Financial Statements

financial statements

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed unconsolidated balance sheet of Sui Southern Gas Company Limited ("the Company") as at June 30, 2015, and the related unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated statement of changes in equity together with the notes forming part thereof (here-in after referred to as unconsolidated financial statements), for the year then ended and we state that except for the matter as stated in paragraphs (a) and (b) below, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

Except for the matter as stated in paragraphs (a) and (b) below, we conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

a) as described in notes 27.1 and 27.2 to the unconsolidated financial statements, trade debts include receivables of Rs. 40,073 million (2014: Rs. 41,302 million) and Rs. 20,879 million (2014: Rs. 16,944 million) from K-Electric Limited (KE) and Pakistan Steel Mills Corporation (Private) Limited (PSML) respectively. As described in the aforesaid notes, significant portion of such receivables include overdue amounts, which have been considered good by the management and classified as current assets in these financial statements. Further, KE and PSML have disputed Late Payment Surcharge (LPS) on their respective balances and the financial condition of PSML is such that it has not been able to pay its obligations, due to which management has decided to recognize LPS on a receipt basis from the aforesaid entities effective from July 01, 2012.

   Due to the adverse financial condition of PSML, disputes by KE and PSML with the Company on LPS, and large accumulation of their respective overdue amounts, we were unable to determine the extent to which the total amounts due from KE and PSML are likely to be recovered and the time frame over which such recovery will be made;

b) as described in note 31.2, and 31.2.1 to the unconsolidated financial statements, Rs. 2,122 million is receivable from Sui Northern Gas Pipelines Limited (SNGPL), which is being disputed by SNGPL for the reasons mentioned in note 31.2.1, due to which we were unable to determine the extent to which the receivable amount is likely to be recovered and time frame over which such recovery will be made;

c) in our opinion, except for the possible effects of the matter stated in paragraphs (a) and (b) above, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

d) in our opinion:

(i) except for the possible effects of the matter stated in paragraphs (a) and (b) above, the unconsolidated balance sheet and unconsolidated profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

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

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

e) except for the possible effects of the matter stated in paragraphs (a) and (b) above, in our opinion and to the best of our information and according to the explanations given to us, the unconsolidated balance sheet, unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and the unconsolidated statement of changes in equity, together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2015 and of the loss, total comprehensive loss, its cash flows and changes in equity for the year then ended; and

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

We draw attention to:

(i) note 1.3 to the unconsolidated financial statements that describes that revenue requirements for the years ended June 30, 2011, 2012, 2013, 2014 and 2015, have been determined provisionally on the basis of stay orders of the High Court of Sindh (the Court) which was considered by OGRA while determining revenue requirements, except for impact of the orders dated November 20, 2015 and March 29, 2016, whereby OGRA was directed to treat income from royalty (arrears) and income from Liquefied Petroleum Gas (LPG) and Natural Gas Liquids (NGL) as non-operating income which was not considered by OGRA while determining revenue requirements of the Company for the years ended June 30, 2013, 2014 and 2015. Our opinion is not qualified in respect of the said matter.

Deloitte Young Adil

Deloitte Yousuf Adil
Chartered Accountants
Audit Engagement Partner:
Naresh Kumar

09 April, 2016
Karachi

UNCONSOLIDATED BALANCE SHEET

AS AT JUNE 30, 2015

	Note	2015	2014
		(Rupees in '000)	
EQUITY AND LIABILITIES			
EQUITY			
Share capital and reserves			
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	4	8,809,163	8,809,163
Reserves	5	4,907,401	4,907,401
Surplus on re-measurement of available for sale securities		239,992	122,762
Accumulated losses		(5,381,402)	(224,378)
		8,575,154	13,614,948
Surplus on revaluation of fixed assets	6	10,251,946	10,251,946
LIABILITIES			
Non-current liabilities			
Long term finance	7	19,720,479	20,859,892
Long term deposits	8	10,613,059	8,355,118
Deferred tax	9	-	3,320,773
Employee benefits	10	4,687,944	3,470,436
Obligation against pipeline	11	1,069,173	-
Deferred credit	12	5,316,940	5,448,852
Long term advances	13	798,163	1,023,678
Total non-current liabilities		42,205,758	42,478,749
Current liabilities			
Current portion of long term finance	14	8,145,591	4,046,274
Short term borrowings	15	989,191	3,141,237
Trade and other payables	16	173,142,462	133,081,808
Current portion of obligation against pipeline	11	37,750	-
Interest accrued	17	34,069,206	26,830,778
Total current liabilities		216,384,200	167,100,097
Total liabilities		258,589,958	209,578,846
Contingencies and commitments	18		
Total equity and liabilities		277,417,058	233,445,740

The annexed notes 1 to 54 form an integral part of these unconsolidated financial statements.

	Note	2015	2014
		(Rupees in '000)	
ASSETS			
Non-current assets			
Property, plant and equipment	19	73,942,853	70,165,627
Intangible assets	20	35,911	88,898
Deferred tax	9	291,557	-
Long term investments	21	1,281,621	1,136,391
Net investment in finance lease	22	472,555	582,716
Long term loans and advances	23	151,476	140,508
Long term deposits		7,557	5,641
Total non-current assets		76,183,530	72,119,781
Current assets			
Stores, spares and loose tools	24	1,821,143	2,174,487
Stock-in-trade	25	859,852	888,505
Current maturity of net investment in finance lease	22	110,161	110,161
Customers' installation work in progress	26	183,128	179,831
Trade debts	27	90,351,824	78,905,693
Loans and advances	28	2,312,019	2,016,413
Advances, deposits and short term prepayments	29	282,590	137,385
Interest accrued	30	7,745,469	6,291,603
Other receivables	31	79,140,466	58,947,415
Taxation - net	32	17,442,747	10,474,629
Cash and bank balances	33	984,129	1,199,837
Total current assets		201,233,528	161,325,959
Total assets		277,417,058	233,445,740

Miftah Ismail
Chairman

Khalid Rahman
Managing Director

UNCONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015	2014
		(Rupees in '000)	
Sales		182,791,953	176,545,162
Sales tax		(23,938,506)	(24,003,620)
		158,853,447	152,541,542
Gas development surcharge		3,729,723	742,280
Net sales		162,583,170	153,283,822
Cost of sales	34	(170,565,082)	(162,252,203)
Gross loss		(7,981,912)	(8,968,381)
Administrative and selling expenses	35	(3,733,602)	(3,440,422)
Other operating expenses	36	(1,588,587)	(2,181,582)
		(5,322,189)	(5,622,004)
		(13,304,101)	(14,590,385)
Other operating income	37	2,475,025	2,801,286
Operating loss		(10,829,076)	(11,789,099)
Other non-operating income	38	11,756,090	13,395,307
Finance cost	39	(9,696,368)	(7,416,614)
Loss before taxation		(8,769,354)	(5,810,406)
Taxation	40	3,378,305	2,056,945
Loss for the year		(5,391,049)	(3,753,461)
		(Rupees)	
Basic and diluted loss per share	42	(6.12)	(4.26)

The annexed notes 1 to 54 form an integral part of these unconsolidated financial statements.

Miftah Ismail
Chairman

Khalid Rahman
Managing Director

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015	2014
		(Rupees in '000)	
Loss for the year		(5,391,049)	(3,753,461)
Other comprehensive income			
Item that may be reclassified subsequently to profit and loss account:			
- Unrealised gain on re-measurement of available for sale securities		117,230	41,606
Items that will not be reclassified subsequently to profit and loss account:			
- Remeasurement of post retirement benefits obligation		(780,083)	(1,391,735)
- Impact of deferred tax		234,025	487,107
- Gas development surcharge	31.1.2	780,083	2,348,752
		234,025	1,444,124
Total comprehensive loss for the year		(5,039,794)	(2,267,731)

The annexed notes 1 to 54 form an integral part of these unconsolidated financial statements.

Miftah Ismail
Chairman

Khalid Rahman
Managing Director

UNCONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015	2014
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(8,769,354)	(5,810,406)
Adjustments for non-cash and other items	43	13,637,489	12,813,453
Working capital changes	44	9,337,226	11,533,422
Financial charges paid		(2,784,904)	(2,722,263)
Employee benefits paid		(98,476)	(65,366)
Payment for retirement benefits		(617,442)	(406,098)
Long term deposits received - net		2,257,941	3,094,571
Deposits paid - net		(1,916)	(1,111)
Loans and advances to employees - net		(306,574)	(185,084)
Return on term deposits received		332,691	276,998
Income taxes paid		(6,968,118)	(7,686,964)
Net cash generated from operating activities		6,018,563	10,841,152
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(7,270,248)	(6,476,092)
Payments for intangible assets		(8,344)	(30,288)
Proceeds from sale of property, plant and equipment		48,427	62,830
Long term investments		(28,000)	-
Lease rental from net investment in finance lease		217,094	301,413
Dividend received		356	1,235
Net cash used in investing activities		(7,040,715)	(6,140,902)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from local currency loans		7,000,000	-
Repayments of local currency loans		(4,003,679)	(3,536,279)
Customer finance received		13,763	138,095
Repayment of customer finance		(50,180)	(70,371)
Dividend paid		(1,414)	(2,822)
Net cash generated from / (used in) financing activities		2,958,490	(3,471,377)
Net increase in cash and cash equivalents		1,936,338	1,228,873
Cash and cash equivalents at beginning of the year		(1,941,400)	(3,170,273)
Cash and cash equivalents at end of the year		(5,062)	(1,941,400)
Cash and cash equivalent comprises:			
Cash and bank balances		984,129	1,199,837
Short term borrowings		(989,191)	(3,141,237)
		(5,062)	(1,941,400)

The annexed notes 1 to 54 form an integral part of these unconsolidated financial statements.

Miftah Ismail
Chairman

Khalid Rahman
Managing Director

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2015

	Issued, subscribed and paid-up capital	Capital reserves (Note 5)	Revenue reserves (Note 5)	Surplus on re-measurement of available for sale securities	Unappropriated profit / (accumulated losses)	Total
			(Rupees in '000)			
Balance as at June 30, 2013	8,809,163	234,868	4,672,533	81,156	2,084,959	15,882,679
Total comprehensive loss for the year ended June 30, 2014						
Loss for the year	-	-	-	-	(3,753,461)	(3,753,461)
Other comprehensive income for the year	-	-	-	41,606	1,444,124	1,485,730
Total comprehensive loss for the year	-	-	-	41,606	(2,309,337)	(2,267,731)
Balance as at June 30, 2014	8,809,163	234,868	4,672,533	122,762	(224,378)	13,614,948
Total comprehensive loss for the year ended June 30, 2015						
Loss for the year	-	-	-	-	(5,391,049)	(5,391,049)
Other comprehensive income for the year	-	-	-	117,230	234,025	351,255
Total comprehensive loss for the year	-	-	-	117,230	(5,157,024)	(5,039,794)
Balance as at June 30, 2015	8,809,163	234,868	4,672,533	239,992	(5,381,402)	8,575,154

The annexed notes 1 to 54 form an integral part of these unconsolidated financial statements.

Miftah Ismail
Chairman

Khalid Rahman
Managing Director

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 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 requirements

1.3.1 The Oil and Gas Regulatory Authority (OGRA) in its order dated December 02, 2010 and May 24, 2011 treated Royalty Income from Jamshoro Joint Venture Limited, Profit from Meter Manufacturing, Late Payment Surcharge and Sale of Gas Condensate as operating income which it had previously allowed as non-operating income in its decision dated September 24, 2010, for the year ended June 30, 2010. OGRA also in its aforesaid decision reduced benchmark of the allowable Unaccounted for Gas (UFG) from 7% to 4.25 % - 5%. Aggrieved by the above decision, the 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 including current 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 in the current year, and these financial statements been prepared in accordance with the OGRA's decisions dated December 02, 2010 and May 24, 2011, the Company would have reported loss for the year amounting to Rs. 32,024 million.

1.3.2 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 these financial statements. 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.

Had OGRA issued revised FRR based on the above mentioned stay orders of the Court and these financial statements been prepared in accordance with the revised FRR, the Company would have claimed Rs. 15,224 million as non-operating income which OGRA treated as operating income while determining revenue requirement of the Company and the Company would have reported profit for the year amounting to Rs. 4,981 million.

2. BASIS FOR PREPARATION

2.1 Statement of compliance

These unconsolidated financial statements ("the financial statements") have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 shall prevail.

2.2 Basis of measurement

The financial statements have been prepared under the historical cost convention, except for certain investments stated in note 21 which are carried at their fair values, employee benefits which are valued at their present value using actuarial assumptions and freehold land and leasehold land which are carried at revalued amount.

2.3 Functional and presentation currency

The financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency.

2.4 Use of estimates and judgments

The preparation of the financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires the management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. Estimates and judgments are continuously evaluated and are based on historical experience and other factors, including reasonable expectation of future events. Revision to accounting estimates are recognised prospectively commencing from the period of revision.

Judgments and estimates made by management that may have a significant risk of material adjustments to the financial statements in the subsequent year are discussed in note 51.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2015

The following standards, amendments and interpretations are effective for the year ended June 30, 2015. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Standards / Amendments / Interpretations	Effective Date (accounting period beginning on or after)
Amendments to IAS 19 Employee Benefits: Employee contributions	July 01, 2014
Amendments to IAS 32 Financial Instruments: Presentation - Offsetting financial assets and financial liabilities	January 01, 2014
IAS 36 Impairment of Assets - Recoverable amount disclosures for non-financial assets	January 01, 2014
IAS 39 Financial Instruments: Recognition and measurement - Novation of derivatives and continuation of hedge accounting	January 01, 2014
IFRIC 21 - Levies	January 01, 2014

3.2 New accounting standards / amendments and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Amendments to IAS 16 and 38 Clarification of acceptable methods of depreciation and amotisation	January 01, 2016
Amendments to IAS 16 and 41 Agriculture: Bearer plants	January 01, 2016
IAS 27 (Revised 2011) - Separate Financial Statements	January 01, 2015, IAS 27 (Revised 2011) will concurrenttly apply with IFRS 10
IAS 28 (Revised 2011) - Investments in Associates and Joint Ventures	January 01, 2015

	Effective Date (accounting period beginning on or after)
IFRS 10 – Consolidated Financial Statements	January 01, 2015 Early adoption is encouraged
IFRS 11 – Joint Arrangements	January 01, 2015
IFRS 12 – Disclosure of Interests in Other Entities	January 01, 2015
IFRS 13 – Fair Value Measurement	January 01, 2015
Amendments to IAS 1 - Disclosure initiative	January 01, 2016
Amendments to IAS 27 - Equity method in separate financial statements	January 01, 2016
Amendments to IFRS 10 and IAS 28 Sale or contribution of assets between an investor and its associate or joint venture	January 01, 2016
Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the consolidation exception	January 01, 2016
Amendments to IFRS 11 - Accounting for acquisitions of interests in joint operations	January 01, 2016

Certain annual improvements have also been made to a number of IFRSs.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 9 – Financial Instruments
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 15 – Revenue from Contracts with Customers
- IFRS 16 – Leases

3.3 Property, plant and equipment

Initial recognition

The cost of an item of property plant and equipment is recognised as an asset if it is probable that future economic benefits associated with the item will flow to the entity and the cost of such item can be measured reliably.

Recognition of the cost in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by the management.

Measurement

Property, plant and equipment except freehold land, leasehold land and capital work in progress are stated at cost less accumulated depreciation and impairment, if any. Capital work in progress are stated at cost, less accumulated impairment loss, if any.

Freehold land and leasehold land are stated at revalued amount and surplus arising on revaluation of freehold land and leasehold land is disclosed as surplus on revaluation of fixed assets.

The cost of the property, plant and equipment includes:

(a) its purchase price including import duties, non refundable purchase taxes after deducting trade discounts and rebates; and

(b) any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent expenditure (including normal repairs and maintenance)

Expenditure incurred to replace a component of an item of operating assets is capitalised and the asset so replaced is retired. Other subsequent expenditure is capitalised only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the items can be measured reliably. All other expenditure (including normal repairs and maintenance) is recognised in the unconsolidated profit and loss account as an expense when it is incurred.

Capital work in progress

Capital work in progress is stated at cost less accumulated impairment loss, if any. The cost consists of expenditure incurred and advances made in the course of their construction and installation. Transfers are made to the relevant asset category as and when assets are available for intended use.

Depreciation

Compressors and transmission lines

Depreciation on compressors and transmission lines is charged from the dates these projects are available for intended use up to the date these are disposed off.

Other operating assets

Depreciable value of operating assets other than compressors and transmission lines is depreciated over their estimated service life from the month the assets are available for use in service till the month they are disposed off or fully depreciated, except for assets sold to employees under the service rules, in which case, depreciation is charged up to the date of disposal.

Useful lives of the assets are mentioned in the note 19.1 to these financial statements.

Assets' residual values and their useful lives are reviewed and adjusted at each balance sheet date if significant and appropriate.

Intangible assets

An intangible asset is recognised as an asset if it is probable that future economic benefits attributable to the asset will flow to the entity and the cost of such asset can be measured reliably.

Definite life

Intangible assets are measured initially at cost and subsequently stated at cost less accumulated amortisation and impairment losses, if any.

Intangible asset with a finite useful life is amortised on a straight line basis over its useful life. Amortisation begins when the asset is available for use and ceases when the asset is derecognised. Amortisation charge is recognised in the unconsolidated profit and loss account.

The amortisation period for intangible assets with a finite useful life is reviewed at each year-end and is changed to reflect the useful life expected at respective year end.

Borrowing costs

Borrowing costs incurred on long term finances attributable for the construction of qualifying assets which are assets that necessarily take a substantial period of time to get ready for their intended use are capitalised up to the date the respective assets are available for the intended use.

Actual borrowing cost is capitalised on funds borrowed specifically for the purpose of construction of qualifying assets, less any investment income on the temporary investment of those borrowings.

The Company determines a weighted average capitalisation rate in case of general borrowings attributable to qualifying assets.

All other borrowing costs are charged to unconsolidated profit and loss account.

Gains and losses on disposal

Gains and losses on disposal are taken to the unconsolidated profit and loss account.

Leased assets

Leased assets in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of minimum lease payments at the inception of the lease, less accumulated depreciation and impairment loss, if any. Depreciation on assets subject to finance lease is recognised in the same manner as for owned operating assets.

3.4 Investments

Available-for-sale

Investments which are intended to be held for an indefinite period and may be sold in response to the need for liquidity or changes in interest rates are classified as available for sale investments. These investments are initially recognised at fair value, being the cost of the consideration given and transaction cost. After initial recognition, investments classified as available-for-sale are re-measured at fair value, determined with reference to the year-end quoted rates. Gains or losses on re-measurement of these investments are recognised in other comprehensive income and accumulated in the investment revaluation reserve until the investment is sold, collected or otherwise disposed off, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in unconsolidated profit and loss account. Impairment losses recognised in unconsolidated profit and loss for an investment in an equity instrument classified as available for sale shall not be reversed through unconsolidated profit and loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in unconsolidated profit and loss, the impairment loss shall be reversed, with the amount of the reversal recognised in unconsolidated profit and loss account.

