

Burshane (Pakistan) Limited

Annual Report 1999

Local Fabrication of LPG Bowzers

As part of its commitment to the continuous transfer of technology & import substitution, Burshane was actively involved in the design & manufacture of the first LPG Bowzer in Pakistan, a task that was recently completed by M/s Descon Engineering in Lahore. The first LPG Bowzer has a capacity of 25 M. Tons and has been produced, fully conforming to International Standards. This envisage a savings of approximately USD 50,000 per unit in foreign exchange for the country.

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BOARD OF DIRECTORS

David M. Weston - Chairman
Saleemuddin Ahmed
Khurshid Bhaimia
Dr. Anthony M. Devine
Rosenah Mohd. Hassan
Harun Haji Johari
Ghulam Rasool Memon
Alistair George Swanson
Trudy Taylor
Dr. Amjad Waheed

GENERAL MANAGER COMPANY SECRETARY AUDITORS

Saleemuddin Ahmed
Saleem Butt
A.F. Ferguson & Co.
Chartered Accountants

BANKERS

Standard Chartered Bank
ANZ Grindlays Bank p.l.c..

Muslim Commercial Bank Limited
Habib Bank Limited
Allied Bank of Pakistan Limited

REGISTERED OFFICE

Burshane (Pakistan) Limited
Prime Point Building,
Main Khayaban-e-Ittehad, Phase VII,
Defence Housing Authority,
Karachi-75500

Notice of Meeting

NOTICE IS HEREBY given that the thirty-third Annual General Meeting of the Company will be held on 18th November 1999 at 10.00 AM at Pearl Continental Hotel Karachi, to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt Reports of directors and Auditors together with the Audited Accounts for the year ended 30th June 1999.
2. To approve, as recommended by the Directors, payment of a final dividend of Rs. 3.00 per share (30%) making a total dividend of Rs. 6.00 per share (60%) for the year ended 30th June, 1999.
3. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

4. To consider and if thought fit to approve the change of the Company's name from "Burshane (Pakistan) Limited" to "Shell Gas LPG (Pakistan) Limited".

Resolution proposed to be moved at the General Meeting and the Statement U/S 160 of the Companies Ordinance 1984 relating to the Special Business is being sent to the member with the Notice of Meeting.

KARACHI
19th October 1999

**BY ORDER OF THE
BOARD**

**(SALEEM BUTT)
Company Secretary**

NOTES:

- i) The Share Transfer Books of the Company will be closed from 21st October to 27th October 1999 (both days inclusive) when no transfer of share will be accepted for registration.
- ii) A member entitled to attend and vote at the meeting may appoint a proxy to attend, speak and vote on his/her behalf.
- iii) Proxies must be received at the Registered Office of the Company not less than 48 hours before the meeting.

iv) Members are hereby informed that the Supreme Court of Pakistan in a recent judgment has held that deduction on account of Zakat shall not be made from payments of dividends to Share Holders of all the recognised fiqahs on filing their declarations as required under the Zakat Ordinance. This facility was previously available only to members of Fiqah-e-Jafaria. Specimen of the declaration with Company's circular dated 19-10-99 being sent to the members alongwith the Annual Report.

v) CDC shareholders are requested to bring their National Identity Card, Account and Participant's ID Numbers, while attending the Meeting for identification.

vi) Shareholders are requested to notify any change in their address immediately.

STATEMENT UNDER SECTION 160 OF THE COMPANIES ORDINANCE 1984.

ITEM NO. 4

The Shell Petroleum Company Limited England, has majority of shares i.e. (67.38%) in the paid-up capital of the Company. The Shell Group has agreed to take Burshane (Pakistan) Limited within the scope of the name of the group which enjoys goodwill and reputation throughout the world in the field of petroleum products. Therefore, approval of the shareholders will be sought to change Company's name from Burshane (Pakistan) Limited to "Shell Gas LPG (Pakistan) Limited" and if thought proper following resolution will be passed as Special Resolution:

RESOLVED THAT pursuant to Section 39 of the Companies Ordinance 1984 and subject to the approval of the Registrar of Companies, the name of the Company be and is hereby changed from "Burshane (Pakistan) Limited" to "Shell Gas LPG (Pakistan) Limited" and the name "Burshane (Pakistan) Limited" wherever it appears in the Memorandum and Articles of Association of the Company be and is hereby substituted by the new name of "Shell Gas LPG (Pakistan) Limited".

Chairman's Review

It is my great pleasure to welcome you to the thirty-third Annual General Meeting of your Company. As your Company's new Chairman, I am pleased to present to you the Audited Accounts for the financial year which ended on June 30, 1999.

During the financial year, sales volumes declined by 10%. The Company decided not to import LPG directly as safe handling facilities at the marginal wharves could not be guaranteed in advance of the Import Terminal. Securing supplies of imported base stock from others remained un-viable during the year, with rising world prices and no fiscal relief on offer in Pakistan. While the consumer selling price ceiling remained in force, the base stock price of indigenous LPG during the period November 1998 to March 1999 was increased by the Government by USD 75 per ton. Although this cost escalation was subsequently reduced by USD 15 per ton through successful representation made by your Company, it nevertheless reflect a 60% increase in costs over last year. Under the prevailing regulated price mechanism we have unfortunately had to absorb this unprecedented increase in costs resulting in a decline in gross margins from around Rs 102 million in 1998 to Rs 64 million in 1999. While initiatives to reduce overall costs below 1998 levels continue to date, a one time redundancy cost of Rs 11 million has been taken during the financial year as a means towards optimal utilisation of resources longer term.

