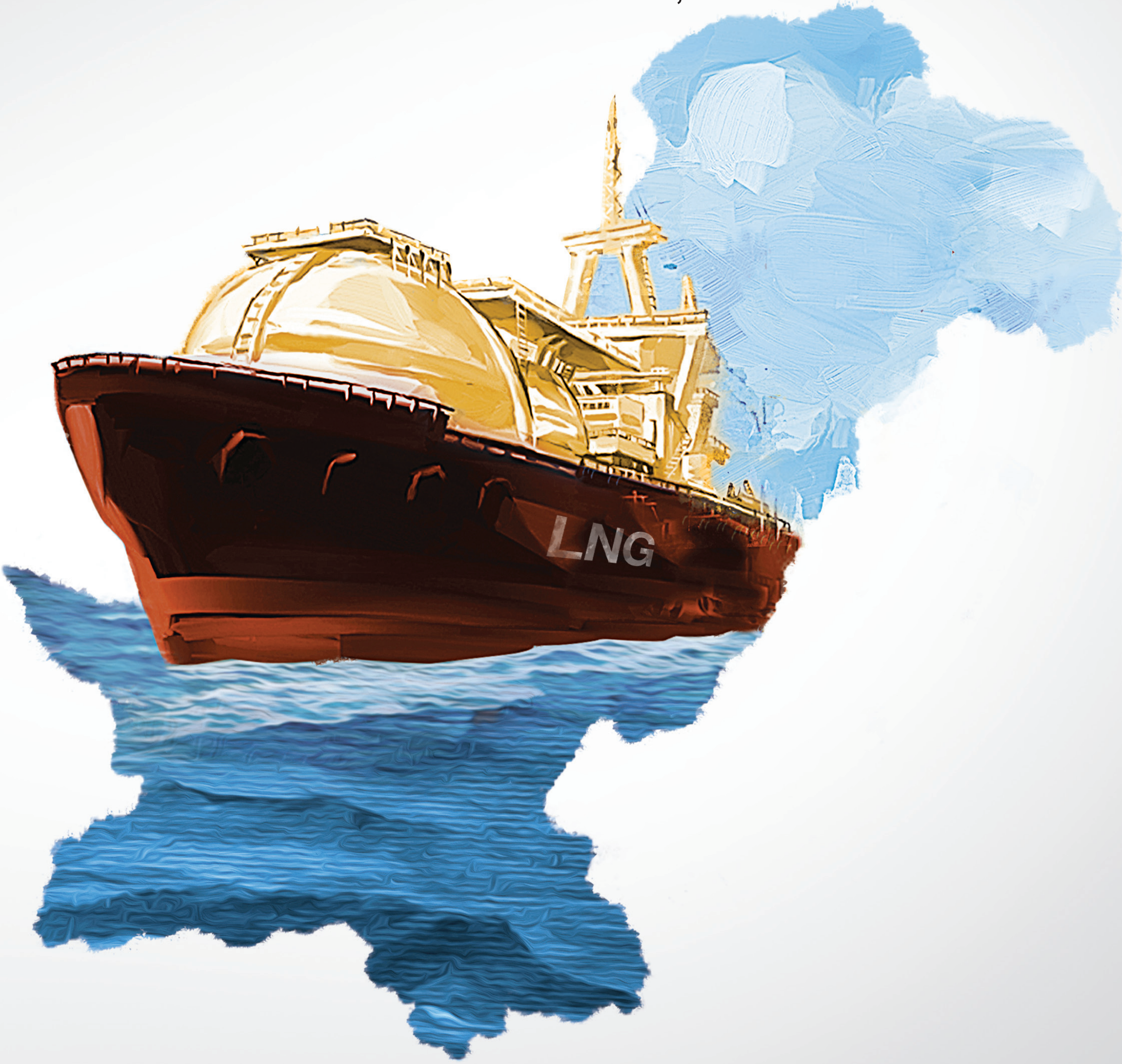
CHARTING THE COURSE TO PROSPERITY

CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2016



SSGC

Sui Southern Gas Company Limited

SSGC

Sui Southern Gas Company Limited

CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2016

CORPORATE PROFILE

Board of Directors
As on March 31, 2016

Mr. Miftah Ismail	Chairman
Mr. Khalid Rahman	Managing Director
Agha Sher Shah	
Mr. Furqan Bahadur Khan	
Mr. Muhammad Riaz Khan	
Qazi Mohammad Saleem Siddiqui	
Mr. Mobin Saulat	
Mirza Mahmood Ahmad	
Mr. Mohammad Bilal Shaikh	
Nawabzada Riaz Nosherwani	
Sardar Rizwan Kehar	
Mr. Saleem Zamindar	
Ms. Nargis Ghaloo	
Ms. Azra Mujtaba	

Board of Directors' Committees

Audit Committee of Directors

Sardar Rizwan Kehar	Chairman
Ms. Nargis Ghaloo	Member
Mr. Saleem Zamindar	Member
Mr. Mobin Saulat	Member

Human Resource and Remuneration Committee of Directors

Mr. Miftah Ismail	Chairman
Mr. Khalid Rahman	Managing Director
Agha Sher Shah	Member
Mr. Muhammad Riaz Khan	Member
Mr. Saleem Zamindar	Member
Sardar Rizwan Kehar	Member

Finance and Procurement Committee of Directors

Ms. Nargis Ghaloo	Chairperson
Mr. Khalid Rahman	Managing Director
Mr. Furqan Bahadur Khan	Member
Mirza Mahmood Ahmad	Member
Qazi Mohammad Saleem Siddiqui	Member

Special Committee of Directors on UFG

Sardar Rizwan Kehar	Chairman
Mr. Khalid Rahman	Managing Director
Qazi Mohammad Saleem Siddiqui	Member
Mr. Furqan Bahadur Khan	Member
Nawabzada Riaz Nosherwani	Member
Mr. Muhammad Riaz Khan	Member

Risk Management / Litigation Committee of Directors

Mirza Mahmood Ahmad	Chairman
Mr. Khalid Rahman	Managing Director
Agha Sher Shah	Member
Mr. Mobin Saulat	Member
Nawabzada Riaz Nosherwani	Member

Auditors

M/s. Deloitte Yousuf Adil
Chartered Accountants

Legal Advisors

M/s. Haidermota and Company
Barrister-at-Law and Corporate Counsels

Registered Office

SSGC House
St. 4/B, Block-14,
Sir Shah Suleman Road,
Gulshan-e-Iqbal,
Karachi - 75300, Pakistan.

