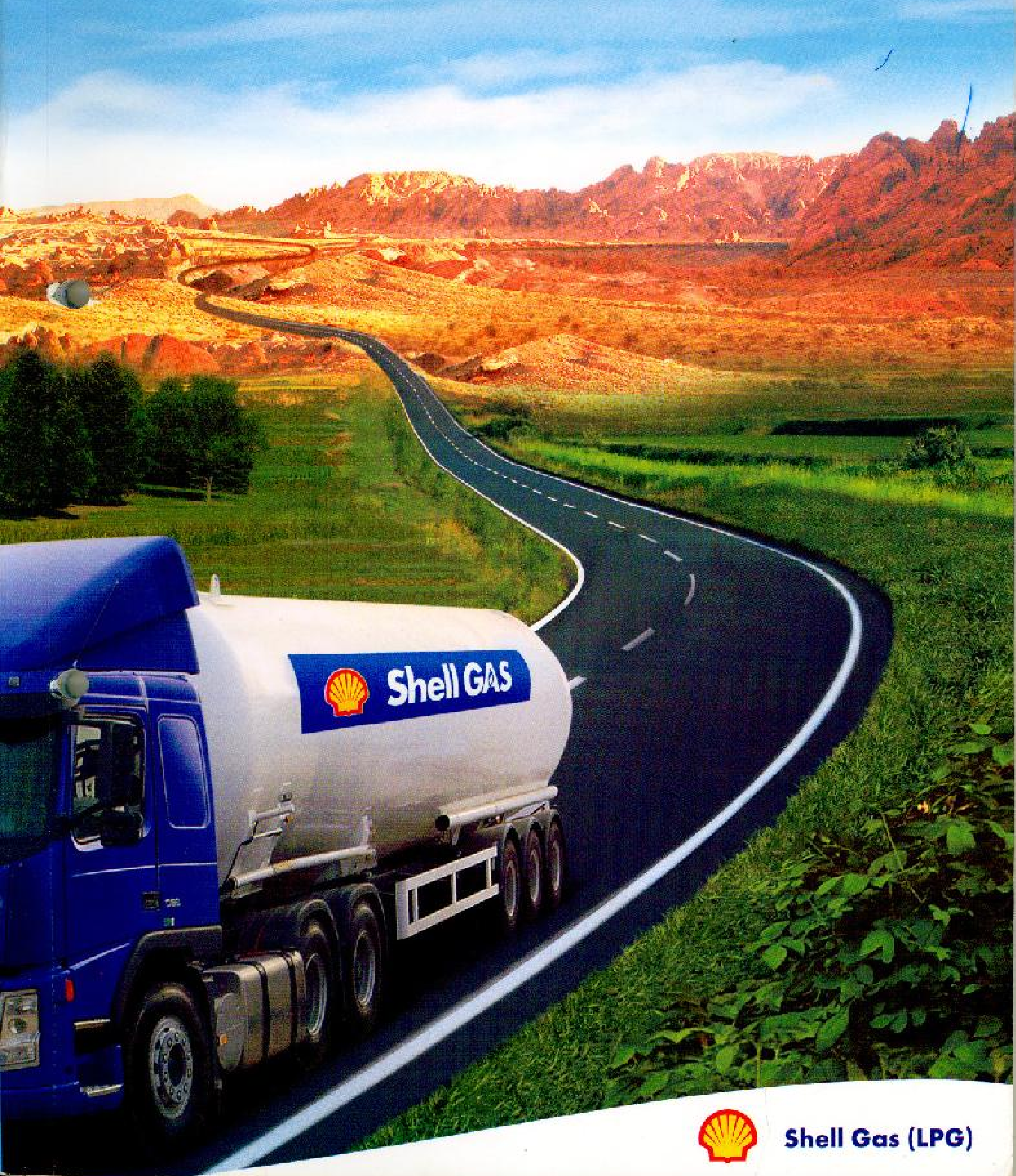
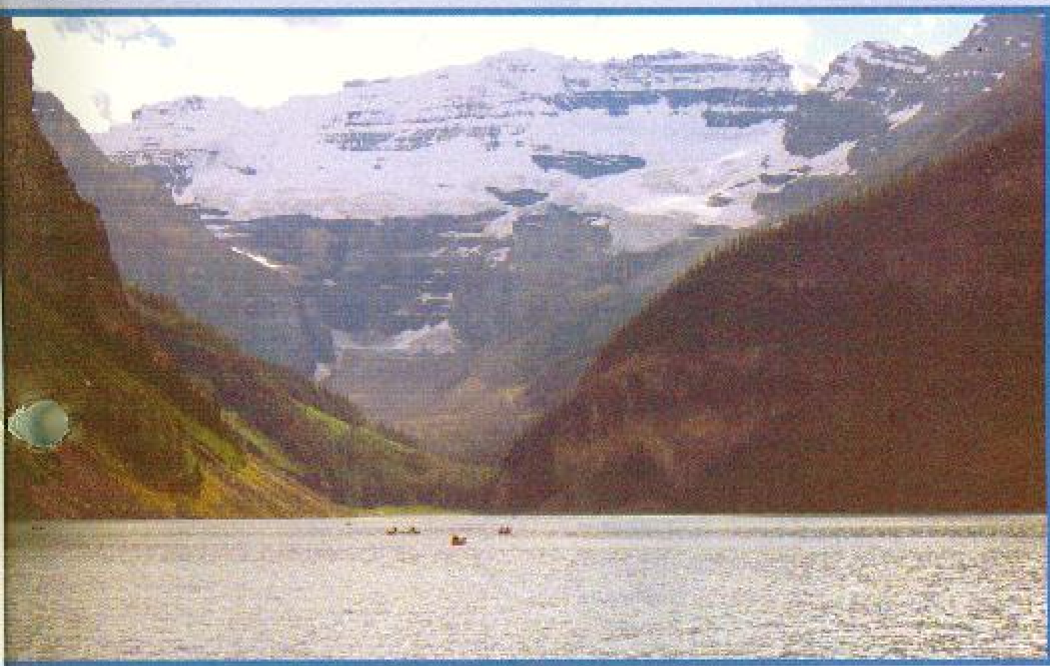
Shell Gas LPG (Pakistan) Limited

ANNUAL REPORT 2009



Shell Gas (LPG)

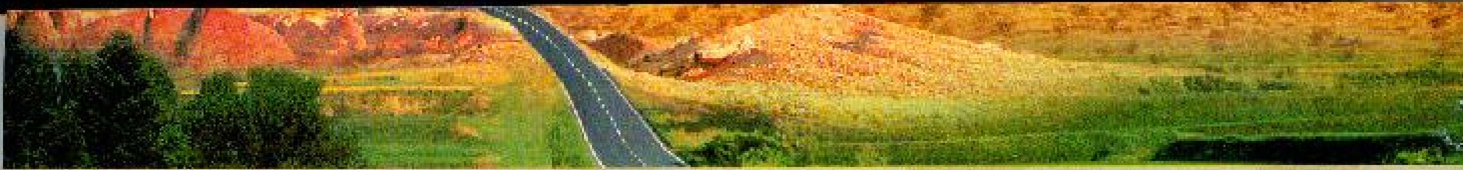


Our Vision

To be the Top Performer of First Choice

At Shell Gas LPG (Pakistan) Limited, we strive to deliver results, perform to the highest standards, develop our people, provide quality customer service and actively pursue consistent safety improvements. A firm foundation based on performance enables us to deliver strong returns and value growth for our shareholders, greater and better choices for our customers and opportunities and improvements in the quality of life of our communities. In an unsettled world, our commitment to performance at every level continues to be both the challenge and the aspiration.

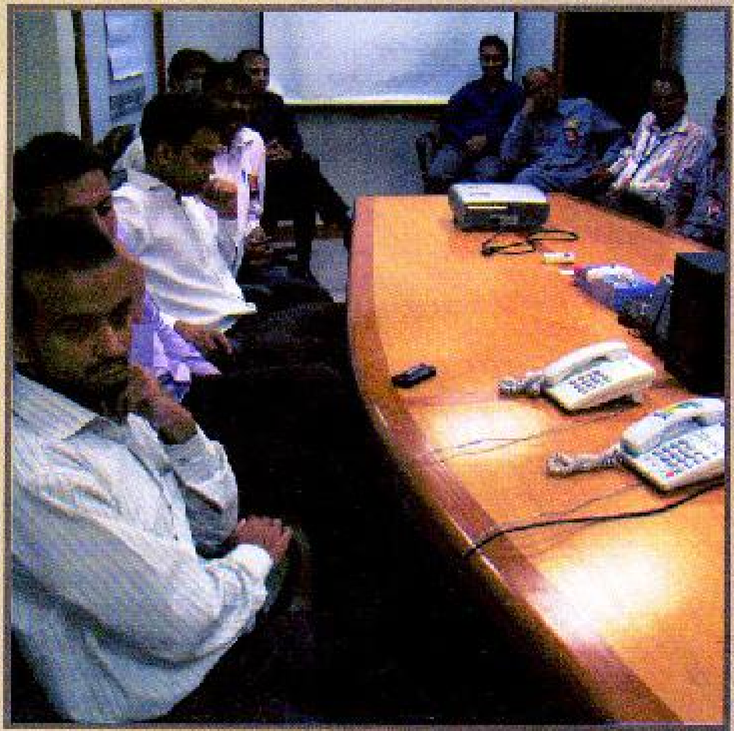
Our Vision



HSSE's Importance in Shell Gas

At all levels, HSSE is managed as any other critical business activity. The Management at SGPL demonstrates strong, visible leadership and commitment by allocating sufficient resources to operate and maintain their HSSE Management Systems and lead by example in their personal actions and behaviours. They ensure that all HSSE policies are properly observed by providing support and resources for actions taken to operate safely and to protect health and the environment and to exert a positive influence on the HSSE management of contractors as they play a major role in achieving a high level of HSSE performance. This is evident by the fact that the Company completed an overall of 1 Million Working hours without LTI in all areas of its operation.

With the zero tolerance approach to accidents & fatalities we have made a considerable investment over the years in improving all areas within the supply chain, including Plant Operations, Road Transport Standards, and believe to have the best road transport Safety Standards within the LPG industry in the country. We continue to aim at reducing risks associated with the business to as low as reasonably practicable (ALARP) while remaining commercially viable.

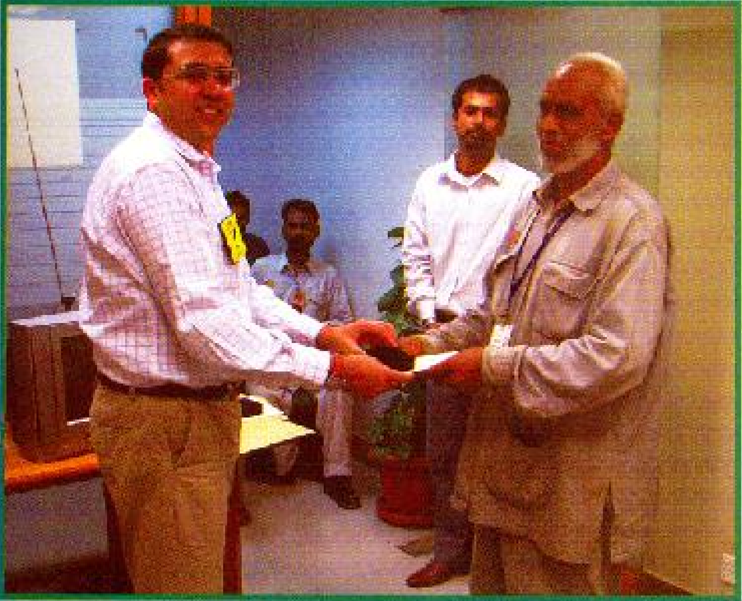


As a responsible corporate citizen, we always believe that the only way to sustainable development is through a strong commitment to Health, Safety, Security and Environment (HSSE) performance in all areas of our business. The main area of challenge is road transport safety where the Company has made huge investments. The Company is also investing money to provide defensive driving training to drivers. Drivers health and fitness and rest periods are closely monitored to ensure their best safety performance on the road.

Human Resource

With the world economy going through extremely challenging times, many organizations have been driven to streamline their operations, reduce costs and introduce operational efficiencies to respond to the changing economic environment.

