,754	1,985
Long-term deposits	77,023	106,438
Trade debts	7,092	12,001
Loans, deposits and other receivables	28,500	53,484
Short-term investment	3,081	-
Bank balances	283,974	317,721
	<u>429,424</u>	<u>491,629</u>

The credit quality of receivables can be assessed with reference to their historical performance with no or some defaults in recent history. The credit quality of Group's bank balances can be assessed with reference to external credit ratings as follows:

Name	Rating Agency	Rating			
		Short term		Long term	
		2015	2014	2015	2014
Bank Alfalah Limited	PACRA	A1+	A1+	AA	AA
Habib Bank Limited	JCR-VIS	A-1+	A-1+	AAA	AAA
MCB Bank Limited	PACRA	A1+	A1+	AAA	AAA
National Bank of Pakistan	PACRA	A1+	A-1+	AAA	AAA
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	A1+	AAA	AAA
Faysal Bank Limited	PACRA	A1+	A1+	AA	AA
United Bank Limited	JCR-VIS	A-1+	A-1+	AA+	AA+
Sindh Bank Limited	JCR-VIS	A-1+	A-1+	AA	AA-1
Summit Bank Limited	JCR-VIS	A-1	A-3	A	A-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

(c) Liquidity risk

Liquidity risk represents the risk that the Group will encounter difficulties in meeting obligations associated with financial liabilities.

The Group's liquidity risk management implies maintaining sufficient cash and also involves projecting cash flows and considering the level of liquid assets necessary to meet these.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity dates.

	As at June 30, 2015			As at June 30, 2014		
	Maturity upto one year	Maturity after one year	Total	Maturity upto one year	Maturity after one year	Total
	(Rupees in '000)					
Financial liabilities						
Long-term borrowing	88,889	175,050	263,939	-	-	-
Obligation under finance lease	3,034	9,944	12,978	-	-	-
Cylinder and regulator deposits	-	330,416	330,416	-	261,023	261,023
Short-term borrowings	27,146	-	27,146	-	-	-
Trade and other payables	96,492	-	96,492	121,945	-	121,945
Accrued markup	5,746	-	5,746	-	-	-
	<u>221,307</u>	<u>515,410</u>	<u>736,717</u>	<u>121,945</u>	<u>261,023</u>	<u>382,968</u>

40.2 Capital risk management

The objective of the Group when managing capital is to safeguard its ability to continue as a going concern and to provide expected returns to its shareholders by maintaining optimum capital structure to minimize the cost of capital. To maintain or adjust the capital structure, the Group may issue new equity, manage dividends payouts to its shareholders or sell its short-term investment to reduce debt.

The Group manages capital by maintaining gearing ratio at certain levels. This ratio is calculated as long-term borrowing, as disclosed in note 18, divided by total capital. Total capital is calculated as 'equity' as shown in the balance sheet plus long term borrowing.

The gearing of Group is as follows:

	2015	2014
	(Rupees in '000)	
Long-term borrowing (note 17)	175,050	-
Total equity	536,643	401,543
Total Capital	<u>711,693</u>	<u>401,543</u>
Gearing ratio	<u>0.246</u>	<u>-</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2015

41. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

- 41.1 Subsequent to the year end, the Board of Directors of the Holding Company in their meeting held on October 6, 2015 have proposed a final cash dividend of Nil (2014 : Rs. 1.8) per share amounting to Nil (2014: Rs. 40,752 thousand).

42. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified for better presentation, wherever considered necessary, the effect of which is not material.

43. GENERAL

These consolidated financial statements have been rounded to the nearest thousand.

44. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorized for issue on October 6, 2015 by the Board of Directors of the Holding Company.

Director

Chief Executive

ATTENDANCE AT BOARD & AUDIT COMMITTEE MEETINGS

FOR THE YEAR ENDED JUNE 30, 2015

Name		Board			Audit Committee			Human Resource and Remuneration Committee		
		Member	Meetings ¹	Attendance	Member	Meetings ¹	Attendance	Member	Meetings ¹	Attendance
Mr. Asad Alam Niazi		◆	6	6				◆	1	1
Mr. Shahriar D. Sethna		◆	6	6	◆	4	4			
Ms. Hamdia Fatir Niazi		◆	6	6	◆	4	4	◆	1	1
Mr. Darayus T. Sethna		◆	6	4	◆	4	2	◆	1	1
Mr. Saifee Zakiuddin	3	◆	6	6	◆	4	2			
Mr. Tassaduq Hussain Niazi		◆	6	1						
Mr. Sheikh Asim Rafiq		◆	6	5						
Mr. Muhammad Khalid Dar	2	◆	6	1						
Mr. Khurram Kasbati	3				◆	4	2			

1. Held during the period the concerned Director was on the Board
2. Appointed as Director of the Company on March 26, 2015
3. Resigned from the Secretary of Board Audit Committee on February 27, 2015 and Mr. Khurram Kasbati (Head of Internal Audit) was appointed as Secretary to Board Audit Committee