Held to maturity

Investments with fixed or determinable maturity where management has both the positive intent and ability to hold till maturity are classified as held-to-maturity. These investments are measured initially at its fair value plus transaction costs that are directly attributable to these investments. Subsequent to initial measurement, held to maturity investments are measured at amortised cost using effective interest method. All investments categorised under held to maturity are subject to annual review for impairment. Provision for impairment in value, if any, is taken to unconsolidated profit and loss account.

Investment in subsidiary

Investment in subsidiary is valued at cost less impairment loss, if any. A reversal of an impairment loss on subsidiary is recognised as it arises provided the increased carrying value does not exceed cost.

Gain or loss on sale of investment in subsidiary is recognised in the unconsolidated profit and loss account for the year.

Date of recognition

All purchases and sales of investments that require delivery within the time frame established by regulations or market convention (regular way) are recognised at the trade date. Trade date is the date on which the Company commits to purchase or sell the investments.

De-recognition

All investments are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risk and rewards of ownership.

3.5 Net investment in finance lease

Contractual arrangements, the fulfillment of which is dependent upon the use of a specific asset and whereby the right to use the underlying asset is conveyed to the customer, are classified as finance lease. Net investment in finance lease is recognised at an amount equal to the present value of the lease payments receivable, including any guaranteed residual value determined at the inception of lease. Discount rate used in the calculation of the present value of minimum lease payments is the interest rate implicit in the lease. Any recoveries from customers in respect of the service cost and contingent rent are excluded from the minimum lease payments and are recorded as recoveries of transmission and distribution cost from the lessee and gas transportation income respectively. Interest income from net investment in finance lease is recognised on a pattern reflecting a constant periodic return on the Company's net investment in finance lease.

3.6 Stores, spares and loose tools

These are valued at lower of cost and net realisable value less impairment loss, if any. Cost is determined under the moving average basis. Goods-in-transit are valued at lower of cost incurred up to the unconsolidated balance sheet date and net realisable value less impairment loss, if any.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

3.7 Stock-in-trade

Gas in pipelines

Stock of gas in transmission pipelines is valued at the lower of cost, determined on weighted average basis, and net realisable value.

Meter manufacturing division

Components (materials) are valued at lower of moving average cost and net realisable value less impairment loss, if any. Work-in-process includes the cost of components only (determined on a moving average basis). Finished goods are stated at the lower of cost determined on an average basis and net realisable value and includes appropriate portion of labor and production overheads. Components in transit are stated at cost incurred up to the unconsolidated balance sheet date less impairment losses, if any.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

3.8 Trade debts and other receivables

Trade debts and other receivables are recognised at fair values plus directly attributable cost, if any.

A provision for impairment of trade and other receivables is established when there is an objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Trade debts and other receivables considered irrecoverable are written off.

3.9 Trade and other payables

Trade and other payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

3.10 Mark-up bearing borrowings

Long term financing

Mark-up bearing borrowings are recognised initially at fair value which is usually the cost, less attributable transaction costs. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortised cost, while the difference between the cost (reduced for periodic payments) and redemption value is recognised in the unconsolidated profit and loss account over the period of the borrowings. Transaction cost is amortised over the term of the loan.

Long term loans received from the Government of Sindh with interest rate lower than prevailing market interest rates for a similar instrument are initially measured at fair value. The fair value is estimated at the present value of all future cash payments discounted using the prevailing market rate of interest for a similar instrument with a similar credit rating. Difference between fair value and proceed received is treated as government grant and is amortised over the useful life of related asset constructed.

Leases

The Company accounts for lease obligations by recording the asset and the corresponding liability determined on the basis of discounted value of minimum lease payments. Financial charges are recognised in the unconsolidated profit and loss account.

3.11 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

3.12 Deferred credit

Amounts received from customers before July 01, 2009 and the Government as contributions and grants for providing service connections, extension of gas mains, laying of distribution lines, etc. are deferred and recognised in the unconsolidated profit and loss account over the useful lives of the related assets starting from the commissioning of such assets.

Contribution from customers

Advance taken from customers on or after July 01, 2009 for laying of distribution lines is recognised in the unconsolidated profit and loss account when the connection to the network is completed, immediately in accordance with the requirements of IFRIC-18 "Transfer of Assets from Customers".

3.13 Taxation

Current

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

Deferred

Deferred tax is recognised using balance sheet liability method, providing for temporary difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using the tax rates enacted or substantively enacted at the balance sheet date.

The Company recognises a deferred tax asset to the extent that it is probable that the taxable profits for the foreseeable future will be available against which the assets can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.14 Revenue recognition

- Revenue from gas sales is recognised on the basis of gas supplied to customers at rates periodically announced by the OGRA.

- Meter rental income is recognised monthly at specified rates for various categories of customers.

- Revenue from sale of meters, liquid petroleum gas and gas condensate is recognised on dispatch to the customers.

- Deferred credit from Government and customers before July 01, 2009 is amortised and related income is recognised in the unconsolidated profit and loss account over the useful lives on commissioning of the related assets.

- Deferred credit from customers after July 01, 2009 for laying of distribution lines is recognised in the unconsolidated profit and loss when the network connection is completed, immediately in accordance with the requirements of IFRIC-18 "Transfer of Assets from Customers".

- Income from new service connections is recognised in unconsolidated profit and loss account immediately on commissioning of related assets.

- Dividend income on equity investments is recognised when right to receive the payment is established.

- Return on term deposits and royalty income are recognised on time proportion basis by reference to the principal outstanding at the effective interest rate.

- Late payment surcharge is recognised from the date the billed amount is overdue.

3.15 Impairment

Financial assets

The Company assesses at each balance sheet date whether there is any objective evidence that financial asset or group of financial asset is impaired. A financial asset or group of financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after initial recognition of asset (an incurred loss event) and that loss event (or events) has impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. In case of quoted equity securities, impairment is assessed based on significant or prolonged decline in market prices of securities.

An impairment loss is reversed if the reversal can be objectively related to an event occurring after the impairment loss had been recognised. An impairment loss is reversed only to the extent that the financial assets carrying value after the reversal does not exceed the carrying amount that would have been determined, net of amortisation, if no impairment loss had been recognised. Reversal of impairment is recognised in profit and loss account except in the case of available for sale instruments where the reversal is included in the other comprehensive income.

Non-financial assets

The carrying amounts of non-financial assets other than inventories and deferred tax assets, are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognised, as an expense in the unconsolidated profit and loss account, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risks specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.16 Staff retirement benefits

The Company operates the following retirement schemes for its employees:

- Approved funded pension and gratuity schemes for all employees.

  Liability under these schemes is recognised in the period in which the benefit is earned based on the actuarial valuations that is carried out annually under the projected unit credit method.

  Actuarial gains and losses arising from the actuarial valuation are recognised immediately and presented in statement of comprehensive income. Gas development surcharge with respect to actuarial gains / losses are recognised in other comprehensive income, instead of profit and loss account.

  Past service cost is recognised in the unconsolidated profit and loss account at the earlier of when the amendment or curtailment occurs.

- Unfunded free medical and gas supply facility schemes for its executive employees.

  Liability under these schemes is recognised in the period in which the benefit is earned based on the actuarial valuations that is carried out annually under the projected unit credit method. The medical and free gas supply facilities have been discontinued for employees retiring after December 31, 2000.

  Actuarial gains and losses arising from the actuarial valuation are recognised immediately and presented in statement of comprehensive income. Gas development surcharge with respect to actuarial gains / losses are recognised in other comprehensive income, instead of profit and loss account.

- Approved contributory provident funds for all employees (defined contribution scheme).

  The Company operates a recognised provident fund for all its employees. Equal contributions are made, both by the Company and the employees, to the fund at the rate of 7.5% of basic salary in the case of executive employees and 8.33% of basic salary and adhoc relief cost of living allowance in the case of non executive employees and the same is charged to the unconsolidated profit and loss account.

- A non-contributory benevolent fund, under which only the employees contribute to the fund.

3.17 Compensated absences

The liability for accumulated compensated absences of employees is recognised based on actuarial valuation in the period in which employees render services that increase their entitlement to future compensated absences.

3.18 Foreign currency translation

Transactions in foreign currencies are translated into Pak rupees at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pak rupees at the rates of exchange ruling at the balance sheet date. Exchange gains and losses are taken to the unconsolidated profit and loss account.

3.19 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value and subsequently at fair value or amortised cost as the case may be. Financial assets are derecognised at the time when the Company loses control of the contractual rights that comprise the financial asset. Financial liabilities are derecognised at the time when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled or expired. Any gains or losses on derecognition of financial assets and financial liabilities are taken to the unconsolidated profit and loss account immediately.

3.20 Derivative financial instruments

Derivative financial instruments if any are recognised initially at cost. Subsequent to initial recognition, the derivative financial instruments are stated at fair value. Changes in fair value of derivative financial instruments are recognised in the unconsolidated profit and loss account, along with any changes in the carrying value of the hedged liability. Derivative financial instruments are carried as assets when fair value is positive and as liabilities when fair value is negative.

3.21 Off-setting

Financial assets and liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set-off the recognised amount and the Company intends either to settle on a net basis, or to realise the assets and to settle the liabilities simultaneously.

3.22 Segment reporting

Segment reporting is based on the operating (business) segments of the Company. An operating segment is an identifiable component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. An operating segment's operating results are reviewed regularly by the Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, income tax assets, liabilities and related income and expenditure. Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment.

The business segments are engaged in providing products or services which are subject to risks and rewards which differ from the risk and rewards of other segments. Segments reported are as follows:

Gas transmission and distribution

Gas transmission and distribution segment is engaged in transmission and distribution of natural gas and construction contracts for laying of pipelines in Sindh and Balochistan.

Meter manufacturing

Meter manufacturing segment is engaged in manufacture and sale of gas meters.

3.23 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and deposits in banks, short term running finance under mark-up arrangement availed by the Company and short term liquid investments that are readily convertible to known amounts of cash.

3.24 Earnings per share

Earnings per share is calculated by dividing the profit after tax for the year by the weighted average number of shares outstanding during the year.

3.25 Dividend and reserves appropriation

Dividend is recognised as a liability in the financial statements in the period in which it is declared. Movement in reserves is recognised in the year in which it is approved.

3.26 Share Capital

Ordinary shares are classified as equity and recognized at their face value. Discount on issue of shares is separately reported in statement of changes in equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

4. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2015	2014		2015	2014
(Numbers)			(Rupees in '000)	
219,566,554	219,566,554	Ordinary shares of Rs. 10 each fully paid in cash	2,195,666	2,195,666
661,349,755	661,349,755	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	6,613,497	6,613,497
880,916,309	880,916,309		8,809,163	8,809,163

4.1 The Company has one class of ordinary shares which carry no right to fixed income. The holders are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the shareholders. All shares rank equally with regard to the Company's residual assets.

	Note	2015	2014
		(Rupees in '000)	
5. RESERVES			
Capital reserves			
Share capital restructuring reserve	5.1	146,868	146,868
Fixed assets replacement reserve	5.2	88,000	88,000
		234,868	234,868
Revenue reserves			
Dividend equalisation reserve		36,000	36,000
Special reserve I	5.3	333,141	333,141
Special reserve II	5.4	1,800,000	1,800,000
General reserve		2,015,653	2,015,653
Reserve for interest on sales tax refund	5.5	487,739	487,739
		4,672,533	4,672,533
		4,907,401	4,907,401

5.1 Share capital restructuring reserve

This represents the reduction of share capital of former Sui Gas Transmission Company Limited (SGTC) due to merger of Sui Gas Transmission Company Limited and Southern Gas Company Limited (SGC) in March 1989.

5.2 Fixed assets replacement reserve

This represents profit allocated in 1986 by former Southern Gas Company Limited for replacement of gas distribution lines in rural Sindh areas. Subsequently all the rehabilitation activities were carried out from the Company's working capital.

5.3 Special reserve I

This represents accumulated balance arising on a price increase of Rs. 4.10 per MCF granted to the Company by the Government of Pakistan in January 1987 retrospectively from July 1, 1985 to enable the Company to meet the requirements of Asian Development Bank regarding debt / equity ratio and other financial covenants specified in loan agreements with them.

5.4 Special reserve II

This represents special undistributable reserve created as per the decision of the board of directors to meet the future requirements of the Company.

5.5 Reserve for interest on sales tax refund

This represents the reserve for the interest accrued on the sales tax refundable under Section 67 of the Sales Tax Act, 1990, which is not available for distribution to shareholders till the time it is received.

6. SURPLUS ON REVALUATION OF FIXED ASSETS

This represents surplus over book values resulting from the revaluation of the Company's freehold and leasehold land carried out by means of an independent valuation by Oceanic Surveyors (Private) Limited to determine the fair value as of June 30, 2011. The valuation was based on market research.

Had the Company's freehold and leasehold land been measured on historical cost basis, the carrying amount would have been as follows:

	(Rupees in '000)
Freehold land	56,751
Leasehold land	208,352
	265,103

	Note	2015	2014
		(Rupees in '000)	
7. LONG TERM FINANCE			
Secured			
Loans from banking companies	7.1	14,891,200	15,350,819
Unsecured			
Front end fee of foreign currency loan	7.2	23,950	23,950
Customer finance	7.3	215,329	236,610
Government of Sindh loans	7.4	4,590,000	5,248,513
		4,829,279	5,509,073
		19,720,479	20,859,892

7.1 Loans from banking companies

	Installment payable	Repayment period	Mark-up rate p.a. (above 3 months KIBOR)	Note	2015	2014
					(Rupees in '000)	
Allied Bank Limited	quarterly	2013 - 2016	1.00%	7.1.1	250,000	583,333
Allied Bank Limited	quarterly	2013 - 2016	1.00%	7.1.1	333,333	666,667
Askari Bank Limited	quarterly	2013 - 2015	1.00%	7.1.1	166,667	500,000
Askari Bank Limited	quarterly	2013 - 2016	1.00%	7.1.1	166,667	333,333
Bank Alfalah Limited	quarterly	2015 - 2017	0.75%	7.1.1	1,000,000	1,000,000
Bank Alfalah Limited	quarterly	2013 - 2016	1.00%	7.1.1	250,000	583,333
Bank AlFalah Limited - Led Consortium	quarterly	2018 - 2019	0.40%	7.1.1	7,000,000	-
Bank Al-Habib Limited	quarterly	2013 - 2016	1.00%	7.1.1	166,667	333,333
Faysal Bank Limited	quarterly	2015 - 2018	0.70%	7.1.1	1,500,000	1,500,000
Habib Bank Limited	quarterly	2015 - 2018	0.70%	7.1.1	1,000,000	1,000,000
Meezan Bank Limited	quarterly	2013 - 2015	1.00%	7.1.1	500,000	1,500,000
Meezan Bank Limited	quarterly	2015 - 2017	0.75%	7.1.1	2,000,000	2,000,000
Meezan Bank Limited	quarterly	2015 - 2018	0.70%	7.1.1	2,000,000	2,000,000
Standard Chartered Bank (Pakistan) Limited	quarterly	2012 - 2015	1.00%	7.1.1	285,714	857,143
United Bank Limited	quarterly	2015 - 2017	0.75%	7.1.1	1,750,000	2,000,000
United Bank Limited - Led Consortium	quarterly	2015 - 2018	0.70%	7.1.1	4,000,000	4,000,000
Unamortised transaction cost					(25,467)	(18,228)
					22,343,581	18,838,914
Less: Current portion shown under current liabilities				14	(7,452,381)	(3,488,095)
					14,891,200	15,350,819

7.1.1 These loans / financial arrangements are secured by a ranking charge created by way of hypothecation over all present and future movable fixed assets of the Company comprising of compressor stations, transmission pipelines, distribution pipelines and pipeline construction machinery and equipments.

7.2 Front end fee of foreign currency loan

	Installment payable	Repayment period	Mark-up rate per annum	Note	2015	2014
IBRD LOAN - 81540	Half-yearly	2020 - 2036	11.80%	7.2.1	23,950	23,950

7.2.1 This represents front end fee in respect of USD 100 million loan from the Government of Pakistan through International Bank for Reconstruction and Development (IBRD) for Natural Gas Efficiency Project.

		Note	2015	2014
			(Rupees in '000)	
7.3	Customer finance			
	Customer finance	7.3.1	250,026	286,443
	Less: Current portion shown under current liabilities	14	(34,697)	(49,833)
			215,329	236,610

7.3.1 This represents contributions received from certain industrial customers for the laying of distribution mains for supply of gas to their premises. These balances carry mark-up at 25% of 3 year average ask side KIBOR less 2% per annum for laying of distribution mains. Principal and interest are adjustable in 48 equal installments through credits in the monthly gas bills of the customers.

		Installment payable	Principal repayment period	Mark-up rate p.a.	Note	2015	2014
						(Rupees in '000)	
7.4	Government of Sindh loans						
	Government of Sindh loan - I	yearly	2007 - 2016	2%	7.4.1	8,513	16,859
	Government of Sindh loan - II	yearly	2011 - 2020	4%	7.4.1	450,000	540,000
	Government of Sindh loan - III	yearly	2012 - 2021	4%	7.4.1	600,000	700,000
	Government of Sindh loan - IV	yearly	2013 - 2022	4%	7.4.1	800,000	900,000
	Government of Sindh loan - V	yearly	2015 - 2024	4%	7.4.1	990,000	1,100,000
	Government of Sindh loan - VI	yearly	2015 - 2024	4%	7.4.1	900,000	1,000,000
	Government of Sindh loan - VII	yearly	2016 - 2025	4%	7.4.1	1,500,000	1,500,000
	Government grant				7.4.2	(2,412,186)	(2,412,186)
	Subtotal					2,827,814	3,327,814
	Government grant - Government of Sindh loans				7.4.2	2,412,186	2,412,186
						5,248,513	5,756,859
	Less: Current portion shown under current liabilities				14	(658,513)	(508,346)
						4,590,000	5,248,513

7.4.1 The company has obtained unsecured development loans from Government of Sindh for supply of gas to various districts and areas of Sindh.

7.4.2 This represents the benefit of lower interest rate on Government of Sindh Loan II, III, IV, V, VI and VII and is calculated as difference between the proceeds received in respect of Government of Sindh Loan II, III, IV, V, VI and VII amounting to Rs. 900 million, Rs. 1,000 million, Rs. 1,000 million, Rs. 1,100 million, Rs. 1,000 million and Rs. 1,500 million respectively, and its initial fair value amounting to Rs. 582.076 million, Rs. 660.888 million, Rs. 625.281 million, Rs. 736.958 million, Rs. 768.534 million and Rs. 714.077 million respectively. These are calculated at 3 month KIBOR prevailing at respective year ends in which the loans were disbursed. This benefit is treated as Government grant and would be amortised over the estimated useful life of related assets when constructed.

		Note	2015	2014
			(Rupees in '000)	
8.	LONG TERM DEPOSITS			
	Security deposits from:			
	- gas customers	8.1	10,460,881	8,305,883
	- gas contractors	8.2	152,178	49,235
			10,613,059	8,355,118

8.1 These represent deposits from industrial, commercial and domestic customers. The customer deposits are based on annual average gas sales of 3 months.

Mark-up is payable on deposits of industrial and commercial customers at the rate of 5% per annum, while no mark-up is paid on deposits from domestic customers.

