Sui Southern Gas Company Limited

Evolve - Adapt - Grow

Un-Audited Unconsolidated Condensed Interim Financial Statements for the half year ended December 31, 2020

SSGC

Sui Southern Gas
Company Limited

Unconsolidated Condensed Interim Financial Information (Un-Audited)
for the half year ended December 31, 2020

CORPORATE PROFILE

BOARD OF DIRECTORS

AS ON DECEMBER 31, 2020

Dr. Shamshad Akhtar	Chairperon
Mr. Muhammad Raziuddin Monem	Director
Mr. Faisal Bengali	Director
Ms. Nida Rizwan Farid	Director
Capt. (Retd.) Fazeel Asghar	Director
Mr. Imran Ahmed	Director
Dr. Ahmed Mujtaba Memon	Director
Dr. Sohail Razi Khan	Director
Mr. Manzoor Ali Shaikh	Director
Mr. Zuhair Siddiqui	Director
Mr. Ayaz Dawood	Director

ACTING MANAGING DIRECTOR (AMD)
Mr. M. Amin Rajput

COMPANY SECRETARY
Mr. Shoaib Ahmed

AUDITORS
M/s. BDO Ebrahim & Co., Chartered Accountants

LEGAL ADVISOR
M/s. Orr, Dignam & Co. Advocates

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SSGC House, Sir Shah Suleman Road,
Gulshan-e-Iqbal, Block 14, Karachi – 75300, Pakistan

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CDC Share Registrar Services Limited,
CDC House, 99-B, Block B, SMCHS,
Main Shahrah-e-Faisal, Karachi.
Ph: 021-111-111-500
Fax: 021-34326034

BOARD OF DIRECTORS' COMMITTEES

Board HR and Remuneration Committee

Dr. Shamshad Akhtar	Chairperson
Mr. Muhammad Raziuddin Monem	Director
Dr. Ahmed Mujtaba Memon	Director
Dr. Sohail Razi Khan	Director
Mr. Manzoor Ali Shaikh	Director
Capt (R) Fazeel Asghar	Director
Mr. Imran Ahmed	Director

Board Finance and Procurement Committee

Dr. Ahmed Mujtaba Memon	Chairperson
Ms. Nida Rizwan Farid	Director
Mr. Ayaz Dawood	Director
Dr. Sohail Razi Khan	Director
Mr. Zuhair Siddiqui	Director
Mr. Imran Ahmed	Director

Board Audit Committee

Mr. Faisal Bengali	Chairperson
Dr. Ahmed Mujtaba Memon	Director
Dr. Sohail Razi Khan	Director
Mr. Manzoor Ali Shaikh	Director
Mr. Ayaz Dawood	Director

Board Risk Management, Litigation and HSEQA Committee

Mr. Muhammad Raziuddin Monem	Chairman
Ms. Nida Rizwan Farid	Director
Capt (R) Fazeel Asghar	Director
Mr. Manzoor Ali Shaikh	Director
Mr. Zuhair Siddiqui	Director
Mr. Ayaz Dawood	Director

Special Committee of Directors on UFG

Dr. Shamshad Akhtar	Chairperson
Mr. Faisal Bengali	Director
Ms. Nida Rizwan Farid	Director
Capt (R) Fazeel Asghar	Director
Mr. Imran Ahmed	Director
Dr. Sohail Razi Khan	Director
Mr. Zuhair Siddiqui	Director

Board Nomination Committee

Dr. Shamshad Akhtar	Chairperson
Dr. Ahmed Mujtaba Memon	Director
Mr. Faisal Bengali	Director
Mr. Manzoor Ali Shaikh	Director
Mr. Muhammad Raziuddin Monem	Director
Mr. Imran Ahmed	Director

DIRECTORS' REVIEW

For Six Months Period Ended December 31, 2020

We are pleased to share the Company's results for six months period ended December 31, 2020.

The Company continued to face serious challenges, however, financial results have been improved significantly due to various actions taken by the Management under the guidance of the Board of Directors.

Financial Overview

The Company recorded net after tax loss of Rs. 1,668 million after incorporating major disallowances by OGRA. This Loss is 88% less than the comparative period loss of six months ended 31 December 2019.

The summary of financial highlights of the period is given below:

	December 2020	December 2019	Variance	
	Amount			%
	(Rupees in Million)			
Loss before Taxation	(471)	(12,356)	11,885	(96)
Taxation	(1,197)	(1,126)	(71)	6
Loss after Taxation	(1,668)	(13,482)	11,814	(88)
Loss Per Share (Rs.)	(1.89)	(15.30)	13.41	(88)

SSGC Profitability is derived from the Guaranteed Return Formula prescribed by OGRA. Under this formula, SSGC is allowed 17.43% return on its average net operating fixed assets before financial charges and taxes. However, OGRA makes disallowances/ adjustments while determining the revenue requirements based on efficiency related benchmarks viz a viz Un-accounted for Gas (UFG), Human Resource Benchmark Cost, Provision for Doubtful Debts and some other expenses/ charges. These disallowances/ adjustments affect the bottom-line of the Company.

As compared to the corresponding period of last year in which Loss After Tax of Rs. 13,482 million was reported, there is significant improvement in bottom line of current period and reported Loss After Tax is Rs. 1,668 million which is an improvement of 88% in Bottom-line. Improvement in bottom line is attributed to completion of absorption of staggered losses in June 2020 to the extent of Rs. 3,672 million and Rs. 8,142 million reflects operational efficiency mainly due to reasons as under:

In line with OGRA Determination on Final Revenue Requirement (DFRR) for FY 2019-20 issued on March 28, 2022, total disallowances absorbed / credits allowed in these six months financial results amounted to Rs. 5,828 million against Return on Assets of Rs. 7,831 million. Finance cost for the period is Rs. 2,474 million.

Acceptance of UFG Allowance on RLNG Business

SSGC has been pursuing vigorously OGRA through the Ministry of Energy (Petroleum Division) as well as through Islamabad High Court to allow Actual UFG on RLNG business in Distribution Network. As a result of IHC restraining Order, OGRA has allowed Actual UFG of 17.25% based on FRR of 2019-20.

However, still high UFG disallowance is mainly due to the fact that OGRA is not accepting RLNG Volume Handling benefit allowed to SSGC vide a Summary approved by the Economic Coordination Committee (ECC) dated May 11, 2018. With vigorous follow-up of SSGC Management & Board of Directors, OGRA has engaged a Consultant to determine the extent of UFG on RLNG and its impact on each Sui Company, namely SSGC and SNGPL.

Provision against impaired debts

OGRA allows provision against impaired debts as operating expense related to disconnected customers only. However, on adoption of IFRS-9, provision is being made on Expected Credit loss basis i. e. forward looking approach which also requires provisioning against Live Customers, resultantly, bottom-line of the Company was badly affected in previous periods. In current period, after rigorous efforts, the Company has improved the bottom-line by restricting the Provision against Impaired Debts of live customers amounting to Rs. 54 million has been treated as not allowable expense by OGRA.

High Financial Cost

SSGC has to account for financial charges of Rs. 2,474 million against borrowing which is mainly due to the Long-Term Loan obtained to finance its Pipeline Infrastructure for transmission of RLNG from Karachi Port to Sawan delivering the RLNG volumes to SNGPL network for meeting the energy requirements of North.

An amount of Rs. 659 million has been allowed as Finance Cost on Short Term Borrowings with direct positive impact on bottom line.

Modification in External Auditor's Review Report

There is no new Qualification in the External Auditors' Review Report. However, the External Auditors, M/s. BDO Ebrahim & Co., Chartered Accountants continued with similar qualifications in their review report for the six months period ended December 31, 2020 for the amounts due from KE and PSML, late payment surcharge (LPS) receivable from SNGPL and WAPDA and Receivable from Habibullah Coastal Power Company (Private) Limited (HCPCL).

Receivables from KE and PSML

Receivable dispute situation of K-Electric (KE) and Pakistan Steel Mills Limited (PSML) remained the same as in previous years. The Management is vigorously pursuing recovery suit filed against KE. At the same time, the management is in constant liaison with the concerned ministries to expedite the recovery of outstanding dues from KE and PSML. It is expected that as soon as the matter is permanently resolved by the Government of Pakistan, the overall financial position of the Company will improve. It is pertinent to mention that, subsequent to period ended December 2020, PSML has made payments of Rs. 849 million against monthly gas bills from July 2020 to May 2021, out of the allocations made by the Finance Division for the purpose. The claim of the Company against KE and PSML, as of December 31, 2020 is Rs. 121,899 million and Rs. 71,229 million, respectively.

LPS Receivable from SNGPL and WAPDA

The Company is facing the situation of accumulated receivable from SNGPL and WAPDA due to overall circular debt situation. However, based on the agreed terms and conditions, the Company is accruing LPS against overdue amount. The company is apprising this position to the concerned Government Authorities on daily basis and expect that this issue would be resolved as and when circular debt is addressed at national level.

Receivable from HCPCL

M/s Habibullah Coastal Power Company Private Limited (HCPCL) filed its request for Arbitration under the Rules of the International Chamber of Commerce, Singapore on November 30, 2015 disputing non-supply and short-supply of gas by SSGC committed under the GSA.

On April 30, 2018, the decision of the arbitration proceedings has been issued by the International Court of Arbitration in favor of HCPCL. Consequently HCPCL adjusted its claim against running gas bills issued by the Company. Total exposure against the above amounts to Rs. 8.0 billion.

However, liquidated damages of Rs. 3.8 billion claimed by HCPCL from the Company was a consequence of Liquidated damages charged to HCPCL by WAPDA/CPPA-G, i.e., flow of payment from one GOP entity to another GOP entity. Therefore, ECC in its meeting held on February 07, 2018 approved in principle the proposal regarding waiver of liquidated damages with the direction to Petroleum Division & Power Division to work out modalities in consultation with all the stakeholders by treating period of no dispatch as “Other Force Majeure Event (OME)” and thus extending the period of GSA with no dispatch period.

GSA between SSGC and HCPCL has expired in September, 2019 whereas Power Purchase Agreement (PPA) between HCPCL and CPPA-G is valid till 2029.

Accordingly, LDs adjusted by HCPCL amounting to Rs. 3.8 billion and excess LPS adjustment allowed by arbitrator of Rs. 0.3 billion is “Recoverable from HCPCL” and remaining amount of Rs. 3.9 billion pertaining to Reversal of LPS receivable, Interest on LD Charges and Legal expenses was allowed by OGRA in its Decision on Final Revenue Requirement (DFRR) for FY 2018-19 dated May 25, 2021.

Emphasis of matter

Based on Financial Performance discussed in Note 1.3 of Financial Statements, Auditors have concluded that material uncertainty exists that may cast significant doubt on the Company’s ability to continue as going concern. However, the Company has obtained a support letter from Government of Pakistan, Finance Division dated July 06, 2020 that commits support to maintain the going concern status of the Company. The Auditors have emphasized it in its review report as “Emphasis of Matter”.

To evaluate the financial resilience of the Company, the following major factors are relevant:

a) UFG allowance based on RLNG handling on volumetric basis would be sought from OGRA as already elaborated in preceding paragraph.
b) Government of Pakistan (Finance Division) (GoP) in its letter dated July 06, 2020, being majority shareholder has acknowledged the funding requirements of the Company and has shown commitment to extend all support to maintain the going concern status of the Company.
c) The management has devised a UFG control strategy to control UFG in coming years and the same is under implementation with the approval of Board of Directors.
d) New Tariff Regime would provide guaranteed return on operating assets at 17.43% effective from FY 2018-19.
e) Banks have waived debt to equity ratio requirements. Further, the Company has never defaulted in payment of any installment and interest thereon and some of the loans have been totally paid off to date.

In addition to the above the External Auditors, M/s. BDO Ebrahim & Co., Chartered Accountants have drawn attention on certain issues in their review report for six months period ended December 31, 2020. Comments on these matters are as under:

i. SSGC has discontinued recognition of LPS expenses payable to the Government controlled E&P companies (OGDCL, PPL & GHPL) effective from July 01, 2012 till the time SSGC receives LPS income from PSML and KE; and
ii. Litigation and other matters mentioned in Contingencies and Commitment are being pursued aggressively for favorable resolution.

Acknowledgements

The Board 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 Board also thanks the Government of Pakistan, the Ministry of Energy and the Oil and Gas Regulatory Authority, for their continued guidance and support.

Dr. Shamshad Akhtar
Chairperson

Muhammad Amin Rajput
Acting Managing Director

Dated: September 09, 2022
Place: Karachi

INDEPENDENT AUDITOR'S REPORT ON REVIEW OF UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS TO THE MEMBERS

Introduction

We have reviewed the accompanying unconsolidated condensed interim statements of financial position of **SUI SOUTHERN GAS COMPANY LIMITED** ("the Company") as at December 31, 2020 and the related unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of cash flows, unconsolidated condensed interim statement of changes in equity and notes to the unconsolidated condensed interim financial statements for the half-year then ended (here-in-after referred as the "unconsolidated condensed interim financial statements"). Management is responsible for the preparation and presentation of this unconsolidated condensed interim financial statements in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these unconsolidated condensed interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of unconsolidated condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

a) As disclosed in notes 9.1 and 9.2 to the unconsolidated condensed interim financial statements, trade debts include receivables of Rs. 29,645 million (June 30, 2020: Rs. 33,415 million) and Rs. 24,777 million (June 30, 2020: Rs. 24,332 million) from K-Electric Limited (KE) and Pakistan Steel Mills Corporation (Private) Limited (PSML) respectively. Significant portion of such receivables include overdue amounts, which have been considered good by management and classified as current assets in the unconsolidated condensed interim financial statements. Further, KE and PSML have disputed Late Payment Surcharge (LPS) on their respective balances 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 operational and financial conditions 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 were likely to be recovered and the timeframe over which such recovery will be made; and

b) As disclosed in note 10 to the unconsolidated condensed interim financial statements, interest accrued includes interest receivable of 9,258 million and Rs. 4,563 million from Sui Northern Gas Pipeline Limited (SNGPL) and Water and Power Development Authority (WAPDA) respectively. These have been accounted for in line with Company's practice of charging LPS on overdue amounts, but have not been acknowledged by the counter-party.

   Due to dispute with WAPDA, and large accumulation of their respective overdue amounts of interest, we were unable to determine the extent to which the interest accrued amounts due from SNGPL and WAPDA are likely to be recovered and the timeframe over which such recovery will be made;

c) We refer to note 11.2 of the unconsolidated condensed interim financial statements which includes amount of Rs. 4,158 million receivables from Habibullah Coastal Private Company Limited (HCPCL) in respect of liquidated damages imposed in arbitration on April 30, 2018 by The International Court of Arbitration. Prior to the decision, the Economic Coordination Committee (ECC) through its meeting held on February 07, 2018 had proposed waiver of liquidated damages and directed Ministry of Energy – Petroleum Division to work out modalities in consultation with all stakeholders. However, to date, no agreement has been finalized between the relevant stakeholders. In the absence of the agreement, there is no contractual right to receive cash or financial asset from HCPCL and the requirements of IFRS 9 – Financial Instruments are not met.

Qualified Conclusion

Except for the adjustments, to the unconsolidated condensed interim financial statements due to matters described in (a), (b) and (c) above, based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated condensed interim financial statements as of and for the half year ended December 31, 2020 is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Emphasis of Matter Paragraphs

We draw attention to the following matters:

1) Note 1.3 of the unconsolidated condensed interim financial statements, which indicates that the Company has incurred net loss after tax of Rs. 1,668 million during the half year ended December 31, 2020 and as of that date, the Company's current liabilities exceed current assets by Rs. 96,534 million. Further matters discussed in the Basis of Qualified Conclusion Section of the report along with other conditions as set forth in Note 1.3 indicate the material uncertainty exist that may cast significant doubt on the company to continue as a going concern. However, the Company has obtained a support letter from Government of Pakistan (Finance Division) dated July 06, 2020 that commits support to maintain the going concern status of the Company.

2) Note 17.1 to the unconsolidated condensed interim financial statements that describes that the Company has reversed the late payment surcharge (LPS) expense of Rs. 26,222 million on delayed payables pertaining to gas supplied by Government Controlled E & P Companies i.e.

   Oil and Gas Development Company Limited (OGDCL), Pakistan Petroleum Limited (PPL) and Government Holding (Private) Limited (GHPL) with effect from July 01, 2012 to June 30, 2016 and not recorded LPS expense for the year ended June 30, 2017, June 30, 2018, June 30, 2019, June 30, 2020 and for the period ended December 31, 2020 amounting to Rs. 7,569 million, Rs. 7,477 million, Rs. 10,525 million, Rs. 26,335 million and Rs. 14,132 million respectively for reasons described in the said note.

3) Note 18 to the unconsolidated condensed interim financial statements that describe that the Company is subject to various material litigations and claims involving different courts. The outcome of these cases is uncertain and beyond management's control.

Our conclusion is not modified in respect of above matters.

The engagement partner on the review resulting in this independent auditor's review report is Tariq Feroz Khan.

M/s BDO Ebrahim & Co.
Chartered Accountants

Dated: September 09, 2022
Place: Karachi

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at December 31, 2020

	Note	December 31, 2020 (Un-audited)	June 30, 2020 (Audited)
		--------(Rupees in '000)--------	
ASSETS			
Non-current assets			
Property, plant and equipment	6	**135,678,681**	134,346,216
Intangible assets		**5,644**	2,079
Right of use assets	7	**173,336**	221,352
Long term investments	8	**1,197,108**	1,180,018
Net investment in finance lease		**102,227**	131,135
Long term loans and advances		**154,601**	180,062
Long-term deposits		**18,733**	19,104
		137,330,330	136,079,966
Current assets			
Stores, spares and loose tools		**2,965,504**	2,716,971
Stock-in-trade		**2,101,805**	2,105,878
Current maturity of net investment in finance lease		**57,814**	57,814
Customers' installation work-in-progress		**269,255**	241,566
Trade debts	9	**89,088,886**	91,808,904
Loans and advances		**1,295,490**	1,989,598
Advances, deposits and short term prepayments		**794,028**	699,192
Interest accrued	10	**15,925,722**	15,112,554
Other receivables	11	**371,393,707**	337,782,168
Taxation - net		**18,903,552**	19,192,406
Cash and bank balances		**590,928**	699,689
		503,386,691	472,406,740
Total assets		**640,717,021**	608,486,706

The annexed notes from 1 to 33 form an integral part of these unconsolidated condensed interim financial statements.

Dr. Shamshad Akhtar	Imran Maniar	Muhammad Amin Rajput
Chairperson	Managing Director	Chief Financial Officer

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at December 31, 2020

	Note	December 31, 2020 (Un-audited)	June 30, 2020 (Audited)
		--------(Rupees in '000)--------	
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 FVTOCI securities		**160,580**	143,490
Surplus on revaluation of property, plant and equipment		**24,347,314**	24,347,314
Accumulated losses		**(63,565,737)**	(61,897,994)
		(25,341,279)	(23,690,626)
LIABILITIES			
Non-current liabilities			
Long term finance	12	**25,170,741**	29,087,535
Long term deposits		**20,784,703**	20,339,702
Employee benefits		**5,262,927**	5,096,484
Obligation against pipeline		**788,673**	820,255
Deferred credit	13	**4,411,514**	4,604,521
Contract liabilities	14	**6,716,912**	6,197,498
Lease liability		**44,453**	105,235
Long term advances		**2,957,706**	2,968,518
		66,137,629	69,219,748
Current liabilities			
Current portion of long term finance	12	**8,085,171**	8,086,064
Short term borrowings	15	**23,574,930**	14,979,552
Trade and other payables	16	**550,034,921**	521,363,559
Current portion of obligation against pipeline		**61,781**	59,075
Current portion of deferred credit	13	**424,037**	432,236
Current portion of contract liabilities	14	**194,855**	192,203
Current portion of lease liability		**82,596**	117,409
Unclaimed dividend		**285,430**	285,430
Interest accrued	17	**17,176,950**	17,442,056
		599,920,671	562,957,584
Contingencies and commitments	18		
Total equity and liabilities		**640,717,021**	608,486,706

The annexed notes from 1 to 33 form an integral part of these unconsolidated condensed interim financial statements.

Dr. Shamshad Akhtar	**Imran Maniar**	**Muhammad Amin Rajput**
Chairperson	Managing Director	Chief Financial Officer

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS

For the period ended December 31, 2020

	Note	Half year ended December 31, 2020	Half year ended December 31, 2019	Quarter ended December 31, 2020	Quarter ended December 31, 2019
		(Un-Audited)			
		--------------------(Rupees in '000)--------------------			
Sales		**153,235,408**	161,360,895	**78,957,951**	79,176,193
Sales tax		**(22,319,752)**	(24,059,065)	**(11,204,387)**	(11,825,329)
	19	**130,915,656**	137,301,830	**67,753,564**	67,350,864
Gas development surcharge	20	**19,242,571**	1,758,692	**8,091,932**	1,016,382
RLNG differential margin	21	**(1,598,862)**	(1,424,153)	**(4,078,421)**	(1,151,674)
		17,643,709	334,539	**4,013,511**	(135,292)
Net sales		**148,559,365**	137,636,369	**71,767,075**	67,215,572
Cost of sales	22	**(151,553,293)**	(153,702,577)	**(74,082,857)**	(74,697,194)
Gross loss		**(2,993,928)**	(16,066,208)	**(2,315,782)**	(7,481,622)
Administrative and selling expenses		**(2,266,256)**	(2,407,198)	**(1,140,913)**	(1,236,542)
Other operating expenses	23	**(110,970)**	(89,939)	**(50,557)**	(59,379)
Impairment loss against financial assets		**(2,187,041)**	(921,552)	**(1,050,537)**	(596,114)
		(4,564,267)	(3,418,689)	**(2,242,007)**	(1,892,035)
		(7,558,195)	(19,484,897)	**(4,557,789)**	(9,373,657)
Other income	24	**9,561,613**	11,101,830	**5,697,473**	3,833,665
Operating profit / (loss)		**2,003,418**	(8,383,067)	**1,139,684**	(5,539,992)
Finance cost		**(2,473,846)**	(3,973,653)	**(1,499,512)**	(2,812,098)
Loss before taxation		**(470,428)**	(12,356,720)	**(359,828)**	(8,352,090)
Taxation	25	**(1,197,315)**	(1,125,609)	**(586,974)**	(538,675)
Loss for the period		**(1,667,743)**	(13,482,329)	**(946,802)**	(8,890,765)
Basic and diluted loss per share (Rupees)		**(1.89)**	(15.30)	**(1.07)**	(10.09)

The annexed notes from 1 to 33 form an integral part of these unconsolidated condensed interim financial statements.

