

276-69

Annexure – E1

# **Sui Southern Gas Company Limited**

Unconsolidated condensed interim financial information

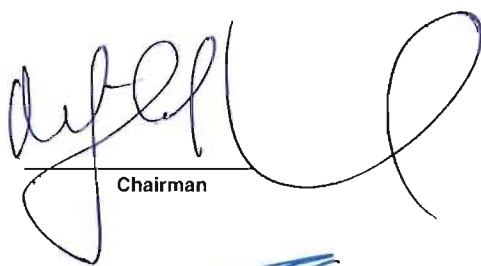

For nine months ended September 30, 2015

SUI SOUTHERN GAS COMPANY LIMITED  
 UNCONSOLIDATED CONDENSED INTERIM BALANCE SHEET (UNAUDITED)  
 AS AT SEPTEMBER 30, 2015

276-70

	Note	September 30, 2015 (Un-audited) ------(Rupees in '000)-----	June 30, 2015 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	75,651,136	73,942,853
Intangible assets		38,998	35,911
Deferred tax		1,393,531	291,557
Long term investments	7	1,227,691	1,281,621
Net investment in finance lease		445,014	472,555
Long term loans and advances		160,883	151,476
Long-term deposits		7,661	7,557
<b>Total non-current assets</b>		<b>78,924,914</b>	<b>76,183,530</b>
<b>Current assets</b>			
Stores, spares and loose tools		1,785,523	1,821,143
Stock-in-trade		980,451	859,852
Current maturity of net investment in finance lease		110,161	110,161
Customers' installation work-in-progress		188,450	183,128
Trade debts	8	92,864,486	90,351,824
Loans and advances		2,756,576	2,312,019
Trade deposits and short term prepayments		403,879	282,590
Interest accrued		8,065,964	7,661,077
Other receivables	9	79,640,078	79,224,858
Taxation - net		17,683,442	17,442,747
Cash and bank balances		2,058,975	984,129
<b>Total current assets</b>		<b>206,537,985</b>	<b>201,233,528</b>
<b>Total assets</b>		<b>285,462,899</b>	<b>277,417,058</b>

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

  
 Chairman  
  
 CFO

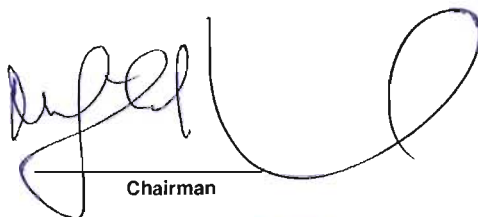
  
 Managing Director

SUI SOUTHERN GAS COMPANY LIMITED  
UNCONSOLIDATED CONDENSED INTERIM BALANCE SHEET (UNAUDITED)  
AS AT SEPTEMBER 30, 2015

276-71

	September 30, 2015 (Un-audited)	June 30, 2015 (Audited)
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	186,062	239,992
Accumulated losses	(7,781,876)	(5,381,402)
<b>Total equity</b>	<b>6,120,750</b>	<b>8,575,154</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 - secured	10 18,383,895	19,720,479
Long term deposits	11,006,166	10,613,059
Employee benefits	4,809,512	4,687,944
Obligation against pipeline	1,059,195	1,069,173
Deferred credit	11 5,150,881	5,316,940
Long term advances	859,587	798,163
<b>Total non-current liabilities</b>	<b>41,269,236</b>	<b>42,205,758</b>
Current portion of long term finance	7,331,852	8,145,591
Short term borrowings	12 -	989,191
Trade and other payables	13 184,411,984	173,142,462
Current portion of obligation against pipeline	38,604	37,750
Interest and mark-up accrued	36,038,527	34,069,206
<b>Total current liabilities</b>	<b>227,820,967</b>	<b>216,384,200</b>
<b>Total liabilities</b>	<b>269,090,203</b>	<b>258,589,958</b>
<b>Total equity and liabilities</b>	<b>285,462,899</b>	<b>277,417,058</b>
Contingencies and commitments	14	

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

  
Chairman

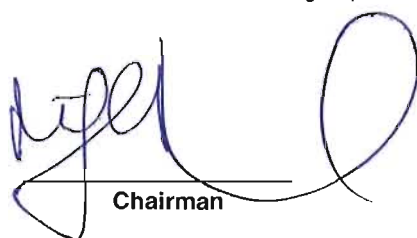
  
Managing Director

  
CFO

**SUI SOUTHERN GAS COMPANY LIMITED**  
**UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2015**

	Note	Quarter ended	
		September 30, 2015	September 30, 2014
------(Rupees in '000)-----			
Sales		54,962,923	47,276,788
Sales tax		(7,824,259)	(6,751,010)
		47,138,664	40,525,778
Gas development surcharge		(3,302,446)	1,045,856
Net sales		43,836,218	41,571,634
Cost of sales	15	(45,912,826)	(42,105,582)
<b>Gross loss</b>		<b>(2,076,608)</b>	<b>(533,948)</b>
Administrative and selling expenses		(954,263)	(912,046)
Other operating expenses	16	(592,076)	(768,056)
		(1,546,339)	(1,680,102)
		(3,622,947)	(2,214,050)
Other operating income	17	380,790	744,016
<b>Operating loss</b>		<b>(3,242,157)</b>	<b>(1,470,034)</b>
Other non-operating income	18	2,309,038	1,857,685
Finance cost	19	(2,569,329)	(2,184,186)
<b>Loss before taxation</b>		<b>(3,502,448)</b>	<b>(1,796,535)</b>
Taxation	20	1,101,974	875,291
<b>Loss for the period</b>		<b>(2,400,474)</b>	<b>(921,244)</b>
<b>Basic / diluted loss per share (Rupees)</b>		<b>(2.72)</b>	<b>(1.05)</b>

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

  
Chairman

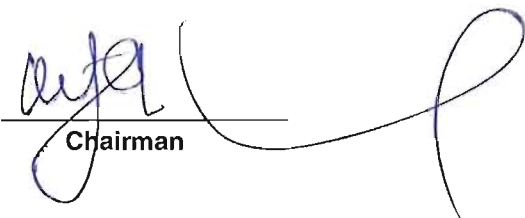
  
Managing Director

  
CFO

**SUI SOUTHERN GAS COMPANY LIMITED**  
**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2015**

	Quarter ended	
	September 30, 2015	September 30, 2014
	------(Rupees in '000)-----	
Loss for the period	(2,400,474)	(921,244)
<b>Other comprehensive income</b>		
<b>Item that maybe reclassified subsequently to profit and loss account</b>		
Unrealised (loss) / gain on re-measurement of available for sale securities	(53,930)	526
<b>Item that will not be reclassified subsequently to profit and loss account</b>	-	-
<b>Total comprehensive loss for the period</b>	<u>(2,454,404)</u>	<u>(920,718)</u>

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

  
 Chairman

  
 CFO

  
 Managing Director

**SUI SOUTHERN GAS COMPANY LIMITED**  
**UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2015**

Quarter ended  
**September 30,**      September 30,  
**2015**                      2014

Note -----(Rupees in '000)-----

**CASH FLOW FROM OPERATING ACTIVITIES**

Loss before taxation		(3,502,448)	(1,796,535)
Adjustments for non-cash and other items	21	3,608,181	3,528,440
Working capital changes	22	7,980,761	12,111,974
Financial charges paid		(622,579)	(618,402)
Employee benefits paid		(24,850)	(22,886)
Payment for retirement benefits		(227,836)	(68,304)
Long term deposits received - net		393,107	351,314
Loans and advances to employees - net		(453,964)	(416,231)
Interest income and return on term deposits received		100,848	66,408
Income taxes paid		(240,695)	(82,074)
Net cash from operating activities		7,010,525	13,053,704

**CASH FLOW FROM INVESTING ACTIVITIES**

Payments for property, plant and equipment		(2,849,979)	(1,986,467)
Payments for intangible assets		(15,346)	(442)
Proceeds from sale of property, plant and equipment		2,684	4,853
Lease rental from net investment in finance lease		66,224	66,491
Deposits paid		(104)	(180)
Dividend received		356	-
Net cash used in investing activities		(2,796,165)	(1,915,745)

**CASH FLOW FROM FINANCING ACTIVITIES**

Repayments of local currency loans		(2,140,480)	(809,524)
Consumer finance received		-	5,982
Repayment of consumer finance		(9,843)	(14,763)
Dividend paid		-	(76)
Net cash used in financing activities		(2,150,323)	(818,381)

Net decrease in cash and cash equivalents		2,064,037	10,319,578
Cash and cash equivalents at beginning of the period		(5,062)	(1,941,400)
Cash and cash equivalents at end of the period		2,058,975	8,378,178

**Cash and cash equivalent comprises:**

Cash and bank balances		2,058,975	8,378,178
		2,058,975	8,378,178

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

  
Chairman

  
CFO

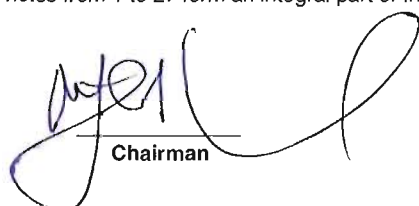
  
Managing Director

276-75

SUI SOUTHERN GAS COMPANY LIMITED  
 UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
 FOR THE QUARTER ENDED SEPTEMBER 30, 2015

	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 June 30, 2014	8,809,163	234,868	4,672,533	122,762	(224,378)	13,614,948
<b>Total comprehensive income for the quarter ended September 30, 2014</b>						
Loss for the period	-	-	-	-	(921,244)	(921,244)
Other comprehensive income for the period	-	-	-	526	-	526
<b>Total comprehensive loss for the period</b>	-	-	-	526	(921,244)	(920,718)
<b>Balance as at September 30, 2014</b>	<b>8,809,163</b>	<b>234,868</b>	<b>4,672,533</b>	<b>123,288</b>	<b>(1,145,622)</b>	<b>12,694,230</b>
Balance as at June 30, 2015	8,809,163	234,868	4,672,533	239,992	(5,381,402)	8,575,154
<b>Total comprehensive income for the quarter ended September 30, 2015</b>						
Loss for the period	-	-	-	-	(2,400,474)	(2,400,474)
Other comprehensive loss for the period	-	-	-	(53,930)	-	(53,930)
<b>Total comprehensive loss for the period</b>	-	-	-	(53,930)	(2,400,474)	(2,454,404)
<b>Balance as at September 30, 2015</b>	<b>8,809,163</b>	<b>234,868</b>	<b>4,672,533</b>	<b>186,062</b>	<b>(7,781,876)</b>	<b>6,120,750</b>

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

  
 Chairman

  
 Managing Director

  
 CFO

**SUI SOUTHERN GAS COMPANY LIMITED**  
**NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2015**

**1. STATUS AND NATURE OF BUSINESS**

**1.1** Sui Southern Gas Company Limited ("the 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 Company is transmission and distribution of natural gas in Sindh and Balochistan. The 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.

