Sui Southern Gas Company Limited

PERSEVERE PROGRESS PROSPER

Un-Audited Unconsolidated Condensed Interim Financial Statements for the half year ended December 31, 2021

SSGC | Sui Southern Gas Company Limited

Unconsolidated Condensed Interim Financial Information (Un-Audited)
for the half year ended December 31, 2021

CORPORATE PROFILE

BOARD OF DIRECTORS

AS ON DECEMBER 31, 2021

Dr. Shamshad Akhtar	Chairperson
Mr. Muhammad Raziuddin Monem	Director
Mr. Faisal Bengali	Director
Mr. Hassan Mehmood Yousufzai	Director
Dr. Sohail Razi Khan	Director
Mr. Manzoor Ali Shaikh	Director
Mr. Zuhair Siddiqui	Director
Mr. Ayaz Dawood	Director
Mr. Mathar Niaz Rana	Director

MANAGING DIRECTOR
Mr. Imran Maniar

COMPANY SECRETARY
Mr. Mateen Sadiq

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

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

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

CONTACT DETAILS
Ph: 92-21-99021000
Fax: 92-21-99224279
Email: info@ssgc.com.pk
Web: www.ssgc.com.pk

SHARE REGISTRAR
CDC Share Registrar Services Limited,
CDC House, 99-B, Block B, SMCHS,
Main Sharah-e-Faisal, Karachi.
Ph: 021-111-111-500

BOARD OF DIRECTORS' COMMITTEES

Board HR and Remuneration Committee

Dr. Shamshad Akhtar	Chairperson
Mr. Muhammad Raziuddin Monem	Director
Mr. Hassan Mehmood Yousufzai	Director
Dr. Sohail Razi Khan	Director
Mr. Manzoor Ali Shaikh	Director
Mr. Mathar Niaz Rana	Director

Board Finance and Procurement Committee

Mr. Ayaz Dawood	Director
Dr. Sohail Razi Khan	Director
Mr. Zuhair Siddiuqi	Director
Mr. Hassan Mehmood Yousufzai	Director

Board Audit Committee

Mr. Faisal Bengali	Chairman
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
Mr. Manzoor Ali Shaikh	Director
Mr. Zuhair Siddiqui	Director
Mr. Ayaz Dawood	Director
Mr. Mather Niaz Rana	Director

Special Committee of Directors on UFG

Dr. Shamshad Akhtar	Chairperson
Mr. Faisal Bengali	Director
Mr. Mather Niaz Rana	Director
Mr. Hassan Mehmood Yousufai	Director
Dr. Sohail Razi Khan	Director
Mr. Zuhair Siddiqui	Director

Board Nomination Committee

Dr. Shamshad Akhtar	Chairperson
Dr. Sohail Razi Khan	Director
Mr. Manzoor Ali Shaikh	Director
Mr. Muhammad Raziuddin Monem	Director
Mr. Hassan Mehmood Yousufzai	Director

DIRECTORS' REVIEW

For Six Months Period Ended December 31, 2021

We are pleased to share the Company's results for six months period ended December 31, 2021.

Financial Overview

The Company recorded Loss after Tax of Rs. 2,001 million after incorporating major disallowances by OGRA.

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

	December 2021	December 2020	Variance
	Amount		
	(Rupees in Million)		
Loss before Taxation	(579)	(471)	(108)
Taxation	(1,422)	(1,197)	(225)
Loss after Taxation	(2,001)	(1,668)	(333)
Loss Per Share (Rs.)	(2.27)	(1.89)	(0.38)

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 financial bottom-line of the Company.

In line with OGRA Determination on Final Revenue Requirement (DFRR) for FY 2020-21 issued on November 24, 2022, net disallowances absorbed in these six months' financial results amounted to Rs. 6,281 million against Return on Assets of Rs. 7,921 million. Finance cost for the period is Rs. 2,219 million.

As compared to the corresponding period of last year in which Loss after Tax of Rs. 1,668 million was reported, the financial position of period under review is affected due to reasons as under:

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 on RLNG Distribution business.

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

In past, OGRA had the practice to allow provision against impaired debts as operating expense related to disconnected customers only whereas, with adoption of IFRS-9, provisioning is required based on Expected Credit loss i. e. forward looking approach which also covers provisioning against Live Customers.

In DFRR FY 2020-21, OGRA has allowed Provision against Impaired Debts as operating expense computed on the basis of average of last five years allowed provision. Following the same principle, the provision disallowed for the period under review is computed at Rs. 208 million whereas disallowance in last year comparative period was Rs. 54 million.

High Financial Cost

SSGC has to account for financial charges of Rs. 2,219 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 Qassim to Sawan CTS delivering RLNG volumes to SNGPL network for meeting the energy requirements of North.

An amount of Rs. 910 million is expected to be allowed by OGRA as per past practice to compensate the Finance Cost of Short Term Borrowing incurred mainly due to significant delay in Tariff Notifications.

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, 2021 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 PSML has made payment of Rs. 307 million in FY 2021-22 which has been adjusted against current bills. PSML made this payment out of the allocations made by the Finance Division for the purpose. The claim of the Company including LPS against KE and PSML, as of December 31, 2021 is Rs. 141,196 million and Rs. 78,020 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 continuous basis and expect that this issue would be resolved as and when circular debt is addressed at national level.

Receivable from HCPCL

On April 30, 2018, the International Court of Arbitration issued Arbitration Award in favor of M/s Habibullah Coastal Power Company Private Limited (HCPCL) against HCPC claim of non-supply and short supply of gas by SSGC committed under the GSA. Consequently HCPCL adjusted its claim against running gas bills issued by the Company. Total exposure due to the above amounted to Rs. 8.0 billion.

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

Accordingly, LDs and LPS adjusted by HCPCL amounting to Rs. 3.8 billion and Rs. 0.3 billion allowed by arbitrator respectively 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 as an operating expense.

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 the 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) Board approved Strategy has been devised to control UFG and the same is under implementation.
d) Banks have waived debt to equity ratio requirements up to June 30, 2022. 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, 2021. 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 the 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: May 20, 2023
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, 2021 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 7.1 and 7.2 to the unconsolidated condensed interim financial statements, trade debts include receivables of Rs. 29,652 million and Rs. 24,865 million including overdue balances of Rs. 29,652 million and Rs. 24,786 million from K-Electric Limited (KE) and Pakistan Steel Mills Corporation (Private) Limited (PSML), respectively 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 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 time span over which such recovery will be made;

b) As disclosed in note 8 to the unconsolidated condensed interim financial statements, interest accrued includes interest receivable of Rs. 10,394 million and Rs. 4,884 million from Sui Northern Gas Pipeline Limited (SNGPL) and Water and Power Development Authority (WAPDA), respectively.

c) These have been accounted for in line with Company's policy of charging LPS on overdue amounts, but have not been acknowledged by the counter-party. Due to dispute with WAPDA and SNGPL, 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; and

d) On April 30, 2018, The International Court of Arbitration decided against the Company the case of Habibullah Coastal Power Company (Private) Limited (HCPCL) and imposed liquidated damages amounting to Rs. 4,158 million. 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. Based on that decision, management has recognized a receivable of Rs. 4,158 million from HCPCL as disclosed in note 9.2 to the unconsolidated condensed interim financial statements. However, no agreement has been finalized to date 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, 2021 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 to the unconsolidated condensed interim financial statements which states that in view of the financial position of the Company, the Government of Pakistan (Finance Division) has confirmed vide its letter dated July 6, 2020 to extend necessary financial support to the Company for the foreseeable future to maintain its going concern status. Thus, the sustainability of the future operations of the Company is supported through the said letter;

2) note 15.1 to the unconsolidated condensed interim financial statements which describes that the Company has not recognized the accrued markup up to December 31, 2021 amounting to Rs. 117,533 million relating to Government Controlled E&P Companies based on Government advise and a legal opinion; and

3) note 16 to the unconsolidated condensed interim financial statements which inter alia describe that the Company is subject to various material litigations and claims pending adjudication in 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.