At Shell Gas LPG (Pakistan) Limited (SGPL), Human Resource contribution to this process is critical in successfully managing organizational change, maximizing employee engagement, and adapting and revising recruitment strategy and reward structure in response to market conditions.



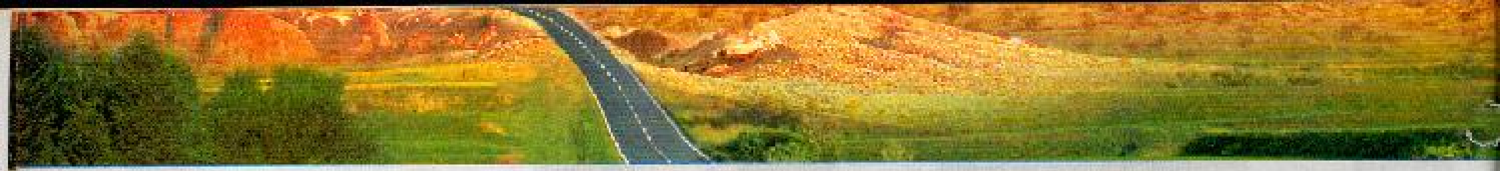
At SGPL, mentoring and providing on-job training is being done effectively and efficiently as this is all about making sure the business meets its objectives through its people. Shell's new on-boarding and off-boarding process also helps staff to equip themselves sufficiently before entering into new role, as well as the buddy system is provided to new employees in which an experienced employee passes down information to the new employee.

A comprehensive exercise of competence profiling has been completed for the entire Company in which focus has been given on leadership, functional and HSSE critical job competencies. This competence assessment has resulted in gap identification between the current and desired level of competencies. Online training along with Job training and coaching are provided wherever gaps are identified.

SGPL has received recognition from ICAEW (Institute of Chartered Accountants of England & Wales), where now SGPL is an authorized trainer for local talent interested in CA from England & Wales. Also within the finance domain SGPL has been recognized as authorized approved employer for the training of ACCA (Association of Chartered Certified Accountants) students and affiliates. This is a big achievement for the Company, as it will boost its potential to attract and retain best talent.

Shell Group conducted a peoples survey in 2008. The results for SGPL were a significant improvement from 2006 and better than the Shell average in each of main clusters. It was particularly pleasing to see a good score on the question around feeling free to speak one's mind without negative consequences and the culture of openness espoused by the leadership.

Shell Gas remains committed to the philosophy of viewing employees as an asset and is continuing its focus on people development & enhancing skills by providing them various opportunities to learn and excel in hybrid roles.



Operational Excellence

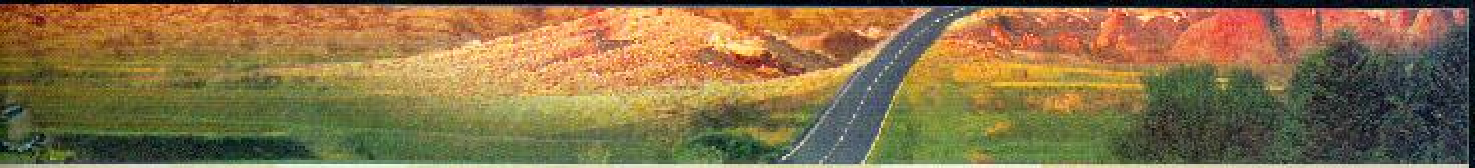
At Shell Gas LPG (Pakistan) Limited, Operational Excellence (OE) is a philosophy of leadership, teamwork and problem solving resulting in continuous improvement throughout the organisation by focusing on the needs of the customer, empowering employees and optimising existing activities in the process. It is the policy of Shell Gas to protect health /safety of people and the environment, and to conduct its operations reliably and efficiently. Operational Excellence is the systematic management of safety, health, environment, reliability and efficiency. Our commitment to OE is embodied in Shell's Way value of Protecting People and the Environment, which places the highest priority on the health and safety of our workforce and protection of our assets and the environment.

Our operations team continues to strive for superior road transport standards and improved fleet management systems. With the zero tolerance approach to accidents and fatalities we have made a considerable investment over the years in improving Road Transport standards and believe to have one of the best road transport standards within the LPG industry in the country.

The Faisalabad Filling plant expansion is complete and would be operational within few months, as most of the requisite permission from the Regulatory Authority has been taken and we are in the process of giving final touches to the plant. This plant has been designed in line with the latest international standards and provision has been provided in the design layout to accommodate state of the art equipment, which will be installed in phases as per operational plan. With state of art filling system and increased electronic filling lines SGPL is all set to deliver its Customer Value Propositions of HSSE compliant cylinders, accurate weight and timely delivery.

Innovation

Shell Gas (LPG) Pakistan Ltd is now pioneer in converting industrial applications to Synthetic Natural Gas (SNG). Natural Gas shortages over the last few years have opened up this entirely new segment of SNG. This entirely new segment offers exponential growth. The technical competency of Shell Gas LPG Pakistan Limited in this regard, has been acknowledged and appreciated by its customers.



SNG can be used as full replacement of Natural Gas or can be mixed in any ratio with natural gas in the same pipeline for augmentation or peak shaving. Typical applications for SNG include natural gas (NG) industrial back-up systems where natural gas is unavailable & unreliable. SNG peak shaving can supplement Natural Gas supply for all domestic and industrial customers.

LPG / Air Mixed Gas plant provides Synthetic Natural Gas having 100% equivalent Woobe Index (Energy Flow) to Natural Gas equipment like Steam Generation Plants, Textile Equipment, Dryers etc. during natural gas curtailment or load Management from the Sui Northern Gas Limited. Shell Gas (LPG) Pakistan Limited has successfully commissioned the first & the Largest LPG / Air mix SNG Units ever installed in Pakistan.

Statement of General Business Principles

Introduction

The objectives of the Shell Gas 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.

Values

Shell Gas 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

Shell Gas LPG (Pakistan) Limited recognise 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 recognise 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 Shell Gas LPG (Pakistan) Limited's 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.

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 Shell Gas 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 fulfil 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

Shell Gas 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

Shell Gas 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 Shell Gas LPG (Pakistan) Limit must be reflected accurately and fairly in the accounts of the company in accordance w established procedures and are subject to audit and disclosure.

Principle 4: Political Activities

a) Of the company

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

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b) Of employees

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

Principle 5: Health, Safety, Security and the Environmen

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To this end, Shell Gas LPG (Pakistan) Limited manage these matters as critical busine activities, set standards and targets for improvement, and measure, appraise and repo performance.

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

Principle 6: Local Communities

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

Principle 7: Communication and Engagement

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

Principle 8: Compliance

Shell Gas 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 behaviour expected of every employee in Shell Gas LPG (Pakistan) Limited in the conduct of its business at all times. The company encourage its business partners to live by them or by equivalent principles.

Shell Gas LPG (Pakistan) Limited encourage its employees to demonstrate leadership, accountability and teamwork, and through these behaviours, to contribute to the overal 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 non-compliance. In turn, it is the responsibility of Shell Gas LPG (Pakistan) Limited's 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 conduct its business and living by them is crucial to its continued success.

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Contents

Notice of Annual General Meeting

NOTICE IS HEREBY given that the 43rd Annual General Meeting of the Company will be held on Friday 16th, October 2009 at 09:30 a.m at Pearl Continental Hotel Karachi, to transact the following business:

Ordinary Business:

1. To receive and adopt Reports of Directors and Auditors together with the Audited Accounts for the year ended 30th June 2009.
2. To appoint Auditors for 2009 – 2010 and fix their remuneration.

By Order of the Board

Oan Hussain Ali
Controller & Company Secretary

Karachi:September 18, 2009

Notes:

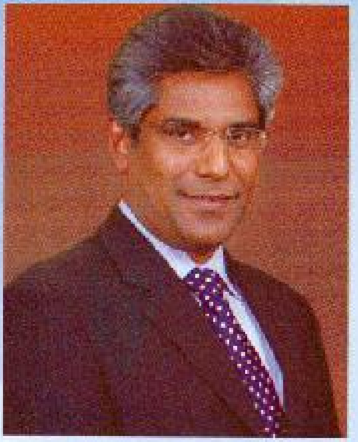
I. The Share Transfer Books of the Company will be closed from 10th October to 16th October 2009 (both days inclusive) when no transfer of shares will be accepted for registration.

II. A member entitled to attend and vote at the meeting may appoint a proxy to attend, speak and vote on his/her behalf.

III. Proxies, in order to be valid, must be received at the Registered Office of the Company not less than 48 hours before the meeting.

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

V. CDC shareholders or their proxies are required to bring with them their original Computerised National Identity Card or Passport along with the Participant's ID Number and their account number at the time of attending the Annual General Meeting in order to authenticate their identity.

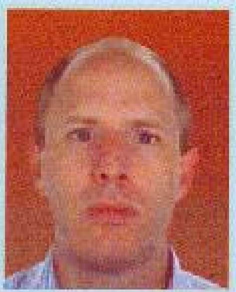

Mr. Zaiviji Ismail bin Abdullah


Ms. Fawzia Kazmi

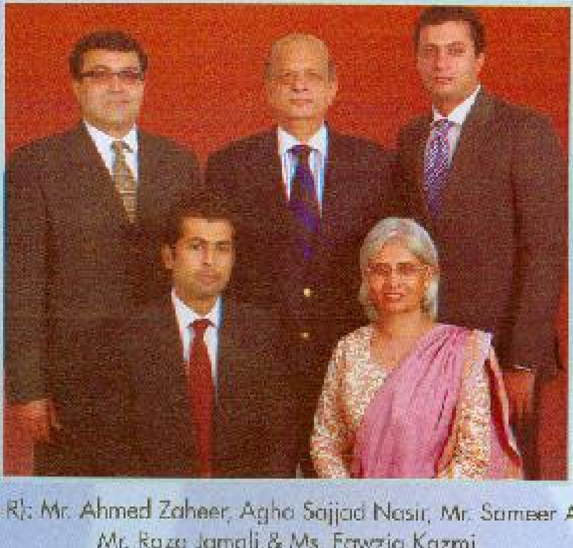

Ms. Khurshid Bhaimia


Ms. Sak Mei Wong


Mr. Sameer Amin


Mr. Adam Harrison


Mr. Istaqbal Mehdi


(L to R): Mr. Ahmed Zaheer, Agha Sajjad Nasir, Mr. Sameer Amin
Mr. Raza Jamali & Ms. Fawzia Kazmi

Company Information

Board of Directors

Chairman	Mr. Zaiviji Ismail bin Abdullah
	Ms. Khurshid Bhaimia
	Mr. Adam Harrison
	Ms. Fawzia Kazmi
	Mr. Istaqbal Mehdi
	Ms. Sok Mei Wong
	Mr. Sameer Amin

Audit Committee

Chairperson	Ms. Sok Mei Wong
	Mr. Adam Harrison
	Ms. Khurshid Bhaimia

Management Team

General Manager & Chief Executive	Ms. Fawzia Kazmi
Director Finance & Chief Financial Officer	Mr. Sameer Amin
Operations Manager	Mr. Agha Sajjad Nasir
HSSE Manager	Mr. Ahmed Zaheer
Human Resource Manager	Mr. Raza Jamali

Company Secretary
Mr. Oan Hussain Ali

Registered Office
Shell Gas LPG (Pakistan) Limited
Adjacent to Pakistan Refinery Limited,
Korangi Creek, Karachi-75190

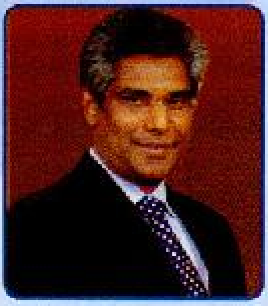
Auditors
A.F. Ferguson & Co.

Legal Advisors
Surridge & Beecheno
Advocates & Corporate Consultants

Bankers
Citi Bank N.A.
Habib Bank Limited
MCB Bank Limited
National Bank of Pakistan
Royal Bank of Scotland
Standard Chartered Bank
United Bank Limited

Share Registrar
THK Associates (Pvt.) Ltd.
Address: 2nd Floor, State Life Building-3,
Dr. Ziauddin Ahmed Road, Karachi.
Telephone #: 021-111000322
Fax : 021-5655595

Chairman's Review



It gives me pleasure to share the results and financial statements of the Company for the year ended June 30, 2009.

The year saw some real challenges both internationally and locally and during this period Pakistan's economy grew only by 2 percent, against the target of 4.5 percent.