Contact Details

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Email: info@ssgc.com.pk
Web: www.ssgc.com.pk

Shares Registrar

M/s. Central Depository Company of Pakistan
CDC House, 99-B, Block B, SMCHS,
Main Sharah-e-Faisal,
Karachi - Pakistan.

Company Secretary

Mr. Shoaib Ahmed

Chief Financial Officer

Mr. Muhammad Amin Rajput

DIRECTORS' REVIEW

For the Nine Months Period Ended March 31, 2016

I am pleased to share the Company's unaudited results for the nine months ended March 31, 2016.

The Company continued to face serious challenges during the period under review, some of which are critical for the Company's growth and viability.

FINANCIAL OVERVIEW

During the period under review, the Company recorded a net loss after tax of Rs. 9,545 million after incorporating major disallowances by OGRA and financial costs due to circular debt.

The summary of financial highlights is given below:

	Nine Months ending 31 March 2016 (Rupees in million)
Loss before taxation	(13,686)
Taxation	4,141
Loss after taxation	(9,545)

This Net Loss after Tax was recorded after incorporating major disallowances by Oil and Gas Regulatory Authority (OGRA), treatment of sale of Liquefied Petroleum Gas (LPG)/ Natural Gas Liquid (NGL) and royalty as operating income and financial cost due to circular debt.

This state of affairs is based on various reasons including but not limited to:

i) High Unaccounted-for-Gas (UFG) volume disallowance, which is after 4.5% benchmark determined by OGRA in its decision on Estimated Revenue Requirement (ERR) dated 18 December 2015 and partial benefit of 'pilfered by non-consumer' and 'law and order' (under the Economic Coordination Committee (ECC) guidelines) stands at 9.89%, i.e. at 35.2 billion cubic feet (bcf) having an impact of Rs.11.4 billion in July 2015 – March 2016 based on OGRA decision on Final Revenue Requirement.

ii) OGRA not accepting the ECC guidelines for Bulk-to-Retail ratio and provision for doubtful debts in letter and spirit as well as Court directives for 7% UFG benchmark and treatment of non-operating income.

iii) Change in basis for treatment of Late Payment Surcharge (LPS) receivable from FY 2012-13 in accordance with International Accounting Standards and after considering the opinions of reputable Chartered Accountants firms and legal advice.

iv) Meter Manufacturing has reported profit of Rs. 24 million in July 2015 – March 2016 against profit of Rs. 46 million in July 2014 – March 2015.

v) Interest expense payable to E&P Companies has been increased by Rs. 1.5 billion.

UNACCOUNTED-FOR-GAS

Main factors responsible for high UFG volumes include gas theft, measurement errors and leakages in overhead and underground pipelines. In addition to these factors, there are some external factors that are beyond the Company's control, i.e., bulk-to-retail ratio, volatile law and order situation, the Government's moratorium on new connections and new towns' extension, all of which contributed to a marked increase in UFG. The Company made concerted efforts to control UFG by replacing defective meters, rectifying leakages, installing cyber locks at industrial premises and regularly conducting anti-gas theft raids.

The Company also raised the matter with the Ministry of Petroleum and Natural Resources (MP&NR) at the ECC level. Subsequently, policy guidelines were issued to OGRA for allowing the volume pilfered by non-consumers, volume consumed in law and order affected areas and impact of change in Bulk-Retail Ratio on UFG, using 2003-04' as the base year. The policy guidelines emphasized that provision for doubtful debts may also be determined at minimum of 1% of sales. However, as referred above, OGRA did not implement ECC guidelines in letter and spirit.

TRADE AND OTHER RECEIVABLES

The Company's trade debts continued to grow significantly, thus contributing to severe liquidity crunch. This is mainly due to a few customers who have continued to default on payments. They include Rs. 35,705 million from K-Electric (KE) and Rs. 21,552 million from Pakistan Steel Mills Limited (PSML). However, aggregate legal claims against KE and PSML as at March 31, 2016 stand at Rs. 65,208 million and Rs. 41,837 million respectively. The Company management is in constant liaison with the concerned ministries to expedite the recovery of outstanding dues from KE and PSM. In addition, the Company has filed suits for recovery of dues from KE and PSML in the High Court.

FUTURE OUTLOOK

The future outlook of the Company depends on the following:

i) Development of a dedicated pipeline infrastructure to facilitate transmission of re-gasified LNG (RLNG).

ii) Significant recoveries of long outstanding receivables, providing sufficient cash flows to finance current operations and future plans and resolution of issues related to LPS.

iii) Outcome of the Company's petition in the Sindh High Court (SHC) against OGRA's tariff decision, in which the Company has proposed treatment of LPS, Sale of gas condensate, LPG and NGL, royalty income from Jamshoro Joint Venture Limited (JJVL) and meter manufacturing plant as non-operating income.

ACKNOWLEDGEMENTS

The Board of Directors wish to express their appreciation for the continued support received from the shareholders and its valued customers. The Board also acknowledges the dedication of all the employees who soldiered on, despite number of challenges confronting the Company. The Directors would like to thank the Government of Pakistan, the Ministry of Petroleum and Natural Resources and the Oil and Gas Regulatory Authority, for their continued guidance and support.

On behalf of the Board,

Miftah Ismail
Chairman

Karachi: June 18, 2016

UNCONSOLIDATED CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
As at March 31, 2016