Chartered Accountants

Dated: May 20, 2023
Place: Karachi

UDIN: RR202110166yJkYl6qlZ

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at December 31, 2021

	Note	December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
		--------(Rupees in '000)--------	
ASSETS			
Non-current assets			
Property, plant and equipment	4	**140,674,651**	135,987,526
Intangibles		**122,671**	110,920
Right of use assets	5	**126,786**	148,634
Deferred tax		**2,592,082**	2,592,082
Long term investments	6	**1,391,761**	1,458,681
Net investment in finance lease		**44,413**	73,321
Long term loans and advances		**1,569,093**	1,697,525
Long-term deposits		**18,803**	18,733
Total non-current assets		**146,540,260**	142,087,422
Current assets			
Stores, spares and loose tools		**3,430,337**	3,454,702
Stock-in-trade		**1,808,767**	1,575,623
Current maturity of net investment in finance lease		**57,814**	57,814
Customers' installation work-in-progress		**236,292**	249,578
Trade debts	7	**87,888,200**	92,133,807
Loans and advances		**278,198**	508,152
Advances, deposits and short term prepayments		**873,723**	1,130,748
Interest accrued	8	**15,908,761**	15,153,952
Other receivables	9	**399,793,258**	359,967,952
Taxation - net		**17,215,308**	17,609,468
Cash and bank balances		**2,083,601**	573,696
Total current assets		**529,574,259**	492,415,492
TOTAL ASSETS		**676,114,519**	634,502,914

The annexed notes 1 to 30 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, 2021

	Note	December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
EQUITY AND LIABILITIES		--------(Rupees in '000)--------	
EQUITY			
Share capital and reserves			
Authorised share capital:			
1,000,000,000 ordinary shares of Rs. 10 each		**10,000,000**	10,000,000
Issued, subscribed and paid-up capital		**8,809,163**	8,809,163
Reserves		**4,907,401**	4,907,401
Surplus on re-measurement of FVTOCI securities		**105,852**	172,772
Surplus on revaluation of property, plant and equipment		**24,347,314**	24,347,314
Accumulated losses		**(62,409,294)**	(60,408,205)
		(24,239,564)	(22,171,555)
LIABILITIES			
Non-current liabilities			
Long term finance	10	**17,342,554**	21,259,499
Long term deposits		**23,996,465**	22,871,737
Employee benefits		**5,889,367**	5,603,105
Payable against transfer of pipeline		**721,104**	755,645
Deferred credit	11	**4,286,238**	4,592,823
Contract liabilities	12	**8,387,896**	7,786,074
Lease liability		**37,183**	42,894
Long term advances		**3,171,192**	3,155,496
Total non-current liabilities		**63,831,999**	66,067,273
Current liabilities			
Current portion of long term finance	10	**8,079,687**	8,080,662
Current portion of payable against transfer of pipeline		**67,569**	64,610
Current portion of deferred credit	11	**443,575**	442,114
Current portion of contract liabilities	12	**266,813**	232,352
Current portion of lease liability		**58,464**	84,384
Short term borrowings	13	**24,666,450**	23,750,594
Trade and other payables	14	**585,667,406**	540,524,094
Unclaimed dividend		**285,373**	285,426
Interest accrued	15	**16,986,747**	17,142,960
Total current liabilities		**636,522,084**	590,607,196
Total liabilities		**700,354,083**	656,674,469
TOTAL EQUITY AND LIABILITIES		**676,114,519**	634,502,914
CONTINGENCIES AND COMMITMENTS	16		

The annexed notes 1 to 30 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, 2021 (Un-Audited)

		Half year ended		Quarter ended	
		December 31, 2021	**December 31, 2020**	**December 31, 2021**	**December 31, 2020**
	Note	--------------------(Rupees in '000)--------------------			
Sales	17	**180,737,359**	153,235,408	**87,079,592**	78,957,951
Sales tax	17	**(26,751,646)**	(22,319,752)	**(13,089,186)**	(11,204,387)
		153,985,713	130,915,656	**73,990,406**	67,753,564
Tariff adjustments	18	**35,170,482**	17,643,709	**22,123,766**	4,013,511
Net sales		**189,156,195**	148,559,365	**96,114,172**	71,767,075
Cost of sales	19	**(187,095,182)**	(151,553,293)	**(97,521,707)**	(74,082,857)
Gross profit / (loss)		**2,061,013**	(2,993,928)	**(1,407,535)**	(2,315,782)
Administrative and selling expenses		**(2,295,019)**	(2,266,256)	**(994,700)**	(1,140,913)
Other operating expenses	20	**(5,321,951)**	(110,970)	**(2,008,409)**	(50,557)
Impairment loss against financial assets		**(661,551)**	(2,187,041)	**(388,374)**	(1,050,537)
		(8,278,521)	(4,564,267)	**(3,391,483)**	(2,242,007)
		(6,217,508)	(7,558,195)	**(4,799,018)**	(4,557,789)
Other income	21	**7,858,077**	9,561,613	**3,880,482**	5,697,473
Operating profit / (loss)		**1,640,569**	2,003,418	**(918,536)**	1,139,684
Finance cost		**(2,219,323)**	(2,473,846)	**(1,130,310)**	(1,499,512)
Loss before taxation		**(578,754)**	(470,428)	**(2,048,846)**	(359,828)
Taxation	22	**(1,422,335)**	(1,197,315)	**(688,730)**	(586,974)
Loss for the period		**(2,001,089)**	(1,667,743)	**(2,737,576)**	(946,802)
Loss per share - basic and diluted	23	**(2.27)**	(1.89)	**(3.11)**	(1.07)

The annexed notes 1 to 30 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 COMPREHENSIVE INCOME

For the period ended December 31, 2021 (Un-Audited)

	Half year ended		Quarter ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	--------------------(Rupees in '000)--------------------			
Loss for the period	**(2,001,089)**	(1,667,743)	**(2,737,576)**	(946,802)
Other comprehensive income				
Unrealised (loss) / gain on re-measurement of FVTOCI securities	**(66,920)**	17,090	**(34,339)**	(24,555)
Comprehensive loss for the period	**(2,068,009)**	(1,650,653)	**(2,771,915)**	(971,357)

The annexed notes 1 to 30 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, 2021 (Un-Audited)

	Note	Half year ended December 31, 2021	Half year ended December 31, 2020
		--------(Rupees in '000)--------	
CASH FLOW FROM OPERATING ACTIVITIES			
Loss before taxation		**(578,754)**	(470,428)
Adjustments for non-cash and other items	24	**4,875,603**	9,301,071
Working capital changes	25	**8,894,033**	(4,620,940)
Financial charges paid		**(2,627,275)**	(2,889,131)
Employee benefits paid		**(71,430)**	(74,502)
Payment for retirement benefits		**(497,623)**	(813,386)
Long term deposits - net		**1,124,658**	445,372
Loans and advances to employee - net		**358,386**	719,569
Interest income received		**90,020**	35,394
Income taxes paid		**(1,028,175)**	(908,461)
Net cash generated from operating activities		**10,539,443**	724,558
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure incurred		**(5,872,391)**	(5,372,206)
Payments for acquisition of intangibles		**(36,090)**	(6,352)
Payment for payable against transfer of pipeline		**(67,866)**	(67,866)
Proceeds from sale of property, plant and equipment		**1,533**	49,783
Dividend received		**21,781**	4,828
Net cash used in investing activities		**(5,953,033)**	(5,391,813)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayments of local currency loans		**(3,908,576)**	(3,907,060)
Repayment of customer finance		**(9,344)**	(10,627)
Repayment of lease liability		**(74,388)**	(119,198)
Dividend paid		**(53)**	-
Net cash used in financing activities		**(3,992,361)**	(4,036,885)
Net increase / (decrease) in cash and cash equivalents		**594,049**	(8,704,139)
Cash and cash equivalents at beginning of the period		**(23,176,898)**	(14,279,863)
Cash and cash equivalents at end of the period		**(22,582,849)**	(22,984,002)
Cash and cash equivalent comprises:			
Cash and bank balances		**2,083,601**	590,928
Short term borrowings		**(24,666,450)**	(23,574,930)
		(22,582,849)	(22,984,002)

