BURSHANE LPG (PAKISTAN) LIMITED

HALF YEARLY REPORT – DECEMBER 2019

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Company Information

Board of Directors

Mr. Shahriar D.Sethna
Chairman

Mr. Asad Alam Khan
CEO / Director

Mrs. Hamdia Fatin Niazi
Director

Mr. Darayus T. Sethna
Director

Mr. Shaikh Abdus Sami
Independent Director

Mr. Saifee Zakiuddin
Director

Syed Etrat Hussain Rizvi
Director (NIT Nominee)

Mr. Muhammad Khalid Dar
Director

Maj. Gen Rafi Ullah Khan (R)
Independent Director

Auditors

Ernst and Young - Ford Rhodes

Legal Advisors

Mohsin Tayeb Aly & Co

Tax Advisors

KPMG Taseer Hadi & Co. Chartered Accountants.

Registrar & Share Registration Office

THK Associates (Pvt.) Limited

Management

Mr. Asad Alam Niazi
Chief Executive Officer

Mr. Saifee Zakiuddin
Director Finance

Mr. Muhammad Khalid Dar
Director Marketing & Sales

Mr. Saad Lakhani
Company Secretary

Mr. Khurram Kasbati
Head of Internal Audit

Mr. Amir Aziz
Head of Operations Distribution & HSSE

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

Bankers

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

Registered Office

Suite 101, 1st Floor, Horizon Vista Plot No. Commercial - 10, Block-4
Scheme No. 5, Clifton, Karachi – 75600

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www.burshane.com

Directors' Report

The Board of Directors of Burshane LPG (Pakistan) Limited is pleased to present the Directors' Report together with the condensed interim financial information (unaudited) for the six months ended December 31, 2019. This condensed interim financial information (unaudited) is prepared in accordance with section 227 of the Companies Act, 2017.

Overview

Burshane LPG (Pakistan) Limited is involved in the business of Liquefied Petroleum Gas (LPG) Marketing. During the year under review, sales volume of the Company has been decreased by 10%, However the Company managed to sell the product with an increased margin which in turn reduced the cost of sales by 12% resulting in a gross margin of 10.7% (2018; 8.5%), increased by Rs. 19.8 m, primarily due to higher prices and focus on maximum profitable sales. The quantity sold, however, decreased by 859MT (4.28%) due to less quantity supplied by local refineries. Further, due to irregular local supply and unfavorable prices, the Company decided to purchase imported LPG on need basis to avoid loss of sales. Quantities of Imported LPG purchased were 3,903 MT as compared to 6,483 MT during the corresponding period of last year.

Administrative expenses decreased by Rs. 5.4 million (9.2%), despite general price increase, due to better cost control in traveling, conveyance and vehicle maintenance expenses. Distribution and marketing expenses increased by Rs. 3.55 million (11.3%) during the period under review due to increase of depreciation expense of marketing equipment.

Company posted a profit of Rs. 45.78 million during the period which has increased by 28% as compared to last year same period.

The Company awaits finalization of agreement for restructuring of its Demand Finance Liability of Rs 254m with National Bank of Pakistan Ltd. Under the restructuring agreement, the company will pay an upfront amount of Rs 89m in principal and the balance amount of Rs 165m will be repaid over next 7 years.

The Company's earnings per share for the period also increased to Rs 2.04 compared to Rs. 1.59 per share in the corresponding period of last year.

Future Outlook

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.

We have continued excellence in our performance of Health, Safety, Security and Environment (HSSE), with no lost time injury and fatality. The management is committed towards not only improving the HSSE standards for itself but leading in to establish best practices for the industry as well.

In the context of business growth, the Company is committed to explore new markets and increase the current market share along with return on capital employed in a profitable manner.

Directors' Report

We would like to assure you that the management of your company is fully aware of its obligations towards its stakeholders and is determined to develop long-term corporate plans to increase the value of the business. We are confident that we will show strong performance in the coming years.

Acknowledgement

The Directors would like to express their gratitude to the customers, business partners, employees and other stakeholders for their continued support and encouragement and appreciate valuable services rendered by the employees of the Company.

_____ _____

Chief Executive Officer **Director**

Karachi

Dated: February 27, 2020

EY
Building a better working world

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INDEPENDENT AUDITORS' REVIEW REPORT

To the members of Burshane LPG (Pakistan) Limited

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of **Burshane LPG (Pakistan) Limited (the Company)** as at **31 December 2019** and the related unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity, and unconsolidated condensed interim statement of cash flows, and notes to the unconsolidated condensed interim financial statements for the half year ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

The figures of the unconsolidated condensed interim statement of profit or loss and unconsolidated condensed interim statement of comprehensive income and the notes forming part thereof for the quarters ended 31 December 2019 and 2018 have not been reviewed, as we are required to review only the cumulative figures for the half year ended 31 December 2019.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditors' report is Mr. **Arif Nazeer.**

EY Ford Rhodes

Chartered Accountants

Place: Karachi

Date: 28 February 2020

A member firm of Ernst & Young Global Limited

BURSHANE LPG (PAKISTAN) LIMITED
UNCONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2019

BURSHANE LPG (PAKISTAN) LIMITED

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31. 2019

	Note	December 31, 2019	June 30, 2019
		------- (Rupees in '000) -------	
ASSETS		(Un-audited)	(Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	7	735,730	732,090
Right-of-use asset	8	22,425	-
Intangible assets		358,508	388,230
Long-term investment		50,000	50,000
Long-term loans		648	894
Long-term deposits		122,761	122,761
		1,290,072	1,293,975
CURRENT ASSETS			
Stores and spares - net		2,552	2,415
Stock-in-trade		129,902	75,422
Trade debts		33,283	23,422
Loans and advances		130,588	59,615
Deposits, prepayments and other receivables		83,490	88,936
Taxation - net		13,060	14,330
Cash and bank balances		146,905	173,732
		539,780	437,872
		1,829,852	1,731,847
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised Capital			
90,000,000 (June 30, 2019: 90,000,000) ordinary shares of Rs10/- each		900,000	900,000
Issued, subscribed and paid up capital		224,888	224,888
Reserves			
Capital reserve		153,458	153,458
Revene reserves		173,392	150,252
Actuarial (loss) / gain on remeasurement of retirement and other service benefits		(19,680)	16,081
Revaluation surplus of property, plant and equipment		274,765	274,765
		581,935	594,556
		806,823	819,444
NON-CURRENT LIABILITIES			
Long-term loan	9	-	-
Lease liabilities	10	17,266	2,177
Cylinder and regulator deposits		403,450	386,402
		420,716	388,579
CURRENT LIABILITIES			
Loan from a subsidiary company		50,000	50,000
Current maturity of long-term loan	9	254,439	254,439
Current maturity of lease liabilities	10	4,271	1,567
Trade and other payables		130,979	91,342
Unclaimed dividends		83,198	66,181
Accrued mark-up on long-term loan		79,426	60,295
		602,313	523,824
CONTINGENCIES AND COMMITMENTS	11		
		1,829,852	1,731,847

The annexed notes from 1 to 16 form an integral part of these unconsolidated condensed interim financial statements.