	Note	March 31, 2016 (Un-audited)	June 30, 2015 (Audited)
		(Rupees in '000)	
ASSETS			
Non-current assets			
Property, plant and equipment	6	89,062,107	73,942,853
Intangible assets		25,026	35,911
Deferred tax		4,432,304	291,557
Long term investments	7	1,219,988	1,281,621
Net investment in finance lease		389,934	472,555
Long term loans and advances		170,586	151,476
Long term deposits		8,045	7,557
Total non-current assets		95,307,990	76,183,530
Current assets			
Stores, spares and loose tools		1,409,335	1,821,143
Stock-in-trade		763,614	859,852
Current maturity of net investment in finance lease		110,161	110,161
Customers' installation work-in-progress		195,448	183,128
Trade debts	8	87,532,240	90,351,824
Loans and advances		2,536,159	2,312,019
Advances, deposits and short term prepayments		359,016	282,590
Interest accrued		8,778,255	7,661,077
Other receivables	9	63,265,811	79,224,858
Taxation - net		18,977,256	17,442,747
Cash and bank balances		1,996,355	984,129
Total current assets		185,923,650	201,233,528
Total assets		281,231,640	277,417,058
EQUITY AND LIABILITIES			
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		8,809,163	8,809,163
Reserves		4,907,401	4,907,401
Surplus on re-measurement of available for sale securities		178,359	239,992
Accumulated losses		(14,926,522)	(5,381,402)
		(1,031,599)	8,575,154
Surplus on revaluation of fixed assets		10,251,946	10,251,946
LIABILITIES			
Non-current liabilities			
Long term finance	10	21,683,461	19,720,479
Long term deposits		11,732,387	10,613,059
Employee benefits		5,063,907	4,687,944
Obligation against pipeline		1,038,557	1,069,173
Deferred credit	11	5,035,954	5,316,940
Long term advances		835,564	798,163
Total non-current liabilities		45,389,830	42,205,758
Current liabilities			
Current portion of long term finance		6,182,558	8,145,591
Short term borrowings		-	989,191
Trade and other payables	13	179,428,956	173,142,462
Current portion of obligation against pipeline		40,373	37,750
Interest and mark-up accrued		40,969,576	34,069,206
Total current liabilities		226,621,463	216,384,200
Total liabilities		272,011,293	258,589,958
Total equity and liabilities		281,231,640	277,417,058
Contingencies and commitments	14		

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

Miftah Ismail
Chairman

Muhammad Amin Rajput
Managing Director

UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)

For the Nine Months Period Ended March 31, 2016

	Note	Nine months period ended		Quarter ended	
		March 31, 2016	March 31, 2015	**March 31, 2016**	March 31, 2015
		(Rupees in '000)			
Sales		**160,671,392**	133,236,917	**50,292,182**	41,904,045
Sales tax		**(23,334,531)**	(17,267,405)	**(7,363,058)**	(5,209,004)
		137,336,861	115,969,512	**42,929,124**	36,695,041
Gas development surcharge		**(20,198,984)**	4,081,239	**(6,143,258)**	3,035,622
Net sales		**117,137,877**	120,050,751	**36,785,866**	39,730,663
Cost of sales	15	**(124,065,695)**	(126,788,825)	**(38,283,773)**	(41,759,622)
Gross loss		**(6,927,818)**	(6,738,074)	**(1,497,907)**	(2,028,959)
Administrative and selling expenses		**(2,824,433)**	(2,714,244)	**(900,370)**	(890,401)
Other operating expenses	16	**(2,027,033)**	(1,948,063)	**(773,969)**	(393,073)
		(4,851,466)	(4,662,307)	**(1,674,339)**	(1,283,474)
		(11,779,284)	(11,400,381)	**(3,172,246)**	(3,312,433)
Other operating income	17	**1,555,976**	1,725,008	**585,064**	412,267
Operating loss		**(10,223,308)**	(9,675,373)	**(2,587,182)**	(2,900,166)
Other non-operating income	18	**5,111,836**	8,616,641	**802,565**	2,050,998
Finance cost	19	**(8,574,395)**	(7,247,137)	**(3,148,241)**	(2,524,111)
Loss before taxation		**(13,685,867)**	(8,305,869)	**(4,932,858)**	(3,373,279)
Taxation	20	**4,140,747**	3,234,200	**1,455,339**	1,364,326
Loss for the period		**(9,545,120)**	(5,071,669)	**(3,477,519)**	(2,008,953)
Basic and diluted loss per share		**(10.84)**	(5.76)	**(3.95)**	(2.28)

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

Miftah Ismail
Chairman

Muhammad Amin Rajput
Managing Director

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

For the Nine Months Period Ended March 31, 2016

	Nine months period ended		Quarter ended	
	March 31, 2016	March 31, 2015	**March 31, 2016**	March 31, 2015
Loss for the period	**(9,545,120)**	(5,071,669)	**(3,477,519)**	(2,008,953)
Other comprehensive income				
Item that may be reclassified subsequently to profit and loss account				
Unrealised (loss)/ gain on re-measurement of available for sale securities	**(61,633)**	(2,736)	**(3,943)**	(18,683)
Item that will not be reclassified subsequently to profit and loss account	**-**	-	**-**	-
Total comprehensive loss for the period	**(9,606,753)**	(5,074,405)	**(3,481,462)**	(2,027,636)

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

Miftah Ismail
Chairman

Muhammad Amin Rajput
Managing Director

UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

For the Nine Months Period Ended March 31, 2016

	Note	March 31, 2016	March 31, 2015
		(Un-audited)	
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		**(13,685,867)**	(8,305,869)
Adjustments for non-cash and other items	21	**13,028,981**	10,978,801
Working capital changes	22	**23,871,084**	10,662,683
Financial charges paid		**(1,861,875)**	(2,061,829)
Employee benefits paid		**(76,892)**	(69,697)
Payment for retirement benefits		**(491,794)**	(231,754)
Long term deposits received - net		**1,119,328**	1,700,581
Deposits paid - net		**(489)**	(868)
Loans and advances to employees - net		**(243,250)**	(230,916)
Interest income and return on term deposits received		**396,851**	229,011
Income taxes paid		**(1,534,509)**	(5,499,808)
Net cash generated from operating activities		**20,521,568**	7,170,335
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		**(18,787,412)**	(5,354,770)
Payments for intangible assets		**(15,346)**	(3,956)
Proceeds from sale of property, plant and equipment		**105,185**	7,682
Lease rental from net investment in finance lease		**176,866**	168,905
Short term loan to subsidiary company		**-**	-
Dividend received		**712**	-
Net cash used in investing activities		**(18,519,995)**	(5,182,139)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from local currency loans		**5,972,265**	6,990,383
Repayments of local currency loans		**(5,945,810)**	(2,428,570)
Consumer finance received		**-**	12,439
Repayment of consumer finance		**(26,505)**	(39,829)
Dividend paid		**(106)**	(311)
Net cash generated from financing activities		**(156)**	4,534,112
Net (decrease) / increase in cash and cash equivalents		**2,001,417**	6,522,308
Cash and cash equivalents at beginning of the period		**(5,062)**	(1,941,400)
Cash and cash equivalents at end of the period		**1,996,355**	4,580,908
Cash and cash equivalent comprises:			
Cash and bank balances		**1,996,355**	4,580,908
Short term borrowings		**-**	-
		1,996,355	4,580,908

