# ANNUAL REPORT 2014

CATERING TO FUELING NEEDS

ACROSS

A L L   D O M A I N S

# CATERING TO FUELING NEEDS

ACRO

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.

SS

I N S

# Contents


Burshane
Burshane

# 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.

GY

Driving an LPG vehicle is safe, easy and best of all, much cheaper than driving a petrol or diesel model. Engines running on LPG produce less harmful emissions compared to petrol or diesel, whilst making significant savings at the pumps.


BURSHANE LPG (PAKISTAN) LIMITED
LPG STORAGE & FILLING PLANT KORANGI PLANT 1

# Company Information

**Board of Directors**
Mr. Shahriar Sethna
Chairman

Mr. Asad Alam Khan
CEO / Director

Ms. Hamdia Fatin Niazi
Director

Mr. Darayus T. Sethna
Director

Mr. Tasseduq Hussein Niazi
Director

Mr. Saifee Zakiuddin
Director

Mr. Sheikh Asim Rafiq
Director (NIT Nominee)

**Auditors**
A. F. Ferguson & Co. Chartered Accountants

**Legal Advisors**
Saadat Yar Khan & Co.

**Tax Advisors**
KPMG Taseer Hadi & Co. Chartered Accountants

**Registrar & Share Registration Office**
THK Associates (Pvt.) Limited

**Management**
Mr. Asad Alam Khan
Chief Executive Officer

Mr. Saifee Zakiuddin
Director Finance & Company Secretary

Mr. Irfan Javed Warsi
General Manager, Commercial & Business Development

Mr. Amir Aziz
Head of Operations Distribution & HSSE

Mr. Muhammad Khalid Dar
National Sales Manager

**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 35896356, 35309870 & 73
Fax : + 92 21 3587 8353
www.burshane.com

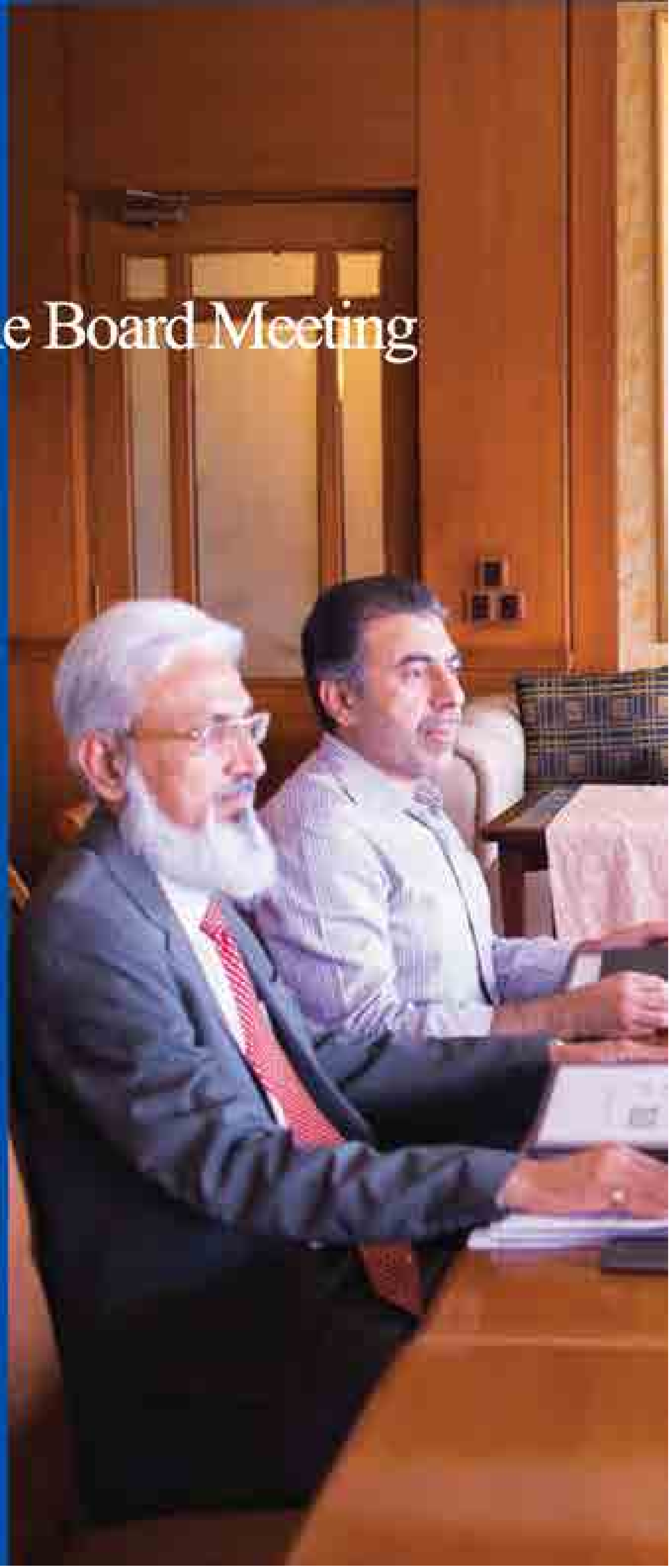
# First Burshane Board Meeting

Karachi-December, 1966

**Left to Right:**
**J.R.W. Richmond** (General Manager)
**A. Chinoy** (Director)
**H. Brown** (Director)
**M. Naser-ud-deen Khan** (Director)
**A.A. Bhojani** (Secretary)

# 300th Burshane Board Meeting

Karachi-May 27, 2014



**Left to Right:**
**Mr. Saifee Zakiuddin**
(Director / CFO / Company Secretary)
**Mr. Asad Alam Khan**
(Chief Executive & Director)
**Mr. Shahriar D Sethna**
(Chairman)
**Ms. Hamdia Fatin Niazi**
(Director)
**Mr. Sheikh Asim Rafiq**
(Director)


# CONV

In Both Urban and rural areas, LPG is being widely used as an alternative source of Natural Gas or where there is no access to central gas pipeline. In domestic segment LPG is used mainly for cooking and heating purposes for economic reasons, convenience over traditional fuels as well as to ensure and safeguard Health, Safety, Security and Environment (HSSE).

ENIENT

& SAFE DOMESTIC USE

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 Review

**It gives me pleasure to share the results and financial statements of the Company for the year ended June 30, 2014.**

**During the year the Company sold 27,590 MT as compared to 23,443 MT last year. This shows a volume growth of 17.7%. However, due to lower than last year prices the turnover has increased from Rs 2.729 billion to Rs 2.899 billion, depicting an increase of 6.2%.**

Although the sales increased substantially, the gross margins remained under pressure due to the fact that natural gas was available to the Industrial sector during winter season which led to lower demand, increased inventories, and substantially lower margins at a time when historically LPG companies make more margins. The Gross margins dropped from Rs 200.1 million in 2013 to Rs 147.8 million in 2014 showing a negative impact of 26.14%. This led to lower profit before tax of Rs 45.6 million as compared to Rs 90.1 million in 2013.

We are committed to grow with the developments that take place and therefore in principle decision has been taken to go in Autogas station business for which a wholly owned subsidiary has been established which shall manage the new business venture of Autogas.

We have once again excelled in our performance of Health, Safety, Security and Environment (HSSE), with no Lost Time Injury and Fatality. The management is continually looking for ways to reduce the environmental impact of its operations, products and services.

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

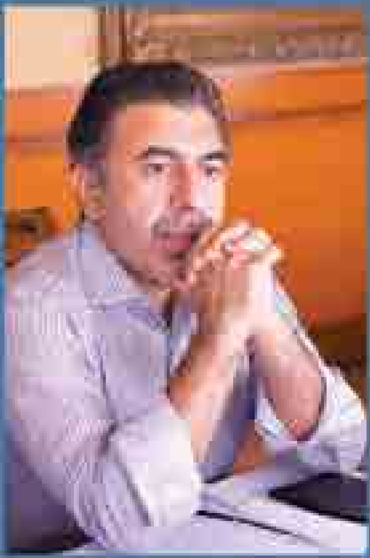
In the context of business growth I would like to assure you that the management of your company is fully aware of its obligations towards its stakeholders and is determined to develop long-term corporate plans to increase the value of the business. We are looking into all possible options to increase the market share and earn an adequate return on capital employed of Burshane in a profitable manner, therefore we are confident that we will show strong performance in the coming periods.

Finally, I would like to thank the staff, distributors and customers for their continuous support in ensuring sustainable growth of the company and for making Burshane their brand of first choice.

Karachi
Dated: September 22, 2014

**Mr. Shahriar D Sethna**
Chairman

# Management



**Mr. Asad Alam Khan**
Chief Executive Officer

**Mr. Saifee Zakiuddin**
Director Finance &
Company Secretary

**Mr. Irfan Javed Warsi**
General Manager, Commercial &
Business Development

**Mr. Amir Aziz**
Head of Operations
Distribution & HSSE

**Mr. Muhammad Khalid Dar**
National Sales Manager

# EFFICIENT,

## ENVIRONMENT FRIENDLY LPG

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

LPG is a clean - burning fuel which benefits the environment by reducing air pollution. It has absolutely no lead content (safe vehicle fuel) - the perfect environment alternative - and is cheaper than gasoline. It contributes to a healthier working environment and has virtually no harmful exhaust emission.

LPG is the fuel of the future. Apart from being environmentally friendly, in Pakistan it can significantly contribute to the economy by replacing Kerosene. It can also assist in reducing de-forestation in cases where wood is used as a source of energy, thus making the environment pollution free and healthier. De-forestation leads to serious environmental damage and disturbs the ecological balance causing erosion and landslides in these areas. Thus there is a need to increase the availability, as well as usage of LPG, as it can to some extent overcome the de-forestation problem of the country.

Burshane LPG (Pakistan) limited is actively playing its role by promoting the superior environmental and convenient aspects of LPG.

# Director's Report

Burshane LPG (Pakistan) Limited

**The Directors of Burshane LPG (Pakistan) Limited (the Company) are pleased to present their Annual Report together with audited financial statements for the year ended June 30, 2014.**

# Summarized financial results

| | (Rupees in millions) | |
|---|---|---|
| | | Restated |
| | June 30, 2014 | June 30, 2013 |
| **Profit and loss account** | | |
| Profit before taxation | 45,624 | 90,125 |
| Taxation | (17,342) | (32,787) |
| **Profit after taxation** | **28,282** | **57,338** |
| **Balance sheet** | | |
| Non-current assets | 346,734 | 387,011 |
| Current assets | 479,211 | 393,483 |
| | 825,945 | 780,494 |
| Non-current liabilities | 269,776 | 203,141 |
| Current liabilities | 154,626 | 180,912 |
| | 424,402 | 384,053 |
| **Net assets of the Company** | **401,543** | **396,441** |

**Although turnover for the year increased by Rs 170.199 million over last year, the gross margin reduced by Rs 52.30 million as compared to previous year due to extremely low margins during winter season. Since the Government had decided to continue supply of natural gas to the industries during winter, this resulted in reduced demand, glut of LPG and lower prices.**

Administrative and Selling Expenses increased by Rs 7.84 million over previous year.

Earnings per share (EPS) decreased from Rs. 2.53/- per ordinary share to Rs. 1.25/- per ordinary share.

At their meeting held on 22th September 2014, the Board of Directors of the Company have proposed a dividend for the year ended June 30, 2014 of Rs. 1.8 per share (18%). The approval of the members for the dividend will be obtained at the Annual General Meeting to be held on 21st October 2014.

**Extra Ordinary Item:**

In the Board Meeting held on 27th May 2014, The Directors decided to Merge Burshane LPG Pakistan Ltd with HAKS Trading (Pvt) Ltd. Under the Scheme of Merger, the surviving entity shall be Burshane LPG Pakistan Ltd and HAKS Trading (Pvt) Ltd shall be merged into Burshane LPG Pakistan Ltd by Court Order for which a formal Petition has been filed. An Extra Ordinary General Meeting of the Shareholders of the Company was held on 3rd September 2014 and the Merger resolution was adopted unanimously. On the same date a meeting of the Secured Creditors of the Company was also held and consent was obtained from them to merge the Company with HAKS Trading (Pvt) Ltd.

# Health, Safety, Security & Environment (HSSE)

Burshane LPG (Pakistan) Limited is committed to enhance customer satisfaction through continual improvement and operational excellence while remaining watchful over the safety, health and environmental concerns of its employees, contractors and the general public associated with it. The Company encourages a culture in which HSSE remains the underlying theme of all our activities. We are committed for the preservation of environment and improvement of HSE performance by reducing potential hazards, preventing pollutions, conserving resources and adhering to applicable laws and regulations of the land in all its activities. We take pride in sharing that during the financial year 2014, there was no Lost Time Injury and Fatality.

## Our continued learning programs include defensive driving courses, toolbox meetings and circulation of easy to understand HSSE guidelines. We:

- ensure continual process and procedural improvements are carried out to enhance performance
- ensure effective organization and planning of HSSE hazards & associated risks
- set targets for improvement and measure, appraise and report performance
- require contractors to manage HSSE in line with policy
- use our influence to promote this policy in other ventures not under our direct control
- include HSSE performance in the appraisal of staff and reward accordingly

# Corporate Social Responsibility

## The Government, the public representatives and the communities expect the corporate sector to play its role for social, economic and environmental upliftment of the society in which it operates.

Burshane LPG (Pakistan) Limited recognizes that its business values and operations must be integrated to meet the expectations of its stakeholders at large. We want to promote as many opportunities of sustainable development as possible. Compliance is another facet that can be marked as the foundation of responsible conduct.