The LPG indigenous supply situation remained static, as no new source of LPG emerged during the year under review, while imports also continued to be expensive. During the year, the Company sold 23,859 MT as compared to 25,709 Metric Tonnes last year. However, in spite of low volumes and a competitive business environment, your Company was able to produce a turn around.

Turnover for the year increased by 11% as compared to last year and the Company posted a net profit after tax of Rs. 72 million as compared to loss of Rs. 155 million last year. This was possible only as a result of restructuring, streamlining the channel and major cost cutting initiatives that the management has undertaken.

Your Company continues to drive the Goal Zero policy amongst staff and contractors. We have once again excelled in our performance of Health, Safety, Security and Environment (HSSE), with no lost time injury or fatality. The Company has successfully completed 1 million man-hours without lost time injury as at year end. The management is committed towards improving the HSE standards for itself and its stakeholders throughout the supply chain.

We believe that sustainable development is only possible if we abide by our Business Principles. Shell Gas business principles are firmly embedded in all the operations of the Company and we continuously strive to get wider acceptance and implementation.

I would like to assure you that the management of your Company is fully aware of its responsibility towards its stakeholders and is determined to increase the value of the business. We are looking into all possible options to improve the business performance of your Company in a profitable manner.

Finally I would like to thank the staff, distributors and customers for their continuous support in ensuring sustained success of the Company and for making Shell their brand of choice.

Karachi: August 17, 2009

Zaiviji Ismail bin Abdullah
Chairman

Report of the Directors

The Directors of Shell Gas LPG (Pakistan) Limited would like to present their Annual Report and audited Financial Statements of the Company for the year ended June 30, 2009 together with the Auditors' Report thereon. The year under review was exceptional as your Company produced a turn around, which can be seen from the following key indicators:

- Operating Profit of Rs. 81 million as compared to a operating loss of Rs. 163 million.
- Profit after taxation of Rs. 72 million as compared to a loss of Rs. 155 million.

Health, Safety, Security & Environment (HSSE)

We promote a culture in which HSSE remains the underlying theme of all our activities. We do this by moving both hearts and minds of the people involved. Once again your Company's main focus remained on HSSE, this is evident from One Million Man-Hours Without Last Time Injury (LTI) achieved during this year. We continued with the strategy of Zero Tolerance for non-compliance in HSSE.

In Shell Gas LPG (Pakistan) Limited, we are committed to the following HSSE Strategic Objectives that contribute to our excellent HSSE performance and maintain the Goal Zero Approach:

- Strict Focus on the Goal Zero Approach
- Pursue the goal of No Harm to People
- Product Stewardship throughout the supply chain
- Timely implementation of actions of the HSSE Annual Plan
- Protect the Environment
- HSSE to be treated as a critical business activity
- Ensuring HSSE at all levels of the organisation
- Move to & sustain a Generic HSSE Culture
- Competence Development for all HSSE Critical Staff
- Promote best practices in HSSE at the industry level

To cultivate and promote HSSE culture and awareness amongst its stakeholders, the Company celebrated a Safety Day all across Pakistan. This was in accordance with the Shell Global Safety Day. The day was undertaken to acknowledge your Company's strong concern and commitments about safety in general. The main focus of the day was **"Doing the Right Thing"** – even when no one is watching, to promote a culture of compliance with laws, standards and procedures, intervention in unsafe and non-compliant situations and respect for all. This was done by dissemination of these messages to all stakeholders through various functions and campaigns organised by your Company.

Initiatives for continuous improvements in the Road Transport and Haulier HSSE Management System were carried out during the year. Defensive driving courses, toolbox meetings, random vehicle checks, on-road inspection and circulation of easy to understand HSSE guidelines, are part of our regular activities to further enhance HSSE culture within and outside organisation. The management continued to review security conditions and is taking adequate measures to secure assets and lives of the people associated with the Company.

Financial Highlights

The financial performance of the Company along with reasons for major variations are as follows:

- Turnover for the year increased to Rs. 1,438 million, which is 11% higher than that achieved last year mainly because of the increase in selling prices.
- Gross profit increased by Rs. 208 million mainly due to effective margin management initiatives.
- Administrative expenses during this period have gone up by 16% i.e. from Rs. 77 million to Rs. 90 million mainly due to increase in head office rentals and write off of assets that had been capitalised against head office assets at the Forum (previous registered office of the Company). This move of the head office (registered office) was one of the initiatives taken by management to reduce costs.

- Distribution and Marketing expenses gone down by 25% i.e. from Rs. 124 million to Rs. 94 million mainly due to reduction in secondary freight (outward carriage) cost by approx. Rs. 28 million as the Company has moved from delivered supplies to explant supplies which is part of management initiative of structural cost reduction.
- Other income increased by Rs. 25 million mainly due to waiver by the Shell Group on account of fee payable by the Company and disposal of scrap items.
- Finance cost for the year decreased by Rs. 7.1 million.

As a result of the above variations, the profit after taxation for the year was Rs. 72 million as compared to a loss of Rs. 155 million.

Financial Summary

	Rs. in '000s
Profit before taxation (as per audited financial statements)	68,575
Taxation for the year	3,584
Profit after taxation	72,159

Dividends

In order to maintain turnaround in a volatile and uncertain market and to further reduce financing costs, the Directors have recommended nil dividend for the year.

Reporting

The Board has ensured completeness, true and fair presentation and timely issuance of its periodic financial Statements in accordance with the requirements of the Companies Ordinance 1984, The Listing Regulations of Stock Exchanges and International Financial Reporting Standards.

Corporate Governance

The Company is committed to highest 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:

1. The financial statements, prepared by the management of Shell Gas LPG (Pakistan) Limited present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
2. Proper books of account of Shell Gas LPG (Pakistan) Limited have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
4. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
5. The system of internal controls is sound in design and has been effectively implemented and monitored.
6. There are no significant doubts upon Shell Gas LPG (Pakistan) Limited's ability to continue as a going concern.
7. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
8. Key operating and financial data for the last decade in summarised form is annexed.
9. No trades in the shares of Shell Gas 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 audited financial statements is as follows:

	Rupees in million
Pension Fund (Year ended June 30, 2008)	68
Gratuity Fund (Year ended June 30, 2008)	14
Provident Fund (Year ended June 30, 2008)	44

Board Meetings

During the year four board meetings were held and the attendance of each director is given on page 61.

Board of Directors

The directors as at June 30, 2009 were Mr. Zaiviji Ismail bin Abdullah, Ms. Fawzia Kazmi, Ms. Khurshid Bhaimia, Mr. Adam Harrison, Ms. Sok Mei, Mr. Sameer Amin and Mr. Istaqbal Mehdi. Subsequent to the year-end, Extraordinary General Meeting of the Company was held on 7 August, 2009 in which the same Directors were re-elected to the Board.

Pattern of Shareholding

The Pattern of Shareholding as of June 30, 2009 is given on page 62.

Auditors

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

On behalf of the Board

Fawzia Kazmi
Chief Executive

Karachi: August 17, 2009

Highlights

		Year ended June 30, 2009	Year ended June 30, 2008
Sales Volume	Tonnes	23,859	25,709
Sales Revenue	Rs. mn	1,239	1,125
Profit before taxation	Rs. mn	68	(183)
Profit after taxation	Rs. mn	72	(155)
New Capital expenditure	Rs. mn	23	26
Shareholders' equity	Rs. mn	298	226
Earnings per share	Rs.	3.19	(8.47)

Financial Statistical Summary

		2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Investment Measure													
Share Capital	Rs. mn	226	226	32	27	27	27	27	27	27	27	27	27
Reserves	Rs. mn	72	–	155	209	221	162	111	96	103	92	92	93
Shareholders' equity	Rs. mn	298	226	188	236	248	189	138	123	130	119	119	119
Break up value	Rs.	13	10	58	87	92	70	51	46	48	44	44	44
Dividend per share	Rs.	0	–	–	–	7	10	10	3	3	6	6	9
Profit/(loss) before tax	Rs. mn	69	(183)	(81)	18	107	101	65	6	19	20	19	66
Profit/(loss) after tax	Rs. mn	72	(155)	(48)	1	75	67	42	2	19	16	16	48
Earnings per share of Rs.10	Rs.	3.19	(8.47)	(2.66)	0.25	27.91	24.84	15.58	0.64	7.11	5.8	5.9	17.8
Price earning ratio		16.61	(16.41)	(84.21)	1,100	12.5	16.1	10.5	157.0	15.5	25.1	16.9	10.1
Measure of financial status													
Current assets to current liabilities		2.47	1.02	0.78	1.1	1.6	1.6	1.3	1	3.5	1.3	0.6	2.[illegible]
Number of days stock		8.79	15.66	11.42	4	6	9	7	1	16	3	2	5
Number of days trade debts		0.89	1.43	2.42	3	4	3	0	3	2	1	1	1
Measure of performance													
Profit/(loss) after tax as % Average shareholders' equity		28	(75)	(23)	0.4	30	41	32	1	15	13	13	45
Cost of sales as % of sales		80	97	93	86	78	75	77	87	81	78	76	65
Profit/(loss) before tax as % of sales		6	(16)	(5)	1	12	13	10	1	8	9	7	23
Profit/(loss) after tax as % of sales		6	(14)	(3)	0.1	9	9	7	0	7	7	6	16
Total debts ratio %		25	45	103	80	34	22	50	96	15	12	13	0

Statement of Compliance with the Code of Corporate Governance

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes one **independent** non executive director, three non-executive directors, two executive directors and one director representing minority shareholders.

2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. All casual vacancies occurring in the Board were filled-up by the directors within 30 days thereof.

5. The Company has prepared a 'Statement of General Business Principles', which has been approved by all the directors and signed by employees of the Company.

6. The Board has adopted a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended 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 related party transactions carried out during the year ended June 30, 2009 on terms equivalent to those prevail in an arm's length transaction, were without specifying the pricing method, placed before the Audit Committee and approved by the Board of Directors in their respective meeting held on August 17, 2009.

9. 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 were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

10. The current Board of Directors re took their office in August 2009. A comprehensive course was held for all the Directors to apprise them of their duties and responsibilities, all directors appointed during the period were given extensive training packs to educate them on their duties.

11. There was no new appointment of CFO during the year. The internal audit function remained outsourced to Shell Pakistan Limited.

12. 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.

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

14. 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.

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

16. The Board has formed an audit committee. At present it comprises three members, all of whom are non-executive directors including the chairman of the committee.

17. 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.

18. The Board has outsourced the internal audit function to Shell Pakistan Limited, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, 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 Institute of Chartered Accountants of Pakistan.

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. We confirm that all other material principles contained in the Code have been complied with.

Karachi: September 14, 2009

Ms. Fawzia Kazmi
Chief Executive

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 prepared by the Board of Directors of Shell Gas LPG (Pakistan) Limited to comply with the Listing Regulations of the respective 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 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 controls, the Company's coroporate governance procedures and risks.

Further, Sub - Regulation (xiii) of Listing Regulations 37 notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated January 19, 2009 requires 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 to check the approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee which was done in their respective meetings held on August 17, 2009. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's lenth 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.