A positive development this year was the setting-up of Pakistan's first LPG Import Terminal at Port Qasim which promised increased product availability to the undersupplied households of the country. Regrettably, however, government selling prices remained below the levels that would have enabled this facility to operate. Meanwhile, customers have had to seek

their supplies from illegitimate resellers at prices well above those that would have attracted the necessary supplementary product imports. Your company continues to discuss with the Government options to resolve this issue, including the possibility of differential pricing mechanisms.

The company continues to align itself to take advantage of anticipated future opportunities. It is expected that new indigenous sources of LPG (one Refinery and two new Gas Fields) will be commissioned in Pakistan during the next 15 months thereby improving local availability by an additional 200,000 tons annually. In the event of judicial allocation of this additional volume by the Government of Pakistan, the company plans to expand its sphere of operations through new distribution channels and portfolio extension. Considering these opportunities the Company plans to launch a new offering under the 'Shell Gas Brand' during the year 1999. Test marketing is underway with wider roll-out planned by the end of 1999.

During the year significant progress has been made in the area of import substitution for bulk tank lorries and other marketing equipment. For the first time in Pakistan, 25 tonnes capacity LPG bowsers were constructed locally, conforming to all international standards, with active support and transfer of technology from the Royal Dutch Shell Group. Similarly onshore development of LPG Cylinders was successfully completed through a third party. The facility is now on offer to the entire LPG Industry as part of the Company's commitment towards promoting the use of safe LPG Cylinders in the country. The Company's commitment towards safety in Pakistan has been further recognised by the Royal Dutch Shell Group through its award on working "Two Million Man Hours Without Lost Time Injury".

An agreement with the Employees Union pertaining to the period 1998-2000 was reached amicably and signed-off thereby resolving another outstanding issue from the previous financial year.

With the realignment of the LPG Business in Shell worldwide towards Globally managed LPG Business, the Pakistan LPG Business is now part of the "East Zone" co-ordinated from Malaysia. As such two new Directors have been co-opted in the Board, Mr. Harun Haji Johari has replaced Mr. C. Balmes while Ms. Rosenah Mohd. Hassan took over from Mr. G.L. Lezaun. In addition Dr. Amjad Waheed took over from Mr. Razi-ur-Rahman Khan as a member of the Board. I would also like to announce that Mr. T. V. Higgins, Chairman of the Board since 1997 has retired from the service of Royal Dutch Shell Group effective June 30, 1999. We, the Board, would like to put on record our appreciation for the long standing service & contribution provided by Mr. Higgins to the Company during his tenure.

Finally, the board acknowledges both the challenges faced by the LPG Business in Pakistan and the responsibility of all staff and the Management Team to seize the opportunities which lie ahead.

Karachi
30th September, 1999

DAVID M. WESTON
Chairman

Report of the Directors

The Directors have pleasure in submitting their Report and Audited Accounts of the Company's trading operation for the period ended June 30, 1999.

SALES

Your company's sales during the year were 17,753 tonnes vs. 19,700 tonnes reflecting a reduction of 10% over previous year. This is primarily due to reduction in import component planned in the face of rising world prices and prevailing regulatory price ceiling in our domestic market.

NET INCOME AFTER TAX

During the period under review Net Income After Tax was 15.8 million indicating a radical reduction from the previous year. This is mainly due to an increase in the cost of the LPG base stock price by over 60%. The regulatory price mechanism imposed by the Government prohibit us from passing on this unprecedented rise in cost to the end consumer. An additional cost of Rs. 11 million has been accepted during the year in order to cater for staff redundancy.

APPROPRIATIONS

	<i>Rupees</i>
As per Audited Accounts, profit before taxation was	18,891,186
Less: Taxation for the year	3,087,364

Profit after taxation	15,803,822
Add: Unappropriated profit brought forward	2,584,440

Available for appropriation	18,388,262
Interim dividend @ Rs. 3.00 per share was declared in February 1999 absorbing	8,085,729

Final dividend @ Rs. 3.00 per share (1998 @ Rs. 5.00 per share)	8,085,729
Transfer to General Reserve (1998 Rs. 25,000,000)	--

Unappropriated profit to be carried forward	2,216,804
	=====

Y2K COMPLIANCE

The Company has already reviewed all its IT systems and devices with regard to the Year 2000 programming problem and is satisfied that all necessary corrective actions have been taken. Audits using both internal and external consultants have been carried out to confirm the status and compliance with Y2K guidelines. Plans have been made for continuous monitoring to guard against disruption to the business in the next millennium and contingency plans are being drawn up to guard against third parties' failure. ~~!~ :!

DIRECTORS

The Board places on record its appreciation to the contribution made by retiring Chairman Mr. T. V. Higgins and the Directors M/s. C. Balmes, G. L. Leazun and Razi-ur Rahman Khan. Mr. Harun Haji Johari, Ms. Rosenah Mohd. Hassan and Dr. Amjad Waheed have been co-opted in their place.

PATTERN OF SHAREHOLDING

The Pattern of shareholding as on 30th June, 1999 is shown on page 29.