Chief Executive Officer	Chief Financial Officer	Director

BURSHANE LPG (PAKISTAN) LIMITED

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	Note	Quarter ended		Half year ended	
		December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
		(Rupees in '000)			
Gross sales		**1,068,496**	1,096,440	**1,827,977**	2,089,886
Sales tax		**(140,329)**	(152,997)	**(236,122)**	(321,883)
Sales - net		**928,167**	943,443	**1,591,855**	1,768,003
Cost of sales		**(822,600)**	(864,778)	**(1,421,701)**	(1,617,685)
Gross profit		**105,567**	78,665	**170,154**	150,318
Administrative expenses		**(27,012)**	(32,419)	**(53,681)**	(59,098)
Distribution and marketing expenses		**(18,174)**	(15,987)	**(35,012)**	(31,464)
Other income		**15,708**	18,850	**18,349**	21,282
Other operating expenses		**(6,658)**	(4,252)	**(7,719)**	(6,637)
Operating profit		**69,431**	44,857	**92,091**	74,401
Finance costs		**(12,316)**	(9,302)	**(22,410)**	(17,261)
Profit before taxation		**57,115**	35,555	**69,681**	57,140
Taxation		**(13,946)**	(15,132)	**(23,901)**	(21,392)
Profit after taxation		**43,169**	20,423	**45,780**	35,748
		(Rupee)			
Earnings per share - basic and diluted		**1.92**	0.91	**2.04**	1.59

The annexed notes from 1 to 16 form an integral part of these unconsolidated condensed interim financial statements.

Chief Executive Officer	Chief Financial Officer	Director

BURSHANE LPG (PAKISTAN) LIMITED

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	Quarter ended		Half year ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	---------- (Rupees in '000) ----------			
Profit after taxation for the period	**43,169**	20,423	**45,780**	35,748
Other comprehensive income for the period				
Items that will not be reclassified subsequently to profit or loss:				
Actuarial (loss) / gain of remeasurement of retirement and other service benefits	**(35,761)**	8,976	**(35,761)**	8,976
Total comprehensive (loss) / income for the period	**7,408**	29,399	**10,019**	44,724

The annexed notes from 1 to 16 form an integral part of these unconsolidated condensed interim financial statements.

Chief Executive Officer | **Chief Financial Officer** | **Director**

BURSHANE LPG (PAKISTAN) LIMITED

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2019

		Reserves						
		Capital	Revenue					
	Issued, subscribed & paid-up capital	Reserve on amalgamation	General reserve	Unappropriated profit	Actuarial (loss) / gain on remeasurement of retirement and other service	Revaluation surplus of property, plant and equipment	Total reserves	Total equity
	---------- (Rupees in '000) ----------							
Balance as at July 01, 2018 - restated (Audited)	224,888	153,458	90,000	51,375	(24,219)	274,765	545,379	770,267
Profit for the period	-	-	-	35,748	-	-	35,748	35,748
Other comprehensive income for the period	-	-	-	-	8,976	-	8,976	8,976
Total comprehensive income for the period	-	-	-	35,748	8,976	-	44,724	44,724
Final dividend for the year ended June 30, 2018 @ Re. 0.75 per share	-	-	-	(16,867)	-	-	(16,867)	(16,867)
Balance as at December 31, 2018 (Un-audited)	224,888	153,458	90,000	70,256	(15,243)	274,765	573,236	798,124
Balance as at June 30, 2019 (Audited)	**224,888**	**153,458**	**90,000**	**60,252**	**16,081**	**274,765**	**594,556**	**819,444**
Profit for the period	**-**	**-**	**-**	**45,780**	**-**	**-**	**45,780**	**45,780**
Other comprehensive loss for the period	**-**	**-**	**-**	**-**	**(35,761)**	**-**	**(35,761)**	**(35,761)**
Total comprehensive income / (loss) for the period	**-**	**-**	**-**	**45,780**	**(35,761)**	**-**	**10,019**	**10,019**
Final dividend for the year ended June 30, 2019 @ Re. 1 per share	**-**	**-**	**-**	**(22,640)**	**-**	**-**	**(22,640)**	**(22,640)**
Balance as at December 31, 2019 (Un-audited)	**224,888**	**153,458**	**90,000**	**83,392**	**(19,680)**	**274,765**	**581,935**	**806,823**

The annexed notes from 1 to 16 form an integral part of these unconsolidated condensed interim financial statements.

Chief Executive Officer | **Chief Financial Officer** | **Director**

BURSHANE LPG (PAKISTAN) LIMITED

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	Half year ended	
	December 31, 2019	December 31, 2018
	------- (Rupees in '000) -------	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	**69,681**	57,140
Adjustments for:		
Depreciation	**22,576**	15,376
Amortisation	**29,859**	33,731
Provision for retirement and other service benefits	**663**	3,554
Finance charge	**22,410**	17,261
Gain on sale of operating fixed assets	**(1,347)**	(3,762)
Profit on saving accounts	**(4,315)**	(1,810)
Liability for cylinder deposits written back	**(11,116)**	(10,792)
	58,730	53,558
Increase in current assets		
Stores and spares - net	**(137)**	(2,546)
Stock-in-trade	**(54,480)**	42,201
Trade debts	**(9,861)**	(70,486)
Loans and advances	**(70,973)**	(58,819)
Deposits, prepayments and other receivables	**(17,641)**	23,968
	(153,092)	(65,682)
Increase in current liabilities		
Trade and other payables - net	**28,433**	67,806
Cash generated from operations	**3,752**	112,822
Finance costs paid	**(2,015)**	(2,283)
Taxes paid	**(22,631)**	(29,578)
Long term loans - net	**246**	303
Long term deposits - net	**-**	(21,988)
Retirement and other service benefits paid	**(4,732)**	-
Cylinder and regulator deposits - net	**28,164**	11,889
Net cash generated from operating activities	**2,784**	71,165
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of operating fixed assets	**(26,731)**	(14,200)
Purchase of intangible asset	**(149)**	-
Proceeds from sale of operating fixed assets	**1,373**	3,762
Interest received	**4,315**	1,810
Net cash (used in) / generated from investing activities	**(21,192)**	(8,628)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	**(5,624)**	(4,152)
Loan from Directors	**-**	40,000
Repayment of lease liabilities	**(2,795)**	(1,711)
Net cash (used in) / generated from financing activities	**(8,419)**	34,137
Net (decrease) / increase in cash and cash equivalents	**(26,827)**	96,674
Cash and cash equivalents at beginning of the period	**173,732**	110,922
Cash and cash equivalents at end of the period	**146,905**	207,596

'The annexed notes from 1 to 16 form an integral part of these unconsolidated condensed interim financial statements.