The annexed notes 1 to 30 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 CHANGES IN EQUITY

For the period ended December 31, 2021

	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 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 gain for the period	-	-	-	17,090	-	-	17,090
	-	-	-	17,090	-	(1,667,743)	(1,650,653)
Balance as at December 31, 2020 (Unaudited)	8,809,163	234,868	4,672,533	160,580	24,347,314	(63,565,737)	(25,341,279)
Balance as at June 30, 2021 (Audited)	8,809,163	234,868	4,672,533	172,772	24,347,314	(60,408,205)	(22,171,555)
Total comprehensive loss for the period ended December 31, 2021							
Loss for the period	-	-	-	-	-	(2,001,089)	(2,001,089)
Other comprehensive loss for the period	-	-	-	(66,920)	-	-	(66,920)
	-	-	-	(66,920)	-	(2,001,089)	(2,068,009)
Balance as at December 31, 2021 (Unaudited)	**8,809,163**	**234,868**	**4,672,533**	**105,852**	**24,347,314**	**(62,409,294)**	**(24,239,564)**

The annexed notes 1 to 30 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

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.

The addresses of other regional offices / business units 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	SSGC Karachi Terminal opposite Safari park main University Road, Karacl
Hyderabad	SSGC Regional Office, Opp. New Eidgah, National Highway Qasimabad,
Nawabshah	SSGC Regional Office, Near Sikandar Art Gallery Housing Society,
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 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 or short of the above guaranteed return is payable to or recoverable from the Government of Pakistan (GoP).

1.3 Status of the Company's Operations - Financial Performance

During the period, the Company has incurred a loss after tax of Rs. 2,001 million (December 31, 2020 Rs.1,668 million) resulting in increase in its accumulated losses to Rs. 62,409 million and diminishing equity to Rs. 24,240 million. As at reporting date, current liabilities exceeded its current asset by Rs.106,948 million (June 30, 2021: Rs. 98,192)

To further improve the financial performance, the Company is pursuing actions for reduction in UFG / enhancement of UFG benchmark based on Key Monitoring Indicators (KMI) as well as implementation of Economic Coordination Committee of the Cabinet (ECC) decision on RLNG volume handling which will help in significant reduction in UFG disallowances.

Following are the Key points relating to financial sustainability of the Company:

- 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 and there after till June 30, 2021, carrying financial impact aggregating to Rs. 52,514 million, 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 Company has reiterated its earlier position of higher UFG due to RLNG, thus to sort out this issue, ECC constituted a Committee comprising of Secretaries of Petroleum & Finance. In line with Committee recommendations and having an independent view as requested by the Company, OGRA hired the services of International Technical, Commercial and Management Auditors for determining actual UFG of Gas Companies in respect of indigenous gas as well as imported RLNG.
- Government of Pakistan (Finance Division) 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.
- The Company has devised a Board approved Strategy to control UFG and the same is under implementation.
- Banks have allowed waiver from the compliance of debt-to-equity covenants up to June 30, 2022.

Management believes that in view of above mentioned steps / plans, the Company's profitability and financial position will further improve in the next few years, hence no material uncertainty exists relating to going concern status of the Company.

2 BASIS FOR PREPARATION

2.1 Statement of compliance

These unconsolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act); and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Act differ with the requirements of IAS 34, the provisions of and directives issued under the Act have been followed.

2.1.1 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.

These unconsolidated condensed interim financial statements does not include all information required for annual audited unconsolidated condensed interim financial statements and should be read in conjunction with the annual audited unconsolidated financial statements of the Company for the year ended June 30, 2021.

2.1.2 The figures of the unconsolidated condensed interim profit or loss and other comprehensive income for the quarters ended December 31, 2020 and December 31, 2021 have not been reviewed.

2.2 Basis of measurement

These unconsolidated condensed interim financial statements have been prepared under the historic cost convention, unless otherwise stated.

2.3 Functional and presentation currency

These unconsolidated condensed interim financial statements are prepared in Pakistani Rupees which is the Company's functional and presentation currency.

3. SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ACCOUNTING ESTIMATES, JUDGEMENTS AND CHANGES THEREIN

3.1. 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, 2021.

3.2 The preparation of unconsolidated 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 Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual audited unconsolidated financial statements for the year ended June 30, 2021 except for the following:

Estimated useful life of fixed assets with respect to Gas Distribution System (Meters), Computers and Ancillary equipments have been increased from 10 years to 20 years and from 3 years to 3-6.67 years respectively as per the directives of OGRA for FY 2021-22 onwards. Accordingly, this change have been made prospectively in accordance with IAS 8 "Accounting Policies, change in Accounting Estimates and Errors". Had the useful life of above mentioned fixed assets remained the same, the depreciation charge for the period would have increased by Rs. 3,029 million.

Further, the charge in respect of staff retirement benefits has been recognised on the basis of Actuarial projection for FY 2021-22, hence it does not include consideration for actuarial gains / losses which will be determined at the year end.

3.3 There are certain standards, interpretations and amendments to approved accounting standards which have been published and are mandatory for the Company's accounting period beginning on or after July 01, 2021. These standards, interpretations and amendments are either not relevant to the Company's operations or are not expected to have a significant effect on this condensed interim financial statements.

3.4 The Company's financial risk management objectives and policies are consistent with those disclosed in the annual audited unconsolidated financial statements as at and for the year ended June 30, 2021.

4. PROPERTY, PLANT AND EQUIPMENT	**December 31, 2021 (Un-audited)**	**June 30, 2021 (Audited)**
	--------(Rupees in '000)--------	
Operating assets	**126,296,828**	124,449,028
Capital work-in-progress	**14,377,823**	11,538,498
	140,674,651	135,987,526

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

	December 31, 2021		**December 31, 2020**	
	(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	**24,792**	**-**	17,392	-
Gas distribution system	**2,607,038**	**(43,549)**	2,530,255	(43,909)
Gas transmission pipelines	**67,076**	-	1,305,968	-
Telecommunication	**980**	-	2,882	-
Plant and machinery	**125,767**	-	67,742	(269)
Tools and equipment	**21,496**	-	2,539	-
Motor vehicles	**115,819**	**(2,133)**	43,849	(20,233)
Furniture and fixtures	**3,871**	-	1,689	-
Office equipment	**23,171**	-	25,944	-
Computers and ancillary equipments	**2,431**	-	12,421	-
Compressors	**282,292**	-	1,186,430	-
	3,274,733	**(45,682)**	5,197,111	(64,411)

	December 31, 2021		December 31, 2020	
	(Un-audited)			
	--------(Rupees in '000)--------			
	Capital expenditure incurred	Transfer to operating assets	Capital expenditure incurred	Transfer to operating assets
Capital work in progress:				
Projects:				
Gas distribution system	**3,425,239**	**(2,607,038)**	3,669,911	(2,530,255)
Gas transmission pipelines	**-**	**(67,076)**	1,118,821	(1,305,968)
Cost of buildings under construction and others	**26,333**	**(24,792)**	1,537,800	(17,392)
	3,451,572	**(2,698,906)**	6,326,532	(3,853,615)

During the period, there has been net increase / (decrease) in respect of stores and spares held for capital projects and others amounting to Rs. 1,498 million (December 31, 2020: Rs. (845) million).