Dr. Shamshad Akhtar
Chairperson

Imran Maniar
Managing Director

Muhammad Amin Rajput
Chief Financial Officer

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
For the period ended December 31, 2020

	Half year ended		Quarter ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	(Un-Audited)			
	--------------------(Rupees in '000)--------------------			
Loss for the period	**(1,667,743)**	(13,482,329)	**(946,802)**	(8,890,765)
Other comprehensive income				
Items that will not be reclassified subsequently to unconsolidated condensed interim financial statement of profit or loss				
Unrealised gain / (loss) on re-measurement of FVTOCI securities	**17,090**	33,151	**(24,555)**	62,482
Total comprehensive loss for the period	**(1,650,653)**	(13,449,178)	**(971,357)**	(8,828,283)

The annexed notes from 1 to 33 form an integral part of these unconsolidated condensed interim financial statements.

Dr. Shamshad Akhtar	**Imran Maniar**	**Muhammad Amin Rajput**
Chairperson	Managing Director	Chief Financial Officer

UNCONSOLIDATED CONDENSED INTERIM STATEMNT OF CASH FLOW

For the period ended December 31, 2020

	Note	Half year ended December 31, 2020	Half year ended December 31, 2019
		(Un-audited)	
		--------(Rupees in '000)--------	
CASH FLOW FROM OPERATING ACTIVITIES			
Loss before taxation		**(470,428)**	(12,356,720)
Adjustments for non-cash and other items	26	**9,258,889**	9,226,359
Working capital changes	27	**(4,620,940)**	10,444,058
Financial charges paid		**(2,889,131)**	(4,475,517)
Employee benefits paid		**(74,502)**	(56,634)
Payment for retirement benefits		**(813,386)**	(714,335)
Long term deposits received - net		**445,001**	1,687,319
Deposits paid - net		**371**	(303)
Loans and advances to employee - net		**719,569**	265,907
Interest income received		**35,394**	60,303
Income taxes paid		**(908,461)**	(1,037,270)
Net cash generated from operating activities		**682,376**	3,043,167
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		**(5,378,558)**	(5,505,627)
Payment for obligation against pipeline		**(67,866)**	(67,866)
Proceeds from sale of property, plant and equipment		**49,783**	59,913
Lease rental from net investment in finance lease		**42,182**	47,033
Dividend received		**4,828**	1,849
Net cash used in investing activities		**(5,349,631)**	(5,464,698)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayments of local currency loans		**(3,907,060)**	(5,679,183)
Repayment of customer finance		**(10,626)**	(15,257)
Repayment of lease liability		**(119,198)**	(120,470)
Dividend paid		**-**	(4)
Net cash used in financing activities		**(4,036,884)**	(5,814,914)
Net decrease in cash and cash equivalents		**(8,704,139)**	(8,236,444)
Cash and cash equivalents at beginning of the period		**(14,279,863)**	(15,955,943)
Cash and cash equivalents at end of the period		**(22,984,002)**	(24,192,387)
Cash and cash equivalent comprises:			
Cash and bank balances		**590,928**	281,847
Short term borrowings		**(23,574,930)**	(24,474,234)
		(22,984,002)	(24,192,387)

The annexed notes from 1 to 33 form an integral part of these unconsolidated condensed interim financial statements.

Dr. Shamshad Akhtar
Chairperson

Imran Maniar
Managing Director

Muhammad Amin Rajput
Chief Financial Officer

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

For the period ended December 31, 2020

	Issued, subscribed and paid-up capital	Capital reserves	Revenue reserves	Surplus on re-measurement of FVTOCI securities	Surplus on revaluation of property plant and equipment	Accumulated losses	Total
	-----(Rupees in '000)-----						
Balance as at July 1, 2019 (Audited)	8,809,163	234,868	4,672,533	199,621	21,043,031	(42,981,531)	(8,022,315)
Total comprehensive loss for the period ended December 31, 2019							
Loss for the period	-	-	-	-	-	(13,482,329)	(13,482,329)
Other comprehensive income for the period	-	-	-	33,151	-	-	33,151
	-	-	-		-	(13,482,329)	(13,449,178)
Balance as at December 31, 2019	8,809,163	234,868	4,672,533	232,772	21,043,031	(56,463,860)	(21,471,493)
Balance as at June 30, 2020 (Audited)	8,809,163	234,868	4,672,533	143,490	24,347,314	(61,897,994)	(23,690,626)
Total comprehensive loss for the period ended December 31, 2020							
Loss for the period	-	-	-	-	-	(1,667,743)	(1,667,743)
Other comprehensive income for the period	-	-	-	17,090	-	-	17,090
	-	-	-	17,090	-	(1,667,743)	(1,650,653)
Balance as at December 31, 2020	**8,809,163**	**234,868**	**4,672,533**	**160,580**	**24,347,314**	**(63,565,737)**	**(25,341,279)**

The annexed notes from 1 to 33 form an integral part of these unconsolidated condensed interim financial statements.

Dr. Shamshad Akhtar
Chairperson

Imran Maniar
Managing Director

Muhammad Amin Rajput
Chief Financial Officer

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 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.

The registered office of the Company is situated at SSGC House, Sir Shah Suleman Road, Block 14, Gulshan e Iqbal, Karachi. The Company's pipe coating plant is situated at Plot No. F-76, SITE Avenue Karachi (Here 3/4", 1" & 2" pipe is coated for Distribution South Karachi) and the Company Khadeji P&C Base Camp M-9 Motorway Karachi.

The addresses of other regional offices of the Company are as follows:

Region	Address
Karachi West	SITE Office, Karachi. Plot No. F/36 & F/37 SITE Area Karachi.
Karachi East	Plot # 21/1, Sector 22, Korangi Industrial Area, Karachi.
Karachi Central	Azad Trade Center Near Civic Center Karachi.
Hyderabad	SSGC Regional Office, Opp. New Eidgah, National Highway Qasimabad, Hyderabad.
Nawabshah	SSGC Regional Office, Near Sikandar Art Gallery Housing Society, Nawabshah.
Sukkur	SSGC Regional Office, Golimar Road, SITE Area Sukkur.
Larkana	SSGC Regional Office, Near Shaikh Zaid Women Hospital, Larkana.
Quetta	SSGC Office, Samungli Road, Quetta.

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 17.43% per annum of the net average operating fixed assets (net of deferred credit) for the year, excluding financial cost and other non-operating expenses and non-operating income.

The determination of annual required return is reviewed by the 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 or short of the above guaranteed return is payable to or recoverable from the Government of Pakistan (GoP) and is adjusted from or to the gas development surcharge balance payable to / receivable from the GoP.

1.3 Financial performance

During the period, the Company has incurred a loss after tax of Rs. 1,668 million resulting in increase in its accumulated losses as at December 31, 2020 amounts to Rs. 63,566 million and diminishing equity to Rs. 25,341 million. As at period end, current liabilities exceed its current asset by Rs.96,534 million.

The Company's financial performance for the period has been deteriorated mainly because of higher UFG due to RLNG off load into SSGC franchise area which was sold to indigenous gas customers.

In order to improve the financial position and performance of the Company, the management / Board of Directors (Board) have taken / planned following steps:

- Economic Coordination Committee (ECC) in its meeting dated May 11, 2018 approved the summary submitted by the Petroleum Division under which the Company was allowed UFG based on RLNG handling basis (volumetric basis) in the sale price of RLNG in the form of distribution loss due to swapping arrangements and consumption of RLNG in its franchise area. However, in its determination on Final Revenue Requirement (FRR) for FY 2017-18 OGRA did not consider implementing the aforementioned decision and advised the Company to take up the matter with SNGPL in consultation with Ministry of Energy (Petroleum Division). The Company has reiterated its earlier position of higher UFG due to RLNG and another summary is being considered at ECC to reinforce earlier ECC decision with multiple options for its implementation.

- Government of Pakistan (Finance Division) in its letter dated July 06, 2020, GoP being majority shareholder has acknowledged the funding requirements of the Company and has shown commitment to extend all support to maintain the going concern status of the Company.

The Company has devised a strategy to control UFG in coming years and the same is under implementation with the approval of Board of Directors.

Under new tariff regime, the Company will also be entitled to the guaranteed return on operating asset from 17% to 17.43% from FY 2019 for next three years.

- Banks have also waived debt to equity covenant for financial years 2018-19 and 2019-20. However, the Company has never defaulted in payment of any installment of principal and interest thereon and few of the loans have been totally paid off to date.

- Board / management believes that in view of above-mentioned steps / plans, the Company's profitability and financial position will improve in the next few years.

1.4 Determination of revenue requirement

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 (LPS), and Sale of Gas Condensate as operating income, which OGRA 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%.

Being aggrieved by the above decision, the Company has 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, the OGRA was directed to determine the Revenue Requirements on the same principles as per its decision of September 24, 2010, pertaining to FY 2010 till final decision of the Court. However, with regard to UFG benchmark, the OGRA was directed to carry out an impact assessment study and submit its report to the Court. Afterwards, management estimated the Revenue Requirement of the Company for the financial years 2011 to 2015 based on the interim relief of the Court, and the OGRA also accepted position taken up by the Company for the said financial years, subject to the final decision of the Court.

On November 25, 2016, the Sindh High Court dismissed the Company's petitions through its judgement. Consequently, the OGRA in its decisions dated December 22, 2016 and October 26, 2017 for determination of FRR for FY 2016 and FY 2017 respectively allowed UFG at 4.5% and treated Royalty Income from Jamshoro Joint Venture Limited, profit from Meter Manufacturing, Late Payment Surcharge, and Sale of Gas Condensate as operating income. The Company has filed civil petition for leave to appeal in the Supreme Court of Pakistan on January 25, 2017, against the abovementioned Sindh High Court judgement. But the management has considered the OGRA's decision in preparation of these unconsolidated condensed interim financial statement for the period ended December 31, 2020.

2 BASIS FOR PREPARATION

2.1 Statement of compliance

These unconsolidated condensed interim financial statements 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 Act, 2017. In case where the requirements differ, the provisions of and directives issued under the Companies Act, 2017 shall prevail. For the determination of Gas Development Surcharge, the directives of the OGRA and the OGRA Ordinance, 2002 have been followed. Moreover, Gas Development Surcharge recorded in these unconsolidated condensed interim financial statements is based on FRR determined by the OGRA for the financial year ended June 30, 2020.

These unconsolidated condensed interim financial statements do not include all information required for annual audited unconsolidated financial statements and should be read in conjunction with the annual audited unconsolidated financial statements of the Company for the year ended June 30, 2020.

2.2 These unconsolidated condensed interim financial statements are un-audited but subject to limited scope review by the auditors and are being submitted to shareholders as required by the listing regulations of the SECP and section 237 of the Companies Act, 2017.

3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation applied for the preparation of these unconsolidated condensed interim financial statements are the same as those applied in preparation of the annual unconsolidated audited financial statements of the Company for the year ended June 30, 2020.

4 ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these unconsolidated condensed interim financial statements are 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 applied to the audited unconsolidated financial statements for the year ended June 30, 2020. Further, the charge in respect of staff retirement benefits has been recognised on the basis of actuarial's projection for the ensuing period; hence it does not include consideration for actuarial gains / losses which will be determined at the year end.

5 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the unconsolidated financial statements as at and for the year ended June 30, 2020.

	December 31, 2020 (Un-audited)	June 30, 2020 (Audited)
	--------(Rupees in '000)--------	

6 PROPERTY, PLANT AND EQUIPMENT

Operating assets	**123,201,741**	122,483,833
Capital work-in-progress	**12,476,940**	11,862,383
	135,678,681	134,346,216

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

	December 31, 2020 (Un-audited)		December 31, 2019 (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				
Buildings on leasehold land	**17,392**	**-**	105,319	-
Gas distribution system	**2,530,255**	**(43,909)**	2,351,262	-
Gas transmission pipelines	**1,305,968**	**-**	546,984	-
Telecommunication	**2,882**	**-**	-	(698)
Plant and machinery	**67,742**	**(269)**	113,688	(1,346)
Tools and equipment	**2,539**	**-**	5,962	-
Motor vehicles	**43,849**	**(20,233)**	77,870	(12,841)
Furniture and fixtures	**1,689**	**-**	19,860	-
Office equipment	**25,944**	**-**	7,229	(17)
Computers and ancillary equipments	**12,421**	**-**	55,031	-
Construction equipment	**-**	**-**	-	(236)
Compressors	**1,186,430**	**-**	594,149	-
	5,197,111	**(64,411)**	3,877,354	(15,138)

	Capital expenditure incurred	Transfer to operating assets	Capital expenditure incurred	Transfer to operating assets
Capital work in progress:				
Projects:				
Gas distribution system	**3,669,911**	**(2,530,255)**	3,121,781	(2,351,262)
Gas transmission system	**1,118,821**	**(1,305,968)**	1,034,353	(546,984)
Cost of buildings under construction	**1,537,800**	**(17,392)**	306,577	(105,319)
	6,326,532	**(3,853,615)**	4,462,711	(3,003,565)

During the period, there has been net (decrease) / increase in respect of stores and spares held for capital projects and others amounting to Rs. (845) million (December 31, 2019: Rs. 591 million).

	December 31, 2020 (Un-audited)	June 30, 2020 (Audited)
	--------(Rupees in '000)--------	

7 RIGHT OF USE ASSETS

Cost	**350,339**	347,263
Accumulated depreciation	**(177,003)**	(125,911)
Net book value	**173,336**	221,352
Cost		
Opening balance	**347,263**	-
Impact on application of IFRS 16	**-**	347,263
Additions during the period	**14,101**	-
Derecognition during the period	**(11,025)**	-
Closing balance	**350,339**	347,263
Accumulated depreciation		
Opening balance	**125,911**	-
Depreciation charge for the period	**62,117**	125,911
Derecognition during the period	**(11,025)**	-
Closing balance	**177,003**	125,911

The rate of depreciation is based on the term of the respective agreement and ranges from 33% to 40% per annum.

	Note	December 31, 2020 (Un-audited)	June 30, 2020 (Audited)
		--------(Rupees in '000)--------	

8 LONG TERM INVESTMENTS

Investment at cost		**1,000,001**	1,000,001
Investments - fair value through other comprehensive income		**197,107**	180,017
		1,197,108	1,180,018

9 TRADE DEBTS

Secured		**27,887,214**	32,655,739
Unsecured		**82,625,248**	78,389,700
	9.1 & 9.2	**110,512,462**	111,045,439
Provision against doubtful debts		**(21,423,576)**	(19,236,535)
		89,088,886	91,808,904

9.1 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 International Financial Reporting Standards – 15 "Revenue from Contracts with Customers" based on opinions from firms of Chartered Accountants.

In accordance with the revised accounting treatment, the trade debts includes Rs. 29,645 million (June 30, 2020: Rs. 33,415 million) as at December 31, 2020 receivables from KE against sale of indigenous gas. Out of this, Rs. 29,645 million (June 30, 2020: Rs. 29,652 million) as at December 31, 2020 are overdue. However, the aggregate legal claim of the Company from KE amounts to Rs 121,899 million (June 30, 2020: Rs. 116,743 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 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 instalments, the Company was entitled to charge LPS on outstanding principal amount at rate of:

a. Highest OD rate being paid by the Company; 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 accounts 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.

In March, 2014, management signed a payment plan with KE in order to streamline the payment modalities in relation to current monthly bills and old outstanding principal amount, in which the issue of LPS was not addressed. The plan expired on March 31, 2015, and first addendum was included to the original payment plan effective from April 1, 2015 till March 31, 2016. Upon expiry, the second addendum was included to the original payment plan on June 18, 2016 effective from April 1, 2016 till March 31, 2017. Currently, management is in a process to negotiate payment plan, which hasn't been finalised till the issuance of these unconsolidated condensed interim financial statements but the supply of gas and payment is continuing as per old plan.

It has been agreed during various meetings with KE and the Company to appoint a firm of Chartered Accountants to reconcile the balances appearing in their respective books which is still pending. Term of reference has been signed and shared with KE however no response received from KE.

9.2 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 International Financial Reporting Standards – 15 "Revenue from Contracts with Customers" based on opinions from firms of Chartered Accountants.

In accordance with the revised accounting treatment, the trade debts includes Rs. 24,777 million (June 30, 2020: Rs. 24,332 million) including overdue balance of Rs. 24,699 million (June 30, 2020: Rs. 24,282 million) receivable from PSML. However, the aggregate legal claim of the Company from PSML amounts to Rs. 71,229 million (June 30, 2020: Rs. 67,665 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.

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 along with LPS. On April 6, 2016, the High Court of Sindh passed an order restraining PSML from creating any third party interest in relation to its assets including but not limited to immovable assets owned by it.

PSML has filed its counter claim of Rs. 38,660 million approximately on account of losses due to low gas pressure provided to PSML from March 2015 to December 2016. Legal counsel of the Company is of the view that due to vagaries of litigation nothing could be expressed with any degree of certainty in the contested matters.

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	December 31, 2020 (Un-audited)	June 30, 2020 (Audited)
		--------(Rupees in '000)--------	

10 INTEREST ACCRUED

Interest accrued on late payment of bills / invoices from:

	Note	December 31, 2020	June 30, 2020
WAPDA		**4,562,855**	4,390,715
SNGPL		**9,258,081**	8,685,480
JJVL		**578,798**	578,798
		14,399,734	13,654,993
Interest accrued on sales tax refund		**487,739**	487,739
Interest accrued on loan to related party		**1,150,649**	1,082,222
		16,038,122	15,224,954
Provision against impaired accrued income		**(112,400)**	(112,400)
		15,925,722	15,112,554

11 OTHER RECEIVABLES

	Note	December 31, 2020	June 30, 2020
Gas development surcharge receivable from Government of Pakistan (GoP)	11.1	**198,004,974**	178,411,641
Receivable from SNGPL for differential tariff		**4,284,080**	4,284,080
Receivable from staff pension fund		**51,122**	-
Receivable from HCPCL	11.2	**4,157,839**	4,157,839
Balance receivable for sale of gas condensate		**67,693**	46,438
Receivable from SNGPL - a related party	11.3	**113,627,208**	99,834,232
Receivable from Jamshoro Joint Venture Limited	11.4 & 11.5	**11,030,271**	11,427,831
Receivable from SSGC LPG (Private) Limited		**7,968**	19,829
Sales tax receivable	11.6	**42,207,423**	41,588,995
Sindh sales tax		**112,976**	112,976
Receivable against asset contribution	11.7	**379,601**	418,118
Miscellaneous		**49,426**	67,063
		373,980,581	340,369,042
Impairment loss against financial assets		**(2,586,874)**	(2,586,874)
		371,393,707	337,782,168

11.1 Gas Development Surcharge receivable from GoP

	December 31, 2020	June 30, 2020
Opening balance	**178,411,641**	140,160,555
Recognized in statement of profit or loss	**19,242,570**	37,600,501
Subsidy for LPG air mix operations	**350,763**	650,585
Closing balance	**198,004,974**	178,411,641

11.2 Receivable from Habibullah Coastal Power Company Private Limited (HCPCL)

	December 31, 2020	June 30, 2020
Amount of LD charges as per arbitration award	**3,938,382**	3,938,382
Subsequent LDs raised by HCPCL on Award Principle	**219,457**	219,457
	4,157,839	4,157,839

11.2.1 HCPCL initiated arbitral proceedings on November 30, 2015 in the International Chamber of Commerce Singapore (ICC) against the Company on account of short / non-supply of contractual gas volumes and disputed compounding of interest i.e. Late Payment Surcharge on gas bills thereon for the period from January 2009 to March 2017.

On April 30, 2018, ICC issued decision in favor of HCPCL and the Company was made liable to make payment to HCPCL as a final reward in the form of indemnity, liquidated damages (LD), interest on LD and legal and professional charges. The said final reward was adjusted by HCPCL against running gas bills issued by the Company.

Earlier in January 2018, the Company approached Ministry of Energy (Petroleum Division) regarding waiver of LDs claimed by WAPDA / CCPA-G from HCPCL against non-supply of Electricity to WAPDA which was being passed to the Company by HCPCL.

The matter was submitted to Economic Coordination Committee of the Cabinet (ECC) for consideration and ECC in its meeting held on February 07, 2018 approved in principle, the proposal regarding waiver of LDs with the direction to Petroleum Division to work out modalities in consultation with stakeholders.

LDs adjusted by HCPCL against running gas bills are recoverable from HCPCL as per ECC aforementioned decision amounting to Rs. 3,626 million for the Award period along with LPS amounting to Rs. 312 million and further LDs deducted by HCPCL following Award principles amounting to Rs. 162 million and Rs. 58 million upto June 30, 2018 and for the year ended June 30, 2019 respectively.

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

	Note	December 31, 2020 (Un-audited)	June 30, 2020 (Audited)
		--------(Rupees in '000)--------	
Uniform cost of gas		**15,818,844**	15,818,845
Lease rentals		**786,774**	593,033
Contingent rent		**3,535**	3,535
LSA margins		**3,401,099**	2,877,266
Capacity and utilisation charges of RLNG	11.3.1	**60,205,545**	51,063,909
RLNG transportation income		**33,411,411**	29,477,644
		113,627,208	99,834,232

11.3.1 The Company has invoiced an amount of Rs. 117,232 million, including Sindh sales tax of Rs. 13,630 million, till December 31, 2020 to SNGPL in respect of capacity and utilization charges (terminal charges), LSA margins and transportation charges relating to RLNG.