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

Miftah Ismail
Chairman

Muhammad Amin Rajput
Managing Director

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

For the Nine Months Period Ended March 31, 2016

	Issued, subscribed and paid-up capital	Capital reserves	Revenue reserves	Surplus on re-measurement of available for sale securities	Accumulated losses	Total
				(Rupees in '000)		
Balance as at July 1, 2014	8,809,163	234,868	4,672,533	122,762	(224,378)	13,614,948
Total comprehensive loss for the period ended March 31, 2015						
Loss for the period	-	-	-	-	(5,071,669)	(5,071,669)
Other comprehensive income for the period	-	-	-	(2,736)	-	(2,736)
Total comprehensive loss for the period	-	-	-	(2,736)	(5,071,669)	(5,074,405)
Balance as at March 31, 2015	8,809,163	234,868	4,672,533	120,026	(5,296,047)	8,540,543
Balance as at June 30, 2015	8,809,163	234,868	4,672,533	239,992	(5,381,402)	8,575,154
Total comprehensive loss for the period ended March 31, 2016						
Loss for the period	**-**	**-**	**-**	**-**	**(9,545,120)**	**(9,545,120)**
Other comprehensive loss for the period	**-**	**-**	**-**	**(61,633)**	**-**	**(61,633)**
Total comprehensive loss for the period	**-**	**-**	**-**	**(61,633)**	**(9,545,120)**	**(9,606,753)**
Balance as at March 31, 2016	**8,809,163**	**234,868**	**4,672,533**	**178,359**	**(14,926,522)**	**(1,031,599)**

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

Miftah Ismail
Chairman

Muhammad Amin Rajput
Managing Director

1. Status and nature of business

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

1.2 Regulatory framework

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

1.3 Determination of revenue requirement

1.3.1 Prior years (2011-2015)

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

For subsequent years till year ended June 30, 2015, the Company also obtained stay orders from the Court on the same principles which were fixed in the interim relief as discussed above, and thereafter, OGRA considered such principles in determining revenue requirement of the Company. Management is confident that the final decision of the Court would be in favor of the Company.

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

1.3.1.2 In determining the Final Revenue Requirements (FRRs) for the years ended June 30, 2013, 2014 and 2015, the OGRA treated income from royalty (arrears) and income of LPG and NGL as operating income amounting 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, 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 finalized by the Court. The Court suspended the relevant paragraphs of OGRA orders wherein above income were treated as operating income thus requiring revision of FRR for 2013, 2014 and 2015; however, no revised FRR has been issued by the OGRA till the date of issue of this unconsolidated condensed interim financial information. Consequently, the impact of the new stay orders have not been taken and the aforesaid income was treated as operating income in the financial statements of the Company for the years ended June 30, 2013, 2014 and 2015.

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

1.3.2 Current period (nine months ended March 31, 2016)

In respect of determination of revenue requirement of the Company for the year ended June 30, 2016, OGRA in its decision dated December 18, 2015, treated certain incomes as operating income instead of non-operating income and allowed UFG benchmark at 4.5% provisionally subject to the finalisation of UFG study. Being aggrieved, the Company filed a petition in the Court against decision of OGRA dated December 18, 2015, and the Court granted stay order on May 16, 2016 on the lines of interim order passed for the year ended June 30, 2015 i.e, allowing UFG benchmark at 7% and royalty income from Jamshoro Joint Venture Limited, Profit from Meter Manufacturing, Late Payment Surcharge and Sale of Gas Condensate as non-operating income. The Company has applied to OGRA for revision of estimated revenue requirement for the year ended June 30, 2016 based on the decision of the Court but revised determination has not been received till the date of approval of this unconsolidated condensed interim financial information. Meanwhile, this unconsolidated condensed interim financial information for the nine months ended March 31, 2016 has been prepared based on OGRA decision dated December 18, 2015.

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

Had OGRA revised the estimated revenue requirement and this unconsolidated condensed interim financial information been prepared in accordance with the OGRA's decisions dated September 24, 2010, the Company would have reported loss for the nine months amounting to Rs. 6,306 million.

2. Basis for preparation

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

2.2 This unconsolidated condensed interim financial information is un-audited but subject to limited scope review by the auditors and are being submitted to shareholders in accordance with Section 245 of the Companies Ordinance, 1984.

3. Significant accounting policies

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

4. Accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards, as applicable in Pakistan requires the management to make estimates, assumptions and use judgments that affect the application of policies and the reported amounts of assets and liabilities and income and expenses. Actual results may differ from these estimates. The significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended June 30, 2015, except for IFRS 13 "Fair Value Measurement". Further, the charge in respect of staff retirement benefits has been recognised on the basis of actuarial's projection for the ensuing year; hence it does not include consideration for actuarial gains / losses which will be determined at the year end. Any actuarial gains / losses determined are offered to / claimed from OGRA in determining revenue requirement of the Company.

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

5. Financial risk management

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2015.

	March 31, 2016 (Un-audited)	June 30, 2015 (Audited)
	(Rupees in '000)	

6. Property, plant and equipment

Operating assets	**66,273,223**	64,406,460
Capital work in progress	**22,788,884**	9,536,393
	89,062,107	73,942,853

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

	Nine months period ended			
	March 31, 2016		March 31, 2015	
	(Un-audited) (Rupees in '000)			
	Cost of additions / transfers from CWIP	**Written down value of (transfers / disposals)**	Cost of additions / transfers from CWIP	Written down value of (transfers / disposals)
Operating assets				
Land	**169,513**	**-**	-	-
Buildings on leasehold land	**98,557**	**-**	101,811	-
Gas transmission pipelines	**435,962**	**-**	156,364	-
Gas distribution system	**3,940,708**	**-**	2,438,618	-
Telecommunication	**75,994**	**-**	132,763	-
Plant and machinery	**395,739**	**-**	183,369	-
Tools and equipment	**15,920**	**-**	20,983	-
Motor vehicles	**250,620**	**(26,377)**	177,138	(7,629)
Furniture and fixtures	**18,905**	**-**	21,780	-
Office equipment	**31,451**	**-**	23,339	-
Computers and ancillary equipments	**74,373**	**-**	28,133	-
Construction equipment	**104,291**	**-**	14,780	-
	5,612,033	**(26,377)**	3,299,078	(7,629)

	Capital expenditure incurred	**Transfer to operating assets**	Capital expenditure incurred	Transfer to operating assets
Capital work in progress:				
Projects:				
- Gas distribution system	**3,900,034**	**(3,940,708)**	3,415,101	(2,438,618)
- Gas transmission system	**5,507,327**	**(435,962)**	648,474	(156,364)
- Buildings on leasehold land	**119,874**	**(98,557)**	212,963	(101,811)
	9,527,235	**(4,475,227)**	4,276,538	(2,696,793)

During the period, there has been net increase in respect of stores and spares held for capital projects and others amounting to Rs. 8,330 million (March 31, 2015: Rs. 518 million).