5 RIGHT OF USE ASSETS

	December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
	--------(Rupees in '000)--------	
Cost	**318,251**	346,255
Accumulated depreciation	**(191,465)**	(197,621)
Net book value	**126,786**	148,634
Cost		
Opening balance	**346,255**	347,263
Additions during the period / year	**37,747**	50,056
Derecognition during the period / year	**(65,751)**	(51,064)
Ending balance	**318,251**	346,255
Accumulated depreciation		
Opening balance	**197,621**	125,911
Depreciation charge for the period / year	**57,900**	122,774
Derecognition during the period / year	**(64,056)**	(51,064)
Ending balance	**191,465**	197,621

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

	Note	December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
		--------(Rupees in '000)--------	
6 LONG TERM INVESTMENTS			
Investment in subsidiary - at cost		**1,249,382**	1,249,382
Investments - fair value through other comprehensive income		**142,379**	209,299
		1,391,761	1,458,681
7 TRADE DEBTS			
Secured		**33,246,515**	31,104,435
Unsecured		**76,768,799**	82,494,935
	7.1&7.2	**110,015,314**	113,599,370
Provision against doubtful debts		**(22,127,114)**	(21,465,563)
		87,888,200	92,133,807

7.1 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 Accounting Standard IAS 18 "Revenue" supersede by international Financial Reporting Standards 15: "Revenue from Contract with Customers" based on opinions from firms of Chartered Accountants.

In accordance with the revised accounting treatment, the trade debts includes Rs. 29,652 million (June 30, 2021: Rs. 30,931 million) as at December 31, 2021 receivables from KE against sale of indigenous gas., which is overdue. However, the aggregate legal claim of the Company from KE amounts to Rs. 141,196 million (June 30, 2021: Rs. 132,424 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 in 2012, the Company filed the aforementioned suit against KE amounting to Rs. 55,705 million. The above suit has been filed based on the following grounds:

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

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

KE also filed case against the Company in the High Court of Sindh for recovery of damages / losses of Rs. 61,614 million as KE claimed that the Company had not supplied the committed quantity of natural gas to KE. However, the legal advisor 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 advisor, who is of the view that the Company has a strong case for recovery of the outstanding amount, hence, based on that management considers outstanding balance good and recoverable. The legal advisor 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 has not been finalised till date but the supply of gas and payment is continued 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 has been received from KE.

7.2 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 Accounting Standard IAS 18 "Revenue" supersede by international Financial Reporting Standards 15: "Revenue from Contract with Customers" based on opinions from firms of Chartered Accountants.

In accordance with the revised accounting treatment, the trade debts includes Rs. 24,865 million (June 30, 2021: Rs. 24,699 million) including overdue balance of Rs. 24,786 million (June 30, 2021: Rs. 24,622 million) receivable from PSML. However, the aggregate legal claim of the Company from PSML amounts to Rs. 78,020 million (June 30, 2021: Rs. 74,417 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 balance upto February 2016, 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 approximately of Rs. 38,660 million on account of losses due to low gas pressure provided to PSML from March 2015 to December 2016. Legal advisor 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.

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, 2021 (Un-audited)	June 30, 2021 (Audited)
8 INTEREST ACCRUED		--------(Rupees in '000)--------	
Interest accrued on late payment of bills / invoices from:			
Sui Northern Gas Pipelines Limited (SNGPL)		**10,393,948**	9,821,347
Water and Power Development Authority (WAPDA)		**4,883,500**	4,717,577
Jamshoro Joint Venture Limited (JJVL)		**239,689**	239,689
		15,517,137	14,778,613
Interest accrued on sales tax refund		**487,739**	487,739
Interest accrued on loan to related party		**16,285**	-
		16,021,161	15,266,352
Provision against impaired accrued income		**(112,400)**	(112,400)
		15,908,761	15,153,952
9 OTHER RECEIVABLES			
Tariff adjustment indigenous gas - receivable Government of Pakistan (GoP)	9.1	**240,669,771**	207,762,067
Receivable from SNGPL for differential tariff		**4,284,080**	4,284,080
Receivable from Habibullah Costal Power Company Private limited (HCPCL)	9.2	**4,157,839**	4,157,839
Receivable from staff pension fund		**79,052**	79,052
Receivable for sale of gas condensate		**77,609**	42,949
Receivable from SNGPL	9.3	**104,992,078**	103,776,821
Receivable from JJVL	9.4 , 9.5 & 9.6	**2,501,824**	2,501,824
Receivable from the SSGC LPG (Private) Limited		**7,919**	7,463
Sales tax receivable	9.7	**45,119,977**	39,451,549
Sindh sales tax		**112,976**	112,976
Receivable against asset contribution	9.8	**337,514**	348,448
Miscellaneous receivables		**39,493**	29,758
		402,380,132	362,554,826
Provision against impaired receivables		**(2,586,874)**	(2,586,874)
		399,793,258	359,967,952
9.1 Tariff adjustments indigenous gas - receivable from GoP			
Opening Balance		**207,762,067**	178,411,641
Recognized in statement of profit or loss		**32,397,615**	28,557,632
Subsidy for LPG air mix operations		**510,089**	792,794
Ending Balance		**240,669,771**	207,762,067

	December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
	--------(Rupees in '000)--------	
9.2 Receivable from HCPCL		
Amount of liquidated damages (LD) charges as per arbitration award	**3,938,382**	3,938,382
Subsequent LDs adjusted by HCPCL on Award Principle	**219,457**	219,457
	4,157,839	4,157,839

9.2.1 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 charged by WAPDA to 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.

The 20 years GSA with HCPCL expired in September 2019. Prior to the expiry of GSA, MOE communicated the Company to continue supplying gas to HCPCL in order to avoid suspension of electricity to national grid. In the month of October 2019, HCPCL carried out a set off of Rs. 586.5 Million from the Company’s outstanding bills on account of LDs imposed by WAPDA after the expiry of gas allocation on 31 December 2018. The Company disconnected gas supply of HCPCL on 3rd October 2019. Subsequently securing gas receivables, the Company opted for encashment of HCPCL Bank Guarantees. In response, HCPCL filed Suit 1570 of 2019 and obtained stay from the Honorable High Court of Sindh against the Company regarding encashment of Bank Guarantees. HCPCL is in negotiations with the the Company to finalize to modalities under ECC decision for waiver of LDs and sign a new GSA to resume gas supply.

9.3 Receivable from SNGPL	**2021 (Un-audited)**	**2021 (Audited)**
	--------(Rupees in '000)--------	
Uniform cost of gas	**15,818,846**	15,818,845
Lease rentals	**1,095,178**	922,429
Contingent rent	**10,610**	10,405
LSA margins	**2,970,128**	2,945,502
Capacity and utilisation charges of RLNG	**52,909,782**	52,247,106
RLNG transportation income	**32,187,534**	31,832,534
	104,992,078	103,776,821

9.3.1 The Company has invoiced an amount of Rs.145,723 million (June 30, 2021 Rs. 130,456 million), including Sindh Sales Tax of Rs.16,908 million (June 30, 2021 Rs.15,151 million) to SNGPL in respect of matters including capacity and utilization charges (terminal charges), LSA margins and transportation charges relating to RLNG; etc.

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 (MOE), 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 the new agreement dated January 25, 2021 it was decided from June 2020 onwards all the invoices will be paid on monthly basis by SNGPL, however, outstanding balances before June 2020 will be settled after finalization of OGRA consultant report.

9.4 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. 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 “Local Producer Price” for the full period during which the Implementation Agreement had been operational. However, the freight amount is yet to be finalized for which SCP has appointed an Advocate of 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 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 to 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 once the matter is concluded by SCP in due course.

9.5 The Company had an arrangement in terms of MoUs with Jamshoro Joint Venture Limited (JJVL) wherein JJVL was allowed to extract LPG from various gas fields and provide the Company with total quantity of LPG extracted out of which 50% LPG was sold to JJVL as per the MoUs. The Company paid processing charges of $235/MT for the months in which JJVL's production share is below 53.55% and $220/MT if JJVL's production share is more than 53.55%.

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. Subsequently, JJVL paid Rs. 1.5 billion as per SCP Order dated November 16, 2018 based on the report submitted by Chartered Accountant firm.

As per the new agreement signed between the Company and JJVL pursuant to SCP order dated 4 December 2018, the Company shall supply gas to Jamshoro Joint Venture Limited (JJVL) Plant for the extraction of LPG and NGL from its related field. LPG and NGL is owned by JJVL to be sold at its discretion. JJVL shall pay to the Company a consideration which shall be a percentage of the total value of extraction of LPG / NGL. The Company percentage shall be 57% of the total value extraction of LPG and NGL on ad-hoc basis which will be finalized by the firm of Chartered Accountants as per the Agreement in its determination report. The Company shall not pay any extraction charges to JJVL in respect of this agreement.