PATTERN OF SHAREHOLDING

FOR THE YEAR ENDED JUNE 30, 2015

No. of Shareholders	Having Shares		Shares Held	Percentage
	From	To		
432	1	100	11,727	0.0521%
355	101	500	141,854	0.6308%
213	501	1,000	202,592	0.9009%
233	1,001	5,000	613,491	2.7280%
31	5,001	10,000	244,715	1.0882%
7	10,001	15,000	86,800	0.3860%
5	15,001	20,000	93,380	0.4152%
7	20,001	25,000	158,852	0.7064%
1	30,001	35,000	31,000	0.1378%
1	45,001	50,000	48,702	0.2166%
3	50,001	55,000	160,500	0.7137%
1	140,001	145,000	140,248	0.6236%
1	225,001	230,000	230,000	1.0227%
1	380,001	385,000	380,569	1.6923%
1	1,445,001	1,450,000	1,445,033	6.4255%
1	1,815,001	1,820,000	1,816,238	8.0762%
1	16,830,001	16,835,000	16,683,189	74.1841%
1294		Company Total	22,488,890	100.0000%

PATTERN OF SHAREHOLDING

FOR THE YEAR ENDED JUNE 30, 2015

Categories of Shareholders	Number of Folio	Balance Share	Percentage
Associated Companies			
• H.A.K.S. Trading (Pvt.) Limited	2	16,684,629	74.1905%
MIT & ICP			
• National Bank of Pakistan, Trustee Department	1	9,489	0.0422%
• CDC- Trustee National Investment (Unit) Trust	1	1,445,033	6.4255%
BANKS, DFI & NBFIs			
• National Bank of Pakistan	2	1,817,099	8.0800%
• The Bank of Punjab, Trustee Division	1	230,000	1.0227%
MODARABAS & MUTUAL FUNDS			
• Pak Asian Fund Limited	2	1,500	0.0067%
GENERAL PUBLIC			
• Local	1,245	2,040,070	9.0715%
• Foreign	20	19,174	0.0853%
OTHERS	20	241,896	1.0756%
Company Total	1,294	22,488,890	100.0000%

Shareholders holding five percent or more voting rights

H.A.K.S. Trading (Pvt.) Limited	2	16,684,629	74.1905%
National Bank of Pakistan	2	1,817,099	8.0800%
CDC- Trustee National Investment (Unit) Trust	1	1,445,033	6.4255%

FORM OF PROXY

The Company Secretary
Burshane LPG (Pakistan) Limited
Suite No. 101, First Floor Horizon Vista
Plot# Commercial-10,
Block -04, Scheme # 05
Clifton, Karachi. 75600

I / We _____ of _____ being a member of Burshane LPG (Pakistan) Limited holding _____ ordinary shares, hereby appoint Mr./Mrs./Miss _____ of _____ failing whom Mr./Mrs./Miss _____ of _____ as my proxy to attend and act for me, and on my behalf, at the **Annual General Meeting** of the Company to be held on **Friday, October 30, 2015, at 05:30 p.m. at Beach Luxury Hotel, M.T. Khan Road, Karachi** and any adjournment thereof.

Dated this _____ day of _____ 2015.

Revenue Stamp
Rs. 5/-

(Specimen Signature of Proxy)

Folio No. _____
Participant I.D. No. _____
Sub Account No. _____
C.N.I.C./ Passport Number: _____

(Signature of Share Holder)

Folio No. _____
Participant I.D. No. _____
Sub Account No. _____
C.N.I.C./ Passport Number: _____

(Specimen Signature of Alternate Proxy)

Folio No. _____
Participant I.D. No. _____
Sub Account No. _____
C.N.I.C./ Passport Number: _____

(Signature of Witness 1)

Name: _____
C.N.I.C./ Passport Number: _____

Address: _____

(Signature of Witness 2)

Name: _____
C.N.I.C./ Passport Number: _____

Address: _____

The Company Secretary
Burshane LPG (Pakistan) Limited
Suite No. 101, First Floor Horizon Vista
Plot# Commercial -10,
Block -04, Scheme # 05
Clifton, Karachi, 75600

I / We _____ of _____ being a member of Burshane LPG (Pakistan) Limited holding _____ ordinary shares, hereby appoint Mr./Mrs./Miss _____ of _____ failing whom Mr./Mrs./Miss _____ of _____ as my proxy to attend and act for me, and on my behalf, at the **Annual General Meeting** of the Company to be held on **Friday, October 30, 2015, at 05:30 p.m. at Beach Luxury Hotel, M.T. Khan Road, Karachi** and any adjournment thereof.

Dated this _____ day of _____ 2015.

(Specimen Signature of Proxy)

Folio No. _____
Participant I.D. No. _____
Sub Account No. _____
C.N.I.C./ Passport Number: _____

(Signature of Share Holder)

Folio No. _____
Participant I.D. No. _____
Sub Account No. _____
C.N.I.C./ Passport Number: _____

(Specimen Signature of Alternate Proxy)

Folio No. _____
Participant I.D. No. _____
Sub Account No. _____
C.N.I.C./ Passport Number: _____

(Signature of Witness 1)

Name: _____
C.N.I.C./ Passport Number: _____

Address: _____

(Signature of Witness 2)

Name: _____
C.N.I.C./ Passport Number: _____

Address: _____



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