SNGPL has disputed the terminal charges that have not been allowed to it by OGRA, terminal charges of a third party (i.e. Pak-Arab Fertilizer Company Limited (PAFCL) and terminal charges with respect to those quantities which were not supplied to SNGPL. SNGPL is of the view that it will only pay terminal charges as per OGRA notification and for those quantities which are actually supplied to SNGPL and not the actual cost billed by the Company. For quantity supplied to PAFCL, PAFCL is making payment directly to the Company according to the payment plan finalized subsequent to end of reporting date. The Company has finalized its payment plan with PAFCL in which PAFCL is required to make eight equal monthly installments of Rs. 201 million per month. Till July 2019, the Company has received all eight installments.

In June 2016, the Economic Coordination Committee (ECC) approved the policy guidelines that all charges under LSA including, but not limited to capacity and utilization charges as well as retainage are to be included at actual. OGRA in its decision dated October 7, 2016 regarding determination of RLNG price, has allowed the terminal charges at actual.

The Ministry of Energy in pursuance of the decision of ECC vide case submitted on September 03, 2015 has allocated 71 BCF RLNG volume to the Company in order to resolve the matter of short supply, with the direction to enter into an agreement with SNGPL for RLNG allocated volumes with the condition that either the Company will make payment to SNGPL for the RLNG sold in its franchise area or will return these volumes when dedicated pipeline is available.

OGRA, in its letter dated November 20, 2018, in pursuance of decision of the ECC, with the consent of SNGPL and the Company, has determined the price mechanism for purchase and sale of allocated RLNG volumes.

Based on initialed agreement between the Company and SNGPL dated January 25, 2021, SNGPL is raising invoice for RLNG volumes retained by the Company from June 01, 2020 based on RLNG reconciliation statement mutually agreed. The rate is based on OGRA decision dated November 20, 2018. SNGPL has started payments of such invoices issued by the Company from June 2020 onwards on monthly basis.

11.4 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 16 and 17 to these unconsolidated condensed interim financial statements.

11.5 During the year 2013-14, the Supreme Court of Pakistan (SCP) 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 (JJVL) was declared void from the date of its inception. The SCP 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 SCP has appointed an Advocate Supreme Court to determine the matter and accordingly the same has been submitted by him.

As per SCP order dated June 13, 2018 a firm of Chartered Accountants was appointed to determine the receivable / payable from / to JJVL wherein freight matter was also included and the report has been submitted by the firm. However the freight matter is still pending and the SCP will settle the same and an appropriate order shall be passed in this respect. As per SCP order dated January 9, 2019, in respect of freight matter charges, SCP directed JJVL to deposit Rs. 249 million as JJVL's admitted liability for freight charges for the period 2005-2013. The Company has received such amount as directed by SCP on February 24, 2020 and further amount in this respect will be determined / settled by SCP in due course.

11.6 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 through a letter 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.

11.7 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	December 31, 2020 (Un-audited)	June 30, 2020 (Audited)
		--------(Rupees in '000)--------	
12 LONG-TERM FINANCE			
Secured			
Loans from banking companies	12.1 & 12.2	**32,296,296**	36,210,321
Unsecured			
Front end fee of foreign currency loan		**23,950**	23,950
Customer financing		**159,978**	170,605
Government of Sindh loans		**775,688**	768,723
		959,616	963,278
		33,255,912	37,173,599
Less: Current portion shown under Current liabilities			
Loans from banking companies		**(7,875,000)**	(7,875,000)
Customer financing		**(23,504)**	(24,397)
Government of Sindh loans		**(186,667)**	(186,667)
		(8,085,171)	(8,086,064)
		25,170,741	29,087,535

12.1 A long term finance facility amounting to Rs. 15,000 million was sanctioned in October 2015 from a syndicate of banks. During the period, repayment of Rs. 1,500 million has been made.

12.2 A long term finance facility amounting to Rs. 39,800 million was sanctioned in May 2016 from a syndicate of banks. As at December 31, 2020 the Company has utilised Rs. 34,200 million out of the total sanctioned amount. During the period repayment of Rs. 2,138 million has been made. The financial arrangements have been secured by GoP guarantee and ranking charge created by way of hypothecation over all present and future movable fixed Regasified Liquefied Natural Gas (RLNG) assets of the Company including but not limited to compressor stations, transmission pipelines, distribution pipelines, pipeline construction machinery and equipments.

	Note	December 31, 2020 (Un-audited)	June 30, 2020 (Audited)
		--------(Rupees in '000)--------	
13 DEFERRED CREDIT			
Government of Pakistan contributions / grants			
Opening balance		**2,911,647**	3,064,028
Additions / adjustments during the period / year		**10,946**	139,427
Transferred to unconsolidated condensed interim statement of profit or loss	24	**(146,655)**	(291,808)
Closing balance		**2,775,938**	2,911,647
Government of Sindh (Conversion of loan into grant)			
Opening balance		**1,995,985**	2,025,211
Additions during the period / year		**(133)**	86,808
Transferred to unconsolidated condensed interim statement of profit or loss	24	**(57,375)**	(116,034)
Closing balance		**1,938,477**	1,995,985
Government of Sindh grants			
Opening balance		**129,125**	149,967
Transferred to unconsolidated condensed interim statement of profit or loss	24 & 13.1	**(7,988)**	(20,842)
Closing balance		**121,137**	129,125
		4,835,551	5,036,757
Less: Current portion of deferred credit		**(424,037)**	(432,236)
		4,411,514	4,604,521

13.1 This represents the benefit of lower interest rate on Government of Sindh Loan III, IV and V, and is calculated as difference between the proceeds received in respect of Government of Sindh Loan III, IV and V and its initial fair value. The amount of Government of Sindh loan after conversion amounting to Rs 940 million and its initial fair value is amounting to Rs. 170 million based on Rs. 398 million. 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 in unconsolidated condensed interim statement of profit or loss on the basis of pattern of recognition, as expenses, the cost the grant intends to compensate.

	Note	December 31, 2020 (Un-audited)	June 30, 2020 (Audited)
		--------(Rupees in '000)--------	
14 CONTRACT LIABILITIES			
Contribution from customers	14.1	**1,842,389**	1,823,259
Advance received from customers for laying of mains, etc.		**4,874,523**	4,374,239
		6,716,912	6,197,498

		December 31, 2020 (Un-audited)	June 30, 2020 (Audited)
		--------(Rupees in '000)--------	
14.1	**Contribution from customers**		
	Opening balance	**2,015,462**	1,573,394
	Additions / adjustments during the period / year	**119,210**	623,385
	Transferred to unconsolidated condensed interim statement of profit or loss	**(97,428)**	(181,317)
		2,037,244	2,015,462
	Less: Current portion of contributions from customers	**(194,855)**	(192,203)
	Closing balance	**1,842,389**	1,823,259

14.2 The Company has recognised the contract liabilities in respect of the amount received from the customers as contribution towards the cost of supplying and laying transmission, service and main lines.

15 SHORT TERM BORROWINGS

These represent facilities for short term running finance / short term money market loan available from various banks amounting to Rs. 25,000 million (June 30, 2020: Rs. 25,000 million) and subject to mark-up to 0.00% to 0.20% (June 30, 2020: 0.00% to 0.20**%**) 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. 1,425 million (June 30, 2020: Rs. 10,021 million).

16 TRADE AND OTHER PAYABLES

	Note	December 31, 2020 (Un-audited)	June 30, 2020 (Audited)
		--------(Rupees in '000)--------	
Creditors for:			
Indigenous gas	16.1	**379,060,750**	386,072,492
RLNG		**125,561,392**	92,860,338
		504,622,142	478,932,830
RLNG differential margin payable to GoP		**16,029,498**	14,430,636
Engro Elengy Terminal Limited		**1,523,520**	1,901,685
Accrued liabilities		**5,262,025**	3,794,449
Provision for compensated absences - non executives		**303,441**	303,441
Payable to staff gratuity fund		**4,076,196**	4,076,196
Payable to pension fund		**-**	129,230
Payable to provident fund		**62,319**	74,872
Deposits / retention money		**609,918**	622,876
Advance for sharing right of way		**18,088**	18,088
Withholding tax payable		**363,264**	114,457
Sales tax and federal excise duty payable		**543,420**	456,824
Sindh sales tax on services		**266,725**	130,433
Processing charges payable to JJVL		**8,528,447**	8,528,447
Gas infrastructure development cess payable		**7,204,593**	7,234,826
Unclaimed term finance certificate redemption profit		**1,800**	1,800
Workers' profit participation fund		**174,515**	174,515
Others		**445,010**	437,954
		550,034,921	521,363,559

16.1 As at December 31, 2020, amount of Rs. 320,296 million (June 30, 2020: Rs. 308,399 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. 15,832 million (June 30, 2020: Rs. 15,832 million) on their balances which have been presented in note 17.1 in this unconsolidated condensed interim financial statement.

		December 31, 2020 (Un-audited)	June 30, 2020 (Audited)
17 INTEREST ACCRUED	**Note**	**-(Rupees in '000)--------**	
Long term financing - loans from banking companies		**425,807**	562,364
Long term deposits from customers		**242,150**	481,020
Short term borrowings		**233,364**	123,043
Late payment surcharge on processing charges		**438,392**	438,392
Late payment surcharge on gas development surcharge		**4,826**	4,826
Late payment surcharge on gas supplies	17.1	**15,832,411**	15,832,411
		17,176,950	17,442,056

17.1 As disclosed in note 9.1 and 9.2, effective from July 1, 2012, the Company has been accounting for LPS from KE and PSML on receipt basis as per IFRS 15 “Revenue from Contract with Customers" based on opinion from firms of Chartered Accountants.. However, the Company continued recognition of the LPS expense payable on outstanding payables of the Government Controlled E & P Companies i.e. Oil and Gas Development Company Limited (OGDCL), Pakistan Petroleum Limited (PPL) and Government Holding (Private) Limited (GHPL) to comply with the requirements of the accounting standards, as such standards do not allow the Company to offset its LPS income against the mark-up expense in absence of legal right of set off, despite the fact that the Company has never paid such LPS to Government Controlled E&P Companies.

Therefore, the management approached MP & NR through its letter dated September 1, 2016 to allow similar treatment of its LPS payable to the Government Controlled E&P Companies due to special and unusual circumstances arising from circular debt. The Company's request was also based on, besides the unique situation of circular debt, past settlement record on net basis which was approved by ECC in 2001 and the fact that OGDCL, PPL and GHPL have adopted the accounting policy whereby such LPS incomes will be recorded in their financial statements only when the same are received.

In response to the Company’s above request, the MP & NR vide their letter dated January 3, 2017 has supported the contention of the Company that it will not recognize LPS expense payable to the Government Controlled E & P Companies (OGDCL, PPL and GHPL), effective from July 1, 2012, till the time Company receives payment for LPS income from KE and PSML and it would be settled simultaneously subject to fulfillment of all the codal formalities. Based on the letter received from MP & NR, and the legal opinion, the Company has reversed the LPS expense on delayed payments on gas supplies effective from July 1, 2012. Further it has been decided that the Company will record and pay such expense in the period only when it receives LPS income from KE and PSML.

Had the management not reversed the LPS expense payable from July 1, 2012 to June 30, 2016 of Rs. 26,222 million and recorded LPS expense for the year ended June 30, 2017; June 30, 2018; June 30, 2019; June 30, 2020 and for the period ended December 31, 2020 amounting to Rs. 7,569 million; Rs. 7,477 million; Rs. 10,525 million; Rs 26,335 million and Rs. 14,132 million respectively on outstanding payables to Government Controlled E&P Companies, the effect on these unconsolidated condensed interim financial statements would be as follows:

(Rupees in million)

- Increase in loss before tax	**14,132**
- Increase in loss after tax / accumulated loss	**10,034**
- Increase in loss per share - rupees	**11.39**
- Increase in accumulated losses	**92,260**
- Increase trade payables	**92,260**
- Increase deferred tax liability	**27,768**

		December 31, 2020 (Un-audited)	June 30, 2020 (Audited)
		--------(Rupees in '000)--------	
18	**CONTINGENCIES AND COMMITMENTS**		
18.1	Commitments for capital and other expenditures	**5,391,829**	5,550,445
18.2	Guarantees issued on behalf of the Company	**7,194,710**	6,908,524

18.3 Jamshoro Power Company Limited (JPCL) has lodged claims against the Company amounting to Rs. 144,120 million (2020: Rs. Rs. 144,120 million) for short supply of gas under the provisions of an agreement dated April 10, 1995, between the Company and JPCL. JPCL has raised another claim of Rs. 5.793 million (2020: 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. The Ministry of Energy in its letter dated August 12, 2021, has decided that the matter will be referred to the Secretaries' Committee for deliberation and resolution.

In respect of JPCL major claim i.e. on account of short supply of gas following clause of the agreement is important which does not support JPCL claim.

“Subject to availability and the terms and conditions specified herein the Company agrees to sell and deliver to the customer and the customer agrees to buy and accept a quantity of not less than 62 MMCF of Quality Natural Gas per day at its power station at Jamshoro".

It is evident from foregoing clause of the agreement, that JPCL has raised a claim not supported by the agreement and that the supply of gas to the customer was subject to the availability and it is/was not any firm commitment on the part of the Company. No provision has been made against the said claims, as management is confident that ultimately these claims will not be payable. Further, management believes that in case matter is decided against the Company, the entire amount will be claimed from the OGRA in the determination of Revenue Requirements of the Company.

18.4 As disclosed in note 17.1, the management has reversed LPS expense with effect from July 01, 2012 to June 30, 2016 amounting to Rs. 26,222 million on Government Controlled E&P Companies liabilities and has not recorded LPS expense for the year ended June 30, 2017, June 30, 2018, June 30, 2019, June 30, 2020 and for the period ended December 31, 2020 amounting to Rs. 7,569 million, Rs. 7,477 million, Rs. 10,525 million, Rs. 26,335 million and Rs. 14,132 million in these unconsolidated condensed interim financial statements. The Company will record and pay such LPS expense in the period only when it receives LPS income on amount receivable from KE and PSML.

18.5 Arbitration proceedings between JJVL and the Company were initiated under the Pakistan Arbitration Act 1940 to settle the outstanding disputes between the parties. Accordingly, both the parties have appointed their respective arbitrators and filed their respective claims.

Supreme Court of Pakistan (SCP) through its decision dated June 13, 2018 upheld the termination by the Company and stated that the termination was validly done and the Company was within its legal and contractual right to do so and appointed a firm of Chartered Accountant to conduct a complete audit of JJVL within a period of two months to ascertain and determine the amount to be paid by JJVL to the Company. Based on the Court order, the Company shut down the supply of gas to JJVL plant accordingly.

Subsequently, SCP through its order dated November 16, 2018, based on the report by a firm of Chartered Accountants, determined that Rs. 1,500 million is the undisputed amount that shall be paid within 8 weeks by JJVL, which has been accordingly received by the Company along-with the interest accrued thereon. However, with respect to the GIDC, tax challans and other matters, SCP will settle the same and an appropriate order be passed in this regard. Management is of the view that once the matter is finalized by the SCP any change in receivable or payable position shall be recognized in the year in which the SCP order has been passed.

After cancellation of MoUs by SCP on June 13, 2018, JJVL submitted a proposal based on profit sharing to SCP which was forwarded to the Company by SCP. The SCP was also informed that the Company is in the process of hiring a consultant for providing professional advice on the best option available with respect to the LPG/NGL Extraction business.

The Company after concurrence of its Board informed SCP that it does not accept the proposal submitted by JJVL and asked SCP to appoint a firm of Chartered Accountants to come up with an agreement mutually beneficial for both the parties. After considering all the points, SCP appointed a third party firm of Chartered Accountants which shall deemed to be the receivers of the Court and would supervise the Project. In addition, firm is to determine an appropriate sharing arrangement for both parties which shall be final, subject to the approval of the Supreme Court of Pakistan.

Subsequently, the firm of Chartered Accountants after consultation with both parties came up with a mechanism of revenue sharing of 57% to the Company and 43% to JJVL on ad-hoc basis and an agreement was signed between the Company and JJVL and submitted to SCP for its approval and the same was validated by SCP in its order dated December 29, 2018. SCP also directed the Company to resume the supply of gas to JJVL plant based on the new terms provided in the agreement. The agreement is valid for 1.5 years from the date of agreement and unless renewed by the parties through mutual written consent it shall stand terminated automatically. Accordingly, in June 2020 the said agreement stands expired and since then no gas has been supplied to JJVL plant.

18.6 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 condensed interim 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.

18.7 Income tax authorities have passed Orders for the Tax Years 2007, 2008, 2009, 2013, 2014, 2015 & 2017 disallowing tax depreciation on fixed assets held under musharka arrangement.

All the orders were contested before Commissioner (Appeals) who decided the case in Company's favor.

No provision has been made in these unconsolidated condensed interim financial statements as the Company and its legal counsel are confident that the outcome of the case will be in favor of the Company.

18.8 Income tax authorities have passed orders disallowing Cost of Gas purchased but lost as UFG (in excess of OGRA Benchmark) for FY 2008-09, 2010-11, 2011-12, 2012-13, 2013-14, 2014-15, 2015-16, 2016-17, 2017-18 and 2018-19.

All the orders were contested before Commissioner (Appeals) who decided the cases in Company's favor. However, the said Commissioner (Appeals) orders in Company's favor have been challenged by the tax authorities before the Appellate Tribunal Inland Revenue.

Since the said issue has already been decided in favor of SNGPL by Lahore Bench of Appellate Tribunal Inland Revenue and thus a Legal Principle is in field which has also been upheld by Commissioner (Appeals) in Company’s case, therefore no provision has been made in these unconsolidated condensed interim financial statements as the Company and its legal counsel are confident that the outcome of the case will be in favor of the Company.

18.9 The Tax Authorities’ passed Order for FY 2009-10 against the Company disallowing input Sales Tax credit on gas purchased but lost as UFG, among other observations. The said order was contested till Appellate Tribunal Inland Revenue (ATIR) who decided the case in the Company's favor thus setting a legal principle.

Tax Authorities have passed two different Orders for FY 2010-11 to 2014-15 & for FY 2015-16 to 2016-17 disallowing input Sales Tax on gas purchased but lost as UFG (in excess of OGRA Benchmark) however the Company contested the matter before Commissioner (Appeals) who decided the cases in Company’s favor.

The tax department has filed an appeal before the Appellate Tribunal Inland Revenue against the aforesaid Orders of Commissioner (Appeals) for FY 2010-11 to 2016-17.

Tax authorities have also issued a notice for FY 2017-18 confronting the same issue of disallowance of input tax claimed on excess UFG on which the company has filed detailed reply but no adverse inference was drawn in light of Binding Precedent set by ATIR for FY 2009-10.

The Company and its legal counsel are of the opinion that the Company has a strong case on legal merits as well as on technical grounds since legal principle has been set by ATIR & upheld by Commissioner (Appeals) and thus no provision has been made in these unconsolidated condensed interim financial statements as the Company and its legal counsel is confident that the outcome of the cases will be in favor of the Company.

18.10 The Additional Commissioner Inland Revenue passed an order against the Company with demand of Rs. 1,314 million alongwith default surcharge and penalty for incorrect 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 condensed interim financial statements as the Company and its legal counsel are confident that the outcome of the case will be in favor of the Company.

18.11 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 and 2007-08 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 2005-06 and FY 2007-08 be allowed after verification. The Commissioner (Appeals) has not given decision on addition under section 34(5) and refund adjustment.

Commissioner (Appeals) order was contested before Appellate Tribunal Inland Revenue (ATIR) remanded back the issue of exchange loss, decided interest free loans in Company's favor while minimum tax adjustment for loss making year of 2007-08 was decided against the Company.

Pursuant to Commissioner (Appeals) decision, DCIR passed Order partially allowing benefit of minimum tax adjustment for FY 2005-06 while other verification matters were again decided against the Company. Upon appeal by the Company against DCIR Order, the Commissioner (Appeals) upheld the disallowance of minimum tax adjustment for FY 2007-08 whereas issues of refund adjustment for FY 2008-09, partial adjustment for minimum tax for FY 2005-06 and credit of tax deducted at source were again remanded back to DCIR.

No provision has been made in these unconsolidated condensed interim financial statements as the Company and its legal counsel are confident that the outcome of the case will be in favor of the Company.

18.12 As disclosed in note 9.1 and 9.2 to these unconsolidated financial statements – trade debts, interest income from K-Electric (KE) and Pakistan Steel Mills Limited (PSML) is not being recognized in the unconsolidated condensed interim financial statements, in accordance with requirements of International Accounting Standards as well as Legal and Accounting Opinions obtained by the Company. However, tax authorities have passed orders for FY 2014-15 to 2018-19 on said unrecognized interest income from KE and PSML. Appeal against the said orders have been filed before Commissioner (Appeals), who decided the case against the Company upon which the Company has filed appeal before Appellate Tribunal Inland Revenue.

No provision has been made in these unconsolidated condensed interim financial statements as the Company and its legal counsel are confident that the outcome of the case will be in favor of the Company.

18.13 Tax Authorities' have passed Federal Excise Duty (FED) Order for FY 2017-18 raising FED Demand on Re-gasification of LNG into RLNG, supply of RLNG to customers and supply of Natural Gas to customers (on which LPG / NGL extraction process was performed).

Upon appeal, the Commissioner (Appeals) decided the issues of re-gasification and supply of RLNG to customers against the Company while issue of supply of natural gas to customers was remanded back to Tax Officer.

Against Commissioner (Appeals) Order on RLNG, Company has filed appeal before Appellate Tribunal Inland Revenue (ATIR), which is pending adjudication.

No provision has been made in these unconsolidated condensed interim financial statements as the Company and its legal counsel are confident that the outcome of the case will be in favor of the Company.

18.14 Tax Authorities have passed order for Tax Year 2015 disallowing interest expense on delayed payment to E&P companies for gas purchases as well as taxing benefit of lower interest rate on Government of Sindh Loans, among other observations.

The matter was contested before Commissioner (Appeals) who decided the case in Company's favor. The tax department has filed an appeal before the Appellate Tribunal Inland Revenue against the aforesaid Order of Commissioner (Appeals).

No provision has been made in these unconsolidated condensed interim financial statements as the Company and its legal counsel are confident that the outcome of the case will be in favor of the Company.