Karachi: September 14, 2009

A.F. Ferguson & Co.
Chartered Accountants

Financial Statements
For the year ended June 30, 2009
Shell Gas LPG (Pakistan) Limited

Auditors' Report to the Members

We have audited the annexed balance sheet of Shell Gas LPG (Pakistan) Limited as at June 30, 2009 and the related profit and loss account, cash flow statement and statement of changes in equity 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 profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;

   ii) the expenditure incurred during the year was for the purpose of the Company's business; and

   iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity 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, 2009 and of the profit, its cash flows and changes in equity for the year then ended; and

d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

A.F. Ferguson & Co.
Chartered Accountants

Karachi: September 14, 2009

Name of the audit engagement partner: Imtiaz A. H. Laliwala

Balance Sheet
As at June 30, 2009

	Note	2009	2008
		(Rupees in '000)	
ASSETS			
Non-Current Assets			
Property, plant and equipment	3	456,620	513,452
Intangible assets	4	29,094	33,827
Long term investment	5	2	2
Long-term loans	6	6,874	5,230
Long-term deposits	7	50,909	73,977
Deferred taxation	8	71,635	68,051
		615,134	694,539
Current Assets			
Stores and spares	9	4,176	3,742
Stock-in-trade	10	25,763	22,094
Trade debts	11	2,696	4,320
Loans, advances, deposits, prepayments and other receivables	12	31,311	75,830
Taxation recoverable		9,485	8,570
Cash and bank balances	13	193,499	52,621
		266,930	167,177
Total Assets		882,064	861,716
EQUITY AND LIABILITIES			
Equity			
Share capital	14	226,400	226,400
General reserve		90,000	90,000
Accumulated loss		(17,965)	(90,124)
		298,435	226,276
Non-Current Liabilities			
Long-term finance	15	75,000	75,000
Cylinder and regulator deposits	16	400,470	396,302
		475,470	471,302
Current Liabilities			
Short-term running finances	17	-	25,892
Trade and other payables	18	108,159	138,246
		108,159	164,138
		583,629	635,440
Commitments	19		
Total Equity and Liabilities		882,064	861,716

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

Zaiviji Ismail bin Abdullah
Chairman

Fawzia Kazmi
Chief Executive

Profit and Loss Account

For the year ended June 30, 2009

	Note	2009	2008
		(Rupees in '000)	
Gross sales		1,438,242	1,295,154
Sales tax		(198,642)	(169,215)
Net sales		1,239,600	1,125,939
Cost of product sold	20	(992,825)	(1,087,174)
Gross profit		246,775	38,765
Distribution and marketing expenses	21	(93,457)	(123,925)
Administrative expenses	22	(89,688)	(77,224)
Other operating income	23	29,287	4,566
Other operating expenses	24	(11,658)	(5,177)
Operating profit / (loss)		81,259	(162,995)
Finance costs	25	(12,684)	(19,735)
Profit / (loss) before taxation		68,575	(182,730)
Taxation	26	3,584	27,309
Profit / (loss) for the year		72,159	(155,421)
Earnings / (loss) per share - basic and diluted	27	3.19	(8.47)

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

Zaiviji Ismail bin Abdullah
Chairman

Fawzia Kazmi
Chief Executive

Cash Flow Statement

For the year ended June 30, 2009

	Note	2009	2008
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	32	169,581	1,971
Finance costs paid		(15,213)	(17,627)
Taxes paid		(915)	(5,681)
Long-term loans - net		(1,644)	1,078
Long-term deposits - net		23,068	(16,940)
Cylinder and regulator deposits - net		4,168	2,934
Net cash inflow/(outflow) from operating activities		179,045	(34,265)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment - net		(22,713)	(26,164)
Proceeds from disposal of property, plant and equipment		4,670	5,989
Interest received		5,768	18
Net cash outflow from investing activities		(12,275)	(20,157)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from the issue of right shares		-	194,057
Net increase in cash and cash equivalents		166,770	139,635
Cash and cash equivalents at beginning of the year		26,729	(112,906)
Cash and cash equivalents at end of the year	33	193,499	26,729

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

Zaiviji Ismail bin Abdullah
Chairman

Fawzia Kazmi
Chief Executive

Statement of Changes in Equity
For the year ended June 30, 2009

	Issued, subscribed and paid-up capital	General reserve	Unappropriated profit/ (Accumulated loss)	Total
	(Rupees in '000)			
Balance as at June 30, 2007	**32,343**	**90,000**	**65,297**	**187,640**
Issue of right shares at par	194,057	-	-	194,057
Loss for the year	-	-	(155,421)	(155,421)
Balance as at June 30, 2008	**226,400**	**90,000**	**(90,124)**	**226,276**
Profit for the year	-	-	72,159	72,159
Balance as at June 30, 2009	**226,400**	**90,000**	**(17,965)**	**298,435**

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

Zaiviji Ismail bin Abdullah
Chairman

Fawzia Kazmi
Chief Executive

Notes to the Financial Statements
For the year ended June 30, 2009

1. LEGAL STATUS AND OPERATIONS

The Company is a limited liability company incorporated in Pakistan and is listed on the Karachi and Lahore Stock Exchanges. The registered office located at Suite # 606-608, Sixth Floor, The Forum, Block 9, Clifton, Karachi, has been shifted, subsequent to year end, to adjacent to Pakistan Refinery Limited, Korangi Creek, Karachi.

The principal activity of the Company is storing and marketing Liquefied Petroleum Gas (LPG) throughout Pakistan.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal 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 These financial statements have been prepared under the historical cost convention, except for certain available for sale investments which have been recognised at fair value and recognition of certain staff retirement benefits at present value.

2.1.2 These financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 (the Ordinance) and the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) as notified under the provisions of the Ordinance. Wherever, the requirements of the Ordinance or directives issued by the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of these standards, the requirements of the Ordinance or the requirements of the said directives have been followed.

2.1.3 Critical accounting estimates and judgments

The preparation of financial statements in conformity with the above basis 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 set out below:

- Residual values and useful lives of property, plant and equipment (note 2.2)
- Useful lives of intangible assets (note 2.3)
- Provision for impairment of non-financial assets (note 2.4)
- Provision for impairment of trade debts and other receivables (note 2.8)
- Provision for staff retirement benefits (note 2.11)
- Taxation (note 2.15)

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.

2.1.4 Standards and interpretations effective in 2008-09 and relevant

- IFRS 7 'Financial Instruments: Disclosures'. The SECP vide S.R.O 411 (I) / 2008 dated April 28, 2008 notified the adoption of IFRS 7 'Financial Instruments: Disclosures'. IFRS 7 is mandatory for Company's accounting period beginning on or after the date of notification i.e. April 28, 2008. IFRS 7 has superseded IAS 30 and disclosure requirements of IAS 32. Adoption of IFRS 7 has only impacted the format and extent of disclosures presented in the financial statements.

Notes to the Financial Statements

For the year ended June 30, 2009

- IFRIC 11, 'IFRS 2 – Group and treasury share transactions', provides guidance on whether share-based transactions involving treasury shares or involving group entities (for example, options over a parent's shares) should be accounted for as equity-settled or cash-settled share-based payment transactions in the stand-alone financial statements of the parent and group companies. This interpretation does not have a material impact on the Company's financial statements.

- IFRIC 14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction', provides guidance on assessing the limit in IAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. This interpretation does not have a material impact on the Company's financial statements.

2.1.5 Standards, amendments to published standards and interpretations effective in 2008-09 but not relevant.

The other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after July 1, 2008 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

2.1.6 Standards and amendments to published standards that are not yet effective but relevant

- IAS 1 (Revised), 'Presentation of financial statements' (effective for accounting period beginning on or after January 1, 2009). The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income) Where entities restate or reclassify comparative information, they will be required to present a restated balance sheet as at the beginning of the comparative period in addition to the current requirement to present balance sheets at the end of the current period and comparative period. The adoption of IAS 1 (Revised) will only impact the presentation of financial statements.

- IAS 1 (Amendment), 'Presentation of financial statements' (effective for accounting period beginning on or after January 1, 2009). The amendment is part of the IASB's annual improvements project published in May 2008. The amendment clarifies that some rather than all financial assets and liabilities classified as held for trading in accordance with IAS 39, 'Financial instruments: Recognition and measurement' are examples of current assets and liabilities respectively. The Company will apply the IAS 39 (Amendment) from July 1, 2009. This amendment is not expected to have a significant effect on the Company's financial statements.

- IAS 19 (Amendment), 'Employee benefits' (effective for accounting period beginning on or after January 1, 2009). The amendment is part of the IASB's annual improvements project published in May 2008.

  - The amendment clarifies that a plan amendment that results in a change in the extent to which benefit promises are affected by future salary increases is a curtailment, while an amendment that changes benefits attributable to past service gives rise to a negative past service cost if it results in a reduction in the present value of the defined benefit obligation.

  - The definition of return on plan assets has been amended to state that plan administration costs are deducted in the calculation of return on plan assets only to the extent that such costs have been excluded from measurement of the defined benefit obligation.

  - The distinction between short term and long term employee benefits will be based on whether benefits are due to be settled within or after 12 months of employee service being rendered.

  - IAS 37, 'Provisions, contingent liabilities and contingent assets', requires contingent liabilities to be disclosed, not recognised. IAS 19 has been amended to be consistent.

The Company will apply IAS 19 (Amendment) from July 1, 2009. The amendment has no material impact on the Company's financial statements.

- IAS 23 (Amendment), 'Borrowing costs' (effective for accounting period beginning on or after January 1, 2009). The amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs has been removed. The Company's accounting policy is in compliance with IAS 23(Amendment) and therefore, there will be no effect on the financial statements.

- IAS 23 (Amendment), 'Borrowing costs' (effective for accounting period beginning on or after January 1, 2009). The amendment is the part of the IASB's annual improvements project published in May 2008. Through this amendment, the definition of borrowing costs has been amended so that interest expense is calculated using the effective interest method defined in IAS 39 'Financial instruments: Recognition and measurement'. This eliminates the inconsistency of terms between IAS 39 and IAS 23. The Company will apply the IAS 23 (Amendment) prospectively to the capitalisation of borrowing cost on qualifying assets from July 1, 2009.

- IAS 36 (Amendment), 'Impairment of assets' (effective from January 1, 2009). The amendment is part of the IASB's annual improvements project published in May 2008. Where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value-in-use calculation should be made. The Company will apply the IAS 36 (Amendment) and provide the required disclosure where applicable for impairment tests from July 1, 2009.

- IAS 38 (Amendment), 'Intangible assets' (effective for accounting period beginning on or after January1,2009). The amendment is part of the IASB's annual improvements project published in May 2008.The amendment requires that a prepayment may only be recognised in the event that payment has been made in advance of obtaining right of access to goods or receipt of services. This amendment is not expected to have a significant effect on the Company's financial statements.

- IAS 38 (Amendment), 'Intangible assets' (effective from January 1, 2009). The amendment is part of the IASB's annual improvements project published in May 2008. The amendment deletes the wording that states that there 'rarely, if ever' support for use of a method that results in a lower rate of amortization than the straight-line method. This amendment will not have any impact on the Company's financial statements, as all intangible assets are amortised using the straight-line method.

- IFRS 2 (Amendment), 'Share-based payment' (effective from January 1, 2009). The amended standard deals with vesting conditions and cancellations. It clarifies that vesting conditions are service condition and performance conditions only. Other features of a share-based payment are not vesting conditions. As such these features would need to be included in the grant date fair value for transactions with employees and others providing similar services, that is, these features would not impact the number of awards expected to vest or valuation thereof subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. This amendment is not expected to have a significant effect on the Company's financial statements.

- There are a number of minor amendments to IFRS 7, 'Financial instruments: Disclosures', IAS 8, 'Accounting policies, changes in accounting estimates and errors', IAS 10, 'Events after the reporting period', IAS 18, 'Revenue' and IAS 34, 'Interim financial reporting', which are part of the IASB's annual improvements project published in May 2008 (not addressed above). These amendments are unlikely to have any impact on the Company's financial statements and have therefore not been analysed in detail.

Other new standards, interpretations and amendments to existing standards that are mandatory for accounting periods beginning on or after July 1, 2009 which are not considered relevant nor have any significant effect on the Company's operations and financial statements are not detailed in these financial statements.

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 project are completed or become operational. Transfers are made to relevant assets category as and when assets are available for use.

Depreciation is charged to the profit and loss account using straight-line method whereby the cost of the asset is written off over its estimated useful life at the rates given in note 3.1. 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 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 and loss account. 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.

2.3 **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 asset is 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 4.

2.4 **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 and loss account.

2.5 **Financial instruments**

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. They 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. They 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 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 for all financial assets not 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 in the profit and loss account. 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 rate method.

The fair values of quoted investments are based on current prices. If the market for a financial asset is not active (and for unquoted shares of wholly owned subsidiary), 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 equity.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the profit and loss account as gains and losses from investment securities. Interest on available-for-sale securities calculated using the effective interest method is recognised in the profit and loss account. Dividends on available-for-sale equity instruments are recognised in the profit and loss account when the Company's right to receive payments is established.

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. If any such evidence exists for available-for-sale financial assets, the cumulative loss is removed from equity and recognised in the profit and loss account. Impairment losses recognised in the profit and loss account on equity instruments are not reversed through the profit and loss account. Impairment testing of trade debts and other receivables is described in note 2.8.

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 and loss account.

Notes to the Financial Statements

For the year ended June 30, 2009

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.