	March 31, 2016 (Un-audited)	June 30, 2015 (Audited)
	(Rupees in '000)	

7. Long term investments

Investment in related parties	**1,063,138**	1,069,415
Other investments	**156,850**	212,206
	1,219,988	1,281,621

	Note	March 31, 2016 (Un-audited)	June 30, 2015 (Audited)
		(Rupees in '000)	

8. Trade debts

	Note	March 31, 2016	June 30, 2015
Secured		**12,936,555**	18,551,015
Unsecured		**85,144,073**	81,016,295
	8.1 & 8.2	**98,080,628**	99,567,310
Provision against impaired debts		**(10,548,388)**	(9,215,486)
		87,532,240	90,351,824

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

In accordance with the revised accounting treatment, the trade debts includes Rs. 35,705 million (June 30, 2015: Rs. 40,073 million) receivables from KE. Out of this, Rs. 32,251 million (June 30, 2015: Rs. 36,502 million) are overdue. However, the aggregate legal claim of the Company from KE amounts to Rs. 65,208 million (June 30, 2015: Rs. 62,641 million). This amount has been arrived at as per the practice of the Company to charge LPS to customers who do not make timely payments.

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

- As per the agreement dated June 30, 2009 which was entered between the Company and KE for making outstanding payment in 18 installments, the Company was entitled to charge LPS on outstanding principal 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.

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

In accordance with the revised accounting treatment, the trade debts includes Rs. 21,552 million (June 30, 2015: Rs. 20,879 million) including overdue balance of Rs. 21,491 million (June 30, 2015: Rs. 20,618 million) receivable from PSML. However, the aggregate legal claim of the Company from PSML amounts to Rs. 41,837 million (June 30, 2015: Rs. 35,383 million). This amount has been arrived at as per the practice of the Company to charge LPS to customers who do not make timely payments.

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

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

	Note	**March 31, 2016 (Un-audited)**	June 30, 2015 (Audited)
		(Rupees in '000)	
9. Other receivables - considered good			
Gas development surcharge receivable from GoP		**5,889,515**	25,798,540
Staff pension fund		**684,113**	672,909
Receivable for sale of gas condensate		**62,306**	253,228
Sui Northern Gas Pipelines Limited	9.1	**26,050,074**	22,227,096
Jamshoro Joint Venture Limited	9.2	**11,873,185**	14,636,955
SSGC LPG (Private) Limited		**271,860**	565,837
Workers' Profit Participation Fund		**1,567,655**	1,567,655
Sales tax receivable	9.3	**18,149,822**	14,710,812
Sindh sales tax receivable		**112,569**	112,569
Pipeline rentals		**18,154**	49,984
Receivable against asset contribution	9.4	**491,353**	448,587
Miscellaneous receivables		**651,921**	527,045
		65,822,527	81,571,217
Provision against impaired receivables		**(2,556,716)**	(2,346,359)
		63,265,811	79,224,858

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

	Note	March 31, 2016	June 30, 2015
Uniform cost of gas		**17,583,428**	20,016,375
Lease rentals		**138,804**	84,811
Contingent rent		**3,535**	3,422
Capacity and utilisation charges of RLNG	9.1.1	**8,324,307**	2,122,488
		26,050,074	22,227,096

9.1.1 The Company has invoiced an amount of Rs. 12,219 million including Sindh Sales Tax of Rs.1,524 million, till March 31, 2016 to SNGPL in respect of capacity and utilisation charges (terminal charges) relating to RLNG.

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

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

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

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

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

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

	Note	March 31, 2016 (Un-audited)	June 30, 2015 (Audited)
10. Long-term finance		(Rupees in '000)	
Secured			
Loans from banking companies	10.1 & 10.2	**22,370,035**	22,343,581
Unsecured			
Front end fee of foreign currency loan		**23,950**	23,950
Consumer finance		**223,521**	250,026
Government of Sindh loans		**5,248,513**	5,248,513
		5,495,984	5,522,489
		27,866,019	27,866,070
Less: current portion shown under current liabilities			
Loans from banking companies		**(5,500,000)**	(7,452,381)
Consumer finance		**(24,045)**	(34,697)
Government of Sindh loans		**(658,513)**	(658,513)
		(6,182,558)	(8,145,591)
		21,683,461	19,720,479

10.1 A long term finance facility was obtained on December 15, 2015 amounting to Rs. 3,000 million. Mark-up for the said loan is to be paid quarterly in arrears on the outstanding facility amount at three months KIBOR + 0.50% per annum. The loan is repayable in twenty equal quarterly installments from 2018 to 2022. This facility is secured by the way of hypothecation charge over all its present and future movable fixed asset of Company comprising of compressors stations, transmission pipelines, distribution pipelines and pipeline construction machinery and equipment.

10.2 A long term finance facility amounting to Rs. 15,000 million was sanctioned on October 8, 2015 from a syndicate of banks. As of December 31, 2015 the Company has utilised Rs. 3,000 million of out total sanctioned amount. Mark-up for the said loan is to be paid semi annually in arrears on outstanding facility amount at six month KIBOR + 0.50% per annum. The loan is repayable in ten equal semi annually installment from 2018 to 2022.This facility is secured by the way of hypothecation charge over all its present and future movable fixed asset of Company comprising of compressors stations, transmission pipelines, distribution pipelines and pipeline construction machinery and equipment.

	Nine months period ended	
	March 31, 2016	March 31, 2015
	(Un-audited)	
11. Deferred credit	(Rupees in '000)	
Government contributions / grants		
Additions / adjustments during the period / year	**40,273**	20,920
Transferred to unconsolidated profit and loss account	**114,366**	177,683
Contribution from customers		
Transferred to unconsolidated profit and loss account	**126,347**	133,462

12. Short term borrowings

These represent facilities for short term running finance / short term money market loan available from various banks amounting to Rs. Nil million (June 30, 2015: Rs. 989 million) and subject to mark-up to 0.10% to 0.80% (June 30, 2015: 0.30%) above the average one month KIBOR. The facilities are secured by first pari passu, first joint supplemental hypothecation and ranking charge over present and future stock in trade and book debts of the Company.