**1.2 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.

**1.3 Determination of revenue requirement**

**1.3.1 Prior years (2011-2015)**

**1.3.1.1** The Oil and Gas Regulatory Authority (OGRA) in its orders 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 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 till year ended June 30, 2015, the 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 Company. Management is confident that the final decision of the Court would be in favor of the Company.

Had there been no stay for the years ended June 30, 2011 to 2015, the Company would have reported loss for the period amounting to Rs. 32,013 million.

**1.3.1.2** In determining the Final Revenue Requirements (FRRs) for the years ended June 30, 2013, 2014 and 2015, the OGRA treated income from royalty (arrears) and income of LPG and NGL as operating income amounting to Rs. 2,501 million, Rs. 6,600 million and Rs. 6,123 million respectively, on which the 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, 2014 and 2015; however, no revised FRR has been issued by the OGRA till the date of issue of this unconsolidated condensed interim financial information. Consequently, the impact of the new stay orders have not been taken and the aforesaid income was treated as operating income in the financial statements of the Company for the years ended June 30, 2013, 2014 and 2015.

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 Company.



### 1.3.2 Current period (Quarter ended September 30, 2015)

In respect of determination of revenue requirement of the Company for the year ended June 30, 2016, OGRA in its decision dated December 18, 2015, treated certain incomes as operating income instead of non-operating income and allowed UFG benchmark at 4.5% provisionally subject to the finalisation of UFG study. Being aggrieved, the Company filed a petition in the Court against decision of OGRA dated December 18, 2015, and the Court granted stay order on May 16, 2016 on the lines of interim order passed for the year ended June 30, 2015 i.e, allowing UFG benchmark at 7% and royalty income from Jamshoro Joint Venture Limited, Profit from Meter Manufacturing, Late Payment Surcharge and Sale of Gas Condensate as non-operating income. The Company has applied to OGRA for revision of estimated revenue requirement for the year ended June 30, 2016 based on the decision of the Court but revised determination has not been received till the date of approval of this unconsolidated condensed interim financial information. Meanwhile, this unconsolidated condensed interim financial information for the quarter period ended September 30, 2015 has been prepared based on OGRA decision dated December 18, 2015.

Despite stay from Court for current year, income from LPG and NGL has been considered as operating income in this unconsolidated condensed interim financial information based on the reasons mentioned in paragraph 1.3.1.2.

Had OGRA revised the estimated revenue requirement and this unconsolidated condensed interim financial information been prepared in accordance with the OGRA's decisions dated September 24, 2010, the Company would have reported loss for the Quarter amounting to Rs. 1,288 million.

## 2. BASIS FOR PREPARATION

- 2.1 The unconsolidated condensed interim financial information has been prepared in accordance with the requirements of International Accounting Standard 34, "Interim Financial Reporting" and the provisions and directives issued under the Companies Ordinance, 1984. In case where the requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984 shall prevail. This unconsolidated condensed interim financial information does not include all information required for annual audited financial statements and should be read in conjunction with the unconsolidated financial statements of the Company for the year ended June 30, 2015.

## 3. Significant accounting policies

The significant accounting policies and methods of computation applied for the preparation of this unconsolidated condensed interim financial information are the same as those applied in preparation of the annual unconsolidated audited financial statements of the Company for the year ended June 30, 2015.

## 4. Accounting estimates and judgments

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 judgments 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, 2015, except for IFRS 13 "Fair Value Measurement". Further, 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. Any actuarial gains / losses determined are offered to / claimed from OGRA in determining revenue requirement of the Company.

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. However, it does not change the requirements regarding which items should be measured or disclosed at fair value. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. The application of this standard does not have an impact on this unconsolidated condensed interim financial information except certain additional disclosures as given in note 25.

## 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, 2015.

September 30,      June 30,  
2015                      2015  
(Un-audited)          (Audited)  
------(Rupees in '000)-----

## 6. PROPERTY, PLANT AND EQUIPMENT

Operating assets	64,162,879	64,406,460
Capital work-in-progress	11,488,257	9,536,393
	<b>75,651,136</b>	<b>73,942,853</b>

Details of additions and disposals of property, plant and equipment are as follows:

	September 30, 2015		September 30, 2014	
	(Un-audited)			
	------(Rupees in '000)-----			
Operating assets	Cost of additions / transfers from CWIP	Written down value of (transfers / disposals)	Cost of additions / transfers from CWIP	Written down value of (transfers / disposals)
Buildings on leasehold land	13,690	-	13,830	-
Gas transmission pipelines	5,466	-	115,970	-
Gas distribution system	751,954	-	645,791	-
Telecommunication	44,078	-	99,249	-
Plant and machinery	56,719	-	83,165	-
Tools and equipment	7,958	-	7,445	-
Motor vehicles	12,390	(1,138)	32,910	(6,832)
Furniture and fixtures	4,879	-	4,003	-
Office equipment	18,299	-	6,112	-
Computers and ancillary equipments	9,570	-	6,103	-
Construction equipment	-	-	12	-
	<b>925,003</b>	<b>(1,138)</b>	<b>1,014,590</b>	<b>(6,832)</b>
	Capital expenditure incurred	Transfer to operating assets	Capital expenditure incurred	Transfer to operating assets

### Capital work in progress:

#### Projects:

- Gas distribution system	1,080,115	(751,954)	858,879	(645,791)
- Gas transmission system	1,274,139	(5,466)	189,143	(115,970)
- Cost of buildings under construction and others	23,029	(13,690)	41,447	(13,830)
	<b>2,377,283</b>	<b>(771,110)</b>	<b>1,089,469</b>	<b>(775,591)</b>

September 30,      June 30,  
2015                      2015  
(Un-audited)          (Audited)  
------(Rupees in '000)-----

Note

## 7. LONG TERM INVESTMENTS

Investment in related parties	1,080,978	1,069,415
Other investments	146,713	212,206
	<b>1,227,691</b>	<b>1,281,621</b>

	Note	September 30, 2015 (Un-audited)	June 30, 2015 (Audited)
------(Rupees in '000)-----			
<b>8. TRADE DEBTS</b>			
Considered good			
- secured		17,415,729	18,551,015
- unsecured	8.1 & 8.2	84,790,803	81,016,295
		102,206,532	99,567,310
Provision against doubtful debts		(9,342,046)	(9,215,486)
		92,864,486	90,351,824

- 8.1** As K-Electric Limited (KE) has been defaulting and not making payment of Late Payment Surcharge (LPS) and the 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.40,051 million (June 30, 2015: Rs. 40,073 million) receivables from KE. Out of this, Rs. 35,303 million (June 30, 2015: Rs. 36,502 million) are overdue. However, the aggregate legal claim of the Company from KE amounts to Rs. 64,920 million (June 30, 2015: Rs. 62,641 million). This amount has been arrived at as per the practice of the Company to charge LPS to customers who do not make timely payments.

Considering that the Company has valid legal claim for recovery of LPS together with outstanding principal amount, the 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 Company and KE for making outstanding payment in 18 installments, the Company was entitled to charge LPS on outstanding principal
  - 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 management's assertion that the Company has legal claim over KE for charging of LPS.

KE also filed case against the Company in the High Court of Sindh for recovery of damages / losses of Rs. 61,614 million as KE claimed that the Company had not supplied the committed quantity of natural gas to KE. However, the legal counsel of the 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 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 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 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 Company has a good claim over LPS on outstanding balance, but considering that the matter is in dispute, as discussed above, the Company has decided to recognize LPS from KE when either such claimed amounts are recovered or when these are decreed and their

- 8.2** As Pakistan Steel Mills Corporation (Private) Limited (PSML) has been defaulting and not making payment of Late Payment Surcharge (LPS), the 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. 21,168 million (June 30, 2015: Rs. 20,879 million) including overdue balance of Rs.21,127 million (June 30, 2015: Rs. 20,618 million) receivable from PSML. However, the aggregate legal claim of the Company from PSML amounts to Rs. 37,846 million (June 30, 2015: Rs. 35,383 million). This amount has been arrived at as per the practice of the Company to charge LPS to customers who do not make timely payments.

Considering that the Company has valid legal claim for recovery of LPS together with outstanding principal amount, the 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, 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, 2015 (Un-audited)	June 30, 2015 (Audited)
	Note	------(Rupees in '000)-----	
<b>9. OTHER RECEIVABLES - considered good</b>			
Gas development surcharge receivable from GoP		22,598,415	25,798,540
Staff pension fund		684,113	672,909
Receivable for sale of gas condensate		93,188	253,228
Sui Northern Gas Pipelines Limited	9.1	25,787,128	22,227,096
Jamshoro Joint Venture Limited	9.2	13,407,106	14,636,955
SSGC LPG (Private) Limited		574,638	565,837
Workers' Profit Participation Fund		1,567,655	1,567,655
Sales tax receivable	9.3	16,302,911	14,710,812
Sindh sales tax receivable		112,569	112,569
Pipeline rentals		16,290	49,984
Receivable against asset contribution	9.4	470,155	448,587
Miscellaneous receivable		372,269	527,045
		<u>81,986,437</u>	<u>81,571,217</u>
Provision against other receivables		<u>(2,346,359)</u>	<u>(2,346,359)</u>
		<u>79,640,078</u>	<u>79,224,858</u>

9.1 As at year end, receivable balance from SNGPL comprises of the following:

		September 30, 2015 (Un-audited)	June 30, 2015 (Audited)
	Note	------(Rupees in '000)-----	
Uniform cost of gas		21,709,492	20,016,375
Lease rentals		220,228	84,811
Contingent rent		3,421	3,422
Capacity and utilisation charges of RLNG	9.1.1	3,853,987	2,122,488
		<u>25,787,128</u>	<u>22,227,096</u>

9.1.1 The Company has invoiced an amount of Rs.6,100 million including Sindh Sales Tax of Rs.772.9 million, till September 30, 2015 to SNGPL in respect of capacity and utilization charges (terminal charges) relating to RLNG.