The Company may at its option, use these deposits for its own purpose from time to time and shall, on disconnection of gas supply to the customer, return the security deposits as per the terms and conditions of the contract.

8.2 These represent security deposits received from contractors. These deposits are free of mark-up and are refundable upon completion / cancellation of the contract.

9. DEFERRED TAX

Deferred tax liability comprises of taxable / (deductible) temporary differences in respect of the following:

	2015			
	Closing	Charge / (reversal) to profit and loss account	Charge / (reversal) to OCI	Closing
	(Rupees in '000)			
Taxable temporary differences				
Accelerated tax depreciation	11,568,300	(1,488,315)	-	10,079,985
Net investment in finance lease	242,507	(67,692)	-	174,815
Deductible temporary differences				
Provision against employee benefits	(1,214,653)	53,638	(245,368)	(1,406,383)
Provision against impaired debts and other receivables and receivable from staff pension fund	(3,803,454)	504,987	6,468	(3,291,999)
Provision against impaired store and spares	(107,973)	33,206	-	(74,767)
Liability not paid within three years	(2,148,262)	(842,584)	-	(2,990,846)
Carry forward of tax losses	(384,628)	(1,336,744)	-	(1,721,372)
Obligation under finance lease	-	(332,077)	-	(332,077)
Others	(831,064)	97,276	4,875	(728,913)
	3,320,773	(3,378,305)	(234,025)	(291,557)

	2014			
	Closing	Charge / (reversal) to profit and loss account	Charge / (reversal) to OCI	Closing
	(Rupees in '000)			
Taxable temporary differences				
Accelerated tax depreciation	11,442,608	125,692	-	11,568,300
Net investment in finance lease	281,032	(38,525)	-	242,507
Deductible temporary differences				
Provision against employee benefits	(863,046)	(125,551)	(226,056)	(1,214,653)
Provision against impaired debts and other receivables and receivable from staff pension fund	(3,335,545)	(471,864)	3,955	(3,803,454)
Provision against impaired store and spares	(77,976)	(29,997)	-	(107,973)
Liability not paid within three years	(1,216,214)	(932,048)	-	(2,148,262)
Carry forward of tax losses	-	(384,628)	-	(384,628)
Others	(366,034)	(200,024)	(265,006)	(831,064)
	5,864,825	(2,056,945)	(487,107)	3,320,773

	Note	2015	2014
		(Rupees in '000)	
10. EMPLOYEE BENEFITS			
Provision for post retirement medical and free gas supply facilities - executives	41.2	4,111,259	2,900,966
Provision for compensated absences - executives	10.1	576,685	569,470
		4,687,944	3,470,436
10.1 Provision for compensated absences - executives			
Balance as at July 01		569,470	497,059
Provision during the year		7,215	72,411
Balance as at June 30		576,685	569,470

	Note	2015	2014
		(Rupees in '000)	
11. OBLIGATION AGAINST PIPELINE			
Principal amount of obligation against pipeline	11.1	1,106,923	-
Less: current portion of obligation against pipeline		(37,750)	-
		1,069,173	-

11.1 The Company entered into an agreement with Engro Elengy Terminal (Private) Limited (EETPL) under which the pipeline has been transferred to the Company from EETPL and corresponding liability has been recognised using discounted cashflow technique.

	Note	2015	2014
		(Rupees in '000)	
12. DEFERRED CREDIT			
Government contributions / grants			
Balance as at July 01		3,775,607	3,887,838
Additions / adjustments during the year		297,996	131,522
Transferred to unconsolidated profit and loss account	12.1	(251,965)	(243,753)
Balance as at June 30		3,821,638	3,775,607
Contribution from customers			
Balance as at July 01		1,673,245	1,859,805
Transferred to unconsolidated profit and loss account	12.2	(177,943)	(186,560)
Balance as at June 30		1,495,302	1,673,245
		5,316,940	5,448,852

12.1 This represents amount received from the Government for supply of gas to new towns and villages and is recognised as grant when the conditions specified by the Government are met and is amortised over the useful life of related projects.

12.2 This represents amount received from customers for the cost of service lines and gas mains, etc. These are taken to unconsolidated profit and loss account based on the policy stated in note 3.12 to these financial statements.

12.3 Pipelines constructed / built under deferred credit arrangement are not given 17% minimum guaranteed return. However, Unaccounted for Gas ("UFG") losses on such pipelines are considered in the determination of the Company's guaranteed return.

13. LONG TERM ADVANCES

These represent amounts received from Government of Pakistan for gas supply to new towns and villages and laying of distribution lines, etc. These advances are transferred to deferred credit once the related projects are commissioned. As stated in note 3.12 to these financial statements, such deferred credit is amortised over the estimated useful lives of related assets.

	Note	2015	2014
		(Rupees in '000)	
14. CURRENT PORTION OF LONG TERM FINANCE			
Loans from banking companies	7.1	7,452,381	3,488,095
Customer finance	7.3	34,697	49,833
Government of Sindh loans	7.4	658,513	508,346
		8,145,591	4,046,274

15. SHORT TERM BORROWINGS

This represent facilities for short term running finance and short term loan available from various banks amounting to Rs. 989 million (2014: Rs. 3,141 million) and subject to mark-up up to 0.30% (2014: 0.80%) above the one month KIBOR. The facilities are secured by first pari passu, first joint supplemental hypothecation and ranking charge over present and future stock in trade and book debts of the Company.

The aggregate unavailed short term borrowing facilities amounted to Rs. 5,426 million (2014: Rs. 8,109 million).

	Note	2015	2014
		(Rupees in '000)	
16. TRADE AND OTHER PAYABLES			
Creditors for:			
- Gas supplies	16.1	145,385,454	114,287,769
- Supplies		589,234	483,341
		145,974,688	114,771,110
Amount received from customers for laying of mains, etc.		1,861,627	2,028,086
Engro Elengy Terminal (Private) Limited		1,022,850	-
Accrued liabilities		3,048,161	1,649,095
Advance from LPG customers		433	-
Provision for compensated absences - non executives	16.2	219,207	143,528
Payable to staff gratuity fund	41.1	2,192,783	2,216,268
Deposits / retention money		364,319	321,981
Bills payable		599,999	55,582
Advance for sharing right of way	16.3	18,088	18,088
Unclaimed dividend		286,665	288,079
Withholding tax		196,410	588,459
Sales tax and Federal excise duty		305,055	297,228
Sindh sales tax		37,231	38,850
Processing charges payable to JJVL		7,433,204	3,298,123
Gas infrastructure development cess payable	16.4	9,324,042	7,178,607
Unclaimed term finance certificate redemption profit		1,800	1,800
Inter State Gas System (Private) Limited (ISGSL)		11,019	9,286
Others	16.5	244,881	177,638
		173,142,462	133,081,808

16.1 As at June 30, 2015, amount of Rs. 107,933 million (2014: Rs. 84,195 million) is payable to Oil and Gas Development Company Limited, Pakistan Petroleum Limited and Government Holdings (Private) Limited in respect of gas purchases along with interest of Rs.33,379 million (2014: Rs. 26,289 million) on their balances which have been presented in note 17.

		2015	2014
		(Rupees in '000)	
16.2	Provision for compensated absences - non-executives		
	Balance as at July 01	143,528	138,969
	Provision during the year	75,679	4,559
	Balance as at June 30	219,207	143,528

16.3 This amount was received by the Company from Pak Arab Refinery Limited (PARCO) in accordance with an agreement dated October 12, 1988. It represents consideration for 50% share of PARCO in the Indus right bank pipeline common right of way and is the full settlement of PARCO's total liability for its share, irrespective of the final amount of compensation payable to the land owners by the Company. The final liability of the Company has not been estimated, as the amount of compensation due to land owners has not been determined by the Authorities. Accordingly, the amount received from PARCO has been classified as an advance.

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

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

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

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

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

16.5 This includes Rs. 100.524 million (2014: Rs. 101.725 million) on account of amount payable to disconnected customers for gas supply deposits.

		Note	2015	2014
			(Rupees in '000)	
17.	INTEREST ACCRUED			
	Long term finance - loans from banking companies		230,836	210,015
	Long term deposits from customers		283,265	210,097
	Short term borrowings		15,538	49,753
	Late payment surcharge on processing charges		132,110	43,167
	Late payment surcharge on gas development surcharge		4,826	4,826
	Late payment surcharge on gas supplies	16.1 & 18.1.16	33,402,631	26,312,920
			34,069,206	26,830,778
18.	CONTINGENCIES AND COMMITMENTS			
18.1	Contingencies			
18.1.1	Guarantees issued on behalf of the Company		5,058,696	125,032

18.1.2 Jamshoro Power Company Limited [(JPCL) WAPDA] has lodged a claim against the Company amounting to Rs. 35,182 million (2014: Rs. 23,000 million) for short supply of gas under the provisions of an agreement dated April 10, 1995 between the Company and JPCL. Management has not made provision against the said amounts in the books of the Company as management is confident that ultimately this claim would not be payable.

18.1.3 JPCL has raised another claim of Rs. 5.793 million (2014: Rs. 5.793 million) for the alleged low Gas Calorific Value (GCV) measurement for the period from January 2002 to December 2002 and for the month of February 2003 as compared to the actual GCV billed by the Company. Management has not made provision against the said amount in the books of the Company as management is confident that ultimately this claim would not be payable.

18.1.4 Habibullah Coastal Power Company (Private) Limited (HCPC) has claimed Rs. 2,382.76 million (2014: Rs. 1,899.96 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 December 31, 2015, this amount has increased to Rs. 2,625.33 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 it may be noted that in the instant arbitral proceedings SSGC has also raised a counter claim of Rs. 5.34 billion on account of Take or Pay. The net claim is in favor of SSGC.

18.1.5 Demand finance facilities have been given to the Company's employees by certain banks for purchase of vehicles against the Company's guarantee and hypothecation of the Company's present and future stocks, book debts, receivables and the Company's investment in shares having a face value of Rs. 0.5 million (2013: Rs. 0.5 million). Loan outstanding at the year end was Rs. 2.190 million (2014: Rs. 3.130 million).

18.1.6 Previously the Income Tax Appellate Tribunal (ITAT) had decided an Appeal in favor of Income Tax Department on the issue of capital gain made on disposal of LPG business in the financial year 2001 resulting in tax impact of Rs. 143 million. Management has filed an appeal before Honorable High Court. The management is of the view that sale of LPG business being in nature of slump transaction was not chargeable to tax under the Income Tax Ordinance, 2001. Accordingly, no provision regarding the said claim has been made in these unconsolidated financial statements as the management, based on its legal advisor's opinion, are confident that the matter would be resolved in favor of the Company.

18.1.7 Income tax authorities have passed an amended assessment order for the tax year 2005 resulting in additional tax liability amounting to Rs. 103.745 million, which has been adjusted from the sales tax refund of the Company. The Company preferred appeal in this case. The Income Tax Appellate Tribunal has set-aside the case and remanded back to Tax Department for hearing the case afresh. No provision has been made in these unconsolidated financial statements as the Company and its legal counsel are confident that the outcome of the case will be in favor of the Company.

18.1.8 The Additional Collector (Adjudication) Sales Tax and Federal Excise passed an order against the Company with a demand of Rs. 311.397 million for the years 2002-03, 2003-04 and 2005-06 in respect of sales tax on disposal of fixed assets, incorrect adjustment against exempt supplies, non-payment of sales tax on transportation charges, late payment surcharge and service connection charges along with default surcharge and penalty. The Income Tax Appellate Tribunal has set-aside the case and remanded back to Tax Department for hearing the case afresh. No provision has been made in these unconsolidated financial statements as the Company and its legal counsel are confident that the outcome of the case will be in favor of the Company.

18.1.9 Income tax authorities have issued notices under section 122 / 177 of the Income Tax Ordinance, 2001 for the tax years 2008, 2009, 2010 and 2011, disallowing certain expenses. The Company has filed petition in the High Court of Sindh to seek the authoritative interpretation of the Honorable Court, in respect of disallowance of interest on delayed payment of gas bills on account of failure to deduct withholding tax under section 151(1)(d) read with section 158 of the Income Tax Ordinance, 2001 and disallowance of depreciation on fixed assets held under musharka arrangement. No provision has been made in these unconsolidated financial statements as the Company and its legal counsel are confident that the outcome of the case will be in favor of the Company.

18.1.10 The Deputy Commissioner Inland Revenue passed an order for the financial year 2009-10 against the Company with a demand of Rs. 1,635 million, along with default surcharge and penalty on account of disallowance of input sales tax on line losses / Unaccounted for Gas (UFG) along with other observations. Upon appeal, the Commissioner (Appeals) has reduced the demand to Rs. 230 million plus default surcharge. The Company has filed appeal with Appellate Tribunal Inland Revenue on issues decided against the Company by Commissioner (Appeals) whereas the Tax Department has also filed appeal before Appellate Tribunal on issues decided in the Company's favor. Further, issue of allowability of input sales tax on UFG was also raised by Tax Department for financial year 2007-08.

On filing of suit by the Company, the Honourable High Court of Sindh has stayed demand for FY 2009-10 and stayed proceedings for FY 2007-08. No provision has been made in these unconsolidated financial statements as the Company and its legal counsel is confident that the outcome of the case will be in favor of the Company.

18.1.11 The Additional Commissioner Inland Revenue passed an order against the Company with a demand of Rs. 1,725 million in respect of disallowance of tax depreciation on additions to fixed assets and exchange loss in income tax audit for tax year 2011. The Commissioner (Appeals) has decided the issue of exchange loss in Company's favour while the issue of tax depreciation has been remanded back to tax department for hearing the case afresh. Tax department has also filed appeal before Appellate Tribunal on issue of exchange loss which has been decided in favour of Company by the Commissioner (Appeals). No provision has been made in these unconsolidated financial statements as the Company and its legal counsel are confident that the outcome of the case will be in favor of the Company.

18.1.12 The Additional Commissioner Inland Revenue passed an order against the Company with demand of Rs. 1,314 million along with default surcharge and penalty for illegal adjustment of withholding sales tax against input invoices. The principal tax demand was recovered by the authority. However, the Company has filed a reference with FBR for waiver of default surcharge and penalty, which is pending. The Honorable High Court of Sindh has also stayed the recovery of the additional tax and penalties. No provision has been made in these unconsolidated financial statements as the Company and its legal counsel are confident that the outcome of the case will be in favor of the Company.

18.1.13 The Deputy Commissioner Inland Revenue (DCIR) passed an order against the Company with a demand of Rs. 432 million. The demand is in respect of disallowance of exchange loss, addition on account of gain on disposal of fixed assets, interest free loans to employees and addition under section 34(5) of the Ordinance. Further the DCIR has not allowed credit for taxes paid, refund adjustment relating to tax year 2009 and adjustment of carry forward of minimum tax for financial years 2005-06, 2007-08 and 2008-09 claimed in the Income Tax Return for the financial year 2009-10. The Commissioner (Appeals) has maintained the disallowances except for interest free loans and directed tax department that credit of taxes paid, and minimum tax adjustments for FY 2005-2006 and FY 2008-09 be allowed after verification. The Commissioner (Appeals) has not given decision on addition under section 34(5) and refund adjustment. Against the Commissioner (Appeals) order, the Company has filed appeal before Appellate Tribunal Inland Revenue which is pending for hearing whereas the Tax Department has also filed appeal before Appellate Tribunal on issued decided in the Company's favour.. No provision has been made in these unconsolidated financial statements as the Company and its legal counsel are confident that the outcome of the case will be in favor of the Company.

18.1.14 Income tax authorities have issued show cause notice to the Company for recovery of additional tax of Rs. 422 million for late deposit of withholding income tax on payment to permanent establishments of non-resident Exploration and Production Companies for the year 2013. The Company has filed an appeal in the Honorable High Court of Sindh, which has stayed the recovery proceedings. No provision has been made in these unconsolidated financial statements as the Company and its legal counsel are confident that the outcome of the case will be in favor of the Company.

18.1.15 The Company is subject to various other claims totaling Rs. 873 million by income tax and sales tax authorities. The management is confident that ultimately these claims would not be payable.

18.1.16 One of the gas supplier has claimed excess amount of Rs. 1,732 million pertaining to late payment surcharge on gas bills payable by the Company as at June 30, 2014. Management is of the view that amount recorded by the Company is adequate and believe that no further provision is required to be recorded in these unconsolidated financial statements.

18.1.17 The Company is party to number of cases in respect of billing disputes and related matters. Based on the opinion of the Company's legal department, the management is confident that the outcome of these cases will be in favor of the Company. Accordingly, no provision has been made in respect of those cases in these unconsolidated financial statements.