The aggregate unavailed short term borrowing facilities amounted to Rs. 8,500 million (June 30, 2015: Rs. 5,426 million).

13. **Trade and other payables**	**March 31, 2016 (Un-audited)**	June 30, 2015 (Audited)
	(Rupees in '000)	
Creditors for:		
- Gas supplies	**152,367,560**	145,385,454
- Supplies	**1,144,486**	589,234
	153,512,046	145,974,688
Amount received from customers for laying of mains, etc.	**1,882,988**	1,861,627
Engro Elengy Terminal (Private) Limited	**400,661**	1,022,850
Accrued liabilities	**3,831,503**	3,048,161
Advance from LPG customers	**255,245**	433
Provision for compensated absences - non executives	**278,989**	219,207
Payable to staff gratuity fund	**2,192,782**	2,192,783
Deposits / retention money	**393,418**	364,319
Bills payable	**33,778**	599,999
Advance for sharing right of way	**18,088**	18,088
Unclaimed dividend	**286,559**	286,665
Withholding tax payable	**22,386**	196,410
Sales tax and Federal excise duty	**308,346**	305,055
Sindh sales tax	**44,151**	37,231
Processing charges payable to JJVL	**6,787,033**	7,433,204
Gas infrastructure development cess payable	**8,884,286**	9,324,042
Unclaimed term finance certificate redemption profit	**1,800**	1,800
Inter State Gas System (Private) Limited (ISGSL)	**22,920**	11,019
Others	**271,977**	244,881
	179,428,956	173,142,462

14. Contingencies and commitments

14.1 There has been no change in the status of other contingencies as disclosed in note 17 of annual audited financial statements of the Company for the year ended June 30, 2015, except for the following:

	March 31, 2016 (Un-audited)	June 30, 2015 (Audited)
	(Rupees in '000)	
14.2 Commitments for capital and other expenditures	**15,153,167**	7,286,408
14.3 Guarantees issued on behalf of the Company	**5,058,696**	5,058,696

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

14.5 Habibullah Coastal Power Company (Private) Limited (HCPC) has claimed Rs. 3,054.14 million (June 30, 2015: Rs. 2,382.76. million) from the Company for short supply of gas under the provisions of an agreement dated March 31, 1996 between the Company and HCPC. HCPC has also disputed late payment surcharge charged by the Company amounting to Rs. 360 million. HCPC has also invoked arbitration as per article of Gas Sale Agreement. In the instant arbitral proceedings, the Company has also raised a counter claim of Rs. 5,233.3 million on account of failing to take or pay for the gas made available to HCPC along with the interest thereon. Accordingly, management has not made provision against the claim of HCPC in these unconsolidated condensed interim financial information.

	Nine months period ended		Quarter ended	
	March 31, 2016	March 31, 2015	**March 31, 2016**	March 31, 2015
	(Un-audited) (Rupees in '000)			

15. Cost of sales

Cost of gas	**113,077,043**	115,856,195	**34,738,295**	38,120,969
Transmission and distribution costs	**10,988,652**	10,932,630	**3,545,478**	3,638,653
	124,065,695	126,788,825	**38,283,773**	41,759,622

15.1 Cost of gas

Opening gas in pipelines	**341,904**	332,529	**311,131**	324,222
Gas purchases	**137,689,813**	144,509,038	**40,622,977**	47,412,963
	138,031,717	144,841,567	**40,934,108**	47,737,185
Gas consumed internally	**(395,917)**	(470,111)	**(156,894)**	(179,534)
Inward price adjustment	**(23,221,176)**	(28,193,190)	**(4,701,338)**	(9,114,611)
Closing gas in pipelines	**(1,337,581)**	(322,071)	**(1,337,581)**	(322,071)
	(24,954,674)	(28,985,372)	**(6,195,813)**	(9,616,216)
	113,077,043	115,856,195	**34,738,295**	38,120,969

16. Other operating expenses

Auditors' remuneration	**16,434**	13,111	**5,834**	4,501
Sports expenses	**45,073**	34,072	**15,952**	14,985
Corporate social responsibility	**24,019**	38,895	**7,914**	5,572
Loss on disposal of property, plant and equipment	**-**	5,869	**-**	3,576
Provision against impaired debts and other receivables	**1,543,259**	971,383	**795,827**	474,968
Provision against impaired stores and spares	**21,611**	-	**10,492**	-
Exchange loss on payment of gas purchases	**376,637**	884,733	**(62,050)**	(110,529)
	2,027,033	1,948,063	**773,969**	393,073

17. Other operating income

Income from other than financial assets				
Meter rentals	**537,185**	522,806	**180,121**	175,501
Recognition of income against deferred credit	**240,713**	290,899	**42,442**	92,080
Income from new service connections and asset contribution	**229,753**	584,571	**142,714**	57,825
Income from LPG air mix distribution - net	**81,219**	87,947	**26,679**	28,753
Recoveries from consumers	**55,486**	53,952	**24,300**	19,485
Liquidity damaged recovered	**41,196**	7,172	**22,625**	2,912
Advertising income	**3,237**	4,173	**818**	1,751
Income from sale of tender documents	**4,192**	4,307	**955**	1,310
Gain on disposal of property, plant and equipment	**78,808**	5,907	**42,495**	1,011
Scrap sales	**10,013**	-	**27**	-
Miscellaneous	**274,174**	163,274	**101,888**	31,639
	1,555,976	1,725,008	**585,064**	412,267

	Note	Nine months period ended		Quarter ended	
		March 31, 2016	March 31, 2015	**March 31, 2016**	March 31, 2015
		(Un-audited)			
		(Rupees in '000)			