SNGPL has disputed the terminal charges that have not been allowed to it by OGRA and terminal charges of a third party (i.e. Pak-Arab Fertilized Company Limited (PFL)). SNGPL is of the view that it will only pay terminal charges as per OGRA Notification and not the actual cost billed by SSGC.

In this regard, the Company has written a letter to the Ministry of Petroleum and Natural Resources (MP & NR) to resolve this matter, but the response to this letter is still awaited.

9.2 This include amount receivable in respect of royalty income, sale of liquefied petroleum gas, sale of natural gas liquids, Federal Excise Duty and Sindh Sales Tax on Franchise Services.

As at period end, amount payable to JJVL in respect of processing charges is disclosed in note 13 to these unconsolidated condensed interim financial information.

- 9.3** 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 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.
- 9.4** This represents receivable from Mari Petroleum Company Limited, Spud Energy Pty Limited, PKP Exploration Limited and Government Holdings (Private) Limited (referred as BJV); in respect of Zarghun gas transmission pipeline under pipeline contribution agreement. The receivable has been recognised using discounted cashflow technique.

September 30,      June 30,  
2015                      2015  
(Un-audited)          (Audited)  
------(Rupees in '000)-----

## 10. LONG-TERM FINANCE

### Secured

Loans from banking companies

20,203,102      22,343,581

### Unsecured

Front end fee of foreign currency loan

23,950      23,950

Consumer finance

240,183      250,026

Government of Sindh loans

5,248,513      5,248,513

5,512,646      5,522,489

Subtotal

25,715,748      27,866,070

### Less: current portion shown under current liabilities

Loans from banking companies

(6,642,857)      (7,452,381)

Consumer finance

(30,482)      (34,697)

Government of Sindh loans

(658,514)      (658,513)

(7,331,853)      (8,145,591)

18,383,895      19,720,479

September 30,      September 30,  
2015                      2014  
(Un-audited)          (Un-audited)  
------(Rupees in '000)-----

## 11. DEFERRED CREDIT

### Government contributions / grants

Additions / adjustments during the period

68,174      2,555

Transferred to unconsolidated profit and loss account

55,770      4,524

### Contribution from customers

Transferred to unconsolidated profit and loss account

42,116      44,487

**12. SHORT TERM BORROWINGS**

These represent facilities for short term running finance / short term money market loan availed from various banks amounting to Rs. Nil (June 30, 2015: Rs. 989 million) and carry mark-up ranging from 0.10% to 0.80% (June 30, 2015: 0.3%) above the average one month KIBOR. These 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 Company.

The aggregate unavailed short term borrowing facilities amounted to Rs.8,000 million (June 30, 2015: Rs. 5,426 million).

**September 30,**      **June 30,**  
**2015**                      **2015**  
**(Un-audited)**              **(Audited)**  
----- (Rupees in '000)-----

**13. TRADE AND OTHER PAYABLES**

Creditors for:

- gas	157,012,150	145,385,454
- supplies	846,227	589,234
	<b>157,858,377</b>	<b>145,974,688</b>
Amount received from customers for laying of mains, etc.	1,876,770	1,861,627
Engro Elengy Terminal (Private) Limited	1,174,311	1,022,850
Accrued liabilities	3,322,509	3,048,161
Advances from LPG customers	433	433
Provision for compensated absences - non executives	238,954	219,207
Payable to staff gratuity fund	2,192,783	2,192,783
Deposits / retention money	353,123	364,319
Bills payable	256,874	599,999
Advance for sharing right of way	18,088	18,088
Unclaimed dividend	286,665	286,665
Withholding tax payable	334,107	196,410
Sales tax & Federal excise duty payable	313,993	305,055
Sindh sales tax payable	37,226	37,231
Processing Charges payable to JJVL	6,923,168	7,433,204
Gas infrastructure development cess payable	9,008,520	9,324,042
Unclaimed Term Finance Certificate redemption profit	1,800	1,800
Inter State Gas System (Private) Limited (ISGSL)	15,139	11,019
Others	199,144	244,881
	<b>184,411,984</b>	<b>173,142,462</b>

**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, 2015, except for the following:

**September 30,**      **June 30,**  
**2015**                      **2015**  
**(Un-audited)**              **(Audited)**  
----- (Rupees in '000)-----

Commitments for capital expenditure	24,304,600	7,286,408
Guarantees issued on behalf of the Company	5,058,696	5,058,696

**14.2** Jamshoro Power Company Limited [(JPCL) WAPDA] has lodged a claim against the Company amounting to Rs. 35,182 million (June 30, 2015: Rs. 35,182 million) for short supply of gas under the provisions of an agreement dated April 10, 1995 between the Company and JPCL. As at September 30, 2015 this amount remain same at Rs. 35,182 million. The management has not made provision against the said amount in the books of the Company as the management based on the view of its legal advisor is confident that ultimately this claim would not be payable.

**14.3** Habibullah Coastal Power Company (Private) Limited (HCPC) has claimed Rs. 2,423.74 million (June 30, 2015: Rs. 2,382.76. million) from the Company for short supply of gas under the provisions of an agreement dated March 31, 1996 between the Company and HCPC. As at June 30, 2016, this amount has increased to Rs. 3,067.69 million. HCPC has also disputed late payment surcharge charged by the Company amounting to Rs. 360 million. HCPC has also invoked arbitration as per article of Gas Sale Agreement. In the instant arbitral proceedings, the 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 these unconsolidated condensed interim financial information.

	Quarter ended	
	September 30 2015	September 30 2014
	(Un-audited)	
	------(Rupees in '000)-----	
<b>15. COST OF SALES</b>		
Cost of gas	42,293,124	38,496,457
Transmission and distribution costs	3,619,702	3,609,125
	<u>45,912,826</u>	<u>42,105,582</u>
<b>15.1 Cost of gas</b>		
Opening gas in pipelines	341,904	332,529
Gas purchases	53,759,871	48,119,425
	<u>54,101,775</u>	<u>48,451,954</u>
Gas consumed internally	(133,288)	(137,382)
Inward price adjustment	(11,308,722)	(9,477,485)
Closing gas in pipelines	(366,641)	(340,630)
	<u>(11,808,651)</u>	<u>(9,955,497)</u>
	<u>42,293,124</u>	<u>38,496,457</u>
<b>16. OTHER OPERATING EXPENSES</b>		
Auditors' remuneration	5,300	4,255
Sports expenses	8,769	6,614
Corporate social responsibility	6,396	23,415
Exchange loss on payment of gas purchases	438,589	411,279
Provision against impaired stores and spares	6,461	-
Provision against impaired debt and other receivables	126,561	320,344
Loss on sale of property, plant and equipment	-	2,149
	<u>592,076</u>	<u>768,056</u>
<b>17. OTHER OPERATING INCOME</b>		
Meter rentals	178,006	173,148
Recognition of income against deferred credit	97,886	44,813
Income from new service connections and asset contribution	46,590	436,019
Income from LPG air mix distribution - net	27,561	29,923
Advertising income	1,703	1,208
Income from sale of tender documents	1,604	2,153
Scrap sales	663	-
Recoveries from consumers	13,332	15,928
Liquidity damaged recovered	9,647	2,276
Gain on disposal of property, plant and equipment	1,546	170
Miscellaneous	2,252	38,378
	<u>380,790</u>	<u>744,016</u>

Quarter ended  
**September 30**      **September 30**  
**2015**                      **2014**  
(Un-audited)  
------(Rupees in '000)-----

### 18. OTHER NON-OPERATING INCOME

#### Income from financial assets

Late payment surcharge	568,145	432,042
Income from net investment in finance lease	16,354	16,354
Income for receivable against asset contribution	10,265	10,566
Interest income on loan to related party	23,494	39,828
Return on term deposits and profit and loss bank accounts	90,583	56,886
	<b>708,841</b>	<b>555,676</b>

#### Interest income on late payment of gas bills from

- Jamshoro Joint Venture Limited	57,512	29,947
- Water and Power Development Authority	49,754	30,333
- Sui Northern Gas Pipelines Limited	274,091	110,880
- SSGC LPG (Private) Limited	37	4,445
	<b>381,394</b>	<b>175,605</b>

#### Dividend income

	356	-
	<b>1,090,591</b>	<b>731,281</b>

#### Income from investment in debts, loans, advances and receivables from related parties

Income from net investment in finance lease	22,329	22,597
---	--------	--------

#### Others

Sale of gas condensate	50,239	91,959
Income on LPG and NGL - net	1,137,343	1,105,281
Meter manufacturing division profit / (loss) - net	8,536	(93,433)
	<b>1,196,118</b>	<b>1,103,807</b>

18.1

	<b>2,309,038</b>	<b>1,857,685</b>
--	------------------	------------------

18.1. The Company has an arrangement with Jamshoro Joint Venture Limited (JJVL) wherein JJVL was allowed to extract LPG from various gas fields. As per arrangement, 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. 2,080 million (September 2014: Rs. 1,545 million) being markup on delayed payment on gas supplies.