18.15 Tax Authorities have passed Sales Tax Order for FY 2017-18 on issues of non-charging of Sales Tax on RLNG – Indigenous Gas Swap, Gas Development Surcharge (GDS), RLNG Transportation Income among other observations.

Said Order was contested before Commissioner (Appeals) who confirmed Demand on RLNG swap & transportation while other GDS & other observations were remanded back to Tax Officer.

Against Commissioner (Appeals) Order on RLNG, Company has filed appeal before Appellate Tribunal Inland Revenue (ATIR), which is pending adjudication.

No provision has been made in these unconsolidated condensed interim financial statements as the Company and its legal counsel are confident that the outcome of the case will be in favor of the Company.

18.16 The Company is subject to various other claims totaling Rs. 8,896 million by income tax and sales tax authorities. The management is confident that ultimately these claims would not be payable.

18.17 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 condensed interim financial statements.

	Half year ended		Quarter ended	
	December 31, 2020	**December 31, 2019**	**December 31, 2020**	**December 31, 2019**
		(Un-audited)		
		-----------(Rupees in '000)--------------		
19 SALES				
Sale of Indigenous gas	**116,787,416**	135,464,335	**54,541,117**	66,129,311
Sale of RLNG	**36,447,992**	25,896,560	**24,416,834**	13,046,882
	153,235,408	161,360,895	**78,957,951**	79,176,193
Less: Sales tax				
Indigenous gas	**(17,329,165)**	(20,248,969)	**(7,929,596)**	(9,905,435)
RLNG	**(4,990,587)**	(3,810,096)	**(3,274,791)**	(1,919,894)
	(22,319,752)	(24,059,065)	**(11,204,387)**	(11,825,329)
	130,915,656	137,301,830	**67,753,564**	67,350,864
20 GAS DEVELOPMENT SURCHARGE (GDS)				
GDS recovered during the period	**(4,941,638)**	(2,356,140)	**(3,999,177)**	(1,410,593)
Price increase adjustment for the period	**24,534,982**	8,085,836	**12,297,407**	4,429,565
Impact of staggering	**-**	(3,671,785)	**-**	(1,835,893)
Subsidy for LPG air mix operations	**(350,773)**	(299,219)	**(206,298)**	(166,697)
	19,242,571	1,758,692	**8,091,932**	1,016,382
21 RLNG DIFFERENTIAL MARGINS				
RLNG differential margin - OGRA	**(1,598,862)**	(3,732,153)	**(4,078,421)**	(1,456,448)
RLNG differential margin - SNGPL	**-**	2,308,000	**-**	304,774
	(1,598,862)	(1,424,153)	**(4,078,421)**	(1,151,674)
22 COST OF SALES				
Cost of gas	**141,177,334**	142,621,343	**68,881,074**	69,046,908
Transmission and distribution costs	**10,375,959**	11,081,234	**5,201,783**	5,650,286
	151,553,293	153,702,577	**74,082,857**	74,697,194
Cost of gas				
Opening gas in pipelines	**1,248,028**	1,214,410	**1,197,089**	1,304,466
RLNG purchases	**29,197,369**	21,018,865	**16,686,665**	9,775,784
Gas purchases	**112,516,413**	124,413,403	**52,496,080**	60,695,306
	142,961,810	146,646,678	**70,379,834**	71,775,556
Gas consumed internally	**(525,742)**	(2,832,212)	**(240,026)**	(1,535,526)
Closing gas in pipelines	**(1,258,734)**	(1,193,123)	**(1,258,734)**	(1,193,122)
	(1,784,476)	(4,025,335)	**(1,498,760)**	(2,728,648)
	141,177,334	142,621,343	**68,881,074**	69,046,908
23 OTHER OPERATING EXPENSES				
Auditor's remuneration	**3,378**	3,537	**1,635**	1,769
Sports expenses	**61,655**	75,232	**30,566**	56,440
Corporate social responsibility	**6,985**	11,170	**625**	1,170
Provision against impaired stores and spares	**24,262**	-	**4,288**	-
Loss on sale of property, plant and equipment	**14,690**	-	**13,443**	-
	110,970	89,939	**50,557**	59,379

	Half year ended		Quarter ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	(Un-audited)			
	-----------(Rupees in '000)--------------			
24 OTHER INCOME				
Income from financial assets				
Income for receivable against asset	**19,799**	21,885	**9,503**	10,698
Interest income on loan to related party	**68,427**	107,899	**30,133**	69,314
Income from net investment in finance lease from -SNGPL-Related party	**13,274**	18,125	**4,211**	9,062
Return on term deposits and profit and loss bank accounts	**15,595**	38,417	**8,422**	24,341
	117,095	186,326	**52,269**	113,415
Interest income on late payment of gas bills from Water & Power Development Authority (WAPDA)	**172,140**	358,805	**80,289**	187,354
Dividend income	**4,828**	1,849	**4,828**	-
	294,063	546,980	**137,386**	300,769
Income from other than financial assets				
Late payment surcharge	**1,073,610**	716,263	**453,492**	340,428
Interest income on late payment of gas bills from SNGPL - related party	**572,601**	572,601	**286,300**	286,301
Sale of gas condensate - net	**(41,225)**	(8,973)	**(12,857)**	(4,485)
Income from LPG / NGL - net	**-**	221,200	**-**	326,140
Meter manufacturing division profit - net	**9,871**	9,221	**4,165**	6,105
Meter rentals	**406,017**	396,817	**203,706**	199,337
RLNG transportation income	**3,533,450**	4,249,382	**1,724,140**	1,866,182
Recognition of income against deferred credit and contract liability	**282,481**	267,834	**140,646**	134,567
Income from LPG air mix distribution - net	**66,024**	51,145	**32,554**	29,138
Income from sale of tender documents	**2,426**	1,737	**1,729**	555
Scrap sales	**64,475**	30,241	**63,025**	29,033
Recoveries from customers	**33,126**	27,373	**22,516**	11,883
Liquidity damaged recovered	**40,585**	13,939	**31,015**	7,018
Exchange gain	**2,722,361**	3,005,123	**2,361,493**	(415,111)
Reversal of excess provision against impaired stores and spares	**-**	7,480	**-**	8,998
Gain on sale of property, plant and equipment	**-**	44,775	**-**	3,804
Amortization of Government grant	**7,988**	10,456	**4,033**	5,228
Rental income from SSGC LPG (Pvt) Limited	**385**	385	**192**	255
LSA margins against RLNG	**479,499**	449,642	**238,098**	218,468
Miscellaneous	**13,876**	488,209	**5,840**	479,052
	9,561,613	11,101,830	**5,697,473**	3,833,665
25 TAXATION				
Current	**1,197,315**	1,125,609	**586,974**	538,675
	1,197,315	1,125,609	**586,974**	538,675

25.1 As at December 31, 2020, the Company has aggregate deferred tax asset on deductible temporary differences amounting to Rs. 29,339 million (June 30, 2020: Rs. 36,796 million) out of which deferred tax asset amounting to Rs.14,565 million has been recognised and remaining balance of Rs 14,773 million is unrecognised. As at period end, the Company's minimum tax credit amounted to Rs.6,355 million (June 30, 2020: Rs. 5,161 million) having expiry period ranging between 2022 and 2026.

	Note	Half year ended December 31, 2020	Half year ended December 31, 2019
		(Un-audited)	
		--------(Rupees in '000)--------	
26 ADJUSTMENTS FOR NON-CASH AND OTHER ITEMS			
Provisions	26.1	**3,090,879**	1,943,900
Depreciation on owned assets		**4,179,757**	3,890,490
Depreciation on right of use assets		**61,593**	62,918
Amortization of intangibles		**2,788**	12,842
Finance cost		**2,401,361**	3,889,932
Amortization of transaction cost		**23,475**	24,998
Amortization of Government grant		**(7,988)**	(10,456)
Recognition of income against deferred credit and contract liability		**(309,446)**	(294,135)
Dividend income		**(4,828)**	(1,849)
Interest income and return on term deposits		**(848,562)**	(1,099,608)
Income from net investment in finance lease		**(13,274)**	(18,125)
Loss / (gain) on disposal of property plant and equipment		**14,628**	(44,775)
Decrease in long term advances		**(10,812)**	(15,280)
Increase in deferred credit and contract liability		**630,307**	826,783
Impact of IFRS 16: Finance cost		**10,021**	17,260
Decrease in obligation against pipeline		**38,990**	41,464
		9,258,889	9,226,359
26.1 Provisions			
Provision against slow moving / obsolete stores		**29,858**	8,152
Impairment loss against financial assets		**2,187,041**	921,552
Provision for post retirement medical and free gas supply facilities		**240,945**	459,509
Provision against retirement benefit		**633,035**	554,687
		3,090,879	1,943,900

	Half year ended	
	December 31, 2020	December 31, 2019
	(Un-audited)	
	--------(Rupees in '000)--------	

27 WORKING CAPITAL CHANGES

(Increase) / decrease in current assets		
Stores and spares	**(270,045)**	9,980
Stock-in-trade	**(1,523)**	176,730
Customers' installation work-in-progress	**(27,689)**	(18,716)
Trade debts	**532,977**	(4,289,609)
Advances, deposits and short term prepayments	**(94,836)**	(120,832)
Other receivables	**(33,560,416)**	(16,375,910)
	(33,421,532)	(20,618,357)
Increase in current liabilities		
Trade and other payables	**28,800,592**	31,062,415
	(4,620,940)	10,444,058

28 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of Subsidiary Company, Associated Companies due to common directorship, Government related entities, Staff retirement benefits plans, directors and key management personnel (including their associates). Purchase and sale of gas from / to related parties are determined at rates finalised and notified by the Oil and Gas Regulatory Authority. Remuneration of key management personnel are in accordance with the terms of the employment / appointment. Other transactions with the related parties are carried out as per agreed terms.

The details of transactions with related parties not disclosed elsewhere in these unconsolidated condensed interim financial statement are as follows:

	Half year ended	
	December 31, 2020	December 31, 2019
	(Un-audited)	
	---------------(Rupees in '000)---------------	
Government related entities		
- Purchase of fuel and lubricant	**36,086**	25,576
- Billable charges	**42,444,111**	16,284,996
- Mark-up expense on short term finance	**21,355**	64,795
- Mark-up expense on long term finance	**188,352**	363,708
- Income from net investment in finance lease	**13,274**	18,125
- Gas purchases	**88,194,728**	62,582,922
- Sale of gas meters	**11,785**	21,762
- Insurance premium	**57,471**	52,697
- Electricity expenses	**105,158**	152,183
- Interest income	**744,741**	931,406
- RLNG transportation income	**3,533,450**	4,249,382
- Income against LNG service agreement	**479,499**	449,642
- LPG purchases	**217,228**	182,382
- Professional charges	**40**	17

	Relationship	Half year ended December 31, 2020 (Un-audited)	December 31, 2019
		---------------(Rupees in '000)---------------	
Karachi Grammar School	Associate		
- Billable charges		**15**	-
Key management personnel			
- Remuneration		**90,386**	90,416
Pakistan Institute of Corporate Governance	Associate		
- Subscription / trainings		**979**	-
SSGC LPG (Private) Limited	Wholly owned subsidiary		
- Interest on loan		**68,427**	107,899
- Rental Income		**385**	385
Staff retirement benefit plans	Associate		
- Contribution to provident fund		**187,338**	195,213
- Contribution to pension fund		**321,515**	397,284
- Contribution to gratuity fund		**311,520**	157,403

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

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

28.3 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.

28.4 Amounts receivable from / (due to) investment in related parties:

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

	Relationship	December 31, 2020 (Un-audited)	June 30 2020 (Audited)
		--------(Rupees in '000)--------	
Government related entities	Associate		
- Billable charges		**58,781,574**	63,591,878
- Accrued mark up on borrowings		**(5,245,560)**	(4,221,975)
- Net investment in finance lease		**379,601**	418,118
- Gas purchases		**(451,148,184)**	(316,626,683)
- Gas meters and spare parts		**49,346**	73,432
- Uniform cost of gas		**15,818,845**	15,818,845
- Cash at bank		**5,153**	24,951
- Stock loan		**4,912**	4,912
- Payable to insurance		**(2,185)**	(837)
- Gas supply deposit		**(51,263)**	(51,263)
- Interest expense accrued - late payment surcharge on gas supplies bills		**(15,832,411)**	(15,832,411)
- Interest income accrued - late payment on gas bills		**13,820,936**	13,076,195
- Professional charges		**57**	57
- Contingent rent		**3,535**	3,535
- Capacity and utilisation charges of RLNG		**60,205,545**	51,063,909
- RLNG transportation income		**33,411,411**	29,477,644
- LSA margins		**3,401,099**	2,877,266
- Advance for sharing right of way		**(18,088)**	(18,088)
Karachi Grammar School	Associate		
- Billable charges		**5**	5
- Gas supply deposit		**(22)**	22
SSGC LPG (Private) Limited	Wholly owned subsidiary		
- Long term investments		**1,000,000**	1,000,000
- Short term loan		**1,035,103**	1,535,103
- Interest on loan		**1,150,649**	1,082,222
- LPG sales		**5,698**	5,698
- Rent on premises		**862**	1,442
- Receivable of management fee		**1408**	12,688

29 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) / profit	
	Half year ended			
	December 31, 2020	**December 31, 2019**	**December 31, 2020**	**December 31, 2019**
	(Un-audited)			
	---------------------- (Rupees in '000) ----------------------			
Gas transmission and distribution	**130,915,655**	137,301,830	**(979,125)**	(12,924,660)
Meter manufacturing	**842,042**	1,150,306	**9,871**	9,221
Total segment results	**131,757,697**	138,452,136	**(969,254)**	(12,915,439)
Unallocated				
- Other operating expenses			**(110,970)**	(89,939)
- Other income			**609,795**	648,658
Loss before tax			**(470,429)**	(12,356,720)

The above revenue includes sale of meters by meter manufacturing segment to gas transmission and distribution amounting to Rs. 832 million (December 31, 2019: Rs. 1,131 million).

Segment assets and liabilities

	December 31, 2020 (Un-audited)	June 30, 2020 (Audited)
	--------(Rupees in '000)--------	
Segment assets		
Gas transmission and distribution	**618,292,811**	584,900,720
Meter manufacturing	**991,900**	1,036,492
Total segment assets	**619,284,711**	585,937,212
Unallocated		
Loans and advances	**1,450,091**	2,169,660
Taxation - net	**18,903,552**	19,192,406
Interest accrued	**487,739**	487,739
Cash and bank balances	**590,928**	699,689
	21,432,310	22,549,494
Total assets as per unconsolidated condensed interim statement of financial position	**640,717,021**	608,486,706
Segments liabilities		
Gas transmission and distribution	**665,804,405**	631,885,178
Meter manufacturing	**253,895**	292,154
Total segment liabilities	**666,058,300**	632,177,332
Total liabilities as per unconsolidated condensed interim statement of financial position	**666,058,300**	632,177,332

30 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.

30.1 Fair value of financial instruments

Financial assets which are tradeable in an open market are revalued at the market prices prevailing on the reporting 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 December 31, 2020 (Un-audited)			
	Level 1	**Level 2**	**Level 3**	**Total**
	-------Rupees in '000-------			
Assets				
Fair value through OCI Financial Assets				
Quoted equity securities	**197,107**	**-**	**-**	**197,107**

	As at June 30, 2020 (Audited)			
	Level 1	**Level 2**	**Level 3**	**Total**
	-------Rupees in '000-------			
Assets				
Fair value through OCI Financial Assets				
Quoted equity securities	180,017	-	-	180,017

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.

30.2 Fair value of other assets

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

	As at December 31, 2020 (Un-audited)	
	Level 2	**Fair Value**
	--------------Rupees in '000--------	
Freehold land	**12,339,027**	**12,339,027**
Leasehold land	**12,698,110**	**12,698,110**
	25,037,137	**25,037,137**

	As at June 30, 2020	
	Level 2	**Fair Value**
	(Audited)	
	--------------Rupees in '000--------	
Freehold land	12,339,027	12,339,027
Leasehold land	12,698,110	12,698,110
	25,037,137	25,037,137

31 EVENTS AFTER THE REPORTING DATE

The novel coronavirus (COVID-19) emerged and since then, the condition has continued to deteriorate. On January 30, 2020, The International Health Regulations Emergency Committee of the World Health Organization declared the outbreak “Public Health Emergency of International Concern”. Many countries including Pakistan have enacted protection measures against COVID-19, with a significant impact on economic activities in these countries. The evolution of COVID-19 as well as its impact on the global and the local economy is hard predicting at this stage. As of the release date of these unconsolidated condensed interim financial statements, there has been no specifically material quantifiable impact of COVID-19 on the Company’s financial condition or results of operations except those disclosed in notes to the unconsolidated condensed interim financial statements.

32 GENERAL

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

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

33 DATE OF AUTHORISATION

These unconsolidated condensed interim financial statements were authorised for issue in Board of Directors meeting held on September 9, 2022.

Dr. Shamshad Akhtar	**Imran Maniar**	**Muhammad Amin Rajput**
Chairperson	Managing Director	Chief Financial Officer

Sui Southern Gas Company Limited

Consolidated Condensed Interim Financial Information (Un-Audited)
for the half year ended December 31, 2020

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at December 31, 2020

	Note	December 31, 2020 (Un-audited)	June 30, 2020 (Audited)
		--------(Rupees in '000)--------	
ASSETS			
Non-current assets			
Property, plant and equipment	6	**138,675,252**	137,364,439
Intangible assets		**12,013**	9,747
Deferred tax		**138,134**	187,577
Right of use assets	7	**191,979**	241,120
Long term investments	8	**197,107**	180,017
Net investment in finance lease		**102,227**	131,135
Long term loans and advances		**154,601**	180,062
Long-term deposits		**20,956**	28,617
		139,492,269	138,322,714
Current assets			
Stores, spares and loose tools		**2,969,858**	2,719,897
Stock-in-trade		**2,326,484**	2,221,947
Current maturity of net investment in finance lease		**57,814**	57,814
Customers' installation work-in-progress		**269,255**	241,566
Trade debts	9	**89,104,083**	91,835,466
Loans and advances		**260,387**	454,495
Advances, deposits and short term prepayments		**884,599**	831,984
Interest accrued	10	**14,775,073**	14,030,332
Other receivables	11	**371,465,734**	337,818,379
Taxation - net		**19,131,799**	19,406,544
Other financial asset		**129,223**	129,000
Cash and bank balances		**1,356,365**	1,550,683
		502,730,674	471,298,107
Total assets		**642,222,943**	609,620,821

The annexed notes from 1 to 33 form an integral part of these consolidated condensed interim financial statements.

Dr. Shamshad Akhtar	**Imran Maniar**	**Muhammad Amin Rajput**
Chairperson	Managing Director	Chief Financial Officer

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at December 31, 2020

	Note	December 31, 2020 (Un-audited)	June 30, 2020 (Audited)
		--------(Rupees in '000)--------	
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 FVTOCI securities		160,580	143,490
Surplus on revaluation of property, plant and equipment		25,254,815	25,254,815
Accumulated losses		(63,667,673)	(62,242,789)
		(24,535,714)	(23,127,920)
LIABILITIES			
Non-current liabilities			
Long term finance	12	25,170,741	29,087,535
Long term deposits		21,140,963	20,690,732
Employee benefits		5,262,927	5,136,092
Obligation against pipeline		788,673	820,255
Deferred credit	13	4,411,514	4,604,521
Contract liabilities	14	6,716,912	6,197,498
Lease liability		64,125	127,250
Long term advances		2,957,706	2,968,518
		66,513,561	69,632,401
Current liabilities			
Current portion of long term finance	12	8,085,171	8,086,064
Short term borrowings	15	23,574,930	14,979,552
Trade and other payables	16	550,336,916	521,503,284
Short term deposits		21,367	18,440
Current portion of obligation against pipeline		61,781	59,075
Current portion of deferred credit	13	424,037	432,236
Current portion of contract liabilities	14	194,855	192,203
Current portion of lease liability		83,659	118,000
Unclaimed dividend		285,430	285,430
Interest accrued	17	17,176,950	17,442,056
		600,245,096	563,116,340
Contingencies and commitments	18		
Total equity and liabilities		642,222,943	609,620,821

The annexed notes from 1 to 33 form an integral part of these consolidated condensed interim financial statements.

Dr. Shamshad Akhtar	**Imran Maniar**	**Muhammad Amin Rajput**
Chairperson	Managing Director	Chief Financial Officer

CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS

For the period ended December 31, 2020

	Note	Half year ended December 31, 2020	Half year ended 'December 31, 2019	Quarter ended December 31, 2020	Quarter ended 'December 31, 2019
		(Un-Audited)			
		--------------------(Rupees in '000)--------------------			
Sales		**153,235,408**	161,360,895	**78,957,951**	79,176,193
Sales tax		**(22,319,752)**	(24,059,065)	**(11,204,387)**	(11,825,329)
	19	**130,915,656**	137,301,830	**67,753,564**	67,350,864
Gas development surcharge	20	**19,242,571**	1,758,692	**8,091,932**	1,016,382
RLNG differential margin	21	**(1,598,862)**	(1,424,153)	**(4,078,421)**	(1,151,674)
		17,643,709	334,539	**4,013,511**	(135,292)
Net sales		**148,559,365**	137,636,369	**71,767,075**	67,215,572
Cost of sales	22	**(151,553,293)**	(153,702,577)	**(74,082,857)**	(74,697,194)
Gross loss		**(2,993,928)**	(16,066,208)	**(2,315,782)**	(7,481,622)
Administrative and selling expenses		**(2,342,971)**	(2,482,227)	**(1,182,040)**	(1,276,535)
Other operating expenses	23	**(111,535)**	(90,306)	**(50,707)**	(58,065)
Impairment loss against financial assets		**(2,187,041)**	(921,552)	**(1,050,537)**	(596,113)
		(4,641,547)	(3,494,085)	**(2,283,284)**	(1,930,713)
		(7,635,475)	(19,560,293)	**(4,599,066)**	(9,412,335)
Other income	24	**9,994,781**	11,233,826	**6,012,908**	3,932,868
Operating Profit / (loss)		**2,359,306**	(8,326,467)	**1,413,842**	(5,479,467)
Finance cost		**(2,475,865)**	(3,975,397)	**(1,500,498)**	(2,813,814)
Loss before taxation		**(116,559)**	(12,301,864)	**(86,656)**	(8,293,281)
Taxation	25	**(1,308,325)**	(1,141,721)	**(673,124)**	(555,364)
Loss for the period		**(1,424,884)**	(13,443,585)	**(759,780)**	(8,848,645)
Basic and diluted loss per share (Rupees)		**(1.62)**	(15.26)	**(0.86)**	(10.05)

The annexed notes from 1 to 33 form an integral part of these consolidated condensed interim financial statements.