CSR forms the core of any organization around which the policies and structure of any organization revolve. CSR delves around issues that identify the organizational structure, identify problems and enhance the image of the organization.

The Company realizes its social responsibility and ensures that no discrimination prevails – be it owing to race, religion, or gender. Burshane LPG (Pakistan) Limited provides an environment that enhances 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 persistent 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:

- 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.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements except for changes resulting on initial application of standards, amendments or interpretations to existing standards. Accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards and 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.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the company's ability to continue as a going concern.
- There are no material departures from the best practices of corporate governance, as detailed in the listing regulations.
- Key operating and financial data in summarized form is annexed.
- 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.

**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, 2014 (Un-Audited) | June 30, 2013 |
| Pension Fund | 84,098 | 98,225 |
| Gratuity Fund | 9,350 | 15,854 |
| Provident Fund | 45,974 | 55,844 |

# Board Meetings:

**The number of Board and Committees' meetings held during the year and attendance by each Director is disclosed on page no. 84.**

# Board of Directors:

**During the year Ms. Khurshid Bhaimia resigned with effect from September 20, 2013.The Board places on record its appreciation and gratitude for the valuable services to the Company by the outgoing Director. The Directors as on June 30, 2014 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 and Mr Saifee Zakiuddin.**

**Pattern of Shareholding:**

The pattern of shareholding as of June 30, 2014 as required under section 236 of the Companies Ordinance 1984 is given on page no. 86.

**Auditors:**

The auditors A. F. Ferguson & Co. retire and being eligible offer themselves for re-appointment. Audit committee has recommended the appointment of retiring auditors.

Karachi
September 22, 2014

On behalf of the Board

**Mr. Asad Alam Khan**
Director and Chief Executive Officer

# Statement of General Business Principles

## The objective of the 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.

**Value**
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.

**Responsibilities**
Burshane LPG (Pakistan) limited recognizes five areas of responsibility.

a. To shareholders
To protect shareholders' investment, and provide a long-term return competitive with those of other leading companies in the industry.

b. To 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.

c. To employees
To respect the human rights of its employees and to provide them with good and safe working conditions, and competitive terms and conditions of employment. To promote the development and best use of the talents of its employees; to create an inclusive work environment where every employee has an equal opportunity to develop his or her skills and talents. To encourage the involvement of employees in the planning and direction of their work; to provide them with channels to Report concerns.

We recognize that commercial success depends on the full commitment of all employees.

d. To 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.

The ability to promote these principles effectively will be an important factor in the decision to enter into or remain in such relationships.

e. To 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.

# Statement of General Business Principles

## Principle 1: Economics

**Long-term profitability is essential to achieving company's business goals and to its continued growth. It is a measure both of efficiency and of the value that customers place on Burshane LPG (Pakistan) Limited products and services. It supplies the necessary corporate resources for the continuing investment that is required to develop and produce future energy supplies to meet customer needs. Without profits and a strong financial foundation, it would not be possible to fulfill our responsibilities. Criteria for investment and divestment decisions include sustainable development considerations (economic, social and environmental) and an appraisal of the risks of the investment.**

### Principle 2: Competition

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.

### Principle 3: 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 in accordance with established.

### Principle 4: 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. Burshane LPG (Pakistan) Limited 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.

### Principle 5: 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. To this end, Burshane LPG (Pakistan) Limited manage 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.

# Statement of General Business Principles

### Principle 6: 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.

### Principle 7: 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.

In its interactions with employees, business partners and local communities, the company seeks to listen and respond to them honestly and responsibly.

### Principle 8: Compliance

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

### Living by the Principles.

The shared core values of honesty, integrity and respect for people, underpin all the work the company does and are the foundation of its Business Principles.
The Business Principles apply to all transactions, large or small, and drive the behavior expected of every employee in Burshane LPG (Pakistan) limited in the conduct of its business at all times. The company encourages its business partners to live by them or by equivalent principles.

Burshane LPG (Pakistan) Limited encourage its employees to demonstrate leadership, accountability and teamwork, and through these behaviors, to contribute to the overall success of the company.

It is the responsibility of management to lead by example, to ensure that all employees are aware of these principles, and behave in accordance with the spirit of this statement.

The application of these principles is underpinned by 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 48th Annual General Meeting

**NOTICE IS HEREBY given that an Annual General Meeting (AGM) of Burshane LPG (Pakistan) Limited will be held on Tuesday, October 21, 2014 at 12:00 P.M. at Plot # 70, Sector 7 - D, Korangi Filling Plant - 1, Adjacent to PRL, Korangi Creek, Karachi, to transact the following business:**

1. To confirm Minutes of the last EOGM Meeting held on September 03, 2014.

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, 2014.

3. To approve payment of final cash dividend @ 18% as recommended by the Directors for the year ended June 30, 2014.

4. To appoint auditors for the year 2014-15 and fix their remuneration.

5. To consider any other business with the permission of the chair.

Karachi
September 22, 2014

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 15, 2013 to October 21, 2013 (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.

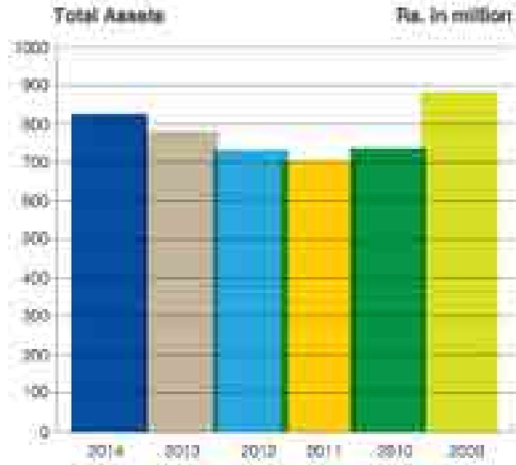
ii) The Proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

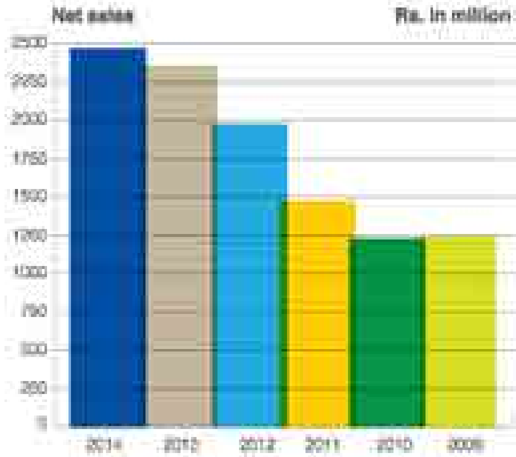
iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

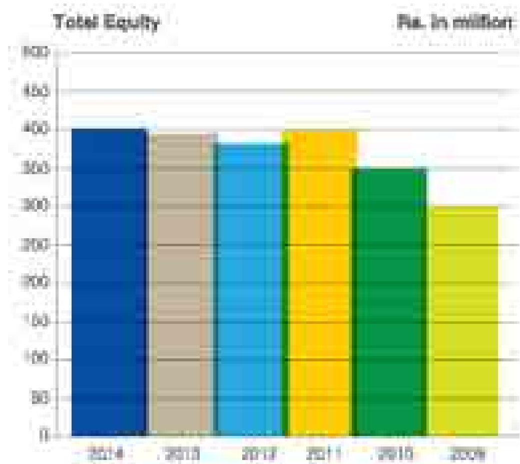
iv) The proxy shall produce his original CNIC or original passport at the time of the meeting.

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.

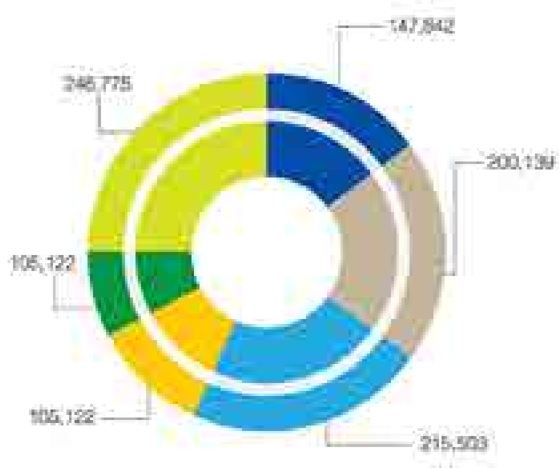
# Financial Highlights



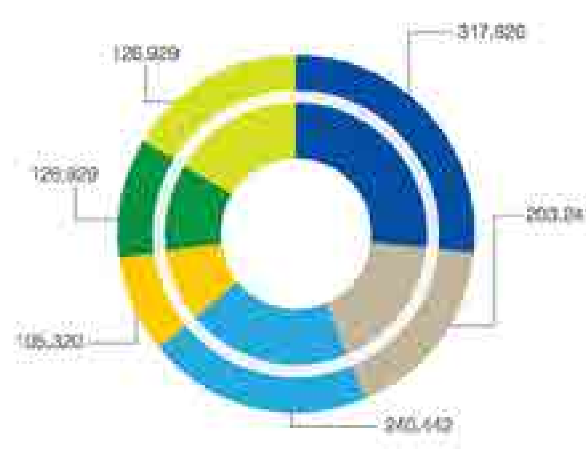








**Gross profit**




**Cash & Cash equivalents**

■ 2014 ■ 2013 ■ 2012 ■ 2011 ■ 2010 ■ 2009

# Six Years Summary

| Rupees in '000 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|---|---|---|---|---|---|
| | | ——Restated—— | | | | |
| **Trading Results** | | | | | | |
| Net turnover | 2,467,544 | 2,350,872 | 1,977,637 | 1,471,885 | 1,225,694 | 1,239,600 |
| Gross profit | 147,842 | 200,139 | 215,503 | 105,122 | 77,605 | 246,775 |
| Operating (Loss)/ profit | 49,352 | 94,198 | 115,471 | 83,620 | 94,683 | 91,259 |
| Earnings before interest, taxes, depreciation and amortisation | 107,258 | 154,162 | 180,489 | 157,186 | 171,074 | 163,167 |
| Earnings after tax | 28,282 | 57,338 | 72,557 | 50,104 | 50,330 | 64,991 |
| Interim dividend | - | 22,640 | 33,960 | - | - | - |
| Final dividend | 40,752 | 40,752 | 22,640 | - | - | - |
| Earnings before tax | 45,624 | 90,125 | 111,831 | 79,896 | 82,897 | 68,575 |
| **Financial Position** | | | | | | |
| Share capital | 226,400 | 226,400 | 226,400 | 226,400 | 226,400 | 226,400 |
| Reserves and Retained Earnings | 188,581 | 201,051 | 188,993 | 172,469 | 122,365 | 72,035 |
| Property, plant and equipment | 238,311 | 247,659 | 304,009 | 365,954 | 411,548 | 485,714 |
| Net current assets | 479,211 | 393,483 | 318,618 | 203,831 | 202,590 | 266,930 |
| Long-term/deferred liabilities | 268,776 | 203,141 | 192,962 | 188,759 | 252,139 | 475,470 |
| Inventory | 11,707 | 85,920 | 11,401 | 21,654 | 25,645 | 25,763 |
| Debtor | 15,450 | 23,266 | 6,682 | 15,719 | 5,525 | 2,696 |
| Creditor | 154,626 | 180,912 | 153,386 | 114,725 | 134,738 | 108,159 |
| Total Assets | 825,945 | 780,494 | 730,533 | 706,556 | 735,642 | 882,064 |
| Total current assets | 479,211 | 393,483 | 318,618 | 203,831 | 202,590 | 266,930 |
| Total current liabilities | 154,626 | 180,912 | 155,729 | 117,928 | 134,738 | 108,159 |
| Number of issued shares | 22,640 | 22,640 | 22,640 | 22,640 | 22,640 | 22,640 |
| Cash & Cash equivalents | 317,826 | 203,241 | 240,442 | 105,320 | 126,929 | 193,499 |
| **Investors Information** | | | | | | |
| **Profitability Ratios** | | | | | | |
| Gross profit ratio | 5.99% | 8.51% | 10.90% | 7.14% | 6.33% | 19.91% |
| (Loss) / profit before tax to sales | 1.85% | 3.83% | 5.65% | 5.43% | 6.76% | 5.53% |
| (Loss) / profit after tax in percent of sales | 1.15% | 2.44% | 3.67% | 3.40% | 4.11% | 5.24% |
| EBITDA Margin to sales | 4.35% | 6.56% | 9.13% | 10.68% | 13.96% | 13.16% |
| Return on equity/ capital employed | 6.82% | 13.41% | 17.47% | 12.56% | 14.43% | 21.78% |
| Activity / Turnover Ratios | | | | | | |
| Inventory turnover ratio (in times) | 47.52 | 44.20 | 105.98 | 57.55 | 44.67 | 41.49 |
| Inventory turnover ratio (no. of days) | 8 | 9 | 3 | 6 | 8 | 9 |
| Debtor turnover ratio (in times) | 127.47 | 157.00 | 176.57 | 138.57 | 298.19 | 353.36 |
| Debtor turnover ratio (no.of days) | 3 | 2 | 2 | 3 | 1 | 1 |
| Creditor turnover ratio (in times) | 13.14 | 13.14 | 13.14 | 10.96 | 9.45 | 8.06 |
| Creditor turnover ratio (no. of days) | 28 | 28 | 28 | 33 | 39 | 45 |
| Operating cycle (no. of days) | (17) | (17) | (22) | (24) | (29) | (35) |
| Total assets turnover ratio (in times) | 3.07 | 3.11 | 2.75 | 2.04 | 1.52 | 1.42 |
| Total assets turnover ratio (in days) | 118.81 | 117.30 | 132.62 | 178.82 | 240.87 | 256.73 |
| **Liquidity Ratios** | | | | | | |
| Current ratio | 3.10 | 2.17 | 2.05 | 1.73 | 1.50 | 2.47 |
| Quick/ acid test ratio | 3.02 | 1.70 | 1.97 | 1.54 | 1.31 | 2.23 |
| Cash to Current Liabilities | 2.056 | 1.123 | 1.544 | 0.89 | 0.94 | 1.79 |
| **Investment/Market Ratios** | | | | | | |
| (Loss) / earnings per share | 1.25 | 2.53 | 3.20 | 2.21 | 2.22 | 3.19 |
| Break-up value per share | 18.33 | 18.88 | 18.35 | 17.62 | 15.40 | 13.18 |
| **Cash Flows** | | | | | | |
| Net cash flow from operating activities | 186,022 | 3,787 | 182,238 | (15,230) | (220) | 179,045 |
| Net cash flow from investing activities | (34,195) | 12,096 | 14,847 | (4,272) | 8,650 | (12,275) |
| Net cash flow from financing activities | (37,242) | (53,084) | (61,963) | (2,107) | (75,000) | - |
| Net change in cash and cash equivalents | 114,585 | (37,201) | 135,122 | (21,609) | (66,570) | 1666,770 |