276-85

	Quarter ended	
	September 30 2015	September 30 2014
	(Un-audited)	
	----- (Rupees in '000) -----	
<b>20. TAXATION</b>		
- Current	-	-
- Deferred	(1,101,974)	(875,291)
	<u>(1,101,974)</u>	<u>(875,291)</u>
<b>21. ADJUSTMENTS FOR NON-CASH AND OTHER ITEMS</b>		
Provisions	523,792	574,150
Depreciation	1,162,880	1,134,516
Amortization of intangibles	12,259	16,883
Finance cost	2,594,907	2,182,570
Amortization of transaction cost	(24,978)	1,816
Recognition of income against deferred credit	(97,886)	(49,011)
Dividend income	(356)	-
Interest income and return on term deposits	(505,735)	(282,885)
Income from net investment in finance lease	(38,683)	(38,951)
(Gain) / Loss on disposal of property plant and equipment	(1,548)	1,979
Decrease in long term advances	61,424	5
Decrease in deferred credit	(68,173)	(12,432)
Decrease in obligation against pipeline	(9,124)	-
	<u>3,608,181</u>	<u>3,528,440</u>
<b>22. WORKING CAPITAL CHANGES</b>		
<b>(Increase) / decrease in current assets</b>		
Stores and spares	29,408	922,364
Stock-in-trade	(128,573)	(222,329)
Customers' installation work-in-progress	(5,322)	(2,862)
Trade debts	(2,639,223)	(4,816,005)
Trade deposits and short term prepayments	(121,289)	(32,685)
Other receivables	(404,015)	(9,062,137)
	<u>(3,269,014)</u>	<u>(13,213,654)</u>
<b>Increase in current liabilities</b>		
Trade and other payables	11,249,775	25,325,628
	<u>7,980,761</u>	<u>12,111,974</u>
<b>23. TRANSACTIONS WITH RELATED PARTIES</b>		

The related parties comprise of subsidiary companies, 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. Remuneration of key management personnel are in accordance with the terms of the employment / appointment. Other transactions with the related parties are carried out as per agreed terms. The details of transactions with related parties not disclosed elsewhere in these financial statements are as follows:

	Relationship	Quarter ended	
		September 30, 2015	September 30, 2014
		(Un-audited)	
		----- (Rupees in '000) -----	
<b>Astro Plastic (Private) Limited</b>	Associate		
- Billable charges		38,425	44,635
<b>Attock Cement Limited</b>	Associate		
- Billable charges		10,175	10,563
<b>Fauji Fertilizer Company Limited</b>	Associate		
- Billable charges		14	14

276-86

	Relationship	Quarter ended	
		September 30, 2015	September 30, 2014
		(Un-audited)	
------(Rupees in '000)-----			
<b>Gadoon Textile Mills Limited</b>	Associate		
- Billable charges		95	70
<b>Government related entities</b>			
- Purchase of fuel and lubricant		-	1,140
- Billable charges		21,913,578	15,808,729
- Sharing of expenses		23,436	19,051
- Income from net investment in finance lease		22,329	22,597
- Gas purchases		20,010,040	20,156,194
- Sale of gas meters		254,403	118,244
- Rent of premises		-	13,055
- Insurance premium		35,251	30,555
- Electricity expenses		57,507	51,726
- Interest income		323,845	141,213
- Uniform Cost of gas		11,308,722	9,477,485
- Mark up on delayed payment on gas supplies		2,080,161	1,545,254
- Markup on local currency finance		-	7,107
<b>Habib Bank Limited</b>	Associate		
- Profit on investment		3,721	19,629
- Markup on short term finance		4,919	4,689
- Markup on local currency finance		18,653	27,605
- Billable charges		3,655	3,246
<b>International Industries Limited</b>	Associate		
- Line Pipe Purchases		-	51,335
- Billable charges		258,825	282,437
<b>Ismail Industries Limited</b>	Associate		
- Billable charges		90,178	100,584
<b>Key management personnel</b>			
- Remuneration		46,021	56,555
<b>Minto &amp; Mirza</b>	Associate		
- Professional charges		1,350	3,600
<b>Pakistan Cables Limited</b>	Associate		
- Billable charges		19,694	26,777
<b>** Pakistan Engineering Company Limited</b>	Associate		
- Billable charges		14	14
<b>Pakistan Stock Exchange Limited</b>	Associate		
- Billable charges		77	86
<b>PERAC - Research and Development Foundation</b>	Associate		
- Professional charges		-	-

276-8T

	Relationship	Quarter ended	
		September 30, 2015	September 30, 2014
		(Un-audited)	
		------(Rupees in '000)-----	
<b>SSGC LPG (Private) Limited</b>	Wholly owned subsidiary		
- Interest on loan		23,494	39,828
- Purchase of LPG		54,166	66,773
- Sale of LPG		111,593	479,682
<b>Staff retirement benefit plans</b>	Associate		
- Contribution to provident fund		65,005	64,013
- Contribution to pension fund		140,809	41,816
- Contribution to gratuity fund		75,823	60,640
<b>Standard Chartered Bank Limited</b>			
- Profit on Investment		1,186	-
- Markup on local currency finance		3,614	-
<b>Thatta Cement Company Limited</b>	Associate		
- Gas sales		8,907	2,530
* 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 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 Company 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 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 these unconsolidated condensed interim financial information are as follows:

	Relationship	September 30, 2015	June 30, 2015
		(Unaudited)	(Audited)
<b>Astro Plastic (Private) Limited</b>	Associate		
- Billable charges		14,454	19,846
- Gas supply deposit		(141,904)	(53,208)
<b>Attock Cement Limited</b>	Associate		
- Billable charges		2,885	5,350
- Gas supply deposit		(30,566)	(30,566)
<b>Attock Refinery Limited</b>	Associate		
- Sale of gas condensate		42,105	42,105
<b>Fauji Fertilizer Company Limited</b>	Associate		
- Billable charges		17	5
- Gas supply deposit		(124)	(124)
<b>Gadoon Textile Mills Limited</b>	Associate		
- Billable charges		41	27
- Gas supply deposit		(117)	(113)

Relationship	September 30,	June 30,
	2015 (Unaudited)	2015 (Audited)
	----- (Rupees in '000) -----	
<b>Government related entities - various</b>		
- Billable charges	66,869,947	66,590,353
- Sharing of expenses	(15,139)	(11,019)
- Net investment in finance lease	220,228	84,811
- Gas purchases	(118,062,882)	(112,069,923)
- Gas meters	1,035,003	710,123
- Uniform cost of gas	21,709,492	20,016,375
- Cash at bank	17,916	73,858
- Stock Loan	-	(2,523)
- Recoverable from insurance	-	50
- Gas supply deposit	(64,815)	(66,537)
- Interest expense accrued - late payment surcharge on gas bills	(35,482,792)	(33,402,629)
- Interest income accrued - late payment on gas bills	6,881,925	6,558,082
<b>Habib Bank Limited</b>		
	Associate	
- Long term finance	(916,667)	(1,000,000)
- Short term finance	-	(572,109)
- Cash at bank	171,976	28,020
- Accrued markup	(10,355)	(10,929)
- Billable charges	1,293	1,468
- Gas supply deposit	(3,589)	(4,041)
<b>International Industries Limited</b>		
	Associate	
- Billable charges	101,709	119,559
- Gas supply deposit	(298,393)	(70,997)
<b>Pakistan Cables Limited</b>		
	Associate	
- Billable charges	7,725	9,911
- Gas supply deposit	(22,500)	(21,968)
<b>Pakistan Engineering Company Limited</b>		
	Associate	
- Billable charges	5	5
- Gas supply deposit	(14)	(12)
<b>Pakistan Stock Exchange Limited</b>		
	Associate	
- Billable charges	32	207
- Gas supply deposit	(112)	(85)
<b>PERAC - Research &amp; Development Foundation</b>		
	Associate	
- Professional charges	-	57
<b>SSGC LPG (Private) Limited</b>		
	Wholly owned subsidiary	
- Long term investment	1,000,000	1,000,000
- Short term loan	1,710,103	1,710,103
- Interest on loan	368,019	344,487
- Purchase of LPG	(190,329)	(217,782)
- Sale of LPG	574,638	565,837
<b>Thatta Cement Company Limited</b>		
	Associate	
- Billable charges	907	94
- 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 Company 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).

276-89

### Segment revenue and results

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

	Quarter ended			
	Segment revenue		Segment loss	
	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
	(Un-audited)			
	----- (Rupees in '000) -----			
Gas transmission and distribution	47,138,864	40,525,778	(3,072,025)	(1,070,711)
Meter manufacturing	465,015	118,244	8,536	(93,433)
Total segment results	47,603,679	40,644,022	(3,063,489)	(1,164,144)
Unallocated - other expenses				
- Other operating expenses			(592,076)	(768,056)
Unallocated - other income				
- Non-operating income			153,117	135,665
Loss before tax			(3,502,448)	(1,796,535)

The above revenue includes sale of meters by meter manufacturing segment to gas transmission and distribution amounting to Rs. 210 million (2014: Rs.116 million).

### Segment assets and liabilities

	September 30, 2015	June 30, 2015
	(Un-audited)	(Audited)
	----- (Rupees in '000) -----	
<b>Segment assets</b>		
Gas transmission and distribution	259,583,574	253,322,479
Meter manufacturing	2,729,340	2,714,099
Total segment assets	262,312,914	256,036,578
Unallocated		
- Loans and advances	2,917,459	2,463,495
- Taxation - net	17,683,442	17,442,747
- Interest accrued	490,109	490,109
- Cash and bank balances	2,058,975	984,129
	23,149,985	21,380,480
<b>Total assets as per balance sheet</b>	<b>285,462,899</b>	<b>277,417,058</b>
<b>Segments liabilities</b>		
Gas transmission and distribution	263,646,410	253,245,349
Meter manufacturing	634,281	652,201
Total segment liabilities	264,280,691	253,897,550
Unallocated		
- Employee benefits	4,809,512	4,692,408
<b>Total liabilities as per balance sheet</b>	<b>269,090,203</b>	<b>258,589,958</b>

## 25. FAIR VALUE OF MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transactions between market participants at the measurement date.

### 25.1 Fair value of financial instruments

Financial assets which are tradeable in an open market are revalued at the market prices prevailing on the balance sheet date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book value.