Dr. Shamshad Akhtar	Imran Maniar	Muhammad Amin Rajput
Chairperson	Managing Director	Chief Financial Officer

CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the period ended December 31, 2020

	Half year ended		Quarter ended	
	December 31, 2020	'December 31, 2019	December 31, 2020	'December 31, 2019
	(Un-Audited)			
	--------------------(Rupees in '000)--------------------			
Loss for the period	**(1,424,884)**	(13,443,585)	**(759,780)**	(8,848,645)
Other comprehensive income				
Items that will not be reclassified subsequently to consolidated condensed interim statement of profit or loss				
Unrealised gain / (loss) on re-measurement of FVTOCI securities	**17,090**	33,151	**(24,555)**	62,482
Total comprehensive loss for the period	**(1,407,794)**	(13,410,434)	**(784,335)**	(8,786,163)

The annexed notes from 1 to 33 form an integral part of these consolidated condensed interim financial statements.

Dr. Shamshad Akhtar	**Imran Maniar**	**Muhammad Amin Rajput**
Chairperson	Managing Director	Chief Financial Officer

CONSOLIDATED CONDENSED INTERIM STATEMNT OF CASH FLOW
For the period ended December 31, 2020

	Note	Half year ended December 31, 2020	Half year ended December 31, 2019
		(Un-audited)	
		--------(Rupees in '000)--------	
CASH FLOW FROM OPERATING ACTIVITIES			
Loss before taxation		**(116,559)**	(12,301,864)
Adjustments for non-cash and other items	26	**9,415,303**	9,390,131
Working capital changes	27	**(4,541,479)**	10,448,020
Financial charges paid		**(4,045,201)**	(5,422,205)
Employee benefits paid		**(77,057)**	(57,229)
Payment for retirement benefits		**(859,713)**	(715,139)
Deposits received		**453,158**	1,715,930
Deposits paid		**7,661**	(1,800)
Loans and advances to employee - net		**219,569**	265,907
Interest income received		**1,186,044**	1,036,612
Income taxes paid		**(991,409)**	(1,058,208)
Net cash (used in) / generated from operating activities		**650,317**	3,300,155
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		**(5,429,962)**	(5,547,462)
Payment for obligation against pipeline		**(67,866)**	(67,866)
Proceeds from sale of property, plant and equipment		**49,783**	59,929
Lease rental from net investment in finance lease		**42,182**	47,033
Short term investment		**(223)**	(100,000)
Dividend received		**4,828**	1,849
Net cash used in investing activities		**(5,401,258)**	(5,606,517)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayments of local currency loans		**(3,907,060)**	(5,679,183)
Repayment of customer finance		**(10,627)**	(15,256)
Repayment of lease liability		**(121,068)**	(120,470)
Dividend paid		**-**	(4)
Net cash used in financing activities		**(4,038,755)**	(5,814,913)
Net decrease in cash and cash equivalents		**(8,789,696)**	(8,121,275)
Cash and cash equivalents at beginning of the period		**(13,428,869)**	(15,457,754)
Cash and cash equivalents at end of the period		**(22,218,565)**	(23,579,029)
Cash and cash equivalent comprises:			
Cash and bank balances		**1,356,365**	895,205
Short term borrowings		**(23,574,930)**	(24,474,234)
		(22,218,565)	(23,579,029)

The annexed notes from 1 to 33 form an integral part of these consolidated condensed interim financial statements.

Dr. Shamshad Akhtar
Chairperson

Imran Maniar
Managing Director

Muhammad Amin Rajput
Chief Financial Officer

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
For the period ended December 31, 2020

	Issued, subscribed and paid-up capital	Capital reserves	Revenue reserves	Surplus on re-measurement of FVTOCI securities	Surplus on revaluation of property plant and equipment	Accumulated losses	Total
	-----------------	-----------------	-----------------	(Rupees in '000)	-----------------	-----------------	-----------------
Balance as at July 1, 2019 (Audited)	8,809,163	234,868	4,672,533	199,621	21,950,532	(43,450,758)	(7,584,041)
Total comprehensive loss for the period ended December 31, 2019							
Loss for the period	-	-	-	-	-	(13,443,585)	(13,443,585)
Other comprehensive income for the period	-	-	-	33,151	-	-	33,151
	-	-	-	33,151	-	(13,443,585)	(13,410,434)
Balance as at December 31, 2019	8,809,163	234,868	4,672,533	232,772	21,950,532	(56,894,343)	(20,994,475)
Balance as at June 30, 2020 (Audited)	8,809,163	234,868	4,672,533	143,490	25,254,815	(62,242,789)	(23,127,920)
Total comprehensive loss for the period ended December 31, 2020							
Loss for the period	-	-	-	-	-	(1,424,884)	(1,424,884)
Other comprehensive income for the period	-	-	-	17,090	-	-	17,090
	-	-	-	17,090	-	(1,424,884)	(1,407,794)
Balance as at December 31, 2020	**8,809,163**	**234,868**	**4,672,533**	**160,580**	**25,254,815**	**(63,667,673)**	**(24,535,714)**

The annexed notes from 1 to 33 form an integral part of these consolidated condensed interim financial statements.

Dr. Shamshad Akhtar
Chairperson

Imran Maniar
Managing Director

Muhammad Amin Rajput
Chief Financial Officer

1. THE GROUP AND ITS OPERATIONS

1.1 The "Group" consists of:

Holding Company

- Sui Southern Gas Company Limited

Subsidiary Companies	Percentage of Holding December 31, 2020 %	Percentage of Holding June 30, 2020 %
- SSGC LPG (Private) Limited	**100**	100
- Sui Southern Gas Provident Fund Trust Company (Private) Limited	**100**	100

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

Sui Southern Gas Company Limited

Sui Southern Gas Company Limited ("the Company") is a public limited Company incorporated in Pakistan and is listed on 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.

The registered office of the Company is situated at SSGC House, Sir Shah Suleman Road, Block 14, Gulshan e Iqbal, Karachi. The Company's pipe coating plant is situated at Plot No. F-76, SITE Avenue Karachi (Here 3/4", 1" & 2" pipe is coated for Distribution South Karachi) and the Company Khadeji P&C Base Camp M-9 Motorway Karachi.

The addresses of other regional offices of the Holding Company are as follows:

Region	Address
Karachi West	SITE Office, Karachi. Plot No. F/36 & F/37 SITE Area Karachi.
Karachi East	Plot # 21/1, Sector 22, Korangi Industrial Area, Karachi.
Karachi Central	Azad Trade Center Near Civic Center Karachi.
Hyderabad	SSGC Regional Office, Opp. New Eidgah, National Highway Qasimabad, Hyderabad.
Nawabshah	SSGC Regional Office, Near Sikandar Art Gallery Housing Society, Nawabshah.
Sukkur	SSGC Regional Office, Golimar Road, SITE Area Sukkur.
Larkana	SSGC Regional Office, Near Shaikh Zaid Women Hospital, Larkana.
Quetta	SSGC Office, Samungli Road, Quetta.

Sui Southern Gas Provident Fund Trust Company (Private) Limited

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

SSGC LPG (Private) Limited

SSGC LPG (Private) Limited is a wholly owned subsidiary of Sui Southern Gas Company Limited. Its registered office is situated at LDC building Karachi Terminal Main University Road, Karachi and its main activity is supply of liquefied petroleum gas and provision of terminal and storage services.

The Subsidiary Company acquired the assets including:

- LPG import terminal, bulk storage at North West industrial Zone, Port Qasim Karachi and
- Bottling plants at Sara-e-Gadai Stop, Kot Najeebullah Road, Industrial Estate Hattar-22610 Haripur, KPK and Sheikhupura Bedad Road, Muridke Punjab through the High Court of Sindh auction during October 2011.

The main activity of the Subsidiary Company is sourcing, marketing and sales of Liquefied Petroleum Gas (LPG) and provision of terminal and storage services.

1.2 Basis of consolidation

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

1.3 Regulatory framework

Under the provisions of license given by the Oil and Gas Regulatory Authority (OGRA), the Holding Company is provided a minimum annual return before taxation of 17.43% per annum of the net average operating fixed assets (net of deferred credit) for the year, excluding financial and other non-operating expenses and non-operating income. The determination of annual required return is reviewed by OGRA under the terms of the license for transmission, distribution and sale of natural gas, targets and parameters set by OGRA. Income earned in excess / short of the above guaranteed return is payable to / recoverable from the Government of Pakistan (GoP) and is adjusted from / to the Gas Development Surcharge balance payable to / receivable from the GoP.

1.4 Financial performance

During the period, the Holding Company has incurred a loss after tax of Rs. 1,668 million resulting in increase in its accumulated losses as at December 31, 2020 amounts to Rs. 63,566 million and diminishing equity to Rs. 25,341 million. As at period end, current liabilities exceed its current asset by Rs.96,534 million.

The Holding Company’s financial performance for the period has been deteriorated mainly because of higher UFG due to RLNG off load into Holding Company's franchise area which was sold to indigenous gas customers.

In order to improve the financial position and performance of the Holding Company, the management / Board of Directors (Board) have taken / planned following steps:

- Economic Coordination Committee (ECC) in its meeting dated May 11, 2018 approved the summary submitted by the Petroleum Division under which the Holding Company was allowed UFG based on RLNG handling basis (volumetric basis) in the sale price of RLNG in the form of distribution loss due to swapping arrangements and consumption of RLNG in its franchise area. However, in its determination on Final Revenue Requirement (FRR) for FY 2018-19 OGRA did not consider implementing the aforementioned decision and advised to take up the matter with SNGPL in consultation with Ministry of Energy (Petroleum Division). The Holding Company has reiterated its earlier position of higher UFG due to RLNG and another summary is being considered at ECC to reinforce earlier ECC decision with multiple options for its implementation.

- Government of Pakistan (Finance Division) in its letter dated July 06, 2020, being majority shareholder has acknowledged the funding requirements of the Holding Company and has shown commitment to extend all support to maintain the going concern status of the Holding Company.

- The Holding Company has devised a Board approved Strategy to control UFG in coming years and the same is under implementation.

  Under new tariff regime, the Holding Company is entitled to the guaranteed return on operating asset from 17% to 17.43% from FY 2019 for next three years.

- Banks have also waived debt to equity covenant for financial years 2018-19 and 2019-20. However, the Holding Company has never defaulted in payment of any installment of principal and interest thereon and few of the loans have been totally paid off to date.

- Board / management believes that in view of above mentioned steps / plans, the Holding Company's profitability and financial position will improve in the next few years.

1.5 Determination of revenue requirement

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 (LPS), and Sale of Gas Condensate as operating income, which OGRA 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%.

Being aggrieved by the above decision, the Holding Company has filed an appeal against the decision of 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, pertaining to FY 2010 till final decision of the Court. However, with regard to UFG benchmark, OGRA was directed to carry out an impact assessment study and submit its report to the Court. Afterwards, management estimated the Revenue Requirement of the Holding Company for the financial years 2011 to 2015 based on the interim relief granted by the Court, and OGRA also accepted position taken up by the Holding Company for the said financial years, subject to the final decision of the Court.

On November 25, 2016, the Sindh High Court dismissed the Holding Company's petitions through its judgement. Consequently, OGRA in its decision dated December 22, 2016 and October 26, 2017 for determination of FRR for FY 2016 and 2017 respectively allowed UFG at 4.5% and treated Royalty Income from Jamshoro Joint Venture Limited, Profit from Meter Manufacturing, Late Payment Surcharge, and Sale of Gas Condensate as operating income. The Holding Company has filed civil petition for leave to appeal in the Supreme Court of Pakistan on January 25, 2017, against the abovementioned Sindh High Court judgement. But the management has considered OGRA's decision in preparation of these consolidated condensed interim financial statements for the half year ended December 31, 2020.

2 BASIS FOR PREPARATION

2.1 Statement of compliance

These consolidated condensed interim financial statements 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 Act, 2017. In case where the requirements differ, the provisions of and directives issued under the Companies Act, 2017 shall prevail. For the determination of Gas Development Surcharge, the directives of OGRA and the OGRA Ordinance, 2002 have been followed. Moreover, Gas Development Surcharge recorded in these consolidated condensed interim financial statements is based on FRR determined by OGRA for the financial year ended June 30, 2020.

These consolidated condensed interim financial statements do not include all information required for annual audited consolidated financial statements and should be read in conjunction with the annual audited consolidated financial statements of the Group for the year ended June 30, 2020.

2.2 These consolidated condensed interim financial statements is un-audited but subject to limited scope review by the auditors and are being submitted to shareholders as required by the listing regulations of the SECP and section 237 of the Companies Act, 2017.

3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation applied for the preparation of these consolidated condensed interim financial statements are the same as those applied in preparation of the annual consolidated audited financial statements of the Holding Company for the year ended June 30, 2020.

4 ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these consolidated condensed interim 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 Holding Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements for the year ended June 30, 2020. 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.

5 FINANCIAL RISK MANAGEMENT

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended June 30, 2020.

	December 31, 2020 (Un-audited)	June 30, 2020 (Audited)
	--------(Rupees in '000)--------	
6 PROPERTY, PLANT AND EQUIPMENT		
Operating assets	**126,140,752**	125,445,038
Capital work-in-progress	**12,534,500**	11,919,401
	138,675,252	137,364,439

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

	December 31, 2020		December 31, 2019	
	(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				
Buildings on leasehold land	**17,392**	**-**	105,319	-
Gas distribution system	**2,530,255**	**(43,909)**	2,351,262	-
Gas transmission pipelines	**1,305,968**	**-**	546,984	-
Telecommunication	**2,882**	**-**	-	(698)
Plant and machinery	**67,742**	**(269)**	113,688	(1,346)
Tools and equipment	**2,539**	**-**	5,962	-
Motor vehicles	**43,849**	**(20,233)**	77,870	(12,841)
Furniture and fixtures	**1,689**	**-**	19,860	-
Office equipment	**25,944**	**-**	7,229	(17)
Computers and ancillary equipments	**12,421**	**-**	55,031	-
Construction equipment	**-**	**-**	-	(236)
Compressors	**1,186,430**	**-**	594,149	-
	5,197,111	**(64,411)**	3,877,354	(15,138)

	Capital expenditure incurred	Transfer to operating assets	Capital expenditure incurred	Transfer to operating assets
Capital work in progress:				
Projects:				
Gas distribution system	**3,669,911**	**(2,530,255)**	3,121,781	(2,351,262)
Gas transmission system	**1,118,821**	**(1,305,968)**	1,034,353	(546,984)
	1,537,800	**(17,392)**	306,577	(105,319)
	6,326,532	**(3,853,615)**	4,462,711	(3,003,565)

During the period, there has been net (decrease) / increase in respect of stores and spares held for capital projects and others amounting to Rs. (845) million (December 31, 2019: Rs. 591 million).

	December 31, 2020 (Un-audited)	June 30, 2020 (Audited)
	--------(Rupees in '000)--------	

7 RIGHT OF USE ASSETS

Cost	**372,357**	369,281
Accumulated depreciation	**(180,378)**	(128,161)
Net book value	**191,979**	241,120
Cost		
Opening balance	**369,281**	-
Impact on application of IFRS 16	**-**	369,281
Additions during the period	**14,101**	-
Derecognition during the period	**(11,025)**	-
Closing balance	**372,357**	369,281
Accumulated depreciation		
Opening balance	**128,161**	-
Depreciation charge for the period	**63,242**	128,161
Derecognition during the period	**(11,025)**	-
Closing balance	**180,378**	128,161

The rate of depreciation is based on the term of the respective agreement and ranges from 33% to 40% per annum.

	Note	December 31, 2020 (Un-audited)	June 30, 2020 (Audited)
		--------(Rupees in '000)--------	

8 LONG TERM INVESTMENTS

Investments - fair value through other comprehensive income		**197,107**	180,017
		197,107	180,017

9 TRADE DEBTS

Secured		**27,883,412**	32,675,005
Unsecured		**82,680,846**	78,433,595
	9.1&9.2	**110,564,258**	111,108,600
Provision against doubtful debts		**(21,460,175)**	(19,273,134)
		89,104,083	91,835,466

9.1 As K-Electric Limited (KE) has been defaulting and not making payment of Late Payment Surcharge (LPS) and the Holding Company filed a suit in the High Court of Sindh in November 2012, for recovery of its aggregate claim, the Holding Company effective from July 01, 2012 decided to account for LPS from KE on receipt basis as per International Financial Reporting Standards – 15 "Revenue from Contracts with Customers" based on opinions from firms of Chartered Accountants.

In accordance with the revised accounting treatment, the trade debts includes Rs. 29,645 million (June 30, 2020: Rs. 33,415 million) as at December 31, 2020 receivables from KE against sale of indigenous gas. Out of this, Rs. 29,645 million (June 30, 2020: Rs. 29,652 million) as at December 31, 2020 are overdue. However, the aggregate legal claim of the Holding Company from KE amounts to Rs 121,899 million (June 30, 2020: Rs. 116,743 million). This amount has been arrived at as per the practice of the Holding Company to charge LPS to customers who do not make timely payments.

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

- As per the agreement dated June 30, 2009 which was entered between the Holding Company and KE for making outstanding payment in 18 instalments, the Holding Company was entitled to charge LPS on outstanding principal amount at rate of:

a. Highest OD rate being paid by the Holding Company 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 accounts which confirm management's assertion that the Holding Company has legal claim over KE for charging of LPS.

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

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

In March, 2014, management signed a payment plan with KE in order to streamline the payment modalities in relation to current monthly bills and old outstanding principal amount, in which the issue of LPS was not addressed. The plan expired on March 31, 2015, and first addendum was included to the original payment plan effective from April 1, 2015 till March 31, 2016. Upon expiry, the second addendum was included to the original payment plan on June 18, 2016 effective from April 1, 2016 till March 31, 2017. Currently, management is in a process to negotiate payment plan, which has not been finalised till the issue of these consolidated condensed interim financial statements but the supply of gas and payment is continuing as per old plan.

It has been agreed during various meetings with KE and the Holding Company to appoint a firm of Chartered Accountants to reconcile the balances appearing in their respective books which is still pending. Subsequent to period end, term of reference has been signed and shared with KE however no response has been received from KE.

9.2 As Pakistan Steel Mills Corporation (Private) Limited (PSML) has been defaulting and not making payment of Late Payment Surcharge (LPS), the Holding Company effective from July 01, 2012 decided to account for LPS from PSML on receipt basis as per International Financial Reporting Standards – 15 "Revenue from Contracts with Customers" based on opinions from firms of Chartered Accountants.

In accordance with the revised accounting treatment, the trade debts includes Rs. 24,777 million (June 30, 2020: Rs. 24,332 million) including overdue balance of Rs. 24,699 million (June 30, 2020: Rs. 24,282 million) receivable from PSML. However, the aggregate legal claim of the Holding Company from PSML amounts to Rs. 71,229 million (June 30, 2020: Rs. 67,665 million). This amount has been arrived at as per the practice of the Holding Company to charge LPS to customers who do not make timely payments.

The Holding Company filed a suit in the High Court of Sindh in April 2016, for recovery of its aggregate claim amounting to Rs. 41,354 million along with LPS. On April 6, 2016, the High Court of Sindh passed an order restraining PSML from creating any third party interest in relation to its assets including but not limited to immovable assets owned by it.

PSML has filed its counter claim of Rs. 38,660 million approximately on account of losses due to low gas pressure provided to PSML from March 2015 to December 2016. Legal counsel of the Holding Company is of the view that due to vagaries of litigation nothing could be expressed with any degree of certainty in the contested matters.

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.

	December 31, 2020 (Un-audited)	**June 30, 2020 (Audited)**
	--------(Rupees in '000)--------	
10 INTEREST ACCRUED		
Interest accrued on late payment of bills / invoices from:		
WAPDA	**4,562,855**	4,390,715
SNGPL	**9,258,081**	8,685,480
JJVL	**578,798**	578,798
	14,399,734	13,654,993
Interest accrued on sales tax refund	**487,739**	487,739
	14,887,473	14,142,732
Provision against impaired accrued income	**(112,400)**	(112,400)
	14,775,073	14,030,332

	Note	December 31, 2020 (Un-audited)	June 30, 2020 (Audited)
		--------(Rupees in '000)--------	

11 OTHER RECEIVABLES

	Note	December 31, 2020	June 30, 2020
Gas development surcharge receivable from Government of Pakistan (GoP)	11.1	**198,004,974**	178,411,641
Receivable from SNGPL for differential tariff		**4,284,080**	4,284,080
Receivable from staff pension fund		**51,122**	-
Receivable from HCPCL	11.2	**4,157,839**	4,157,839
Balance receivable for sale of gas condensate		**67,693**	46,438
Receivable from SNGPL - a related party	11.3	**113,627,208**	99,834,232
Receivable from Jamshoro Joint Venture Limited	11.4 & 11.5	**11,030,271**	11,427,831
Sales tax receivable	11.6	**42,274,530**	41,639,396
Sindh sales tax		**112,976**	112,976
Receivable against asset contribution	11.7	**379,601**	418,118
Accrued markup		**12,726**	5,450
Miscellaneous		**49,588**	67,252
		374,052,608	340,405,253
Impairment loss against financial assets		**(2,586,874)**	(2,586,874)
		371,465,734	337,818,379

11.1 Gas Development Surcharge receivable from GoP

	December 31, 2020	June 30, 2020
Opening Balance	**178,411,641**	140,160,555
Recognized in consolidated condensed interim statement of profit or loss	**19,242,570**	37,600,501
Subsidy for LPG air mix operations	**350,763**	650,585
Closing Balance	**198,004,974**	178,411,641

11.2 Receivable from Habibullah Coastal Power Company Private Limited (HCPCL)

	December 31, 2020	June 30, 2020
Amount of LD charges as per arbitration award	**3,938,382**	3,938,382
Subsequent LDs raised by HCPCL on Award Principle	**219,457**	219,457
	4,157,839	4,157,839

11.2.1 HCPCL initiated arbitral proceedings on November 30, 2015 in the International Chamber of Commerce Singapore (ICC) against the Holding Company on account of short / non-supply of contractual gas volumes and disputed compounding of interest i.e. Late Payment Surcharge on gas bills thereon for the period from January 2009 to March 2017.