Chief Executive Officer | **Chief Financial Officer** | **Director**

1. LEGAL STATUS AND OPERATIONS

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

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

1.2 These unconsolidated condensed interim financial statements are separate financial statements of the Company in which investment in subsidiary is accounted for at cost.

2. STATEMENT OF COMPLIANCE

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

3. BASIS OF PREPARATION

These unconsolidated condensed interim financial statements are un-audited but subject to limited scope review by the statutory auditors as required under Section 237 of the Companies Act, 2017. These unconsolidated condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements (unconsolidated) of the Company for the year ended June 30, 2019.

The figures of the unconsolidated condensed interim statement of profit or loss and unconsolidated condensed interim statement of comprehensive income for the quarters ended December 31, 2019 and December 31, 2018 and notes forming part thereof have not been reviewed by the statutory auditors of the Company, as they are required to review only the cumulative figures for the half year ended December 31, 2019 and December 31, 2018.

These unconsolidated condensed interim financial statements are presented in Pakistan Rupees which is the Company's functional and presentation currency.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these unconsolidated condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements (unconsolidated) for the year ended June 30, 2019 except for the adoption of new standards, amendments, interpretations and improvements of International Financial Reporting Standards (IFRSs) as disclosed in note 5.

5. NEW STANDARDS, AMENDMENTS AND IMPROVEMENTS OF IFRSs

The Company has adopted the following accounting standards and amendments of IFRSs and the improvements to accounting standards which became effective during the current period:

Standard or amendment:

IFRS 16 – Leases

IFRS 9 – Prepayment features with negative compensation

IAS 19 – Plan amendment, curtailment or settlement (Amendments)

IAS 28 – Long term interests in associates and joint ventures

IFRIC 23 – Uncertainty over income tax

Improvements to accounting standards issued by the IASB in December 2017

IFRS 3 Business combinations – Previously held interests in a joint operation

IFRS 11 Joint arrangements – Previously held interests in a joint operation

IAS 12 Income taxes – Income tax consequences of payments on financial instruments classified as equity

IAS 23 Borrowing costs – Borrowing costs eligible for capitalization

The adoption of the above standards, amendments and improvements to accounting standards did not have any material effect on the Company's unconsolidated condensed interim financial statements except for IFRS 16. The impact of adoption of IFRS 16 are described below:

IFRS 16 - Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on statement of financial position model.

The Company adopted IFRS 16 using the modified retrospective approach with initial application date of 1 July 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. Accordingly, the information presented for prior years has not been restated. The Company elected to use the transition practical expedient allowing the standard to be applied only to lease contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

The new accounting policy in respect of leases is disclosed in note 5.1 to these unconsolidated condensed interim financial statements. The impact of adoption of IFRS 16 as at 1 July 2019 is summarised below:

	(Rupees in '000)
Assets	
Right-of-use assets	25,840
Property, plant and equipment	(3,906)
Prepayments	(2,611)
	19,323
Liabilities	
Lease liabilities	15,801
Current portion of lease	3,522
	19,323

The right-of-use assets were recognised based on the amount equal to the lease liabilities adjusted for related prepayments and lease accruals (if any). Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application. The Company did not have any sub-lease as on 1 July 2019.

The impact of adoption of IFRS 16 on unconsolidated condensed interim statement of profit or loss for the half year ended 31 December 2019 is summarized below:

	(Rupees in '000)
Decrease in rent, rate and taxes	(1,616)
Increase in depreciation expense	2,817
Increase in financial charges	1,264
	2,465

The lease liabilities as at 01 July 2019 can be reconciled to the operating lease commitments as of June 30, 2019 as follows:

	(Rupees in '000)
Operating lease commitments as at 30 June 2019	27,519
Impact of discounting	(8,196)
Discounted operating lease commitments as at 1 July 2019	19,323
Add: commitments relating to leases previously classified as finance leases	3,744
Total adjusted lease liability at 1 July 2019	**23,067**
Average incremental borrowing rate as at 1 July 2019	16%

5.1 Summary of new accounting policies

Set out below are the new accounting policies of the Company upon adoption of IFRS 16, which have been applied from the date of initial application:

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated using straight line method. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the initial application date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

6. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND FINANCIAL RISK MANAGEMENT

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

Judgements and estimates made by the management in the preparation of these unconsolidated condensed interim financial statements are the same as those applied in the Company's annual financial statements (unconsolidated) for the year ended June 30, 2019 except for significant judgement in determining the lease term of contracts with renewal options.

The Company's financial risk management objectives and policies are consistent with those disclosed in the unconsolidated financial statements as at and for the year ended June 30, 2019.

	Note	December 31, 2019	June 30, 2019
		------- (Rupees in '000) -------	
7. PROPERTY, PLANT AND EQUIPMENT		**(Un-audited)**	**(Audited)**
Operating fixed assets, at net book value	7.1	**735,730**	732,090
7.1 Additions - at cost, to operating fixed assets during the period were as follows:			
Plant and machinery		**-**	1,754
Furniture, fittings, electrical and other equipment		**242**	525
Fire fighting equipment		**-**	108
Cylinder and regulators		**24,458**	24,381
Vehicles - owned		**1,960**	553
Vehicles - leased		**-**	4,813
Office equipment		**-**	19
Computers and related accessories		**71**	390
		26,731	32,543
8. Right-of-use asset			
Balance at the beginning of the period / year		**-**	-
Impact of initial application of IFRS 16 as at July 01, 2019		**25,840**	-
Additions during the period		**-**	-
		25,840	-
Depreciation charged during the period		**(3,415)**	-
Balance at the end of the period / year		**22,425**	-

	Note	December 31, 2019 (Un-audited)	June 30, 2019 (Audited)
		------- (Rupees in '000) -------	
9. LONG-TERM LOAN			
Secured			
National Bank of Pakistan (NBP)	9.1	**254,439**	254,439
Current maturity of long-term loan		**(254,439)**	(254,439)
		-	-