		Note	2015	2014
			(Rupees in '000)	
18.1.18	Claims against the Company not acknowledge as debt		103,741	97,741
	The management is confident that ultimately these claims would not be payable.			
18.2	Commitments			
	Commitments for capital and other expenditure		7,286,408	2,217,794
19.	PROPERTY, PLANT AND EQUIPMENT			
	Operating assets	19.1	64,406,460	62,031,324
	Capital work in progress	19.5	9,536,393	8,134,303
			73,942,853	70,165,627

19.1 Operating assets

	2015					(Rupees in '000)		
	COST / REVALUATION			ACCUMULATED DEPRECIATION			Written Down Value	Useful Life
	As at July 01, 2014	Additions / (deletions) / transfers *	As at June 30, 2015	As at July 01, 2014	Depreciation / (deletions) / transfers *	As at June 30, 2015	As at June 30, 2015	Remaining life in years**
Freehold land	4,434,792	- - - *	4,434,792	-	- - - *	-	4,434,792	-
Leasehold land	6,082,257	- - - *	6,082,257	-	- - - *	-	6,082,257	-
Buildings on freehold land	324,492	- - - *	324,492	233,442	13,964 - - *	247,406	77,086	20
Buildings on leasehold land	2,083,266	114,663 - - *	2,197,929	1,164,523	95,915 - - *	1,260,438	937,491	20
Roads, pavements and related infrastructures	656,926	- - - *	656,926	157,026	32,967 - - *	189,993	466,933	20
Gas transmission pipelines	23,587,703	1,344,820 - (3) *	24,932,520	13,253,166	427,466 - (3) *	13,680,629	11,251,891	1-40**
Gas distribution system	60,403,329	4,946,854 (84,488) - *	65,265,695	23,358,337	3,637,401 (84,488) - *	26,911,250	38,354,445	10-20
Compressors	2,464,372	- - - *	2,464,372	2,285,751	34,018 - - *	2,319,769	144,603	4**
Telecommunication	755,337	146,014 (4,513) - *	896,838	539,072	56,505 (4,326) - *	591,251	305,587	2 & 6.67
Plant and machinery	2,388,924	252,267 (359) (4,621) *	2,636,211	1,411,535	157,035 (354) (3,101) *	1,565,115	1,071,096	10
Tools and equipment	350,629	23,898 (2,042) 4,624 *	377,109	309,330	30,782 (2,042) 3,363 *	341,433	35,676	3
Motor vehicles	2,169,463	222,305 (70,577) - *	2,321,191	1,362,903	141,427 (51,287) 1 *	1,453,044	868,147	5
Furniture and fixture	507,667	42,230 (474) (4) *	549,419	436,871	25,992 (474) (264) *	462,125	87,294	5
Office equipment	369,580	38,727 (3,433) (449) *	404,425	300,962	24,917 (3,433) (449) *	321,997	82,428	5
Computer and ancillary equipments	838,600	53,352 (36,269) 453 *	856,136	751,150	69,968 (36,269) 453 *	785,302	70,834	3
Supervisory control and data acquisition system	685,425	- (653) - *	684,772	610,900	36,536 (620) - *	646,816	37,956	6.67
Construction equipment	1,131,404	11 - - *	1,131,415	1,027,874	5,597 - - *	1,033,471	97,944	5
2015	109,234,166	7,185,141 (202,808) - *	116,216,499	47,202,842	4,790,490 (183,293) - *	51,810,039	64,406,460	

			2014			(Rupees in '000)		
	COST / REVALUATION			ACCUMULATED DEPRECIATION			Written Down Value	Useful Life
	As at July 01, 2013	Additions / (deletions) / transfers *	As at June 30, 2014	As at July 01, 2013	Depreciation / (deletions) / transfers *	As at June 30, 2014	As at June 30, 2014	Remaining life in years**
Freehold land	4,434,792	- - - *	4,434,792	-	- - - *	-	4,434,792	-
Leasehold land	6,082,257	- - - *	6,082,257	-	- - - *	-	6,082,257	-
Buildings on freehold land	324,492	- - - *	324,492	229,634	3,808 - - *	233,442	91,050	20
Buildings on leasehold land	2,012,254	71,012 - - *	2,083,266	1,063,220	101,322 - (19) *	1,164,523	918,743	20
Roads, pavements and related infrastructures	656,843	83 - - *	656,926	124,059	32,967 - - *	157,026	499,900	20
Gas transmission pipelines	22,471,889	1,115,814 - - *	23,587,703	12,842,738	410,428 - - *	13,253,166	10,334,537	1-40**
Gas distribution system	56,869,086	3,748,701 (214,458) - *	60,403,329	20,438,237	3,125,911 (205,811) - *	23,358,337	37,044,992	10-20
Compressors	2,464,372	- - - *	2,464,372	2,251,733	34,018 - - *	2,285,751	178,621	5**
Telecommunication	643,302	114,795 - (2,760) *	755,337	504,958	33,996 - 118 *	539,072	216,265	2 & 6.67
Plant and machinery	2,086,910	318,806 - (16,792) *	2,388,924	1,281,050	127,418 - 3,067 *	1,411,535	977,389	10
Tools and equipment	340,537	27,863 - (17,771) *	350,629	295,168	27,827 - (13,665) *	309,330	41,299	3
Motor vehicles	2,006,594	233,656 (94,262) 23,475 *	2,169,463	1,301,881	119,595 (75,354) 16,781 *	1,362,903	806,560	5
Furniture and fixture	461,828	29,562 - 16,277 *	507,667	412,025	23,176 - 1,670 *	436,871	70,796	5
Office equipment	330,188	35,750 - 3,642 *	369,580	278,148	19,965 - 2,849 *	300,962	68,618	5
Computer and ancillary equipments	814,907	23,356 - 337 *	838,600	657,773	93,040 - 337 *	751,150	87,450	3
Supervisory control and data acquisition system	685,425	- - - *	685,425	557,149	53,751 - - *	610,900	74,525	6.67
Construction equipment	1,118,455	19,357 - (6,408) *	1,131,404	1,012,590	26,422 - (11,138) *	1,027,874	103,530	5
2014	103,804,131	5,738,755 (308,720) - *	109,234,166	43,250,363	4,233,644 (281,165) - *	47,202,842	62,031,324	

	2015	2014
	(Rupees in '000)	

19.2 Details of depreciation for the year are as follows:

	2015	2014
Transmission and distribution costs	4,477,731	3,900,507
Administrative expenses	209,944	219,487
Selling expenses	10,635	7,794
	4,698,310	4,127,788
Meter manufacturing division	20,231	11,919
LPG air mix	55,255	55,742
Capitalised on projects	16,694	38,195
	4,790,490	4,233,644

19.3 Disposal of property, plant and equipment

Details of disposal of operating assets are as follows:

(Rupees in '000)

	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / loss on sales	Mode of disposal	Particulars of buyers
Gas distribution system							
Written down value not exceeding Rs. 50,000 each	84,488	84,488	-	-	-	Replacement	Not applicable
Telecommunication system							
Written down value not exceeding Rs. 50,000 each	750	728	22	8	(14)	Tender	Various
PABX System	3,763	3,598	165	41	(124)	Tender	Various
Plant and machinery							
Written down value not exceeding Rs. 50,000 each	359	354	5	78	73	Tender & 3rd party claim	Various
Tools and equipments							
Written down value not exceeding Rs. 50,000 each	2,042	2,042	-	138	138	Tender & 3rd party claim	Various
Furniture and Fixture							
Written down value not exceeding Rs. 50,000 each	474	474	-	3	3	Tender	Various
Office and equipments							
Written down value not exceeding Rs. 50,000 each	3,433	3,433	-	42	42	Tender & 3rd party claim	Various
Computer and ancillary equipment							
Written down value not exceeding Rs. 50,000 each	36,269	36,269	-	541	541	Tender & 3rd party claim	Various
Scada							
Written down value not exceeding Rs. 50,000 each	653	620	33	7	(26)	Tender	Various

(Rupees in '000)

	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / loss on sales	Mode of disposal	Particulars of buyers
Motor vehicles							
Toyota Pickup	867	698	169	695	526	Tender	Mr. Abdul Aleem
Suzuki Van	367	293	74	445	371	Tender	Mr. Abdul Hameed
Hyundai	625	437	188	425	237	Tender	Mr. Abdul Manan
Suzuki Pickup	354	292	62	305	243	Tender	Mr. Ayaz Muhammad
Toyota Pickup	815	652	163	900	737	Tender	Mr. Ayaz Muhammad
Toyota Pickup	851	681	170	615	445	Tender	Mr. Azim-Ullah
Suzuki Pickup	314	251	63	300	237	Tender	Mr. Chinar Din
Suzuki Pickup	339	271	68	260	192	Tender	Mr. Chinar Din
Suzuki Pickup	339	271	68	325	257	Tender	Mr. Chinar Din
Suzuki Cultus	595	417	178	480	302	Tender	Mr. Chinar Din
Toyota Pickup	813	651	162	850	688	Tender	Mr. Inam Khan
Kia Jeep	1,609	1,287	322	340	18	Tender	Mr. Inam Khan
Suzuki Pickup	353	291	62	270	208	Tender	Mr. Jamal Shah
Suzuki Pickup	353	291	62	315	253	Tender	Mr. Kamran Ellahi
Suzuki Pickup	339	271	68	285	217	Tender	Mr. Kamran Ellahi
Toyota Pickup	813	651	162	795	633	Tender	Mr. Khadim Ali
Toyota Pickup	815	652	163	830	667	Tender	Mr. Khadim Ali
Suzuki Cultus	607	425	182	440	258	Tender	Mr. Khadim Ali
Mitsubishi Pickup	2,126	1,701	425	660	235	Tender	Mr. Muhammad Abdul Raheem
Mitsubishi Pickup	2,130	1,704	426	659	233	Tender	Mr. Muhammad Abdul Raheem
Toyota Pickup	851	681	170	685	515	Tender	Mr. Muhammad Afzal
Suzuki Pickup	344	275	69	360	291	Tender	Mr. Muhammad Arif Jamsa
Hyundai	609	426	183	385	202	Tender	Mr. Muhammad Arsahd
Suzuki Van	465	372	93	320	227	Tender	Mr. Muhammad Ashraf Javeed
Suzuki Pickup	353	290	63	335	272	Tender	Mr. Muhammad Haleem Gobol
Suzuki Pickup	344	275	69	315	246	Tender	Mr. Muhammad Hamza
Suzuki Pickup	352	289	63	380	317	Tender	Mr. Muhammad Hanif Gobol
Suzuki Pickup	339	271	68	410	342	Tender	Mr. Muhammad Hanif Gobol
Suzuki Pickup	344	275	69	370	301	Tender	Mr. Muhammad Hanif Gobol
Suzuki Pickup	338	270	68	270	202	Tender	Mr. Muhammad Jalal
Suzuki Pickup	338	270	68	275	207	Tender	Mr. Muhammad Javaid
Toyota Pickup	815	652	163	820	657	Tender	Mr. Muhammad Javaid
Hyundai	609	426	183	400	217	Tender	Mr. Muhammad Javaid
Suzuki Van	396	317	79	425	346	Tender	Mr. Muhammad Khan
Suzuki Cultus	595	417	178	470	292	Tender	Mr. Muhammad Khan
Suzuki Van	446	357	89	400	311	Tender	Mr. Muhammad Shaukat Qureshi
Suzuki Pickup	339	271	68	350	282	Tender	Mr. Muhammad Shaukat Qureshi
Suzuki Pickup	344	275	69	335	266	Tender	Mr. Muhammad Shaukat Qureshi
Toyota Pickup	799	639	160	700	540	Tender	Mr. Muhammad Siddiqui
Toyota Pickup	815	652	163	810	647	Tender	Mr. Muhammad Siddiqui
Toyota Pickup	851	680	171	610	439	Tender	Mr. Muhammad Siddiqui
Hyundai Shehzore Pickup	678	543	135	720	585	Tender	Mr. Muhammad Younis
Toyota Pickup	850	680	170	610	440	Tender	Mr. Murtaza Khan
Suzuki Pickup	354	292	62	295	233	Tender	Mr. Nusrat Iqbal
Suzuki Pickup	339	271	68	255	187	Tender	Mr. Nusrat Iqbal

(Rupees in '000)

	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / loss on sales	Mode of disposal	Particulars of buyers
Toyota Pickup	813	651	162	765	603	Tender	Mr. Nusrat Iqbal
Toyota Pickup	843	679	164	730	566	Tender	Mr. Nusrat Iqbal
Suzuki Pickup	354	292	62	275	213	Tender	Mr. Qamar Zaman
Suzuki Pickup	352	290	62	330	268	Tender	Mr. Qamar Zaman
Suzuki Pickup	351	289	62	285	223	Tender	Mr. Qamar Zaman
Suzuki Pickup	338	270	68	275	207	Tender	Mr. Qamar Zaman
Suzuki Pickup	338	271	67	295	228	Tender	Mr. Qamar Zaman
Suzuki Pickup	344	275	69	370	301	Tender	Mr. Qamar Zaman
Suzuki Pickup	344	275	69	350	281	Tender	Mr. Qamar Zaman
Suzuki Pickup	391	320	71	340	269	Tender	Mr. Qamar Zaman
Suzuki Pickup	396	316	80	350	270	Tender	Mr. Qamar Zaman
Suzuki Pickup	354	291	63	315	252	Tender	Mr. Raees Khan
Toyota Pickup	815	652	163	860	697	Tender	Mr. Raees Khan
Suzuki Pickup	357	294	63	280	217	Tender	Mr. Rasheed Ahmed
Suzuki Pickup	339	271	68	240	172	Tender	Mr. Rasheed Ahmed
Suzuki Pickup	314	251	63	355	292	Tender	Mr. Sabir Hussain
Suzuki Van	367	294	73	365	292	Tender	Mr. Sabir Hussain
Suzuki Van	367	294	73	390	317	Tender	Mr. Saeed Ahmed
Suzuki Pickup	354	292	62	325	263	Tender	Mr. Sawab Gul Khan
Suzuki Van	367	294	73	285	212	Tender	Mr. Sawab Gul Khan
Suzuki Pickup	355	292	63	275	212	Tender	Syed Asghar Ali Rizvi
Suzuki Pickup	338	270	68	295	227	Tender	Syed Asghar Ali Rizvi
Suzuki Cultus	595	417	178	470	292	Tender	Syed Noor Muhammad
Hyundi Terracan	2,659	2,127	532	1,480	948	3rd party claims	Insurance claim - NICL
Honda Civic	2,572	599	1,973	1,579	(394)	Service rules	Mr. Zuhair Saddiqui
Honda Civic	2,572	599	1,973	1,490	(483)	Service rules	Mr. Yusuf Jamil Ansari
Toyota Corolla	1,756	429	1,327	633	(694)	Service rules	Major Muhammad Akhtar
Toyota Corolla	1,756	428	1,328	961	(367)	Service rules	Mr. M Aminullah Khan
Toyota Corolla	1,725	520	1,205	467	(738)	Service rules	Mr. Muhammad Amin
Suzuki Cultus	854	528	326	64	(262)	Service rules	Mr. Ashfaq Ahmed
Suzuki Cultus	639	448	191	48	(143)	Service rules	Mr. Javed Akhter
Suzuki Cultus	934	425	509	126	(383)	Service rules	Mr. Tariq Muhammad
Suzuki Cultus	981	256	725	463	(262)	Service rules	Mr. Muhammad Taufique
Suzuki Cultus	941	286	655	250	(405)	Service rules	Mr. Saleem Akhtar Shaikh
Suzuki Cultus	933	425	508	70	(438)	Service rules	Mr. Muhammad Sohail
Written down value not exceeding Rs. 50,000 each	14,136	14,023	113	9,619	9,505	Tender	Various
June 30, 2015	202,808	183,293	19,515	48,427	28,912		
June 30, 2014	308,720	281,165	27,555	62,830	35,275		

19.4 Borrowing costs capitalised during the year in the gas transmission and distribution system and related capital work in progress amounted to Rs. 351.977 million (2014: Rs. 238.427 million). Borrowing costs related to general borrowings were capitalised at the rate of 8.72% (2014: 8.93%).

19.4.1 Market value of buildings / civil works, roads, pavements and related infrastructure, compressors, plant and machinery, construction equipment, motor vehicles and gas transmission and distribution pipelines is Rs. 106,749 million as per the valuation carried out as at June 30, 2011 by an independent valuer namely Oceanic Surveyors (Private) Limited. However, no impact of revaluation has been incorporated in these financial statements as cost model has been adopted for aforesaid assets.

		Note	2015 (Rupees in '000)	2014 (Rupees in '000)
19.5	Capital work in progress			
	Projects:			
	- Gas distribution system		4,759,209	4,146,778
	- Gas transmission system		1,047,625	400,065
	- Cost of buildings under construction and others		285,770	319,080
			6,092,604	4,865,923
	Stores and spares held for capital projects	19.5.1	3,307,209	3,190,459
	LPG air mix plant		282,567	153,817
			3,589,776	3,344,276
	Impairment of capital work in progress		(145,987)	(75,896)
			9,536,393	8,134,303
19.5.1	Stores and spares held for capital projects			
	Gas distribution and transmission		3,436,904	3,222,713
	Provision for impaired stores and spares		(129,695)	(32,254)
			3,307,209	3,190,459

20. INTANGIBLE ASSEST

(Rupees in '000)

		COST			AMORTISATION			Written down value as at June 30,	Useful life (years)
		As at July 01,	Additions	As at June 30,	As at July 01,	For the year	As at June 30,		
Computer software	2015	490,274	8,344	498,618	401,376	61,331	462,707	35,911	3
	2014	459,986	30,288	490,274	335,258	66,118	401,376	88,898	3

	Note	Percentage of holding (if over 10%)	2015 (Rupees in '000)	2014
21. LONG TERM INVESTMENTS				
Investments in related parties				
Subsidiary:				
SSGC LPG (Private) Limited				
100,000,000 (2014: 100,000,000) ordinary shares of Rs.10 each		100	1,000,000	1,000,000
Sui Southern Gas Provident Fund Trust Company (Private) Limited				
100 (2014: 100) ordinary shares of Rs. 10 each		100	1	1
Associate:				
Unquoted companies - available for sale				
Inter State Gas Systems (Private) Limited				
510,000 (2014: 510,000) ordinary shares of Rs. 10 each	21.1		5,100	5,100
Quoted companies - available for sale				
Sui Northern Gas Pipelines Limited (SNGPL)				
2,414,174 (2014: 2,414,174) ordinary shares of Rs. 10 each	21.2		64,314	54,681
			1,069,415	1,059,782
Other investments				
Quoted companies - available for sale				
Pakistan Refinery Limited				
3,150,000 (2014: 350,000) ordinary shares of Rs. 10 each			191,930	56,613
United Bank Limited				
118,628 (2014: 118,628) ordinary shares of Rs. 10 each			20,276	19,996
Unquoted companies (at cost)				
Pakistan Tourism Development Corporation				
5,000 (2014: 5,000) ordinary shares of Rs. 10 each			50	50
			212,256	76,659
Provision against impairment in value of investments at cost			(50)	(50)
			212,206	76,609
			1,281,621	1,136,391

21.1 Inter State Gas Systems (Private) Limited (ISGSL) entered into a service agreement with the Company and SNGPL which was effective from July 01, 2003, whereby ISGSL is mainly required to ascertain, identify and advise the Company and SNGPL on the most convenient and reliable sources of natural gas, which can be imported. The whole operation of ISGSL, is carried out in connection with the service agreement and ISGSL, was allowed under the agreement to recover its cost / expenditure from the Company and SNGPL. The Company bears 51% of the expenses of ISGSL, as per the directives of Economic Coordination Committee of the Cabinet.

21.2 Sale of these shares has been restricted by the Government of Pakistan due to its privatisation, till further directives.

22. NET INVESTMENT IN FINANCE LEASE

	June 30, 2015		
	Gross investment in finance lease	Finance income for future periods	Principal outstanding
		(Rupees in '000)	
Not later than one year	200,611	90,450	110,161
Later than one year and not later than five years	503,407	213,684	289,723
Later than five years	229,433	46,601	182,832
	732,840	260,285	472,555
	933,451	350,735	582,716

	June 30, 2014		
	Gross investment in finance lease	Finance income for future periods	Principal outstanding
		(Rupees in '000)	
Not later than one year	217,094	106,933	110,161
Later than one year and not later than five years	606,942	267,974	338,968
Later than five years	326,509	82,761	243,748
	933,451	350,735	582,716
	1,150,545	457,668	692,877

The Company entered into agreements with Oil and Gas Development Company Limted (OGDCL), Sui Northern Gas Pipelines Limited and ENI Pakistan Limited to use the Company's transmission pipelines for distribution of gas. The terms of the agreements entered into are for a substantial portion of the useful economic lives of the related assets. On June 30, 2013, agreement with OGDCL expired and the management is negotiating for renewal of agreement. The effective interest rate ranges from 11.4% to to 34.6% per annum.

The interest rates used to discount future minimum lease payments under the leases are based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in finance leases.

	Note	2015	2014
		(Rupees in '000)	
23. LONG TERM LOANS AND ADVANCES - secured, considered good			
Due from executives	23.1	2,252	3,375
Less: receivable within one year	28	(602)	(980)
		1,650	2,395
Due from other employees	23.1 & 23.2	182,324	169,225
Less: receivable within one year	28	(32,498)	(31,112)
		149,826	138,113
		151,476	140,508

23.1 Reconciliation of the carrying amount of loans and advances:

	2015		2014	
	Executives	Other employees	Executives	Other employees
	(Rupees in '000)			
Balance at the beginning of the year	3,375	169,225	4,650	159,665
Disbursements	-	51,974	-	48,210
Repayments	(1,123)	(38,875)	(1,275)	(38,650)
	2,252	182,324	3,375	169,225

23.2 These loans represent house building and transport loans to the employees under the terms of employment and are recoverable in monthly installments over a period of 6 to 10 years. These loans are secured against the retirement benefit balances of respective employees and deposit of title deeds. Loans to the executive staff, carrying a mark-up of 10% per annum, have been discontinued under the revised compensation package of the Company w.e.f. January 1, 2001. Loans to non-executive employees are free from mark-up.