# Horizontal Analysis of Financial Statements

| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|---|---|---|---|---|---|
| | | Restated | Restated | | | |
| | | Rupee 000 | | | | |
| **Balance Sheet** | | | | | | |
| Non-current assets | 346,734 | 387,011 | 411,915 | 502,725 | 533,052 | 615,134 |
| Current assets | 479,211 | 393,483 | 318,618 | 203,831 | 202,590 | 266,930 |
| Total assets | 825,945 | 780,494 | 730,533 | 706,556 | 735,642 | 882,064 |
| Equity | 401,543 | 396,441 | 381,822 | 398,869 | 348,765 | 298,435 |
| Non-current liabilities | 269,776 | 203,141 | 192,982 | 189,759 | 252,139 | 475,470 |
| Current Liabilities | 154,626 | 180,912 | 155,729 | 117,928 | 134,738 | 108,159 |
| Total equity and liabilities | 825,945 | 780,494 | 730,533 | 706,556 | 735,642 | 882,064 |
| Net sales | 2,467,544 | 2,350,872 | 1,977,637 | 1,471,885 | 1,225,694 | 1,239,600 |
| Cost of product sold | (2,319,702) | (2,150,733) | (1,762,134) | (1,366,763) | (1,148,089) | (992,825) |
| Gross profit | 147,842 | 200,139 | 215,503 | 105,122 | 77,605 | 246,775 |
| Administrative expenses | (53,290) | (48,011) | (41,448) | (59,758) | (82,704) | (89,688) |
| Distribution and marketing expenses | (68,965) | (66,407) | (61,721) | (55,893) | (58,271) | (93,457) |
| Other operating income | 31,662 | 23,115 | 21,220 | 112,227 | 185,252 | 29,287 |
| Other operating expenses | (7,897) | (14,638) | (18,083) | (17,876) | (27,199) | (11,658) |
| | (98,490) | (105,941) | (100,032) | (21,302) | 17,078 | (165,516) |
| **Operating profit** | 49,352 | 94,198 | 115,471 | 83,820 | 94,683 | 81,259 |
| Finance costs | (3,728) | (4,073) | (3,640) | (3,924) | (11,786) | (12,684) |
| **Profit before taxation** | 45,624 | 90,125 | 111,831 | 79,896 | 82,897 | 68,575 |

| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|---|---|---|---|---|---|
| | | % increase/ (decrease) over preceeding year | | | | |
| **Balance Sheet** | | | | | | |
| Non-current assets | -10.41% | -6.05% | -18.06% | -5.69% | -13.34% | -11.43% |
| Current assets | 21.79% | 23.50% | 56.31% | 0.61% | -24.10% | -59.67% |
| **Total assets** | 5.82% | 6.84% | 3.39% | -3.95% | -15.60% | 2.36% |
| Equity | 1.29% | 3.83% | -4.27% | 14.37% | 16.86% | 31.89% |
| Non-current liabilities | 32.80% | 5.26% | 1.70% | -24.74% | -46.97% | 0.88% |
| Current Liabilities | -14.53% | 16.17% | 32.05% | -12.48% | 24.57% | -34.10% |
| Total equity and liabilities | 5.82% | 6.84% | 3.39% | -3.95% | -15.60% | 2.36% |
| Net sales | 4.96% | 13.87% | 34.36% | 20.09% | -1.12% | 10.09% |
| Cost of product sold | 7.86% | 22.05% | 28.93% | 19.05% | 15.64% | -8.66% |
| Gross profit | -26.13% | -7.13% | 105.00% | 35.46% | -68.55% | 536.59% |
| Administrative expenses | 11.00% | 15.83% | -30.64% | -27.74% | -7.79% | 16.14% |
| Distribution and marketing expenses | 3.85% | 7.59% | 10.43% | -4.08% | -37.65% | -24.59% |
| Other operating income | 36.98% | 8.93% | -81.09% | -39.42% | 532.54% | 541.41% |
| Other operating expenses | -46.05% | -19.05% | 1.15% | -34.27% | 133.31% | 126.19% |
| **Operating profit** | -47.61% | -18.42% | 37.76% | -11.47% | 16.52% | -149.85% |
| Finance costs | -8.47% | 11.90% | -7.24% | -66.71% | -7.08% | -35.73% |
| **Profit before taxation** | -49.38% | -19.41% | 39.97% | -3.62% | 20.89% | -137.53% |

# Vertical Analysis of Financial Statements

| | 2014 Rupee 000 | % | 2013 Rupee 000 (Restated) | % | 2012 Rupee 000 (Restated) | % | 2011 Rupee 000 | % | 2010 Rupee 000 | % | 2009 Rupee 000 | % |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Balance Sheet** | | | | | | | | | | | | |
| Non-current assets | 346,734 | 42% | 387,011 | 50% | 411,915 | 56% | 502,725 | 71% | 615,052 | 72% | 615,134 | 70% |
| Current assets | 479,211 | 58% | 393,483 | 50% | 318,618 | 44% | 203,831 | 29% | 202,590 | 28% | 266,930 | 30% |
| **Total assets** | 825,945 | 100% | 780,494 | 100% | 730,533 | 100% | 706,556 | 100% | 735,642 | 100% | 882,064 | 100% |
| Equity | 401,543 | 49% | 396,441 | 51% | 381,822 | 52% | 398,869 | 56% | 348,765 | 47% | 298,435 | 34% |
| Non-current liabilities | 269,776 | 33% | 203,141 | 26% | 192,982 | 26% | 189,759 | 27% | 252,139 | 34% | 475,470 | 54% |
| Current Liabilities | 154,626 | 19% | 180,912 | 23% | 155,729 | 21% | 117,928 | 17% | 134,738 | 18% | 108,159 | 12% |
| **Total equity and liabilities** | 825,945 | 100% | 780,494 | 100% | 730,533 | 100% | 706,556 | 100% | 735,642 | 100% | 882,064 | 100% |
| **Net sales** | 2,467,544 | 100% | 2,350,872 | 100% | 1,977,637 | 100% | 1,471,885 | 100% | 1,225,694 | 100% | 1,239,600 | 100% |
| Cost of product sold | (2,319,702) | -94% | (2,150,733) | -91% | (1,762,134) | -89% | (1,366,763) | -93% | (1,148,089) | -94% | (992,825) | -80% |
| Gross profit | 147,842 | 6% | 200,139 | 9% | 215,503 | 11% | 105,122 | 7% | 77,605 | 6% | 246,775 | 20% |
| Administrative expenses | (53,290) | -2% | (48,011) | -2% | (41,448) | -2% | (59,758) | -4% | (82,704) | -7% | (83,688) | -7% |
| Distribution and marketing expenses | (68,965) | -3% | (66,407) | -3% | (61,721) | -3% | (55,893) | -4% | (58,271) | -5% | (93,457) | -8% |
| Other operating income | 31,662 | 1% | 23,115 | 1% | 21,220 | 1% | 112,227 | 8% | 185,252 | 15% | 29,287 | 2% |
| Other operating expenses | (7,897) | 0% | (14,638) | -1% | (18,083) | -1% | (17,878) | -1% | (27,193) | -2% | (11,658) | -1% |
| | (98,490) | -4% | (105,941) | -5% | (100,032) | -5% | (21,302) | -1% | 17,078 | 1% | (165,516) | -13% |
| **Operating profit** | 49,352 | 2% | 94,198 | 4% | 115,471 | 6% | 83,820 | 6% | 94,683 | 8% | 81,259 | 7% |
| Finance costs | (3,728) | 0% | (4,073) | 0% | (3,640) | 0% | (3,924) | 0% | (11,786) | -1% | (12,684) | -1% |
| **Profit before taxation** | 45,624 | 2% | 90,125 | 4% | 111,831 | 6% | 79,896 | 5% | 82,897 | 7% | 68,575 | 6% |

# Auditors' Report to the Members

**We have audited the annexed balance sheet of Burshane LPG (Pakistan) Limited as at June 30, 2014 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 account and are further in accordance with accounting policies consistently applied, 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 the 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, 2014 and of the profit, 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 and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

Chartered Accountants
Karachi
Dated: September 29, 2014

**Engagement Partner: Waqas A. Sheikh**

# Statement of Compliance with the Code of Corporate Governance

for the year ended June 30, 2014

**This statement is being presented to comply with the Code of Corporate Governance (the Code) contained in Regulation No. 35 of the Listing Regulations of the Karachi and Lahore Stock Exchanges for the purpose of establishing a framework of good governance, where by 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, 2014, the Board included the following members:

| Category | Name |
|---|---|
| Non-Executive Director / Chairman | Mr. Shahriar D Sethna |
| Non-Executive Director | Ms. Hamdia Fatin Niazi |
| Non-Executive Director | Mr. Darayus T. Sethna |
| Non-Executive Director | Mr. Tassaduq Hussain Niazi |
| Non-Executive Director (NIT Nominee) | Mr. Sheikh Asim Rafiq |
| Executive Director / CEO | Mr. Asad Alam Khan |
| Executive Director / Company Secretary | Mr. Saifee Zakiuddin |

Presently no independent director is appointed on the Board of Directors of the Company, however, it is the intention of the Board to appoint an independent director, as required under clause (i) (b) of the Code to fill the casual vacancy which occurred on the Board on September 20, 2013.

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 tax payers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI 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 will be filled in the ensuing year through appointment of an independent director.

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 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 have been taken by the Board.**

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 agenda and working papers, were circulated at least seven days before the meetings, for majority of the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. Two of the Directors have completed the directors training course conducted by the Institute of Chartered Accountants of Pakistan (ICAP) and the Institute of Cost and Management Accountants of Pakistan (ICMAP) last year. In accordance with the criteria specified in clause (xi) of the Code, the remaining directors of the Company will acquire the required directors' training certification within the time specified in the Code.

10. The Board has approved the appointment of Head of Internal Audit and Chief Financial Officer, including the remuneration and terms and conditions of employment, subsequent to year end. These positions remained vacant for a portion of the year upon resignation of previous Head of Internal Audit and Chief Financial Officer. There has been no change in the Company Secretary during the year.

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.

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

13. The Directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the Code.

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 clause (xxiv) of the Code, will be complied at that time when an independent director is appointed on the Board, as referred to in paragraph 1.

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.

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.

18. The Board has set up an effective internal audit function manned by suitably qualified and experienced person who is involved in the internal audit function on a full time basis. The previous head of internal audit left the services of the Company on September 23, 2013, and the new head of internal audit has been appointed subsequent to year end as referred to in paragraph 10.

*Continued...*

**19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program 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 and stock exchanges. The intimation of 'closed period' was not made to the employees, however, there were no transactions by the employees in the shares of the Company during the closed period.

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, including the filling of the casual vacancy;
- Appointment of an Independent Director on the Audit Committee;
- Certification under Directors' Training Program for the remaining directors as per the requirement of the Code; and
- Intimation of 'closed period' to the employees, however, there were no transactions by the employees in the shares of the Company during the closed period.

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

Dated: September 22, 2014

# Review Report to the Members on Statement of Compliance with best practices of Code of Corporate Governance

**We have reviewed the 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, 2014 to comply with the Regulation No. 35 of Chapter XI contained in the Listing Regulations of the Karachi and Lahore Stock Exchanges, where the Company is listed.**

The responsibility for compliance with the Code of Corporate Governance 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 of Corporate Governance and report if it does not. 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 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's 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.

Further, Listing Regulations of the Karachi and Lahore Stock Exchanges require the Company to place before the Board of Directors for their consideration and approval, 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. Further, all such transactions are also required to be separately placed before the audit committee.

We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before 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 of Corporate Governance as applicable to the Company for the year ended June 30, 2014.

We draw attention to the following paragraphs of the Statement of Compliance:

a) Paragraph 1 and 4 – The Company intends to appoint an independent director on the Board in order to fill the casual vacancy;

b) Paragraph 10 – Remuneration and terms and conditions of employment of the Head of Internal Audit and Chief Financial Officer were approved by the Board subsequent to the year end in its meeting held on July 24, 2014. The previous Head of Internal Audit and Chief Financial Officer resigned on September 23, 2013 and December 20, 2013 respectively;

c) Paragraph 15 – The Company intends to include an independent director on the Audit Committee upon appointment on the Board; and

d) Paragraph 21 - Intimation of 'closed period' was not made to the employees. However, there were no transactions in the shares of the Company during the closed period.