9.1 As a result of the Scheme referred to in note 5 to the audited financial statements for the year ended June 30, 2019, long-term finance obtained, under conventional banking terms by HTPL had been transferred to the Company at the time of amalgamation. The loan was obtained as a demand finance facility under the agreement dated April 08, 2013 from NBP (the Bank) and is repayable in 9 semi-annual installments of Rs. 44.444 million latest by April 01, 2018 with a grace period of six months from the date of the drawdown. The loan carries mark-up at rate of 6 months KIBOR plus 2.5% to 6% per annum. This loan is secured by way of mortgage on leasehold land and charge on the Company's present and future current and fixed assets as well as personal guarantees of Directors of the Company. In previous years, the Company negotiated several different offer letters with NBP. During the period, on Nov 13, 2019, the Company received a revised proposal for the restructuring of loan from NBP via offer letter No. NBP/ARG/ARW(S)/BLPL/2019. As per the letter, the long-term loan and the accrued mark-up on long-term loan are termed as Demand Finance – I and Demand Finance – II. As per the terms in the aforementioned offer letter, in respect of Demand Finance – I, the Company is required to make a principal down payment of Rs. 89.054 million and the balance of Rs. 165.385 million to be re-paid in 20 quarterly installments starting from Jan 01, 2022 with a grace period of 2 years from the date of the drawdown. The Demand Finance – I carries mark-up at the rate of 3M KIBOR + 1.5%. Accordingly, in respect of Demand Finance – II, the Company is required to make a down payment of Rs. 16.364 million and the remaining balance is to be re-paid in 8 quarterly installments from Jan 01, 2020. The formalities of the restructuring arrangement are still in progress as at the reporting date, which is due to the requirement of NBP to provide Personal Guarantee of the Company's CEO and Chairman of the Board. The restructuring arrangement is in negotiation stage and would be finalized once all the required formalities are finalised in due course.

	Note	December 31, 2019 (Un-audited)	June 30, 2019 (Audited)
		------- (Rupees in '000) -------	
10. LEASE LIABILITIES			
Total lease liabilities		**21,537**	3,744
Current maturity of lease liabilities		**(4,271)**	(1,567)
		17,266	2,177
10.1 Reconciliation of total lease liabilities:			
Balance at the beginning of the period / year		**3,744**	3,940
Impact of initial application of IFRS 16 as at July 01, 2019	5	**19,323**	-
Additions during the period / year		**-**	3,301
Finance cost during the period / year		**1,519**	594
Payments during the period / year		**(3,049)**	(4,091)
Balance at the end of the period / year		**21,537**	3,744

10.2 The maturity analysis of lease liabilities including total lease payments and present value of total lease payments is as follows;

	December 31, 2019		June 30, 2019	
	Total lease payments	Present value of total lease payments	Total lease payments	Present value of total lease payments
	---------- (Rupees in '000) ----------			
	--- (Un-audited) ---		--- (Audited) ---	
Within one year	**7,066**	**7,494**	1,995	1,567
Later than one year but not later than five years	**17,760**	**12,872**	2,640	2,177
More than five years	**4,299**	**1,171**	-	-
Total lease payments	**29,125**	**21,537**	4,635	3,744
Finance cost	**(7,588)**	**-**	(891)	-
Present value of total lease payments	**21,537**	**21,537**	3,744	3,744

11. CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

There is no change in the status of contingencies as disclosed in note 26 to the annual financial statements (unconsolidated) of the Company for the year ended June 30, 2019.

11.2 Commitments

	December 31, 2019	June 30, 2019
	------- (Rupees in '000) -------	
	(Un-audited)	(Audited)
Post-dated cheques	**3,227**	4,635

12. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

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

12.2.1 Transactions with related parties

Nature of relationship	Nature of transactions	Half year ended December 31, 2019 (Un-audited)	Half year ended December 31, 2018 (Un-audited)
		------- (Rupees in '000) -------	
Former Holding Company			
H.A.K.S. Trading (Private) Limited	Dividend	**16,836**	12,627
Subsidiary			
Burshane Trading (Private) Limited	Expenses incurred on behalf of the company	**90**	-
Burshane Auto Gas (Private) Limited	Expenses incurred on behalf of the company	**210**	-
Staff Retirement Benefit / Contribution Plans			
Burshane LPG (Pakistan) Limited:			
Provident Fund	Company's contribution for the yea	**1,391**	1,394
Gratuity Fund	(Income) / Expense for the period	**199**	-
Pension Fund	(Income) / Expense for the period	**(927)**	4,481
Associated Companies / Other Related Parties			
Burshane Petroleum (Private) Limited	Expenses paid by the Company	**-**	500
ALSAA & AAK Commodities (Private) Limited	Advances given for expenses	**145**	105
	Advances recovered	**-**	-
A & S Corporation (Private) Limited	Advances given for expenses	**75**	-

12. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

Nature of relationship	Nature of transactions	Half year ended December 31, 2019 (Rupees in '000) (Un-audited)	Half year ended December 31, 2018 (Rupees in '000) (Un-audited)
Key management personnel			
Chief Executive Officer	Managerial remuneration, benefits and other expenses	**20,619**	13,662
	Contribution to retirement and other service benefits	**581**	581
Executive Directors	Managerial remuneration and other benefits	**7,671**	7,702
	Advance given against salary to Executive	**743**	400
	Adjustments of loan	**-**	100
	Contribution to retirement and other service benefits	**-**	-
	Medical reimbursements	**618**	293
Director(s)	Interest free loan obtained by the Company, payable within 30 days	**-**	40,000
	Fee for attending meetings	**1100**	700

12.2.2 Balances with related parties

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

Former Holding Company			
H.A.K.S. Trading (Private) Limited	Dividend payable	**79,857**	63,135
Subsidiary			
Burshane Auto Gas (Private) Limited	Investment in a subsidiary company	**50,000**	50,000
	Loan payable to a subsidiary company	**50,000**	50,000
Staff Retirement Benefit / Contribution Plans			
Burshane LPG (Pakistan) Limited:			
Pension Fund	Receivable / (Payable) to Pension Fund	**(7,343)**	16,367
Provident Fund	Receivable from Provident Fund	**312**	315
Gratuity Fund	Receivable / (Payable) to Gratuity Fund	**(3,859)**	4,120

Nature of relationship	Nature of transactions	Half year ended December 31, 2019 (Rupees in '000) (Un-audited)	Half year ended December 31, 2018 (Rupees in '000) (Un-audited)
Associated Companies / Other Related Parties			
Burshane Petroleum (Private) Limited [Formerly Darian International (Private) Limited]	Receivable against use of name "Burshane"	**9,000**	9,000
	Receivable against expenses	**500**	500
Alsa & Aak Commodities (Private) Limited	Receivable against expenses	**250**	105
A & S Corporation (Private) Limited	Receivable against expenses	**75**	-
Key Management Personnel	Advance against expenses	**6,957**	-

12.2.3 Following are the related parties with whom the Company had entered into transactions or has arrangement / agreement in place:

Name	Basis of relationship	% of shareholding in the Company
Burshane Auto Gas (Private) Limited	Subsidiary Company	Nil
Burshane Trading (Private) Limited	Subsidiary Company	Nil
ALSAA & AAK Commodities (Private) Limited	Common directorship	Nil
A & S Corporation (Private) Limited	Common directorship	Nil
Norinco International Thatta Power (Private) Limited	Common directorship	Nil
Burshane Petroleum (Private) Limited	Common directorship	Nil
Burshane LPG (Pakistan) Limited		
Gratuity Fund	Staff Retirement Benefit Plan	Nil
Pension Fund	Staff Retirement Contribution Plan	Nil
Provident Fund	Staff Retirement Benefit Plan	Nil

13. FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

13.1 Fair value of hierarchy

As at December 31, 2019, the Company's all assets and liabilities are carried at amortised cost except for those mentioned below:

The Company's freehold land and leasehold land are stated at revalued amounts, being the fair value at the date of revaluation, less any subsequent impairment losses, if any. The fair value measurement of the Company's free hold land and lease hold land as at June 15, 2015 was carried out by M/s. Consultancy Support and Services and Harvestor Services (Private) Limited, respectively.

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

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

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

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

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

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

December 31, 2019 (Un-audited):	**Fair value measurement using**			
	Total	**Level 1**	**Level 2**	**Level 3**
Assets measured at fair value	**(Rupees in '000)**			
Property, plant and equipment				
Freehold land	**15,000**	**-**	**15,000**	**-**
Leasehold land	**509,138**	**-**	**509,138**	**-**
	524,138	**-**	**524,138**	**-**

June 30, 2019 (Audited):	**Fair value measurement using**			
	Total	**Level 1**	**Level 2**	**Level 3**
Assets measured at fair value	**(Rupees in '000)**			
Property, plant and equipment				
Freehold land	15,000	-	15,000	-
Leasehold land	509,138	-	509,138	-
	524,138	-	524,138	-

14. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

Subsequent to the half year ended December 31, 2019 the Board of Directors of the Company have proposed interim cash dividend of Rs. Nil per share (December 31, 2018: Rs. Nil) amounting to Rs. Nil million (December 31, 2018: Rs. Nil million).

15. DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorized for issue on February 28, 2020 by the Board of Directors of the Company.

16. GENERAL

16.1 Figures have been rounded off to the nearest thousands.

16.2 Certain corresponding figures have been reclassified for better presentation. However, there are no material reclassifications to report.

Chief Executive Officer	Chief Financial Officer	Director

BURSHANE LPG (PAKISTAN) LIMITED
CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE HALF YEAR ENDED DECEMBER 31, 2019

BURSHANE LPG (PAKISTAN) LIMITED

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019

	Note	December 31, 2019	June 30, 2019
		------- (Rupees in '000) -------	
ASSETS		(Un-audited)	(Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	7	**735,730**	732,090
Right-of-use asset	8	**22,425**	-
Intangible assets		**358,508**	388,230
Long-term loans		**648**	894
Long-term deposits		**122,761**	122,761
		1,240,072	1,243,975
CURRENT ASSETS			
Stores and spares - net		**2,552**	2,415
Stock-in-trade		**129,902**	75,422
Trade debts		**33,283**	23,422
Loans and advances		**130,588**	59,615
Deposits, prepayments and other receivables		**83,502**	88,945
Taxation - net		**12,376**	13,652
Cash and bank balances		**148,298**	175,069
		540,501	438,540
		1,780,573	1,682,515
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised Capital			
90,000,000 (June 30, 2019: 90,000,000) ordinary shares of Rs10/- each		**900,000**	900,000
Issued, subscribed and paid up capital		**224,888**	224,888
Reserves			
Capital reserve		**153,458**	153,458
Revene reserves		**173,963**	150,770
Actuarial (loss) / gain on remeasurement of retirement and other service benefits		**(19,680)**	16,081
Revaluation surplus of property, plant and equipment		**274,765**	274,765
		582,506	595,074
		807,394	819,962
NON-CURRENT LIABILITIES			
Lease liabilities	10	**17,266**	2,177
Cylinder and regulator deposits		**403,450**	386,402
		420,716	388,579
CURRENT LIABILITIES			
Current maturity of long-term loan	9	**254,439**	254,439
Current maturity of lease liabilities	10	**4,271**	1,567
Trade and other payables		**131,129**	91,492
Unclaimed dividends		**83,198**	66,181
Accrued mark-up on long-term loan		**79,426**	60,295
		552,463	473,974
CONTINGENCIES AND COMMITMENTS	11		
		1,780,573	1,682,515

The annexed notes from 1 to 16 form an integral part of these Consolidated condensed interim financial statements.

Chief Executive Officer | **Chief Financial Officer** | **Director**

BURSHANE LPG (PAKISTAN) LIMITED

CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	Note	Quarter ended		Half year ended	
		December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
		(Rupees in '000)			
Gross sales		**1,068,496**	1,103,864	**1,827,977**	2,089,886
Sales tax		**(140,329)**	(160,421)	**(236,122)**	(321,883)
Sales - net		**928,167**	943,443	**1,591,855**	1,768,003
Cost of sales		**(822,600)**	(864,778)	**(1,421,701)**	(1,617,685)
Gross profit		**105,567**	78,665	**170,154**	150,318
Administrative expenses		**(27,012)**	(32,419)	**(53,681)**	(59,098)
Distribution and marketing expenses		**(18,174)**	(15,987)	**(35,012)**	(31,464)
Other income		**15,744**	18,887	**18,423**	21,319
Other operating expenses		**(6,657)**	(4,252)	**(7,719)**	(6,637)
Operating profit		**69,468**	44,894	**92,165**	74,438
Finance costs		**(12,316)**	(9,302)	**(22,410)**	(17,261)
Profit before taxation		**57,152**	35,592	**69,755**	57,177
Taxation		**(13,956)**	(15,143)	**(23,922)**	(21,403)
Profit after taxation		**43,196**	20,449	**45,833**	35,774
		(Rupee)			
Earnings per share - basic and diluted		**1.92**	0.91	**2.04**	1.59

The annexed notes from 1 to 16 form an integral part of these Consolidated condensed interim financial statements.

Chief Executive Officer | **Chief Financial Officer** | **Director**

BURSHANE LPG (PAKISTAN) LIMITED

CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	Quarter ended		Half year ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	(Rupees in '000)			
Profit after taxation for the period	**43,196**	20,423	**45,833**	35,748
Other comprehensive income for the period				
Items that will not be reclassified subsequently to profit or loss:				
Actuarial (loss) / gain of remeasurement of retirement and other service benefits	**(35,761)**	8,976	**(35,761)**	8,976
Total comprehensive (loss) / income for the period	**7,435**	29,399	**10,072**	44,724

The annexed notes from 1 to 16 form an integral part of these Consolidated condensed interim financial statements.