18. Other non-operating income

	Note	**March 31, 2016**	March 31, 2015	**March 31, 2016**	March 31, 2015
Income from financial assets					
Late payment surcharge		**1,705,098**	1,339,126	**560,913**	443,030
Income from net investment in finance lease		**27,257**	37,337	**-**	4,629
Income for receivable against asset contribution		**30,630**	31,432	**10,082**	10,357
Interest income on loan to related party		**84,151**	116,982	**9,330**	36,636
Return on term deposits and profit and loss bank accounts		**155,660**	205,212	**30,328**	89,675
		2,002,796	1,730,089	**610,653**	584,327
Interest income on late payment of gas bills from:					
- Jamshoro Joint Venture Limited		**226,439**	74,202	**61,774**	(7,633)
- Water and Power Development Authority		**186,417**	83,651	**70,084**	19,233
- Sui Northern Gas Pipelines Limited		**861,259**	721,349	**298,228**	291,556
- SSGC LPG (Private) Limited		**103**	13,229	**-**	5,327
		1,274,218	892,431	**430,086**	308,483
Dividend income		**712**	-	**-**	-
		3,277,726	2,622,520	**1,040,739**	892,810
Income from investment in debts, loans, advances and receivables from related party					
Income from net investment in finance lease		**66,988**	49,014	**22,329**	3,819
Others					
Sale of gas condensate		**128,820**	232,258	**33,249**	85,552
Income on LPG and NGL - net	18.1	**1,613,976**	5,667,091	**(296,908)**	1,003,194
Meter manufacturing division profit / (loss) - net		**24,326**	45,758	**3,156**	65,623
		1,767,122	5,945,107	**(260,503)**	1,154,369
		5,111,836	8,616,641	**802,565**	2,050,998

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

19 Finance cost

Included in finance cost is an amount of Rs. 6,637 million (March 2015: Rs. 5,059 million) being markup on delayed payment on gas supplies.

20. Taxation

	Nine months period ended		Quarter ended	
	March 31, 2016	March 31, 2015	**March 31, 2016**	March 31, 2015
	(Un-audited)			
	(Rupees in '000)			
- Current	**-**	-	**-**	-
- Deferred	**4,140,747**	3,234,200	**1,455,339**	1,364,326
	4,140,747	3,234,200	**1,455,339**	1,364,326

	Nine months period ended	
	March 31, 2016 (Un-audited)	March 31, 2015 (Un-audited)
	(Rupees in '000)	

21. Adjustments for non-cash and other items

Provisions	**2,688,096**	1,849,012
Depreciation	**3,699,630**	3,480,000
Amortisation of intangibles	**26,232**	47,524
Finance cost	**8,567,825**	7,244,264
Amortisation of transaction cost	**6,570**	2,873
Recognition of income against deferred credit	**(240,713)**	(311,144)
Dividend income	**(712)**	-
Interest income and return on term deposits	**(1,514,029)**	(1,246,057)
Income from net investment in finance lease	**(94,245)**	(86,351)
(Loss) / gain on disposal of property, plant and equipment	**(78,808)**	(1,320)
Decrease in long term advances	**37,401**	(20,920)
Decrease in deferred credit	**(40,273)**	20,920
Decrease in obligation against pipeline	**(27,993)**	-
	13,028,981	10,978,801

22. Working capital changes

(Increase) / decrease in current assets		
Stores, spares and loose tools	**390,197**	641,783
Stock-in-trade	**96,238**	471,332
Customers' installation work-in-progress	**(12,320)**	(11,757)
Trade debts	**1,486,681**	(1,411,814)
Advances, deposits and short term prepayments	**(76,426)**	(9,982)
Other receivables	**15,759,895**	(12,554,813)
	17,644,265	(12,875,251)
Increase in current liabilities		
Trade and other payables	**6,226,819**	23,537,934
	23,871,084	10,622,683

23. 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 Oil and Gas Regulatory Authority. Remuneration of key management personnel are in accordance with the terms of the employment / appointment. Other transactions with the related parties are carried out as per agreed terms. The detail of transactions with related parties not disclosed elsewhere in this unconsolidated condensed interim financial information are as follows:

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

	Relationship	Nine months period ended March 31, 2016 (Un-audited) (Rupees in '000)	Nine months period ended March 31, 2015 (Un-audited) (Rupees in '000)
Astro Plastic (Private) Limited	Associate		
- Billable charges		**105,009**	103,382
Attock Cement Limited	Associate		
- Billable charges		**20,226**	32,101
Fauji Fertilizer Company Limited	Associate		
- Billable charges		**16**	103
Gadoon Textile Mills Limited	Associate		
- Billable charges		**396**	300
Government related entities			
- Purchase of fuel and lubricant		**-**	7,258
- Billable charges		**58,737,198**	34,672,820
- Sharing of expenses		**72,181**	35,619
- Income from net investment in finance lease		**66,988**	49,014
- Gas purchases		**54,919,933**	58,229,329
- Sale of gas meters		**363,970**	8,32,758
- Rent of premises		**13,507**	13,055
- Insurance premium		**107,461**	93,337
- Electricity expenses		**151,879**	145,799
- Interest income		**1,047,676**	805,000
- Uniform Cost of gas		**23,221,176**	28,193,190
- Mark up on delayed payment on gas supplies		**6,637,888**	5,059,056
- Markup on short term finance		**4,482**	426
- Markup on local currency finance		**2,610**	17,435
Habib Bank Limited	Associate		
- Profit on investment		**6,841**	51,511
- Markup on short term finance		**14,598**	6,226
- Markup on local currency finance		**112,188**	79,535
- Billable charges		**8,670**	5,426
International Industries Limited	Associate		
- Line Pipe Purchases		**122,858**	207,259
- Billable charges		**907,981**	834,985
Ismail Industries Limited	Associate		
- Billable charges		**-**	257,410
Key management personnel			
-Remuneration		**119,083**	124,749
Kohinoor Silk Mills Limited	Associate		
- Billable charges		**-**	204
Minto & Mirza	Associate		
- Professional charges		**8,550**	4,000
Pakistan Cables Limited	Associate		
- Billable charges		**66,034**	65,105

	Relationship	Nine months period ended March 31, 2016 (Un-audited)	March 31, 2015
		(Rupees in '000)	
** **Pakistan Engineering Company Limited**	Associate		
- Billable charges		**45**	42
Pakistan Stock Exchange Limited	Associate		
- Billable charges		**976**	394
Pakistan Synthetic Limited	Associate		
- Billable charges		**-**	31,405
PERAC - Research and Development Foundation	Associate		
- Professional charges		**472**	-
Premium Textile Mills Limited	Associate		
- Billable charges		**-**	225,874
SSGC LPG (Private) Limited	Wholly owned subsidiary		
- Interest on loan		**84,151**	116,982
- Interest income on delayed payment of gas bill		**103**	13,229
- Purchase of LPG		**107,380**	293,069
- Sale of LPG		**442,653**	1,119,203
Staff retirement benefit plans	Associate		
- Contribution to provident fund		**192,793**	146,364
- Contribution to pension fund		**260,391**	264,231
- Contribution to gratuity fund		**260,200**	167,644
Standard Chartered Bank Limited			
- Profit on investment		**2,458**	4,103
- Markup on short term finance		**1,026**	1,335
- Markup on local currency finance		**4,209**	49,728
Thatta Cement Company Limited	Associate		
- Gas sales		**13,403**	7,093