EARNING PER SHARE

The earning per share is Rs. 5.86.

AUDITORS

The present Auditors, Messers A. E Fergusons & Co., retire and being eligible for election offer themselves for re-appointment.

On behalf of the
Board

(SALEEMUDDIN
AHMED)
Chief Executive

(MS. KHURSHID
BHAIMIA)
Director

Karachi
30th September, 1999

Auditors' Report to the Members for the year ended June 30, 1999

We have audited the annexed Balance Sheet of **Burshane (Pakistan) Limited** as at June 30, 1999 and the related Profit and Loss Account and the Cash Flow Statement, 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 and, after due verification thereof, we report that:

(a) in our opinion, proper books of account have been kept by the company as required by the Companies Ordinance, 1984;

(b) in our opinion:

(i) the Balance Sheet and Profit and Loss Account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

(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, Profit and Loss Account and the Cash Flow Statement, together with the notes forming part thereof, 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, 1999 and of the profit and cash flows for the year then ended; and

(d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Karachi:
18th October, 1999

A. F. Ferguson & Co.
Chartered Accountants

Balance Sheet as at June 30, 1999

Note

1999

1998

		<i>Rupees</i>	<i>Rupees</i>
TANGIBLE FIXED ASSETS			
Operating assets	3	154,551,036	98,170,569
Capital work-in-progress	4	22,318,707	8,148,708
		-----	-----
		176,869,743	106,319,277
LONG-TERM INVESTMENTS	5	92,000,000	49,000,000
LONG-TERM LOANS	6	996,003	809,392
LONG-TERM DEPOSITS AND PREPAYMENTS	7	362,033	231,216
		-----	-----
TOTAL LONG-TERM ASSETS		270,227,779	156,359,885
CURRENT ASSETS			
Stores and spares	8	11,482,078	14,823,031
Stock-in-trade	9	861,089	2,332,260
Trade debts	10	862,181	569,498
Loans, advances, short-term prepayments and other receivables	11	33,093,755	23,775,023
Taxation		6,448,983	--
Short-term investment		--	2,000,000
Cash and bank balances	12	6,012,150	80,103,499
		-----	-----
TOTAL CURRENT ASSETS		58,760,236	123,603,311
CURRENT LIABILITIES			
Running finance under mark-up arrangement	13	15,069,441	--
Creditors, accrued and other liabilities	14	72,507,656	33,841,512
Taxation			6,319,854
Proposed dividend		8,085,729	13,476,215
		-----	-----
TOTAL CURRENT LIABILITIES		95,662,826	53,637,581
CURRENT LIABILITIES OVER CURRENT ASSETS/ NET CURRENT ASSETS		(36,902,590)	69,965,730
		-----	-----
TOTAL ASSETS LESS CURRENT LIABILITIES		233,325,189	226,325,615
LONG-TERM AND DEFERRED LIABILITIES			
Deferred taxation	15	4,120,266	2,643,506
Cylinder and regulator deposits	16	110,035,689	104,145,239
		-----	-----
		114,155,955	106,788,745
CAPITAL COMMITMENTS	17		
NET ASSETS		119,169,234	119,536,870

REPRESENTED BY:

SHARE CAPITAL	18	26,952,430	26,952,430
GENERAL RESERVE	19	90,000,000	90,000,000
UNAPPROPRIATED PROFIT		2,216,804	2,584,440
SHAREHOLDERS' EQUITY		119,169,234	119,536,870

The annexed notes form an integral part of these accounts.

(SALEEMUDDIN
AHMED)
Chief Executive

(MS. KHURSHID
BHAIMIA)
Director

Profit and Loss Account for the year ended June 30, 1999

	<i>Note</i>	<i>1999 Rupees</i>	<i>1998 Rupees</i>
Sales		263,009,229	292,097,424
Cost of products sold	20	199,067,303	189,926,180
Gross profit		63,941,926	102,171,244
Administrative, selling and general expenses	21	61,932,315	49,154,698
Operating profit		2,009,611	53,016,546
Other income	22	19,352,300	18,704,886
		21,361,911	71,721,432
Financial charges	23	968,548	948,860
Other charges	24	1,502,177	4,966,943
		2,470,725	5,915,803
PROFIT BEFORE TAXATION		18,891,186	65,805,629
Taxation	25	3,087,364	17,757,764
PROFIT AFTER TAXATION		15,803,822	48,047,865
UNAPPROPRIATED PROFIT BROUGHT FORWARD		2,584,440	3,793,762
AVAILABLE FOR APPROPRIATION		18,388,262	51,841,627

APPROPRIATIONS:**DIVIDENDS**

Interim - Rs 3.00 (1998: Rs 4.00) per share	8,085,729	10,780,972
Final - proposed Rs 3.00 (1998: Rs 5.00) per share	8,085,729	13,476,215

TRANSFER TO GENERAL RESERVES

--	25,000,000
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-----	-----
16,171,458	49,257,187
-----	-----

UNAPPROPRIATED PROFIT CARRIED FORWARD

2,216,804	2,584,440
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EARNINGS PER SHARE

26	5.86	17.8.3
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The annexed notes form an integral part of these accounts.