Chartered Accountants
Karachi
Dated: September 29, 2014
**Engagement partner: Waqas A. Sheikh**

# Financial Statements
for the year ended June 30, 2014

Burshane LPG (Pakistan) Limited

# BALANCE SHEET

AS AT 30 JUNE, 2014

| | Note | 2014 | 2013 | 2012 |
|---|---|---|---|---|
| | | | [Restated - note 2.1.3 (a)] | |
| | | | (Rupees in '000) | |
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| Property, plant and equipment | 4 | 200,957 | 226,958 | 277,918 |
| Intangible assets | 5 | 37,354 | 20,701 | 26,091 |
| Long-term investment | | - | - | 2 |
| Long-term loans | 6 | 1,985 | 3,389 | 6,607 |
| Long-term deposits | 7 | 106,438 | 135,963 | 82,818 |
| Deferred taxation | | - | - | 18,479 |
| | | 346,734 | 387,011 | 411,915 |
| **Current assets** | | | | |
| Stores and spares | 8 | 3,417 | 3,572 | 3,094 |
| Stock-in-trade | 9 | 11,707 | 85,920 | 11,401 |
| Trade debts | 10 | 15,450 | 23,266 | 6,682 |
| Loans, advances, deposits, prepayments and other receivables | 11 | 120,857 | 64,651 | 54,067 |
| Taxation | | 9,954 | 12,833 | 2,932 |
| Cash and bank balances | 12 | 317,826 | 203,241 | 240,442 |
| | | 479,211 | 393,483 | 318,618 |
| **Total assets** | | 825,945 | 780,494 | 730,533 |
| **EQUITY AND LIABILITIES** | | | | |
| **Equity** | | | | |
| Share capital | 13 | 226,400 | 226,400 | 226,400 |
| General reserve | | 90,000 | 90,000 | 90,000 |
| Unappropriated profit | | 98,581 | 111,051 | 98,993 |
| Remeasurement of post employment benefits - Actuarial loss | 2.1.3 | (13,438) | (31,010) | (33,571) |
| | | 401,543 | 396,441 | 381,822 |
| **Non-current liabilities** | | | | |
| Obligations under finance lease | | - | - | 5,659 |
| Deferred taxation | 14 | 8,753 | 7,533 | - |
| Cylinder and regulator deposits | 15 | 261,023 | 195,608 | 187,323 |
| | | 269,776 | 203,141 | 192,982 |
| **Current liabilities** | | | | |
| Current portion of obligations under finance lease | | - | - | 2,343 |
| Trade and other payables | 16 | 154,626 | 180,912 | 153,386 |
| | | 154,626 | 180,912 | 155,729 |
| Contingencies and commitments | 18 | | | |
| **Total equity and liabilities** | | 825,945 | 780,494 | 730,533 |

The annexed notes 1 to 38 form an integral part of these financial statements.

**Chairman** **Chief Executive**

# PROFIT & LOSS ACCOUNTS

FOR THE YEAR ENDED JUNE 30, 2014

| | Note | 2014 | 2013 [Restated - note 2.1.3 (a)] |
|---|---|---|---|
| | | (Rupees in '000) | |
| **Gross sales** | | 2,898,722 | 2,728,523 |
| Sales tax | | (431,178) | (377,651) |
| **Net sales** | | 2,467,544 | 2,350,872 |
| Cost of products sold | 19 | (2,319,702) | (2,150,733) |
| **Gross profit** | | 147,842 | 200,139 |
| Administrative expenses | 20 | (53,290) | (48,011) |
| Distribution and marketing expenses | 21 | (68,965) | (66,407) |
| Other income | 22 | 31,662 | 23,115 |
| Other expenses | 23 | (7,897) | (14,638) |
| **Operating profit** | | 49,352 | 94,198 |
| Finance costs | 24 | (3,728) | (4,073) |
| **Profit before taxation** | | 45,624 | 90,125 |
| Taxation | 25 | (17,342) | (32,787) |
| **Profit for the year** | | 28,282 | 57,338 |
| **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 | 2.1.3 | 17,572 | 2,561 |
| **Total comprehensive income for the year** | | 45,854 | 59,899 |
| | | (Rupees) | |
| **Earnings per share - basic and diluted** | 26 | 1.25 | 2.53 |

The annexed notes 1 to 38 form an integral part of these financial statements.

Chairman

Chief Executive

# STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2014

| | Note | 2014 | 2013 |
|---|---|---|---|
| | | (Rupees in '000) | |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Cash generated from operations | 32 | 123,153 | 68,393 |
| Retirement and other service benefits paid | | (11,179) | (4,051) |
| Finance costs paid | | - | (858) |
| Taxes paid | | (22,296) | (18,055) |
| Long-term loans - net | | 1,404 | 3,218 |
| Long-term deposits - net | | 29,525 | (53,145) |
| Cylinder and regulator deposits - net | | 65,415 | 8,285 |
| Net cash generated from operating activities | | 186,022 | 3,787 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Purchases of property, plant and equipment | | (25,846) | (3,559) |
| Purchase of intangible asset | | (22,713) | (55) |
| Disposal of long-term investment | | - | 2 |
| Proceeds from disposal of property, plant and equipment | | 4,227 | - |
| Interest received on savings bank accounts | | 10,137 | 15,708 |
| Net cash (utilised in) / generated from investing activities | | (34,195) | 12,096 |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Dividends paid | | (37,242) | (45,082) |
| Repayment of obligation under finance lease | | - | (8,002) |
| Net cash utilised in financing activities | | (37,242) | (53,084) |
| Net increase / (decrease) in cash and cash equivalents | | 114,585 | (37,201) |
| Cash and cash equivalents at beginning of the year | | 203,241 | 240,442 |
| Cash and cash equivalents at end of the year | 12 | 317,826 | 203,241 |

The annexed notes 1 to 38 form an integral part of these financial statements.

Chairman

Chief Executive

# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2014

| | Share Capital | Revenue Reserve | | | Total |
|---|---|---|---|---|---|
| | | General Reserve | Unappropriated Profit | Remeasurement of Post Employment Benefits - Actuarial (loss) / gain | |
| | (Rupees in '000) | | | | |
| **Balance as at July 1, 2012 - as previously reported** | 228,400 | 90,000 | 96,426 | - | 414,826 |
| Effect of change in accounting policy due to application of IAS - 19 (Revised), net of tax - note 2.1.2 (a) | - | - | 567 | (33,571) | (33,004) |
| **Balance as at July 1, 2012 - restated** | 228,400 | 90,000 | 96,993 | (33,571) | 381,822 |
| Profit for the year | | | 57,338 | - | 57,338 |
| Other comprehensive income for the year | - | - | - | 2,561 | 2,561 |
| **Transactions with owners** | | | | | |
| Final dividend for the year ended June 30, 2012 @ Rs. 1 per share | - | - | (22,840) | - | (22,840) |
| Interim dividend for the year ended June 30, 2013 @ Rs. 1 per share | - | - | (22,840) | - | (22,840) |
| **Balance as at June 30, 2013 - restated** | 228,400 | 90,000 | 111,051 | (31,010) | 398,441 |
| Profit for the year | | | 28,282 | - | 28,282 |
| Other comprehensive income for the year | - | - | - | 17,572 | 17,572 |
| **Transactions with owners** | | | | | |
| Final dividend for the year ended June 30, 2013 @ Rs. 1.8 per share | - | - | (40,752) | - | (40,752) |
| **Balance as at June 30, 2014** | 228,400 | 90,000 | 98,581 | (13,438) | 403,543 |

The annexed notes 1 to 38 form an integral part of these financial statements.

Chairman

Chief Executive

## 1. THE COMPANY AND ITS 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. The Company is a subsidiary of H.A.K.S Trading (Private) Limited (HTPL).

During the year, the Company decided to enter into a scheme of arrangement for amalgamation of HTPL and the Company. Under the scheme of merger 0.31 ordinary shares of the Company with a face value of Rs. 10 each will be offered to the shareholders of HTPL for every one share of HTPL with a face value of Rs. 10 each. The scheme of merger was approved and adopted in the Extra Ordinary General Meeting of the shareholders of the Company held subsequent to year end on September 3, 2014.

## 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, except for recognition of certain staff retirement benefits at present value.

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 judgements

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 3.

### 2.1.3 Initial application of standards, amendments or interpretations to existing standards

**a) Standards, interpretations and amendments to published standards effective in 2013 - 14 and relevant**

The following standards and amendments to published standards are mandatory for the financial year beginning on July 1, 2013:

- IAS 19 'Employee Benefits' was revised in June 2011. The revised standard (i) requires past service cost to be recognized immediately in the profit or loss; (ii) replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit asset or liability and the discount rate, measured at the beginning of the year; and (iii) introduced a new term 'remeasurements' which is made up of actuarial gains and losses, the difference between actual investment returns and the return implied by the net interest cost. The revised standard eliminates the corridor approach and requires to recognize all remeasurement gains or losses / actuarial gains or losses in the 'Other Comprehensive Income' (OCI) immediately as they occur. In accordance with the transitional provisions as set out in IAS 19 (Revised), the Company has applied the revised standard retrospectively and, consequently the earliest periods presented in the balance sheet, statement of comprehensive income and the statement of changes in equity have been restated. The impact of retrospective application of IAS 19 (Revised) is as follows:

| | Loans, advances, deposits, prepayments and other receivables | Trade and other payables | Taxation | Deferred taxation | Unappropriated profit | Other Comprehensive Income - Remeasurement of post employment benefits - Actuarial loss |
|---|---|---|---|---|---|---|
| | (Rupees in '000) | | | | | |
| Balance as at June 30, 2012 / July 1, 2012 as previously reported | 64,263 | (112,807) | 2,932 | 708 | 96,426 | - |
| Restatement – recognition of remeasurement gain / (loss) in OCI | (10,196) | (40,579) | - | 17,771 | 567 | (33,571) |
| Balance as at June 30, 2012 / July 1, 2012 - Restated | 54,067 | (153,386) | 2,932 | 18,479 | 96,993 | (33,571) |
| Balance as at June 30, 2013 as previously reported | 76,057 | (148,374) | 13,845 | (23,925) | 108,605 | - |
| Restatement – recognition of remeasurement gain / (loss) in OCI | | | | | | |
| - For the year ended June 30, 2012 | (10,196) | (40,579) | - | 17,771 | 567 | (33,571) |
| - For the year ended June 30, 2013 | (1,210) | 8,041 | (1,012) | (1,379) | 1,879 | 2,561 |
| Balance as at June 30, 2013 - Restated | 64,651 | (180,912) | 12,833 | (7,533) | 111,051 | (31,010) |

**Effect on profit or loss:**

| | 2013 |
|---|---|
| | (Rupees in '000) |
| Increase / (Decrease) in : | |
| - Cost of product sold | 2,226 |
| - Administrative expenses | (2,669) |
| - Distribution and marketing expenses | (2,428) |
| - Taxation | 1,012 |
| - Profit after taxation | 1,879 |
| | (Rupees) |
| Earnings per share | 0.08 |

- IAS 1 (Amendment) 'Financial statement presentation'. The main change resulting from this amendment is a requirement for entities to group items presented in 'Other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendment does not address which items are presented in OCI. The amendment only affects the disclosures in the Company's financial statements, which have been made.

Amendments to following standards as a result of annual improvements to International Financial Reporting Standards 2011 issued by IASB in May 2012:

- IAS 1 (Amendment) 'Financial statement presentation'. The amendment clarifies the disclosure requirements for comparative information when an entity provides a third balance sheet as required by IAS 8, 'Accounting policies, changes in accounting estimates and errors'. When an entity produces an additional balance sheet as required by IAS 8, the balance sheet should be as at the date of the beginning of the preceding period, i.e. the opening position. No notes are required to support this balance sheet.

- IAS 16 (Amendment) 'Property, plant and equipment'. The amendment clarifies that spare parts and servicing equipment are classified as property, plant and equipment rather than stores and spares when they meet the definition of property, plant and equipment. The Company's accounting policy is already in line with the requirements of this amendment.

**b) Standards, amendments to published standards and interpretations that are effective in 2013 - 14 but not relevant**

The other new standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on July 1, 2013 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

**c) 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 July 1, 2013 and have not been early adopted by the Company:

- IFRS 13 'Fair value measurement' .This standard is yet to be notified by the SECP. 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.

- IAS 19 (Amendment) regarding defined benefit plans (effective for the periods beginning on or after July 1, 2014). These amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments 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. The Company is yet to assess the full impact of this amendment.

- IAS 32 (Amendment), 'Financial instruments: Presentation' (effective for periods beginning on or after January 1, 2014). 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. It is unlikely that that the amendment will have any significant impact on the Company's financial statements.

- IAS 36 (Amendment) 'Impairment of assets' (effective for the periods beginning on or after January 1, 2014). This 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. The amendment will only affect the disclosures in the Company's financial statements in event of any impairment.

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 freehold land and capital work-in-progress which are stated at cost.

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 written off over its estimated useful life at the rates given in note 4.1. 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 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 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.

## 2.3 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.

## 2.4 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.

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.

Intangible assets are amortised from the month when such asset is available for use on straight-line method whereby the cost of an intangible asset is written off over its estimated useful life, at the rates given in note 5.