The table below analyses financial instruments carried at fair value. The different levels has been defined as follows:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents the financial assets which are carried at fair value:

276-90

	As at September, 2015			Total
	Level 1	Level 2	Level 3	
-----Rupees in '000-----				
<b>Assets</b>				
<b>Available for sale investments</b>				
Listed equity securities	222,590	-	-	222,590

	As at June 30, 2015			Total
	Level 1	Level 2	Level 3	
-----Rupees in '000-----				
<b>Assets</b>				
<b>Available for sale investments</b>				
Listed equity securities	276,520	-	-	276,520

The Company has not disclosed the fair values of all other financial assets and liabilities as their carrying amounts are reasonable approximation of their fair values.

### 25.2 Fair value of other assets

Freehold land and leasehold land are stated at revalued amount as at balance sheet date, the fair value hierarchy is as follows:

	As at September 30, 2015	
	Level 2	Fair Value
-----Rupees in '000-----		
Freehold land	4,434,792	4,434,792
Leasehold land	6,082,257	6,082,257
	<u>10,517,049</u>	<u>10,517,049</u>

	As at June 30, 2015	
	Level 2	Fair Value
-----Rupees in '000-----		
Freehold Land	4,434,792	4,434,792
Leasehold Land	6,082,257	6,082,257
	<u>10,517,049</u>	<u>10,517,049</u>

276-91

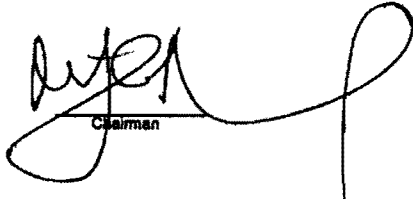
26. GENERAL

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

26.2 Corresponding figures have been rearranged and reclassified, wherever necessary.

27. DATE OF AUTHORISATION

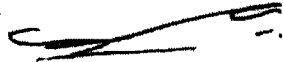
This unconsolidated condensed interim financial information were authorised for issue in Board of Directors meeting held on 04 March, 2017.



Chairman



Marketing Director



CFO

# **Sui Southern Gas Company Limited**

Consolidated condensed interim financial information

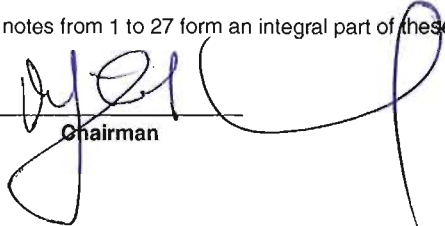
For nine months ended September 30, 2015



**SUI SOUTHERN GAS COMPANY LIMITED**  
**CONSOLIDATED CONDENSED INTERIM BALANCE SHEET (UNAUDITED)**  
**AS AT SEPTEMBER 30, 2015**

	September 30, 2015 (Un-audited)	June 30, 2015 (Audited)
Note	----- (Rupees in '000) -----	
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	6 77,833,452	76,157,174
Intangible assets	38,999	35,911
Deferred tax	1,536,339	434,365
Long term investments	7 227,691	281,620
Net investment in finance lease	445,014	472,555
Long term loans and advances	160,883	151,476
Long-term deposits	12,803	9,347
<b>Total non-current assets</b>	<b>80,255,181</b>	<b>77,542,448</b>
<b>Current assets</b>		
Stores, spares and loose tools	1,788,430	1,824,793
Stock-in-trade	1,018,259	947,061
Current maturity of net investment in finance lease	110,161	110,161
Customers' installation work-in-progress	188,450	183,128
Trade debts	8 92,983,289	90,417,718
Loans and advances	1,046,473	603,220
Trade deposits and short term prepayments	420,120	329,579
Interest accrued	7,716,046	7,400,985
Other receivables	9 79,071,117	78,642,944
Taxation - net	17,722,231	17,472,139
Cash and bank balances	2,225,476	1,056,930
<b>Total current assets</b>	<b>204,290,052</b>	<b>198,988,658</b>
<b>Total assets</b>	<b>284,545,233</b>	<b>276,531,106</b>

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

  
 Chairman

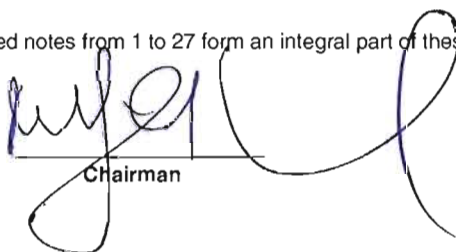
  
 Managing Director

  
 CFO

SUI SOUTHERN GAS COMPANY LIMITED  
 CONSOLIDATED CONDENSED INTERIM BALANCE SHEET (UNAUDITED)  
 AS AT SEPTEMBER 30, 2015

	September 30, 2015 (Un-audited)	June 30, 2015 (Audited)
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	186,062	239,992
Unappropriated profit	(8,659,859)	(6,320,809)
<b>Total equity</b>	<b>5,242,767</b>	<b>7,635,747</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 18,383,895	19,720,479
Long term deposits	11,006,166	10,613,059
Employee benefits	4,817,650	4,696,573
Obligation against pipeline	1,059,195	1,069,173
Deferred credit	11 5,150,881	5,316,940
Long term advances	859,587	798,163
<b>Total non-current liabilities</b>	<b>41,277,374</b>	<b>42,214,387</b>
Current portion of long term finance	7,331,853	8,145,591
Short term borrowings	12 -	989,191
Trade and other payables	13 184,224,722	173,056,280
Short term deposits	139,119	131,008
Current portion of obligation against pipeline	38,604	37,750
Interest and mark-up accrued	36,038,848	34,069,206
<b>Total current liabilities</b>	<b>227,773,146</b>	<b>216,429,026</b>
<b>Total liabilities</b>	<b>269,050,520</b>	<b>258,643,413</b>
Contingencies and commitments	14	
<b>Total equity and liabilities</b>	<b>284,545,233</b>	<b>276,531,106</b>

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

  
 Chairman

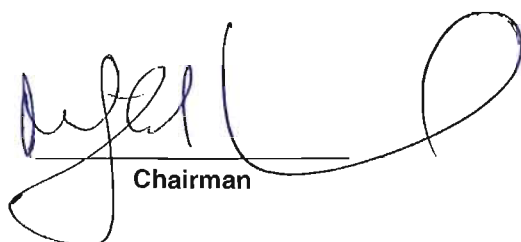
  
 Managing Director

  
 CFO

**SUI SOUTHERN GAS COMPANY LIMITED**  
**CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2015**

		Quarter ended	
		September 30, 2015	September 30, 2014
Note		----- (Rupees in '000) -----	
Sales		54,962,923	47,276,787
Sales tax		(7,824,259)	(6,751,010)
		47,138,664	40,525,777
Gas development surcharge		(3,302,447)	1,045,856
Net sales		43,836,217	41,571,633
Cost of sales	15	(45,912,827)	(42,105,582)
<b>Gross loss</b>		(2,076,610)	(533,949)
Administrative and selling expenses		(973,237)	(935,593)
Other operating expenses	16	(592,076)	(768,226)
		(1,565,313)	(1,703,819)
		(3,641,923)	(2,237,768)
Other operating income	17	435,358	806,864
<b>Operating loss</b>		(3,206,565)	(1,430,904)
Other non-operating income	18	2,339,242	1,985,452
Finance cost	19	(2,569,329)	(2,183,417)
<b>Loss before taxation</b>		(3,436,652)	(1,628,869)
Taxation	20	1,097,602	860,480
<b>Loss for the period</b>		(2,339,050)	(768,389)
<b>Basic / diluted loss per share (Rupees)</b>		(2.66)	(0.87)

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

  
Chairman

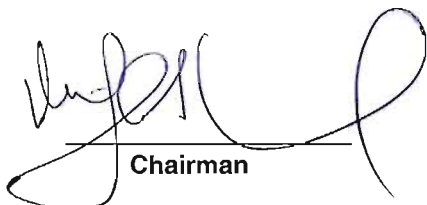
  
Managing Director

  
CFO

**SUI SOUTHERN GAS COMPANY LIMITED**  
**CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2015**

	Quarter ended	
	September 30, 2015	'September 30, 2014
	----- (Rupees in '000) -----	
Loss for the period	(2,339,050)	(768,389)
<b>Other comprehensive income</b>		
<b>Item that maybe reclassified subsequently to profit and loss account</b>		
Unrealised (loss) / gain on re-measurement of available for sale securities	(53,929)	527
<b>Item that will not be reclassified subsequently to profit and loss account</b>	-	-
<b>Total comprehensive loss for the period</b>	<b>(2,392,979)</b>	<b>(767,862)</b>

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

  
 Chairman

  
 Managing Director

  
 CFO

276-97

**SUI SOUTHERN GAS COMPANY LIMITED**  
**CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2015**

	Quarter ended	
	September 30, 2015	September 30, 2014
Note	----- (Rupees in '000) -----	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	(3,436,652)	(1,628,869)
Adjustments for non-cash and other items	21 3,665,885	3,603,933
Working capital changes	22 7,893,506	11,668,515
Financial charges paid	(622,258)	(438,971)
Employee benefits paid	(24,850)	(24,188)
Payment for retirement benefits	(227,836)	(68,303)
Long term deposits received - net	401,218	364,258
Deposits paid - net	(3,456)	(71)
Loans and advances to employees - net	(452,660)	(647,780)
Interest income and return on term deposits received	168,640	(113,077)
Income taxes paid	(254,464)	(122,994)
Net cash from operating activities	7,107,073	12,592,453
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Fixed capital expenditure	(2,852,931)	(1,989,410)
Payments for intangible assets	(15,346)	(442)
Proceeds from sale of property, plant and equipment	2,684	4,853
Lease rental from net investment in finance lease	66,224	66,491
Short term loan to subsidiary company	-	-
Dividend received	356	-
Net cash used in investing activities	(2,799,013)	(1,918,508)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from local currency loans	-	-
Repayments of local currency loans	(2,140,480)	(809,523)
Consumer finance received	-	5,982
Repayment of consumer finance	(9,843)	(14,763)
Dividend paid	-	(76)
Net cash used in financing activities	(2,150,323)	(818,380)
<b>Net decrease in cash and cash equivalents</b>	<b>2,157,737</b>	<b>9,855,565</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>67,739</b>	<b>(1,527,662)</b>
<b>Cash and cash equivalents at end of the period</b>	<b>2,225,476</b>	<b>8,327,903</b>
<b>Cash and cash equivalent comprises:</b>		
Cash and bank balances	2,225,476	8,562,006
Short term borrowings	-	(234,103)
	<b>2,225,476</b>	<b>8,327,903</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 STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
 FOR THE QUARTER ENDED SEPTEMBER 30, 2015