2.6 **Stores and spares**

Stores and spares to be consumed in the ordinary course of business are valued at lower of weighted average cost and net realisable value, 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 and loss account.

2.7 **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.

2.8 **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.

2.9 **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 are shown in current liabilities on the balance sheet.

2.10 **Share capital**

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

2.11 **Retirement and other service benefits**

2.11.1 **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.

The latest valuations of the above schemes were carried out as at June 30, 2009, using the "Projected Unit Credit Method".

Actuarial gains or losses are recognised as income or expense when the cumulative unrecognised actuarial gains or losses for each individual plan exceeds 10% of the higher of (a) the defined benefit obligation and (b) the fair value of plan assets. These gains or losses are recognised over the expected average remaining working lives of the employees participating in the plan.

Amounts recognised in the balance sheet represent the present value of defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, if any, and as reduced by the fair value of plan assets.

2.11.2 **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 7.5% per annum and 10% per annum of the basic salary for management and non-management employees respectively.

2.11.3 **Compensated absences**

The Company provides a facility to its management and non-management 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 up to March 31^{st} of the following year.

Provisions are made to cover the obligations under the scheme on the basis of actuarial valuation and are charged to profit and loss account. The most recent valuation was carried out as of June 30, 2009 using the "Projected Unit Credit Method". The amount recognised in the balance sheet represents the present value of defined benefit obligations.

2.11.4 **Employee share-based payments**

The Shell Group awards shares under a Performance Share Plan (PSP) to certain employees of the Company from time to time. The fair value of these shares, which is recharged by the parent company to the Company, is recognised as an expense, with a corresponding increase in liabilities, over the period the employees become entitled to the award. The liability is remeasured at each reporting date and at settlement date. These are recognised as salaries, wages and benefits in the profit and loss account.

2.12 **Borrowings**

Borrowings are recognised initially 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 and loss account 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.

2.13 **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.

2.14 **Provisions**

Provisions are recognised when the Company has a 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.

2.15 **Taxation**

Current

Provision for current taxation is based on taxable income at the current rates of taxation, after taking into account tax credits and rebates available, if any.

Deferred

Deferred tax is recognised using the liability method on all major temporary differences arising between the carrying amounts for the financial reporting purposes and the amounts used for taxation purposes.

Deferred 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 tax asset is realized or the deferred tax liability is settled.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the assets may be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Deferred tax is charged or credited to profit and loss account.

2.16 **Foreign currencies**

The financial statements are presented in Pakistan Rupees which is the Company's functional and presentation 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 profit and loss account.

2.17 **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.
- Storage and handling charges recovered are accounted for on accrual basis after netting off the relevant costs.

2.18 **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.

2.19 **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. PROPERTY, PLANT AND EQUIPMENT

	2009	2008
	(Rupees in '000)	
Operating assets (note 3.1)	415,574	404,354
Capital work-in-progress (note 3.2)	41,046	109,098
	456,620	513,452

3.1 Operating assets

	Freehold land	Building: On freehold land	Building: On leasehold land	Building: On land under license	Plant and machinery	Tanks, pipelines and fittings	Fire fighting equipment	Cylinder and regulators	Vehicles	Furniture, fittings, electrical and other equipment	Office machines	Personal computers	Total
	(Rupees in '000)												
As at July 1, 2007													
Cost	5,618	3,146	29,218	6,616	43,607	47,974	8,833	667,415	64,456	42,073	3,198	14,741	936,895
Accumulated depreciation	-	(1,783)	(13,413)	(6,380)	(21,618)	(34,547)	(7,645)	(300,065)	(42,457)	(31,806)	(2,090)	(12,831)	(474,635)
Net book value	5,618	1,363	15,805	236	21,989	13,427	1,188	367,350	21,999	10,267	1,108	1,910	462,260
Year ended June 30, 2008													
Opening net book value	5,618	1,363	15,805	236	21,989	13,427	1,188	367,350	21,999	10,267	1,108	1,910	462,260
Additions including transfers (note 3.2)	-	-	4,145	-	4,273	1,983	121	7,775	1,728	975	352	498	21,850
Disposals													
Cost	-	-	-	-	(56)	-	-	(7,295)	-	(521)	-	-	(7,872)
Depreciation	-	-	-	-	19	-	-	5,202	-	521	-	-	5,742
	-	-	-	-	(37)	-	-	(2,093)	-	-	-	-	(2,130)
Depreciation charge (note 3.1.1)	-	(157)	(1,349)	(86)	(1,520)	(3,362)	(535)	(56,531)	(10,766)	(2,017)	(278)	(1,025)	(77,626)
Closing net book value	5,618	1,206	18,601	150	24,705	12,048	774	316,501	12,961	9,225	1,182	1,383	404,354
As at July 1, 2008													
Cost	5,618	3,146	33,363	6,616	47,824	49,957	8,954	667,895	66,184	42,527	3,550	15,239	950,873
Accumulated depreciation	-	(1,940)	(14,762)	(6,466)	(23,119)	(37,909)	(8,180)	(351,394)	(53,223)	(33,302)	(2,368)	(13,856)	(546,519)
Net book value	5,618	1,206	18,601	150	24,705	12,048	774	316,501	12,961	9,225	1,182	1,383	404,354
Year ended June 30, 2009													
Opening net book value	5,618	1,206	18,601	150	24,705	12,048	774	316,501	12,961	9,225	1,182	1,383	404,354
Additions including transfers (note 3.2)	-	1,661	59,753	-	1,085	30	-	23,856	-	2,587	329	1,464	90,765
Disposals													
Cost	-	-	(28)	-	(403)	-	-	(1,584)	(1,715)	-	-	(829)	(4,559)
Depreciation	-	-	16	-	238	-	-	1,465	1,641	-	-	829	4,189
	-	-	(12)	-	(165)	-	-	(119)	(74)	-	-	-	(370)
Write-offs													
Cost	-	-	(1,981)	-	-	-	-	-	-	(1,361)	-	-	(3,342)
Depreciation	-	-	589	-	-	-	-	-	-	753	-	-	1,342
	-	-	(1,392)	-	-	-	-	-	-	(608)	-	-	(2,000)
Depreciation charge (note 3.1.1)	-	(198)	(2,909)	(79)	(1,669)	(2,544)	(266)	(56,032)	(9,731)	(2,240)	(291)	(1,216)	(77,175)
Closing net book value	5,618	2,669	74,041	71	23,956	9,534	508	284,206	3,156	8,964	1,220	1,631	415,574
As at June 30, 2009													
Cost	5,618	4,807	91,107	6,616	48,506	49,987	8,954	690,167	64,469	43,753	3,879	15,874	1,033,737
Accumulated depreciation		(2,138)	(17,066)	(6,545)	(24,550)	(40,453)	(8,446)	(405,961)	(61,313)	(34,789)	(2,659)	(14,243)	(618,163)
Net book value	5,618	2,669	74,041	71	23,956	9,534	508	284,206	3,156	8,964	1,220	1,631	415,574
Annual rate of depreciation (%)	-	5	5	5	5	10	15	10	20 - 25	10-15	15	33.33	

Notes to the Financial Statements
For the year ended June 30, 2009

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

	2009	2008
	(Rupees in '000)	
Cost of product sold (note 20)	**30,852**	32,185
Distribution and marketing expenses (note 21)	**38,177**	36,910
Administrative expenses (note 22)	**8,146**	8,531
	77,175	77,626

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

	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of purchasers
	(Rupees in '000)					
Plant and machinery	264	99	165	367	Negotiation	Middle East Automation and Control Services, 38-D/1, New Muslim Town, Lahore.
Cylinder and regulators	330	211	119	1,200	Bid	M/s Muhammad Siddiq Awan N/P 12/47, Muhammad Shah Street, Jodia Bazar, Karachi.
Vehicles	632	558	74	753	Bid	Mr. Navaid Iftikhar House No. 3-A 1/1 Nazimabad No.1 Dakhana, Karachi.
Aggregate amount of assets disposed off, having net book value less than Rs. 50 thousand each	3,333	3,321	12	2,350		
	4,559	4,189	370	4,670		
2008	7,872	5,742	2,130	6,989		

3.2 **CAPITAL WORK-IN-PROGRESS**

	Balance at beginning of the year	Additions	Transfers	Balance at end of the year
	(Rupees in '000)			
Year ended June 30, 2008				
Buildings on leasehold land	62,058	3,737	(4,145)	61,650
Plant and machinery	11,588	4,046	(4,273)	11,361
Tanks, pipelines and fittings	7,780	2,293	(1,983)	8,090
Cylinder and regulators	1,714	10,412	(7,775)	4,351
Vehicles	350	1,378	(1,728)	-
Furniture, fittings, electrical and fire fighting equipment	18,324	3,509	(1,096)	20,737
Office machines	1,822	647	(352)	2,117
Personal computers	1,148	142	(498)	792
	104,784	26,164	(21,850)	109,098
Year ended June 30, 2009				
Buildings on leasehold land	**61,650**	**869**	**(61,414)**	**1,105**
Plant and machinery	**11,361**	**892**	**(1,085)**	**11,168**
Tanks, pipelines and fittings	**8,090**	**(898)**	**(30)**	**7,162**
Cylinder and regulators	**4,351**	**19,824**	**(23,856)**	**319**
Furniture, fittings, electrical and fire fighting equipment	**20,737**	**1,316**	**(2,587)**	**19,466**
Office machines	**2,117**	**22**	**(329)**	**1,810**
Personal computers	**792**	**688**	**(1,464)**	**16**
	109,098	**22,713**	**(90,765)**	**41,046**

4. INTANGIBLE ASSETS

	Computer software	Rights under supply contract (note 4.1)	Total
		(Rupees in '000)	
As at July 1, 2007			
Cost	1,980	64,206	66,186
Accumulated amortisation	(1,258)	(26,368)	(27,626)
Net book value	722	37,838	38,560
Intangible assets under development	1,690	-	1,690
	2,412	37,838	40,250
Year ended June 30, 2008			
Opening net book value	722	37,838	38,560
Amortisation charge (note 20)	(147)	(4,586)	(4,733)
Net book value	575	33,252	33,827
As at July 1, 2008			
Cost	1,980	64,206	66,186
Accumulated amortisation	(1,405)	(30,954)	(32,359)
Net book value	575	33,252	33,827
Year ended June 30, 2009			
Opening net book value	575	33,252	33,827
Amortisation charge (note 20)	(147)	(4,586)	(4,733)
Net book value	428	28,666	29,094
As at June 30, 2009			
Cost	1,980	64,206	66,186
Accumulated amortisation	(1,552)	(35,540)	(37,092)
Net book value	428	28,666	29,094
Annual rate of amortisation (%)	**20**	**7.14**	

4.1 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.

		2009	2008
		(Rupees in '000)	
5.	**LONG-TERM INVESTMENT**		
	Available-for-sale, unquoted wholly owned subsidiary - at cost		
	Burshane Pakistan (Private) Limited; 200 (2008: 200) ordinary shares of Rs. 10 each	2	2

Burshane Pakistan (Private) Limited has not commenced its operations and, accordingly, investment in this entity has not been consolidated in these financial statements.

		2009	2008
		(Rupees in '000)	
6.	**LONG TERM LOANS - secured, considered good**		
	Executives	**3,255**	1,894
	Employees	**8,583**	6,209
		11,838	8,103
	Less:		
	Recoverable within one year shown under current assets (note 12)		
	- Executives	**2,116**	746
	- Employees	**2,848**	2,127
		4,964	2,873
		6,874	5,230

6.1 **Reconciliation of carrying amount of loans:**

	2009				2008			
	Chief Executive	Executives	Other Employees	Total	Chief Executive	Executives	Other Employees	Total
	(Rupees in '000)							
Balance at beginning of the year	-	1,894	6,209	8,103	377	1,119	7,842	9,338
Transfers to executives during the year	-	293	(293)			871	(871)	-
Add: Disbursements	-	2,619	7,307	9,926	-	1,440	3,617	5,057
Less: Repayments	-	(1,551)	(4,640)	(6,191)	(377)	(1,536)	(4,379)	(6,292)
Balance at end of the year	-	3,255	8,583	11,838	-	1,894	6,209	8,103

6.2 These loans are granted to employees under the Company's loan policy. 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. These loans carry interest at the rate of 1% per annum and are secured by letter of hypothecation, third party guarantees and demand promissory notes.

