

# **Sui Southern Gas Company Limited**

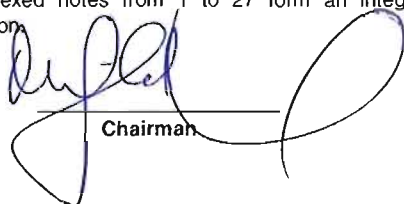
Consolidated condensed interim financial information

For nine months ended September 30, 2013

SUI SOUTHERN GAS COMPANY LIMITED  
 CONSOLIDATED CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)  
 AS AT SEPTEMBER 30, 2013

		September 30, 2013 (Un-audited)	June 30, 2013 (Audited) (Restated)
	Note	------(Rupees in '000)-----	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	70,056,964	70,022,320
Intangible assets		108,957	124,760
Long term investments	7	95,087	94,784
Net investment in finance lease		665,271	692,789
Long term loans and advances		153,485	133,354
Long-term deposits		5,975	5,721
<b>Total non-current assets</b>		<b>71,085,739</b>	<b>71,073,728</b>
<b>Current assets</b>			
Stores, spares and loose tools		2,275,459	2,166,709
Stock-in-trade		836,451	861,542
Current maturity of net investment in finance lease		110,161	110,161
Customers' installation work-in-progress		174,994	173,917
Trade debts	8	78,790,751	76,367,960
Loans and advances		397,102	128,653
Trade deposits and short term prepayments		264,404	168,378
Interest accrued		5,624,248	5,515,100
Other receivables	9	41,988,892	36,445,403
Taxation - net		2,078,186	2,789,335
Cash and bank balances		6,146,313	943,220
<b>Total current assets</b>		<b>138,686,961</b>	<b>125,670,378</b>
<b>Total assets</b>		<b>209,772,700</b>	<b>196,744,106</b>

The annexed notes from 1 to 27 form an integral part of these consolidated condensed interim financial information.

  
 Chairman

  
 Managing Director

  
 CFO

SUI SOUTHERN GAS COMPANY LIMITED  
 CONSOLIDATED CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)  
 AS AT SEPTEMBER 30, 2013

	September 30, 2013 (Un-audited)	June 30, 2013 (Audited) (Restated)
Note	------(Rupees in '000)-----	
<b>EQUITY AND LIABILITIES</b>		
<b>Share capital and reserves</b>		
Authorised share capital: 1,000,000,000 ordinary shares of Rs. 10 each	10,000,000	10,000,000
Issued, subscribed and paid-up capital	8,809,163	8,809,163
Reserves	4,907,401	4,907,401
Surplus on re-measurement of available for sale securities	81,459	81,156
Unappropriated profit	2,075,412	1,697,000
<b>Total equity</b>	<b>15,873,435</b>	<b>15,494,720</b>
<b>Surplus on revaluation of fixed assets</b>	<b>10,251,946</b>	<b>10,251,946</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Long term finance	10 24,008,418	24,770,608
Long term deposits	5,505,325	5,260,547
Deferred tax	5,179,306	5,722,017
Employee benefits	2,596,600	2,521,973
Deferred credit	11 5,655,869	5,747,643
Long term advances	1,147,629	1,155,230
<b>Total non-current liabilities</b>	<b>44,093,147</b>	<b>45,178,018</b>
Current portion of long term finance	3,599,045	3,597,649
Short term borrowings	12 182,296	4,275,250
Trade and other payables	13 112,750,013	95,984,844
Short term deposits	76,057	56,788
Interest and mark-up accrued	22,946,761	21,904,891
<b>Total current liabilities</b>	<b>139,554,172</b>	<b>125,819,422</b>
<b>Total liabilities</b>	<b>183,647,319</b>	<b>170,997,440</b>
<b>Total equity and liabilities</b>	<b>209,772,700</b>	<b>196,744,106</b>
Contingencies and commitments	14	

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 Chairman

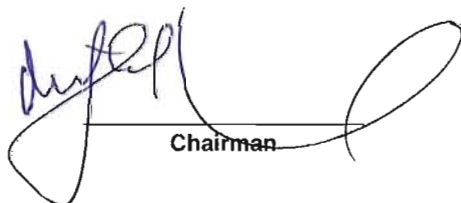
  
 Managing Director

  
 CFO

**SUI SOUTHERN GAS COMPANY LIMITED**  
**CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

	Note	Quarter ended	
		September 30, 2013 (Un-Audited)	September 30, 2012
		------(Rupees in '000)-----	
Sales		44,800,130	40,978,878
Sales tax		(6,233,072)	(5,793,641)
		<u>38,567,058</u>	<u>35,185,237</u>
Gas development surcharge		920,177	132,588
Net sales		<u>39,487,235</u>	<u>35,317,825</u>
Cost of sales	15	(37,920,842)	(34,923,437)
<b>Gross profit</b>		<u>1,566,393</u>	<u>394,388</u>
Administrative and selling expenses		(860,263)	(747,181)
Other operating expenses	16	(889,523)	(490,438)
		<u>(1,749,786)</u>	<u>(1,237,619)</u>
		<u>(183,393)</u>	<u>(843,231)</u>
Other operating income	17	985,915	941,715
<b>Operating profit</b>		<u>802,522</u>	<u>98,484</u>
Other non-operating income	18	1,471,864	3,372,109
Finance cost	19	(1,678,040)	(1,976,811)
<b>Profit before taxation</b>		<u>596,346</u>	<u>1,493,782</u>
Taxation	20	(217,934)	(547,866)
<b>Profit for the period</b>		<u>378,412</u>	<u>945,916</u>
<b>Basic / diluted earnings per share (Rupees)</b>		<u>0.43</u>	<u>1.07</u>

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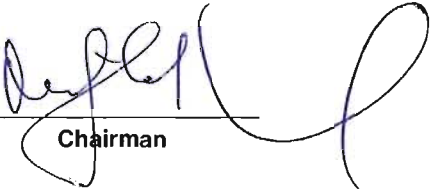
  