Chief Executive Officer	Chief Financial Officer	Director

BURSHANE LPG (PAKISTAN) LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2019

		Reserves						
		Capital	Revenue					
	Issued, subscribed & paid-up capital	Reserve on amalgamation	General reserve	Unappropriated profit	Actuarial (loss) / gain on remeasurement of retirement and other service	Revaluation surplus of property, plant and equipment	Total reserves	Total equity
	---------- (Rupees in '000) ----------							
Balance as at July 01, 2018 - restated (Audited)	224,888	153,458	90,000	51,811	(24,219)	274,765	545,815	770,703
Profit for the period	-	-	-	35,774	-	-	35,748	35,748
Other comprehensive income for the period	-	-	-	-	8,976	-	8,976	8,976
Total comprehensive income for the period	-	-	-	35,774	8,976	-	44,750	44,724
Final dividend for the year ended June 30, 2018 @ Re. 0.75 per share	-	-	-	(16,867)	-	-	(16,867)	(16,867)
Balance as at December 31, 2018 (Un-audited)	224,888	153,458	90,000	70,718	(15,243)	274,765	573,698	798,560
Balance as at June 30, 2019 (Audited)	**224,888**	**153,458**	**90,000**	**60,770**	**16,081**	**274,765**	**594,556**	**819,444**
Profit for the period	**-**	**-**	**-**	**45,833**	**-**	**-**	**45,833**	**45,833**
Other comprehensive loss for the period	**-**	**-**	**-**	**-**	**(35,761)**	**-**	**(35,761)**	**(35,761)**
Total comprehensive income / (loss) for the period	**-**	**-**	**-**	**45,833**	**(35,761)**	**-**	**10,072**	**10,072**
Final dividend for the year ended June 30, 2019 @ Re. 1 per share	**-**	**-**	**-**	**(22,640)**	**-**	**-**	**(22,640)**	**(22,640)**
Balance as at December 31, 2019 (Un-audited)	**224,888**	**153,458**	**90,000**	**83,963**	**(19,680)**	**274,765**	**581,988**	**806,876**

The annexed notes from 1 to 16 form an integral part of these Consolidated condensed interim financial statements.

Chief Executive Officer | **Chief Financial Officer** | **Director**

BURSHANE LPG (PAKISTAN) LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2019

	Half year ended	
	December 31, 2019	December 31, 2018
	------- (Rupees in '000) -------	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	**69,755**	57,140
Adjustments for:		
Depreciation	**22,576**	15,376
Amortisation	**29,859**	33,731
Provision for retirement and other service benefits	**663**	3,554
Finance charge	**22,410**	17,261
Gain on sale of operating fixed assets	**(1,347)**	(3,762)
Profit on saving accounts	**(4,319)**	(1,810)
Liability for cylinder deposits written back	**(11,116)**	(10,792)
	58,726	53,558
Increase in current assets		
Stores and spares - net	**(137)**	(2,546)
Stock-in-trade	**(54,480)**	42,201
Trade debts	**(9,861)**	(70,486)
Loans and advances	**(70,973)**	(58,819)
Deposits, prepayments and other receivables	**(17,641)**	23,968
	(153,092)	(65,682)
Increase in current liabilities		
Trade and other payables - net	**28,433**	67,806
Cash generated from operations	**3,822**	112,822
Finance costs paid	**(2,015)**	(2,283)
Taxes paid	**(22,645)**	(29,578)
Long term loans - net	**246**	303
Long term deposits - net	**-**	(21,988)
Retirement and other service benefits paid	**(4,732)**	-
Cylinder and regulator deposits - net	**28,164**	11,889
Net cash generated from operating activities	**2,840**	71,165
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of operating fixed assets	**(26,731)**	(14,200)
Purchase of intangible asset	**(149)**	-
Proceeds from sale of operating fixed assets	**1,373**	3,762
Interest received	**4,315**	1,810
Net cash (used in) / generated from investing activities	**(21,192)**	(8,628)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	**(5,624)**	(4,152)
Loan from Directors	**-**	40,000
Repayment of lease liabilities	**(2,795)**	(1,711)
Net cash (used in) / generated from financing activities	**(8,419)**	34,137
Net (decrease) / increase in cash and cash equivalents	**(26,771)**	96,674
Cash and cash equivalents at beginning of the period	**175,069**	110,922
Cash and cash equivalents at end of the period	**148,298**	207,596

The annexed notes from 1 to 16 form an integral part of these Consolidated condensed interim financial statement

Chief Executive Officer | **Chief Financial Officer** | **Director**

1. LEGAL STATUS AND OPERATIONS

1.1 Burshane LPG (Pakistan) Limited (the Holding Company) is a limited liability company incorporated in Pakistan and is listed on Pakistan Stock Exchange Limited (formerly: Karachi Stock Exchange and Lahore Stock Exchange (Guarantee) Limited)). 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 Group consists of:

Holding Company: Burshane LPG (Pakistan) Limited

Subsidiary Companies:

1.2 Burshane AutoGas (Private) Limited and Burshane Trading (Private) Limited in which the Holding Company has 100% voting rights and are controlled by the Holding Company.

Burshane AutoGas (Private) Limited (the Subsidiary Company) was incorporated on September 26, 2014 under the Company Ordinance, 1984, to set up operations of LPG AutoGas stations. The Subsidiary Company's registered office is situated at Suite101, 1stFloor, Horizon Vista, PlotNo.Commercial-10, Block-4, Scheme No. 5, Clifton, Karachi.
Burshane Trading (Private) Limited (the Subsidiary Company) was incorporated on October 13, 2014 under the Company Ordinance, 1984, for setting up trading operations particularly in coal and other energy related products. The Subsidiary Company's registered office is situated at Suite 101, 1st Floor, Horizon Vista, Plot No. Commercial-10, Block-4, Scheme No. 5, Clifton, Karachi. No share capital has been issued or transactions undertaken by the Subsidiary Company during the period.

2. STATEMENT OF COMPLIANCE

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

3. BASIS OF PREPARATION

This consolidated condensed interim financial information is being submitted to the shareholders in accordance with section 245 of the repealed Ordinance, 1984. It does not include all the information required for annual financial statements and therefore, should be read in conjunction with the audited financial statements of the Group for the year ended June 30, 2019.