**(SALEEMUDDIN
AHMED)**
Chief Executive

**(MS. KHURSHID
BHAIMIA)**
Director

Cash Flow Statement for the year ended June 30, 1999

	<i>Note</i>	<i>1999 Rupees</i>	<i>1998 Rupees</i>
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	30	62,593,656	50,292,462
Interest paid		(697,532)	(439,761)
Taxes paid		(14,379,441)	(9,142,510)
Long-term loans		(186,611)	144,433
Long-term deposits and prepayments		(130,817)	2,280,438
Cylinder and regulator deposits		5,890,450	52,100
Net cash inflow from operating activities		53,089,705	43,187,162
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(92,684,238)	(32,841,063)
Proceeds from sale of fixed assets		1,906,230	1,988,250
Interest received		10,552,770	12,798,613
Purchase of investments		(43,000,000)	(9,000,000)
Net cash outflow from investing activities		(123,225,238)	(27,054,200)

CASH FLOW FROM FINANCING ACTIVITIES

Dividends paid		(21,025,257)	(31,540,429)
Net decrease in cash and cash equivalents		(91,160,790)	(15,407,467)
Cash and cash equivalents at beginning of the year		82,103,499	97,510,966
Cash and cash equivalents at the end of the year	31	(9,057,291)	82,103,499

The annexed notes form an integral part of these accounts.

**(SALEEMUDDIN
AHMED)**
Chief Executive

**(MS. KHURSHID
BHAIMIA)**
Director

Notes to the Accounts for the year ended June 30, 1999**1. LEGAL STATUS AND NATURE OF BUSINESS**

The Company is incorporated in Pakistan and is listed on the Karachi and Lahore Stock Exchanges. The principal activity of the Company is storing and marketing liquefied petroleum gas throughout Pakistan.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**2.1 Accounting convention**

These accounts have been prepared under the historical cost convention.

2.2 Staff retirement benefits

Staff retirement benefits include:

a) approved funded pension scheme for the management staff and approved funded gratuity scheme for all employees. Contributions are made annually to these schemes on the basis of actuarial recommendation at the rate of 17.86 percent per annum of basic salary for pension and 3.99 percent per annum of basic salary for management staff and 6.95 percent per annum for non-management staff for gratuity. Actuarial valuations of the schemes are carried out annually and the latest valuations were carried out as at June 30, 1998. The fair value of the scheme's assets and liabilities for past services of the employees at the latest valuation date were Rs 28.298 million and Rs 25.783 million respectively for the pension scheme and Rs 9.278 million and Rs 8.343 million respectively for the gratuity scheme. Entry Age Normal method, using the following significant assumptions, is used for valuation of the schemes:

- Expected rate of increase in salaries for management and other employees 14 percent per annum.
- Expected rate of interest on investment 14 percent per annum.

b) approved contributory provident fund for all employees.

Retirement benefits are payable to staff on completion of prescribed qualifying period of service under these schemes.

2.3 Staff leave benefits

Annual provision is made in the accounts for the monetary value of accumulated annual leave of all staff members.

2.4 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation, after taking into account tax credits and rebates available, if any, or one-half percent of turnover, whichever is higher.

Deferred

The Company accounts for deferred taxation on all material differences using the liability method. However, deferred tax is not provided if it can be established with reasonable probability that these timing differences will not reverse in the foreseeable future.

2.5 Tangible fixed assets

Operating assets except freehold land are stated at cost less accumulated depreciation. Freehold land and capital-work-in-progress are stated at cost. Depreciation is charged to income applying the straight line method whereby the cost of an asset is written-off over its estimated useful life. Depreciation on additions during the year is charged at half the applicable rate, while no depreciation is charged on assets in the year of disposal.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalised and the assets so replaced, if any, are retired.

Gains and losses on disposal of assets are taken to profit and loss account.

2.6 Stores and spares

Stores and spares are valued at cost arrived at using the first-in-first-out method except those in transit which are stated at invoice values plus other charges incurred thereon.

2.7 Stock-in-trade

Liquefied petroleum gas is valued at the lower of cost and net realisable value. Cost is determined on the basis of first-in-first-out method.

Stock of appliances and accessories are stated at cost.

2.8

Investments

Investments are stated at cost less provision for diminution in value. In arriving at the provision in respect of any diminution in long-term investments, consideration is given only if there is a permanent impairment in the value of the investments.

2.9 Foreign currency translation

Assets and liabilities in foreign currencies are translated into rupees at the rates of exchange which approximate those prevailing at the balance sheet date except for the liabilities covered under forward exchange contracts which are translated at the contracted rates. Exchange gains and losses are taken to income currently.

2.10 Revenue recognition

Sales are recorded at the time of delivery to the distributors and direct customers.

Profit on investments is accounted for on accrual basis.