The new agreement was valid for 1.5 years and expired on June 20, 2020. After the expiry of the said agreement, the Company has not entered into any new arrangement with JJVL to date and hence, no gas has been supplied to JJVL plant since then.

9.6 This amount comprises of receivable in respect of royalty income, sale of liquid petroleum gas, sale of natural gas liquids, federal excise duty, Sindh sales tax on franchise services, fuel charges receivable against processing charges from JJVL and receivable from JJVL @ 57% value of LPG / NGL extraction as per new agreement signed between the Company and JJVL pursuant to SCP order dated December 04, 2018 amounting to Rs. (10) million (June 30, 2021: Rs. (10) million), Rs. 160 million (June 30, 2021: Rs. 160 million), Rs. 178 million (June 30, 2021: Rs. 178 million), Rs. 1,070 million (June 30, 2021: Rs. 1,070 million), Rs. 646 million (June 30, 2021: Rs. 646 million), Rs. 32 million (June 30, 2021: 32 million), Rs.6.8 million (June 30, 2021:Rs.6.8 million), Rs. 419 million (June 30, 2021: Rs.419 million) respectively.

9.7 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. Realising 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, such 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. Management is making vigorous efforts for realisation of these refunds.

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

10 LONG-TERM FINANCE

	Note	December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
		--------(Rupees in '000)--------	
Secured			
Loans from banking companies	10.1 , 10.2 , 10.3 & 10.4	**24,468,247**	28,382,272
Unsecured			
Front end fee of foreign currency loan		**23,950**	23,950
Customer financing		**141,943**	151,286
Government of Sindh loans		**788,101**	782,653
		953,994	957,889
		25,422,241	29,340,161
Less: Current portion shown under Current liabilities			
Loans from banking companies		**(7,875,000)**	(7,875,000)
Customer financing		**(18,020)**	(18,995)
Government of Sindh loans		**(186,667)**	(186,667)
		(8,079,687)	(8,080,662)
		17,342,554	21,259,499

10.1 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, 2021, 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 first pari passu charge by way of hypothecation over all present and future movable fixed Regasified Liquefied Natural Gas assets of the Company including but not limited to compressor stations, transmission pipelines, distribution pipelines, pipeline construction machinery and equipment. The loan is repayable semi-annually, carrying markup of 6 months KIBOR and 1.10 % per annum.

10.2 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. The loan is repayable semi-annually, carrying markup of 6 months KIBOR and 0.50 % per annum.

10.3 A long term finance facility amounting to Rs. 3,000 million was sanctioned in August 2015 . During the period, repayment of Rs. 300 million has been made. The loan is repayable semi-annually, carrying markup of 6 months KIBOR and 0.50 % per annum.

10.4 These loans / financial arrangements are secured by pari passu charge by way of hypothecation on all present and future movable fixed assets of the Company comprising of compressor stations, transmission pipelines, distribution pipelines, pipeline construction machinery and equipments.

11 DEFERRED CREDIT	**Note**	**December 31, 2021 (Un-audited)**	**June 30, 2021 (Audited)**
		--------(Rupees in '000)--------	
Government of Pakistan contributions / grants			
Opening balance		**2,968,896**	2,911,647
Additions / adjustments during the period / year		**10,411**	369,294
Amortized during the period / year	21	**(215,904)**	(312,045)
Ending balance		**2,763,403**	2,968,896
Government of Sindh (Conversion of loan into grant)			
Opening balance		**1,952,841**	1,995,985
Additions during the period / year		**38**	78,250
Amortized during the period / year	21	**(91,044)**	(121,394)
Ending balance		**1,861,835**	1,952,841
Government of Sindh grants			
Opening balance		**113,200**	129,125
Amortized during the period / year	21 & 11.1	**(8,625)**	(15,925)
Ending balance		**104,575**	113,200
		4,729,813	5,034,937
Less: Current portion of deferred credit		**(443,575)**	(442,114)
		4,286,238	4,592,823

11.1 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 amounts to Rs 940 million and subsequently it is measured at its initial fair value of Rs. 170 million based on net of waiver. These are calculated at 3 month KIBOR prevailing at respective period ends in which these 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 of expenses pertaining to capitalization of assets and the related finance costs.

	Note	December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
12 CONTRACT LIABILITIES		--------(Rupees in '000)--------	
Contribution from customers	12.1	**2,677,884**	2,508,518
Advance received from customers for laying of mains		**5,710,012**	5,277,556
		8,387,896	7,786,074
12.1 Contribution from customers			
Opening balance		**2,740,870**	2,015,462
Additions / adjustments during the period / year		**324,825**	935,231
Amortized during the period / year		**(120,998)**	(209,823)
		2,944,697	2,740,870
Less: Current portion of contributions from customers		**(266,813)**	(232,352)
Ending balance		**2,677,884**	2,508,518

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

13 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, 2021: Rs. 25,000 million) and carry mark-up ranging from 0.00% to 0.20% (June 30, 2021: 0.20%) above the average one month KIBOR. These facilities are secured by first pari passu second amendment to the joint hypothecation agreement 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.334 million (June 30, 2021: Rs. 1,249 million).

14 TRADE AND OTHER PAYABLES	Note	December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
		--------(Rupees in '000)--------	
Creditors for:			
Indigenous Gas	14.1	**438,773,934**	387,937,266
RLNG		**109,371,719**	112,319,360
		548,145,653	500,256,626
Tariff adjustments RLNG- payable to GoP	14.2	**15,573,170**	18,346,037
Service charges payable to EETPL		**2,407,411**	1,776,953
Accrued liabilities		**6,056,762**	5,492,219
Provision for compensated absences - non executives		**251,069**	239,113
Payable to staff gratuity fund		**3,548,066**	3,509,988
Payable to provident fund		**110,442**	62,335
Deposits / retention money		**677,688**	659,851
Advance for sharing right of way		**18,088**	18,088
Withholding tax payable		**118,614**	82,313
Sales tax and FED payable		**755,236**	354,379
Provincial sales tax on services		**321,304**	185,332
Gas infrastructure development cess payable		**6,886,119**	8,856,769
Unclaimed term finance certificate redemption profit		**1,800**	1,800
Workers's profit participation fund	14.3	**294,626**	234,255
Others		**501,358**	448,036
		585,667,406	540,524,094

14.1 Creditors for indigenous gas supplies include Rs. 368,052 million (June 30, 2021: Rs. 327,858 million) 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, 2021: Rs. 15,832 million) on their balances which have been presented in note 15.1 to these unconsolidated condensed interim financial statements.

14.2 Tariff adjustments RLNG - payable to GoP

Opening balance	**18,346,037**	14,430,636
Recognized during the period / year	**(2,772,867)**	3,915,401
Ending balance	**15,573,170**	18,346,037

14.3 Workers' Profit Participation Fund (WPPF)

Opening balance	**234,255**	174,515
Charge during the period / year	**-**	59,740
Interest on WPPF	**60,371**	-
Ending balance	**294,626**	234,255

	Note	December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
		--------(Rupees in '000)--------	

15 INTEREST ACCRUED

	Note	December 31, 2021	June 30, 2021
Long term financing - loans from banking companies		**441,803**	416,543
Long term deposits from customers		**268,637**	518,980
Short term borrowings		**339,787**	270,917
Late payment surcharge on processing charges		**99,283**	99,283
Late payment surcharge on tariff adjustment -indigenous gas		**4,826**	4,826
Late payment surcharge on gas supplies	15.1	**15,832,411**	15,832,411
		16,986,747	17,142,960

15.1 As disclosed in note 7.1 and 7.2, effective from July 1, 2012, the Company has been accounting for LPS from KE and PSML on receipt basis as per International Financial Reporting Standards 15: "Revenue from Contracts with Customers". However, the Company continued recognition of the LPS expenses 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 accounting and reporting standards as applicable in Pakistan, 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 fulfilment 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.