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

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

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

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

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

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

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

	Relationship	March 31, 2016 (Un-audited)	June 30, 2015 (Audited)
		(Rupees in '000)	
Astro Plastic (Private) Limited	Associate		
- Billable charges		**12,568**	19,846
- Gas supply deposit		**(141,904)**	(53,208)
Attock Cement Limited	Associate		
- Billable charges		**253**	5,350
- Gas supply deposit		**(30,566)**	(30,566)
Attock Refinery Limited	Associate		
- Sale of gas condensate		**42,105**	42,105
Fauji Fertilizer Company Limited	Associate		
- Billable charges		**-**	5
- Gas supply deposit		**-**	(124)
Gadoon Textile Mills Limited	Associate		
- Billable charges		**57**	27
- Gas supply deposit		**(117)**	(113)
Government related entities - various			
- Billable charges		**59,546,967**	66,590,353
- Sharing of expenses		**(22,920)**	(11,019)
- Net investment in finance lease		**138,803**	84,811
- Gas purchases		**(124,613,354)**	(112,069,923)
- Gas meters		**753,036**	710,123
- Uniform cost of gas		**17,583,428**	20,016,375
- Cash at bank		**21,004**	73,858
- Stock Loan		**-**	(2,523)
- Recoverable from insurance		**-**	50
- Gas supply deposit		**(64,816)**	(66,537)
- Interest expense accrued - late payment surcharge on gas bills		**(40,040,519)**	(33,402,629)
- Interest income accrued - late payment on gas bills		**7,605,757**	6,558,082
Habib Bank Limited	Associate		
- Long term finance		**(3,750,000)**	(1,000,000)
- Short term finance		**-**	(572,109)
- Cash at bank		**80,983**	28,020
- Accrued markup		**(16,580)**	(10,929)
- Billable charges		**942**	1,468
- Gas supply deposit		**(3,589)**	(4,041)
International Industries Limited	Associate		
- Billable charges		**108,398**	119,559
Gas supply deposit		**(333,850)**	(70,997)
Pakistan Cables Limited	Associate		
- Billable charges		**7,936**	9,911
- Gas supply deposit		**(23,418)**	(21,968)
Pakistan Engineering Company Limited	Associate		
- Billable charges		**5**	5
- Gas supply deposit		**(15)**	(12)

	Relationship	March 31, 2016 (Un-audited)	June 30, 2015 (Audited)
		(Rupees in '000)	
Pakistan Stock Exchange Limited	Associate		
- Billable charges		**44**	207
- Gas supply deposit		**(85)**	(85)
PERAC - Research & Development Foundation	Associate		
- Professional charges		**-**	57
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		**428,741**	344,487
- Purchase of LPG		**(114,969)**	(217,782)
- Sale of LPG		**271,860**	565,837
Thatta Cement Company Limited	Associate		
- Billable charges		**1,195**	94
- Gas supply deposit		**(45,000)**	(45,000)

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

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

24. Operating segments

IFRS 8 -Operating Segments requires operating segments to be identified on the basis of internal reports about components of the Company that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to 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.

	Nine months ended			
	Segment revenue		Segment loss	
	March 31, 2016	March 31, 2015	**March 31, 2016**	March 31, 2015
	(Un-audited) (Rupees in '000)			
Gas transmission and distribution	**137,336,861**	115,969,512	**(12,048,558)**	(6,843,541)
Meter manufacturing	**1,295,784**	1,491,633	**24,326**	45,758
Total segment results	**138,632,645**	117,461,145	**(12,024,232)**	(6,797,783)
Unallocated - other expenses				
- Other operating expenses			**(2,027,033)**	(1,948,063)
Unallocated - other income				
- Non-operating income			**365,398**	439,977
Loss before tax			**(13,685,867)**	(8,305,869)

The above revenue includes sale of meters by meter manufacturing segment to gas transmission and distribution amounting to Rs. 434 million (2015: Rs. 445 million).

Segment assets and liabilities	March 31, 2016 (Un-audited)	June 30, 2015 (Audited)
	(Rupees in '000)	
Segment assets		
Gas transmission and distribution	**254,629,184**	253,322,479
Meter manufacturing	**2,431,557**	2,714,099
Total segment assets	**257,060,741**	256,036,578
Unallocated		
-Loans and advances	**2,706,745**	2,463,495
-Taxation - net	**18,977,256**	17,442,747
-Interest accrued	**490,543**	490,109
-Cash and bank balances	**1,996,355**	984,129
	24,170,899	21,380,480
Total assets as per balance sheet	**281,231,640**	277,417,058
Segments liabilities		
Gas transmission and distribution	**266,167,489**	253,249,813
Meter manufacturing	**779,897**	652,201
Total segment liabilities	**266,947,386**	253,902,014
Unallocated		
-Employee benefits	**5,063,907**	4,687,944
Total liabilities as per balance sheet	**272,011,293**	258,589,958

25. Fair value of measurement

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

25.1 Fair value of financial instruments

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

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

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

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

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

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

	As at March 31, 2016			
	Level 1	**Level 2**	**Level 3**	**Total**
		(Rupees in '000)		
Assets				
Available for sale investments				
Listed equity securities	**214,887**	**-**	**-**	**214,887**

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

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

25.2 Fair value of other assets

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

	As at March 31, 2016	
	Level 2	**Fair Value**
	(Rupees in '000)	
Freehold land	**4,434,792**	**4,434,792**
Leasehold land	**6,082,257**	**6,082,257**
	10,517,049	**10,517,049**

	As at June 30, 2015	
	Level 2	Fair Value
	(Rupees in '000)	
Freehold Land	4,434,792	4,434,792
Leasehold Land	6,082,257	6,082,257
	10,517,049	10,517,049

26. General

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

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

27. Date of authorisation

This unconsolidated condensed interim financial information were authorised for issue in Board of Directors meeting held on 18 June, 2016.

Miftah Ismail
Chairman

Muhammad Amin Rajput
Managing Director