 Managing Director

  
 CFO

**SUI SOUTHERN GAS COMPANY LIMITED**  
**CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

	Quarter ended	
	September 30, 2013	September 30, 2012
	(Un-Audited)	
Note	----- (Rupees in '000) -----	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	596,346	1,493,782
Adjustments for non-cash and other items	21 2,598,077	876,015
Working capital changes	22 8,317,623	1,576,892
Financial charges paid	(687,127)	(724,249)
Employee benefits (paid) / refund	(14,717)	(20,765)
Payment for retirement benefits	(106,917)	(218,110)
Long term deposits received - net	264,047	148,882
Deposits paid - net	(254)	(2,075)
Loans and advances to employees - net	(288,580)	(166,152)
Interest income and return on term deposits received	391,636	2,440,789
Income taxes paid	(49,496)	(46,791)
Net cash generated from operating activities	11,020,638	5,358,218
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Payments for property, plant and equipment	(1,055,223)	(1,905,460)
Proceeds from sale of property, plant and equipment	2,082	973
Lease rental from net investment in finance lease	92,570	80,019
Dividend received	24	237
Net cash used in investing activities	(960,547)	(1,824,231)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from local currency loans	-	-
Repayments of local currency loans	(809,526)	(846,190)
Consumer finance received	65,816	1,491,953
Repayment of consumer finance	(18,700)	(1,514,600)
Dividend paid	(1,634)	(354)
Net cash used in financing activities	(764,044)	(869,191)
Net increase in cash and cash equivalents	9,296,047	2,664,796
Cash and cash equivalents at beginning of the period	(3,332,030)	1,509,341
Cash and cash equivalents at end of the period	5,964,017	4,174,137
<b>Cash and cash equivalent comprises:</b>		
Cash and bank balances	6,146,313	4,174,137
Short term borrowings	(182,296)	-
	5,964,017	4,174,137

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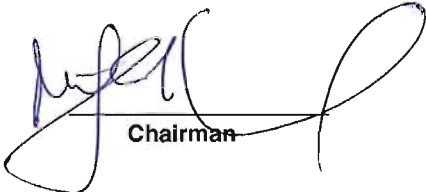
  
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**SUI SOUTHERN GAS COMPANY LIMITED**  
**CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2013**

	Quarter ended	
	September 30, 2013	September 30, 2012
	------(Rupees in '000)-----	
Profit for the period	378,412	945,916
<b>Other comprehensive income</b>		
<b>Item that may be reclassified subsequently to profit and loss account:</b>		
Unrealised gain on re-measurement of available for sale securities	303	8,606
<b>Item that will not be reclassified subsequently to profit and loss account:</b>	-	-
<b>Total comprehensive income for the period</b>	<u>378,715</u>	<u>954,522</u>

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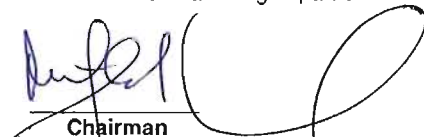
  
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SUI SOUTHERN GAS COMPANY LIMITED  
 CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
 FOR THE QUARTER ENDED SEPTEMBER 30, 2013

	Issued, subscribed and paid-up capital	Capital reserves	Revenue reserves	Surplus on re-measurement of available for sale securities	Unappropriated profit	Total
------(Rupees in '000)-----						
Balance as at July 1, 2012	8,809,163	234,868	4,672,533	57,946	4,339,687	18,114,197
- Adjustment note 3.1	-	-	-	-	(448,288)	(448,288)
Balance as at July 01, 2012 (Restated)	8,809,163	234,868	4,672,533	57,946	3,891,399	17,665,909
<b>Total comprehensive income for the period ended September 30, 2012</b>						
Profit for the period	-	-	-	-	945,916	945,916
Other comprehensive income for the period				8,606		8,606
<b>Total comprehensive income for the period</b>	-	-	-	8,606	945,916	954,522
<b>Balance as at September 30, 2012 (Restated)</b>	<u>8,809,163</u>	<u>234,868</u>	<u>4,672,533</u>	<u>66,552</u>	<u>4,837,315</u>	<u>18,620,431</u>
<b>Total comprehensive income for the period ended September 30, 2013</b>						
Profit for the period	-	-	-	-	378,412	378,412
Unrealized loss on re-measurement of available for sale securities	-	-	-	303	-	303
<b>Total comprehensive income for the period</b>	-	-	-	303	378,412	378,715
<b>Balance as at September 30, 2013</b>	<u>8,809,163</u>	<u>234,868</u>	<u>4,672,533</u>	<u>81,459</u>	<u>2,075,412</u>	<u>15,873,435</u>

The annexed notes from 1 to 27 form an integral part of these consolidated condensed interim financial information.

  
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**1. THE GROUP AND ITS OPERATIONS**

**1.1 The "Group" consists of:**

**Holding Company**

- Sui Southern Gas Company Limited

**Subsidiary Companies**

	Percentage of holding	
	2014	2013
- SSGC LPG (Private) Limited	100	100
- Sui Southern Gas Provident Fund Trust Company (Private) Limited	100	100

The Group is principally engaged in transmission and distribution of natural gas and liquefied petroleum gas in Sindh and Baluchistan. Brief profiles of the Holding Company and subsidiaries are as follows:

**Sui Southern Gas Company Limited**

Sui Southern Gas Company Limited ("the Holding Company") is a public limited Company incorporated in Pakistan and is listed on the Karachi, Lahore and Islamabad Stock Exchanges (now Pakistan Stock Exchange). The main activity of the Holding Company is transmission and distribution of natural gas in Sindh and Baluchistan. The Holding Company is also engaged in certain activities related to the gas business including the manufacturing and sale of gas meters and construction contracts for laying of pipelines.

**Sui Southern Gas Provident Fund Trust Company (Private) Limited**

Sui Southern Gas Provident Fund Trust Company (Private) Limited is a wholly owned subsidiary of Sui Southern Gas Company Limited. Its registered office is situated at ST-4/B, Block-14, Sir Shah Muhammad Suleman Road, Gulshan-e-Iqbal, Karachi and was formed to facilitate administration of employees retirement funds of the Holding Company.

**SSGC LPG (Private) Limited**

SSGC LPG (Private) Limited is a wholly owned subsidiary of Sui Southern Gas Company Limited. Its registered office is situated at ST-4/B, Block-14, Sir Shah Muhammad Suleman Road, Gulshan-e-Iqbal, Karachi and its main activity is supply of liquefied petroleum gas and provision of terminal and storage services.

**1.2 Basis of consolidation**

- The consolidated financial statements include the financial statements of the Holding Company and its Subsidiary Companies, together "the Group".
- The financial statements of the subsidiaries are prepared for the same reporting year as the Holding Company for the purpose of consolidation, using consistent accounting policies.
- The assets, liabilities, income and expenses of subsidiaries have been consolidated on a line by line basis.
- Material intra-group balances and transactions have been eliminated.

**1.3 Regulatory framework**

Under the provisions of license given by the Oil and Gas Regulatory Authority (OGRA), the Company is provided a minimum annual return before taxation of 17% per annum of the net average operating fixed assets (net of deferred credit) for the year, excluding financial and other non-operating expenses and non-operating income. The determination of annual required return is reviewed by OGRA under the terms of the license for transmission, distribution and sale of natural gas, targets and parameters set by OGRA. Income earned in excess / short of the above guaranteed return is payable to / recoverable from the Government of Pakistan (GoP) and is adjusted from / to the Gas Development Surcharge balance payable to / receivable from the GoP.