Based on the aforesaid letter and legal opinion obtained by the Company, the aggregate unrecognized accrued markup up to December 31, 2021 stands at Rs. 117,533 million (June 30, 2021: Rs.104,067 million)

		December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
16	**CONTINGENCIES AND COMMITMENTS**	--------(Rupees in '000)--------	
16.1	Commitments for capital and other expenditures	**3,761,897**	5,921,855
16.2	Guarantees issued on behalf of the Company	**6,929,372**	7,386,119

16.3 Jamshoro Power Company Limited (JPCL) has lodged claims against the Company amounting to Rs. 144,120 million (June 30,2021: 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 (June 30,2021: 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.

Subsequent to the period end, the Company received letter dated 10th June 2022 from the Arbitrator to file its reply against JPCL's claim. The Company vide letter dated June 15, 2022 communicated MoE's letter dated August 12, 2021 and also informed MoE about the Arbitrator's letter. The Company vide its letter dated June 15, 2022 shared MoE letter dated August 12, 2022 and informed that MoE has referred the matter to Secretaries Committee for resolution of issue. In addition, the Company vide letter dated June 20, 2022 requested DG (Gas) to take up the matter with Power Division so that the necessary directions can be communicated to JPCL and Arbitrator. In response DG (Gas) vide letter dated July 6, 2022 requested the Company to provide legal opinion on the claim made by JPCL. Accordingly the Company submitted the legal opinion to DG (Gas).

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.

16.4 As disclosed in note 15.1, 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, June 30, 2021 and for the half year ended December 31, 2021 amounting to Rs. 7,569 million, Rs. 7,477 million, Rs. 10,525 million, Rs. 26,335 million, Rs. 25,939 million and Rs. 13,466 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.

16.5 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 well 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 eight 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 SCP.

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.

Moreover, the firm has to submit the 'Determination Report' as per the agreement in order to finalize the revenue sharing percentage. Accordingly, the same has been submitted by the firm to SCP in December 2020 after having inputs / working from both the parties. Currently, the matter is pending in SCP and the final Company's consideration will be subject to conclusion of this matter at SCP.

16.6 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.

16.7 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 musharaka arrangement.

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

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

16.8 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, 2018-19 and 2019-20.

All the Orders were contested before Commissioner (Appeals) who decided the cases in Company's favor. However, the said Commissioner (Appeals) Orders in the Company favor have been challenged by the tax authorities before the Appellate Tribunal Inland Revenue except for the appellate order for TY-2019-20 which has been remanded back by the Commissioner Appeals.

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 advisor are confident that the outcome of the case will be in favor of the Company.

16.9 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 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 advisor 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 advisor is confident that the outcome of the cases will be in favor of the Company.

16.10 The Additional Commissioner Inland Revenue passed an order against the Company with demand along with default surcharge and penalty for incorrect adjustment of withholding sales tax against input invoices for the period July 2017 – April 2018 . The principal tax demand of Rs. 1,235 Million 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 advisor are confident that the outcome of the case will be in favor of the Company.

16.11 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 the Company favour while minimum tax adjustment for loss making year of 2007-08 was decided against the Company. The said minimum tax disallowance has been challenged before the Sindh High Court and is currently sub-judice.

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 advisor are confident that the outcome of the case will be in favor of the Company.

16.12 As disclosed in Note 7 to these unconsolidated condensed interim financial statements – Trade Debts, Interest Income from K-Electric (KE) and Pakistan Steel (PSML) is not being recognized in the 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 2019-20, on said unrecognized Interest Income from K-Electric (KE) and Pakistan Steel (PSML). Appeal against the said Orders have been filed before Commissioner (Appeals), who decided the case against the Company upon which 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 advisor are confident that the outcome of the case will be in favor of the Company.

16.13 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, the 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 advisor are confident that the outcome of the case will be in favor of the Company.

16.14 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), which is pending adjudication.

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

16.15 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 upheld LTO Order. Company has challenged the matter before the Appellate Tribunal Inland Revenue which is pending adjudication.

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

16.16 The Company is subject to various other claims totaling Rs. 15,754 million by income tax and sales tax authorities. The management is confident that ultimately these claims would not be payable.

16.17 There are several other pending litigations in the nature of billing disputes, employees disputes and related matters in which the Company is defendant/ respondent. The management, based on the view of the in-house legal advisor, is of the view that the aggregate exposure in all the said cases is not material to the Company. Accordingly, no provision has been made in these unconsolidated condensed interim financial statements.

		Note	Half year ended December 31, 2021	Half year ended December 31, 2020	Quarter ended December 31, 2021	Quarter ended December 31, 2020
			(Un-audited)			
			-----------(Rupees in '000)--------------			
17	**SALES**					
	Indigenous gas		**105,908,338**	116,787,416	**50,967,787**	54,541,117
	RLNG		**74,829,021**	36,447,992	**36,111,805**	24,416,834
			180,737,359	153,235,408	**87,079,592**	78,957,951
	Less: Sales tax					
	Indigenous gas		**(15,931,188)**	(17,329,165)	**(7,762,734)**	(7,929,596)
	RLNG		**(10,820,458)**	(4,990,587)	**(5,326,452)**	(3,274,791)
			(26,751,646)	(22,319,752)	**(13,089,186)**	(11,204,387)
			153,985,713	130,915,656	**73,990,406**	67,753,564
18	**TARIFF ADJUSTMENTS**					
	Indigenous gas	18.1	**32,397,615**	19,242,571	**18,547,064**	8,091,932
	RLNG		**2,772,867**	(1,598,862)	**3,576,702**	(4,078,421)
			35,170,482	17,643,709	**22,123,766**	4,013,511
18.1	**Tariff adjustment - indigenous gas**					
	Recovered during the period		**24,473,073**	(4,941,638)	**12,500,096**	(3,999,177)
	Price increase adjustment for the period		**8,434,631**	24,534,982	**5,212,019**	12,297,407
	Subsidy for LPG air mix operations		**(510,089)**	(350,773)	**(310,833)**	(206,298)
			32,397,615	19,242,571	**17,401,282**	8,091,932
19	**COST OF SALES**					
	Cost of gas	19.1	**179,885,755**	141,177,334	**94,040,951**	68,881,074
	Transmission and distribution costs		**7,209,427**	10,375,959	**3,480,756**	5,201,783
			187,095,182	151,553,293	**97,521,707**	74,082,857
19.1	**Cost of gas**					
	Opening gas in pipelines		**1,105,599**	1,248,028	**1,353,320**	1,197,089
	RLNG purchases		**66,700,192**	29,197,369	**34,321,452**	16,686,665
	Gas purchases		**113,726,845**	112,516,413	**59,825,215**	52,496,080
			181,532,636	142,961,810	**95,499,987**	70,379,834
	Gas consumed internally		**(385,162)**	(525,742)	**(197,317)**	(240,026)
	Closing gas in pipelines		**(1,261,719)**	(1,258,734)	**(1,261,719)**	(1,258,734)
			(1,646,881)	(1,784,476)	**(1,459,036)**	(1,498,760)
			179,885,755	141,177,334	**94,040,951**	68,881,074
20	**OTHER OPERATING EXPENSES**					
	Workers' Profit Participation Fund		**-**	-	**(77,373)**	-
	Auditors' remuneration		**2,836**	3,378	**1,418**	1,635
	Sports expenses		**46,237**	61,655	**26,568**	30,566
	Corporate social responsibility		**6,019**	6,985	**2,380**	625
	Exchange loss -net		**5,115,522**	-	**1,956,598**	-
	Provision against impaired stores and spares		**107,186**	24,262	**98,902**	4,288
	Loss on sale of property, plant and equipment		**44,151**	14,690	**(84)**	13,443
			5,321,951	110,970	**2,008,409**	50,557