Intangible assets having indefinite useful life represents trademarks. These are stated at cost less impairment, if any. Carrying amounts of these intangibles are subject to impairment review at each balance sheet date and where conditions exist, impairment is recognised.

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.

## 2.5 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.

## 2.6 Financial instruments

### 2.6.1 Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available for sale and held to maturity. 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. There are no financial assets held for trading 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, other receivables and cash and bank balances in the balance sheet.

#### (c) Available-for-sale financial assets

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 from the balance sheet date.

#### (d) Held to maturity financial assets

Financial assets with fixed or determinable payments and fixed maturity, where management has intention and ability to hold till maturity are classified as held to maturity.

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.

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 recognized 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 recognized in the profit or loss in the statement of comprehensive income, as 'gains and losses from investment securities'.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in 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. Changes in the fair value of securities classified as available-for-sale are recognised in other comprehensive income.

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 recognized in profit or loss – is removed from equity and recognized in the profit or loss in the statement of comprehensive income.. Impairment losses recognized in profit and loss on equity instruments are not reversed through profit and loss. Impairment testing of trade debts and other receivables are described in note 2.9.

### 2.6.2 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.

### 2.6.3 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.

## 2.7 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. .

## 2.8 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 values 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.

## 2.9 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. Provision for impairment is based on a review of outstanding amounts at the balance sheet date. Trade debts and other receivables are written-off when considered irrecoverable.

## 2.10 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, cash with banks on current, collection, deposit and saving accounts and running finance under mark-up arrangements. Running finance under mark-up arrangements, if utilised, are shown in current liabilities on the balance sheet.

## 2.11 Share capital

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

## 2.12 Retirement and other service benefits

### 2.12.1 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. Actuarial valuations of these schemes are carried out at appropriate regular intervals.

As explianed in note 2.1.3(a), upon application of IAS (Revised) 'Employee Benefits', actuarial gains or losses (remeasurements) are immediately recognized in 'Other Comprehensive Income' as they occur. Previously actuarial gains or losses exceeding 10% of the greater of the present value of the defined benefit obligation and fair value of plan assets were being recognized in the profit or loss in the statement of comprehensive income.

### 2.12.2 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.

### 2.12.3 Compensated absences

The Company provides a facility to its management and nonmanagement employees for accumulating their annual earned leave. Under the scheme, employees are entitled to annual leaves based on years of their services. Unutilised leave, to the maximum of ten days can be accumulated upto March 31st of the following year.

## 2.13 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss in the statement of comprehensive income, over the period of borrowings, using the effective interest method.

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

## 2.14 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.

## 2.15 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.

## 2.16 Taxation

### 2.16.1 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.

### 2.16.2 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 recognized for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

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.

### 2.17 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.

### 2.18 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.

### 2.19 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.

### 2.20 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. 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 areas where assumptions and estimates are significant to the Company's financial statements are as follows:

### 3.1 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.

### 3.2 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.

### 3.3 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.

### 3.4 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 28.

## 4. PROPERTY, PLANT & EQUIPMENT

| | 2014 | 2013 |
|---|---|---|
| | (Rupees in '000) | |
| Operating assets (note 4.1) | 195,549 | 226,958 |
| Capital work-in-progress (note 4.2) | 5,408 | - |
| | 200,957 | 226,958 |

## 4.1 Operating assets

| | Owned Assets | | | | | | | | | | | | Leased Assets | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Building on | | | | | | | | | | | | |
| | Freehold land | Freehold land | Leasehold land | Land under license | Plant and machinery | Tanks, pipelines and fittings | Fire fighting equipment | Cylinder and regulators (note 4.1.2) | Vehicles | Furniture, fittings, electrical and other equipment | Office machines | Personal computers | Vehicles | Total |
| | (Rupees in '000) | | | | | | | | | | | | | |
| **As at July 1, 2012** | | | | | | | | | | | | | | |
| Cost | 5,616 | 8,275 | 88,442 | 8,615 | 69,105 | 57,840 | 20,698 | 457,468 | 43,050 | 65,566 | 3,821 | 16,098 | 11,267 | 849,360 |
| Accumulated depreciation | - | (2,850) | (26,478) | (8,615) | (38,114) | (45,689) | (11,098) | (329,905) | (42,469) | (47,753) | (3,505) | (15,623) | (4,046) | (571,442) |
| Net book value | 5,616 | 5,425 | 61,964 | - | 30,991 | 12,151 | 9,600 | 127,563 | 581 | 17,813 | 316 | 475 | 7,221 | 277,918 |
| **Year ended June 30, 2013** | | | | | | | | | | | | | | |
| Opening net book value | 5,616 | 5,425 | 61,964 | - | 30,991 | 12,151 | 9,600 | 127,563 | 581 | 17,813 | 316 | 475 | 7,221 | 277,918 |
| Additions | - | - | - | 914 | 450 | - | 63 | 1,150 | 763 | 611 | 8 | - | - | 3,889 |
| Transfers in / (out) | | | | | | | | | | | | | | |
| Cost | - | - | - | - | - | - | - | - | 11,267 | - | - | - | (11,267) | - |
| Accumulated Depreciation | - | - | - | - | - | - | - | - | (6,064) | - | - | - | 6,064 | - |
| | - | - | - | - | - | - | - | - | 5,203 | - | - | - | (5,203) | - |
| Depreciation charge (note 4.1.1) | - | (330) | (4,244) | (2) | (2,499) | (2,083) | (1,901) | (33,666) | (2,367) | (4,525) | (111) | (475) | (2,018) | (54,810) |
| Closing net book value | 5,616 | 5,095 | 57,720 | 912 | 28,942 | 10,068 | 7,762 | 95,047 | 4,180 | 13,899 | 213 | - | - | 225,958 |
| **As at July 1, 2013** | | | | | | | | | | | | | | |
| Cost | 5,616 | 8,275 | 88,442 | 7,136 | 98,555 | 57,840 | 20,761 | 458,618 | 55,080 | 66,177 | 3,829 | 16,098 | - | 852,919 |
| Accumulated depreciation | - | (3,180) | (30,722) | (6,618) | (37,613) | (47,772) | (12,999) | (363,571) | (50,900) | (52,278) | (3,616) | (16,098) | - | (626,961) |
| Net book value | 5,616 | 5,095 | 57,720 | 912 | 28,942 | 10,068 | 7,762 | 95,047 | 4,180 | 13,899 | 213 | - | - | 225,958 |
| **Year ended June 30, 2014** | | | | | | | | | | | | | | |
| Opening net book value | 5,616 | 5,095 | 57,720 | 912 | 28,942 | 10,068 | 7,762 | 95,047 | 4,180 | 13,899 | 213 | - | - | 225,958 |
| Additions | - | - | - | 36 | 38 | 714 | - | 18,571 | - | 976 | - | 121 | - | 20,168 |
| Disposals | | | | | | | | | | | | | | |
| Cost | - | - | - | - | - | - | - | (11,202) | (850) | - | - | - | - | (11,752) |
| Accumulated Depreciation | - | - | - | - | - | - | - | 11,201 | 850 | - | - | - | - | 11,751 |
| | - | - | - | - | - | - | - | (1) | - | - | - | - | - | (1) |
| Depreciation charge (note 4.1.1) | - | (314) | (4,083) | (27) | (4,564) | (1,095) | (883) | (31,879) | (3,412) | (5,168) | (139) | (97) | - | (57,848) |
| Closing net book value | 5,616 | 2,981 | 53,637 | 921 | 24,416 | 9,687 | 6,879 | 81,738 | 768 | 9,707 | 74 | 24 | - | 195,549 |
| **As at June 30, 2014** | | | | | | | | | | | | | | |
| Cost | 5,616 | 6,575 | 88,442 | 7,166 | 98,591 | 58,554 | 20,761 | 465,987 | 54,230 | 67,153 | 3,829 | 16,219 | - | 861,605 |
| Accumulated depreciation | - | (3,594) | (34,805) | (6,045) | (42,177) | (48,867) | (13,882) | (384,249) | (53,462) | (57,446) | (3,755) | (16,195) | - | (666,056) |
| Net book value | 5,616 | 2,981 | 53,637 | 921 | 24,416 | 9,687 | 6,879 | 81,738 | 768 | 9,707 | 74 | 24 | - | 195,549 |
| Annual rate of depreciation (%) | - | 5 | 5 | 5 | 5 | 10 | 10 | 10 | 20 - 25 | 10-15 | 15 | 33.33 | 20 | |

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

| | 2014 | 2013 |
|---|---|---|
| | (Rupees in '000) | |
| Cost of products sold (note 19) | 17,199 | 18,467 |
| Administrative expenses (note 20) | 1,970 | 1,867 |
| Distribution and marketing expenses (note 21) | 32,677 | 34,185 |
| | 51,846 | 54,519 |

4.1.2 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.

4.1.3 The details of operating assets disposed off during the year are as follows:

| | Cost | Accumulated depreciation | Net book value | Sale Proceeds | Mode of disposal | Particulars of purchaser |
|---|---|---|---|---|---|---|
| | (Rupees in '000) | | | | | |
| Cylinder and regulators | 5,130 | 5,130 | - | 2,184 | Auction | Muhammad Gulzar & Brothers |
| | 6,072 | 6,071 | 1 | 1,962 | " | Mr. Siddique Awan |
| | 11,202 | 11,201 | 1 | 4,146 | | |
| Vehicles | 550 | 550 | - | 81 | Auction | Muhammad Gulzar & Brothers |
| | 11,752 | 11,751 | 1 | 4,227 | | |

4.2 Capital work-in-progress comprises of following:

| | 2014 | 2013 |
|---|---|---|
| | (Rupees in '000) | |
| - Plant and machinery | 296 | - |
| - Furniture, fittings and electrical equipment | 112 | - |
| - Advance against vehicles | 5,000 | - |
| | 5,408 | - |

## 5. INTANGIBLE ASSETS

| | Computer software | Rights under supply contract (note 5.1 and 5.2) | Trademarks (note 5.3) | Total |
|---|---|---|---|---|
| | (Rupees in '000) | | | |
| **As at July 1, 2012** | | | | |
| Cost | 4,301 | 64,206 | 8,600 | 77,107 |
| Accumulated amortisation | (1,718) | (49,298) | - | (51,016) |
| Net book value | 2,583 | 14,908 | 8,600 | 26,091 |
| **Year ended June 30, 2013** | | | | |
| Opening net book value | 2,583 | 14,908 | 8,600 | 26,091 |
| Additions | 55 | - | - | 55 |
| Amortisation charge (note 5.4) | (859) | (4,586) | - | (5,445) |
| Net book value | 1,779 | 10,322 | 8,600 | 20,701 |
| **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 (note 5.2) | 213 | 22,500 | - | 22,713 |
| Amortisation charge (note 5.4) | (724) | (5,336) | - | (6,060) |
| Net book value | 1,268 | 27,486 | 8,600 | 37,354 |
| **As at June 30, 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 |
| **Annual rate of amortisation (%)** | **20** | **7.14 - 20** | **-** | |

5.1 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 million, 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.

5.2 During the 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.

5.3 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.

5.4 Amortization for the year has been allocated as follows:

| | 2014 | 2013 |
|---|---|---|
| | (Rupees in '000) | |
| Cost of products sold (note 19) | 5,336 | 4,586 |
| Administrative expenses (note 20) | 724 | 859 |
| | 6,060 | 5,445 |

## 6. LONG TERM LOANS - secured, considered good

| | 2014 | 2013 |
|---|---|---|
| Executives | 727 | 2,554 |
| Employees | 3,163 | 4,002 |
| | 3,890 | 6,556 |
| Less: | | |
| Recoverable within one year, shown under current assets (note 11) | | |
| - Executives | 613 | 1,387 |
| - Employees | 1,292 | 1,780 |
| | 1,905 | 3,167 |
| | 1,985 | 3,389 |

6.1 Reconciliation of carrying amount of loans:

| | 2014 | | | | 2013 | | | |
|---|---|---|---|---|---|---|---|---|
| | Chief Executive / Executive Director | Executives | Other Employees | Total | Chief Executive / Executive Director | Executives | Other Employees | Total |
| | (Rupees in '000) | | | | | | | |
| Balance at beginning of the year | - | 2,554 | 4,002 | 6,556 | 24 | 2,326 | 9,121 | 11,471 |
| Add / (Less) | | | | | | | | |
| - Disbursements | - | - | 1,702 | 1,702 | - | - | 1,612 | 1,612 |
| - Transfer to executives during the year | - | - | - | - | - | 3,507 | (3,507) | - |
| - Repayments | - | (1,827) | (2,541) | (4,368) | (24) | (3,279) | (3,224) | (6,527) |
| Balance at end of the year | - | 727 | 3,163 | 3,890 | - | 2,554 | 4,002 | 6,556 |

6.2 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, housing loans are repayable over a period of two and half years 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. These loans are secured by letter of hypothecation, third party guarantees and demand promissory notes.

6.3 The maximum aggregate amount of loans due from executives at the end of any month during the year was Rs. 2,422 thousand (2013: Rs. 5,580 thousand).