#### 1.4 Determination of revenue requirement

- 1.4.1 Revenue requirement for the three months period ended September 30, 2013 has been determined on the same basis as determined in the annual financial statements for the year ended June 30, 2013 which is based on interim relief provided by the Sindh High Court decision in the matter explained below:

The Oil and Gas Regulatory Authority (OGRA) in its order dated December 02, 2010 and May 24, 2011 treated Royalty Income from Jamshoro Joint Venture Limited, Profit from Meter Manufacturing, Late Payment Surcharge and Sale of Gas Condensate as operating income which it had previously allowed as non-operating income in its decision dated September 24, 2010, for the year ended June 30, 2010. OGRA also in its aforesaid decision reduced benchmark of the allowable Unaccounted for Gas (UFG) from 7% to 4.25% - 5%. Aggrieved by the above decision, the Holding Company had filed an appeal against the decision of the OGRA in the High Court of Sindh (the Court), on which the Court provided interim relief whereby OGRA was directed to determine the revenue requirements on the same principles as per its decision of September 24, 2010, till final order of the Court. Also, with regard to UFG benchmark, OGRA was directed to carry out an impact assessment study and submit its report to the Court. Therefore, the revenue requirement for June 30, 2011, was determined based on the relief provided by the Court.

For subsequent years, the Holding Company also obtained stay orders from the Court on the same principles which were fixed in the interim relief as discussed above, and thereafter, OGRA considered such principles in determining revenue requirement of the Holding Company. Management is confident that the final decision of the Court would be in favor of the Holding Company.

- 1.4.2 In determining the Final Revenue Requirement (FRR) for the years ended June 30, 2013 and 2014, the OGRA treated income from royalty (arrears) and income of LPG and NGL as operating income, on which the Holding Company filed application in the already pending Judicial Miscellaneous petitions in the High Court of Sindh that these income should have been treated as non-operating income as it was already decided by the Court in previous stay orders, while the cases are still to be finalised by the Court. The Court suspended the relevant paragraphs of OGRA orders wherein above income were treated as operating income thus requiring revision of FRR for 2013 and 2014; however, no revised FRR has been issued by the OGRA till the date of issue of these condensed interim financial information. Consequently, the impact of the new stay orders have not been taken and the income from royalty (arrears) and income of LPG and NGL amounting to Rs. 3,491 million and Rs. 978 million respectively have been treated as operating income in the condensed interim financial information of the current period.

The management, based on the opinion of its legal counsel intends to get the above Court decision enforced and is confident that the OGRA will provide benefit of the aforesaid income to the Holding Company.

## 2. BASIS FOR PREPARATION

- 2.1 The consolidated condensed interim financial information has been prepared in accordance with the requirements of International Accounting Standard 34, "Interim Financial Reporting" as applicable in Pakistan and the provisions and directives of the Companies Ordinance, 1984 and directives issued by the Securities and Exchange Commission of Pakistan (SECP). In case where the requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984 have been followed. This consolidated condensed interim financial information does not include all of the information required for the annual financial statements and should be read in conjunction with the consolidated financial statements of the Company for the year ended June 30, 2013.

## 3. Significant accounting policies

The significant accounting policies and methods of computation applied for the preparation of this consolidated condensed interim financial information are the same as those applied in preparation of the annual consolidated audited financial statements of the Company for the year ended June 30, 2013, except for change in accounting policy that is enumerated as follows:

### 3.1 IAS 19 - Employee Benefits (Revised 2011)

In the current period, the Holding Company has applied IAS 19 Employee Benefits (as revised in 2011) and the related consequential amendments for the first time.

IAS 19 (as revised in 2011) changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous versions of IAS 19 and accelerate the recognition of past service costs. All actuarial gains and losses are recognised immediately through other comprehensive income in order for the net asset or liability recognised in the consolidated statement of financial position to reflect the full value of plan deficit or surplus.

Furthermore, the interest cost and expected return on plan assets used in the previous version of IAS 19 are replaced with a 'net interest' amount under IAS 19 (as revised in 2011), which is calculated by applying the discount rate to the net defined benefit liability or asset. These changes have had an impact on the amounts recognised in profit or loss and other comprehensive income in prior years. In addition, IAS 19 (as revised in 2011) introduces certain changes in the presentation of the defined benefit cost including more extensive disclosures.

Specific transitional provisions are applicable to first-time application of IAS 19 (Revised 2011). The Company has applied the relevant transitional provisions and restated the comparatives on retrospective basis in accordance with IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors. Effect of retrospective application of change in accounting policy is as follows:

	Amount as reported earlier	Effects of change in accounting policy	Amount restated
.....Rupees in '000'.....			
<b>Effect on balance sheet as at July 01, 2012</b>			
Unappropriated profit	(4,473,742)	448,288	(4,025,454)
<b>Effect on balance sheet as at June 30, 2013</b>			
Employee benefits	(2,465,846)	(52,608)	(2,518,454)
Deferred tax liability	(6,179,747)	314,922	(5,864,825)
Taxation - net	2,768,165	19,500	2,787,665
Trade and other payables	(94,540,100)	(1,459,107)	(95,999,207)
Other receivables	36,097,623	554,698	36,652,321
Unappropriated profit	(2,707,554)	622,595	(2,084,959)

The effect of change in accounting policy, due to adoption of IAS 19 - Employee Benefits (Revised 2011), does not have material impact on the profit and loss account and other comprehensive income for the period ended September 30, 2012.

During the period, actuarial gains / losses have not arisen as the Holding Company has not carried out actuarial valuations as at period end.

#### 4. Accounting estimates and judgements

The preparation of financial statements in conformity with the approved accounting standards, as applicable in Pakistan requires the management to make estimates, assumptions and use judgements that affect the application of policies and the reported amounts of assets and liabilities and income and expenses. Actual results may differ from these estimates. The significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended June 30, 2013 except that the charge in respect of staff retirement benefits has been recognised on the basis of actuarial's projection for the ensuing year; hence it does not include consideration for actuarial gains / losses which will be determined at the year end. Had there been any actuarial gains / losses in this condensed interim financial information, the same would have been offered to / claimed from OGRA in determining revenue requirement of the Company. Accordingly, there will be no impact on the condensed interim statement of comprehensive income of the Company.

#### 5. Financial risk management

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2013.