3. OPERATING ASSETS

3.1 The following is a statement of the operating assets:

	<i>Cost at July 1, 1998</i>	<i>Additions/ (deletions)</i>	<i>Cost at June 30, 1999</i>	<i>Accumulated depreciation at July 1, 1998</i>	<i>Charge for the year/ (Accumulated depreciation on deletions)</i>	<i>Accumulated depreciation at June 30, 1999</i>	<i>Book value at June 30, 1999</i>	<i>Annual rate of depreciation %</i>
<i>(Rupees)</i>								
Freehold land	--	5,618,000	5,618,000	--	--	--	5,618,000	--
Building on free hold land	--	3,182,705	3,182,705	--	119,351	119,351	3,063,354	7.5
Buildings on lease hold land	12,042,086	1,127,254	13,169,340	6,438,370	853,753	7,292,123	5,877,217	7.5
Buildings on land under license	5,565,915	--	5,565,915	4,304,221	156,201	4,460,422	1,105,493	7.5
Plant and machinery	18,557,052	2,206,925	18,211,048	13,391,379	976,613	12,453,160	5,757,888	10
		(2,552,929)			(1,914,832)			
Tanks, pipelines and fittings	21,703,431	17,735,359	37,182,958	20,461,042	1,453,079	19,658,289	17,524,669	10
		(2,255,832)			(2,255,832)			
Fire fighting equipment	5,773,564	1,646,205	7,419,769	3,798,241	320,070	4,118,311	3,301,458	7
Cylinder and regulators	172,943,963	35,568,088	203,444,097	119,189,004	8,989,346	123,309,534	80,134,563	10
		(5,067,954)			(4,868,816)			
Vehicles	15,088,034	3,283,000	17,060,784	9,794,615	2,513,870	11,109,077	5,951,707	25
		(1,310,250)			(1,199,408)			
Furniture, fittings and electrical equipment	26,952,546	4,397,853	31,154,299	10,558,745	2,846,168	13,261,700	17,892,599	10 & 15
		(196,100)			(143,213)			
Office machines	2,370,790	1,770,000	4,140,790	131,232	468,946	600,178	3,540,612	15
Personal computers	6,456,187	1,978,850	7,232,472	1,216,150	1,560,762	2,448,996	4,783,476	25
		(1,202,565)			(327,916)			
1999	287,453,568	78,514,239	353,382,177	189,282,999	20,258,159	198,831,141	154,551,036	
		(12,585,630)			(10,710,017)			
1998	266,119,092	24,692,355	287,453,568	176,229,281	15,421,357	189,282,999	98,170,569	
		(3,357,879)			(2,367,639)			

3.2 During the year management has revised the estimate of the useful life of personal computers and has decided to depreciate them at the rate of 25 percent per annum. Previously they were depreciated at the rate of 15 percent per annum.

This revision is based on management's review of the expected future economic life of these assets. Had the estimate not been revised the depreciation charge for the year would have been lower by Rs 624,305.

	1999 Rupees	1998 Rupees
3.3 The depreciation charge for the year has been allocated as follows:		
Cost of products sold - note 20	17,027,003	12,412,871
Administrative, selling and general expenses - note 21	3,231,156	3,008,486
	-----	-----
	20,258,159	15,421,357
	=====	=====

3.4 Disposals of operating assets

The following assets were disposed of during the year:

Description	Cost	Accumulated Depreciation	Book Value	Sale Proceeds	Particulars of buyers
		Rupees			
Plant and machinery					
Sold by tender	146,000	--	146,000	781,624	Mr. M. Ishtiaq, Hafizabad
Written-off	2,406,929	1,914,832	492,097	--	--
	-----	-----	-----	-----	
	2,552,929	1,914,832	638,097	781,624	
Tanks, pipelines and fittings					
Written-off	2,255,832	2,255,832	--	--	--
Cylinder & regulators					
Written down value below Rs 5,000 each	5,067,954	4,868,816	199,138	342,105	Various
Vehicles					
Sold by negotiation	579,250	506,845	72,405	202,737	Mr. Tausif A. Sheikh (Ex-employee)
Insurance claim	61,500	23,063	38,437	62,000	Commercial Union Assurance Company
Written down value below Rs 5,000 each	669,500	669,500	--	133,900	Various
	-----	-----	-----	-----	
	1,310,250	1,199,408	110,842	398,637	
Furniture, fittings and electrical equipment					
Sold by negotiation	8,600	3,225	5,375	5,375	Mr. Majid A. Jhumra (Ex-employee)
	20,300	13,703	6,597	6,597	-- do --
	20,700	13,973	6,727	9,832	-- do --

	9,500	2,138	7,362	8,075 Mr. Tausif A. Sheikh (Ex-employee)
	20,100	13,566	6,534	3,518 Mr. Hashim Qureshi (Ex-employee)
	19,800	13,365	6,435	3,465 -- do --
Written down value below Rs 5,000 each	97,100	8,324	13,857	17,002 Various
	-----	-----	-----	-----
	196,100	143,213	52,887	53,864
Personal computers				
Sold by tender	1,202,565	327,916	874,649	M/s Pak 330,000 Zameen
	-----	-----	-----	-----
1999	12,585,630	10,710,017	1,875,613	1,906,230
	=====	=====	=====	=====
1998	3,357,879	2,367,639	990,240	1,988,250
	=====	=====	=====	=====

1999
Rupees

1998
Rupees

4. CAPITAL WORK-IN-PROGRESS

Building on leasehold land	1,804,276	--
Plant and machinery	400,489	--
Tanks, pipelines and fittings	2,563,219	7,982,108
Cylinder and regulators	5,650,404	
Furniture, fittings and electrical equipment	22,649	116,600
Advances to suppliers	11,877,670	50,000
	-----	-----
	22,318,707	8,148,708
	=====	=====