## 7. LONG-TERM DEPOSITS

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

## 8. STORES AND SPARES

| | 2014 | 2013 |
|---|---|---|
| | (Rupees in '000) | |
| Stores | 1,891 | 1,710 |
| Spares | 1,652 | 1,988 |
| | 3,543 | 3,698 |
| Less: Provision for obsolete items | (126) | (126) |
| | 3,417 | 3,572 |

## 9. STOCK-IN-TRADE

| | 2014 | 2013 |
|---|---|---|
| Liquefied petroleum gas (note 9.1) | 4,324 | 77,765 |
| Low pressure regulators | 7,383 | 8,155 |
| | 11,707 | 85,920 |

9.1 Includes stock amounting to Rs. 1,253 thousand (2013: Rs. 8,022 thousand) held with the following parties under hospitality agreements:

| | 2014 | 2013 |
|---|---|---|
| | (Rupees in '000) | |
| - Pakistan State Oil Company Limited | 148 | 5,521 |
| - OPI Gas (Private) Limited | 359 | 2,002 |
| - Tez Gas (Private) Limited | - | 338 |
| - Cress Gas Carriers | 102 | 130 |
| - Hazara Efficient Gas | - | 16 |
| - Sadiq Gas Company | 631 | - |
| - Noor LPG Company (Private) Limited | 13 | 15 |
| | 1,253 | 8,022 |

9.2 Stock held on behalf of third parties amounts to Rs. 1,106 thousand (2013: Rs. 411 thousand).

| | 2014 | 2013 |
|---|---|---|
| | (Rupees in '000) | |
| **10. TRADE DEBTS - unsecured** | | |
| Considered good | 15,450 | 23,266 |
| Considered doubtful | - | 707 |
| | 15,450 | 23,973 |
| Less: Provision for impairment (note 10.1) | - | (707) |
| | 15,450 | 23,266 |
| **10.1** The movement in provision during the year is as follows: | | |
| Balance at beginning of the year | 707 | - |
| Add: Charged during the year and recognised in administrative expenses (note 10.2 and 20) | - | 707 |
| Less: Debts written-off against provision | 707 | - |
| Balance at end of the year | - | 707 |

10.2 As at June 30, 2014, trade debts aggregating to NIL (2013: Rs. 707 thousand) were considered impaired, being past due for more than one year, and have been provided for.

10.3 As at June 30, 2014, trade debts aggregating to Rs. 1,987 thousand (2013: Rs. 3,156 thousand) were past due but not impaired. These relate to various customers for which there is no recent history of default. Aging analysis of these trade debts is as follows:

| | 2014 | 2013 |
|---|---|---|
| | (Rupees in '000) | |
| Upto 1 month | 850 | 3,001 |
| 1 to 6 months | 1,137 | 155 |
| | 1,987 | 3,156 |

| | 2014 | 2013 |
|---|---|---|
| | | [Restated - note 2.1.3 (a)] |
| | (Rupees in '000) | |

## 11. LOANS, ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

| | 2014 | 2013 |
|---|---|---|
| Loans and advances - secured, considered good | | |
| Loans due from (note 6) | | |
| - Executives | 613 | 1,387 |
| - Employees | 1,292 | 1,780 |
| | 1,905 | 3,167 |
| Advances to | | |
| - Executives (note 11.1) | 444 | 200 |
| - Contractors and suppliers | 52,704 | 43,787 |
| | 55,053 | 47,154 |
| Short-term deposits | 5,145 | 391 |
| Short-term prepayments | 4,761 | 3,956 |
| Sales tax recoverable | - | 5,659 |
| Due from Burshane LPG (Pakistan) Limited - Provident fund | 4,861 | 1,526 |
| Due from Holding Company (note 11.2) | 26,563 | - |
| Due from OPI Gas (Private) Limited (note 11.3) | 3,642 | 3,642 |
| Accrued interest | 5,928 | 1,034 |
| Receivable against cylinder deposits | 7,905 | - |
| Others | 8,376 | 2,666 |
| | 122,234 | 66,028 |
| Less: Provision for impairment (note 11.4) | (1,377) | (1,377) |
| | 120,857 | 64,651 |

11.1 The maximum aggregate amount due from executives at the end of any month was Rs. 444 thousand (2013: Rs. 253 thousand).

11.2 Represents amount receivable in respect of 'Business Support Fee' paid to the Holding Company on June 27, 2014, which has been recovered subsequent to year end on August 5, 2014, as the related agreement has not yet been finalized and approved.

11.3 Represents receivable against reimbursement of expenses incurred for debranding activities, which has not been acknowledged by the counter party, as further explained in note 18.1.1.

| | | 2014 | 2013 |
|---|---|---|---|
| | | (Rupees in '000) | |
| 11.4 | The movement in provision during the year is as follows: | | |
| | Balance at beginning of the year | 1,377 | 43 |
| | Add: Charged during the year and recognised in other expenses (note 23) | - | 1,334 |
| | Balance at end of the year | 1,377 | 1,377 |

| | | 2014 | 2013 |
|---|---|---|---|
| | | (Rupees in '000) | |
| **12.** | **CASH AND BANK BALANCES** | | |
| | Cash in hand | 105 | 184 |
| | With banks in: | | |
| | - savings accounts | 244,347 | 180,776 |
| | - current accounts | 73,374 | 22,281 |
| | | 317,721 | 203,057 |
| | | 317,826 | 203,241 |

12.1. The range of rates of profit on these savings accounts is between 7% to 8.50% per annum (2013: 7.30% to 8.80% per annum).

## 13. SHARE CAPITAL

### 13.1 Authorised capital

| 2014 | 2013 | | 2014 | 2013 |
|---|---|---|---|---|
| (Number of shares) | | | (Rupees in '000) | |
| 30,000,000 | 30,000,000 | Ordinary shares of Rs. 10 each | 300,000 | 300,000 |

13.2 **Issued, subscribed and paid up capital**

| 2014 | 2013 | | 2014 | 2013 |
|---|---|---|---|---|
| (Number of shares) | | | (Rupees in '000) | |
| 20,032,920 | 20,032,920 | Ordinary shares of Rs. 10 each fully paid up in cash | 200,329 | 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 |
| 22,640,044 | 22,640,044 | | 226,400 | 226,400 |

13.3 As at June 30, 2014, H.A.K.S Trading (Private) Limited (the Holding Company) held 16,834,343 (2013: 16,834,343) ordinary shares of Rs. 10 each.

## 14. DEFERRED TAXATION

| | 2014 | 2013 [Restated - note 2.1.3 (a)] |
|---|---|---|
| | (Rupees in '000) | |
| **Deferred tax asset arising due to:** | | |
| Recoupable minimum turnover tax | (7,648) | - |
| Remeasurement loss recognised in 'Other Comprehensive Income' [note 2.1.3(a)] | - | (16,392) |
| Provision for doubtful trade debts and slow moving stores and spares | (331) | (581) |
| | (7,979) | (16,973) |
| **Deferred tax liability arising due to:** | | |
| Accelerated depreciation allowance | 16,732 | 24,506 |
| | 8,753 | 7,533 |

## 15. 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.

## 16. TRADE AND OTHER PAYABLES

| | 2014 | 2013 [Restated - note 2.1.3 (a)] |
|---|---|---|
| | (Rupees in '000) | |
| Creditors | 85,337 | 103,396 |
| Accrued liabilities | 25,413 | 13,080 |
| Payable to Burshane LPG (Pakistan) Limited | | |
| - Gratuity Fund (note 28.1.1) | 7,042 | 10,552 |
| - Management staff Pension Fund (note 28.1.1) | 9,650 | 29,494 |
| Workers' profits participation fund (note 16.1) | 2,457 | 4,717 |
| Workers' welfare fund | 1,050 | 2,386 |
| Retention money | - | 153 |
| Sales tax payable | 1,860 | - |
| Advances from distributors / customers | 10,622 | 6,522 |
| Dividends | | |
| - unclaimed | 4,149 | 639 |
| - unpaid | 640 | 640 |
| | 4,789 | 1,279 |
| Excess advance received from Shell Petroleum Company Limited against right issue | 5,722 | 5,722 |
| Others | 684 | 3,611 |
| | 154,826 | 180,912 |

| | 2014 | 2013 |
|---|---|---|
| | (Rupees in '000) | |
| **16.1 Workers' profit participation fund** | | |
| Balance at beginning of the year | 4,717 | 6,035 |
| Add: | | |
| - Interest charged during the year (note 24) | 525 | 840 |
| - Allocation for the year (note 23) | 2,457 | 4,717 |
| Less: Amount paid | (5,242) | (6,875) |
| Balance at end of the year | 2,457 | 4,717 |

## 17. SHORT TERM FINANCE FACILITIES

During the year, the Company entered into:

(i) a facility of Rs. 500 million with a bank for opening of letter of credits, of which the amount utilized as at year end was Nil. The arrangement is secured by way of lien on import documents, pledge over movable goods of the Company, cash margin and personal guarantee of the Directors of the Company; and

(ii) a facility for finance against imported merchandise under mark-up arrangement for aggregate sales price of Rs. 375 million. The corresponding purchase price is payable on various dates by December 31, 2014 and carries mark-up at the rate of 3 months KIBOR plus 3% per annum. The arrangement is secured by way of pledge on imported merchandise and personal guarantee of the Directors of the Company.

## 18. CONTINGENCIES AND COMMITMENTS

### 18.1 Contingencies

18.1.1 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, 2014, 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 the 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 recognized provision for the estimated further cost of rebranding amounting to Rs. 25,816 thousand in respect of cylinders not in possession of the Company.

18.1.2 Claims not acknowledged as debt by the Company as at June 30, 2014 amounted to Rs. 16,200 thousand (2013: Rs. 16,200 thousand). This includes Rs. 14,140 thousand billed by OPI in respect of business support fee.

**18.2 Commitments**

Capital commitments contracted for but not incurred as at June 30, 2014 amounts to Rs. 821 thousand (2013: Rs. 961 thousand).

## 19. COST OF PRODUCTS SOLD

| | 2014 | 2013 [Restated - note 2.1.3 (a)] |
|---|---|---|
| | (Rupees in '000) | |
| Cost of LPG sold: | | |
| Opening stock (note 9) | 77,765 | 2,642 |
| Purchases | 2,176,711 | 2,157,946 |
| | 2,254,476 | 2,160,588 |
| Less: Closing stock (note 9) | (4,324) | (77,765) |
| | 2,250,152 | 2,082,823 |
| Salaries, wages and other employee benefits (note 19.1) | 27,548 | 28,489 |
| Cost of low pressure regulators sold | 773 | 604 |
| Stores and spares consumed | 2,874 | 1,273 |
| Repairs and maintenance | 925 | 496 |
| Traveling, conveyance and vehicle maintenance | 1,223 | 1,134 |
| Rent, rates and electricity | 6,130 | 4,956 |
| Communication | 1,247 | 562 |
| Printing and stationery | 158 | 54 |
| Insurance | 3,802 | 4,174 |
| Depreciation (note 4.1.1) | 17,199 | 18,467 |
| Amortisation (note 5.4) | 5,336 | 4,586 |
| Security | 2,033 | 1,835 |
| Sundry expenses | 502 | 1,280 |
| | 2,319,702 | 2,150,733 |

19.1 Salaries, wages and other employee benefits includes Rs. 3,674 thousand (2013: net reversal of Rs. 816 thousand) in respect of staff retirement benefits.

| | | 2014 | 2013 [Restated - note 2.1.3 (a)] |
|---|---|---|---|
| | | (Rupees in '000) | |
| **20.** | **ADMINISTRATIVE EXPENSES** | | |
| | Salaries, wages and other employee benefits (note 20.1) | 35,565 | 32,083 |
| | Repairs and maintenance | 1,423 | 684 |
| | Travelling, conveyance and vehicle maintenance | 3,740 | 2,345 |
| | Rent, rates and electricity | 4,044 | 2,621 |
| | Communication | 1,777 | 2,074 |
| | Printing and stationery | 873 | 1,188 |
| | Insurance | 718 | 1,926 |
| | Advertisement and publicity | 134 | 329 |
| | Depreciation (note 4.1.1) | 1,970 | 1,867 |
| | Amortisation (note 5.4) | 724 | 859 |
| | Provision for doubtful debts (note 10.1) | - | 707 |
| | Security | 394 | 358 |
| | Donations | 733 | - |
| | Sundry expenses | 1,195 | 970 |
| | | 53,290 | 48,011 |

20.1 Salaries, wages and other employee benefits include Rs. 5,403 thousand (2013: Rs. 982 thousand) in respect of staff retirement benefits.

| | | 2014 | 2013 [Restated - note 2.1.3 (a)] |
|---|---|---|---|
| | | (Rupees in '000) | |
| **21.** | **DISTRIBUTION AND MARKETING EXPENSES** | | |
| | Salaries, wages and other employee benefits (note 21.1) | 15,341 | 14,284 |
| | Repairs and maintenance | 179 | 259 |
| | Travelling, conveyance and vehicle maintenance | 983 | 565 |
| | Rent, rates and electricity | 1,479 | 1,365 |
| | Communication | 783 | 430 |
| | Printing and stationery | 111 | 98 |
| | Insurance | 300 | 362 |
| | Hospitality charges | 5,652 | 4,374 |
| | Freight and octroi | 8,777 | 8,404 |
| | Advertisement and publicity | 2,077 | 629 |
| | Depreciation (note 4.1.1) | 32,677 | 34,185 |
| | Security | 370 | 331 |
| | Sundry expenses | 236 | 1,121 |
| | | 68,965 | 66,407 |

21.1 Salaries, wages and other employee benefits include Rs. 2,039 thousand (2013: Rs. 898 thousand) in respect of staff retirement benefits.