	September 30, 2013 (Un-audited) ------(Rupees in '000)-----	June 30, 2013 (Audited)
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>		
Operating assets	62,654,028	62,780,975
Capital work-in-progress	7,402,936	7,241,345
	<u>70,056,964</u>	<u>70,022,320</u>

Details of additions and disposals of property, plant and equipment during the quarter ended September 30, 2013 are as follows:

	September 30, 2013 (Un-audited) ------(Rupees in '000)-----	September 30, 2012		
	Cost of additions / transfers	Written down value of (transfers / disposals)	Cost of additions / transfers	Written down value of (transfers / disposals)
<b>Operating assets - owned</b>				
Leasehold land	-	-	-	-
Buildings on leasehold land	5,280	-	39,459	-
Roads, pavements and related infrastructures	1,086		-	
Gas transmission pipelines	61,050		26,700	
Gas distribution system	729,108		664,244	
Compressors	-		-	
Telecommunication	430		8,926	
Plant and machinery	79,191		20,814	
Tools and equipment	5,621		16,037	
Motor vehicles	47,576	(899)	83,889	(1,607)
Furniture and fixture	4,721		2,998	
Office equipment	8,496		885	
Computer and ancillary equipment	5,179		4,994	
	<u>947,738</u>	<u>(899)</u>	<u>868,946</u>	<u>(1,607)</u>
	<b>Capital expenditure incurred</b>	<b>Transfer to operating assets</b>	<b>Capital expenditure incurred</b>	<b>Transfer to operating assets</b>
<b>Capital work-in-progress:</b>				
<b>Projects:</b>				
- Gas distribution system	839,527	(729,108)	1,290,914	(664,244)
- Gas transmission system	163,631	(61,050)	268,857	(26,700)
- Cost of buildings under construction and other	46,909	(5,280)	1,861	(15,022)
	<u>1,050,067</u>	<u>(795,438)</u>	<u>1,561,632</u>	<u>(705,966)</u>

	September 30, 2013 (Un-audited) ------(Rupees in '000)-----	June 30, 2013 (Audited)
<b>7. LONG TERM INVESTMENTS</b>		
Investment in related parties	54,881	53,528
Other investments	40,206	41,256
	<u>95,087</u>	<u>94,784</u>

	Note	September 30, 2013 (Un-audited)	June 30, 2013 (Audited)
		------(Rupees in '000)-----	
<b>8. TRADE DEBTS</b>			
- secured		<b>12,756,713</b>	14,235,887
- unsecured	8.1 & 8.2	<b>73,917,960</b>	69,728,031
		<b>86,674,673</b>	83,963,918
Provision against impaired debts		<b>(7,883,922)</b>	(7,595,958)
		<b>78,790,751</b>	76,367,960

- 8.1** As K-Electric Limited (KE) has been defaulting and not making payment of Late Payment Surcharge (LPS) and the Holding Company filed a suit in the High Court of Sindh in November 2012, for recovery of its aggregate claim, the Company effective from July 01, 2012 decided to account for LPS from KE on receipt basis as per IAS 18 "Revenue" based on opinions from firms of Chartered Accountants.

In accordance with the revised accounting treatment, the trade debts includes Rs. 44,926 million (June 30, 2013: Rs. 44,303 million) as at September 31, 2013 receivables from KE. Out of this, Rs. 41,656 million (June 30, 2013: Rs. 40,337 million) as at September 31, 2013 are overdue. However, the aggregate legal claim of the Holding Company from KE amounts to Rs. 53,399 million (June 30, 2013: Rs. 50,935 million). This amount has been arrived at as per the practice of the Holding Company to charge LPS to customers who do not make timely payments.

Considering that the Holding Company has valid legal claim for recovery of LPS together with outstanding principal amount, the Holding Company filed the aforementioned suit against KE amounting to Rs. 55,705 million. The above suit has been filed based on the following grounds:

- As per the agreement dated June 30, 2009 which was entered between the Holding Company and KE for making outstanding payment in 18 installments, the Holding Company was entitled to charge LPS on outstanding principal amount at rate of:
  - a. Highest OD rate being paid by SSGC or;
  - b. Highest rate at which interest is payable on gas producer bills.
- As per the above agreement and as per the audited financial statements of KE as at June 30, 2010, KE, itself, acknowledged and recognized LPS till June 30, 2010, in its books of account which confirm the management's assertion that the Holding Company has legal claim over KE for charging of LPS.

KE also filed case against the Holding Company in the High Court of Sindh for recovery of damages / losses of Rs. 61,614 million as KE claimed that the Holding Company had not supplied the committed quantity of natural gas to KE. However, the legal counsel of the Holding Company is of the view that claim of KE is not valid and is not as per terms of the agreement where it was agreed that the Holding Company would make excess supply of natural gas if KE would make timely payments. As KE defaulted on many instances in making payments on due dates, the Holding Company was not bound to supply excess quantity of natural gas as per terms of the agreement.

Management has consulted with its legal counsel, who is of the view that the Holding Company has a strong case over recovery of the outstanding amount due to which management considers outstanding balance good and recoverable. The legal counsel also viewed that the Holding Company has a good claim over LPS on outstanding balance, but considering that the matter is in dispute, as discussed above, the Holding Company has decided to recognize LPS from KE when either such claimed amounts are recovered or when these are decreed and their recovery is assured.

- 8.2** As Pakistan Steel Mills Corporation (Private) Limited (PSML) has been defaulting and not making payment of Late Payment Surcharge (LPS), the Holding Company effective from July 01, 2012 decided to account for LPS from PSML on receipt basis as per IAS 18 "Revenue" based on opinions from firms of Chartered Accountants.

In accordance with the revised accounting treatment, the trade debts includes Rs. 13,901 million (June 30, 2013: Rs. 12,680 million) including overdue balance of Rs. 14,413 million (June 30, 2013: Rs. 12,232 million) receivable from PSML. However, the aggregate legal claim of the Holding Company from PSML amounts to Rs. 17,703 million (June 30, 2013: Rs. 15,507 million). This amount has been arrived at as per the practice of the Holding Company to charge LPS to customers who do not make timely payments.

Considering that the Holding Company has valid legal claim for recovery of LPS together with outstanding principal amount, the Holding Company filed a suit in the High Court of Sindh in April 2016, for recovery of its aggregate claim amounting to Rs. 41,354 million.

Although PSML's financial position is adverse, and it has no capacity to repay its obligations on its own, the management is confident that the entire amount will be ultimately recovered because PSML is a government-owned entity and is continuously being supported by the Government of Pakistan.