23.3 The maximum aggregate amount of long term loans due from the executives at the end of any month during the year was Rs. 3.375 million (2014: Rs. 4.650 million).

	2015	2014
	(Rupees in '000)	
24. STORES, SPARES AND LOOSE TOOLS		
Stores	236,907	1,107,552
Spares	1,083,051	985,479
Stores and spares in transit	733,144	376,666
Loose tools	807	805
	2,053,909	2,470,502
Provision against impaired inventory		
Balance as at July 01	(296,015)	(216,579)
Reversal / (provision) made during the year	63,249	(79,436)
Balance as at June 30	(232,766)	(296,015)
	1,821,143	2,174,487
24.1 Stores, spares and loose tools are held for the following operations:		
Transmission	1,555,668	1,701,487
Distribution	265,475	473,000
	1,821,143	2,174,487
25. STOCK-IN-TRADE		
Gas		
Gas in pipelines	341,904	332,529
Stock of Synthetic Natural Gas	4,247	15,318
	346,151	347,847
Gas meters		
Components	399,243	397,495
Work-in-process	19,374	11,531
Finished meters	14,761	144,113
	433,378	553,139
Stock of Natural Gas Liquids	96,779	-
Provision against impaired inventory		
Balance as at July 01	(12,481)	(6,209)
Provision made during the year	(3,975)	(6,272)
Balance as at June 30	(16,456)	(12,481)
	859,852	888,505

26. CUSTOMERS' INSTALLATION WORK IN PROGRESS

This represents cost of work carried out by the Company on behalf of the customers at their premises. Upon completion of work, the cost thereof is transferred to transmission and distribution cost and recoveries from such customers are shown as deduction there from as reflected in note 34.2 to these financial statements.

	Note	2015	2014
		(Rupees in '000)	
27. TRADE DEBTS			
Considered good			
- Secured		18,551,015	16,038,079
- Unsecured		81,016,295	72,048,200
	27.1 & 27.2	99,567,310	88,086,279
Provision against impaired debts	27.3	(9,215,486)	(9,180,586)
		90,351,824	78,905,693

27.1 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. 40,073 million (2014: Rs. 41,302 million) as at June 30, 2015 receivables from KE. Out of this, Rs. 36,502 million (2014: Rs. 37,450 million) as at June 30, 2015 are overdue. However, the aggregate legal claim of the Company from KE amounts to Rs. 62,641 million (2014: Rs. 55,458 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 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 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 recovery is assured.

27.2 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. 20,879 million (2014: Rs. 16,944 million) including overdue balance of Rs. 20,618 million (2014: Rs. 16,488 million) receivable from PSML. However, the aggregate legal claim of the Company from PSML amounts to Rs. 35,383 million (2014: Rs. 24,443 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.

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.

	2015	2014
	(Rupees in '000)	
27.3 Movement of provision against impaired debts		
Balance as at July 01	9,180,586	7,595,958
Provision for the year	34,900	1,584,628
Balance as at June 30	9,215,486	9,180,586

27.4 Aging of trade debts from related parties

	2015			
	Not later than 1 month	Later than 1 month but not later than 6 months	Later than 6 months	Total
	(Rupees in '000)			
Not due balances	8,169,793	-	-	8,169,793
Past due but not impaired	-	18,973,426	39,603,605	58,577,031
	8,169,793	18,973,426	39,603,605	66,746,824

	2014			
	Not later than 1 month	Later than 1 month but not later than 6 months	Later than 6 months	Total
	(Rupees in '000)			
Not due balances	5,518,415	-	-	5,518,415
Past due but not impaired	-	18,870,757	35,737,781	54,608,538
	5,518,415	18,870,757	35,737,781	60,126,953

	Note	2015	2014
		(Rupees in '000)	
28. LOANS AND ADVANCES - considered good			
Loan to a related party	28.1	1,710,103	1,710,103
Advances to:			
- executives	28.2	89,063	80,740
- other employees	28.2	479,753	193,478
		568,816	274,218
Current portion of long term loans:			
- executives	23	602	980
- other employees	23	32,498	31,112
		33,100	32,092
		2,312,019	2,016,413

28.1 This amount represents unsecured loan provided to SSGC LPG (Private) Limited (a wholly owned subsidiary), carrying mark-up equivalent to the weighted average borrowing rate of the Company.

28.2 Advances represent interest free establishment advance and festival advance to the employees according to the terms of employment. These are repayable in ten equal installments and are secured against the retirement benefit balances of the related employees.

	Note	2015	2014
		(Rupees in '000)	
29. ADVANCES, DEPOSITS AND SHORT TERM PREPAYMENTS			
Advances for goods and services - unsecured, considered good		157,092	41,738
Trade deposits - unsecured, considered good		29,775	1,423
Prepayments		95,723	94,224
		282,590	137,385
30. INTEREST ACCRUED			
Interest accrued on late payment of bills / invoices from:			
- WAPDA		2,737,277	2,631,928
- SNGPL		3,820,805	2,796,094
- JJVL		352,791	193,094
		6,910,873	5,621,116
Interest accrued on bank deposits		2,370	2,370
Interest accrued on sales tax refund	5.5	487,739	487,739
Interest accrued on loan to related party	30.1	344,487	180,378
		7,745,469	6,291,603

30.1 This amount represents interest accrued to SSGC LPG (Private) Limited (a wholly owned subsidiary). The amount includes interest accrued on a short term loan amounting to Rs. 302 million (2014: Rs. 153 million) and interest accrued on late payment of bills against sale of LPG amounting to Rs. 42 million (2014: Rs. 27 million).

	Note	2015	2014
		(Rupees in '000)	
31. OTHER RECEIVABLES - considered good			
Gas development surcharge receivable from GoP	31.1	25,798,540	20,737,160
Staff pension fund	41.1	672,909	659,934
Receivable for sale of gas condensate		253,228	206,909
Sui Northern Gas Pipelines Limited	31.2	22,227,096	12,354,923
Jamshoro Joint Venture Limited	31.6 & 31.7	14,636,955	14,349,882
SSGC LPG (Private) Limited		565,837	1,134,998
Workers' Profit Participation Fund	31.3	1,567,655	1,229,655
Sales tax receivable	31.4	14,710,812	10,391,068
Sindh sales tax		112,569	112,569
Pipeline rentals		49,984	33,779
Receivable against asset contribution	31.8	448,587	-
Miscellaneous receivables		527,045	82,897
		81,571,217	61,293,774
Provision against impaired receivables	31.5	(2,430,751)	(2,346,359)
		79,140,466	58,947,415

31.1 Gas development surcharge receivable from GoP

31.1.1 This includes Rs. 390 million (2014: Rs. 390 million) recoverable from the Government of Pakistan (GoP) on account of remission of gas receivables from people of Ziarat under instructions from GoP. Although, management is confident that this amount is fully recoverable, as a matter of abundant caution full provision has been made in these financial statements.

31.1.2 The Company has accounted for actuarial gains and losses in determining revenue requirement of the Company for the year ended June 30, 2015 having total impact of Rs. 780 million (2014: Rs. 2,348 million).

The Company has recognized such Gas development surcharge in other comprehensive income instead of profit and loss account on the premise that actuarial losses have also been recognized in other comprehensive income.

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

	Note	2015	2014
		(Rupees in '000)	
Uniform cost of gas		20,016,375	12,210,925
Lease rentals		84,811	142,093
Contingent rent		3,422	1,905
Capacity and utilisation charges of RLNG	31.2.1	2,122,488	-
		22,227,096	12,354,923

31.2.1 The Company has invoiced an amount of Rs. 3,115 million, including Sindh Sales Tax of Rs. 406 million, till June 30, 2015 to SNGPL in respect of capacity and utilization charges (terminal charges) relating to RLNG.

SNGPL has recorded total billed amount of capacity and utilization charges of Rs. 2,708 million as part of cost of gas sold, in its financial statements. However, it 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.

	2015	2014
	(Rupees in '000)	
31.3 Workers' profit participation fund		
Balance as at July 01	1,229,655	452,655
Amount paid by the Company	338,000	777,000
Balance as at June 30	1,567,655	1,229,655

31.4 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.

	2015	2014
	(Rupees in '000)	
31.5 Movement of provision against other receivables		
Balance as at July 01	2,346,359	2,028,106
Provision made during the year	84,392	318,253
Balance as at June 30	2,430,751	2,346,359

31.6 During the year 2013-14, the Supreme Court of Pakistan passed an order dated December 04, 2013 with respect to the Constitution Petition No. 5 of 2011 and Human Rights Case No.15744 - P of 2009, whereby the Implementation Agreement of Badin gas field dated August 12, 2003 signed between the Company and Jamshoro Joint Venture Limited was declared void from the date of its inception. The Court constituted a committee to calculate royalty payments (on the LPG extracted to date) on the basis of the Saudi Aramco reference price plus freight charges instead of the "Reference Price" for the full period during which the Implementation Agreement had been operational. However, the freight amount is yet to be finalized for which the Court has appointed an Advocate Supreme Court to determine the matter which is still pending.

31.7 This amount comprises of receivable in respect of royalty income, sale of liquid petroleum gas, sale of natural gas liquids, Federal Excise Duty and Sindh Sales Tax on Franchise Services amounting to Rs. 230 million (2014: Rs. 7,474 million), Rs. 8,918 million (2014: Rs. 5,160 million), Rs. 3,773 million (2014: Rs. Nil), Rs. 1,070 million (2014: Rs. 1,070 million) and Rs. 646 million (2014: Rs. 646 million) respectively.

As at year end, amount payable to JJVL is Rs. 7,433 million (2014: Rs. 3,298 million) as disclosed in note 16 to these financial statements.

31.8 This represents receivable from Mari Gas 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.

		Note	2015	2014
			(Rupees in '000)	
32.	TAXATION - NET			
	Advance tax		23,876,968	16,908,850
	Provision for tax		(6,434,221)	(6,434,221)
			17,442,747	10,474,629
33.	CASH AND BANK BALANCES			
	Cash at banks			
	- deposit accounts		634,674	855,263
	- current accounts		342,323	333,919
			976,997	1,189,182
	Cash in hand	33.1	7,132	10,655
			984,129	1,199,837

33.1 This includes foreign currency cash in hand amounting to Rs. 0.898 million (2014: Rs. 1.912 million).

		Note	2015	2014
			(Rupees in '000)	
34.	COST OF SALES			
	Cost of gas	34.1	155,780,611	150,516,071
	Transmission and distribution costs	34.2	14,784,471	11,736,132
			170,565,082	162,252,203

		Note	2015	2014
			(Rupees in '000)	
34.1	Cost of gas			
	Gas in pipelines as at July 01		332,529	272,267
	Gas purchases		194,671,452	188,809,213
			195,003,981	189,081,480
	Gas consumed internally		(596,278)	(603,328)
	Inward price adjustment	34.1.1	(38,285,188)	(37,629,552)
	Gas in pipelines as at June 30		(341,904)	(332,529)
			(39,223,370)	(38,565,409)
			155,780,611	150,516,071

34.1.1 Under section 21 of the Oil and Gas Regulatory Authority Ordinance, 2002, the Government of Pakistan has issued a policy guideline to ensure the uniformity of gas prices for customers throughout the country. Accordingly, under this policy guideline and pursuant to an agreement between the Company and Sui Northern Gas Pipelines Limited effective from July 1, 2003, the cost of gas purchased is being worked out by both the companies on an overall average basis in such a manner that input of gas for both companies become uniform. Under this agreement, the company with lower weighted average cost of gas is required to pay to the other company so that the overall weighted average rate of well head gas price of both the companies is the same.

34.1.2 UFG in parlance of a gas distribution and transmission company means the difference between gas purchased in volume, gas billed in volume and gas used internally by the company for its operations. UFG results from a number of factors which inter alia comprises of gas leakages both above ground and underground , measurement errors, meter tampering, meter getting slow with time and use, illegal connections and such other connections which bypass the meters installed. While it is almost impossible to estimate the amount of gas theft in UFG, it is estimated that it is a significant percentage of the total UFG.

The Company is taking a number of measures to control and reduce UFG. These are elaborated below:

- Vigilance for identification of theft cases, illegal networks and necessary remedial measures thereafter.
- Measurement errors identification and rectification.
- Above ground and underground leakage identification and rectification.

The Company's actions are likely to be more effective with the co-operation of various stakeholders and law enforcement agencies.

Actual UFG for the year ended June 30, 2015 is 13.62% (2014: 13.82%). OGRA has restricted UFG to 7% due to stay order granted by the Honorable High Court of Sindh.

	Note	2015	2014
		(Rupees in '000)	
34.2 Transmission and distribution costs			
Salaries, wages and benefits		7,191,975	5,865,422
Contribution / accrual in respect of staff retirement benefit schemes	34.2.1	1,186,485	820,754
Depreciation on operating assets	19.2	4,477,731	3,900,507
Repairs and maintenance		1,147,858	924,331
Stores, spares and supplies consumed		595,437	524,109
Gas consumed internally		596,278	603,328
Legal and professional		163,791	133,652
Software maintenance		27,754	29,505
Electricity		105,466	105,995
Security expenses		383,280	318,659
Insurance and royalty		95,857	91,114
Travelling		51,641	40,426
Material and labor used on customers' installation		16,486	36,005
Impairment of capital work in progress		70,091	51,223
Postage and revenue stamps		2,723	2,313
Rent, rates and taxes		209,920	81,820
Others		254,993	226,954
		16,577,766	13,756,117
Recoveries / allocations to:			
Gas distribution system capital expenditure		(1,588,718)	(1,419,323)
Installation costs recovered from customers		(25,606)	(53,473)
		(1,614,324)	(1,472,796)
Recoveries of service cost from:			
- Sui Northern Gas Pipelines Limited - a related party	34.2.2	(135,603)	(504,937)
- Other customers		(43,368)	(42,252)
		(178,971)	(547,189)
		14,784,471	11,736,132

	2015	2014
	(Rupees in '000)	
34.2.1 Contribution / accrual in respect of staff retirement benefit schemes		
Contribution to the provident fund	180,195	159,675
Charge in respect of pension funds:		
- executives	141,969	92,899
- non-executives	108,202	35,536
Charge in respect of gratuity funds:		
- executives	135,361	114,784
- non-executives	66,963	59,560
Accrual in respect of unfunded post retirement medical facility	470,901	282,364
Accrual in respect of compensated absences		
- executives	7,215	71,547
- non-executives	75,679	4,389
	1,186,485	820,754

34.2.2 This includes recovery in respect of obligation against pipeline transferred to the Company from Engro Elengy Terminal (Private) Limited amounting to Rs. 33.9 million.

	Note	2015	2014
		(Rupees in '000)	
35. ADMINISTRATIVE AND SELLING EXPENSES			
Administrative expenses	35.1	2,416,562	2,249,677
Selling expenses	35.2	1,317,040	1,190,745
		3,733,602	3,440,422
35.1 Administrative expenses			
Salaries, wages and benefits		1,323,207	1,214,728
Contribution / accrual in respect of staff retirement benefit schemes	35.1.1	120,893	91,359
Depreciation on operating assets	19.2	209,944	219,487
Amortisation of intangible assets	20	61,331	66,118
Repairs and maintenance		129,278	111,504
Stores, spares and supplies consumed		115,831	127,024
Legal and professional		80,232	64,097
Software maintenance		112,653	107,512
Electricity		7,429	9,395
Security expenses		8,680	7,427
Insurance and royalty		12,629	9,888
Travelling		56,590	63,729
Postage and revenue stamps		72,356	60,692
Rent, rates and taxes		10,768	7,575
Others		148,865	140,736
		2,470,686	2,301,271
Allocation to meter manufacturing division		(54,124)	(51,594)
		2,416,562	2,249,677

	2015	2014
	(Rupees in '000)	
35.1.1 Contribution / accrual in respect of staff retirement benefit schemes		
Contribution to the provident fund	34,290	31,482
Charge in respect of pension funds:		
- executives	27,621	17,410
- non-executives	4,984	1,581
Charge in respect of gratuity funds:		
- executives	24,039	21,537
- non-executives	3,626	2,650
Accrual in respect of unfunded post retirement:		
- gas facility	6,915	4,934
- medical facility	19,418	11,765
	120,893	91,359

	Note	2015	2014
		(Rupees in '000)	
35.2 Selling expenses			
Salaries, wages and benefits		826,673	774,043
Contribution / accrual in respect of staff retirement benefit schemes	35.2.1	90,258	67,316
Depreciation on operating assets	19.2	10,635	7,794
Repairs and maintenance		2,621	2,765
Stores, spares and supplies consumed		28,204	25,565
Meter reading by contractors		58,933	49,781
Electricity		70,969	61,196
Insurance and royalty		652	552
Travelling		985	942
Gas bills collection charges		177,771	175,353
Postage and revenue stamps		569	473
Rent, rates and taxes		38,915	18,745
Others		9,855	6,220
		1,317,040	1,190,745
35.2.1 Contribution / accrual in respect of staff retirement benefit schemes			
Contribution to the provident fund		26,690	23,939
Charge in respect of pension funds:			
- executives		16,941	11,622
- non-executives		19,582	6,499
Charge in respect of gratuity funds:			
- executives		14,693	14,359
- non-executives		12,352	10,897
		90,258	67,316

	Note	2015	2014
		(Rupees in '000)	

36. OTHER OPERATING EXPENSES

	Note	2015	2014
Auditors' remuneration			
- Statutory audit		3,000	3,000
- Fee for other audit related services		5,700	1,200
- Fee for taxation services		14,597	13,422
- Out of pocket expenses		250	250
		23,547	17,872
Sports expenses		50,013	29,935
Corporate social responsibility		62,526	54,871
Provision against impaired debts and other receivables	27.3 & 31.5	119,292	1,902,881
Provision against impaired stores and spares		34,192	90,439
Exchange loss on payment of gas purchases		1,299,017	85,584
		1,588,587	2,181,582

37. OTHER OPERATING INCOME

Income from other than financial assets

	Note	2015	2014
Meter rentals		700,078	681,656
Recognition of income against deferred credit		402,909	403,349
Income from new service connections and asset contribution		884,743	238,711
Gas shrinkage charged to JJVL	37.2	-	1,017,393
Income from gas transportation		-	15,757
Income from LPG air mix distribution - net	37.1	116,083	124,971
Recoveries from customers		71,627	78,787
Gain on disposal of property, plant and equipment	19.3	28,912	35,275
Liquidated damages recovered		17,790	9,664
Advertising income		5,420	6,164
Income from sale of tender documents		5,775	2,787
Scrap sales		10,803	-
Miscellaneous		230,885	186,772
		2,475,025	2,801,286