6.3 The maximum aggregate amount of loans due from Chief Executive and Executives at the end of any month during the year was Rs. Nil (2008: Rs. 377 thousand) and Rs. 3,435 thousand (2008: Rs. 2,045 thousand) respectively.

7. LONG-TERM DEPOSITS

Includes deposits aggregating to Rs. 50,021 thousand (2008: Rs. 73,084 thousand) placed with suppliers of liquefied petroleum gas as per mutually agreed terms.

8. DEFERRED TAXATION

	2009	2008
	(Rupees in '000)	
Deferred tax asset arising due to:		
Carry forward of tax losses (note 8.1)	**109,734**	104,953
Minimum tax on turnover	**5,649**	3,847
Provision for doubtful trade debts	**3,186**	1,957
	118,569	110,757
Deferred tax liability arising due to:		
Accelerated depreciation allowance - net	**(46,934)**	(42,706)
	71,635	68,051

8.1 The aggregate tax losses available for carry-forward at June 30, 2009 amount to Rs. 313,525 thousand (2008: Rs. 372,974 thousand), on which deferred tax asset amounting to Rs. 109,734 thousand (2008: Rs. 104,953 thousand), net of realisation, has been recognised. This include prior year's unrecognised deferred tax asset on unused tax losses amounting to Rs. 25,848 thousand, the realisation thereof, based on financial projections, has now become probable.

9. STORES AND SPARES

	2009	2008
	(Rupees in '000)	
Stores	**1,515**	1,704
Spares	**2,787**	2,164
	4,302	3,868
Less: Provision for obsolete items	**(126)**	(126)
	4,176	3,742

	2009	2008
	(Rupees in '000)	
10. STOCK IN TRADE		
Liquified petroleum gas (note 10.1)	**15,569**	11,695
Low pressure regulators	**10,194**	10,399
	25,763	22,094

10.1 Includes stock held with third parties amounting to Rs.1,591 thousand (2008: Rs.925 thousand).

10.2 Stock held on behalf of third parties amounts to Rs.3,113 thousand (2008: Rs.1,988 thousand).

	2009	2008
	(Rupees in '000)	
11. TRADE DEBTS - unsecured		
Considered good	**2,696**	4,320
Considered doubtful	**9,102**	5,592
	11,798	9,912
Less: Provision for impairment (note 11.1)	**(9,102)**	(5,592)
	2,696	4,320
11.1 Provision for impairment		
Balance at beginning of the year	**5,592**	5,005
Add: Provided during the year and recognised in distribution and marketing expenses (note 21)	**3,510**	587
Balance at end of the year	**9,102**	5,592

11.2 As at June 30, 2009 trade receivables aggregating Rs. 1,004 thousand (2008: Rs. 2,008 thousand) were past due but not impaired. These relate to various customers for which there is no recent history of default, the aging analysis of these trade receivables is as follows:

	2009	2008
	(Rupees in '000)	
Up to 1 month	**-**	271
1 to 6 months	**562**	1,365
More than 6 months	**442**	372
	1,004	2,008

11.3 As at June 30, 2009, trade receivable aggregating Rs. 9,102 thousand (2008: Rs. 5,592 thousand) were impaired and provided for, which are past due for more than six months.

	2009	2008
	(Rupees in '000)	
12. LOANS, ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
Loans and advances - secured, considered good		
Loans due from (note 6)		
- Executives	2,116	746
- Employees	2,848	2,127
	4,964	2,873
Advances to		
- Executives (note 12.1)	253	288
- Contractors and Suppliers (note 12.2)	5,201	25,318
	10,418	28,479
Short-term deposits	1,040	1,040
Short-term prepayments	1,178	6,341
Due from related parties	3,199	2,233
Receivable from		
- Staff retirement benefit funds	13,283	34,227
- Staff retirement contributory funds	-	1,721
- LPG marketing companies	678	678
Others	1,558	1,154
	31,354	75,873
Less: Provision for impairment	(43)	(43)
	31,311	75,830

12.1 The maximum aggregate amount of advances due from executives at the end of any month during the year was Rs. 288 thousand (2008: Rs. 288 thousand).

12.2 Advance to related party as at year end was Rs. 2,048 thousand (2008: Rs. 9,964 thousand).

	2009	2008
	(Rupees in '000)	
13. CASH AND BANK BALANCES		
Cash and cheques in hand	314	51
With banks in:		
- savings accounts	157,215	2,444
- current accounts	35,970	50,126
	193,499	52,621

14. SHARE CAPITAL

Authorised capital

2009	2008		2009	2008
(Number of shares)			(Rupees in '000)	
30,000,000	30,000,000	Ordinary shares of Rs. 10 each	**300,000**	300,000

Issued, subscribed and paid up capital

2009	2008		2009	2008
(Number of shares)				
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

14.1 The Shell Petroleum Company Limited, United Kingdom, Parent Company, a subsidiary of Royal Dutch Shell Plc., held, as at June 30, 2009, 15,374,545 (2008: 15,374,545) ordinary shares of Rs. 10 each.

15. LONG TERM FINANCE, secured

Long term finance of Rs. 75,000 thousand, obtained from United Bank Limited in 2007, is repayable in one lumpsum on July 29, 2010. Mark-up thereon is payable quarterly at the rate of KIBOR prevailing on the first day of each quarterly installment period, plus one percent. The finance is secured by a ranking charge on all inventory of LPG, cylinders/regulators, stores and other supplies, book debts, loans, advances, deposits, short term prepayments, other receivables, plant & machinery and equipments.

16. 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.

	2009	2008
	(Rupees in '000)	

17. SHORT-TERM RUNNING FINANCES, secured

	2009	2008
Short-term running finances utilised under mark-up arrangements	-	25,892

The facilities for short term running finances available from various banks, which represents the aggregate sales price of all mark-up arrangements, amounts to Rs. 250 million (2008: Rs. 350 million). The corresponding purchase prices are payable on various dates by November 14, 2009 and the facilities carry a mark-up at the rate of monthly KIBOR plus 0.76% to 2.5% (2008: monthly KIBOR plus 0.76% to 1.5%). The arrangements are secured by way of pari passu charge against hypothecation of inventory of LPG, cylinders/regulators, stores and other supplies, book debts, plant & machinery and equipments of the Company.

The facilities for opening letter of credit and guarantees as at June 30, 2009 amounts to Rs. 150 million (2008: Rs. 150 million) of which the amount remaining unutilised as at year end was Rs. 150 million (2008: Rs. 150 million).

18. TRADE AND OTHER PAYABLES

	2009	2008
	(Rupees in '000)	
Creditors (note 18.1)	31,680	54,538
Accrued liabilities (note 18.1)	43,387	59,718
Payable in respect of share-based payments	1,211	1,211
Workers' profit participation fund	3,685	-
Workers' welfare fund	1,400	-
Sales tax payable	2,800	795
Retention money	102	155
Advances from distributors / customers	15,075	8,699
Security deposits from cartage contractors (note 18.2)	10	10
Distributors' security deposits - payable on termination of distributorship (note 18.2)	1,952	1,952
Mark-up on:		
– short-term running finances	-	1,769
– long-term finance	57	2,173
	57	3,942
Dividends		
– unclaimed	168	172
– unpaid	640	640
	808	812
Excess advance received from parent company against right issue	5,722	5,722
Others	270	692
	108,159	138,246

18.1 Amounts due to related parties as at year end was Rs. 32,469 thousand (2008: Rs. 44,446 thousand).

18.2 Security deposits from cartage contractors and distributors are non-interest bearing and/or are refundable on completion of contract and on termination of distributorship respectively.

19. COMMITMENTS

Capital commitments contracted for but not incurred at June 30, 2009 amounted to Rs. 12,101 thousand (2008: Rs. 12,413 thousand).

	2009	2008
	(Rupees in '000)	
20. COST OF PRODUCT SOLD		
Cost of LPG sold:		
Opening stock	11,695	60,373
Purchases	907,395	945,318
	919,090	1,005,691
Less: Closing stock	15,569	11,695
	903,521	993,996
Salaries, wages and other employee benefits (note 20.1)	28,163	27,748
Cost of low pressure regulators sold	205	381
Stores and spares consumed	1,999	3,514
Repairs and maintenance	1,492	3,037
Traveling, conveyance and vehicle expenses	2,715	2,621
Rent, rates and electricity	5,002	3,201
Communication expenses	6,781	4,554
Printing and stationery	159	125
Insurance	1,798	1,227
Depreciation (note 3.1.1)	30,852	32,185
Amortisation (note 4)	4,733	4,733
Security expenses	2,093	1,816
Sundry expenses	3,312	8,036
	992,825	1,087,174

20.1 Salaries, wages and other employee benefits include Rs. 826 thousand (2008: Rs. 705 thousand) in respect of staff retirement benefits.

Notes to the Financial Statements

For the year ended June 30, 2009

		2009	2008
		(Rupees in '000)	
21.	**DISTRIBUTION AND MARKETING EXPENSES**		
	Salaries, wages and other employee benefits (note 21.1)	**11,872**	14,309
	Repairs and maintenance	**382**	3,865
	Traveling, conveyance and vehicle expenses	**2,136**	3,387
	Rent, rates and electricity	**982**	838
	Communication expenses	**4,646**	3,172
	Printing and stationery	**162**	140
	Insurance	**333**	578
	Freight and octroi	**29,480**	56,834
	Advertisement and publicity	**878**	2,327
	Depreciation (note 3.1.1)	**38,177**	36,910
	Security expenses	**206**	187
	Provision for doubtful debts (note 11.1)	**3,510**	587
	Sundry expenses	**693**	791
		93,457	123,925

21.1 Salaries, wages and other employee benefits include Rs. 371 thousand (2008: Rs. 475 thousand) in respect of staff retirement benefits.

		2009	2008
		(Rupees in '000)	
22.	**ADMINISTRATIVE EXPENSES**		
	Salaries, wages and other employee benefits (note 22.1)	**27,060**	24,853
	Repairs and maintenance	**592**	383
	Traveling, conveyance and vehicle expenses	**2,995**	3,798
	Rent, rates and electricity	**11,556**	7,829
	Communication expenses	**8,075**	4,970
	Printing and stationery	**458**	503
	Insurance	**260**	650
	Service cost from group companies	**25,095**	21,559
	Advertisement and publicity	**45**	463
	Depreciation (note 3.1.1)	**8,146**	8,531
	Operating assets written-off	**2,000**	-
	Security expenses	**240**	236
	Sundry expenses	**3,166**	3,449
		89,688	77,224

22.1 Salaries, wages and other employee benefits include Rs. 908 thousand (2008: Rs. 1,123 thousand) in respect of staff retirement benefits.

Notes to the Financial Statements

For the year ended June 30, 2009

		2009	2008
		(Rupees in '000)	
23.	**OTHER OPERATING INCOME**		
	Income from savings accounts	**5,768**	18
	Tanks rental income	**2,263**	405
	Exchange gain - net	**4,537**	-
	Liabilities written back (note 23.1)	**12,167**	-
	Profit on disposal of operating assets	**4,300**	3,859
	Sundries	**252**	284
		29,287	4,566

23.1 This represents write back of payable to Shell International Petroleum Company Limited for various services availed during 2007 by the Company, on waiver thereof.

		2009	2008
		(Rupees in '000)	
24.	**OTHER OPERATING EXPENSES**		
	Directors' fees	**73**	70
	Auditors' remuneration (note 24.1)	**838**	689
	Workers' profits participation fund	**3,685**	-
	Workers' welfare fund	**1,400**	-
	Legal and professional charges	**1,817**	615
	Exchange loss - net	-	2,451
	Others	**3,845**	1,352
		11,658	5,177
24.1	**Auditors' remuneration**		
	Audit fee		
	– statutory audit	**400**	350
	– half yearly review	**150**	100
	– audit of provident, pension and gratuity funds	**75**	56
	Out of pocket expenses	**213**	183
		838	689
25.	**FINANCE COSTS**		
	Mark-up on:		
	- long-term finance	**11,279**	8,210
	- short-term running finances	**49**	9,832
		11,328	18,042
	Bank charges	**1,356**	1,693
		12,684	19,735
26.	**TAXATION**		
	Current - for the year	-	5,649
	Deferred	**(3,584)**	(32,958)
		(3,584)	(27,309)

26.1 **Reconciliation of income tax expense for the year**

	2009	2008
	(Rupees in '000)	
Accounting profit/(loss) before taxation	**68,575**	(182,730)
Tax at the applicable tax rate of 35% (2008: 35%)	**24,001**	(63,956)
Minimum tax at the rate of 0.5% of turnover	**-**	5,649
Deferred tax asset on minimum tax, net	**(1,802)**	3,776
Deferred tax asset on unused tax losses (note 8.1)	**(25,848)**	25,848
Others	**65**	1,374
	(3,584)	(27,309)

27. EARNINGS/(LOSS) PER SHARE – Basic and diluted

Basic earnings/loss per share is calculated by dividing the profit/loss 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/loss per share of the Company.