	Half year ended		Quarter ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	(Un-audited)			
	-----------(Rupees in '000)--------------			
21 OTHER INCOME				
Income from financial assets				
Income for receivable against asset contribution	**17,185**	19,799	**8,567**	9,503
Interest income on loan to related party	**75,105**	68,427	**37,528**	30,133
Income from net investment in finance lease	**7,964**	13,274	**3,982**	4,211
Return on saving accounts	**14,015**	15,595	**9,215**	8,422
Dividend income	**21,781**	4,828	**5,303**	4,828
	136,050	121,923	**64,595**	57,097
Interest income on late payment of gas bills from				
Water & Power Development Authority (WAPDA)	**165,923**	172,140	**87,357**	80,289
Income from other than financial assets				
Late payment surcharge	**929,458**	1,073,610	**420,926**	453,492
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	**(10,901)**	(41,225)	**2,452**	(12,857)
Meter manufacturing division profit - net	**5,661**	9,871	**2,232**	4,165
Meter rentals	**875,506**	406,017	**402,968**	203,706
RLNG transportation income	**4,104,038**	3,533,450	**2,034,914**	1,724,140
Recognition of income against deferred credit and contract liability	**408,969**	282,481	**205,647**	140,646
Income from LPG air mix distribution - net	**61,537**	66,024	**30,558**	32,554
Income from sale of tender documents	**3,381**	2,426	**1,684**	1,729
Scrap sales	**2,387**	64,475	**2,355**	63,025
Recoveries from customers	**43,080**	33,126	**22,186**	22,516
Liquidated damages recovered	**39,422**	40,585	**32,487**	31,015
Exchange gain -net	**-**	2,722,361	**-**	2,361,493
Amortization of Government Sindh grant	**8,625**	7,988	**4,312**	4,033
Rental income from SSGC LPG (Pvt) LTD	**513**	385	**257**	192
LSA margins against RLNG	**497,043**	479,499	**272,048**	238,098
Miscellaneous	**14,784**	13,876	**7,204**	5,840
	7,858,077	9,561,613	**3,880,482**	5,697,473

22 TAXATION

Current tax	**1,422,335**	1,197,315	**688,730**	586,974

22.1 As at December 31, 2021, the Company has aggregate deferred tax asset on deductible temporary differences amounting to Rs. 46,055 million (June 30, 2021: Rs. 39,736 million) out of which deferred tax asset amounting to Rs.14,471 million has been recognised and remaining balance of Rs 31,584 million is unrecognised. As at period end, the Company's minimum tax credit amounted to Rs.6,584 million (June 30, 2021: Rs. 5,161 million) having expiry period ranging between 2022 and 2026.

		Half year ended		Quarter ended	
		December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
		(Un-audited)			
23. LOSS PER SHARE - BASIC AND DILUTED					
Loss for the period	(Rupees in '000)	**(2,001,089)**	(1,667,743)	**(2,737,576)**	(946,802)
Average number of ordinary shares	(Number of shares)	**880,916,309**	880,916,309	**880,916,309**	880,916,309
Loss per share - basic and diluted	(Rupees)	**(2.27)**	(1.89)	**(3.11)**	(1.07)

24 ADJUSTMENTS FOR NON-CASH AND OTHER ITEMS

	Note	December 31, 2021 (Un-audited)	December 31, 2020
		--------(Rupees in '000)--------	
Provisions	24.1	**1,674,081**	3,090,879
Depreciation on owned assets		**1,355,281**	4,179,757
Depreciation on right of use assets		**57,900**	61,593
Amortization of intangibles		**24,339**	2,788
Finance cost		**2,147,432**	2,401,361
Amortization of transaction cost		**28,903**	23,475
Amortization of Government grant		**(8,625)**	(7,988)
Recognition of income against deferred credit and contract liability		**(436,571)**	(309,446)
Dividend income		**(21,781)**	(4,828)
Interest income and return on term deposits		**(844,829)**	(848,562)
Income from net investment in finance lease		**(7,964)**	(13,274)
Loss on disposal of property, plant and equipment		**44,151**	14,628
Lease rental from net investment in finance lease		**36,872**	42,182
Increase / (decrease) in long term advances		**15,696**	(10,812)
Increase in deferred credit and contract liability		**767,730**	630,307
Finance cost in respect of leases		**6,704**	10,021
Finance cost on payable against transfer of pipeline		**36,284**	38,990
		4,875,603	9,301,071

24.1 Provisions

Provision against slow moving / obsolete stores	**107,181**	29,858
Provision against impaired debts	**661,551**	2,187,041
Provision for compensated absences	**60,515**	-
Provision for post retirement medical and free gas supply facilities	**309,133**	240,945
Provision against other retirement benefit	**535,701**	633,035
	1,674,081	3,090,879

25 WORKING CAPITAL CHANGES

Increase / (decrease) in current assets		
Stores and spares	**4,833**	(270,045)
Stock-in-trade	**(233,138)**	(1,523)
Customers' installation work-in-progress	**13,286**	(27,689)
Trade debts	**3,584,056**	532,977
Advances, deposits and short term prepayments	**257,025**	(94,836)
Other receivables	**(39,825,307)**	(33,560,417)
	(36,199,245)	(33,421,533)
Increase in current liabilities		
Trade and other payables	**45,093,278**	28,800,593
	8,894,033	(4,620,940)

26 TRANSACTIONS AND BALANCES 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 statements are as follows:

		Relationship	2021	2020
			(Un-audited)	
			------------(Rupees in '000)------------	
	Government related entities			
	- Purchase of fuel and lubricant		**22,840**	36,086
	- Sale of gas		**78,754,578**	42,444,111
	- Mark-up expense on short term finance		**48,623**	21,355
	- Mark-up expense on long term finance		**151,717**	188,352
	- Income from net investment in finance lease		**7,964**	13,274
	- Gas purchases - Indigenous gas		**60,666,329**	88,194,728
	Gas purchases - RLNG		**66,700,192**	-
	- Sale of gas meters		**5,019**	11,785
	- Insurance premium		**36,104**	72,459
	- Royalty		**1,035**	1,744
	- Electricity expenses		**170,439**	138,750
	- Interest income		**738,525**	744,741
	- RLNG Transportation income		**4,104,038**	3,533,450
	- Income against LNG service agreement		**497,043**	479,499
	- LPG Purchases		**385,088**	217,228
	- Subscription		**2,052**	-
	- Professional Charges		**-**	40
	Karachi Grammar School	Associate		
	- Sale of gas		**29**	15
	Key management personnel			
	- Remuneration		**101,841**	90,386
	Pakistan Institute of Corporate Governance			
	- Subscription / Trainings		**284**	979
*	**Engro Fertilizers Limited**	Associate		
	- Sale of gas		**16,734**	-
	SSGC LPG (Private) Limited	Wholly owned subsidiary		
	- Interest on loan		**75,105**	68,427
	- Rental Income		**513**	385
	Staff retirement benefit plans	Employee benefit Plan		
	- Contribution to provident fund		**160,426**	187,338
	- Contribution to pension fund		**325,071**	321,515
	- Contribution to gratuity fund		**210,630**	311,520

* Comparative transactions with ENGRO fertilizers limited has not been disclosed as it was not a related party last year.

26.1 Contribution to the defined contribution and benefit plans are in accordance with the terms of the entitlement of the employment.

26.2 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 are received at rates prescribed by the Government of Pakistan.