37.1 Income from LPG air mix distribution - net

	Note	2015	2014
Sales		20,517	18,305
Cross subsidy		551,574	486,649
Cost of sales		(369,513)	(294,325)
Gross profit		202,578	210,629
Distribution, selling and administrative expenses			
Salaries, wages and other benefits		(27,491)	(24,403)
Depreciation expenses	19.2	(55,255)	(55,742)
Other operating expenses		(32,338)	(33,935)
		(115,084)	(114,080)
Amortisation of deferred credit		26,999	26,994
Other income		1,590	1,428
Profit for the year		116,083	124,971

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

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

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

	Note	2015	2014
		(Rupees in '000)	
38. OTHER NON-OPERATING INCOME			
Income from financial assets			
Late payment surcharge		1,791,017	1,608,082
Income from net investment in finance lease		65,417	66,126
Income for receivable against asset contribution		41,677	-
Interest income on loan to related party		149,189	152,712
Return on:			
- term deposits and profit and loss bank accounts		240,047	251,101
- staff loans		-	5
		2,287,347	2,078,026
Interest income on late payment of gas bills from			
- Jamshoro Joint Venture Limited (JJVL)	38.2	252,342	167,644
- Water & Power Development Authority (WAPDA)		105,348	70,127
- Sui Northern Gas Pipelines Limited (SNGPL)		1,024,711	376,805
- SSGC LPG (Private) Limited		14,920	21,093
		1,397,321	635,669
Dividend income		356	1,235
		3,685,024	2,714,930
Income from investment in debts, loans, advances and receivables from related party			
Income from net investment in finance lease	38.1	90,389	125,214
Others			
Sale of gas condensate		317,891	751,850
Royalty income from JJVL		-	5,330,644
Income from LPG and NGL - net	38.4, 38.5 & 38.6	7,548,098	3,850,415
Meter manufacturing division profit - net	38.3	114,688	622,254
		7,980,677	10,555,163
		11,756,090	13,395,307

38.1 This represents income from SNGPL amounting to Rs.90.389 million (2014: Rs. 125.214 million).

38.2 Interest is charged on the receivable from JJVL at the State Bank of Pakistan discount rate plus 2%.

	Note	2015	2014
		(Rupees in '000)	
38.3 Meter manufacturing division profit - net			
Gross sales of gas meters			
- Company's consumption		1,079,732	996,165
- Outside sales		1,432,459	2,574,323
		2,512,191	3,570,488
Sales tax		(385,559)	(569,099)
Net sales		2,126,632	3,001,389
Cost of sales			
- Raw material consumed		1,311,178	1,944,782
- Stores and spares		17,682	13,911
- Fuel, power and electricity		18,508	21,502
- Salaries wages and other benefits	38.3.2	458,993	450,001
- Insurance		946	892
- Repairs and maintenance		4,747	7,202
- Depreciation	19.2	20,231	11,919
- Transportation		4,949	-
- Other expenses		1,571	1,958
		1,838,805	2,452,167
Opening work in process		11,531	22,363
Closing work in process		(19,375)	(11,531)
		(7,844)	10,832
Cost of goods manufactured		1,830,961	2,462,999
Opening stock of finished goods		144,113	13,636
Closing stock of finished goods		(14,761)	(144,113)
		129,352	(130,477)
Cost of goods sold		1,960,314	2,332,522
Gross profit		166,318	668,867
Administrative expenses		(54,124)	(51,594)
Operating profit		112,194	617,273
Other income		2,494	4,981
Net profit		114,688	622,254

38.3.1 Gas meters used by the Company are included in operating assets at manufacturing cost.

38.3.2		2015	2014
Salaries, wages and other benefits		445,264	440,584
Provident fund contribution		5,239	4,506
Pension fund		4,823	1,961
Gratuity		3,667	2,950
		458,993	450,001

38.4 This amount includes sale of LPG to SSGC LPG (Private) Limited (wholly owned subsidiary) amounting to Rs. 1,398 million (2014: Rs. 2,215 million).

38.5 The Company has an arrangement with Jamshoro Joint Venture Limited (JJVL) wherein JJVL was allowed to extract LPG from various gas fields. As per the arrangement, 50% of extracted quantity is sold out to JJVL and 50% to other customers.

38.6 It represents sale of NGL to JJVL amounting to Rs. 3,712 million on the basis of provisional selling prices and after adjusting extraction charges the net income from sale of NGL is Rs. 2,644 million. The provision sales are subject to change as result of negotiation / arbitration from JJVL.

	2015	2014
	(Rupees in '000)	
39. FINANCE COST		
Mark-up on:		
- loans from banking companies	2,216,473	2,163,993
- short term borrowings	53,763	79,744
- customers' deposits	278,093	193,234
- customer finance	1,848	2,694
- delayed payment on gas supplies	7,089,712	4,926,612
- Government of Sindh loans	229,937	241,701
- obligation against pipeline	25,012	-
- others	153,507	47,063
	10,048,345	7,655,041
Less: Finance cost capitalised during the year	(351,977)	(238,427)
	9,696,368	7,416,614
40. TAXATION		
Current year		
Current tax	-	-
Deferred tax	(3,378,305)	(2,056,945)
	(3,378,305)	(2,056,945)
40.1 Relationship between unconsolidated accounting profit and tax expense for the year is as follows:		
Accounting loss for the year	(8,769,354)	(5,810,406)
Tax rate	33%	34%
Tax charge @ 33% (2014: 34%)	(2,893,887)	(1,975,538)
Effect of change in rate	(484,336)	(81,111)
Effect of lower tax rate on dividend income	(82)	(296)
	(3,378,305)	(2,056,945)

41. STAFF RETIREMENT BENEFITS

41.1 Funded post retirement pension and gratuity schemes

As mentioned in note 3.16 to these financial statements, the Company operates approved funded pension and gratuity schemes for all employees. Contributions are made to these schemes based on actuarial valuation. Latest actuarial valuations were carried out as at June 30, 2015 under the projected unit credit method for both non-executive and executive staff members.

Fair value of plan assets and present value of obligations

The fair value of plan assets and present value of defined benefit obligations of the pension and gratuity schemes at the valuation date were as follows:

	2015			
	Executives		Non-executives	
	Pension	Gratuity	Pension	Gratuity
	(Rupees in '000)			
(Asset) / liability in unconsolidated balance sheet				
Fair value of plan assets	(1,153,990)	(2,387,118)	(237,051)	(2,829,652)
Present value of defined benefit obligation	700,883	3,923,930	17,249	3,485,623
	(453,107)	1,536,812	(219,802)	655,971
Movement in present value of defined benefit obligation				
Obligation as at July 01, 2014	647,081	3,491,853	18,002	3,383,717
Current service cost	52,986	206,120	-	176,563
Interest cost	87,142	451,811	2,275	439,292
Remeasurement	(61,051)	120,983	(1,155)	(226,321)
Benefits paid	(25,275)	(346,837)	(1,873)	(287,628)
Obligation as at June 30, 2015	700,883	3,923,930	17,249	3,485,623
Movement in fair value of plan assets				
Fair value as at July 01, 2014	1,079,998	2,141,413	209,519	2,553,389
Expected return on plan assets	154,072	270,642	36,772	335,910
Remeasurement	(30,701)	(57,464)	25,554	(67,122)
Benefits paid	(25,275)	(346,837)	(1,873)	(287,628)
Contribution to the fund	191,897	163,363	143,677	118,505
Amount transferred (out) / in	(216,001)	216,001	(176,598)	176,598
Fair value as at June 30, 2015	1,153,990	2,387,118	237,051	2,829,652
Movement in (asset) / liability in unconsolidated balance sheet				
(Asset) / liability as at July 01, 2014	(462,917)	1,380,440	(197,017)	835,828
Expense recognised for the year	202,057	171,288	142,101	103,347
Remeasurement	(350)	148,447	(21,209)	(164,699)
Contribution to the fund	(191,897)	(163,363)	(143,677)	(118,505)
(Asset) / liability in unconsolidated balance sheet	(453,107)	1,536,812	(219,802)	655,971

Expense recognised in the unconsolidated profit and loss account

Expense recognised in the unconsolidated profit and loss account during the current year in respect of the above schemes were as follows:

	2015			
	Executives		Non-executives	
	Pension	Gratuity	Pension	Gratuity
	(Rupees in '000)			
Current service cost	52,986	206,120	-	176,563
Interest cost	87,142	451,811	2,275	439,292
Expected return on plan assets	(154,072)	(270,642)	(36,772)	(335,910)
Amount transferred out / (in)	216,001	(216,001)	176,598	(176,598)
	202,057	171,288	142,101	103,347
Total remeasurements recognised in other comprehensive income				
Remeasurement on obligation arising on				
- financial assumptions	2,892	(1,887)	250	(143,581)
- demographic assumptions	-	-	-	-
- experience adjustments	58,159	(119,096)	905	369,902
	61,051	(120,983)	1,155	226,321
Remeasurement on plan assets arising on				
Return on plan assets excluding expected return	117,143	249,818	40,554	306,875
Expected return on plan assets	(154,072)	(270,642)	(36,772)	(335,910)
Net return on plan assets over interest income	(36,929)	(20,824)	3,782	(29,035)
Difference in opening fair value of assets after audit	6,228	(36,640)	21,772	(38,087)
Adjustment for previous amount	(30,000)	30,000	(5,500)	5,500
	(60,701)	(27,464)	20,054	(61,622)
	350	(148,447)	21,209	164,699
Actual Return on plan asset	117,143	249,818	40,554	306,875
Composition / fair value of plan assets used by the fund				
Quoted Shares	21.26%	10.15%	61.41%	12.25%
Debt instruments	69.94%	84.34%	22.20%	81.73%
Mutual funds	1.90%	1.95%	6.22%	4.49%
Others including cash & cash equivalents	6.89%	3.56%	10.17%	1.53%
Total	100%	100%	100%	100%
Quoted Shares	245,378	242,274	145,580	346,614
Debt instruments	807,145	2,013,346	52,616	2,312,534
Mutual funds	21,908	46,613	14,747	127,173
Others including cash & cash equivalents	79,559	84,885	24,108	43,331
Total	1,153,990	2,387,118	237,051	2,829,652

	2014			
	Executives		Non-executives	
	Pension	Gratuity	Pension	Gratuity
	(Rupees in '000)			
(Asset) / liability in unconsolidated balance sheet				
Fair value of plan assets	(1,079,998)	(2,141,413)	(209,519)	(2,553,389)
Present value of defined benefit obligation	647,081	3,491,853	18,002	3,383,717
Amount payable / (receivable) against Company's liability	(30,000)	30,000	(5,500)	5,500
	(462,917)	1,380,440	(197,017)	835,828
Movement in present value of defined benefit obligation				
Obligation as at July 1, 2013	553,063	3,233,652	7,907	2,582,285
Current service cost	21,819	175,895	-	123,879
Interest cost	60,716	342,822	815	278,206
Remeasurement	38,690	165,207	11,005	705,019
Benefits paid	(27,207)	(425,723)	(1,725)	(305,672)
Obligation as at June 30, 2014	647,081	3,491,853	18,002	3,383,717

	2014			
	Executives		Non-executives	
	Pension	Gratuity	Pension	Gratuity
	(Rupees in '000)			
Movement in fair value of plan assets				
Fair value as at July 1, 2013	928,978	2,035,279	245,127	2,357,051
Interest income	99,911	217,873	25,549	254,721
Remeasurment	95,692	13,140	(34,698)	99,925
Benefits paid	(27,207)	(425,723)	(1,725)	(305,672)
Contribution to the fund	126,745	156,723	45,824	76,806
Amount transferred (out) / in	(144,121)	144,121	(70,558)	70,558
Fair value as at June 30, 2014	1,079,998	2,141,413	209,519	2,553,389
Movement in (asset) / liability in unconsolidated balance sheet				
(Asset) / liability as at July 01, 2013	(405,915)	1,228,373	(242,720)	230,734
Expense recognised for the year	126,745	156,723	45,824	76,806
Remeasurement	(57,002)	152,067	45,703	605,094
Contribution to the fund	(126,745)	(156,723)	(45,824)	(76,806)
(Asset) / liability in unconsolidated balance sheet	(462,917)	1,380,440	(197,017)	835,828

Expense recognised in the unconsolidated profit and loss account

Expense recognised in the unconsolidated profit and loss account during the current year in respect of the above schemes were as follows:

	2014			
	Executives		Non-executives	
	Pension	Gratuity	Pension	Gratuity
	(Rupees in '000)			
Current service cost	21,819	175,895	-	123,879
Interest cost	60,716	342,822	815	278,206
Expected return on plan assets	(99,911)	(217,873)	(25,549)	(254,721)
Amount transferred out / (in)	144,121	(144,121)	70,558	(70,558)
	126,745	156,723	45,824	76,806
Total remeasurements recognised in other comprehensive income				
Remeasurement on obligation arising on				
- financial assumptions	(1,795)	(13,307)	-	(44,943)
- demographic assumptions	(918)	(5,264)	-	2,879
- experience adjustments	(35,977)	(146,636)	(11,005)	(662,955)
	(38,690)	(165,207)	(11,005)	(705,019)
Remeasurement on plan assets arising on				
Return on plan assets excluding interest income	173,042	290,044	76,585	379,569
Expected return on plan assets	(99,911)	(217,873)	(25,549)	(254,721)
Net return on plan assets over interest income	73,131	72,171	51,036	124,848
Difference in opening fair value of assets after audit	22,561	(59,031)	(85,734)	(24,923)
	95,692	13,140	(34,698)	99,925
	57,002	(152,067)	(45,703)	(605,094)
Actual return on plan assets	173,042	290,044	76,585	379,569
Composition / fair value of plan assets used by the fund				
Quoted shares	19.5%	9.97%	59.65%	11.87%
Debt instruments	75.66%	86.10%	29.49%	84.21%
Mutual funds	1.60%	1.79%	5.88%	3.80%
Other including cash and cash equivalents	3.23%	2.14%	4.98%	0.12%
Total	100%	100%	100%	100%
Quoted shares	210,669	213,474	124,988	303,100
Debt instruments	606,390	1,391,515	12,328	97,081
Mutual funds	17,322	38,294	157,104	2,003,932
Others including cash and cash equivalents	245,617	498,130	(84,901)	149,276
Total	1,079,998	2,141,413	209,519	2,553,389

Significant actuarial assumptions

Significant assumptions used for the valuation of above schemes are as follows:

	Executives and Non-executives 2015 (%)	2014 (%)
Discount rate	9.75	13.25
Expected rate of increase in salary level	7.75	11.25
Increase in pension	2.75	6.25

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected rate of salary and pension increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant:

	Change in assumption		Impact of change in assumptions in present value of defined benefit obligation: Executives Pension	Executives Gratuity	Non-executives Pension	Non-executives Gratuity
			(Rupees in '000)			
Discount rate	1%	Increase in assumption	(67,270)	(247,956)	(1,008)	(255,173)
Salary increase rate	1%		40,035	299,010	-	308,267
Pension increase rate	1%		43,956	-	1,210	-
Discount rate	1%	Decrease in assumption	80,344	276,856	1,139	287,968
Salary growth rate	1%		(36,356)	(271,612)	-	(276,910)
Pension increase rate	1%		(38,079)	-	(1,082)	-

In presenting the above sensitivity analysis, the present value of the define benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the unconsolidated balance sheet.

The expected pension and gratuity expense for the next one year from July 01, 2015 is as follows:

	Executives Pension	Executives Gratuity	Non-executives Pension	Non-executives Gratuity
	(Rupees in '000)			
Current service cost	58,692	232,399	-	172,904
Interest cost	(50,995)	151,854	(26,368)	61,050
Expected return on plan assets				
Amount transferred out / (in)	194,158	(194,158)	130,064	(130,064)
	201,855	190,095	103,696	103,890

41.2 Unfunded post retirement medical benefit and gas supply facilities

As mentioned in note 3.16 to these financial statements the Company provides free medical and gas supply facilities to its retired executive employees. The free gas supply facility has been discontinued for employees who had retired after December 31, 2000. The latest actuarial valuations of the liability under these schemes were carried out as at June 30, 2015 under the projected unit credit method, results of which are as follows:

Number of employees under the scheme

The number of employees covered under the following defined benefit plans are 2,584 (2014: 2,455).

	2015		
	Post retirement medical facility	Post retirement gas facility	Total
		(Rupees in '000)	
Liability in unconsolidated balance sheet			
Present value of defined benefit obligation	4,067,619	43,640	4,111,259
Movement in present value of defined benefit obligation			
Liability as at July 01, 2014	2,847,258	53,708	2,900,966
Expense recognised for the year	483,989	6,886	490,875
Payments during the year	(95,556)	(2,920)	(98,476)
Remeasurement	831,928	(14,034)	817,894
Liability as at June 30, 2015	4,067,619	43,640	4,111,259
Expense recognised in the unconsolidated profit and loss account			
Current service cost	104,188	-	104,188
Interest cost	379,801	6,886	386,687
	483,989	6,886	490,875
Total remeasurements recognised in other comprehensive income			
Remeasurement on obligation arising on			
- financial assumptions	829,304	(7,701)	821,603
- demographic assumptions	-	-	-
- experience adjustments	2,624	(6,333)	(3,709)
	831,928	(14,034)	817,894

	2014		
	Post retirement medical facility	Post retirement gas facility	Total
		(Rupees in '000)	
Liability in unconsolidated balance sheet			
Present value of defined benefit obligation	2,847,258	53,708	2,900,966
Movement in present value of defined benefit obligation			
Liability as at July 01, 2013	1,974,536	46,859	2,021,395
Expense recognised for the year	294,130	4,934	299,064
Payments during the year	(61,971)	(3,395)	(65,366)
Remeasurement	640,563	5,310	645,873
Liability as at June 30, 2014	2,847,258	53,708	2,900,966
Expense recognised in the unconsolidated profit and loss account			
Current service cost	76,488	-	76,488
Interest cost	217,642	4,934	222,576
	294,130	4,934	299,064
Total remeasurements recognised in other comprehensive income			
Remeasurement on obligation arising on			
- financial assumptions	680,200	8,094	688,294
- demographic assumptions	135,886	1,430	137,316
- experience adjustments	(175,523)	(4,214)	(179,737)
	640,563	5,310	645,873

Significant actuarial assumptions

Significant assumptions used for the valuation of above schemes are as follows:

	Executives	
	2015 (%)	2014 (%)
Discount rate	9.75	13.25
Medical inflation rate	9.75	13.25
Gas inflation rate	9.75	13.25

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected rate of medical and gas increase. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant:

	Change in assumption		Impact of change in assumptions in present value of defined benefit obligation	
			Post retirement medical facility	Post retirement gas facility
			(Rupees in '000)	
Discount rate	1%	Increase in assumption	(590,634)	(3,369)
Medical inflation rate	1%		737,976	-
Gas inflation rate	1%		-	3,816
Discount rate	1%	Decrease in assumption	747,538	3,853
Medical inflation rate	1%		(593,594)	-
Gas inflation rate	1%		-	(3,398)

The expected medical and gas expense for the next one year from July 01, 2015 is as follows:

Current service cost	140,784	-
Net interest cost	398,624	4,111
	539,408	4,111

41.3 Defined contribution plan - Recognized provident fund

The information related to the provident funds established by the Company based on the managment records are as follows:

	Executives		Non-Executives	
	2015 (Unaudited)	2014 (Unaudited)	2015 (Unaudited)	2014 (Unaudited)
	(Rupees in '000)			
Size of provident fund	3,283,000	2,802,091	3,165,000	2,864,418
Cost of investments made	2,656,763	2,326,913	2,697,572	2,385,899
Percentage of investments made	81%	83%	85%	83%
Fair value of investment	3,033,510	2,607,045	2,988,479	2,698,232
Break-up of investments:				
- Balance in savings accounts				
Amount of investment	86,387	78,714	55,395	56,319
Percentage of investment as size of the fund	3%	3%	2%	2%
- Term deposit receipts				
Amount of investment	824,428	692,642	515,252	226,018
Percentage of investment as size of the fund	25%	25%	16%	8%

	Executives		Non-Executives	
	2015 (Unaudited)	2014 (Unaudited)	2015 (Unaudited)	2014 (Unaudited)
	(Rupees in '000)			
- Units of mutual fund				
Amount of investment	56,781	39,401	-	-
Percentage of investment as size of the fund	2%	1%	0%	0%
- Special savings certificate				
Amount of investment	1,202,226	1,104,384	1,499,573	1,315,650
Percentage of investment as size of the fund	37%	39%	47%	46%
- Treasury bills				
Amount of investment	103,902	493,307	248,876	741,193
Percentage of investment as size of the fund	3%	18%	8%	26%
- Pakistan Investment Bonds (PIBs)				
Amount of investment	541,925	179,034	472,428	326,337
Percentage of investment as size of the fund	17%	6%	15%	11%
- Term Finance Certificates (TFCs)				
Amount of investment	19,533	19,563	12,650	32,715
Percentage of investment as size of the fund	1%	1%	0%	1%
- Quoted shares				
Amount of investment	198,328	-	184,305	-
Percentage of investment as size of the fund	6%	0%	6%	0%

41.3.1 Investments out of provident fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

42. LOSS PER SHARE - BASIC AND DILUTED

		2015	2014
Loss for the year	Rupees in '000	(5,391,049)	(3,753,461)
Average number of ordinary shares	Number of shares	880,916,309	880,916,309
Loss per share - basic and diluted	Rupees	(6.12)	(4.26)

		Note	2015	2014
			(Rupees in '000)	
43.	ADJUSTMENTS FOR NON-CASH AND OTHER ITEMS			
	Provisions	43.1	1,420,112	2,832,947
	Depreciation		4,773,796	4,195,449
	Amortisation of intangibles		61,331	66,118
	Finance cost		9,689,129	7,410,150
	Amortisation of transaction cost		7,239	6,464
	Recognition of income against deferred credit		(429,908)	(430,313)
	Dividend income		(356)	(1,235)
	Return on term deposits		(1,786,557)	(1,039,482)
	Income from net investment in finance lease		(106,933)	(191,340)
	Gain on disposal of property, plant and equipment		(28,912)	(35,275)
	Decrease in long term advances		(225,515)	(131,552)
	Decrease in deferred credit		297,996	131,522
	Recovery in respect of obligation against pipeline	34.2.2	(33,933)	-
			13,637,489	12,813,453
43.1	Provisions			
	Provision against slow moving / obsolete stores		38,167	96,711
	Provision against impaired debts and other receivables		119,292	1,902,881
	Provision for compensated absences		82,894	76,970
	Provision for post retirement medical and free gas supply facilities		490,875	299,064
	Provision for retirement benefits		618,793	406,098
	Impairment of capital work in progress		70,091	51,223
			1,420,112	2,832,947
44.	Working capital changes			
	(Increase) / decrease in current assets			
	Stores and spares & loose tools		416,593	(88,239)
	Stock-in-trade		24,678	(266,166)
	Customers' installation work in progress		(3,297)	(5,914)
	Trade debts		(11,481,031)	(4,205,569)
	Advances, deposits and short term prepayments		(145,206)	28,903
	Other receivables		(19,484,385)	(20,276,373)
			(30,672,648)	(24,813,358)
	Increase in current liabilities			
	Trade and other payables		40,009,874	36,346,780
			9,337,226	11,533,422

45. REMUNERATION OF MANAGING DIRECTOR AND EXECUTIVES

The aggregate amounts charged in the financial statements for remuneration, including all benefits, to Managing Director, Directors and Executives of the Company are given below:

	2015		2014	
	Managing Director	Executives	Managing Director	Executives
	(Rupees in '000)			
Managerial remuneration	24,827	2,086,805	14,987	1,908,526
Housing	10,008	805,289	5,787	734,932
Utilities	2,224	178,952	1,286	163,317
Retirement benefits	874	392,846	-	315,748
	37,933	3,463,892	22,060	3,122,523
Number	* 3	1,776	1	1,668

45.1 The Chairman, Managing Director and certain executives are also provided the Company maintained vehicles in accordance with their entitlement. In addition, the Chairman of the Company was paid Rs. 0.300 million (2014: Rs. 0.300 million). Executives are also provided medical facilities in accordance with their entitlement.

45.2 Aggregate amount charged in these financial statements in respect of fee paid to 14 directors was Rs. 9.45 million (2014: Rs. 1.266 million for 14 directors).

45.3 Total number of employees and average number of employees as at year end are 7,294 and 7,306 respectively (2014: 7,317 and 7,416).

* During the year, Mr. Zuhair Siddiqui resigned and Mr. Shoaib Warsi was appointed as Managing Director of the Company, on lookafter basis. Mr. Khalid Rehman was then appointed as Managing Director of the Company.

46. CAPACITY AND ACTUAL PERFORMANCE

46.1 Natural gas transmission

	2015		2014	
	MMCF	HM3	MMCF	HM3
Transmission operation				
Capacity - annual rated capacity at 100% load factor with compression	532,535	150,035,612	523,410	147,464,748
Utilisation - volume of gas transmitted	450,177	126,832,193	425,797	119,963,408
Capacity utilisation factor (%)	84.5	84.5	81.4	81.4

46.2 Natural gas distribution

The Company has no control over the rate of utilisation of its capacity as the use of available capacity is dependent on off-takes by the customers.

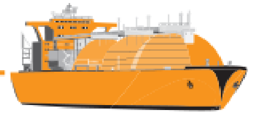
46.3 Meter manufacturing division

During the year meter manufacturing division produced and assembled 614,680 meters (2014: 851,460 meters) against an annual capacity of 356,000 meters on a single shift basis.

47. TRANSACTIONS WITH RELATED PARTIES

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 Ministry of Petroleum and Natural Resources and Oil and Gas Regulatory Authority. The prices and other conditions are not influenced by the Company. The details of transactions with related parties not disclosed elsewhere in these financial statements are as follows:

	Relationship	2015	2014
		(Rupees in '000)	
Attock Refinery Limited	Associate		
- Sale of gas condensate		-	24,030
Astro Plastic (Private) Limited	Associate		
- Billable charges		152,236	73,992
Fauji Fertilizer Company Limited	Associate		
- Billable charges		120	111
Government related entities - various			
- Purchase of fuel and lubricant		10,198	54,237
- Billable charges		51,254,021	45,285,570
- Mark-up on short term finance		426	2,474
- Sharing of expenses		83,770	71,262
- Income from net investment in finance lease		90,389	125,214
- Gas purchases		77,823,884	78,379,893
- Sale of gas meters		1,424,891	2,187,366
- Rent of premises		13,501	171
- Insurance premium		142,207	139,528
- Uniform cost of gas		38,850,975	37,679,617
- Electricity expense		183,864	176,586
- Interest income		1,130,059	446,932
- Markup on delayed payment on gas supplies		7,089,712	4,926,612
Habib Bank Limited	Associate		
- Profit on investment		60,384	28,941
- Mark-up on short term finance		11,448	17,159
- Mark-up on long term finance		101,217	105,306
- Billable Charges		10,986	10,401
* Hydrocarbon Development Institute of Pakistan	Associate		
- Billable charges		-	9,334
International Industries Limited	Associate		
- Line pipe purchases		218,274	316,819
- Billable charges		1,118,002	1,120,645
Ismail Industries Limited	Associate		
- Billable charges		289,152	225,659
Key management personnel			
- Remuneration		160,627	174,605
Kohinoor Silk Mills Limited	Associate		
- Billable charges		87	263
Minto & Mirza	Associate		
- Professional charges		13,250	11,615
* Packages Limited	Associate		
- Billable charges		-	13,477



	Relationship	2015	2014
		(Rupees in '000)	
Pakistan Cables Limited	Associate		
- Billable charges		94,389	83,573
Pakistan Engineering Company Limited	Associate		
- Billable charges		56	56
Pakistan Synthetic Limited	Associate		
- Billable charges		19,758	245,829
PERAC - Research & Development Foundation	Associate		
- Professional charges		508	639
Petroleum Institute of Pakistan	Associate		
- Subscription / contribution		1,380	1,336
Premium Textile Mills Limited	Associate		
- Billable charges		103,504	299,540
* Security Papers Limited	Associate		
- Billable charges		-	99,097
* Shezan International Limited	Associate		
- Billable charges		-	10,278
SSGC LPG (Private) Limited	Wholly owned subsidiary		
- Interest on loan		149,189	152,712
- Interest on delayed payment of gas bill		14,920	21,093
- LPG purchases		358,442	293,806
- LPG sales		1,594,494	2,533,575
Staff Retirement Benefit Plans	Associate		
- Contribution to provident fund		252,124	225,205
- Contribution to pension fund		344,158	172,569
- Contribution to gratuity fund		274,635	233,529
Thatta Cement Company Limited	Associate		
- Billable charges		7,252	11,553
** Gadoon Textile Mills Limited	Associate		
- Billable charges		338	-
** Attock Cement Limited	Associate		
- Billable charges		49,308	-
** Pakistan Stock Exchange Limited	Associate		
- Billable charges		328	-

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

** Comparative transactions with these parties have not been disclosed as these parties were not related parties in last year.

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

Contribution to the defined contribution and benefit plans are in accordance with the terms of the entitlement of the employees and / or actuarial advice. Balance payable to / receivable from these employees benefit plans are disclosed in notes 10, 16, 31 and 41 to these financial statements.

Remuneration to the executive officers of the Company (disclosed in note 45 to these financial statements) and loans and advances to them (disclosed in notes 23 and 28 to these financial statements) 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.

47.1 Amount (due to) / receivable from related parties

The details of amount due with related parties not disclosed elsewhere in these financial statements are as follows:

	Relationship	2015	2014
		(Rupees in '000)	
Attock Refinery Limited	Associate		
- Sale of gas condensate		42,105	42,105
Astro Plastic (Private) Limited	Associate		
- Billable charges		19,846	10,645
- Gas supply deposit		(53,208)	(53,208)
Fauji Fertilizer Company Limited	Associate		
- Billable charges		5	5
- Gas supply deposit		(124)	(124)
Government related entities - various			
- Billable charges		66,590,353	60,012,605
- Mark up accrued on borrowings		-	(2,454)
- Sharing of expenses		(11,019)	(9,286)
- Net investment in finance lease		84,811	142,093
- Gas purchases		(112,069,923)	(87,021,301)
- Gas meters		710,123	390,366
- Uniform cost of gas		20,016,375	12,210,925
- Cash at bank		73,858	9,043
- Stock Loan		(2,523)	(12,796)
- Recoverable from insurance		50	271
- Gas supply deposit		(66,537)	(52,625)
- Interest expense accrued - late payment surcharge on gas bills		(33,402,629)	(26,312,920)
- Interest income accrued - late payment on gas bills		6,558,082	5,428,023
Habib Bank Limited	Associate		
- Long term finance		(1,000,000)	(1,000,000)
- Short term finance		(572,109)	-
- Cash at bank		28,020	105,774
- Accrued mark-up		(10,929)	(19,913)
- Billable charges		1,468	10,401
- Gas supply deposit		(4,041)	(3,589)
International Industries Limited	Associate		
- Billable charges		119,559	22,705
- Gas supply deposit		(70,997)	(48,925)
*** Ismail Industries Limited**	Associate		
- Billable charges		-	29,745
- Gas supply deposit		-	(5,857)
*** Kohinoor Silk Mills Limited**	Associate		
- Billable charges		-	22
- Gas supply deposit		-	(60)

	Relationship	2015	2014
		(Rupees in '000)	
* Packages Limited	Associate		
- Billable charges		-	1,156
- Gas supply deposit		-	(3,044)
Pakistan Cables Limited	Associate		
- Billable charges		9,911	7,415
- Gas supply deposit		(21,968)	(17,159)
Pakistan Engineering Company Limited	Associate		
- Billable charges		5	5
- Gas supply deposit		(12)	(12)
* Pakistan Synthetic Limited	Associate		
- Billable charges		-	5,814
- Gas supply deposit		-	(67,765)
PERAC - Research & Development Foundation	Associate		
- Professional charges		57	57
* Premium Textile Limited	Associate		
- Billable charges		-	25,330
- Gas supply deposit		-	(22,300)
** Shezan International Limited	Associate		
- Billable charges		-	822
- Gas supply deposit		-	(4,032)
SSGC LPG (Private) Limited	Wholly owned subsidiary		
- Long term investment		1,000,000	1,000,000
- Short term loan		1,710,103	1,710,103
- Interest on loan		344,487	180,378
- LPG purchases		(217,782)	(171,244)
- LPG sales		565,837	1,134,998
Thatta Cement Company Limited	Associate		
- Billable charges		94	283
- Gas supply deposit		(45,000)	(45,000)
** Gadoon Textile Mills Limited	Associate		
- Billable charges		27	-
- Gas supply deposit		(113)	-
** Attock Cement Limited	Associate		
- Billable charges		5,350	-
- Gas supply deposit		(30,566)	-
** Pakistan Stock Exchange	Associate		
- Billable charges		207	-
- Gas supply deposit		(85)	-

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

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

48 FINANCIAL RISK MANAGEMENT

The objective of Company's overall financial risk management is to minimize earnings volatility and provide maximum return to shareholders. The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management frame work and policies.

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

48.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss without taking into account the fair value of any collateral. Credit risk arises from trade debts, net investment in finance lease, loans and advances, trade deposits, bank balances, interest accrued and other receivables. To reduce the exposure toward the credit risk, comprehensive customer category wise credit limits and terms have been established. In case of industrial and commercial customers gas supply deposits equivalent of three months estimated gas consumption and deposit from domestic customers as per rates notified by OGRA are taken to reduce credit exposure. The Company continuously monitors the credit given to customers and interest accrued thereon and has established a dedicated recovery department for follow-up, recovery or disconnection of gas supply as the case may be. Loans and advances given to employees are secured against retirement benefits of the employees and title deed of properties of employees. Balances are maintained with banks of sound credit rating. The Company attempts to control credit risk in respect of other receivables by monitoring credit exposures of counterparties.

The maximum exposure to credit risk before any credit enhancement at year end is the carrying amount of the financial assets as set out below:

	2015	2014
	(Rupees in '000)	
Trade debts	90,351,824	78,905,693
Net investment in finance lease	582,716	692,877
Loans and advances	2,463,495	2,156,921
Deposits	37,332	7,064
Bank balances	976,997	1,189,182
Interest accrued	7,257,730	5,803,864
Other receivables	36,667,981	25,817,029
	138,338,075	114,572,630

48.1.1 Collateral and other credit enhancements obtained

Security against supply of gas to industrial and commercial customers is taken on the basis of average three months, gas consumption estimated at the time of connection in form of cash deposits (gas supply deposits) / bank guarantee / irrevocable letter of credit. Security against supply of gas to domestic customers are obtained at rates notified by the OGRA. These collaterals are adjusted / called following on disconnection of gas supply. Details of security held at year end is as follows:

	2015	2014
	(Rupees in '000)	
Cash deposits	10,460,881	8,305,883
Bank guarantee / irrevocable letter of credit	25,482,423	24,637,936

48.1.2 Credit Quality

The Company monitors the credit quality of its financial assets with reference to historical performance of such assets and where available external credit ratings. The carrying values of all financial assets which are neither past due nor impaired are given in the note 48.1.3 below:

The credit quality of the Company's major bank accounts is assessed with reference to external credit ratings which are as follows:

Bank	Rating Agency	Rating Short Term	Rating Long Term
National Bank of Pakistan Limited	PACRA	A1+	AAA
Allied Bank of Pakistan Limited	PACRA	A1+	AA+
Bank Alfalah Limited	PACRA	A1+	AA
Dubai Islamic Bank (Pakistan) Limited	JCR-VIS	A-1	A+
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA
Faysal Bank Limited	JCR-VIS	A-1+	AA
MCB Bank Limited	PACRA	A1+	AAA
United Bank Limited	JCR-VIS	A-1+	AA+
Habib Bank Limited	JCR-VIS	A-1+	AAA
Askari Bank Limited	PACRA	A1+	AA
Bank of Punjab Limited	PACRA	A1+	AA-
First Women Bank Limited	PACRA	A2	BBB+
Summit Bank Limited	JCR-VIS	A-1	A
Bank Al-Habib Limited	PACRA	A1+	AA+
Bank Islami Limited	PACRA	A1	A+
Burj Bank Limited	JCR-VIS	A-2	A-
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
Meezan Bank Limited	JCR-VIS	A-1+	AA
NIB Bank Limited	PACRA	A1+	AA-
Samba Bank Limited	JCR-VIS	A-1	AA
Silk Bank Limited	JCR-VIS	A-2	A-
Soneri Bank Limited	PACRA	A1+	AA-
Tameer Micro Finance Bank Limited	PACRA	A1	A+
City Bank N. A.	Moody's	P-1	A2
Deutsche Bank A.G,	Standard & Poor's	A2	BBB+
Bank of Tokyo Mitsubishi	Standard & Poor's	A-1	A+

48.1.3 Past due and impaired financial assets

Industrial and commercial customers

The age analysis of trade debt balances relating to industrial and commercial customers at year end is as follows:

	2015		2014	
	Gross carrying amount	Impairment	Gross carrying amount	Impairment
	(Rupees in '000)			
Not due balances	20,427,304	-	16,745,784	-
Past due but not impaired	60,282,846	-	55,468,158	-
Past due and impaired	6,073,823	3,403,085	3,801,603	2,646,215
Disconnected customers	768,007	683,432	612,918	574,015
Total	87,551,980	4,086,517	76,628,463	3,220,230

Past due but not impaired balances include aggregate overdue balances of K-Electric, PSML and WAPDA amounting to Rs. 58,557 million and are subject to inter corporate circular debt of government entities and K-Electric.

The Company has collateral / security against industrial and commercial customers amounting to Rs. 31,184 million (2014: Rs. 25,876 million) and replenishes such collateral based on gas consumption and requirement of the customers. When recovery is not made within one month, such customers balances are generally considered past due. In case of past due balances the Company starts recovery process through recovery department and where the amount is in excess of collateral and is not recovered by recovery department, then disconnection of meter (disconnected customers) is considered. Receivables which are past due and against which recoveries are not made or which are disconnected are considered as impaired debts.