	2009	2008
	(Rupees in '000)	
Profit/(loss) after taxation	**72,159**	(155,421)
	Number of Shares	
Weighted average number of ordinary shares in issue (in thousands)	**22,640**	18,353
	Rupees	
Earnings/(loss) per share - Basic and diluted	**3.19**	(8.47)

Notes to the Financial Statements
For the year ended June 30, 2009

28. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2009				2008			
	Chief Executive	Executive Director	Executives	Total	Chief Executive	Executive Directors	Executives	Total
	(Rupees in '000)							
Managerial remuneration	3,191	1,419	9,404	14,014	3,191	904	10,418	14,513
Bonus	1,248	704	4,506	6,458	1,212	785	3,801	5,798
Company's contribution to gratuity, pension and provident funds	239	106	704	1,049	239	55	713	1,007
Housing, utilities and conveyance	2,219	1,005	6,532	9,756	1,755	281	5,471	7,507
Medical, leave fare, etc.	120	173	952	1,245	837	38	1,299	2,174
	7,017	3,407	22,098	32,522	7,234	2,063	21,702	30,999
Number of persons including those who worked part of the year	1	1	12	14	1	2	11	14

28.1 Aggregate amount charged for the year in respect of fees to two directors is Rs. 73 thousand (2008: two directors, Rs. 70 thousand).

28.2 In addition, the Chief Executive and certain Executives were also provided with few household appliances and free use of Company cars.

29. EMPLOYEE BENEFITS

29.1 The details of defined benefit schemes are as follows:

	Pension Fund 2009	Pension Fund 2008	Gratuity Fund 2009	Gratuity Fund 2008
	(Rupees in '000)			
29.1.1 Balance sheet reconciliation				
Fair value of plan assets	78,784	105,076	14,533	16,198
Present value of defined benefit obligations	(60,302)	(65,444)	(16,763)	(15,202)
Funded status	18,482	39,632	(2,230)	996
Unrecognised net actuarial (gain)/loss	(6,334)	(7,530)	2,704	468
Receivable in respect of payments to outgoing employees on behalf of the funds	661	661	-	-
Recognised asset	12,809	32,763	474	1,464
29.1.2 Movement in fair value of plan assets				
Fair value as at July 1	105,076	79,123	16,198	17,737
Expected return on planned assets	11,558	7,912	1,782	1,774
Actuarial gains/(losses)	(12,256)	985	(2,261)	(2,706)
Employer's contribution	(20,900)	20,901	-	-
Employees contributions	637	-	-	-
Benefits paid	(5,331)	(3,845)	(1,186)	(607)
Plan assets as at June 30	78,784	105,076	14,533	16,198

Notes to the Financial Statements

For the year ended June 30, 2009

	Pension Fund 2009	Pension Fund 2008	Gratuity Fund 2009	Gratuity Fund 2008
	(Rupees in '000)			
29.1.3 Movement in defined benefit obligation				
Obligation as at July 1	**65,444**	57,293	**15,202**	10,165
Current service cost	**4,049**	3,401	**1,100**	850
Interest cost	**7,199**	5,729	**1,672**	1,016
Actuarial (gains)/losses	**(11,059)**	2,866	**(25)**	3,778
Benefits paid	**(5,331)**	(3,845)	**(1,186)**	(607)
Obligations as at June 30	**60,302**	65,444	**16,763**	15,202
29.1.4 Charge for the year				
Current service cost	**4,049**	3,401	**1,100**	850
Interest cost	**7,199**	5,729	**1,672**	1,016
Expected return on plan assets	**(11,558)**	(7,912)	**(1,782)**	(1,774)
Employees contributions	**(637)**	(570)	**-**	-
Recognition of actuarial gain	**-**	(115)	**-**	(326)
Expense/(income) for the year	**(947)**	533	**990**	(234)

29.1.5 **Principal actuarial assumptions used in the actuarial valuation carried out as of June 30, 2009 using the 'Projected Unit Credit Method' are as follows:**

	Pension Fund 2009	Pension Fund 2008	Gratuity Fund 2009	Gratuity Fund 2008
Discount rate and expected return on plan assets	14%	11%	14%	11%
Future salary increases	14%	11%	14%	11%
Expected mortality rate	EFU 61-66 mortality table	EFU 61-66 mortality table	EFU 61-66 mortality table	EFU 61-66 mortality table
Expected withdrawal rate	Age dependent	Age dependent	Age dependent	Age dependent
Actual return on plan assets (rupees in '000)	(697)	8,897	(479)	(933)

29.1.6 Plan assets comprised of the following:

	2009 Rupees in '000	2009 %	2008 Rupees in '000	2008 %
Debts	**77,308**	**82.8**	79,138	65.3
Equity	**9,858**	**10.6**	10,222	8.4
Cash and bank balances	**6,151**	**6.6**	31,914	26.3
	93,317		121,274	

29.1.7 **Comparison for five years:**

	2009	2008	2007	2006	2005
	(Rupees in '000)				
Fair value of plan assets	**93,317**	121,274	96,860	106,158	99,400
Present value of defined benefit obligation	**(77,065)**	(80,646)	(67,458)	(60,856)	(50,454)
Surplus	**16,252**	40,628	29,402	45,302	48,946

Notes to the Financial Statements

For the year ended June 30, 2009

29.1.8 Experience adjustment on plan assets and obligation:

Pension Fund					
Fair value of plan assets	**78,784**	105,076	79,123	88,131	80,645
Present value of obligation	**(60,302)**	(65,444)	(57,293)	(50,184)	(41,638)
Funding surplus	**18,482**	39,632	21,830	37,947	39,007
Actuarial gain /(loss) on assets	**(12,256)**	985	(11,403)	1,359	3,913
Actuarial gain /(loss) on obligation	**11,059**	(2,866)	(5,789)	(3,604)	4,164
Gratuity Fund					
Fair value of plan assets	**14,533**	16,198	17,737	18,027	18,755
Present value of obligation	**(16,763)**	(15,202)	(10,165)	(10,672)	(8,816)
Funding surplus	**(2,230)**	996	7,572	7,355	9,939
Actuarial gain /(loss) on assets	**(2,261)**	(2,706)	180	(1,737)	(828)
Actuarial gain /(loss) on obligation	**25**	(3,778)	268	(979)	(19)

29.1.9 In addition, Rs. 1 thousand (2008: Rs. 5 thousand) and Rs. 10 thousand (2008: Rs. 105 thousand) have been charged in these financial statements in respect of contribution made to the Shell Pakistan Gratuity Fund and Shell Pakistan Limited Pension Fund Trust (Pvt.) Limited respectively, on behalf of employees on secondment from Shell Pakistan Limited.

29.2 Defined contribution scheme

An amount of Rs. 2,047 thousand (2008: Rs. 1,939 thousand) has been charged during the year in respect of Contributory Provident Fund Scheme maintained by the Company. In addition, an amount of Rs. 4 thousand (2008: Rs. 21 thousand) has been charged in these financial statements in respect of payment to Shell Provident Fund, on behalf of employees on secondment from Shell Pakistan Limited.

29.3 Share based payments

The Shell Group has Performance Share Plan (PSP) under which a conditional number of Royal Dutch Shell Plc. (RDS) shares are awarded to Chief Executive of the Company. Under this scheme if certain performance conditions of Shell Group are met, a number of shares may be awarded to the participants at the end of the three year performance period, after which they are vested with employees and the benefit provided is recharged by RDS to Shell Gas LPG (Pakistan) Limited.

No amount has been accrued in the current year in respect of this plan as it is presently not determinable.

30. TRANSACTIONS WITH RELATED PARTIES

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

Nature of relationship	Nature of transactions	2009	2008
		(Rupees in '000)	
Associated companies	Service charges	**25,095**	21,558
	Group infrastructure desktop charges	**15,599**	7,862
	Recovery of excess charges for prior years	**12,167**	-
	Others	**544**	427
Related Parties by virtue of Common Directorship	Purchases of LPG	**125,991**	100,462
Staff retirement benefits funds	Payments made on behalf of retirement benefits funds	**-**	16,775
	Recovery of amount paid on behalf of retirement benefits funds	**25,917**	-
	Contribution to Provident Fund	**2,047**	1,673
Other related parties	Recovery of expenses incurred on behalf of related parties	**94**	377

30.2 Transactions with related parties are made on commercially agreed terms negotiated by the Company.

30.3 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 Directors to be key management personnel.

Particulars of transactions entered into with key management personnel are as per the terms of their employment and are disclosed in notes 6 and 28 to these financial statements.

31. CAPACITY

The installed filling capacity of LPG bottling plants as well as actual average daily LPG being bottled is 85 (2008: 85) metric tons per day on single shift basis.

	2009	2008
	(Rupees in '000)	
32. CASH GENERATED FROM / (UTILIZED IN) OPERATIONS		
Profit/(loss) before taxation	**68,575**	(182,730)
Adjustment for non cash charges and other items:		
Depreciation	**77,175**	77,626
Amortisation	**4,733**	4,733
Operating assets written off	**2,000**	-
Profit on disposal of operating assets	**(4,300)**	(3,859)
Provision for doubtful debts	**3,510**	587
Interest income	**(5,768)**	(18)
Finance costs	**11,328**	18,042
Working capital changes (note 32.1)	**12,328**	87,590
	169,581	1,971

	2009	2008
32.1 Working capital changes		
Increase/decrease in current assets		
Stores and spares	**(434)**	341
Stock-in-trade	**(3,669)**	49,096
Trade debts	**(1,886)**	925
Loans, advances, deposits, prepayments and other receivables	**44,519**	12,560
	38,530	62,922
Decrease/increase in current liabilities		
Trade and other payables - net	**(26,202)**	24,668
	12,328	87,590

	2009	2008
33. CASH AND CASH EQUIVALENTS		
Cash and bank balances (note 13)	**193,499**	52,621
Short-term running finances (note 17)	**-**	(25,892)
	193,499	26,729

34. FINANCIAL ASSETS AND LIABILITIES

34.1 Financial assets

2009

	Financial assets			Assets other than financial assets	Total
	Available for sale	Loans and receivables	Sub total		
	(Rupees '000)				
ASSETS					
Non-Current Assets					
Property, plant and equipment	-	-	-	456,620	456,620
Intangible assets	-	-	-	29,094	29,094
Long-term investment	2	-	2	-	2
Long-term loans	-	6,874	6,874	-	6,874
Long-term deposits	-	888	888	50,021	50,909
Deferred taxation	-	-	-	71,635	71,635
	2	7,762	7,764	607,370	615,134
Current Assets					
Stores and spares	-	-	-	4,176	4,176
Stock-in-trade	-	-	-	25,763	25,763
Trade debts	-	2,696	2,696	-	2,696
Loans, advances, deposits, prepayments and other receivables	-	24,722	24,722	6,589	31,311
Taxation recoverable	-	-	-	9,485	9,485
Cash and bank balances	-	193,499	193,499	-	193,499
	-	220,917	220,917	46,013	266,930
Total Assets	2	228,679	228,681	653,383	882,064

2008

	Financial assets			Assets other than financial assets	Total
	Available for sale	Loans and receivables	Sub total		
	(Rupees '000)				
ASSETS					
Non-Current Assets					
Property, plant and equipment	-	-	-	513,452	513,452
Intangible assets	-	-	-	33,827	33,827
Long-term investment	2	-	2	-	2
Long-term loans	-	5,230	5,230	-	5,230
Long-term deposits	-	893	893	73,084	73,977
Deferred taxation	-	-	-	68,051	68,051
	2	6,123	6,125	688,414	694,539
Current Assets					
Stores and spares	-	-	-	3,742	3,742
Stock-in-trade	-	-	-	22,094	22,094
Trade debts	-	4,320	4,320	-	4,320
Loans, advances, deposits, prepayments and other receivables	-	43,926	43,926	31,904	75,830
Taxation recoverable	-	-	-	8,570	8,570
Cash and bank balances	-	52,621	52,621	-	52,621
	-	100,867	100,867	66,310	167,177
Total Assets	2	106,990	106,992	754,724	861,716

34.2 Financial liabilities

	2009			2008		
	Financial liabilities at amortised cost	Liabilities other than financial liabilities	Total	Financial liabilities at amortised cost	Liabilities other than financial liabilities	Total
	(Rupees '000)					
Non-Current Liabilities						
Long-term finance	75,000	-	75,000	75,000	-	75,000
Cylinder and regulator deposits	400,470	-	400,470	396,302	-	396,302
	475,470	-	475,470	471,302	-	471,302
Current Liabilities						
Short-term running finances	-	-	-	25,892	-	25,892
Trade and other payables	85,199	22,960	108,159	128,752	9,494	138,246
	85,199	22,960	108,159	154,644	9,494	164,138
Total liabilities	560,669	22,960	583,629	625,946	9,494	635,440

35. FINANCIAL RISK MANAGEMENT

35.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and 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 minimise 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.

Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings, especially group companies. The Company primarily has foreign currency exposure in USD, Euro and GBP. The Company does not hedge its foreign exchange risk exposure. Risk is, however, managed by close monitoring of foreign exchange markets and expected currency movements and adjusting timing of payments accordingly.

As at June 30, 2009 had the exchange rates of USD, Euro and GBP depreciated or appreciated against the currency with all other variables held constant, the change in post tax profit/(loss), mainly as a result of foreign exchange gains/losses on translation of foreign currency denominated payables, would have been as follows:

Currency	June 30, 2009		June 30, 2008	
	% change	Impact	% change	Impact
USD	5	325,393	5	147,439
Euro	5	238,536	5	-
GBP	5	213,572	5	967,517

(ii) Other price risk

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

(iii) 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.

The Company's interest rate risk arises from borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. As the Company has no borrowings at fixed rates, it is not exposed to fair value interest rate risk.

The Company analyses its interest rate exposure on a regular basis by monitoring existing facilities against prevailing market interest rates and taking into account various other financing options available.

As at June 30, 2009, the impact on post tax profit/(loss) for the year of a 2% shift would have been a maximum increase/decrease of Rs. 975,000 (2008: Rs. 976,219), mainly as a result of lower/higher interest expense on variable rate borrowings.

(b) Credit risk

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

Credit risk arises from deposits with banks and financial institutions, trade debts, loans, advances, deposits and other receivables. The credit risk on liquid fund is limited because the counter parties are banks with reasonably high credit rating. 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:

	2009	2008
	(Rupees in '000)	
Long-term loans	6,874	5,230
Long-term deposits	888	893
Trade debts	1,692	2,312
Loans, advances, deposits, prepayments and other receivables	24,722	43,926
Bank balances	193,185	52,570
	227,361	104,931

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;

Rating Agency	Rating				2009	2008
	Short term		Long term		(Rupees in '000)	
	2009	2008	2009	2008		
S&P	A1	A1+	A+	AA	566	40,488
JCR-VIS	A1+	A1+	AA+	AA+	1,426	5,648
PACRA	A1+	A1+	AA+	AA+	186,833	477
JCR-VIS	A1+	A1+	AAA	AAA	1,308	2,963
PACRA	A1+	A1+	AAA	AAA	515	525
PACRA	A1+	A1+	AA	AA	2,526	2,459
JCR-VIS	A1+	A1+	AA+	AA+	11	10
					193,185	52,570

(c) Liquidity risk

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

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities. The Company's treasury aims at maintaining flexibility in funding by keeping committed credit lines available.

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, 2009			As at June 30, 2008		
	Maturity up to one year	Maturity after one year	Total	Maturity upto one year	Maturity after one year	Total
Financial liabilities						
Long term finance	-	75,000	75,000	-	75,000	75,000
Cylinder and regulator deposits	-	400,470	400,470	-	396,302	396,302
Short term running finance	-	-	-	25,892	-	25,892
Trade and other payables	85,199	-	85,199	128,752	-	128,752
	85,199	475,470	560,669	154,644	471,302	625,946

Notes to the Financial Statements
For the year ended June 30, 2009

35.2 **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 benefit 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.

During the year, the Company's strategy was to maintain leveraged gearing. The gearing ratios as at June 30, 2009 and 2008 were as follows:

	2009	2008
	(Rupees in '000)	
Long-term finance	75,000	75,000
Short-term finance	-	25,892
Total borrowings	75,000	100,892
Less: Cash and bank balances	(193,499)	(52,621)
Net Debt	(118,499)	48,271
Total Equity	298,435	226,276
Total Capital	179,936	274,547
Gearing ratio (note 35.2.2)	-	0.21

35.2.1 The Company finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimise risk.

35.2.2 As at June 30, 2009, the Company had excess of liquid funds over total borrowings, hence, the exposure to capital risk is minimal.

36. GENERAL

These financial statements have been rounded to the nearest thousand.

37. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on August 17, 2009 by the Board of Directors of the Company.

38. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison, the effects of which are not material.

Zaiviji Ismail bin Abdullah
Chairman

Fawzia Kazmi
Chief Executive

Attendance at Board Meetings
For the year ended June 30, 2009

Name of Directors	Total No. of Board Meetings*	No. of Meetings Attended
Mr. Zaiviji Ismail bin Abdullah	4	4
Ms. Fawzia Kazmi	4	4
Ms. Khurshid Bhaimia	4	4
Mr. Istaqbal Mehdi	4	1
Mr. Sameer Amin	4	4
Mr. Charles Parsons	*1	1
Mr. Adam Harrison	4	2
Ms. Sok Mei Wong	*3	2

*held during the period concerned Director was on the Board

Pattern of Shareholding

As at June 30, 2009

Number of Shareholders	Shareholding From	Shareholding To	Total Number of Shares Held	Percentage %
288	1	100	18,005	0.08
381	101	500	121,735	0.54
149	501	1,000	125,237	0.55
154	1,001	5,000	355,905	1.57
27	5,001	10,000	177,265	0.78
1	10,001	15,000	10,600	0.05
3	15,001	20,000	52,822	0.23
9	20,001	25,000	192,003	0.85
1	35,001	40,000	38,836	0.17
1	75,001	80,000	79,800	0.35
1	205,001	210,000	207,900	0.92
2	235,001	240,000	471,674	2.08
1	360,001	365,000	361,837	1.60
1	380,001	385,000	380,569	1.68
1	410,001	415,000	410,821	1.81
1	505,001	510,000	509,488	2.25
1	635,001	640,000	636,783	2.81
1	1,530,001	1,535,000	1,534,033	6.78
1	1,580,001	1,585,000	1,580,186	6.98
1	15,370,001	15,375,000	15,374,545	67.91
1,025			22,640,044	100

Shareholders Category	Number of Shareholders	Number of Shares held	Percentage %
Directors	4	1,156,147	5.10
Executives	2	5,075	0.02
Banks, Insurance Companies, Modaraba and Mutual Funds	5	3,968,391	17.53
General Public	985	2,086,688	9.22
Associated Companies*	1	15,374,545	67.91
Others	28	49,198	0.22
	1,025	22,640,044	100.00

* This category represents the foreign shareholding of The Shell Petroleum Company Ltd., United Kingdom

Pattern of Shareholding
As at June 30, 2009

Additional Information

Shareholders' Category	Number of Shareholders	Number of Shares held
Associated companies		
The Shell Petroleum Company Limited, United Kingdom	1	15,374,545
Directors		
Ms. Khurshid Bhaimia	1	1,156,146
Mr. Sameer Amin	1	1
Chief Executive Officer	-	-
Directors'/CEO's spouses	-	-
Executives	2	5,075
Public sector companies and corporations	-	-
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies Modaraba and Mutual Funds.		
National Bank of Pakistan, Trustee Deptt.	1	1,534,033
National Bank of Pakistan	1	9,489
NBP Trustee - NI(U)T (LOC) Fund	1	1,580,186
Adamjee Insurance Company Limited	1	207,900
State Life Insurance Corporation of Pakistan	1	636,783
Shareholders holding 10% or more voting interest		
The Shell Petroleum Company Limited, United Kingdom	1	15,374,545

Financial Statements
For the year ended June 30, 2009
Burshane Pakistan (Private) Limited

Auditors' Report to the Members

We have audited the annexed balance sheet of Burshane Pakistan (Private) Limited as at June 30, 2009, together with the notes forming part thereof, 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 statement in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on the balance sheet 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 statement is free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statement. 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 statement. 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, the balance sheet together with the notes thereon has been drawn up in conformity with the Companies Ordinance, 1984, and is in agreement with the books of accounts;

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, together with the notes forming part thereof conforms with the approved accounting standards as applicable in Pakistan, and, gives the information required by the Companies Ordinance, 1984, in the manner so required and gives a true and fair view of the state of the Company's affairs as at June 30, 2009; and

d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Further, we report that no business was conducted, no investments were made and no expenditure was incurred during the year, as stated in note 1 of the annexed financial statements.

A.F. Ferguson & Co.
Chartered Accountants

Karachi: September 14, 2009

Name of the audit engagement partner: Imtiaz A. H. Laliwala

Balance Sheet
As at June 30, 2009

	2009	2008
EQUITY		
Authorised capital		
100,000 ordinary shares of Rs. 10 each	**1,000,000**	1,000,000
Issued, subscribed and paid-up capital		
202 ordinary shares of Rs. 10 each fully paid in cash	**2,020**	2,020
ASSETS		
Current Assets		
Cash in hand	**2,020**	2,020

The annexed notes 1 to 3 form an integral part of this balance sheet.

Fawzia Kazmi
Chief Executive

Sameer Amin
Director

Notes to the Balance Sheet
For the year ended June 30, 2009

1. LEGAL STATUS AND OPERATIONS

Burshane Pakistan (Private) Limited is a private limited company incorporated in Pakistan on August 24, 2001 under the Companies Ordinance, 1984. The main objective of the Company is to carry on the business of storing and marketing liquefied petroleum gas. However, no business was conducted, no investments were made and no expenditure was incurred during the year as the Company has not commenced its operations so far.

Shell Gas LPG (Pakistan) Limited holds 200 ordinary shares of the Company.

2. BASIS OF PREPARATION

2.1 These financial statements have been prepared under the historical cost convention.

2.2 These financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 (the Ordinance) and the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) as notified under the provisions of the Ordinance. Wherever, the requirements of the Ordinance or directives issued by the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of these standards, the requirements of the Ordinance or the requirements of the said directives have been followed.

3. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on August 17, 2009 by the Board of Directors of the Company.

Fawzia Kazmi
Chief Executive

Sameer Amin
Director

Form of Proxy

The Secretary
Shell Gas LPG (Pakistan) Limited
Adjacent to Pakistan Refinery Limited,
Korangi Creek, Karachi-75190

I/We ______________________________

of ______________________ in the district of ______________________

being a member of Shell Gas LPG (Pakistan) Limited and a holder of ______________________

______________________ Ordinary Shares as per Share Register Folio No.

(No. of shares)

______________________ and/ or CDC Participant I.D. No. ______________________

and Sub Account No. ______________ hereby appoint ______________________

of ______________________ in the district of ______________________ or

failing him/her ______________________ of ______________________ as my/our

Proxy to vote for me/us and on my/our behalf at the Forty Third Annual General Meeting of the Company to be held on October 16, 2009 at 9:30 a.m. and at any adjournment thereof.

Signed this ____________ day of ______________ 2009.

WITNESSES:

1. Signature
   Name
   Address

   CNIC or
   Passport No.

2. Signature
   Name
   Address

   CNIC or
   Passport No.

Signature
(Signature should agree with the specimen signature registered with the Company)

Notes:

1. A member entitled to be present and vote at the Meeting may appoint a proxy to attend and vote for him/her. A proxy need not be a member of the Company.
2. Proxies in order to be effective must be received at the Registered Office of the Company not less than 48 hours before the Meeting.
3. CDC Shareholders and their Proxies must each attach an attested photocopy of their Computerised National Identity Card or Passport with this proxy form.

Shell Gas LPG (Pakistan) Limited

Adjacent to Pakistan Refinery Limited
Korangi Creek, Karachi 75190.