	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, 2014	8,809,163	234,868	4,672,533	122,762	(1,128,372)	12,710,954
<b>Total comprehensive income for the quarter ended September 30, 2014</b>						
Loss for the period	-	-	-	-	(768,389)	(768,389)
Total comprehensive income for the period	-	-	-	527	-	527
<b>Total comprehensive income / (loss) for the</b>	-	-	-	527	(768,389)	(767,862)
<b>Balance as at September 30, 2014</b>	<u>8,809,163</u>	<u>234,868</u>	<u>4,672,533</u>	<u>123,289</u>	<u>(1,896,761)</u>	<u>11,943,092</u>
Balance as at July 01, 2015	8,809,163	234,868	4,672,533	239,992	(6,320,809)	7,635,747
<b>Total comprehensive income for the quarter ended September 30, 2015</b>						
Loss for the period	-	-	-	-	(2,339,050)	(2,339,050)
Total comprehensive loss for the period	-	-	-	(53,929)	-	(53,929)
<b>Total comprehensive loss for the period</b>	-	-	-	(53,929)	(2,339,050)	(2,392,979)
<b>Balance as at September 30, 2015</b>	<u>8,809,163</u>	<u>234,868</u>	<u>4,672,533</u>	<u>186,063</u>	<u>(8,659,859)</u>	<u>5,242,768</u>

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

  
 Chairman  
  
 CFO

  
 Managing Director

**SUI SOUTHERN GAS COMPANY LIMITED**  
**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2015**

**1. THE GROUP AND ITS OPERATIONS**

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

**Holding Company**

- Sui Southern Gas Company Limited

	<b>Percentage of holding</b>	
	<b>2016</b>	<b>2015</b>
<b>Subsidiary Companies</b>		
- SSGC LPG (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 Holding 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 Prior years (2011-2015)

- 1.4.1.1** The Oil and Gas Regulatory Authority (OGRA) in its orders 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 till year ended June 30, 2015, 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.

Had there been no stay for the years ended June 30, 2011 to 2015, the Holding Company would have reported loss for the period amounting to Rs. 32,013 million.

- 1.4.1.2** In determining the Final Revenue Requirements (FRRs) for the years ended June 30, 2013, 2014 and 2015, the OGRA treated income from royalty (arrears) and income of LPG and NGL as operating income amounting to Rs. 2,501 million, Rs. 6,600 million and Rs. 6,123 million respectively, 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, 2014 and 2015; however, no revised FRR has been issued by the OGRA till the date of issue of this consolidated condensed interim financial information. Consequently, the impact of the new stay orders have not been taken and the aforesaid income was treated as operating income in the financial statements of the Holding Company for the years ended June 30, 2013, 2014 and 2015.

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.

#### 1.4.2 Current period (quarter ended September 30, 2015)

In respect of determination of revenue requirement of the Holding Company for the year ended June 30, 2016, OGRA in its decision dated December 18, 2015, treated certain incomes as operating income instead of non-operating income and allowed UFG benchmark at 4.5% provisionally subject to the finalisation of UFG study. Being aggrieved, the Holding Company filed a petition in the Court against decision of OGRA dated December 18, 2015, and the Court granted stay order on May 16, 2016 on the lines of interim order passed for the year ended June 30, 2015 i.e, allowing UFG benchmark at 7% and royalty income from Jamshoro Joint Venture Limited, Profit from Meter Manufacturing, Late Payment Surcharge and Sale of Gas Condensate as non-operating income. The Holding Company has applied to OGRA for revision of estimated revenue requirement for the year ended June 30, 2016 based on the decision of the Court but revised determination has not been received till the date of approval of this unconsolidated condensed interim financial information. Meanwhile, this consolidated condensed interim financial information for the quarter ended September 30, 2015 has been prepared based on OGRA decision dated December 18, 2015.



Despite stay from Court for current year, income from LPG and NGL has been considered as operating income in this consolidated condensed interim financial information based on the reasons mentioned in paragraph 1.3.1.2.

## **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, 2015.

## **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 Holding Company for the year ended June 30, 2015.

## **4. Accounting estimates and judgments**

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 judgments 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, 2015 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.

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. However, it does not change the requirements regarding which items should be measured or disclosed at fair value. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. The application of this standard does not have an impact on this consolidated condensed interim financial information except certain additional disclosures as given in note 25.

## 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, 2015.

September 30, 2015 (Un-audited)	June 30, 2015 (Audited)
------(Rupees in '000)-----	

## 6. PROPERTY, PLANT AND EQUIPMENT

Operating assets	66,336,143	66,609,660
Capital work in progress	11,497,309	9,547,514
	<u>77,833,452</u>	<u>76,157,174</u>

Details of additions and disposals of property, plant and equipment are as follows:

	September 30, 2015 (Un-audited)		September 30, 2014
	------(Rupees in '000)-----		
	Cost of additions / transfers from CWIP	Written down value of (transfers / disposals)	Cost of additions / transfers from CWIP
			Written down value of (transfers / disposals)
<b>Operating assets</b>			
Buildings on leasehold land	13,690		13,830
Gas transmission pipelines	5,466		115,970
Gas distribution system	751,954		645,791
Telecommunication	44,078		99,249
Plant and machinery	56,719		83,165
Tools and equipment	7,958		7,445
Motor vehicles	12,390	(1,138)	32,910
Furniture and fixtures	4,879		4,003
Office equipment	18,299		6,112
Computers and ancillary equipments	9,570		6,103
Construction equipment	-		12
	<u>925,003</u>	<u>(1,138)</u>	<u>1,014,590</u>
			<u>(6,832)</u>

### Capital work in progress:

#### Projects:

- Gas distribution system	1,080,115	(751,954)	858,879	(645,791)
- Gas transmission system	1,274,139	(5,466)	189,143	(115,970)
- Cost of buildings under construction and others	23,029	(13,690)	41,447	(13,830)
	<u>2,377,283</u>	<u>(771,110)</u>	<u>1,089,469</u>	<u>(775,591)</u>

September 30, 2015 (Un-audited)	June 30, 2015 (Audited)
------(Rupees in '000)-----	

## 7. LONG TERM INVESTMENTS

Investment in related parties	80,978	69,414
Other investments	146,713	212,206
	<u>227,691</u>	<u>281,620</u>

		September 30, 2015 (Un-audited)	June 30, 2015 (Audited)
		----- (Rupees in '000) -----	
<b>8. TRADE DEBTS</b>			
Considered good			
- secured		17,415,729	18,560,233
- unsecured	8.1 & 8.2	84,944,800	81,105,665
		<b>102,360,529</b>	<b>99,665,898</b>
Provision against impaired debts		<b>(9,377,240)</b>	<b>(9,248,180)</b>
		<b>92,983,289</b>	<b>90,417,718</b>

- 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 Holding 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.40,051 million (June 30, 2015: Rs. 40,073 million) receivables from KE. Out of this, Rs. 35,303 million (June 30, 2015: Rs. 36,502 million) are overdue. However, the aggregate legal claim of the Holding Company from KE amounts to Rs. 64,920 million (June 30, 2015: Rs. 62,641 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 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 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. 21,168 million (June 30, 2015: Rs. 20,879 million) including overdue balance of Rs.21,127 million (June 30, 2015: Rs. 20,618 million) receivable from PSML. However, the aggregate legal claim of the Holding Company from PSML amounts to Rs. 37,846 million (June 30, 2015: Rs. 35,383 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, 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, 2015 (Un-audited)	June 30, 2015 (Audited)
<b>9. OTHER RECEIVABLES - considered good</b>	<b>Note</b>	----- (Rupees in '000) -----	
Gas development surcharge receivable from GoP		22,598,414	25,798,540
Staff pension fund		684,113	672,909
Receivable for sale of gas condensate		93,188	253,228
Sui Northern Gas Pipelines Limited	9.1	25,787,127	22,227,096
Jamshoro Joint Venture Limited	9.2	13,407,106	14,636,955
Workers' Profit Participation Fund		1,567,655	1,567,655
Sales tax receivable	9.3	16,308,262	14,777,451
Sindh sales tax receivable		112,569	112,569
Pipeline rentals		16,290	49,984
Receivable against asset contribution	9.4	470,155	448,587
Miscellaneous		372,597	528,721
		<u>81,417,476</u>	<u>81,073,695</u>
Provision against other receivables		<u>(2,346,359)</u>	<u>(2,430,751)</u>
		<u>79,071,117</u>	<u>78,642,944</u>

**9.1** As at year end, receivable balance from SNGPL comprises of the following:

		September 30, 2015 (Un-audited)	June 30, 2015 (Audited)
	<b>Note</b>	----- (Rupees in '000) -----	
Uniform cost of gas		21,709,492	20,016,375
Lease rentals		220,228	84,811
Contingent rent		3,421	3,422
Capacity and utilisation charges of RLNG	9.1.1	3,853,986	2,122,488
		<u>25,787,127</u>	<u>22,227,096</u>

**9.1.1** The Holding Company has invoiced an amount of Rs.6,100 million including Sindh Sales Tax of Rs.772.9 million, till September 30, 2015 to SNGPL in respect of capacity and utilization charges (terminal charges) relating to RLNG.

SNGPL has disputed the terminal charges that have not been allowed to it by OGRA and terminal charges of a third party (i.e. Pak-Arab Fertilized Company Limited (PFL)). SNGPL is of the view that it will only pay terminal charges as per OGRA Notification and not the actual cost billed by SSGC.