On April 30, 2018, ICC issued decision in favor of HCPCL and the Holding Company was made liable to make payment to HCPCL as a final reward in the form of indemnity, liquidated damages (LD), interest on LD and legal and professional charges. The said final reward was adjusted by HCPCL against running gas bills issued by the Holding Company.

Earlier in January 2018, the Holding Company approached Ministry of Energy (Petroleum Division) regarding waiver of LDs claimed by WAPDA / CCPA-G from HCPCL against non-supply of Electricity to WAPDA which was being passed to the Holding Company by HCPCL.

The matter was submitted to Economic Coordination Committee of the Cabinet (ECC) for consideration and ECC in its meeting held on February 07, 2018 approved in principle, the proposal regarding waiver of LDs with the direction to Petroleum Division to work out modalities in consultation with stakeholders.

LDs adjusted by HCPCL against running gas bills are recoverable from HCPCL as per ECC aforementioned decision amounting to Rs. 3,626 million for the Award period along with LPS amounting to Rs. 312 million and further LDs deducted by HCPCL following Award principles amounting to Rs. 162 million and Rs. 58 million upto June 30, 2018 and for the year ended June 30, 2019 respectively.

	Note	December 31, 2020 (Un-audited)	June 30, 2020 (Audited)
		--------(Rupees in '000)--------	
11.3 As at year end, receivable balance from SNGPL comprises of the following:			
Uniform cost of gas		**15,818,844**	15,818,845
Lease rentals		**786,774**	593,033
Contingent rent		**3,535**	3,535
LSA margins		**3,401,099**	2,877,266
Capacity and utilisation charges of RLNG	11.3.1	**60,205,545**	51,063,909
RLNG transportation income		**33,411,411**	29,477,644
		113,627,208	99,834,232

11.3.1 The Holding Company has invoiced an amount of Rs. 117,232 million, including Sindh sales tax of Rs. 13,630 million, till December 31, 2020 to SNGPL in respect of capacity and utilization charges (terminal charges), LSA margins and transportation charges relating to RLNG.

SNGPL has disputed the terminal charges that have not been allowed to it by OGRA, terminal charges of a third party (i.e. Pak-Arab Fertilizer Company Limited (PAFCL) and terminal charges with respect to those quantities which were not supplied to SNGPL. SNGPL is of the view that it will only pay terminal charges as per OGRA Notification and for those quantities which are actually supplied to SNGPL and not the actual cost billed by the Holding Company. For quantity supplied to PAFCL, PAFCL is making payment directly to the company according to the payment plan finalized subsequent to end of reporting date. The Holding Company has finalized its payment plan with PAFCL in which PAFCL is required to make eight equal monthly installments of Rs. 201 million per month. Till July 2019, the Holding Company has received all eight installments.

In June 2016, the Economic Coordination Committee (ECC) approved the policy guidelines that all charges under LSA including, but not limited to capacity and utilization charges as well as retainage are to be included at actual. OGRA in its decision dated October 7, 2016 regarding determination of RLNG price, has allowed the terminal charges at actual.

The Ministry of Energy in pursuance of the decision of ECC vide case submitted on September 03, 2015 has allocated 71 BCF RLNG volume to the Holding Company in order to resolve the matter of short supply, with the direction to enter into an agreement with SNGPL for RLNG allocated volumes with the condition that either the Holding Company will make payment to SNGPL for the RLNG sold in its franchise area or will return these volumes when dedicated pipeline is available.

OGRA, in its letter dated November 20, 2018, in pursuance of decision of the ECC, with the consent of SNGPL and the Holding Company, has determined the price mechanism for purchase and sale of allocated RLNG volumes.

Based on initialed agreement between the Holding Company and SNGPL dated January 25, 2021, SNGPL is raising invoice for RLNG volumes retained by the Holding Company from June 01, 2020 based on RLNG reconciliation statement mutually agreed. The rate is based on OGRA decision dated November 20, 2018. SNGPL has started payments of such invoices issued by the Holding Company from June 2020 onwards on monthly basis.

11.4 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 16 and 17 to these consolidated condensed interim financial statements.

11.5 During the year 2013-14, the Supreme Court of Pakistan (SCP) passed an order dated December 04, 2013 with respect to the Constitution Petition No. 5 of 2011 and Human Rights Case No.15744 - P of 2009, whereby the Implementation Agreement of Badin gas field dated August 12, 2003 signed between the Holding Company and Jamshoro Joint Venture Limited (JJVL) was declared void from the date of its inception. The SCP 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 SCP has appointed an Advocate Supreme Court to determine the matter and accordingly the same has been submitted by him.

As per SCP order dated June 13, 2018 a firm of Chartered Accountants was appointed to determine the receivable / payable from / to JJVL wherein freight matter was also included and the report has been submitted by the firm. However the freight matter is still pending and the SCP will settle the same and an appropriate order shall be passed in this respect. As per SCP order dated January 9, 2019, in respect of freight matter charges, SCP directed JJVL to deposit Rs. 249 million as JJVL’s admitted liability for freight charges for the period 2005-2013. The Holding Company has received such amount as directed by SCP on February 24, 2020 and further amount in this respect will be determined / settled by SCP in due course.

11.6 Sales tax refunds arise due to uniform purchase price adjustment with SNGPL and zero rating of sales tax on gas sales for various industries. Sales tax refunds are processed through FBR's Sales Tax Automated Refund Repository (STARR) system. Due to several snags in the functioning of STARR, valid input sales tax claims of the Holding Company are deferred. Realizing the problems of STARR, in August 2010, dispensation from processing of sales tax refunds through the STARR system was allowed by FBR through a letter 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 Holding 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.

11.7 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	December 31, 2020 (Un-audited)	June 30, 2020 (Audited)
		--------(Rupees in '000)--------	
12 LONG-TERM FINANCE			
Secured			
Loans from banking companies	12.1 & 12.2	**32,296,296**	36,210,321
Unsecured			
Front end fee of foreign currency loan		**23,950**	23,950
Customer financing		**159,978**	170,605
Government of Sindh loans		**775,688**	768,723
		959,616	963,278
		33,255,912	37,173,599
Less: current portion shown under current liabilities			
Loans from banking companies		**(7,875,000)**	(7,875,000)
Customer financing		**(23,504)**	(24,397)
Government of Sindh loans		**(186,667)**	(186,667)
		(8,085,171)	(8,086,064)
		25,170,741	29,087,535

12.1 A long term finance facility amounting to Rs. 15,000 million was sanctioned in October 2015 from a syndicate of banks. During the period, repayment of Rs. 1,500 million has been made.

12.2 A long term finance facility amounting to Rs. 39,800 million was sanctioned in May 2016 from a syndicate of banks. As at December 31, 2020 the Holding Company has utilised Rs. 34,200 million out of the total sanctioned amount. During the period repayment of Rs. 2,138 million has been made. The financial arrangements have been secured by GoP guarantee and ranking charge created by way of hypothecation over all present and future movable fixed Regasified Liquefied Natural Gas (RLNG) assets of the Holding Company including but not limited to compressor stations, transmission pipelines, distribution pipelines, pipeline construction machinery and equipments.

13 DEFERRED CREDIT

	Note	December 31, 2020 (Un-audited)	June 30, 2020 (Audited)
		--------(Rupees in '000)------	
Government of Pakistan contributions / grants			
Opening balance		**2,911,647**	3,064,028
Additions / adjustments during the period		**10,946**	139,427
Transferred to consolidated condensed interim statement of profit or loss	24	**(146,655)**	(291,808)
Closing balance		**2,775,938**	2,911,647
Government of Sindh (Conversion of loan into grant)			
Opening balance		**1,995,985**	2,025,211
Additions during the period		**(133)**	86,808
Transferred to consolidated condensed interim statement of profit or loss	24	**(57,375)**	(116,034)
Closing balance		**1,938,477**	1,995,985
Government of Sindh grants			
Opening balance		**129,125**	149,967
Transferred to consolidated condensed interim statement of profit or loss	24 & 13.1	**(7,989)**	(20,842)
Closing balance		**121,136**	129,125
		4,835,551	5,036,757
Less: Current portion of deferred credit		**(424,037)**	(432,236)
		4,411,514	4,604,521

13.1 This represents the benefit of lower interest rate on Government of Sindh Loan III, IV and V, and is calculated as difference between the proceeds received in respect of Government of Sindh Loan III, IV and V and its initial fair value. The amount of Government of Sindh loan after conversion amounting to Rs 940 million and its initial fair value is amounting to Rs. 170 million based on Rs. 398 million. 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 in consolidated statement of profit or loss on the basis of pattern of recognition, as expenses, the cost the grant intends to compensate.

14 CONTRACT LIABILITIES

	Note	December 31, 2020 (Un-audited)	June 30, 2020 (Audited)
		--------(Rupees in '000)------	
Contribution from customers	14.1	**1,842,389**	1,823,259
Advance received from customers for laying of mains, etc.		**4,874,523**	4,374,239
		6,716,912	6,197,498

14.1 Contribution from customers

	December 31, 2020 (Un-audited)	June 30, 2020 (Audited)
Opening balance	**2,015,462**	1,573,394
Additions / adjustments during the period	**119,210**	623,385
Transferred to consolidated condensed interim statement of profit or loss	**(97,428)**	(181,317)
	2,037,244	2,015,462
Less: Current portion of contributions from customers	**(194,855)**	(192,203)
Closing balance	**1,842,389**	1,823,259

14.2 The Holding Company has recognised the contract liabilities in respect of the amount received from the customers as contribution towards the cost of supplying and laying transmission, service and main lines.

15 SHORT TERM BORROWINGS

These represent facilities for short term running finance / short term money market loan available from various banks amounting to Rs. 25,000 million (June 30, 2020: Rs. 25,000 million) and subject to mark-up to 0.00% to 0.20% (June 30, 2020: 0.00% to 0.20%) above the average one month KIBOR. The facilities are secured by first pari passu, first joint supplemental hypothecation and ranking charge over present and future stock in trade and book debts of the Holding Company.

The aggregate unavailed short term borrowing facilities amounted to Rs. 1,425 million (June 30, 2020: Rs. 10,021 million).

16 TRADE AND OTHER PAYABLES

	December 31, 2020 (Un-audited)	June 30, 2020 (Audited)
	--------(Rupees in '000)--------	
Creditors for:		
Indigenous Gas	**379,163,173**	386,072,492
RLNG	**125,561,392**	92,860,338
	504,724,565	478,932,830
RLNG differential margin payable to GoP	**16,029,498**	14,430,636
Engro Elengy Terminal Limited	**1,523,520**	1,901,685
Accrued liabilities	**5,292,555**	3,807,597
Provision for compensated absences - non executives	**303,441**	303,441
Payable to staff gratuity fund	**4,076,196**	4,076,196
Payable to pension	**-**	129,230
Payable to provident fund	**62,319**	74,872
Deposits / retention money	**609,918**	622,876
Advance for sharing right of way	**18,088**	18,088
Withholding tax payable	**364,509**	119,004
Sales tax and federal excise duty payable	**548,750**	459,627
Sindh sales tax on services	**279,559**	135,594
Processing charges payable to JJVL	**8,528,447**	8,528,447
Gas infrastructure development cess payable	**7,204,593**	7,234,826
Unclaimed term finance certificate redemption profit	**1,800**	1,800
Workers's profit participation fund	**174,515**	174,515
Advance from customers and distributors	**111,253**	59,036
Transport and advertisement services	**22,643**	23,581
Provision	**7,206**	9,394
Others	**453,541**	460,009
	550,336,916	521,503,284

16.1 As at December 31, 2020, amount of Rs. 320,296 million (June 30, 2020: Rs. 308,399 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. 15,832 million (June 30, 2020: Rs. 15,832 million) on their balances which have been presented in note 17.1 in these consolidated condensed interim financial statement.

17	INTEREST ACCRUED	Note	December 31, 2020 (Un-audited)	June 30, 2020 (Audited)
			--------(Rupees in '000)--------	
	Long term financing - loans from banking companies		**425,807**	562,364
	Long term deposits from customers		**242,150**	481,020
	Short term borrowings		**233,364**	123,043
	Late payment surcharge on processing charges		**438,392**	438,392
	Late payment surcharge on gas development surcharge		**4,826**	4,826
	Late payment surcharge on gas supplies	17.1	**15,832,411**	15,832,411
			17,176,950	17,442,056

17.1 As disclosed in note 9.1 and 9.2, effective from July 1, 2012, the Holding Company has been accounting for LPS from KE and PSML on receipt basis as per IFRS 15 “Revenue from Contract with Customers" based on opinion from firms of Chartered Accountants.. However, the Holding Company continued recognition of the LPS expense payable on outstanding payables of the Government Controlled E & P Companies i.e. Oil and Gas Development Company Limited (OGDCL), Pakistan Petroleum Limited (PPL) and Government Holding (Private) Limited (GHPL) to comply with the requirements of the accounting standards, as such standards do not allow the Holding Company to offset its LPS income against the mark-up expense in absence of legal right of set off, despite the fact that the Holding Company has never paid such LPS to Government Controlled E&P Companies.

Therefore, the management approached MP & NR through its letter dated September 1, 2016 to allow similar treatment of its LPS payable to the Government Controlled E&P Companies due to special and unusual circumstances arising from circular debt. The Holding Company's request was also based on, besides the unique situation of circular debt, past settlement record on net basis which was approved by ECC in 2001 and the fact that OGDCL, PPL and GHPL have adopted the accounting policy whereby such LPS incomes will be recorded in their financial statements only when the same are received.

In response to the Holding Company’s above request, the MP & NR vide their letter dated January 3, 2017 has supported the contention of the Holding Company that it will not recognize LPS expense payable to the Government Controlled E & P Companies (OGDCL, PPL and GHPL), effective from July 1, 2012, till the time Holding Company receives payment for LPS income from KE and PSML and it would be settled simultaneously subject to fulfillment of all the codal formalities. Based on the letter received from MP & NR, and the legal opinion, the Holding Company has reversed the LPS expense on delayed payments on gas supplies effective from July 1, 2012. Further it has been decided that the Holding Company will record and pay such expense in the period only when it receives LPS income from KE and PSML.

Had the management not reversed the LPS expense payable from July 1, 2012 to June 30, 2016 of Rs. 26,222 million and recorded LPS expense for the year ended June 30, 2017; June 30, 2018; June 30, 2019; June 30, 2020 and for the period ended December 31, 2020 amounting to Rs. 7,569 million; Rs. 7,477 million; Rs. 10,525 million; Rs 26,335 million and Rs. 14,132 million respectively on outstanding payables to Government Controlled E&P Companies, the effect on these consolidated condensed interim financial statements would be as follows:

	(Rupees in million)
- Increase in loss before tax	**14,132**
- Increase in loss after tax / accumulated loss	**10,034**
- Increase in loss per share - rupees	**11.39**
- Increase in accumulated losses	**92,260**
- Increase trade payables	**92,260**
- Increase deferred tax liability	**27,768**

		December 31, 2020 (Un-audited)	June 30, 2020 (Audited)
		--------(Rupees in '000)--------	
18	**CONTINGENCIES AND COMMITMENTS**		
18.1	Commitments for capital and other expenditures	**5,391,829**	5,550,543
18.2	Guarantees issued on behalf of the Group	**7,194,710**	7,013,494

18.3 In respect of the Holding Company

18.3.1 Jamshoro Power Company Limited (JPCL) has lodged claims against the Holding Company amounting to Rs. 144,120 million (2020: Rs. Rs. 144,120 million) for short supply of gas under the provisions of an agreement dated April 10, 1995, between the Holding Company and JPCL. JPCL has raised another claim of Rs. 5.793 million (2020: 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 Holding Company. The Ministry of Energy in its letter dated August 12, 2021, has decided that the matter will be referred to the Secretaries' Committee for deliberation and resolution.

In respect of JPCL major claim i.e. on account of short supply of gas following clause of the agreement is important which does not support JPCL claim.

“Subject to availability and the terms and conditions specified herein the Holding Company agrees to sell and deliver to the customer and the customer agrees to buy and accept a quantity of not less than 62 MMCF of Quality Natural Gas per day at its power station at Jamshoro".

It is evident from foregoing clause of the agreement, that JPCL has raised a claim not supported by the agreement and that the supply of gas to the customer was subject to the availability and it is/was not any firm commitment on the part of the Holding Company. No provision has been made against the said claims, as management is confident that ultimately these claims will not be payable. Further, management believes that in case matter is decided against the Holding Company, the entire amount will be claimed from the OGRA in the determination of revenue requirements of the Holding Company.

18.3.2 As disclosed in note 17.1, the management has reversed LPS expense with effect from July 01, 2012 to June 30, 2016 amounting to Rs. 26,222 million on Government Controlled E&P Companies liabilities and has not recorded LPS expense for the year ended June 30, 2017, June 30, 2018, June 30, 2019, June 30, 2020 and for the period ended December 31, 2020 amounting to Rs. 7,569 million, Rs. 7,477 million, Rs. 10,525 million, Rs. 26,335 million and Rs. 14,132 million in these consolidated condensed interim financial statements. The Holding Company will record and pay such LPS expense in the period only when it receives LPS income on amount receivable from KE and PSML.

18.3.3 Arbitration proceedings between JJVL and the Holding Company were initiated under the Pakistan Arbitration Act 1940 to settle the outstanding disputes between the parties. Accordingly, both the parties have appointed their respective arbitrators and filed their respective claims.

Supreme Court of Pakistan (SCP) through its decision dated June 13, 2018 upheld the termination by the Holding Company and stated that the termination was validly done and the Holding Company was within its legal and contractual right to do so and appointed a firm of Chartered Accountant to conduct a complete audit of JJVL within a period of two months to ascertain and determine the amount to be paid by JJVL to the Holding Company. Based on the Court order, the Holding Company shut down the supply of gas to JJVL plant accordingly.

Subsequently, SCP through its order dated November 16, 2018, based on the report by a firm of Chartered Accountants, determined that Rs. 1,500 million is the undisputed amount that shall be paid within 8 weeks by JJVL, which has been accordingly received by the Holding Company along-with the interest accrued thereon. However, with respect to the GIDC, tax challans and other matters, SCP will settle the same and an appropriate order be passed in this regard. Management is of the view that once the matter is finalized by the SCP any change in receivable or payable position shall be recognized in the year in which the SCP order has been passed.

After cancellation of MoUs by SCP on June 13, 2018, JJVL submitted a proposal based on profit sharing to SCP which was forwarded to the Holding Company by SCP. The SCP was also informed that the Holding Company is in the process of hiring a consultant for providing professional advice on the best option available with respect to the LPG/NGL Extraction business.

The Holding Company after concurrence of its Board informed SCP that it does not accept the proposal submitted by JJVL and asked SCP to appoint a firm of Chartered Accountants to come up with an agreement mutually beneficial for both the parties. After considering all the points, SCP appointed a third party firm of Chartered Accountants which shall deemed to be the receivers of the Court and would supervise the Project. In addition, firm is to determine an appropriate sharing arrangement for both parties which shall be final, subject to the approval of the Supreme Court of Pakistan.

Subsequently, the firm of Chartered Accountants after consultation with both parties came up with a mechanism of revenue sharing of 57% to the Holding Company and 43% to JJVL on ad-hoc basis and an agreement was signed between the Holding Company and JJVL and submitted to SCP for its approval and the same was validated by SCP in its order dated December 29, 2018. SCP also directed the Holding Company to resume the supply of gas to JJVL plant based on the new terms provided in the agreement. The agreement is valid for 1.5 years from the date of agreement and unless renewed by the parties through mutual written consent it shall stand terminated automatically. Accordingly, in June 2020 the said agreement stands expired and since then no gas has been supplied to JJVL plant.

18.3.4 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 consolidated condensed interim financial statements as the management, based on its legal advisor's opinion, are confident that the matter would be resolved in favor of the Holding Company.

18.3.5 Income tax authorities have passed Orders for the Tax Years 2007, 2008, 2009, 2013, 2014, 2015 & 2017 disallowing tax depreciation on fixed assets held under musharka arrangement.

All the Orders were contested before Commissioner (Appeals) who decided the case in Holding Company's favor.

No provision has been made in these consolidated condensed interim financial statements as the Holding Company and its legal counsel are confident that the outcome of the case will be in favor of the Holding Company.

18.3.6 Income tax authorities have passed Orders disallowing Cost of Gas purchased but lost as UFG (in excess of OGRA Benchmark) for FY 2008-09, 2010-11, 2011-12, 2012-13, 2013-14, 2014-15, 2015-16, 2016-17, 2017-18 and 2018-19.

All the Orders were contested before Commissioner (Appeals) who decided the cases in Holding Company's favor. However, the said Commissioner (Appeals) Orders in Holding Company's favor have been challenged by the tax authorities before the Appellate Tribunal Inland Revenue.

Since the said issue has already been decided in favor of SNGPL by Lahore Bench of Appellate Tribunal Inland Revenue and thus a Legal Principle is in field which has also been upheld by Commissioner (Appeals) in Holding Company's case, therefore no provision has been made in these consolidated condensed interim financial statements as the Holding Company and its legal counsel are confident that the outcome of the case will be in favor of the Holding Company.

18.3.7 The Tax Authorities' passed Order for FY 2009-10 against the Holding Company disallowing input Sales Tax credit on gas purchased but lost as UFG, among other observations. The said Order was contested till Appellate Tribunal Inland Revenue (ATIR) who decided the case in the Holding Company's favor thus setting a Legal Principle.