| | 2014 | 2013 |
|---|---|---|
| | (Rupees in '000) | |
| **22. OTHER INCOME** | | |
| **Income from financial assets** | | |
| Income from savings bank accounts | 15,031 | 16,742 |
| **Income from non-financial assets** | | |
| Rental income from storage tanks | 2,252 | 1,879 |
| Gain on disposal of operating assets | 4,226 | - |
| | 6,478 | 1,879 |
| **Others** | | |
| Scrap sales | 1,275 | 760 |
| Old liabilities written back | 2,879 | 3,642 |
| Recoveries against cylinder replacement | 5,466 | - |
| Miscellaneous | 533 | 92 |
| | 31,662 | 23,115 |
| **23. OTHER EXPENSES** | | |
| Legal and professional charges | 1,553 | 2,781 |
| Workers' profits participation fund (note 16.1) | 2,457 | 4,717 |
| Workers' welfare fund | 1,050 | 2,386 |
| Auditors' remuneration (note 23.1) | 1,450 | 1,415 |
| Other receivables written-off | - | 503 |
| Provision for impairment of other receivables (note 11.4) | - | 1,334 |
| Directors' fees | 705 | 696 |
| Exchange loss - net | 427 | 770 |
| Others | 255 | 36 |
| | 7,897 | 14,638 |

| | 2014 | 2013 |
|---|---|---|
| | (Rupees in '000) | |
| **23.1 Auditors' remuneration** | | |
| Fee for: | | |
| - statutory audit | 634 | 590 |
| - half yearly review | 210 | 195 |
| - review of compliance with the code of corporate governance | 59 | 55 |
| - audit of provident, pension and gratuity funds | 140 | 120 |
| - special certifications and other advisory services | 128 | 216 |
| | 1,171 | 1,176 |
| Out of pocket expenses | 279 | 239 |
| | 1,450 | 1,415 |

## 24. FINANCE COSTS

| | 2014 | 2013 |
|---|---|---|
| Finance charges on obligation under finance lease | - | 858 |
| Interest on Workers' profits participation fund (note 16.1) | 525 | 840 |
| Bank charges | 3,203 | 2,375 |
| | 3,728 | 4,073 |

## 25. TAXATION

| | 2014 | 2013 [Restated - note 2.1.3 (a)] |
|---|---|---|
| | (Rupees in '000) | |
| Current: | | |
| - for the year (note 25.1) | 24,921 | 40,603 |
| - for prior years | 254 | (116) |
| | 25,175 | 40,487 |
| Deferred | (7,833) | (7,700) |
| | 17,342 | 32,787 |

25.1 This represents minimum turnover tax @ 1% of turnover under section 113 of the Income Tax Ordinance, 2001 (2013: Normal tax at the rate of 35%).

| | | 2014 | 2013 [Restated - note 2.1.3 (a)] |
|---|---|---|---|
| | | (Rupees in '000) | |
| 25.2 | Reconciliation of income tax expense for the year: | | |
| | Profit before taxation | 45,624 | 90,125 |
| | Tax at the applicable tax rate of 34% (2013: 35%) | 15,512 | 31,544 |
| | Tax effect of: | | |
| | - Permanent differences | 1,559 | 1,605 |
| | - Inadmissible expense | - | 175 |
| | - Minimum turnover tax | 7,648 | - |
| | - Remeasurement loss recognized in OCI | (7,339) | - |
| | - Others | (292) | (421) |
| | Prior year tax | 254 | (116) |
| | | 17,342 | 32,787 |

## 26. 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.

| | 2014 | 2013 |
|---|---|---|
| | (Rupees in '000) | |
| Profit for the year | 28,282 | 57,338 |
| | Number of Shares | |
| Weighted average number of ordinary shares in issue (in thousands) | 22,640 | 22,640 |
| | Rupees | |
| Earnings per share - Basic and diluted | 1.25 | 2.53 |

## 27. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

| | 2014 | | | | 2013 | | | |
|---|---|---|---|---|---|---|---|---|
| | Chief Executive | Executive Director | Executives | Total | Chief Executive | Executive Director | Executives | Total |
| | (Rupees in '000) | | | | | | | |
| Managerial remuneration | 7,059 | 2,000 | 11,431 | 20,490 | 4,017 | 608 | 13,160 | 17,785 |
| Bonus | - | - | - | - | 1,812 | - | 4,026 | 5,838 |
| Company's contribution to gratuity, pension and provident funds | 510 | 153 | 845 | 1,508 | 248 | - | 912 | 1,160 |
| Housing, utilities and conveyance | 3,882 | 1,300 | 7,145 | 12,327 | 2,493 | 403 | 8,161 | 11,057 |
| Directors fees | 60 | 45 | - | 105 | 12 | 12 | - | 24 |
| Medical, leave fare etc. | 1,059 | 300 | 2,063 | 3,422 | 713 | 91 | 2,310 | 3,114 |
| | 12,570 | 3,798 | 21,484 | 37,852 | 9,295 | 1,114 | 28,569 | 38,978 |
| **Number of persons (including those who worked part of the year)** | 1 | 1 | 11 | 13 | 2 | 3 | 16 | 21 |

27.2 Aggregate amount charged for the year in respect of fees to six non-executive directors is Rs. 447 thousand (2013: ten non-executive directors, Rs. 672 thousand).

27.3 In addition, the Chief Executive, the Executive Director and certain Executives were also provided with free use of Company cars.

## 28. 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.

### 28.1 Valuation Results

The latest actuarial valuations of the defined benefit plans were carried out as at June 30, 2014, using the "Projected Unit Credit Method". The details of defined benefit plans are as follows:

| | | Pension Fund | | Gratuity Fund | |
|---|---|---|---|---|---|
| | | 2014 | 2013 [Restated - note 2.1.4 (a)] | 2014 | 2013 [Restated - note 2.1.4 (a)] |
| | | (Rupees in '000) | | | |
| 28.1.1 | **Balance sheet reconciliation** | | | | |
| | Fair value of plan assets | 84,098 | 98,225 | 9,350 | 15,854 |
| | Present value of defined benefit obligations | (93,748) | (127,719) | (16,392) | (26,406) |
| | Net liability at end of the year | (9,650) | (29,494) | (7,042) | (10,552) |
| 28.1.2 | **Movement in net assets / (liability) recognised** | | | | |
| | Net (asset) / liability at beginning of the year | 29,494 | 31,446 | 10,552 | 14,385 |
| | Expense / (Reversal) recognised | 6,919 | (4,360) | 2,531 | 3,419 |
| | Amounts paid to the Fund | (502) | - | (6,071) | (1,150) |
| | Employee Contribution to be paid to fund | 394 | - | - | - |
| | Remeasurements recognised in OCI (note 28.1.7) | (26,655) | 2,408 | 30 | (6,102) |
| | Net asset/(liability) at end of the year | 9,650 | 29,494 | 7,042 | 10,552 |
| 28.1.3 | **Movement in defined benefit obligations** | | | | |
| | Obligation as at beginning of the year | 127,719 | 125,980 | 26,406 | 30,212 |
| | Current service cost | 3,534 | 4,772 | 1,667 | 1,692 |
| | Interest cost | 13,283 | 15,284 | 2,157 | 3,570 |
| | Benefits paid | (24,425) | (7,424) | (15,299) | (3,312) |
| | Remeasurements of obligations (note 28.1.7) | (26,363) | 762 | 1,461 | (5,756) |
| | Curtailment gain | - | (11,655) | - | - |
| | Obligations as at end of the year | 93,748 | 127,719 | 16,392 | 26,406 |
| 28.1.4 | **Movement in fair value of plan assets** | | | | |
| | Fair value as at beginning of the year | 98,225 | 94,534 | 15,854 | 15,827 |
| | Expected return on plan assets | 9,898 | 12,249 | 1,293 | 1,843 |
| | Benefits paid on behalf of the Fund | 502 | - | 6,071 | 1,150 |
| | Employees contributions | (394) | 512 | - | - |
| | Benefits paid | (24,425) | (7,424) | (15,299) | (3,312) |
| | Remeasurements of plan assets (note 28.1.7) | 292 | (1,646) | 1,431 | 346 |
| | Fair value as at end of the year | 84,098 | 98,225 | 9,350 | 15,854 |

| | | Pension Fund | | Gratuity Fund | |
|---|---|---|---|---|---|
| | | 2014 | 2013 [Restated - note 2.1.4 (a)] | 2014 | 2013 [Restated - note 2.1.4 (a)] |
| | | (Rupees in '000) | | | |
| 28.1.5 | **Charge / (Reversal) for the year** | | | | |
| | Current service cost | 3,534 | 4,772 | 1,667 | 1,692 |
| | Net interest cost | 3,385 | 3,035 | 864 | 1,727 |
| | Recognition of past service cost | | | | |
| | Employee Contribution | - | (512) | - | - |
| | Curtailment gain | - | (11,655) | - | - |
| | | 6,919 | (4,360) | 2,531 | 3,419 |
| 28.1.6 | **Actual return on plan assets** | 10,190 | 10,603 | 2,724 | 2,189 |

28.1.7 **Remeasurement recognized in Other Comprehensive Income:**

| | Pension Fund 2014 | Pension Fund 2013 | Gratuity Fund 2014 | Gratuity Fund 2013 |
|---|---|---|---|---|
| **Remeasurement of obligation** | | | | |
| (Gain)/loss from change in: | | | | |
| - demographic assumptions | 1,312 | 2,153 | 483 | - |
| - financial assumptions | (15,694) | - | (1,058) | - |
| Experience (gains) / losses | (11,981) | (1,391) | 2,036 | (5,756) |
| | (26,363) | 762 | 1,461 | (5,756) |
| **Remeasurement of plan assets** | | | | |
| Return on plan assets, excluding amounts included in interest expense / (income) | (3,437) | 4,134 | (1,823) | 79 |
| (Gain)/loss from change in financial assumptions | 3,145 | (2,488) | 392 | (425) |
| | (292) | 1,646 | (1,431) | (346) |
| | (26,655) | 2,408 | 30 | (6,102) |

28.1.8 **Principal actuarial assumptions used in the actuarial valuation:**

| | Pension Fund | | Gratuity Fund | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| **Financial assumptions** | | | | |
| Discount rate | 13.25% | 11.5% | 13.25% | 11.5% |
| Expected per annum rate of return on plan assets | 13.25% | 11.5% | 13.25% | 11.5% |
| Expected per annum rate of increase in salaries - long term | 12.25% | 11.5% | 12.25% | 11.5% |
| Expected per annum rate of increase in pension | 3% | 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 | Moderate | High | Moderate |

28.1.9 **Analysis of present value of defined benefit obligation:**

| | Pension Fund | Gratuity Fund |
|---|---|---|
| | (Rupees in '000) | |
| Vested benefits | 77,295 | 16,392 |
| Non-vested benefits | 19,441 | - |
| Present value of future contributions | (2,988) | - |
| | 93,748 | 16,392 |

28.1.10 **Plan assets comprise of the following:**

| | Pension Fund | | | | Gratuity Fund | | | |
|---|---|---|---|---|---|---|---|---|
| | 2014 | | 2013 | | 2014 | | 2013 | |
| | Rupees in '000 | % | Rupees in '000 | % | Rupees in '000 | % | Rupees in '000 | % |
| **Equity instruments** | 3,901 | 14.1 | 3,590 | 9 | 2,183 | 23.3 | 2,135 | 19.5 |
| **Debt instruments** | | | | | | | | |
| Defence Saving Certificates | 11,250 | 40.7 | 10,512 | 26.5 | 9,375 | 100.3 | 8,760 | 80 |
| Special Saving Certificates | - | - | 17,596 | 44.2 | - | - | - | - |
| | 11,250 | 40.7 | 28,108 | 70.7 | 9,375 | 100.3 | 8,760 | 80 |
| Cash and Cash equivalents | 9,998 | 36.2 | 8,068 | 20.3 | 292 | 3.1 | 50 | 0.5 |
| Others | 2,500 | 9 | - | - | (2,500) | (26.7) | - | - |
| | 27,649 | | 39,766 | | 9,350 | | 10,945 | |

28.1.11 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.

28.1.12 **Historical information of staff retirement benefits:**

| | 2014 | 2013 | 2012 | 2011 | 2010 |
|---|---|---|---|---|---|
| | (Rupees in '000) | | | | |
| **Gratuity Fund** | | | | | |
| Present value of defined benefit obligation | (16,392) | (26,406) | (30,212) | (31,135) | (21,601) |
| Fair value of plan assets | 9,350 | 15,854 | 15,827 | 13,876 | 14,883 |
| Deficit | (7,042) | (10,552) | (14,385) | (17,259) | (6,718) |
| **Pension Fund** | | | | | |
| Present value of defined benefit obligation | (93,748) | (127,719) | (125,980) | (81,323) | (65,470) |
| Fair value of plan assets | 84,098 | 98,225 | 94,534 | 84,529 | 81,818 |
| (Deficit) / Surplus | (9,650) | (29,494) | (31,446) | 3,206 | 16,348 |

28.1.13 The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

| | Pension Fund | Gratuity Fund |
|---|---|---|
| | (Rupees in '000) | |
| Discount rate + 1% | 87,861 | 15,602 |
| Discount rate - 1% | 98,651 | 17,259 |
| Long term salaries increase +1% | 98,239 | 17,338 |
| Long term salaries increase -1% | 88,798 | 15,516 |
| Withdrawal rates - Light | 93,532 | 16,354 |
| Withdrawal rates - Heavy | 93,945 | 16,427 |

28.1.14 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 recognized within the statement of financial position.