In this regard, the Holding Company has written a letter to the Ministry of Petroleum and Natural Resources (MP & NR) to resolve this matter, but the response to this letter is still awaited.

**9.2** This include amount receivable in respect of royalty income, sale of liquefied petroleum gas, sale of natural gas liquids, Federal Excise Duty and Sindh Sales Tax on Franchise Services.

As at period end, amount payable to JJVL in respect of processing charges is disclosed in note 13 to these unconsolidated condensed interim financial information.

- 9.3** 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 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.
- 9.4** This represents receivable from Mari Petroleum Company Limited, Spud Energy Pty Limited, PKP Exploration Limited and Government Holdings (Private) Limited (referred as BJV); in respect of Zarghun gas transmission pipeline under pipeline contribution agreement. The receivable has been recognised using discounted cashflow technique.

September 30, 2015 (Un-audited)	June 30, 2015 (Audited)
------(Rupees in '000)-----	

## 10. LONG-TERM FINANCE

### Secured

Loans from banking companies	20,203,102	22,343,581
------------------------------	------------	------------

### Unsecured

Front end fee of foreign currency loan	23,950	23,950
Consumer finance	240,183	250,026
Government of Sindh loans	5,248,513	5,248,513
	5,512,646	5,522,489
Subtotal	25,715,748	27,866,070

### Less: current portion shown under current liabilities

Loans from banking companies	(6,642,857)	(7,452,381)
Consumer finance	(30,482)	(34,697)
Government of Sindh loans	(658,514)	(658,513)
	(7,331,853)	(8,145,591)
	18,383,895	19,720,479

September 30, 2015 (Un-audited)	September 30, 2014 (Un-audited)
------(Rupees in '000)-----	

## 11. DEFERRED CREDIT

### Government contributions / grants

Additions / adjustments during the period	68,174	2,555
Transferred to unconsolidated profit and loss account	55,770	4,524

### Contribution from customers

Transferred to unconsolidated profit and loss account	42,116	44,487
---	--------	--------

## 12. SHORT TERM BORROWINGS

These represent facilities for short term running finance / short term money market loan available from various banks amounting to Nil (June 30, 2015: Rs.989 million) and carry mark-up ranging from 0.10% to 0.80% (June 30, 2015: 0.3%) above the average one month KIBOR. These 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.

The aggregate unavailed short term borrowing facilities amounted to Rs.8,000 million (June 30, 2015: Rs. 5,426 million).

September 30,      June 30,  
2015                      2015  
(Un-audited)            (Audited)  
----- (Rupees in '000) -----

## 13. TRADE AND OTHER PAYABLES

Creditors for:

- Gas
- Supplies

Amount received from customers for laying of mains, etc.

Engro Elengy Terminal (Private) Limited

Accrued liabilities

Advances from LPG customers

Provision for compensated absences - non executives

Payable to staff gratuity fund

Deposits / retention money

Bills payable

Advance for sharing right of way

Unclaimed dividend

Withholding tax payable

Sales tax & Federal excise duty payable

Sindh sales tax

Processing Charges payable to JJVL

Gas infrastructure development cess payable

Unclaimed Term Finance Certificate redemption profit

Inter State Gas System (Private) Limited (ISGSL)

Transport and advertisement services

Advances from Distributors and customers

Others

	September 30, 2015 (Un-audited)	June 30, 2015 (Audited)
	156,634,029	145,188,954
	949,332	589,234
	<u>157,583,361</u>	<u>145,778,188</u>
	1,876,770	1,861,627
	1,174,311	1,022,850
	3,322,509	3,048,161
	433	433
	238,954	219,207
	2,192,783	2,192,793
	353,123	364,319
	256,874	599,999
	18,088	18,088
	286,665	286,665
	348,972	200,254
	296,459	305,055
	37,226	37,231
	6,923,168	7,433,204
	9,008,520	9,324,042
	1,800	1,800
	15,139	11,019
	-	30,714
	24,062	28,298
	265,505	292,343
	<u>184,224,722</u>	<u>173,056,280</u>

## 14. CONTINGENCIES AND COMMITMENTS

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, 2015, except for the following:

September 30,      June 30,  
2015                      2015  
(Un-audited)            (Audited)  
----- (Rupees in '000) -----

Commitments for capital expenditure

24,304,600                      7,318,318

Guarantees issued on behalf of the Holding Company

5,058,696                      5,085,346

- 14.1 Jamshoro Power Company Limited (JPCL WAPDA) has lodged a claim against the Holding Company amounting to Rs. 35,182 million (June 30, 2015: Rs. 35,182 million) for short supply of gas under the provisions of an agreement dated April 10, 1995 between the Holding Company and JPCL. As at December 31, 2015 this amount remain same at Rs. 35,182 million. The management has not made provision against the said amount in the books of the Holding Company as the management based on the view of its legal advisor is confident that ultimately this claim would not be payable.

**14.2** Habibullah Coastal Power Company (Private) Limited (HCPC) has claimed Rs. 2,423.74 million (June 30, 2015: Rs. 2,382.76. 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 June 30, 2016, this amount has increased to Rs. 3,067.69 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 these unconsolidated condensed interim financial information.

	Note	Quarter ended	
		September 30 2015	September 30 2014
		(Un-audited)	
		------(Rupees in '000)-----	
<b>15. COST OF SALES</b>			
Cost of gas	15.1	42,293,124	38,496,457
Transmission and distribution costs		3,619,703	3,609,125
		<u>45,912,827</u>	<u>42,105,582</u>
<b>15.1 Cost of gas</b>			
Opening gas in pipelines		341,904	332,529
Gas purchases		53,759,871	48,119,425
		<u>54,101,775</u>	<u>48,451,954</u>
Gas consumed internally		(133,288)	(137,382)
Inward price adjustment		(11,308,722)	(9,477,485)
Closing gas in pipelines		(366,641)	(340,630)
		<u>(11,808,651)</u>	<u>(9,955,497)</u>
		<u>42,293,124</u>	<u>38,496,457</u>
<b>16 OTHER OPERATING EXPENSES</b>			
Auditors' remuneration		5,300	4,255
Sports expenses		8,769	6,614
Corporate social responsibility		6,396	23,415
Exchange loss on payment of gas purchases		438,589	411,278
Provision against impaired stores and spares		6,461	171
Provision against impaired debt and other receivables		126,561	320,344
Loss on disposal of property, plant and equipment		-	2,149
		<u>592,076</u>	<u>768,226</u>
<b>17. OTHER OPERATING INCOME</b>			
Meter rentals		178,006	173,418
Recognition of income against deferred credit		97,886	44,813
Income from new service connections and asset contribution		46,590	436,019
Income from LPG air mix distribution - net		81,727	92,587
Advertising income		1,703	1,208
Income from sale of tender documents		1,604	2,153
Scrap sales		663	-
Recoveries from consumers		13,332	15,928
Liquidity damaged recovered		9,647	2,276
Gain on sale of property, plant and equipment		1,546	-
Miscellaneous		2,654	38,462
		<u>435,358</u>	<u>806,864</u>

Quarter ended	
September 30 2015	September 30 2014
(Un-audited)	
----- (Rupees in '000) -----	

## 18. OTHER NON-OPERATING INCOME

Income from financial assets		
Late payment surcharge	568,145	432,042
Income from net investment in finance lease	16,354	16,354
Return on term deposits and profit and loss bank accounts	92,079	69,138
Income for receivable against asset contribution	10,265	10,509
	<b>686,843</b>	<b>528,043</b>
Interest income on late payment of gas bills from		
- Jamshoro Joint Venture Limited	57,512	29,947
- Water and Power Development Authority	49,754	30,333
- Sui Northern Gas Pipelines Limited	274,091	110,880
	<b>381,357</b>	<b>171,160</b>
Dividend income	356	-
	<b>1,068,556</b>	<b>699,203</b>
Income from investment in debts, loans, advances and receivables from related parties		
Dividend income - SNGPL	-	-
Income from net investment in finance lease	22,329	22,597
	<b>22,329</b>	<b>22,597</b>
Others		
Sale of gas condensate	50,239	91,959
Sale of LPG / NGL - net	1,189,582	1,265,126
Meter manufacturing division profit - net	8,536	(93,433)
	<b>1,248,357</b>	<b>1,263,652</b>
	<b>2,339,242</b>	<b>1,985,452</b>

- 18.1. The Holding Company has an arrangement with Jamshoro Joint Venture Limited (JJVL) wherein JJVL was allowed to extract LPG from various gas fields. As per arrangement, 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. 2,080 million (September 2014: Rs. 1,545 million) being markup on delayed payment on gas supplies.



	Quarter ended	
	September 30	September 30
	2015	2014
	(Un-audited)	
	-(Rupees in '000)-	
<b>20. TAXATION</b>		
- Current	4,372	14,811
- Deferred	(1,101,974)	(875,291)
	<u>(1,097,602)</u>	<u>(860,480)</u>

	Quarter ended	
	September 30	September 30
	2015	2014
	(Un-audited)	
	----- (Rupees in '000) -----	
<b>21. ADJUSTMENTS FOR NON-CASH AND OTHER ITEMS</b>		
Provisions	524,506	574,322
Depreciation	1,197,836	1,166,106
Amortization of intangibles	12,259	16,883
Finance cost	2,594,307	2,181,801
Amortization of transaction cost	(24,978)	1,616
Recognition of income against deferred credit	(97,886)	(49,011)
Dividend income	(356)	-
Interest income and return on term deposits	(483,701)	(238,555)
Income from net investment in finance lease	(38,683)	(38,951)
(Gain) / Loss on disposal of property plant and equipment	(1,546)	2,149
Decrease in long term advances	61,424	5
Decrease in deferred credit	(68,173)	(12,432)
Decrease in obligation against pipeline	(9,124)	-
	<u>3,665,885</u>	<u>3,603,933</u>

<b>22. WORKING CAPITAL CHANGES</b>		
(Increase) / decrease in current assets		
Stores and spares	30,151	919,021
Stock-in-trade	(79,172)	(122,773)
Customers' installation work-in-progress	(5,322)	(2,862)
Trade debts	(2,692,131)	(4,981,374)
Trade deposits and short term prepayments	(90,541)	(45,499)
Other receivables	(418,174)	(9,426,325)
	<u>(3,255,189)</u>	<u>(13,659,812)</u>
Increase in current liabilities	-	
Trade and other payables	11,148,695	25,328,327
	<u>7,893,506</u>	<u>11,668,515</u>

## 23. TRANSACTIONS WITH RELATED PARTIES

276-110

The related parties comprise of subsidiary companies, 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. Remuneration of key management personnel are in accordance with the terms of the employment / appointment. Other transactions with the related parties are carried out as per agreed terms.