5. LONG-TERM INVESTMENTS - AT COST

Defence Savings Certificates	37,000,000	37,000,000
Special Savings Certificates	55,000,000	9,000,000
Ten year WAPDA Bearer Bonds	--	3,000,000
	-----	-----
	92,000,000	49,000,000
	=====	=====

6. LONG-TERM LOANS - Considered Good

Car loans - executives	705,165	533,219
Motorcycle loans - executives	15,145	111,975
- employees	320,829	366,764
Salary loans - executives	550,785	--
- employees	433,335	318,011

	2,025,259	1,329,969
Less: Receivable within one year - note 11	1,029,256	520,577
	996,003	809,392
	=====	=====
Outstanding for period - more than three years	120,025	214,060
- others	875,978	595,332
	996,003	809,392
	=====	=====

These loans are granted to employees under the Company's loan policy. Car and motorcycle loans are repayable over a maximum period of eight years and five years respectively and are secured by letter of hypothecation and third party guarantees. Salary loans are repayable over a maximum period of three years.

The maximum aggregate amount due from executives at the end of any month during the year was Rs 1,429,382 (1998: Rs 885,819).

	1999	1998
	Rupees	Rupees
7. LONG-TERM DEPOSITS AND PREPAYMENTS		
Deposits	362,033	75,400
Prepayments	--	155,816
	362,033	231,216
	=====	=====
8. STORES AND SPARES		
Stores	442,124	753,071
Spares [(include in transit Rs Nil (1998: Rs 17,858)]	11,039,954	14,069,960
	11,482,078	14,823,031
	=====	=====
9. STOCK-IN-TRADE - Finished Products		
Liquefied petroleum gas	770,876	2,242,047
Stock of appliances and accessories	90,213	90,213
	861,089	2,332,260
	=====	=====

10. TRADE DEBTS

Unsecured-considered good

862,181 569,498

=====

**11. LOANS, ADVANCES, SHORT-TERM PREPAYMENTS
AND OTHER RECEIVABLES**

Loans and advances - considered good

Loans due
from:- Executives
- Employees

645,629 192,374

383,627 32,820

1,029,256 520,577

Advances to:

- Executives
- Employees

129,816 1,806

-- 500

129,816 2,306

Advances to contractors and suppliers

1,632,506 501,031

2,791,578 1,023,914

Short-term prepayments

4,806,900 4,093,167

Excise duty current account

107,039 104,338

Accrued income on investments and deposit accounts

18,797,995 11,135,465

Due- from associated undertakings

5,833,187 1,014,197

Workers' profits participation fund - note 14.1

186,123 --

Others

570,933 6,403,942

33,093,755 23,775,023

=====

The maximum aggregate amount of advances due from executives at the end of any month during the year was Rs 315,806 (1998: Rs 100,850).

The maximum amount due from associated undertakings at the end of any month during the year was Rs 4,393,591 (1998: Rs 3,832,707).

12. CASH AND BANK BALANCES

With banks in:

- special account - customer deposit
- deposit accounts - local currency**1999**
Rupees**1998**
Rupees

7,700

600,000

7,700

1,200,000

- foreign currency	--	68,028,740
- savings accounts	2,002,972	6,762,253
- current accounts	1,349,787	2,001,465
In savings account at National Savings Centre	6,023	4,724
Cheques in transit	1,912,986	1,985,405
Cash in hand	132,682	113,212
	-----	-----
	6,012,150	80,103,499
	=====	=====

13. RUNNING FINANCE UNDER MARK-UP ARRANGEMENT- SECURED

Finance utilised under mark-up arrangement with a bank	15,069,441	--
	=====	=====

The facility for running finance available from a bank at June 30, 1999 amounted to Rs 15.0 million (1998: Rs 15.0 million). The facility carries mark-up at the rate of 14 percent (1998:14 percent) per annum and the purchase price is payable on May 31, 2000. The arrangement is secured by hypothecation of the Company's stock-in-trade, stores and spares and plant and machinery.

1999	1998
Rupees	Rupees

14. CREDITORS, ACCRUED AND OTHER LIABILITIES

Creditors	12,870,892	8,425,973
Accrued liabilities	45,871,678	9,287,881
Provision for staff leave benefits	577,724	1,279,731
Workers' profits participation fund - note 14.1	--	3,509,022
Workers' welfare fund	100,421	1,100,048
Retention money	1,251,356	823,554
Advances from distributors	4,178,098	2,189,870
Dividends		
- unclaimed	247,976	225,645
- unpaid	3,436,071	2,921,715
Security deposits from cartage contractors	80,000	80,000
Distributors' security deposits - payable on termination of distributorship	32,000	32,000
Salaries and benefits payable	3,325,202	3,254,376
Others	536,238	711,697
	-----	-----

72,507,656	33,841,512
=====	=====

Deposits from cartage contractors are non interest bearing and refundable on completion of contract.
Amount due to associated undertakings at the year end aggregated Rs 22,144,504 (1998: Rs 12,099,435).