The preparation of this consolidated condensed interim financial information is in conformity with the approved accounting standards 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. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

These consolidated condensed interim financial statements are presented in Pakistan Rupees which is the Company's functional and presentation currency.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these consolidated condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements (consolidated) for the year ended June 30, 2019 except for the adoption of new standards, amendments, interpretations and improvements of International Financial Reporting Standards (IFRSs) as disclosed in note 5.

5. NEW STANDARDS, AMENDMENTS AND IMPROVEMENTS OF IFRSs

The Company has adopted the following accounting standards and amendments of IFRSs and the improvements to accounting standards which became effective during the current period:

Standard or amendment:

IFRS 16 – Leases
IFRS 9 – Prepayment features with negative compensation (Amendments)
IAS 19 – Plan amendment, curtailment or settlement (Amendments)
IAS 28 – Long term interests in associates and joint ventures (Amendments)
IFRIC 23 – Uncertainty over income tax treatments

Improvements to accounting standards issued by the IASB in December 2017

IFRS 3 Business combinations – Previously held interests in a joint operation
IFRS 11 Joint arrangements – Previously held interests in a joint operation
IAS 12 Income taxes – Income tax consequences of payments on financial instruments classified as equity
IAS 23 Borrowing costs – Borrowing costs eligible for capitalization

The adoption of the above standards, amendments and improvements to accounting standards did not have any material effect on the Company's consolidated condensed interim financial statements except for IFRS 16. The impact of adoption of IFRS 16 are described below:

IFRS 16 - Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on statement of financial position model.

The Company adopted IFRS 16 using the modified retrospective approach with initial application date of 1 July 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. Accordingly, the information presented for prior years has not been restated. The Company elected to use the transition practical expedient allowing the standard to be applied only to lease contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

The new accounting policy in respect of leases is disclosed in note 5.1 to these consolidated condensed interim financial statements. The impact of adoption of IFRS 16 as at 1 July 2019 is summarised below:

	(Rupees in '000)
Assets	
Right-of-use assets	25,840
Property, plant and equipment	(3,906)
Prepayments	(2,611)
	19,323
Liabilities	
Lease liabilities	15,801
Current portion of lease liabilities	3,522
	19,323

The right-of-use assets were recognised based on the amount equal to the lease liabilities adjusted for related prepayments and lease accruals (if any). Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application. The Company did not have any sub-lease as on 1 July 2019.

The impact of adoption of IFRS 16 on consolidated condensed interim statement of profit or loss for the half year ended 31 December 2019 is summarized below:

Decrease in rent, rate and taxes	(1,616)
Increase in depreciation expense	2,817
Increase in financial charges	1,264
	2,465

The lease liabilities as at 01 July 2019 can be reconciled to the operating lease commitments as of June 30, 2019 as follows:

Operating lease commitments as at 30 June 2019	27,519
Impact of discounting	(8,196)
Discounted operating lease commitments as at 1 July 2019	19,323
Add: commitments relating to leases previously classified as finance leases	3,744
Total adjusted lease liability at 1 July 2019	**23,067**
Average incremental borrowing rate as at 1 July 2019	16%

5.1 Summary of new accounting policies

Set out below are the new accounting policies of the Company upon adoption of IFRS 16, which have been applied from the date of initial application:

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated using straight line method. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the initial application date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

6. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND FINANCIAL RISK MANAGEMENT

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

Judgements and estimates made by the management in the preparation of these consolidated condensed interim financial statements are the same as those applied in the Company's annual financial statements (consolidated) for the year ended June 30, 2019 except for significant judgement in determining the lease term of contracts with renewal options.

The Company's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended June 30, 2019.

	Note	December 31, 2019	June 30, 2019
		------- (Rupees in '000) -------	
		(Un-audited)	(Audited)
7. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets, at net book value	7.1	**735,730**	732,090
7.1 Additions - at cost, to operating fixed assets during the period were as follows:			
Plant and machinery		**-**	1,754
Furniture, fittings, electrical and other equipment		**242**	525
Fire fighting equipment		**-**	108
Cylinder and regulators		**24,458**	24,381
Vehicles - owned		**1,960**	553
Vehicles - leased		**-**	4,813
Office equipment		**-**	19
Computers and related accessories		**71**	390
		26,731	32,543

8. Right-of-use asset

Balance at the beginning of the period / year	**-**	-
Impact of initial application of IFRS 16 as at July 01, 2019	**25,840**	-
Additions during the period	**-**	-
	25,840	-
Depreciation charged during the period	**(3,415)**	-
Balance at the end of the period / year	**22,425**	-

9. LONG-TERM LOAN

Secured			
National Bank of Pakistan (NBP)	9.1	**254,439**	254,439
Current maturity of long-term loan		**(254,439)**	(254,439)
		-	-

9.1 As a result of the Scheme referred to in note 5 to the audited financial statements for the year ended June 30, 2019, long-term finance obtained, under conventional banking terms by HTPL had been transferred to the Company at the time of amalgamation. The loan was obtained as a demand finance facility under the agreement dated April 08, 2013 from NBP (the Bank) and is repayable in 9 semi-annual installments of Rs. 44.444 million latest by April 01, 2018 with a grace period of six months from the date of the drawdown. The loan carries mark-up at rate of 6 months KIBOR plus 2.5% to 6% per annum. This loan is secured by way of mortgage on leasehold land and charge on the Company's present and future current and fixed assets as well as personal guarantees of Directors of the Company. In previous years, the Company negotiated several different offer letters with NBP. During the period, on Nov 13, 2019, the Company received a revised proposal for the restructuring of loan from NBP via offer letter No. NBP/ARG/ARW(S)/BLPL/2019. As per the letter, the long-term loan and the accrued mark-up on long-term loan are termed as Demand Finance – I and Demand Finance – II. As per the terms in the aforementioned offer letter, in respect of Demand Finance – I, the Company is required to make a principal down payment of Rs. 89.054 million and the balance of Rs. 165.385 million to be re-paid in 20 quarterly installments starting from Jan 01, 2022 with a grace period of 2 years from the date of the drawdown. The Demand Finance – I carries mark-up at the rate of 3M KIBOR + 1.5%. Accordingly, in respect of Demand Finance – II, the Company is required to make a down payment of Rs. 16.364 million and the remaining balance is to be re-paid in 8 quarterly installments from Jan 01, 2020. The formalities of the restructuring arrangement are still in progress as at the reporting date, which is due to the requirement of NBP to provide Personal Guarantee of the Company's CEO and Chairman of the Board. The restructuring arrangement is in negotiation stage and would be finalized once all the required formalities are finalised in due course.