The detail of transactions with related parties not disclosed elsewhere in this financial information are as follows:

Relationship	Quarter ended		
	September 30, 2015	September 30, 2014	
	(Un-audited)		
	----- (Rupees in '000) -----		
<b>Astro Plastic (Private) Limited</b>	Associate		
- Billable charges	38,425	44,635	
<b>Attock Cement Limited</b>	Associate		
- Billable charges	10,175	10,563	
<b>Fauji Fertilizer Company Limited</b>	Associate		
- Billable charges	14	14	
<b>Gadoon Textile Mills Limited</b>	Associate		
- Billable charges	95	70	
<b>Government related entities</b>			
- Purchase of fuel and lubricant	-	1,140	
- Billable charges	21,913,578	15,808,729	
- Sharing of expenses	23,436	19,051	
- Income from net investment in finance lease	22,329	22,597	
- Gas purchases	20,010,040	20,156,194	
- Sale of gas meters	254,403	118,244	
- Rent of premises	-	13,055	
- Insurance premium	35,251	30,555	
- Electricity expenses	57,507	51,726	
- Interest income	323,845	141,213	
- Uniform Cost of gas	11,308,722	9,477,485	
- Mark up on delayed payment on gas supplies	2,080,161	1,545,254	
- Markup on short term finance	-	-	
- Markup on local currency finance	-	7,107	
<b>Habib Bank Limited</b>	Associate		
- Profit on investment	3,721	19,629	
- Markup on short term finance	4,919	4,689	
- Markup on local currency finance	18,653	27,605	
- Billable charges	3,655	3,246	

	Relationship	Quarter ended	
		September 30,	September 30,
		2015	2014
		(Un-audited)	
		----- (Rupees in '000) -----	
<b>International Industries Limited</b>	Associate		
- Line Pipe Purchases		-	51,335
- Billable charges		258,825	282,437
<b>Iamail Industries Limited</b>	Associate		
- Billable charges		90,178	100,584
<b>Key management personnel</b>			
- Remunerallon		46,021	56,555
<b>Minto &amp; Mirza</b>	Associate		
- Professional charges		1,350	3,600
<b>Pakistan Cables Limited</b>	Associate		
- Billable charges		19,694	26,777
<b>Pakistan Engineering Company Limited</b>	Associate		
- Billable charges		14	14
<b>Pakistan Stock Exchange Limited</b>	Associate		
- Billable charges		77	86
<b>PERAC - Research and Development Foundation</b>	Associate		
- Professional charges		-	-
<b>Premium Textile Mills Limited</b>	Associate		
- Billable charges		93,599	76,235
<b>Staff retirement benefit plans</b>	Associate		
- Contribution to provident fund		65,005	64,013
- Contribution to pension fund		140,809	41,816
- Contribution to gratuity fund		75,823	60,640
<b>Standard Chartered Bank Limited</b>			
- Profit on investment		1,186	-
- Markup on short term finance		-	-
- Markup on local currency finance		3,614	-
<b>Thatta Cement Company Limited</b>	Associate		
- Gas sales		8,907	2,530

\* 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 Holding Company 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 these unconsolidated condensed interim financial information are as follows:

		September 30, 2015 (Unaudited)	June 30, 2015 (Audited)
		----- (Rupees in '000) -----	
	Relationship		
<b>Astro Plastic (Private) Limited</b>	Associate		
- Billable charges		14,454	19,846
- Gas supply deposit		(141,904)	(53,208)
<b>Attock Cement Limited</b>	Associate		
- Billable charges		2,885	5,350
- Gas supply deposit		(30,566)	(30,566)
<b>Attock Refinery Limited</b>	Associate		
- Sale of gas condensate		42,105	42,105
<b>Fauji Fertilizer Company Limited</b>	Associate		
- Billable charges		5	5
- Gas supply deposit		(124)	(124)
<b>Gadoon Textile Mills Limited</b>	Associate		
- Billable charges		41	27
- Gas supply deposit		(117)	(113)
<b>Government related entities - various</b>			
- Billable charges		66,869,947	66,590,353
- Sharing of expenses		(15,139)	(11,019)
- Net Investment in finance lease		220,228	84,811
- Gas purchases		(118,062,882)	(112,069,923)
- Gas meters		1,035,003	710,123
- Uniform cost of gas		21,709,492	20,016,375
- Cash at bank		17,916	73,858
- Stock Loan		-	(2,523)
- Recoverable from insurance		-	50
- Gas supply deposit		(64,815)	(68,537)
- Interest expense accrued - late payment surcharge on gas bills		(35,482,792)	(33,402,629)
- Interest income accrued - late payment on gas bills		6,881,925	6,558,082

		September 30, 2015 (Unaudited)	June 30, 2015 (Audited)
		----- (Rupees in '000) -----	
	Relationship		
<b>Habib Bank Limited</b>	Associate		
- Long term finance		(916,667)	(1,000,000)
- Short term finance		-	(572,109)
- Cash at bank		171,976	28,020
- Accrued markup		(10,355)	(10,929)
- Billable charges		1,293	1,468
- Gas supply deposit		(3,589)	(4,041)
<b>International Industries Limited</b>	Associate		
- Billable charges		101,709	119,559
- Gas supply deposit		(298,393)	(70,997)
<b>Pakistan Cables Limited</b>	Associate		
- Billable charges		7,725	9,911
- Gas supply deposit		(22,500)	(21,968)
<b>Pakistan Engineering Company Limited</b>	Associate		
- Billable charges		5	5
- Gas supply deposit		(14)	(12)
<b>Pakistan Stock Exchange Limited</b>	Associate		
- Billable charges		32	207
- Gas supply deposit		(112)	(85)
<b>PERAC - Research &amp; Development Foundation</b>	Associate		
- Professional charges		-	57
<b>Thatta Cement Company Limited</b>	Associate		
- Billable charges		907	94
- 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 Company 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).

276-114

### Segment revenue and results

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

	Quarter ended			
	Segment revenue		Segment loss	
	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
	(Un-audited)			
	(Rupees in '000)			
Gas transmission and distribution	47,138,864	40,525,777	(2,984,230)	(875,299)
Meter manufacturing	468,015	118,244	8,536	(93,433)
<b>Total segment results</b>	<b>47,603,679</b>	<b>40,644,021</b>	<b>(2,975,694)</b>	<b>(968,732)</b>
Unallocated - other expenses				
- Other operating expenses			(592,076)	(768,226)
Unallocated - other income				
- Non-operating income			131,118	108,089
Loss before tax			(3,436,652)	(1,629,869)

The above revenue includes sale of meters by meter manufacturing segment to gas transmission and distribution amounting to Rs. 210 million (2015: Rs.116 million).

### Segment assets and liabilities

	September 30, 2015 (Un-audited)	June 30, 2015 (Audited)
	(Rupees in '000)	
<b>Segment assets</b>		
Gas transmission and distribution	260,170,721	254,043,133
Meter manufacturing	2,729,340	2,714,099
<b>Total segment assets</b>	<b>262,900,061</b>	<b>256,757,232</b>
Unallocated		
- Loans and advances	1,207,356	754,696
- Taxation - net	17,722,231	17,472,139
- Interest accrued	490,109	490,109
- Cash and bank balances	2,225,476	1,056,930
	21,645,172	19,773,874
<b>Total assets as per balance sheet</b>	<b>284,545,233</b>	<b>276,531,106</b>
<b>Segments liabilities</b>		
Gas transmission and distribution	263,598,589	253,294,639
Meter manufacturing	634,281	652,201
<b>Total segment liabilities</b>	<b>264,232,870</b>	<b>253,946,840</b>
Unallocated		
- Employee benefits	4,817,650	4,696,573
<b>Total liabilities as per balance sheet</b>	<b>269,050,520</b>	<b>258,643,413</b>

## 25. FAIR VALUE OF MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transactions between market participants at the measurement date.

### 25.1 Fair value of financial instruments

Financial assets which are tradeable in an open market are revalued at the market prices prevailing on the balance sheet date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book value.

The table below analyses financial instruments carried at fair value. The different levels has been defined as follows:

276-115

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents the financial assets which are carried at fair value:

	As at September, 2015			Total
	Level 1	Level 2	Level 3	

**Assets**

Available for sale investments  
Listed equity securities

	222,500			222,500
--	---------	--	--	---------

	As at June 30, 2015			Total
	Level 1	Level 2	Level 3	

**Assets**

Available for sale investments  
Listed equity securities

	276,520	-	-	276,520
--	---------	---	---	---------

The Company has not disclosed the fair values of all other financial assets and liabilities as their carrying amounts are reasonable approximation of their fair values.

**25.2 Fair value of other assets**

Freehold land and leasehold land are stated at revalued amount as at balance sheet date, the fair value hierarchy is as follows:

	As at September 30, 2015	
	Level 2	Fair Value
Freehold land	4,434,792	4,434,792
Leasehold land	6,082,257	6,082,257
	10,517,049	10,517,049

	As at June 30, 2015	
	Level 2	Fair Value
Freehold Land	4,434,792	4,434,792
Leasehold Land	6,082,257	6,082,257
	10,517,049	10,517,049


**26. GENERAL**

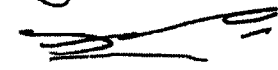
26.1 Figures have been rounded off to the nearest thousand rupees unless otherwise stated.

26.2 Corresponding figures have been rearranged and reclassified, wherever necessary.

**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

  
CFO

  
Managing Director