		September 30, 2013 (Un-audited)	June 30, 2013 (Audited) (Restated)
	Note	----- (Rupees in '000) -----	
<b>9. OTHER RECEIVABLES - considered good</b>			
Gas development surcharge receivable from GoP	9.1	18,181,894	17,159,475
Staff pension fund		648,635	648,635
Balance receivable for sale of gas condensate		42,105	75,637
Sui Northern Gas Pipelines Limited	9.2	8,535,465	4,085,098
Jamshoro Joint Venture Limited	9.3 & 9.4	4,476,230	3,955,853
Workers' Profit Participation Fund		552,655	452,655
Sales tax receivable	9.5	11,497,391	11,944,614
Pipeline rentals		54,324	15,620
Miscellaneous receivables		28,299	135,922
		<u>44,016,998</u>	<u>38,473,509</u>
Provision against impaired receivables		<u>(2,028,106)</u>	<u>(2,028,106)</u>
		<u>41,988,892</u>	<u>36,445,403</u>

- 9.1 This includes Rs. 390 million (June 30, 2013: Rs. 390 million) recoverable from the Government of Pakistan (GoP) on account of remission of gas receivables from people of Ziarat under instructions from GoP. Although, management is confident that this amount is fully recoverable, as a matter of abundant caution full provision has been made in these condensed interim financial information.
- 9.2 This includes Rs. 8,229 million (June 30, 2013: Rs. 3,976 million) receivable under the uniform cost of gas agreement with Sui Northern Gas Pipelines Limited and lease rental receivable and recoverable against lease service cost and contingent rent amounting to Rs. 306 million (June 30, 2013: Rs. 109 million).
- 9.3 During the period, the Supreme Court of Pakistan passed an order dated December 04, 2013 with respect to the Constitution Petition No. 5 of 2011 and Human Rights Case No.15744 - P of 2009, whereby the Implementation Agreement of Badin gas field dated August 12, 2003 signed between the Holding Company and Jamshoro Joint Venture Limited was declared void from the date of its inception. The Court constituted a committee to calculate royalty payments (on the LPG extracted to date) on the basis of the Saudi Aramco reference price plus freight charges instead of the "Reference Price" for the full period during which the Implementation Agreement had been operational. However, the freight cost is yet to be finalised for which the Court has appointed an Advocate Supreme Court to determine the matter which is still pending.
- 9.4 This amount comprises of receivable in respect of royalty income, sale of liquefied petroleum gas, Federal Excise Duty and Sindh Sales Tax on Franchise Services amounting to Rs. 2,533 million (June 30, 2013: Rs. 2,247 million), Rs. 493 million (June 30, 2013: Rs. 312 million), Rs. 896 million (June 30, 2013: Rs. 896 million) and Rs. 554 million (June 30, 2013: Rs. 501 million) respectively.

As at year end, amount payable to JJVL is Rs. 378 million (June 30, 2013: Rs. 255 million) as disclosed in note 13 to these condensed interim financial information.

- 9.5 Sales tax refunds arise due to uniform purchase price adjustment with SNGPL and zero rating of sales tax on gas sales for various industries. Sales Tax refunds are processed through FBR's Sales Tax Automated Refund Repository (STARR) system. Due to several snags in the functioning of STARR, valid input sales tax claims of the Holding Company are deferred. Realizing the problems of STARR, in August 2010, dispensation from processing of sales tax refunds through the STARR system was allowed by FBR and substantial refunds were released after issuance of this letter under corporate guarantee (subject to post refund audit). However, above said dispensation was also withdrawn by FBR in May 2012. After withdrawal of said dispensation, the deferred refunds are issued to the Company on the basis of manual verification of documents (third party vendor sales tax returns) by tax authorities. The management is making vigorous efforts for realization of these refunds.

	September 30, 2013 (Un-audited)	June 30, 2013 (Audited)
Note	------(Rupees in '000)-----	
<b>10. LONG-TERM FINANCE</b>		
<b>Secured</b>		
Loans from banking companies	21,262,637	22,070,546
<b>Unsecured</b>		
Front end fee of foreign currency loan	23,950	23,950
Consumer finance	265,834	218,719
Government of Sindh loans	6,055,042	6,055,042
	<u>6,344,826</u>	<u>6,297,711</u>
Subtotal	<u>27,607,463</u>	<u>28,368,257</u>
<b>Less: current portion shown under current liabilities</b>		
Loans from banking companies	(3,238,095)	(3,238,095)
Consumer finance	(62,767)	(61,371)
Government of Sindh loans	(298,183)	(298,183)
	<u>(3,599,045)</u>	<u>(3,597,649)</u>
	<u>24,008,418</u>	<u>24,770,608</u>
	Quarter ended	
	September 30, 2013 (Un-audited)	September 30, 2012 (Audited)
	------(Rupees in '000)-----	
<b>11. DEFERRED CREDIT</b>		
<i>- Government contributions / grants</i>		
Additions / adjustments during the period / year	7,601	-
Transferred to consolidated profit and loss account	(52,734)	(49,618)
<i>- Contribution from customers</i>		
Refunds during the period / year	(148,664)	-
Transferred to consolidated profit and loss account	(46,642)	(48,875)
<b>12. SHORT TERM BORROWINGS</b>		

This represent facilities for short term running finance and short term loan available from various banks amounting to Rs. 0.182 (June 30, 2013: Rs. 4,275 million) and subject to mark-up up to 0.80% (June 30, 2013: 0.50%) above the average one month KIBOR. The facilities are secured by first pari passu, first joint supplemental hypothecation and ranking charge over present and future stock in trade and book debts of the Holding Company.

	September 30, 2013 Note (Un-audited)	June 30, 2013 (Audited) (Restated)
	----- (Rupees in '000) -----	
<b>13. TRADE AND OTHER PAYABLES</b>		
Creditors for:		
- gas supplies	97,232,017	80,239,424
- supplies	<u>252,933</u>	<u>217,572</u>
	<b>97,484,950</b>	<b>80,456,996</b>
Amount received from customers for laying of mains, etc.	2,087,875	2,135,579
Accrued liabilities	2,657,923	2,688,823
Payable to staff gratuity fund	1,459,107	1,459,107
Provision for compensated absences - non executives	140,109	138,969
Deposits / retention money	356,607	304,242
Bills payable	39,842	62,301
Advance for sharing right of way	18,088	18,088
Unclaimed dividend	289,267	290,901
Withholding tax payable	69,147	139,249
Sales tax and Federal excise duty	474,667	426,592
Sindh sales tax	35,981	67,647
Processing Charges payable to JJVL	378,226	255,013
Gas infrastructure development cess payable	13.1 6,938,133	7,234,262
Unclaimed Term Finance Certificate redemption profit	1,800	1,800
Inter State Gas System (Private) Limited (ISGSL)	10,914	11,924
Advances from customers and distributors	15,687	14,928
Transport and advertisement services	17,268	14,180
Others	<u>274,422</u>	<u>264,243</u>
	<b><u>112,750,013</u></b>	<b><u>95,984,844</u></b>

**13.1** Gas Infrastructure Development (GID) Cess has been levied since December 15, 2011 and is chargeable from industrial gas consumers at different rates as prescribed by the Federal Government through OGRA notification. GID Cess is collected and deposited with the Ministry of Petroleum and Natural Resources (MPNR) in a manner prescribed by the Federal Government.

On June 13, 2013 the Honorable Peshawar High Court declared the levy, imposition and recovery of the Cess unconstitutional with the direction to refund the "Cess" so far collected. Honorable Supreme Court of Pakistan examined the case and in its decision dated August 22, 2014 concluded that GID Cess is a fee and not a tax and on either count the "Cess" could not have been introduced through a money bill under Article 73 of the Constitution and the same was therefore not validly levied in accordance with the Constitution. However, on September 25, 2014 the President of Pakistan had passed GID Cess Ordinance 2014, which is applicable in whole Pakistan and has to be complied by all parties.