	1999	1998
	Rupees	Rupees
14.1 Workers' profits participation fund		
Balance at July		
1	3,509,022	3,033,304
Allocation for the year - note 24	1,013,477	3,540,718
Interest on funds utilised in the Company's business - note 23	274,025	392,295
Less: Amount paid	(4,982,647)	(3,457,295)
	-----	-----
Balance at June 30	(186,123)	3,509,022
	=====	=====

15. DEFERRED TAXATION

This is composed of the following:

Deferred liability arising in respect of tax depreciation
allowances -
net

Deferred asset in respect of short-term provisions

4,310,914	3,027,425
(190,648)	(383,919)
-----	-----
4,120,266	2,643,506
=====	=====

16. CYLINDER AND REGULATOR DEPOSITS

These deposits are non-interest bearing and are refundable on termination of agreements and return of cylinders and ancillary equipment.

17. CAPITAL COMMITMENTS

17.1 Capital commitments contracted for but not incurred at June 30, 1999 amounted to Rs 22,614,703 (1998: Rs 10,169,042).

17.2 Commitments for rentals under operating lease agreements in respect of vehicles amounted to Rs 8,773,637 (1998: Rs Nil). These are payable as follows:

	Rupees
1999-2000	2,678,468
2000-2001	2,678,468

2001-2002	2,678,468
2002-2003	738,233

	8,773,637
	=====

18. SHARE CAPITAL

	1999	1998
	Rupees	Rupees
Authorised capital		
4,000,000 ordinary shares of Rs 10 each	40,000,000	40,000,000
=====	=====	=====
Issued , subscribed and paid up capital		
627,168 shares of Rs 10 each fully paid up in cash	6,271,680	6,271,680
76,820 shares of Rs 10 each issued as fully paid for consideration other than cash	768,200	768,200
1,991,255 shares of Rs 10 each issued as fully paid bonus shares	19,912,550	19,912,550
-----	-----	-----
2,695,243	26,952,430	26,952,430
=====	=====	=====

The Shell Petroleum Company Limited, United Kingdom held 1,815,958 (1998: 1,815,958) ordinary shares of Rs 10 each at June 30, 1999.

	1999	1998
	Rupees	Rupees
19. GENERAL RESERVE		
Balance at July		
1	65,000,000	90,000,000
Transferred from profit and loss account	--	25,000,000
	-----	-----
Balance at June 30	90,000,000	90,000,000
	=====	=====

20. COST OF PRODUCTS SOLD

Gas consumed:		
Opening stock	2,242,047	3,526,999
Purchases	128,821,135	127,849,965
	-----	-----
	131,063,182	131,376,964
Less: Closing stock	770,876	2,242,047

	-----	-----
	130,292,306	129,134,917
Stores and spares consumed	2,310,654	2,775,842
Salaries, wages and other employee benefits	17,078,447	12,641,112
Contributions		
to		
- provident fund	485,341	386,022
- pension fund	765,867	710,481
- gratuity fund	299,111	382,219
Repairs and maintenance	1,997,504	2,099,881
Travelling, conveyance and vehicle expenses	2,049,750	1,711,684
Rent, rates and electricity	2,445,182	1,841,711
Telephone, telegrams and postage	1,123,724	612,306
Printing and stationery	396,373	205,053
Insurance	1,595,703	1,042,958
Freight and octroi	17,582,250	21,811,721
Depreciation - note 3.3	17,027,003	12,412,871
Security expenses	1,151,266	374,106
Sundry expenses	2,466,822	1,783,296
	-----	-----
	199,067,303	189,926,180
	=====	=====

1999 **1998**
Rupees **Rupees**

21. ADMINISTRATIVE, SELLING AND GENERAL EXPENSES

Salaries, wages and other employee benefits	20,221,092	23,743,628
Contributions		
to		
- provident fund	695,744	639,950
- pension fund	1,524,398	1,544,443
- gratuity fund	376,623	607,569
Repairs and maintenance	669,564	928,251
Travelling, conveyance and vehicle expenses	4,917,872	7,008,187
Lease rentals	1,694,160	--
Rent, rates and electricity	4,812,866	3,881,371
Telephone, telegrams and postage	2,844,154	2,184,211
Printing and stationery	1,168,323	1,128,043
Insurance	550,155	540,521
Legal and professional expenses	4,478,348	767,581
LPG global service cost	928,274	--
Advertisement and publicity	1,356,856	865,125
Depreciation - note 3.3	3,231,156	3,008,486
Voluntary separation benefits	11,005,360	--
Security expenses	294,942	189,744
Sundry expenses	1,162,428	2,117,588

-----	-----
61,932,315	49,154,698
=====	=====

22. OTHER INCOME

Income from:

Short-term deposits	- local currency	91,868	98,047
	- foreign currency	439,626	2,397,832
Special Savings Account		157,807	5,945,294
Special Savings Certificates		8,872,330	21,041
Savings Accounts		1,319,259	1,022,428
Defence Savings Certificates		7,095,771	5,897,089
WAPDA Bearer Bonds		238,639	375,000
Scrap sales		312,801	779,965
Commission on insurance		270,998	192,922
Profit on disposal of fixed assets		30,617	998,010
Gain on foreign currency translation		126,124	--
Unclaimed liabilities written back		132,410	887,733
Sundries		264,050	89,525
		-----	-----
		19,352,300	18,704,886
		=====	=====

1999
Rupees

1998
Rupees

23. FINANCIAL CHARGES

Bank charges		271,016	312,879
Mark-up on running finance		423,507	47,466
Interest on workers' profits participation fund		274,025	392,295
Exchange loss		--	196,220
		-----	-----
		968,548	948,860
		=====	=====

24. OTHER CHARGES

Directors' fees		3,000	1,500
Workers' profits participation fund- note 14.1		1,013,477	3,540,718
Workers' welfare fund		90,860	1,075,725
Auditors' remuneration - note 24.1		314,000	254,500
Loss on sale of investments		30,840	--
Donations		50,000	94,500
		-----	-----
		1,502,177	4,966,943
		=====	=====

Recipients of donations do not include any donee in whom a director or his / her spouse had any interest.