## 28.2 Provident Fund

The following information is based upon the latest un-audited financial statements of the provident fund as at June 30, 2014 and the audited financial statements as at June 30, 2013:

| | 2014 | 2013 |
|---|---|---|
| | (Rupees in '000) | |
| Size of the fund - Total assets | 46,812 | 56,724 |
| Fair value of investments | 45,974 | 55,844 |
| Cost of investments | 31,378 | 47,378 |
| Percentage of investments | 98% | 98% |

28.2.1 The break-up of Fair value of investments is as follows:

| | 2014 | | 2013 | |
|---|---|---|---|---|
| | Rupees in '000 | % | Rupees in '000 | % |
| Bank deposits | 7,907 | 17 | 1,437 | 3 |
| Government securities | 38,067 | 83 | 54,407 | 97 |
| | 45,974 | | 55,844 | |

28.2.2 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.

## 29. TRANSACTIONS WITH RELATED PARTIES

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

| | | 2014 | 2013 |
|---|---|---|---|
| | | (Rupees in '000) | |
| **Nature of relationship** | **Nature of transactions** | | |
| **Parent** | | | |
| OPI Gas (Private) Limited (note 29.4) | Payment received against Business Support Fee waived-off | - | 12,000 |
| | Hospitality services received | - | 2,229 |
| | Hospitality services provided | - | 413 |
| | Reimbursement of expenses | - | 1,356 |
| | Reimbursement claimed against debranding expenses | - | 216 |
| H.A.K.S Trading (Private) Limited | Business Support Fee charged and paid | 26,563 | - |
| | Reversal of Business Support Fee | (26,563) | - |
| **Other related parties** | | | |
| Pakistan Services Limited (note 29.4) | Food and accommodation charges | - | 232 |
| Hashwani Hotels Limited (note 29.4) | Food and accommodation charges | - | 97 |
| Trans Air Travels (Private) Limited (note 29.4) | Air travel charges | - | 546 |
| Buxly Paints Limited | Purchase of paints | 1,747 | 215 |

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

29.3 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 Director to be key management personnel. Transactions with key management personnel, as disclosed in note 27 to these financial statements, are as per the terms of their employment.

29.4 These were related parties of the Company till April 22, 2013, the date on which OPI Gas (Private) Limited transferred its entire shareholding (69.22%) in the Company to H.A.K.S Trading (Private) Limited.

| | 2014 | 2013 |
|---|---|---|
| | (Quantity in Metric Ton) | |

## 30. CAPACITY

| | 2014 | 2013 |
|---|---|---|
| Installed annual filling capacity | 37,500 | 37,500 |
| Actual utilization | 27,590 | 23,443 |

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

## 31. NUMBER OF EMPLOYEES

| | Number of employees as at | | Average number of employees | |
|---|---|---|---|---|
| | June 30, 2014 | June 30, 2013 | June 30, 2014 | June 30, 2013 |
| Management employees | 16 | 26 | 21 | 27 |
| Non- management employees | 13 | 22 | 14 | 22 |
| | 29 | 48 | 35 | 49 |

## 32. CASH GENERATED FROM OPERATIONS

| | 2014 | 2013 |
|---|---|---|
| | (Rupees in '000) | |
| Profit before taxation | 45,624 | 90,125 |
| Adjustment for non cash charges and other items: | | |
| Depreciation | 51,846 | 54,519 |
| Amortization | 6,060 | 5,445 |
| Provisions for impairment of other receivable | - | 1,334 |
| Provisions for retirement and other service benefits | 11,115 | 1,064 |
| Other receivables written-off | - | 503 |
| Provisions for doubtful debts | - | 707 |
| Gain on disposal of operating assets | (4,226) | - |
| Interest income on savings bank accounts | (15,031) | (16,742) |
| Finance costs | - | 858 |
| Working capital changes (note 32.1) | 27,765 | (69,420) |
| | 123,153 | 68,393 |

32.1 Working capital changes

| | | |
|---|---|---|
| (Increase) / Decrease in current assets | | |
| Stores and spares | 155 | (478) |
| Stock-in-trade | 74,213 | (74,519) |
| Trade debts | 7,816 | (17,291) |
| Loans, advances, deposits, prepayments and other receivables | (47,977) | (10,245) |
| | 34,207 | (102,533) |
| Increase / (Decrease) in current liabilities | | |
| Trade and other payables - net | (6,442) | 33,113 |
| | 27,765 | (69,420) |

| | 2014 | 2013 |
|---|---|---|
| | (Rupees in '000) | |

## 33. FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

### 33.1 Financial assets as per balance sheet

| | | |
|---|---|---|
| **- Loans and receivables at amortized cost** | | |
| Long term loans | 1,985 | 3,389 |
| Long term deposits | 106,438 | 135,963 |
| Trade debts | 15,450 | 23,266 |
| Loans, deposits and other receivables | 58,087 | 9,523 |
| Cash and bank balances | 317,826 | 203,241 |
| | 499,786 | 375,382 |

### 33.2 Financial liabilities as per balance sheet

| | | |
|---|---|---|
| **- Financial liabilities at amortized cost** | | |
| Cylinder and regulator deposits | 261,023 | 195,608 |
| Trade and other payables | 121,945 | 127,241 |
| | 382,968 | 322,849 |

## 34. FINANCIAL RISK MANAGEMENT

### 34.1 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. As the Company has no significant interest bearing assets, the Company's income and operating cash flows are substantially independent of changes in market interest rates. As at June 30, 2014, the Company is not exposed to any interest rate risk, as it does not have any interest bearing 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 exposed to equity securities price risk as it carries no such instrument.

### (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:

| | 2014 | 2013 |
|---|---|---|
| | (Rupees in '000) | |
| Long-term loans | 1,985 | 3,389 |
| Long-term deposits | 106,438 | 135,963 |
| Trade debts | 13,463 | 20,110 |
| Loans, deposits and other receivables | 58,087 | 9,523 |
| Bank balances | 317,721 | 203,057 |
| | 497,694 | 372,042 |

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 | | | | 2014 | 2013 |
|---|---|---|---|---|---|---|---|
| | | Short term | | Long term | | (Rupees in '000) | |
| | | 2014 | 2013 | 2014 | 2013 | | |
| Bank Alfalah Limited | PACRA | A1+ | A1+ | AA | AA | 30 | 673 |
| Habib Bank Limited | JCR-VIS | A-1+ | A-1+ | AAA | AAA | 66,686 | 56,230 |
| MCB Bank Limited | PACRA | A1+ | A1+ | AAA | AAA | 42,857 | 26,263 |
| National Bank of Pakistan | JCR-VIS | A-1+ | A-1 | AAA | AAA | 207,018 | 115,937 |
| Standard Chartered Bank (Pakistan) Limited | PACRA | A1+ | A1+ | AAA | AAA | 500 | 512 |
| Faysal Bank Limited | PACRA | A1+ | A1+ | AA | AA | 125 | 2,951 |
| United Bank Limited | JCR-VIS | A-1+ | A-1+ | AA+ | AA+ | 14 | 14 |
| Summit Bank Limited | JCR-VIS | A-3 | A-2 | A- | A- | 491 | 477 |
| | | | | | | 317,721 | 203,057 |

## (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, 2014 | | | As at June 30, 2013 | | |
|---|---|---|---|---|---|---|
| | Maturity upto one year | Maturity after one year | Total | Maturity upto one year | Maturity after one year | Total |
| | (Rupees in '000) | | | | | |
| **Financial liabilities** | | | | | | |
| Cylinder and regulator deposits | - | 261,023 | 261,023 | - | 195,608 | 195,608 |
| Trade and other payables | 121,945 | - | 121,945 | 127,241 | - | 127,241 |
| | 121,945 | 261,023 | 382,968 | 127,241 | 195,608 | 322,849 |

### 34.2 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company is not subject to any externally imposed capital requirements.

The Company manages its capital structure and makes adjustment to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares.

## 35. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

35.1 Subsequent to the year end, the Board of Directors of the Company in their meeting held on September 22, 2014 have proposed a final cash dividend of Rs. 1.8 (2013 : Rs. 1.8) per share amounting to Rs. 40,752 thousand (2013 : Rs. 40,752 thousand). This is in addition to the interim cash dividend of NIL (2013 : Rs. 1) per share resulting in a total cash dividend for the year of Rs. 1.8 (2013: Rs. 2.8) per share amounting to Rs. 40,752 thousand (2013: Rs. 63,392 thousand). The approval of the members for the final cash dividend will be obtained in the Annual General meeting to be held on October 21, 2014. The financial statements for the year ended June 30, 2014 do not include the effect of this appropriation which will be accounted for in the financial statements for the year ending June 30, 2015.

35.2 Subsequent to year end, the Board of Director's in its meeting held on July 24, 2014, has resolved to form two 100% owned subsidaries i.e. Burshane Trading (Private) Limited (BTL) and Burshane Autogas (Private) Limited (BAL). BTL is being incorporated for setting up trading operations particularly in coal and other energy related products, while BAL is being incorporated to set-up operations of LPG Autogas stations.

## 36. CORRESPONDING FIGURES

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

## 37. GENERAL

These financial statements have been rounded to the nearest thousand.

## 38. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on September 22, 2014 by the Board of Directors of the Company.

**Chairman** **Chief Executive**

# ATTENDANCE AT BOARD & AUDIT COMMITTEE MEETINGS

FOR THE YEAR ENDED JUNE 30, 2014

| Name | | Board | | | Audit Committe | | | Human Resource and Remuneration Committee | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Member | Meetings[1] | Attendance | Member | Meetings[1] | Attendance | Member | Meetings[1] | Attendance |
| Mr. Asad Alam Niazi | | ◆ | 7 | 6 | | | | ◆ | 1 | 1 |
| Mr. Shahriar D. Sethna | | ◆ | 7 | 6 | ◆ | 4 | 3 | | | |
| Ms. Hamdia Fatin Niazi | | ◆ | 7 | 7 | ◆ | 4 | 4 | ◆ | 1 | 1 |
| Mr. Saifee Zakiuddin | | ◆ | 7 | 7 | ◆ | 4 | 4 | | | |
| Mr. Darayus T. Sethna | 2 | ◆ | 7 | 5 | ◆ | 4 | 1 | ◆ | 1 | 1 |
| Mr. Tassaduq Hussein Niazi | | ◆ | 7 | 1 | ◆ | | | | | |
| Ms. Khurshid Bhaimia | 3 | ◆ | 7 | 0 | ◆ | 4 | 0 | | | |
| Mr. Sheikh Asim Rafiq | | ◆ | 7 | 6 | | | | | | |

1. **Held during the period the concerned Director was on the Board.**
2. **Appointed as Member of the Board Audit Committee in December 2013.**
3. **Resigned from the Board in September 2013.**

# PATTERN OF SHAREHOLDING

FOR THE YEAR ENDED JUNE 30, 2014

| No. of Shareholders | Having Shares | | Shares Held | Percentage |
|---|---|---|---|---|
| | From | To | | |
| 393 | 1 | 100 | 11756 | 0.0519 |
| 282 | 101 | 500 | 102501 | 0.4527 |
| 199 | 501 | 1000 | 186842 | 0.8253 |
| 226 | 1001 | 5,000 | 574900 | 2.5393 |
| 38 | 5001 | 10000 | 285595 | 1.2615 |
| 9 | 10001 | 15000 | 104885 | 0.4633 |
| 6 | 15001 | 20000 | 104380 | 0.4610 |
| 7 | 20001 | 25000 | 155552 | 0.6871 |
| 1 | 30001 | 35000 | 32500 | 0.1436 |
| 1 | 50001 | 55000 | 52000 | 0.2297 |
| 1 | 110001 | 115000 | 113702 | 0.5022 |
| 1 | 140001 | 145000 | 140248 | 0.6195 |
| 1 | 275001 | 280000 | 280000 | 1.2367 |
| 1 | 380001 | 385000 | 380569 | 1.6810 |
| 1 | 1460001 | 1465000 | 1464033 | 6.4666 |
| 1 | 1815001 | 1820000 | 1816238 | 8.0222 |
| 1 | 16830001 | 16835000 | 16834343 | 74.3565 |
| **1171** | | **Company Total** | **22640044** | **100%** |

# PATTERN OF SHAREHOLDING

FOR THE YEAR ENDED JUNE 30, 2014

| Categories of Shareholders | Number | Shares Held | Percentage |
|---|---|---|---|
| Associated companies, undertakings and related parties | 1 | 16,834,343 | 74.36% |
| NIT and ICP | 1 | 9,489 | 0.04% |
| Banks, Development Financial Institutions, Non-Banking Financial Institutions | 3 | 2,097,099 | 9.26% |
| Modarbas and Mutual Funds | 1 | 1,464,033 | 6.47% |
| General Public | | | |
| Local | 1,142 | 2,032,272 | 8.98% |
| Foreign | 8 | 16,430 | 0.07% |
| Others | 15 | 186,378 | 0.82% |
| **Total** | **1,171** | **22,640,044** | **100%** |

# 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 **Tuesday, October 21, 2014, at 12:00 p.m.** at **Plot # 70, Sector 7 - D, Korangi Filling Plant - 1, Adjacent to PRL, Korangi Creek, Karachi** and any adjournment thereof.

Dated this _____ day of __________ 2014

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 **Tuesday, October 21, 2014, at 12:00 p.m.** at **Plot # 70, Sector 7 - D, Korangi Filling Plant - 1, Adjacent to PRL, Korangi Creek, Karachi** and any adjournment thereof.

Dated this _____ day of ___________ 2014.

___________________________
**(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: ______________________
___________________________
___________________________

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