On September 29, 2014, the Honorable Sindh High Court gave a stay order to various parties against the promulgation of Presidential order on September 25, 2014.

On May 22, 2015 the GID Cess Act is passed by Parliament applicable on all parties. Following the imposition of the said Act, many consumers filed a petition in Honorable Sindh High Court and obtained stay order against Act passed by the Parliament. The Holding Company has obtained legal opinion, which states that the management has to comply with the stay order of Honorable High Court of Sindh.

The Holding Company is a collecting agent and depositing GID Cess to the MPNR and the Holding Company will refund to the consumers once it will be received from MPNR.

## 14. CONTINGENCIES AND COMMITMENTS

- 14.1 There has been no change in the status of other contingencies as disclosed in note 17 of annual audited financial statements of the Company for the year ended June 30, 2013, except for the following:

	September 30, 2013 (Un-audited) ----- (Rupees in '000)-----	June 30, 2013 (Audited)
Claims against the Company not acknowledged as debt	97,741	97,741
Commitments for capital and other expenditure	2,399,815	2,163,196
Guarantees issued on behalf of the Group	23,705	64,235

- 14.2 Jamshoro Power Company Limited (JPCL) (formerly WAPDA) has lodged a claim against the Holding Company amounting to Rs. 765.024 million (June 30, 2013: Rs. 765.024 million) for short supply of gas under the provisions of an agreement dated April 10, 1995 between the Holding Company and JPCL. As at June 30, 2015, this amount has increased to Rs. 35,182 million. The management has not made provision against the said amounts in the books of the Holding Company as the management is confident that ultimately this claim would not be payable.
- 14.3 Habibullah Coastal Power Company (Private) Limited (HCPC) has claimed Rs. 1,237.32 million (June 30, 2013: Rs. 1,237.32 million) from the Holding Company for short supply of gas under the provisions of an agreement dated March 31, 1996 between the Holding Company and HCPC. As at December 31, 2015, this amount has increased to Rs. 2,625.33 million. HCPC has also disputed late payment surcharge charged by the Holding Company amounting to Rs. 360 million. HCPC has also invoked arbitration as per article of Gas Sale Agreement. In the instant arbitral proceedings, the Holding Company has also raised a counter claim of Rs. 5,233.3 million on account of failing to take or pay for the gas made available to HCPC along with the interest thereon. Accordingly, the management has not made provision against the claim of HCPC in this condensed interim financial information.

Note	Quarter ended	
	September 30, 2013 (Un-audited) ----- (Rupees in '000)-----	September 30, 2012
15. COST OF SALES		
Cost of gas	35,092,231	31,700,195
Transmission and distribution costs	2,828,611	3,223,242
	<u>37,920,842</u>	<u>34,923,437</u>

## 16. OTHER OPERATING EXPENSES

Auditors' remuneration	4,731	1,179
Workers' Profit Participation Fund	-	81,507
Sports expenses	7,119	3,529
Corporate social responsibility	4,322	704
Exchange loss on payment of gas purchases	568,104	112,298
Loss on disposal of property, plant and equipment	-	634
Provision against impaired stores and spares	10,288	16,854
Provision against impaired debts and other receivables	294,959	273,733
	<u>889,523</u>	<u>490,438</u>

## 17. OTHER OPERATING INCOME

<b>Income from other than financial assets</b>		
Meter rentals		168,717
Recognition of income against deferred credit		92,628
Income from new service connections		58,754
Gas shrinkage charged to JJVL	17.1	524,873
Income from gas transportation		8,026
Income from LPG air mix distribution - net		94,642
Advertising income		1,182
Income from sale of tender documents		475
Scrap sales		-
Recoveries from consumers		17,338
Liquidity damaged recovered		1,976
Gain on disposal of property, plant and equipment		1,183
Miscellaneous		16,121
		<u>985,915</u>
<b>Income from investment in debts, loans, advances and receivables from a related party</b>		
Contingent rental income - Sui Northern Gas Pipelines Limited		-
		549
		<u>985,915</u>
		<u>941,715</u>



- 17.1 The Holding Company entered into Implementation Agreement with Jamshoro Joint Venture Limited (JJVL) and granted 'exclusive rights' to process and extract Liquefied Petroleum Gas (LPG) and Natural Gas Liquids (NGL) from Composite Associated Gas Mixture (CAGM) made available at JJVL plant.

Gas Shrinkage charged to JJVL means the amount payable by JJVL to the Holding Company as compensation for loss in volume and gross calorific value of CAGM due to recovery of LPG and NGL at the JJVL plant. This is in fact consideration for loss in volume of gas and its gross calorific value between Tie in Point and delivery point.

This amount was being recovered under the Implementation Agreement which was declared void by the Supreme Court of Pakistan vide its Order dated December 04, 2013 with respect to the Constitution Petition No. 5 of 2011 and Human Rights Case No.15744 - P of 2009. Thus no shrinkage has been charged after the Supreme Court order.

Note	Quarter ended	
	September 30, 2013	September 30, 2012
(Un-audited)		
----- (Rupees in '000)-----		
<b>18. OTHER NON-OPERATING INCOME</b>		
<b>Income from financial assets</b>		
Late payment surcharge	346,895	815,431
Income from net investment in finance lease	16,698	15,172
Return on:		
- profit and loss bank accounts	44,740	51,354
- staff loans	-	1
	408,333	881,958
Interest income on late payment of gas bills from		
- K-Electric Limited	-	1,529,796
- Jamshoro Joint Venture Limited	59,179	20,580
- Water & Power Development Authority	28,269	52,634
- Sui Northern Gas Pipelines Limited	21,701	139,953
	109,149	1,742,963
Dividend income	24	237
	517,506	2,625,158
<b>Income from investment in debts, loans, advances and receivables from related parties</b>		
Dividend income -		
Income from net investment in finance lease	48,354	29,490
<b>Others</b>		
Sale of gas condensate	24,030	30,001
Royalty income from JJVL	525,397	543,677
Terminal fee, storage and other income	-	18,662
Income on LPG and NGL - net	138,018	-
Meter manufacturing division profit - net	218,559	125,121
	906,004	717,461
	1,471,864	3,372,109

- 18.1 The Holding Company signed various Memorandum of Understanding (MoUs) with Jamshoro Joint Venture Limited (JJVL) wherein JJVL was allowed to extract LPG from various gas fields. As per MoUs, 50% of extracted quantity is sold out to JJVL and 50% to other customers.

## 19. FINANCE COST

Included in finance cost is an amount of Rs 1,033.37 million (September 2012: Rs 1,448.65 million) being mark-up on delayed payment on gas supplies.