	1999 Rupees	1998 Rupees
24.1 Auditors' Remuneration		
Audit fee		
- statutory audit	210,000	180,000
- audit of provident, pension, gratuity and workers' profits participation funds	25,000	19,000
Tax services	25,000	--
Special certifications and other advisory services	14,000	15,500
Out of pocket expenses	40,000	40,000
	-----	-----
	314,000	254,500
	=====	=====

25.
TAXATION

Current		
- for the year	1,900,000	18,100,000
- for prior years	(289,396)	(100,324)
	-----	-----
Deferred	1,610,604	17,999,676
	1,476,760	(241,912)
	-----	-----
	3,087,364	17,757,764
	=====	=====

26. EARNINGS PER SHARE

	1999 Rupees	1998 Rupees
Profit after taxation	15,803,822	48,047,865
	=====	=====
	Number of Shares	Number of Shares
Weighted average number of ordinary shares outstanding during the year	2,695,243	2,695,243
	-----	-----
	Rupees	Rupees
	5.86	17.83

**29.
CAPACITY**

The installed filling capacity of LPG bottling plants is 90 (1998: 90) metric tons per day on single shift basis against which the actual average daily LPG being bottled is 54 metric tons (1998:54 metric tons). Under-utilization of capacity was because of non availability of adequate supply of gas.

30. CASH GENERATED FROM OPERATIONS

	<i>1999</i>	<i>1998</i>
	<i>Rupees</i>	<i>Rupees</i>
Profit before taxation	18,891,186	65,805,629
Adjustment for non cash charges and other items:		
Depreciation	20,258,159	15,421,357
Profit on disposal of fixed assets	(30,617)	(998,010)
Interest income	(18,215,300)	(15,756,731)
Interest expense	697,532	439,761
Working capital changes - note 30.1	40,992,696	(14,619,544)
	-----	-----
	62,593,656	50,292,462
	=====	=====

30.1 Working capital changes

(Increase) / decrease in current assets

Stores and spares	3,340,953	45,739
Stock-in-trade	1,471,171	1,284,952
Trade debts	(292,683)	(134,139)
Loans, advances, short-term prepayments and other receivables (net)	(1,656,202)	(2,526,555)
	-----	-----
	2,863,239	(1,330,003)
Increase/(decrease) in current liabilities		
Creditors, accrued and other liabilities (net)	38,129,457	(13,289,541)
	-----	-----
	40,992,696	(14,619,544)
	=====	=====

31. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise of the following balance sheet amounts:

	<i>1999</i>	<i>1998</i>
	<i>Rupees</i>	<i>Rupees</i>
Cash and bank balances	6,012,150	80,103,499

Short-term investments	--	2,000,000
Running finance under mark-up arrangement	(15,069,441)	--
	-----	-----
	(9,057,291)	82,103,499
	=====	=====

32. FINANCIAL ASSETS AND LIABILITIES

The carrying amounts of the financial assets and liabilities approximate their fair values.

32.1 Concentration of credit risk

The company believes that it is not exposed to major concentration of credit risk.

32.2 Foreign exchange risk management

Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings, especially group companies. Payables exposed to foreign currency risks are usually covered through forward foreign exchange contracts.

33. NUMBER OF EMPLOYEES

Total number of employees at the year end was 110 (1998: 126).

34. CORRESPONDING FIGURES

Corresponding figures have been restated, wherever necessary, for the purpose of comparison.

(SALEEMUDDIN
AHMED)
Chief Executive

(MS. KHURSHID
BHAIMIA)
Director

Pattern of Holding of the Shares Held by the Shareholders

<i>No of Shareholders</i>	<i>From</i>	<i>Shareholding</i>	<i>To</i>	<i>Total Shares Held</i>
141	1	100	Shares	5,855
169	101	500	Shares	43,278
28	501	1,000	Shares	19,828
26	1,001	5,000	Shares	68,409
2	5,001	10,000	Shares	15,562
1	15,001	20,000	Shares	19,306
1	20,001	25,000	Shares	24,750
3	25,001	30,000	Shares	85,582
1	40,001	45,000	Shares	43,076
1	45,001	50,000	Shares	45,306
1	60,001	65,000	Shares	60,654
1	75,001	80,000	Shares	75,808
1	370,001	375,000	Shares	371,871

The Shell Petroleum Company
Limited

1

1,815,958

377

2,695,243

Categories of Shareholders

	<i>Number</i>	<i>Shares Held</i>	<i>%</i>
Individuals	366	340,891	12.65
Financial Institutions	3	435,333	16.15
Insurance Companies	2	100,558	3.73
Joint Stock Company-Foreign	1	1,815,958	67.38
Private Limited Companies	4	2,488	0.09
Burshane Pakistan Employees Union	1	15	0.00
	----- 377	----- 2,695,243	----- 100.00