Tax Authorities have passed two different Orders for FY 2010-11 to 2014-15 & for FY 2015-16 to 2016-17 disallowing input Sales Tax on gas purchased but lost as UFG (in excess of OGRA Benchmark) however the Holding Company contested the matter before Commissioner (Appeals) who decided the cases in Holding Company's favor.

The tax department has filed an appeal before the Appellate Tribunal Inland Revenue against the aforesaid Orders of Commissioner (Appeals) for FY 2010-11 to 2016-17.

Tax authorities have also issued a notice for FY 2017-18 confronting the same issue of disallowance of input tax claimed on excess UFG on which the Holding Company has filed detailed reply but no adverse inference was drawn in light of Binding Precedent set by ATIR for FY 2009-10.

The Holding Company and its legal counsel are of the opinion that the Holding Company has a strong case on legal merits as well as on technical grounds since Legal Principle has been set by ATIR & upheld by Commissioner (Appeals) and thus no provision has been made in these consolidated condensed interim financial statements as the Holding Company and its legal counsel is confident that the outcome of the cases will be in favor of the Holding Company.

18.3.8 The Additional Commissioner Inland Revenue passed an order against the Holding Company with demand of Rs. 1,314 million alongwith default surcharge and penalty for incorrect adjustment of withholding sales tax against input invoices. The principal tax demand was recovered by the authority. However, the Holding 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 consolidated condensed interim financial statements as the Holding Company and its legal counsel are confident that the outcome of the case will be in favor of the Holding Company.

18.3.9 The Deputy Commissioner Inland Revenue (DCIR) passed an order against the Holding 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 and 2007-08 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 2005-06 and FY 2007-08 be allowed after verification. The Commissioner (Appeals) has not given decision on addition under section 34(5) and refund adjustment.

Commissioner (Appeals) order was contested before Appellate Tribunal Inland Revenue (ATIR) remanded back the issue of exchange loss, decided interest free loans in Holding Company's favor while minimum tax adjustment for loss making year of 2007-08 was decided against the Holding Company.

Pursuant to Commissioner (Appeals) decision, DCIR passed Order partially allowing benefit of minimum tax adjustment for FY 2005-06 while other verification matters were again decided against the Holding Company. Upon appeal by the Holding Company against DCIR Order, the Commissioner (Appeals) upheld the disallowance of minimum tax adjustment for FY 2007-08 whereas issues of refund adjustment for FY 2008-09, partial adjustment for minimum tax for FY 2005-06 and credit of tax deducted at source were again remanded back to DCIR.

No provision has been made in these consolidated condensed interim financial statements as the Holding Company and its legal counsel are confident that the outcome of the case will be in favor of the Holding Company.

18.3.10 As disclosed in note 9 to these consolidated condensed interim financial statements – trade debts, interest income from K-Electric (KE) and Pakistan Steel Mills Limited (PSML) is not being recognized in the consolidated condensed interim financial statements, in accordance with requirements of International Accounting Standards as well as Legal and Accounting Opinions obtained by the Holding Company. However, tax authorities have passed orders for FY 2014-15 to 2018-19 on said unrecognized interest income from KE and PSML. Appeal against the said orders have been filed before Commissioner (Appeals), who decided the case against the Holding Company upon which the Holding Company has filed appeal before Appellate Tribunal Inland Revenue.

No provision has been made in these consolidated condensed interim financial statements as the Holding Company and its legal counsel are confident that the outcome of the case will be in favor of the Holding Company.

18.3.11 Tax Authorities' have passed Federal Excise Duty (FED) Order for FY 2017-18 raising FED Demand on Re-gasification of LNG into RLNG, supply of RLNG to customers and supply of Natural Gas to customers (on which LPG / NGL extraction process was performed).

Upon appeal, the Commissioner (Appeals) decided the issues of re-gasification and supply of RLNG to customers against the Holding Company while issue of supply of natural gas to customers was remanded back to Tax Officer.

Against Commissioner (Appeals) Order on RLNG, Holding Company has filed appeal before Appellate Tribunal Inland Revenue (ATIR), which is pending adjudication.

No provision has been made in these consolidated condensed interim financial statements as the Holding Company and its legal counsel are confident that the outcome of the case will be in favor of the Holding Company.

18.3.12 Tax Authorities have passed Order for Tax Year 2015 disallowing Interest Expense on delayed payment to E&P companies for gas purchases as well as taxing benefit of lower interest rate on Government of Sindh Loans, among other observations.

The matter was contested before Commissioner (Appeals) who decided the case in Holding Company's favor. The tax department has filed an appeal before the Appellate Tribunal Inland Revenue against the aforesaid Order of Commissioner (Appeals).

No provision has been made in these consolidated condensed interim financial statements as the Holding Company and its legal counsel are confident that the outcome of the case will be in favor of the Holding Company.

18.3.13 Tax Authorities have passed Sales Tax Order for FY 2017-18 on issues of non-charging of Sales Tax on RLNG – Indigenous Gas Swap, Gas Development Surcharge (GDS), RLNG Transportation Income among other observations.

Said Order was contested before Commissioner (Appeals) who confirmed Demand on RLNG Swap & transportation while other GDS & other observations were remanded back to Tax Officer.

Against Commissioner (Appeals) Order on RLNG, Company has filed appeal before Appellate Tribunal Inland Revenue (ATIR), which is pending adjudication.

No provision has been made in these consolidated condensed interim financial statements as the Holding Company and its legal counsel are confident that the outcome of the case will be in favor of the Holding Company.

18.3.14 The Holding Company is subject to various other claims totaling Rs. 8,896 million by income tax and sales tax authorities. The management is confident that ultimately these claims would not be payable.

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

18.4 In respect of the Subsidiary Company

18.4.1 The Additional Commissioner Inland Revenue (ACIR) passed the order u/s 122(5A) of the Income Tax Ordinance, 2001 for tax year 2013 on the basis that sale of LPG is not covered by SRO 586 of 1991 and created a demand of Rs. 46.2 million. The Subsidiary Company had filed an appeal against the said order before Commissioner Inland Revenue (CIR) Appeals. Later CIR Appeals passed the order dated May 15, 2015 and remanded back the case to the ACIR for reassessment on various issues as per grounds of appeal. The Subsidiary Company has filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the order passed by CIR Appeals, which is pending for hearing. The appeal before the ATIR has been fixed thrice but to date no order has been passed.

ACIR passed appeal effect order u/s 124 dated June 20, 2015 to give appeal effect as per CIR Appeals order and reduced the amount to Rs. 36.9 million. The Subsidiary Company has also filed an appeal before the CIR Appeals against the said order. Further, the Subsidiary Company has paid advance income tax pertaining to tax year 2013 to tax year 2021 amounting to Rs. 358.7 million under various sections which remains unadjusted due to such litigation. The potential liability amounts to Rs. 469 million to which the Subsidiary Company may be subject to in case of adverse decision.

18.4.2 For tax year 2014, under similar case, the Deputy Commissioner Inland Revenue (DCIR) passed order dated January 11, 2017 and created demand of Rs. 116.6 million. The Subsidiary Company filed an appeal before the CIR Appeals against the said order. CIR Appeals passed the order dated March 21, 2017 and remanded back the case. To date, the tax department has not filed any appeal against the CIR Appeals order with any appellate authority. As per tax advisor, as appeal is not filed within 60 days of decision of CIR Appeals, it will be considered as if the tax department has no objection against decision of CIR Appeal.

As per tax advisor, the decision of CIR Appeal for tax year 2014 will support the pending appeal relating to tax year 2013 as issue involved is similar in nature. Hence, management is confident that the outcome of this case will be in favor of the Subsidiary Company and no provision is recorded in these consolidated condensed interim financial statements.

18.4.3 The ACIR passed order dated July 11, 2014 and created demand of Rs. 5.91 million pertaining to the tax year 2013 and 2014. The Subsidiary Company has filed an appeal before the Commissioner Appeals. During the process of appeal, the tax department issued a recovery notice and recovered entire demand amount from the Subsidiary Company's bank account.

The Subsidiary Company's legal counsel is of the opinion that the case will decided in favor of the Subsidiary Company and the entire amount will be refunded.

18.4.4 The Inland Revenue Department has also issued a show cause notice u/s 122(9) for amendment of assessment u/s 122(5A) of the Income Tax Ordinance, 2001 for the tax years 2015 & 2016 on January 13, 2017 and has required the Subsidiary Company to submit necessary documents for reassessment of tax liability. Against the said notice the Subsidiary Company has filed petition in Sindh High Court (SHC). The SHC has granted stay to the Subsidiary Company and the final decision is pending before the SHC. Furthermore, tax department has not gone in appeal against the decision of SHC.

No provision has been made in these consolidated financial statements as the Subsidiary Company and its legal counsel are confident that the outcome of the case will be in favor of the Subsidiary Company.

18.4.5 On April 20, 2018, the Subsidiary Company has received the notice from SRB for alleged short payment of Sindh Sales tax amounting to Rs. 7.39 million for the tax periods from July, 2016 to November, 2017 on account of royalty fee paid to Port Qasim Authority. Against the said notice, the Subsidiary Company has filed petition in SHC. On May 23, 2018, the SHC has granted stay to the Subsidiary Company and the final decision is pending before the learned SHC.

The Subsidiary Company's legal counsel is of the opinion that the case will decided in favor of the Subsidiary Company and the entire amount will be refunded by the department to the Subsidiary Company.

18.4.6 During the current period, Sindh Revenue Board has issued notice regarding payment of Sindh Workers' Profit Participation Fund contribution. According to said notice, the Subsidiary Company fall under the definition of "Industrial Undertaking" mentioned in Sindh Workers Profit Participation Act, 2015. As a result of which the WPPF contribution of amounting Rs. 2.783 million and 9.237 million has been claimed by SRB for two immediate profitable years of 2017 and 2018 respectively.

The Subsidiary Company has filed a petition against the said notice and granted a stay from Sindh High Court on the basis that Sindh Workers Profit Participation Act, 2015 is not applicable due to trans-provincial operations. The management is confident that outcome of this case will be in favor of the Subsidiary Company.

18.4.7 Subsequent to the year ended June 30, 2020, on August 05, 2020, the Subsidiary Company has received a legal notice and summon through the Bailiff of the Sindh High Court against a suit filed by one of the importers M/s Cress LPG (Private) Limited against their claim of Rs. 265.5 million. The Subsidiary Company's legal counsel is of the opinion that the case will decided in favor of the Subsidiary Company.

18.4.8 During the current period Subsidiary Company has received notice from SRB in which the department has disallowed the input tax on transportation and construction services. Against the said notice, the Subsidiary Company has filed petition in SHC. The SHC has granted stay to the Subsidiary Company and the final decision is pending before the learned SHC.

	Half year ended		Quarter ended	
	December 31, 2020	**December 31, 2019**	**December 31, 2020**	**December 31, 2019**
	(Un-audited)			
	-----------(Rupees in '000)--------------			
19 SALES				
Sale of Indigenous gas	**116,787,416**	135,464,335	**54,541,117**	66,129,311
Sale of RLNG	**36,447,992**	25,896,560	**24,416,834**	13,046,882
	153,235,408	161,360,895	**78,957,951**	79,176,193
Less: Sales tax				
Indigenous gas	**(17,329,165)**	(20,248,969)	**(7,929,596)**	(9,905,435)
RLNG	**(4,990,587)**	(3,810,096)	**(3,274,791)**	(1,919,894)
	(22,319,752)	(24,059,065)	**(11,204,387)**	(11,825,329)
	130,915,656	137,301,830	**67,753,564**	67,350,864

20 GAS DEVELOPMENT SURCHARGE (GDS)				
GDS recovered during the period	**(4,941,638)**	(2,356,140)	**(3,999,177)**	(1,410,593)
Price increase adjustment for the period	**24,534,982**	8,085,836	**12,297,407**	4,429,565
Impact of staggering	**-**	(3,671,785)	**-**	(1,835,893)
Subsidy for LPG air mix operations	**(350,773)**	(299,219)	**(206,298)**	(166,697)
	19,242,571	1,758,692	**8,091,932**	1,016,382

	Half year ended		Quarter ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	(Un-audited)			
	-----------(Rupees in '000)--------------			

21 RLNG DIFFERENTIAL MARGINS

RLNG differential margin - OGRA	**(1,598,862)**	(3,732,153)	**(4,078,421)**	(1,456,448)
RLNG differential margin - SNGPL	-	2,308,000	-	304,774
	(1,598,862)	(1,424,153)	**(4,078,421)**	(1,151,674)

22 COST OF SALES

Cost of gas	**141,177,334**	142,621,343	**68,881,074**	69,046,908
Transmission and distribution costs	**10,375,959**	11,081,234	**5,201,783**	5,650,286
	151,553,293	153,702,577	**74,082,857**	74,697,194

Cost of gas

Opening gas in pipelines	**1,248,028**	1,214,410	**1,197,089**	1,304,466
RLNG purchases	**29,197,369**	21,018,865	**16,686,665**	9,775,784
Gas purchases	**112,516,413**	124,413,403	**52,496,080**	60,695,306
	142,961,810	146,646,678	**70,379,834**	71,775,556
Gas consumed internally	**(525,742)**	(2,832,212)	**(240,026)**	(1,535,526)
Closing gas in pipelines	**(1,258,734)**	(1,193,123)	**(1,258,734)**	(1,193,122)
	(1,784,476)	(4,025,335)	**(1,498,760)**	(2,728,648)
	141,177,334	142,621,343	**68,881,074**	69,046,908

23 OTHER OPERATING EXPENSES

Auditors' remuneration	3,943	3,904	1,785	1,973
Sports expenses	61,655	75,232	30,566	56,440
Corporate social responsibility	6,985	11,170	625	1,170
Provision against impaired stores and spares	24,262	-	4,288	(1,518)
Loss on sale of property, plant and equipment	14,690	-	13,443	-
	111,535	90,306	50,707	58,065

	Half year ended		Quarter ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	(Un-audited)			
	-----------(Rupees in '000)--------------			
24 OTHER INCOME				
Income from financial assets				
Income for receivable against asset contribution	**19,799**	21,885	**9,503**	10,698
Income from net investment in finance lease from - SNGPL-Related party	**13,274**	18,125	**4,211**	9,062
Return on term deposits and profit and loss bank accounts	**47,198**	71,950	**24,454**	41,582
	80,271	111,960	**38,168**	61,342
Interest income on late payment of gas bills from				
Water & Power Development Authority (WAPDA)	**172,140**	358,805	**80,289**	187,354
Dividend income	**4,828**	1,849	**4,828**	-
	257,239	472,614	**123,285**	248,696
Income from other than financial assets				
Late payment surcharge	**1,073,610**	716,263	**453,492**	340,428
Interest income on late payment of gas bills from SNGPL - related party	**572,601**	572,601	**286,300**	286,300
Sale of gas condensate - net	**(41,225)**	(8,973)	**(12,856)**	(4,485)
Income from LPG / NGL - net	**469,818**	427,454	**329,393**	478,884
Meter manufacturing division profit - net	**9,871**	9,221	**4,165**	6,105
Meter rentals	**406,017**	396,817	**203,706**	199,337
RLNG transportation income	**3,533,450**	4,249,382	**1,724,140**	1,866,182
Recognition of income against deferred credit and contract liability	**282,481**	267,834	**140,646**	134,567
Income from LPG air mix distribution - net	**66,024**	51,145	**32,554**	29,138
Income from sale of tender document	**2,426**	1,737	**1,729**	555
Scrap sales	**64,475**	30,241	**63,025**	29,033
Recoveries from customers	**33,126**	27,373	**22,516**	11,883
Liquidity damaged recovered	**40,585**	13,939	**31,015**	7,018
Exchange gain	**2,722,361**	3,005,123	**2,361,493**	(415,111)
Reversal of excess Provision against impaired stores and spares	**-**	7,480	**-**	7,480
Gain on sale of property, plant and equipment	**-**	44,775	**-**	3,804
Amortization of Government grant	**7,988**	10,456	**4,033**	5,228
LSA margins against RLNG	**479,499**	449,642	**238,098**	218,468
Miscellaneous	**14,435**	488,702	**6,174**	479,358
	9,994,781	11,233,826	**6,012,908**	3,932,868

		Half year ended		Quarter ended	
		December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
		(Un-audited)			
25	TAXATION	--------------------(Rupees in '000)--------------------			
	Current	**1,257,473**	1,146,100	**632,547**	559,743
	Deferred	**50,852**	(4,379)	**40,577**	(4,379)
		1,308,325	1,141,721	**673,124**	555,364

25.1 As at December 31, 2020, the Holding Company has aggregate deferred tax asset on deductible temporary differences amounting to Rs. 29,339 million (June 30, 2020: Rs. 36,796 million) out of which deferred tax asset amounting to Rs.14,565 million has been recognised and remaining balance of Rs 14,773 million is unrecognised. As at period end, the Holding Company's minimum tax credit amounted to Rs.6,355 million (June 30, 2020: Rs. 5,161 million) having expiry period ranging between 2022 and 2026.

		Note	Half year ended	
			December 31, 2020	December 31, 2019
26	**ADJUSTMENTS FOR NON-CASH AND OTHER ITEMS**			
	Provisions	26.1	**3,097,965**	1,961,818
	Depreciation on owned assets		**4,252,111**	3,958,113
	Depreciation on right of use assets		**62,718**	62,918
	Amortization of intangibles		**4,789**	12,842
	Finance cost		**2,473,383**	3,891,677
	Amortization of transaction cost		**23,475**	24,998
	Amortization of Government grant		**(7,988)**	(10,456)
	Recognition of income against deferred credit and contract liability		**(309,446)**	(294,135)
	Dividend income		**(4,828)**	(1,849)
	Interest income and return on term deposits		**(848,562)**	(1,023,122)
	Income from net investment in finance lease		**(13,274)**	(18,125)
	Loss / (Gain) on disposal of property plant and equipment		**14,628**	(44,775)
	Decrease in long term advances		**(10,812)**	(15,280)
	Increase in deferred credit and contract liability		**630,307**	826,783
	Impact of IFRS 16: Finance cost		**10,021**	17,260
	Decrease in obligation against pipeline		**40,816**	41,464
			9,415,303	9,390,131
26.1	**Provisions**			
	Provision against slow moving / obsolete stores		**29,858**	8,152
	Impairment loss against financial assets		**2,187,041**	921,552
	Provision for post retirement medical and free gas supply facilities		**241,312**	459,509
	Provision for LPG cost		**-**	11,889
	Provision against retirement benefit		**639,754**	560,716
			3,097,965	1,961,818
27	**WORKING CAPITAL CHANGES**			
	Decrease / (increase) in current assets			
	Stores and spares		**(271,473)**	10,022
	Stock-in-trade		**(102,843)**	151,264
	Customers' installation work-in-progress		**(27,689)**	(18,716)
	Trade debts		**555,623**	(4,293,231)
	Advances, deposits and short term prepayments		**(52,615)**	(135,170)
	Other receivables		**(33,578,544)**	(16,342,816)
			(33,477,541)	(20,628,647)
	Increase in current liabilities			
	Trade and other payables		**28,936,062**	31,076,667
			(4,541,479)	10,448,020

28 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of subsidiary company, associated companies due to common directorship, Government related entities, staff retirement benefits plans, directors and key management personnel (including their associates). Purchase and sale of gas from / to related parties are determined at rates finalised and notified by the Oil and Gas Regulatory Authority. Remuneration of key management personnel are in accordance with the terms of the employment / appointment. Other transactions with the related parties are carried out as per agreed terms.

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

			Half year ended	
			December 31, 2020	December 31, 2019
		Relationship	------------(Rupees in '000)------------	
	Government related entities			
	- Purchase of fuel and lubricant		**36,086**	25,576
	- Billable charges		**42,444,111**	16,284,996
	- Mark-up expense on short term finance		**21,355**	64,795
	- Mark-up expense on long term finance		**188,352**	363,708
	- Income from net investment in finance lease		**13,274**	18,125
	- Gas purchases		**88,194,728**	62,582,922
	- Sale of gas meters		**11,785**	21,762
	- Insurance premium		**57,471**	52,697
	- Electricity expenses		**105,158**	152,183
	- Interest income		**744,741**	931,406
	- RLNG transportation income		**3,533,450**	4,249,382
	- Income against LNG service agreement		**479,499**	449,642
	- LPG purchases		**217,228**	182,382
	- Professional charges		**40**	17
*	**Karachi Grammar School**	Associate		
	- Billable charges		**15**	-
	Key management personnel			
	- Remuneration		**90,386**	90,416
	Pakistan Institute of Corporate Governance	Associate		
	- Subscription / Trainings		**979**	-
	Staff retirement benefit plans	Associate		
	- Contribution to provident fund		**187,338**	195,213
	- Contribution to pension fund		**321,515**	397,284
	- Contribution to gratuity fund		**311,520**	157,403

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

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

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

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

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

	Relationship	December 31, 2020 (Un-audited)	June 30 2020 (Audited)
		------------(Rupees in '000)------------	
Government related entities	Associate		
- Billable charges		**58,781,574**	63,591,878
- Accrued mark up on borrowings		**(5,245,560)**	(4,221,975)
- Net investment in finance lease		**379,601**	418,118
- Gas purchases		**(451,148,184)**	(316,626,683)
- Gas meters and spare parts		**49,346**	73,432
- Uniform cost of gas		**15,818,844**	15,818,845
- Cash at bank		**5,153**	24,951
- Stock loan		**4,912**	4,912
- Payable to insurance		**(2,185)**	(837)
- Gas supply deposit		**(51,263)**	(51,263)
- Interest expense accrued - late payment surcharge on gas supplies bills		**(15,832,411)**	(15,832,411)
- Interest income accrued - late payment on gas bills		**13,820,936**	13,076,195
- Professional charges		**57**	57
- Contingent rent		**3,535**	3,535
- Capacity and utilisation charges of RLNG		**60,205,545**	51,063,909
- RLNG transportation income		**33,411,411**	29,477,644
- LSA margins		**3,401,099**	2,877,266
- Advance for sharing right of way		**(18,088)**	(18,088)
Karachi Grammar School	Associate		
- Billable charges		**5**	5
- Gas supply deposit		**(22)**	22

29 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 Group's revenue and results by reportable segment.