Domestic customers

The age analysis of trade debt balances relating to domestic customers at year end is as follows:

	2015		2014	
	Gross carrying amount	Impairment	Gross carrying amount	Impairment
	(Rupees in '000)			
Not due balances	1,549,491	-	1,470,478	-
Past due but not impaired:				
Past due 1 - 6 month	2,629,043	-	1,011,197	-
Past due and impaired:				
Past due 7 - 9 months	555,652	-	582,368	-
Past due 10 - 12 months	472,585	-	499,546	-
Past due 13 - 18 months	701,950	-	954,176	-
Past due 19 - 24 months	563,732	407,072	509,658	-
Past due over 2 years	1,542,468	1,542,468	3,489,640	3,376,699
	3,836,387	1,949,540	6,035,388	3,376,699
Disconnected customers	4,000,409	3,179,429	2,940,753	2,583,657
Total	12,015,330	5,128,969	11,457,816	5,960,356

The Company has collateral / security against domestic customers amounting to Rs. 4,759 million (2014: Rs. 4,068 million) and replenishes such collateral based on gas consumption and requirement of the customers. When recovery is not made within one month, such customers balances are generally considered past due.

Interest accrued

As at June 30, 2015 interest accrued net of provision was Rs. 7,258 million (2014: Rs. 5,804 million). Interest is mainly accrued on customer balances which are past due. Interest on past due balances includes receivable from WAPDA and SNGPL amounting to Rs. 6,558 million (2014: 5,428 million), recovery of which is subject to inter corporate circular debt of Government entities.

Other receivables

As at June 30, 2015 other receivable financial assets amounted to Rs. 36,752 million (2014: Rs. 25,817 million). Past due other receivables amounting to Rs. 27,512 million (2014: Rs. 10,236 million) include over due balances of SNGPL amounting to Rs. 14,702 (2014: Rs. 4,987 million), JJVL amounting to Rs. 12,092 million (2014: Rs. 4,128 million) and of SSGC LPG amounting to Rs. 491 million (2014:Rs. 977 million).

48.1.4 Concentration of credit risk

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry. Concentration of credit risk is determined with references to the individual customers / counter parties, type as well as geographical distribution of customers / counterparties. Concentration of credit risk in financial assets of the Company is as follows:

Trade debts

Customer category wise concentration of credit risk in respect of trade debts at year end is as follows:

	2015	2014
	(Rupees in '000)	
Power generation companies	45,688,906	43,216,317
Cement industries	16,228	31,970
Fertilizer and steel industries	21,545,635	17,812,032
Other industries	13,915,228	10,985,706
Total industrial customers	81,165,997	72,046,025
Commercial customers	1,305,522	1,362,208
Domestic customers	7,880,305	5,497,460
	90,351,824	78,905,693

At year end the Company's most significant receivable balances were K-Electric, PSML and WAPDA which amounted to Rs. 40,073 million (2014: Rs. 41,302 million), Rs. 20,879 million (2014: Rs.16,944 million) and Rs. 5,616 million (2014: Rs. 1,749 million) respectively. These balances have aggregated due to inter corporate circular debt.

Geographical region wise concentration of credit risk in respect of trade debts at year end is as follows:

	2015	2014
	(Rupees in '000)	
Karachi	74,658,815	69,883,672
Sindh (excluding Karachi)	11,266,843	6,635,627
Balochistan	4,426,166	2,386,394
	90,351,824	78,905,693

Net investment in finance lease

The Company's most significant investment in finance lease amounted to Rs. 496 million (2014: Rs. 561 million) in respect of SNGPL.

Interest accrued

Most significant counter parties of the Company in respect of interest accrued are disclosed in note 29 to these financial statements.

Other receivables

Most significant other receivables of the Company are in respect of lease rental, lease service cost, contingent rent and uniform cost of gas agreement with SNGPL as disclosed in note 31.2 to these financial statements. These balances are subject to inter circular corporate debt.

48.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Due to nature of the business, the Company maintains flexibility in funding by maintaining committed credit lines available. The Company's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to fulfill its obligation, monitoring balance sheet liquidity ratios against internal and external requirements and maintaining debt financing plans.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.

	Carrying amount	Contractual cash flows	Not later than six months	Later than six months but not later than 1 year	Later than one year but not later than 2 years	Later than 2 years
	(Rupees in '000)					
As at June 30, 2015						
Long term finance	27,866,070	(32,066,372)	(5,119,324)	(4,706,755)	(6,892,031)	(15,348,262)
Obligation against pipeline	1,106,923	(2,035,979)	(67,866)	(67,866)	(135,732)	(1,764,515)
Short term borrowings	989,191	(1,011,960)	(1,011,960)	-	-	-
Trade and other payables	158,987,586	(158,987,586)	(158,987,586)	-	-	-
Interest accrued	34,069,206	(34,069,206)	(34,069,206)	-	-	-
Long term deposits	10,613,059	(22,015,989)	(142,537)	(142,537)	(285,073)	(21,445,842)
	233,632,035	(250,187,092)	(199,398,479)	(4,917,158)	(7,312,836)	(38,558,619)
As at June 30, 2014						
Long term finance	24,906,166	(30,152,278)	(2,414,519)	(3,598,743)	(9,823,363)	(14,315,653)
Obligation against pipeline	-	-	-	-	-	-
Short term borrowings	3,141,237	(3,141,237)	(3,141,237)	-	-	-
Trade and other payables	120,590,782	(120,590,782)	(120,590,782)	-	-	-
Interest accrued	26,830,778	(26,830,778)	(26,830,778)	-	-	-
Long term deposits	8,355,118	(16,831,308)	(105,952)	(105,952)	(211,905)	(16,407,499)
	183,824,081	(197,546,383)	(153,083,268)	(3,704,695)	(10,035,268)	(30,723,152)

The contractual cash flows relating to the above financial liabilities have been determined on the basis of latest available market rates. The rates of mark-up have been disclosed in notes 7 and 8 to these financial statements. Contractual cash flows of the long term deposits are determined on the assumption that adjusted / refund of these deposits will not be required before expiry of 40 years from balance sheet date.

48.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The market risk comprises of currency risk, interest rate risk and other price risk (equity price risk).

48.3.1 Currency risk

Foreign currency risk is the risk that the value of financial asset or a liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into foreign currencies.

The Company is exposed to currency risk on creditors for gas that are denominated in a currency other than functional currency of the Company. The currency in which these transactions primarily are denominated is US Dollars. The Company's exposure to foreign currency risk is as follows:

	2015		2014	
	Rupees in '000	US Dollars in '000	Rupees in '000	US Dollars in '000
	(Rupees in '000)			
Creditors for gas	28,289,192	276,982	25,332,313	256,530
Estimated forecast gas purchases	139,355,569	1,375,744	142,280,012	1,382,702
Net exposure	167,644,761	1,652,726	167,612,325	1,639,232

Above net exposure is payable by the Company in Rupees at the rate on which these are settled by the Company. Currently, the Company does not obtain forward cover against the gross exposure as exchange loss / gain on purchases of gas and supplies is recovered from / paid to Government of Pakistan as part of guaranteed return.

The following significant exchange rates applied during the year:

	Average rates		Balance sheet date rate	
	2015	2014	2015	2014
	(Rupees in '000)			
US Dollars	101.29	102.90	101.77	98.75

Sensitivity analysis

A ten percent strengthening / (weakening) of the Rupee against US Dollar at June 30, 2015 would have (decreased) / increased trade creditors by Rs. 2,819 million (2014: Rs.2,532 million). There is no effect of strengthening / (weakening) of US dollar on unconsolidated equity and unconsolidated profit and loss account of the Company as exchange loss / gain on purchases of gas and store and supplies is recovered from / paid to Government of Pakistan as part of 17% guaranteed return. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis as for 2014.

48.3.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from short and long term borrowings from banks. At the balance sheet date the interest rate profile of the Company's interest-bearing financial instruments were as follows:

	2015	2014
	(Rupees in '000)	
Fixed rate instruments		
Financial assets		
Net investment in finance lease	582,716	692,877
Loan and advances	2,252	3,375
Trade debts	25,667,788	28,195,466
Cash and bank balances	634,674	855,263
	26,887,430	29,746,981
Financial liabilities		
Long term deposits	(5,701,464)	(4,238,095)
Government of Sindh loan	(5,248,513)	(5,756,859)
Foreign currency loan	(23,950)	(23,950)
Obligation against pipeline	(1,106,923)	-
Trade and other payables	(18,611,954)	(20,000,606)
	(30,692,804)	(30,019,510)
	(3,805,374)	(272,529)
Variable rate instruments		
Financial assets		
Trade debts	37,938,825	37,642,158
Other receivables	27,124,374	26,139,898
Loan to related party	1,710,103	1,710,103
	66,773,302	65,492,159
Financial liabilities		
Long term loan except Government of Sindh loan	(22,617,557)	(19,125,357)
Short term borrowings	(989,191)	(3,141,237)
Trade and other payables	(126,555,747)	(94,115,919)
	(150,162,495)	(116,382,513)
	(83,389,193)	(50,890,354)

Fixed rate instrument bear fixed interest rate while all other borrowings bear variable interest rate and are indexed to KIBOR. Borrowing is generally determined on the basis of business needs. The Company analyses its interest rate exposure on a regular basis by monitoring existing facilities against prevailing market interest rates and taking into account various other financing options available.

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not affect unconsolidated profit and loss account and the unconsolidated equity of the Company.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have net increased or (net decreased) the unconsolidated profit or loss of the Company as at June 30, 2015 by Rs. 1,121 million (2014: Rs.509 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as for 2014.

48.3.3 Equity price risk

Equity price risk is the risk of changes in the fair value of equity securities as the result of changes in the levels of KSE-100 Index and the value of individual shares. The equity price risk exposure arises from the Company's investments in listed equity securities. This arises from investments held by the Company for which prices in the future are uncertain. The fair value of listed equity investments of the Company that are exposed to price risk as at June 30, 2015 is Rs. 276.520 million (2014: Rs. 131.290 million).

A ten percent increase / decrease in the prices of listed equity securities of the Company at the reporting date would have increased or (decreased) long term investment and unconsolidated equity by Rs. 27.652 million (2014: Rs.13.129 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2014.

48.4 Fair value of financial assets and liabilities

The carrying values of all financial instruments reflected in the financial statements approximate their fair values except for investment in unquoted companies which are reflected at cost less impairment losses.

48.4.1 Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) 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 (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	2015			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Available-for-sale financials assets				
Quoted equity securities	276,520	-	-	276,520
	276,520	-	-	276,520

	2014			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Available-for-sale financials assets				
Quoted equity securities	131,290	-	-	131,290
	131,290	-	-	131,290

There have been no transfers during the year (2014: no transfers in either direction).

48.5 Financial instruments by categories

	Financial assets		
	Loans and receivables	Available for sale	Total
		(Rupees in '000)	
As at June 30, 2015			
Trade debts	90,351,824	-	90,351,824
Net investment in finance lease	582,716	-	582,716
Loans and advances	2,463,495	-	2,463,495
Deposits	37,332	-	37,332
Cash and bank balances	984,129	-	984,129
Interest accrued	7,257,730	-	7,257,730
Other receivables	36,667,981	-	36,667,981
Long term investments	-	276,520	276,520
	138,345,207	276,520	138,621,727
As at June 30, 2014			
Trade debts	78,905,693	-	78,905,693
Net investment in finance lease	692,877	-	692,877
Loans and advances	2,156,921	-	2,156,921
Deposits	7,064	-	7,064
Cash and bank balances	1,199,837	-	1,199,837
Interest accrued	5,803,864	-	5,803,864
Other receivables	25,817,029	-	25,817,029
Long term investments	-	131,290	
	114,583,285	131,290	114,583,285

	Financial liabilities at amorised cost	
	2015	2014
	(Rupees in '000)	
Long term finance	27,866,070	24,906,166
Obligation against pipeline	1,106,923	-
Short term borrowings	989,191	3,141,237
Trade and other payables	158,987,586	120,590,782
Interest accrued	34,069,206	26,830,778
Long term deposits	10,613,059	8,355,118
	233,632,035	183,824,081

48.6 Capital risk management

The objective of the Company when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders, benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its businesses

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to the shareholders or issue new shares.

The Company is not subject to externally imposed regulatory capital requirements.

The gearing ratio as at June 30 is as follows:

	2015	2014
	(Rupees in '000)	
Total borrowings		
Long term finance	19,720,479	20,859,892
Short term borrowings	989,191	3,141,237
Current portion of long term finance	8,145,591	4,046,274
	28,855,261	28,047,403
Less: Cash and bank balances	(984,129)	(1,199,837)
Net debts	27,871,132	26,847,566
Capital employed	37,430,415	41,662,351
Gearing ratio	74%	64%

49. 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 asses their performance. As a result, management has identified the following two segments:

1) Gas transmission and distribution (sale of gas); and

2) Meter manufacturing (manufacturing and sale of gas meters).

Segment revenue and results

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

	Segment revenue		Segment loss	
	2015	2014	2015	2014
		(Rupees in '000)		
Gas transmission and distribution	158,853,447	152,541,542	(8,001,822)	(6,750,352)
Meter manufacturing	2,126,632	3,001,389	114,688	622,254
Total segments results	160,980,079	155,542,931	(7,887,134)	(6,128,098)
Unallocated - other expenses				
- Other operating expenses			(1,469,295)	(278,701)
Unallocated - other income				
- Non-operating income			587,075	596,393
Loss before tax			(8,769,354)	(5,810,406)

The above revenue includes sale of meters by meter manufacturing segment to gas transmission and distribution amounting to Rs. 1,080 million (2014: Rs. 996 million).

The accounting policies of the reportable segments are same as disclosed in note 3.

Segment assets and liabilities

	2015	2014
	(Rupees in '000)	
Segment assets		
Gas transmission and distribution	203,622,655	216,690,196
Meter manufacturing	52,413,923	2,457,125
Total segment assets	256,036,578	219,147,321
Unallocated		
- Loans and advances	2,463,495	2,156,921
- Taxation - net	17,442,747	10,474,629
- Interest accrued	490,109	490,109
- Cash and bank balances	984,129	1,199,837
	21,380,480	14,321,496
Total assets as per balance sheet	277,417,058	233,468,817
Segment liabilities		
Gas transmission and distribution	203,545,525	205,641,732
Meter manufacturing	50,356,489	489,755
Total segment liabilities	253,902,014	206,131,487
Unallocated		
- Employee benefits	4,687,944	3,470,436
Total liabilities as per balance sheet	258,589,958	209,601,923

50. DETAILS OF INVESTMENTS BY EMPLOYEES RETIREMENT BENEFIT FUNDS

Details of the value of investments by the Provident, Gratuity and Pension funds based on management records are as follows:

	2015	2014
	(Rupees in '000)	
Pension fund - executives	945,053	1,059,942
Gratuity fund - executives	2,036,934	2,160,209
Pension fund - non executives	207,815	304,925
Gratuity fund - non executives	2,474,703	2,655,441
Provident fund - executives	2,656,763	2,409,680
Provident fund - non executives	2,697,572	2,392,801
Benevolent fund - executives	125,576	132,880

51. ACCOUNTING ESTIMATES AND JUDGMENTS

51.1 Income tax

The Company takes into account the current income tax law and decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

51.2 Staff retirement and other service benefit obligations

Certain actuarial assumptions have been adopted as disclosed in note 41 to the financial statements for valuation of these obligations and fair value of plan assets. Any changes in these assumptions in future years might affect unrecognised gains and losses in those years.

51.3 Property, plant and equipment

In accordance with the accounting policy, the management carries out an annual assessment of depreciable amount and useful lives of property, plant and equipment. Further, the Company reviews the value of the assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding affect on the depreciation charge and impairment.

51.4 Trade debts and other receivables

The Company reviews its receivable against provision required there against on a ongoing basis and appropriate provision is made against outstanding receivable based on systematic basis as approved by the Board of Directors.

51.5 Stock in trade and stores, spares and loose tools

The management continuously reviews its inventory for existence of any items which may have become obsolete. The estimates against slow moving and obsolete items are made based on systematic basis as approved by the Board of Directors.

51.6 Fair value of investments

Management has determined fair value of certain investments by using quotations from active market of the financial instruments.

51.7 Recognition of income from sale of Natural Gas Liquid (NGL) and Liquefied Petroleum Gas (LPG)

Income from sale of NGL and LPG to Jamshoro Joint Venture Limited is recognized based on provisional invoice price / quantity being the best estimate available. Any change in provisional price / quantity will be accounted for prospectively in the year in which there is change in price / quantity.

51.8 Recognition of gas development surcharge

Management has recognised income from gas development surcharge according to Final Revenue Requirement (FRR) issued by OGRA based on stay orders as mentioned in note 1.3.1. Further, gas development surcharge does not include the impact of stay orders as mentioned in note 1.3.2 since no revised FRR has been issued by OGRA in this regard.

51.9 Purchases of gas

Company records purchases of gas at the rates notified by Oil and Gas Regulatory Authority. Effect of adjustments, if any, arising from revision in purchase price is reflected as and when the prices are approved by OGRA.

52. BENAZIR EMPLOYEE STOCK OPTION SCHEME (BESOS)

On August 14, 2009, the Government of Pakistan (GoP) launched Benazir Employees' Stock Option Scheme ('the Scheme') for employees of certain State Owned Enterprises (SOEs) and non-State Owned Enterprises where GoP holds significant investments (non-SOEs). The scheme is applicable to permanent and contractual employees who were in the employment of these entities on the date of launch of the Scheme, subject to completion of five years vesting period by all contractual employees and by permanent employees in certain instances.

The Scheme provides for a cash payment to employees on retirement or termination based on the price of shares of respective entities. To administer this scheme, GoP shall transfer 12% of its investment in such SOEs and non-SOEs to a Trust Fund to be created for the purpose by each of such entities. The eligible employees would be allocated units by each Trust Fund in proportion to their respective length of service, and on retirement or termination such employees would be entitled to receive such amounts from Trust Funds in exchange for the surrendered units as would be determined based on market price for listed entities or breakup value for non-listed entities. The shares relating to the surrendered units would be transferred back to GoP.

The scheme also provides that 50% of dividend related to shares transferred to the respective Trust Fund would be distributed amongst the unit holder employees. The balance 50% dividend would be transferred by the respective Trust Fund to the Central Revolving Fund managed by the Privatization Commission of Pakistan for payment to employees against surrendered units. The deficit, if any, in Trust Funds to meet the re-purchase commitment would be met by GoP.

The Scheme, developed in compliance with the stated GoP policy of empowerment of employees of State Owned Enterprises need to be accounted for by the covered entities, including the Company, under the provisions of amended International Financial Reporting Standard 2 – Share-based Payment (IFRS 2). However, keeping in view the difficulties that may be faced by the entities covered under the Scheme, the Securities & Exchange Commission of Pakistan on receiving representations from some of entities covered under the Scheme and after having consulted the Institute of Chartered Accountants of Pakistan has granted exemption to such entities from the application of IFRS 2 to the Scheme.

Had the exemption not been granted there would have been no impact on the net profit of the Company as the annual return of the Company is determined under the regulatory revenue requirement, which would have covered any additional cost if incurred by the Company in respect of the aforesaid Scheme.

53. GENERAL

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

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

54. DATE OF AUTHORISATION

These financial statements were authorised for issue in Board of Directors meeting held on 09 April, 2016.

Miftah Ismail
Chairman

Khalid Rahman
Managing Director