	Note	December 31, 2019 (Un-audited)	June 30, 2019 (Audited)
		------- (Rupees in '000) -------	
10. LEASE LIABILITIES			
Total lease liabilities		**21,537**	3,744
Current maturity of lease liabilities		**(4,271)**	(1,567)
		17,266	2,177

10.1 Reconciliation of total lease liabilities:

Balance at the beginning of the period / year		**3,744**	3,940
Impact of initial application of IFRS 16 as at July 01, 2019	5	**19,323**	-
Additions during the period / year		**-**	3,301
Finance cost during the period / year		**1,519**	594
Payments during the period / year		**(3,049)**	(4,091)
Balance at the end of the period / year		**21,537**	3,744

10.2 The maturity analysis of lease liabilities including total lease payments and present value of total lease payments is as follows;

	December 31, 2019		June 30, 2019	
	Total lease payments	Present value of total lease payments	Total lease payments	Present value of total lease payments
	---------- (Rupees in '000) ----------			
	--- (Un-audited) ---		--- (Audited) ---	
Within one year	**7,066**	**7,494**	1,995	1,567
Later than one year but not later than five years	**17,760**	**12,872**	2,640	2,177
More than five years	**4,299**	**1,171**	-	-
Total lease payments	**29,125**	**21,537**	4,635	3,744
Finance cost	**(7,588)**	**-**	(891)	-
Present value of total lease payments	**21,537**	**21,537**	3,744	3,744

11. CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

There is no change in the status of contingencies as disclosed in note 26 to the annual financial statements (consolidated) of the Company for the year ended June 30, 2019.

	December 31, 2019 (Un-audited)	June 30, 2019 (Audited)
	------- (Rupees in '000) -------	
11.2 Commitments		
Post-dated cheques	**3,227**	4,635

12. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

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

12.2.1 Transactions with related parties

		Half year ended	
		December 31, 2019	December 31, 2018
		------- (Rupees in '000) -------	
Nature of relationship	**Nature of transactions**	(Un-audited)	
Former Holding Company			
H.A.K.S. Trading (Private) Limited	Dividend	**16,836**	12,627
Staff Retirement Benefit / Contribution Plans			
Burshane LPG (Pakistan) Limited:			
Provident Fund	Company's contribution for the year	**1,391**	1,394
Gratuity Fund	(Income) / Expense for the period	**199**	-
Pension Fund	(Income) / Expense for the period	**(927)**	4,481
Associated Companies / Other Related Parties			
Burshane Petroleum (Private) Limited	Expenses paid by the Company	**-**	500
ALSAA & AAK Commodities (Private) Limited	Advances given for expenses	**145**	105
	Advances recovered	**-**	-
A & S Corporation (Private) Limited	Advances given for expenses	**75**	-
Key management personnel			
Chief Executive Officer	Managerial remuneration, benefits and other expenses	**20,619**	13,662
	Contribution to retirement and other service benefits	**581**	581
Executive Directors	Managerial remuneration and other benefits	**7,671**	7,702
	Advance given against salary to Executive	**743**	400
	Adjustments of loan	**-**	100
	Contribution to retirement and other service benefits	**-**	-
	Medical reimbursements	**618**	293
Director(s)	Interest free loan obtained by the Company, payable within 30 days	**-**	40,000
	Fee for attending meetings	**1100**	700

12. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

12.2.2 Balances with related parties

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

Nature of relationship	Nature of balances	December 31, 2019 (Un-audited)	June 30, 2019 (Audited)
		------- (Rupees in '000) -------	
Former Holding Company			
H.A.K.S. Trading (Private) Limited	Dividend payable	**79,857**	63,135
Staff Retirement Benefit / Contribution Plans			
Burshane LPG (Pakistan) Limited:			
Pension Fund	Receivable / (Payable) to Pension Fund	**(7,343)**	16,367
Provident Fund	Receivable from Provident Fund	**312**	315
Gratuity Fund	Receivable / (Payable) to Gratuity Fund	**(3,859)**	4,120
Associated Companies / Other Related Parties			
Burshane Petroleum (Private) Limited [Formerly Darian International (Private) Limited]	Receivable against use of name "Burshane"	**9,000**	9,000
	Receivable against expenses	**500**	500
Alsa & Aak Commodities (Private) Limited	Receivable against expenses	**250**	105
A & S Corporation (Private) Limited	Receivable against expenses	**75**	-
Key Management Personnel	Advance against expenses	**6,957**	-

12.2.3 Following are the related parties with whom the Company had entered into transactions or has arrangement / agreement in place:

Name	Basis of relationship	% of shareholding in the Company
ALSAA & AAK Commodities (Private) Limited	Common directorship	Nil
A & S Corporation (Private) Limited	Common directorship	Nil
Norinco International Thatta Power (Private) Limited	Common directorship	Nil
Burshane Petroleum (Private) Limited	Common directorship	Nil
Burshane LPG (Pakistan) Limited		
Gratuity Fund	Staff Retirement Benefit Plan	Nil
Pension Fund	Staff Retirement Contribution Plan	Nil
Provident Fund	Staff Retirement Benefit Plan	Nil

13. FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

13.1 Fair value of hierarchy

As at December 31, 2019, the Company's all assets and liabilities are carried at amortised cost except for those mentioned below:

The Company's freehold land and leasehold land are stated at revalued amounts, being the fair value at the date of revaluation, less any subsequent impairment losses, if any. The fair value measurement of the Company's free hold land and lease hold land as at June 15, 2015 was carried out by M/s. Consultancy Support and Services and Harvestor Services (Private) Limited, respectively.

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

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

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

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

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

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

December 31, 2019 (Un-audited):	**Fair value measurement using**			
	Total	**Level 1**	**Level 2**	**Level 3**
Assets measured at fair value	---------- (Rupees in '000) ----------			
Property, plant and equipment				
Freehold land	**15,000**	**-**	**15,000**	**-**
Leasehold land	**509,138**	**-**	**509,138**	**-**
	524,138	**-**	**524,138**	**-**

June 30, 2019 (Audited):	**Fair value measurement using**			
	Total	**Level 1**	**Level 2**	**Level 3**
Assets measured at fair value	---------- (Rupees in '000) ----------			
Property, plant and equipment				
Freehold land	15,000	-	15,000	-
Leasehold land	509,138	-	509,138	-
	524,138	-	524,138	-

14. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

Subsequent to the half year ended December 31, 2019 the Board of Directors of the Company have proposed interim cash dividend of Rs. Nil per share (December 31, 2018: Rs. Nil) amounting to Rs. Nil million (December 31, 2018: Rs. Nil million).

15. DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorized for issue on February 28, 2020 by the Board of Directors of the Company.

16. GENERAL

16.1 Figures have been rounded off to the nearest thousands.

16.2 Certain corresponding figures have been reclassified for better presentation. However, there are no material reclassifications to report.

Chief Executive Officer | **Chief Financial Officer** | **Director**