	Quarter ended	
	September 30, 2013	September 30, 2012
	(Un-audited)	
	----- (Rupees in '000)-----	
<b>20. TAXATION</b>		
- Current	760,645	782,661
- Deferred	(542,711)	(234,795)
	<u>217,934</u>	<u>547,866</u>
<b>21. ADJUSTMENTS FOR NON-CASH AND OTHER ITEMS</b>		
Provisions	518,974	675,756
Depreciation	1,051,709	967,857
Amortization of intangibles	15,772	6,683
Finance cost	1,676,424	1,975,374
Amortization of transaction cost	1,616	1,437
Recognition of income against deferred credit	(99,376)	(98,492)
Dividend income	(24)	(237)
Interest income and return on term deposits	(500,784)	(2,609,748)
Income from net investment in finance lease	(65,052)	(44,662)
(Gain) / loss on disposal of property, plant and equipment	(1,183)	633
Decrease in long term advances	(7,601)	1,415
Decrease in deferred credit	7,602	(1)
	<u>2,598,077</u>	<u>876,015</u>
<b>22. WORKING CAPITAL CHANGES</b>		
<b>(Increase) / decrease in current assets</b>		
Stores, spares and loose tools	(115,929)	(107,161)
Stock-in-trade	25,091	(32,521)
Customers' installation work-in-progress	(1,077)	137,603
Trade debts	(2,717,750)	(4,560,381)
Trade deposits and short term prepayments	(96,026)	(61,311)
Other receivables	(5,543,489)	1,547,642
	<u>(8,449,180)</u>	<u>(3,076,129)</u>
<b>Increase in current liabilities</b>		
Trade and other payables	16,766,803	4,653,021
	<u>8,317,623</u>	<u>1,576,892</u>
<b>23. TRANSACTIONS WITH RELATED PARTIES</b>		

The related parties comprise of associated companies due to common directorship, Government related entities, staff retirement benefits plans, directors and key management personnel (including their associates). Purchase and sale of gas from / to related parties are determined at rates finalised and notified by the Oil and Gas Regulatory Authority. The prices and other conditions are not influence by the Holding Company.

The details of transactions with related parties not disclosed elsewhere in this consolidated condensed interim financial information are as follows:

		Quarter ended	
		September 30, 2013	September 30, 2012
		(Un-audited)	
		----- (Rupees in '000)-----	
<b>* Askari Bank Limited</b>	Associate		
- Profit on investment		-	422
- Mark-up on local currency finance		-	54,960
<b>Attock Refinery Limited</b>	Associate		
- Sale of gas condensate		24,030	-

		Quarter ended	
		September 30,	September 30,
		2013	2012
		(Un-audited)	
		----- (Rupees in '000)-----	
	Relationship		
<b>* Bank Al-Habib Limited</b>	Associate		
- Profit on investment		-	2,274
- Mark-up on short term finance		-	-
- Mark-up on local currency finance		-	-
		-	17,518
<b>Fauji Fertilizer Company Limited</b>	Associate		
- Billable charges		14	-
<b>Government related entities - various</b>			
- Purchase of fuel and lubricant		7,322	1,332
- Billable charges		13,495,337	14,278,882
- Mark-up on term finance		-	10,633
- Mark-up on delayed payment on gas supplies		1,033,372	1,448,650
- Sharing of expenses		18,437	15,524
- Income from net investment in finance lease		48,354	29,490
- Gas purchases		18,644,787	15,888,762
- Sale of gas meters		674,012	421,603
- Dividend income		-	237
- Interest income		49,970	1,722,383
- Rent of premises		-	881
- Insurance premium		27,254	27,075
- Uniform cost of gas		9,569,274	8,825,046
- Electricity expense		54,917	38,427
<b>** Habib Bank Limited</b>	Associate		
- Profit on investment		640	-
- Mark up on short term finance		5,490	-
- Mark up on long term finance		25,740	-
- Billable Charges		3,358	-
<b>* Habib Metropolitan Bank</b>	Associate		
- Profit on investment		-	1,514
- Mark-up on short term finance		-	7,220
<b>Hydrocarbon Development Institute of Pakistan</b>	Associate		
- Billable Charges		9,097	6,939
<b>International Industries Limited</b>	Associate		
- Line Pipe Purchases		1,127	121,195
- Billable Charges		260,746	235,478
<b>Key management personnel</b>			
- Remuneration		53,810	15,339
<b>** Kohinoor Silk Mills Limited</b>	Associate		
- Billable Charges		63	-

		Quarter ended September 30, September 30, 2013                      2012 (Un-audited) ----- (Rupees in '000)-----	
	Relationship		
* <b>Liaquat National Hospital</b>	Associate		
- Medical services		-	6,922
- Billable charges		-	24,836
<b>Minto &amp; Mirza</b>	Associate		
- Professional charges		7,115	1,000
<b>Packages Limited</b>	Associate		
- Billable charges		3,171	3,080
<b>Pakistan Cables Limited</b>	Associate		
- Billable charges		20,519	14,784
* <b>Pak Suzuki Motor Company Limited</b>	Associate		
- Motor Vehicle Purchases		-	27,298
- Billable charges		-	8,424
<b>Pakistan Engineering Company Limited</b>	Associate		
- Billable charges		14	10
** <b>Pakistan Synthetic Limited</b>	Associate		
- Billable charges		75,638	-
** <b>Premium Textile Mills Limited</b>	Associate		
- Billable charges		72,762	-
<b>Staff retirement benefit plans</b>	Associate		
- Contribution to provident fund		54,768	46,055
- Contribution to pension fund		50,319	68,679
- Contribution to gratuity fund		56,597	53,835
<b>Thatta Cement Company Limited</b>	Associate		
- Billable charges		2,854	2,021

\* Current period transactions with these parties have not been disclosed as they did not remain related parties during the period.

\*\* Comparative transactions with these parties have not been disclosed as these parties were not related parties in comparative period.

**23.1** Sale of gas meters is made at cost plus method. The Holding Company is the only manufacturer of gas meters in the country.

**23.2** Contribution to the defined contribution and benefit plans are in accordance with the terms of the entitlement of the employees and / or actuarial advice.

**23.3** Remuneration to the executive officers of the Group and loans and advances to them are determined in accordance with the terms of their employment. Mark-up free security deposits for gas connections to the executive staff of the Holding Company is received at rates prescribed by the Government of Pakistan.