	Half Year ended			
	Segment revenue		Segment (loss) / Profit	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	(Un-audited)			
	---------------------- (Rupees in '000) ----------------------			
Gas transmission and distribution	**130,915,656**	137,301,830	**(587,481)**	(12,794,686)
Meter manufacturing	**842,042**	1,150,306	**9,871**	9,221
Total segment results	**131,757,698**	138,452,136	**(577,610)**	(12,785,465)
Unallocated				
- Other operating expenses			**(111,535)**	(90,306)
- Other income			**572,586**	573,907
Loss before tax			**(116,559)**	(12,301,864)

The above revenue includes sale of meters by meter manufacturing segment to gas transmission and distribution amounting to Rs. 832 million (December 31, 2019: Rs. 1,356 million).

Segment assets and liabilities

	December 31, 2020 (Un-audited)	June 30, 2020 (Audited)
	--------(Rupees in '000)--------	
Segment assets		
Gas transmission and distribution	**619,840,152**	586,504,806
Meter manufacturing	**991,900**	1,036,492
Total segment assets	**620,832,052**	587,541,298
Unallocated		
Loans and advances	**414,988**	634,557
Taxation - net	**19,131,799**	19,406,544
Interest accrued	**487,739**	487,739
Cash and bank balances	**1,356,365**	1,550,683
	21,390,891	22,079,523
Total assets as per consolidated condensed interim statement of financial position	**642,222,943**	609,620,821
Segments liabilities		
Gas transmission and distribution	**666,504,762**	632,456,587
Meter manufacturing	**253,895**	292,154
Total segment liabilities	**666,758,657**	632,748,741
Total liabilities as per consolidated condensed interim statement of financial position	**666,758,657**	632,748,741

30 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.

30.1 Fair value of financial instruments

Financial assets which are tradeable in an open market are revalued at the market prices prevailing on the reporting 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 December 31, 2020 (Un-audited)			
	Level 1	**Level 2**	**Level 3**	**Total**
	---Rupees in '000---			
Assets				
Fair value through OCI Financial Assets				
Quoted equity securities	**197,107**	**-**	**-**	**197,107**

	As at June 30, 2020 (Audited)			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets	---Rupees in '000---			
Fair value through OCI Financial Assets				
Quoted equity securities	180,017	-	-	180,017

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

30.2 Fair value of other assets

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

	As at December 31, 2020 (Un-audited)	
	Level 2	**Fair Value**
	---Rupees in '000---	
Freehold land	**13,481,068**	**13,481,068**
Leasehold land	**12,463,570**	**12,463,570**
	25,944,638	**25,944,638**

	As at June 30, 2020	
	Level 2	Fair Value
	(Audited)	
	--------------Rupees in '000---------	
Freehold Land	13,481,068	13,481,068
Leasehold Land	12,463,570	12,463,570
	25,944,638	25,944,638

31 IMPACT OF COVID-19

The novel coronavirus (COVID-19) emerged and since then, the condition has continued to deteriorate. On January 30, 2020, The International Health Regulations Emergency Committee of the World Health Organization declared the outbreak "Public Health Emergency of International Concern". Many countries including Pakistan have enacted protection measures against COVID-19, with a significant impact on economic activities in these countries. The evolution of COVID-19 as well as its impact on the global and the local economy is hard predicting at this stage. As of the release date of these consolidated condensed financial statements, there has been no specifically material quantifiable impact of COVID-19 on the Group's financial condition or results of operations except those disclosed in notes to these consolidated condensed interim financial statements.

32 GENERAL

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

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

33 DATE OF AUTHORISATION

These consolidated condensed interim financial statements were authorised for issue in Board of Directors meeting held on September 9, 2022.

Dr. Shamshad Akhtar	**Imran Maniar**	**Muhammad Amin Rajput**
Chairperson	Managing Director	Chief Financial Officer

KEY DATA

FRANCHISE AREA	SINDH AND BALOCHISTAN	
	Six months period ended December 31,	
	2020	2019
GAS SALES VOLUME (MMCF)	**172,252**	174,298
NUMBER OF CUSTOMERS (CUMULATIVE)		
INDUSTRIAL	**4,297**	4,275
COMMERCIAL	**23,380**	24,101
DOMESTIC	**3,118,549**	3,046,106
TOTAL	**3,146,226**	3,074,482
GAS METERS MANUFACTURED (NOS.)	**224,232**	294,415
TRANSMISSION NETWORK - CUMULATIVE (KM)		
DIAMETER		
6"	**36**	36
8"	**26**	-
12"	**591**	545
16"	**558**	558
18"	**940**	940
20"	**844**	844
24"	**751**	751
30"	**26**	9
42"	**371**	371
	4,143	4,054
DISTRIBUTION NETWORK - CUMULATIVE (KM)		
MAINS (1" - 30" DIAMETER)	**36,889**	36,544
SERVICES	**10,986**	10,800
	47,875	47,344

NOTES

KEاور PSMLسے قابل وصول

K-Electric (KE) اور پاکستان اسٹیل ملزلمیٹڈ (PSML) کے قابل وصول تنازعہ کی صورتحال پچھلے سالوں کی طرح ہی رہی۔ انتظامیہ KE کے خلاف دائر ریکوری کے مقدمے کی بھرپور طریقے سے پیروی کررہی ہے۔ ایک ہی وقت میں، انتظامیہ متعلقہ وزارتوں کے ساتھ KE اور PSML سے بقایاجات کی وصولی کو تیز کرنے کے لیے رابطے میں ہے۔ توقع ہے کہ جیسے ہی حکومت پاکستان کی طرف سے یہ معاملہ مستقل طور پر حل ہوجائے گا، کمپنی کی مجموعی مالی حالت بہتر ہوجائے گی۔ یہ بات قابل ذکر ہے کہ دسمبر 2020 کو ختم ہونے والی مدت کے بعد PSML نے فنانس ڈویژن کی طرف سے اس مقصد کے لیے مختص کی گئی رقم میں سے جولائی 2020 سے مئی 2021 تک ماہانہ گیس بلوں کے مد میں 849 ملین روپے کی ادائیگی کی ہے۔ KE اور PSML کے خلاف کمپنی کا دعویٰ 31 دسمبر 2020 تک بالترتیب 121,899 ملین روپے اور 71,229 ملین روپے ہے۔

SNGPLاور واپڈا سے قابل وصول LPS

کمپنی کو مجموعی طور پر گردشی قرضوں کی صورت حال کی وجہ سے SNGPL اور واپڈا سے قابل وصولی کی صورت حال کا سامنا ہے۔ تاہم، متفقہ شرائط وضوابط کی بنیاد پر کمپنی واجب الادا رقم کے خلاف LPS جمع کررہی ہے۔ کمپنی روزانہ کی بنیاد پر متعلقہ سرکاری حکام کو اس بابت آگاہ کررہی ہے اور توقع ہے قومی سطح پر گردشی قرضے پر توجہ دینے سے مسئلہ حل ہوجائے گا۔

HCPCLسے قابل وصول

میسرز حبیب اللہ کوسٹل پاور کمپنی پرائیویٹ لمیٹڈ (HCPCL) نے 30 نومبر 2015 کو انٹرنیشنل چیمبر آف کامرس سنگاپور میں قوانین کے تحت ثالثی کے لیے اپنی درخواست دائر کی GSA کے تحت SSGC کی جانب سے گیس کی عدم فراہمی اور کم فراہمی کا معاملہ اٹھایا۔

30 اپریل 2018 کو بین الاقوامی ثالثی عدالت نے HCPCL کے حق میں فیصلہ جاری کیا ہے۔ نتیجتاً HCPCL نے کمپنی کے جاری کردہ گیس کے بلوں کے خلاف اپنا دعویٰ ایڈجسٹ کیا۔ مندرجہ بالا رقم کے خلاف کل ایکسپوژر 8 بلین روپے۔

تاہم، HCPCL کی طرف سے 3.8 بلین روپے کے نقصانات کو ختم کردیا گیا۔ جس کی وجہ سے WAPDA / G-CPPA کی جانب سے HCPCL کو نقصانات کا سامنا رہا، یعنی ایک GOP ادارے سے دوسرے GOP ادارے کو ادائیگی کی گئی۔ لہذا، ای سی سی نے 07 فروری 2018 کو ہونے والے اپنے اجلاس میں پیٹرولیم ڈویژن اور پاور ڈویژن کو تمام اسٹیک ہولڈرز کے ساتھ مشورے سے طریقہ کار وضع کرنے کی ہدایت کے ساتھ لیکویڈیٹڈ نقصانات کی معافی کی تجویز کی اصولی طور پر منظوری دے دی ہے۔ Force Majeure Event (OME)" اور اس طرح GSA کی مدت میں بغیر کسی ڈسپیچ کی مدت کے توسیع کردی گئی۔

ایس ایس جی سی اور ایچ سی پی سی ایل کے درمیان جی ایس اے ستمبر 2019 میں ختم ہوگیا ہے جبکہ پاور پرچیز ایگریمنٹ (پی پی اے) کے درمیان HCPCL اور G-CPPA کی مدت 2029 تک ہے۔

HCPCL کی طرف سے ایڈجسٹ کردہ LDs روپے کی رقم 3.8 ارب روپے اور ثالث کے ذریعہ اضافی ایل پی ایس ایڈجسٹمنٹ کی اجازت سے 0.3 بلین روپے "ایچ سی پی سی ایل سے قابل وصولی" ہے اور باقی رقم 3.9 بلین کی 25 مئی 2021 کو مالی سال 19-2018 کے فائنل ریونیو ریکوائرمنٹ (DFRR) سے متعلق اپنے فیصلے میں OGRA کی طرف سے قابل وصول LPS کی تبدیلی، LD چارجز پر سود اور قانونی اخراجات سے متعلق اجازت دی گئی تھی۔

معاملے پر زور

مالیاتی بیانات کے نوٹ 1.3 میں زیر بحث مالی کارکردگی کی بنیاد پر، آڈیٹرز نے یہ نتیجہ اخذ کیا ہے کہ غیر یقینی صورتحال موجود ہے جس سے کمپنی کی صلاحیت پر اہم شکوک پیدا کرسکتی ہے۔ تاہم، کمپنی نے 06 جولائی 2020 کو حکومت پاکستان، فنانس ڈویژن سے ایک سپورٹ لیٹر حاصل کیا ہے جو کمپنی کی صورتحال کو برقرار رکھنے کے لیے تعاون کا عہد کرتا ہے۔

کمپنی کی مالی لچک کا جائزہ لینے کے لیے درج ذیل اہم عوامل متعلقہ ہیں

a) والیومیٹرک بنیادوں پر RLNG ہینڈلنگ پر مبنی UFG الاؤنس اوگرا سے طلب کیا جائے گا جیسا کہ پہلے ہی بیان کیا گیا ہے پچھلے پیراگراف میں۔

b) حکومت پاکستان (فنانس ڈویژن) (GoP) نے کمپنی کی صورتحال پر اپنے 06 جولائی 2020 کے خط میں اکثریتی شیئر ہولڈر ہونے کے ناطے کمپنی کی فنڈنگ کی ضروریات کو تسلیم کیا اور اسے برقرار رکھنے کے لیے تمام تعاون فراہم کرنے کا عزم ظاہر کیا ہے۔

c) انتظامیہ نے بورڈ آف ڈائریکٹرز کی منظوری سے آنے والے سالوں میں UFG کو کنٹرول کرنے کے لیے UFG کنٹرول کی حکمت عملی وضع کی ہے اور اسی کے تحت عمل درآمد جاری ہے۔

d) نیا ٹیرف رجیم مالی سال 19-2018 سے مؤثر طور پر 17.43 فیصد آپریٹنگ اثاثوں پر گارنٹی شدہ ریٹرن فراہم کرے گا۔

e) بینکوں نے قرض سے ایکویٹی تناسب کی ضروریات کو معاف کردیا ہے۔ مزید یہ کہ کمپنی نے کبھی بھی کسی کی ادائیگی میں ڈیفالٹ نہیں کیا۔ قسط اور سود اور کچھ قرضے مکمل طور پر ادا کیے جاچکے ہیں۔

مذکورہ بالا بیرونی آڈیٹرز کے علاوہ، M/s. بی ڈی او ابراہیم اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس نے بعض امور پر توجہ مبذول کرائی ہے۔ 31 دسمبر 2020 کو ختم ہونے والی چھ ماہ کی مدت کے لیے ان کی جائزہ رپورٹ میں مسائل و دیگر معاملات پر تبصرے حسب ذیل ہیں:

i. ایس ایس جی سی نے حکومت کے زیر کنٹرول ای اینڈ پی کمپنیوں) او جی ڈی سی ایل، پی پی ایل اور جی ایچ پی ایل) کو یکم جولائی 2012 سے قابل ادائیگی ایل پی ایس اخراجات کی شناخت ایس ایس جی سی کو پی ایس ایم ایل اور کے ای سے ایل پی ایس کی آمدنی حاصل کرنے تک بند کردی ہے۔ اور

ii. قانونی چارہ جوئی اور دیگر معاملات جن کا تذکرہ ہنگامی حالات اور عزم میں کیا گیا ہے، سازگار حل کے لیے جارحانہ طریقے سے پیروی کی جارہی ہے۔

اعتراف

بورڈ آف ڈائریکٹرز اپنے شیئر ہولڈرز اور معزز صارفین کی جانب سے مستقل تعاون پر شکریئے کا اظہار کرتا ہے۔ بورڈ اپنے ملازمین کی خلوص دل سے خدمات کا بھی اعتراف کرتا ہے۔ ڈائریکٹرز حکومت پاکستان، وزارت توانائی اور آئل اینڈ گیس ریگولیٹری اتھارٹی کی جانب سے مستقل رہنمائی اور تعاون پر بھی شکر گزار ہے۔

بحکم بورڈ

ڈاکٹر شمشاد اختر
چیئر پرسن، بورڈ آف ڈائریکٹرز

محمد امین راجپوت
ایکٹنگ منیجنگ ڈائریکٹر

تاریخ: ستمبر 09، 2022
کراچی

ڈائریکٹرز کا جائزہ

برائے ششماہی مختتمہ 31 دسمبر 2020

ہمیں 31 دسمبر 2020 کو ختم ہونے والی 6 ماہ کی مدت کے لیے کمپنی کے نتائج پیش کرتے ہوئے خوشی ہو رہی ہے۔
کمپنی کو مسلسل سنگین چیلنجوں کا سامنا رہا، تاہم مالیاتی نتائج میں بورڈ آف ڈائریکٹرز کی رہنمائی میں انتظامیہ کی طرف سے کیے گئے اقدامات کی بنا پر نمایاں بہتری آئی ہے۔

مالیاتی عمومی جائزہ

کمپنی نے اوگرا کی جانب سے میجرڈ س الاؤنسز شامل کرنے کے بعد 1,668 ملین روپے بعد از ٹیکس خسارہ ریکارڈ کیا۔ جو کہ 31 دسمبر 2019 کو ختم ہونے والے 6 ماہ کے تقابلی مدت کے خسارے سے 88 فیصد کم ہے
مالیاتی جھلکیوں کا خلاصہ درج ذیل ہے:

	دسمبر 2020	دسمبر 2019	تضاد	
			رقم	فیصد
	ملین روپے میں			
نقصان قبل از ٹیکسیشن	(471)	(12,356)	11,885	(96)
ٹیکسیشن	(1,197)	(1,126)	(71)	6
نقصان بعد از ٹیکسیشن	(1,668)	(13,482)	11,814	(88)
نقصان فی شیئر (روپے)	(1.89)	(15.30)	13.41	(88)

ایس ایس جی سی کا منافع اوگرا کے تجویز کردہ گارنٹیڈ ریٹرن فارمولے سے اخذ کیا جاتا ہے۔ اس فارمولے کے تحت ایس ایس جی سی کو مالیاتی چارجز اور ٹیکسوں سے قبل اس کے اوسط خالص آپریٹنگ فکسڈ اثاثوں پر 17.43 فیصد منافع کی اجازت ہے۔ تاہم، اوگرا کارکردگی سے متعلق معیارات کی بنیاد پر محصولات کی ضروریات کا تعین کرتے ہوئے عدم اجازت/ ایڈجسٹمنٹ کرتا ہے۔ گیس (UFG)، انسانی وسائل کی بینچ مارک لاگت، مشکوک قرضوں کی فراہمی اور کچھ دیگر اخراجات کے لیے غیر حساب کتاب/ چارجز یا ڈس الاونس/ ایڈجسٹمنٹ کمپنی کی نچلی سطح کو متاثر کرتی ہیں۔
جیسا کہ اسی مدت کے مقابلے میں گزشتہ سال جس میں خسارہ بعد از ٹیکس 13,482 ملین روپے بتایا گیا تھا، وہاں ہم نے موجودہ مدت میں نچلی سطح پر نمایاں بہتری کے ساتھ بعد از ٹیکس خسارے کو 1,668 ملین روپے کیا اور نچلی سطح پر 88 فیصد بہتری لائی گئی۔ نچلی سطح پر بہتری کی وجہ نقصانات کو جذب کرنے کی تکمیل سے منسوب ہے۔ جون 2020 میں نقصانات کی حد 3,672 ملین روپے اور 8,142 ملین روپے جو آپریشنل کارکردگی کی عکاسی کرتا ہے۔
28 مارچ 2022 کو جاری کردہ مالی سال 20-2019 کے لیے اوگرا ڈیٹرمینیشن آن فائنل ریونیو ریکوائرمنٹ (DFRR) کے مطابق، ان 6 مہینوں کے مالیاتی نتائج میں جذب شدہ/ کریڈٹس کی رقم 5,828 ملین روپے کے خلاف ریٹرن اثاثے 7,831 ملین روپے رہے۔ مالیاتی لاگت اس مدت میں 2,474 ملین رہی۔

ایل این جی بزنس پر یو ایف جی الاؤنس کی منظوری

SSGC وزارت توانائی (پیٹرولیم ڈویژن) کے ساتھ ساتھ اسلام آباد ہائی کورٹ میں OGRA سے ڈسٹری بیوشن نیٹ ورک میں RLNG کاروبار پر حقیقی UFG کی اجازت دینے کے لیے بھرپور طریقے سے پیروی کر رہا ہے۔
IHC کی روک تھام کے حکم کے نتیجے میں، OGRA نے 20-2019 کے FRR کی بنیاد پر 17.25 فیصد کی اصل UFG کی اجازت دی ہے۔
تاہم، اب بھی زیادہ UFG ڈس الاؤنس کی بنیادی وجہ اوگرا کا RLNG والیوم ہینڈلنگ بینیفٹ کو قبول نہیں کرنا ہے۔ جس کی اجازت 11 مئی 2018 کو اکنامک کوآرڈینیشن کمیٹی (ECC) کی طرف سے منظور شدہ سمری کے ذریعے SSGC کو اجازت دی گئی۔ ایس ایس جی سی مینجمنٹ اور بورڈ آف ڈائریکٹرز کی بھرپور پیروی کے ساتھ، اوگرا نے ایک کنسلٹنٹ کو مقرر کیا ہے جو یو ایف جی کے آر ایل این جی اور سوئی کمپنی یعنی ایس ایس جی سی اور ایس این جی پی ایل پر اس کے اثرات کا جائزہ لے گا۔

نا قابل وصول قرضوں کی فراہمی

اوگرا صرف منقطع صارفین سے متعلق آپریٹنگ اخراجات کے طور پر نا قابل وصول قرضوں کی فراہمی کی اجازت دیتا ہے۔ تاہم IFRS-9 کو اپنانے پر پروویژن متوقع کریڈٹ نقصان کی بنیاد پر کیا جا رہا ہے۔ لائیو صارفین کے خلاف پروویژن میں آگے دیکھنے کی ضرورت ہے۔ نتیجتاً، گزشتہ ادوار میں کمپنی کی نچلی سطح بری طرح متاثر ہوئی۔ موجودہ مدت میں سخت کوششوں کے بعد کمپنی نے نا قابل واپسی قرضوں کے خلاف پروویژن کو محدود کر کے نچلی سطح کو بہتر بنایا ہے۔
لائیو صارفین روپے کی رقم 54 ملین ہے جسے اوگرا کی طرف سے قابل اجازت اخراجات نہیں سمجھا جاتا ہے۔

زائد مالیاتی لاگت

ایس ایس جی سی کو طویل مدتی قرض کی وجہ سے 2,474 ملین روپے مالیاتی چارجز کا حساب دینا پڑتا ہے۔ جو بنیادی طور پر کراچی پورٹ سے ساون تک آر ایل این جی کی ترسیل کے لیے اپنے پائپ لائن انفراسٹرکچر کو فنانس کرنے کے لیے حاصل کیے گئے جو شمال کی توانائی کی ضروریات کو پورا کرنے کے لیے ایس این جی پی ایل نیٹ ورک کو آر ایل این جی کی مقدار فراہم کرتا ہے۔
مختصر مدت کے قرضے کے لئے 659 ملین روپے کی مالیاتی لاگت کی اجازت دی گئی ہے جو کے براہ راست اثرات نچلی سطح پر مرتب ہونگے۔

بیرونی آڈیٹر کی جائزہ رپورٹ میں ترمیم

بیرونی آڈیٹرز کی جائزہ رپورٹ میں کوئی نئی اہلیت نہیں ہے۔ تاہم بیرونی آڈیٹرز، میسرز بی ڈی او ابراہیم اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس نے 31 دسمبر 2020 کو ختم ہونے والی 6 ماہ کی مدت کے لیے KE اور PSML سے واجب الادا رقوم، SNGPL اور واپڈا سے دیر سے ادائیگی کے سرچارج (LPS) اور حبیب اللہ کوسٹل پاور کمپنی (پرائیویٹ) لمیٹڈ (ایچ سی پی سی ایل) سے وصولیابی کو اپنی جائزہ رپورٹ میں اسی طرح کی قابلیت کے ساتھ جاری رکھا۔

NOTES

SSGC | Sui Southern Gas Company Limited

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