**23.4 Amount (due to) / receivable from / investment in related parties**

The details of amount due with related parties not disclosed elsewhere in this consolidated condensed interim financial information are as follows:

		September 30, 2013 (Unaudited)	June 30, 2013 (Audited)
	Relationship	----- (Rupees in '000) -----	
<b>* Askari Bank Limited</b>	Associate		
- Long term finance		-	(1,333,333)
- Cash at bank		-	1,385
- Accrued markup		-	(23,982)
- Billable charges		-	9
- Gas supply deposit		-	(184)
<b>Attock Refinery Limited</b>	Associate		
- Sale of condensate		42,105	75,637
<b>* Bank Al-Habib Limited</b>	Associate		
- Long term finance		-	(500,000)
- Short term finance		-	(1,441,865)
- Cash at bank		-	2,422
- Accrued mark-up		-	(26,850)
<b>Fauji Fertilizer Company Limited</b>	Associate		
- Billable charges		5	5
- Gas supply deposit		(124)	(124)
<b>Government related entities - various</b>			
- Billable charges		63,711,300	58,493,193
- Mark up accrued on borrowings		(11)	(2,348)
- Late payment surcharge on gas supplies		(22,419,679)	(21,386,308)
- Sharing of expenses		(10,914)	(11,924)
- Net investment in finance lease		304,499	107,973
- Gas purchases		(69,242,359)	(62,233,608)
- Gas meters		570,778	288,094
- Uniform cost of gas		8,229,274	3,975,409
- Cash at bank		6,400	42,467
- Stock Loan		(35,298)	(28,813)
- Recoverable from insurance		(1,975)	(2,025)
- Gas supply deposit		(52,258)	(50,169)
- Interest income accrued - late payment on gas bills		5,031,060	4,981,091
<b>Habib Bank Limited</b>	Associate		
- Long term finance		(1,000,000)	(1,000,000)
- Short Term Finance		-	(1,482,798)
- Cash at bank		1,701	90,237
- Accrued markup		-	(24,258)
- Billable charges		222	3,354
- Gas Supply Deposit		(3,589)	(3,589)
<b>* Habib Metropolitan Bank</b>	Associate		
- Short term finance		-	(95,536)
- Accrued mark-up		-	(13,409)
<b>* Hydrocarbon Development Institute of Pakistan</b>	Associate		
- Billable charges		-	2,723
- Gas supply deposit		-	(4,000)

		September 30, 2013 (Unaudited)	June 30, 2013 (Audited)
	Relationship	----- (Rupees in '000) -----	
<b>International Industries Limited</b>	Associate		
- Billable charges		93,478	24,278
- Gas supply deposit		(267,882)	(48,925)
<b>Kohinoor Silk Mills Limited</b>	Associate		
- Billable charges		21	21
- Gas supply deposit		(60)	(60)
<b>Packages Limited</b>	Associate		
- Billable charges		1,029	951
- Gas supply deposit		(3,044)	(3,044)
<b>Pakistan Cables Limited</b>	Associate		
- Billable charges		7,685	7,553
- Gas supply deposit		(17,159)	(17,159)
<b>Pakistan Engineering Company Limited</b>	Associate		
- Billable charges		5	5
- Gas supply deposit		12	(12)
<b>Pakistan Synthetic Limited</b>	Associate		
- Billable charges		25,236	24,170
- Gas supply deposit		(70,757)	(64,509)
<b>* Pak Suzuki Motor Company Limited</b>	Associate		
- Billable charges		-	2,483
- Gas supply deposit		-	(10,656)
<b>PERAC - Research &amp; Development Foundation</b>	Associate		
- Professional charges		-	57
<b>Premium Textile Limited</b>	Associate		
- Billable charges		24,247	19,490
- Gas supply deposit		(52,564)	(22,300)
<b>Thatta Cement Company Limited</b>	Associate		
- Billable charges		618	500
- Gas supply deposit		(45,000)	(45,000)

\* Current balances with these parties have not been disclosed as they did not remain related parties as at period end.

\*\* Comparative balances with these parties have not been disclosed as these parties were not related parties in last period.

## 24. OPERATING SEGMENTS

IFRS 8 -Operating Segments requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance. As a result, management has identified the following two segments:

- 1) Gas transmission and distribution (sale of gas); and
- 2) Meter manufacturing (manufacturing and sale of gas meters)

**Segment revenue and results**

The following is analysis of the Group's revenue and results by reportable segment.

	Quarter ended			
	Segment revenue		Segment profit	
	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012
	(Un-audited)			
	------(Rupees in '000)-----			
Gas transmission and distribution	38,567,058	35,185,237	1,157,494	1,762,844
Meter manufacturing	803,207	522,554	218,559	125,121
Total segment results	<u>39,370,265</u>	<u>35,707,791</u>	<u>1,376,053</u>	<u>1,887,965</u>
Unallocated - other expenses				
- Other operating expenses			(889,523)	(490,438)
Unallocated - other income				
- Non-operating income			109,816	96,255
Profit before tax			<u>596,346</u>	<u>1,493,782</u>

**Segment assets and liabilities**

During the period, there were following significant increase in the assets and liabilities of transmission and distribution segment as compared to June 30, 2013:

	September 30, 2013	June 30, 2013
	(Unaudited)	(Audited)
	------(Rupees in '000)-----	
<b>Segment assets</b>		
Gas transmission and distribution	199,347,457	190,631,193
Meter manufacturing	1,160,048	1,628,242
Total segment assets	200,507,505	192,259,435
Unallocated		
- Loans and advances	550,587	262,007
- Taxation - net	2,078,186	2,789,335
- Interest accrued	490,109	490,109
- Cash and bank balances	6,146,313	943,220
	9,265,195	4,484,671
<b>Total assets as per balance sheet</b>	<u>209,772,700</u>	<u>196,744,106</u>

	September 30, 2013 (Unaudited) <u>(Rupees in '000)</u>	June 30, 2013 (Audited)
<b>Segment liabilities</b>		
Gas transmission and distribution	180,647,093	168,196,804
Meter manufacturing	403,626	278,663
Total segment liabilities	181,050,719	168,475,467
Unallocated		
- Employee benefits	2,596,600	2,521,973
Total liabilities as per balance sheet	<u>183,647,319</u>	<u>170,997,440</u>

**25. CORRESPONDING FIGURES**

Following figures have been reclassified consequent upon the change in current period's presentation.

Reclassification		Quarter ended September 30, 2013 Amount (Rs. In '000)
From	To	
<b>Administrative and selling expenses</b>	<b>Other operating expenses</b>	
- Provision against impaired debts and other receivables	- Provision against impaired debts and other receivables	64,181
- Legal and professional	- Auditors remuneration	5,981

**26. GENERAL**

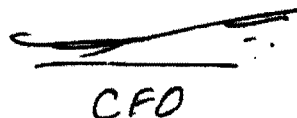
Figures have been rounded off to the nearest thousand rupees unless otherwise stated.

**27. DATE OF AUTHORISATION**

This consolidated condensed interim financial information were authorised for issue in Board of Directors meeting held on 04 March, 2017.

  
Chairman

  
Managing Director

  
CFO