26.3 Amount (due to) / receivable from related parties.

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

	December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
	--------------(Rupees in '000)--------------	
Government related entities		
- Receivable against sale of gas	**58,860,314**	58,695,306
- Investment	**45,423**	77,522
- Borrowings	**(4,269,804)**	(4,782,380)
- Net investment in finance lease	**1,095,178**	922,429
- Payable for gas purchases	**(379,828,687)**	(445,568,344)
- Payable for gas purchases - RLNG	**(109,371,719)**	-
- Gas meters & Spare parts	**39,379**	38,157
- Uniform cost of gas	**15,818,846**	15,818,846
- Cash at bank	**96,915**	6,942
- Stock loan	**6,433**	5,321
- Payable in respect insurance	**(30,998)**	(2,244)
- Gas supply deposit	**(51,263)**	(51,263)
- Interest expense accrued - late payment on gas bills	**(15,832,411)**	(15,832,411)
- Interest income accrued - late payment on gas bills	**14,903,791**	14,538,924
- Professional charges	**57**	57
- Contingent rent	**10,610**	10,405
- Capacity and utilisation charges of RLNG	**52,909,782**	52,247,106
- RLNG transportation income	**32,187,534**	31,832,534
- LSA margins	**2,970,128**	2,945,502
- Advance for Sharing Right of Way	**(18,088)**	(18,088)
- LPG purchases	**-**	(55,190)

	Relationship	December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
		--------------(Rupees in '000)--------------	
Karachi Grammar School	**Associate**		
- Receivable against sale of gas		**5**	5
- Gas supply deposit		**(22)**	(22)
* **Engro Fertilizers Limited**	**Associate**		
- Receivable against sale of gas		**1,990**	-
- Gas supply deposit		**(2,851)**	-
SSGC LPG (Private) Limited	**Wholly owned subsidiary**		
- Long term investment		**1,249,382**	1,249,382
- Long term loan		**700,000**	700,000
- Markup accrued on loan		**16,285**	-
Deferred Markup on loan		**750,413**	822,185
- Current portion of Deferred markup		**119,607**	114,150
- LPG receivable		**5,698**	5,698
- Rental Income receivable		**814**	358
- Receivable of management fee		**1,408**	1,408

* Comparative transactions with ENGRO fertilizers limited has not been disclosed as it was not a related party last year.

27 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.

	Half Year ended			
	Segment revenue		Segment (loss) / Profit	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	(Un-audited)			
	---------------------- (Rupees in '000) ----------------------			
Gas transmission and distribution	**153,985,713**	130,915,655	**4,095,305**	(979,125)
Meter manufacturing	**642,019**	842,042	**5,661**	9,871
Total segment results	**154,627,732**	131,757,697	**4,100,966**	(969,254)
Unallocated				
- Other operating expenses			**(5,321,951)**	(110,970)
- Other income			**642,231**	609,795
Loss before tax			**(578,754)**	(470,428)

The above revenue includes sale of meters by meter manufacturing segment to gas transmission and distribution amounting to Rs. 636 million (December 31, 2020: Rs. 832 million).

Segment assets and liabilities

	December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
	--------(Rupees in '000)--------	
Segment assets		
Gas transmission and distribution	**653,834,285**	613,074,073
Meter manufacturing	**646,295**	552,261
Total segment assets	**654,480,580**	613,626,334
Unallocated		
Loans and advances	**1,847,291**	2,205,677
Taxation - net	**17,215,308**	17,609,468
Interest accrued	**487,739**	487,739
Cash and bank balances	**2,083,601**	573,696
	21,633,939	20,876,580
Total assets as per unconsolidated condensed interim statement of financial position	**676,114,519**	634,502,914
Segments liabilities		
Gas transmission and distribution	**700,100,188**	656,664,567
Meter manufacturing	**253,895**	9,902
Total segment liabilities	**700,354,083**	656,674,469
Total liabilities as per unconsolidated condensed interim statement of financial position	**700,354,083**	656,674,469

28 FAIR VALUE 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.

28.1 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 their carrying 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, 2021 (Un-audited)			
	Level 1	**Level 2**	**Level 3**	**Total**
	------Rupees in '000------			
Assets				
Fair value through OCI Financial Assets				
Quoted equity securities	**142,379**	-	-	**142,379**

	As at June 30, 2021 (Audited)			
	Level 1	**Level 2**	**Level 3**	**Total**
	------Rupees in '000------			
Assets				
Fair value through OCI Financial Assets				
Quoted equity securities	209,299	-	-	209,299

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.

28.2 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, 2021 (Un-audited)			
	Level 1	Level 2	Level 3	Total
	------------------------------Rupees in '000------------------------------			
Freehold land		**12,339,027**		**12,339,027**
Leasehold land		**12,698,111**		**12,698,111**

	As at June 30, 2021 (Audited)			
	Level 1	Level 2	Level 3	Total
	------------------------------Rupees in '000------------------------------			
Freehold Land		12,339,027		12,339,027
Leasehold Land		12,698,111		12,698,111

29 GENERAL

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

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

30 DATE OF AUTHORISATION

These unconsolidated condensed interim financial statements were authorised for issue in Board of Directors meeting held on May 20, 2023.

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, 2021

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at December 31, 2021

	Note	December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
		--------(Rupees in '000)--------	
ASSETS			
Non-current assets			
Property, plant and equipment	4	**143,738,507**	139,097,127
Intangibles		**124,111**	114,435
Right of use assets	5	**142,837**	165,466
Deferred tax		**2,699,360**	2,721,666
Long term investments	6	**142,379**	209,299
Net investment in finance lease		**44,413**	73,321
Long term loans and advances		**118,680**	175,339
Long-term deposits		**19,811**	19,740
Total non-current assets		**147,030,098**	142,576,393
Current assets			
Stores, spares and loose tools		**3,435,179**	3,457,965
Stock-in-trade		**2,523,700**	1,602,452
Current maturity of net investment in finance lease		**57,814**	57,814
Customers' installation work-in-progress		**236,292**	249,578
Trade debts	7	**87,904,648**	92,141,613
Loans and advances		**158,591**	394,002
Advances, deposits and short term prepayments		**1,016,349**	1,231,858
Interest accrued	8	**15,892,476**	15,153,952
Other receivables	9	**400,013,728**	360,062,870
Taxation - net		**17,644,824**	17,890,333
Short term investment - term deposit receipt		**129,223**	479,223
Cash and bank balances		**2,479,044**	767,366
Total current assets		**531,491,868**	493,489,026
TOTAL ASSETS		**678,521,966**	636,065,419

The annexed notes 1 to 30 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, 2021

	Note	December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
EQUITY AND LIABILITIES		--------(Rupees in '000)--------	
EQUITY			
Share capital and reserves			
Authorised share capital:			
1,000,000,000 ordinary shares of Rs. 10 each		**10,000,000**	10,000,000
Issued, subscribed and paid-up capital		**8,809,163**	8,809,163
Reserves		**4,907,401**	4,907,401
Surplus on re-measurement of FVTOCI securities		**105,852**	172,772
Surplus on revaluation of property, plant and equipment		**25,254,815**	25,254,815
Accumulated losses		**(62,320,961)**	(60,441,466)
		(23,243,730)	(21,297,315)
LIABILITIES			
Non-current liabilities			
Long term finance	10	**17,342,554**	21,259,499
Long term deposits		**24,396,846**	23,241,015
Employee benefits		**5,889,367**	5,603,105
Payable against transfer of pipeline		**721,104**	755,645
Deferred credit	11	**4,286,238**	4,592,822
Contract liabilities	12	**8,387,896**	7,786,074
Lease liability		**56,083**	63,845
Long term advances		**3,171,192**	3,155,496
Total non-current liabilities		**64,251,280**	66,457,501
Current liabilities			
Current portion of long term finance	10	**8,079,687**	8,080,662
Current portion of payable against transfer of pipeline		**67,569**	64,610
Current portion of deferred credit	11	**443,575**	442,114
Current portion of contract liabilities	12	**266,813**	232,352
Current portion of lease liability		**58,784**	84,493
Short term borrowings	13	**24,666,450**	23,750,594
Trade and other payables	14	**586,506,867**	540,782,773
Short term deposits		**152,551**	39,249
Unclaimed dividend		**285,373**	285,426
Interest accrued	15	**16,986,747**	17,142,960
Total current liabilities		**637,514,416**	590,905,233
Total liabilities		**701,765,696**	657,362,734
TOTAL EQUITY AND LIABILITIES		**678,521,966**	636,065,419
CONTINGENCIES AND COMMITMENTS	16		

The annexed notes 1 to 30 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, 2021 (Un-Audited)

	Note	Half year ended December 31, 2021	Half year ended December 31, 2020	Quarter ended December 31, 2021	Quarter ended December 31, 2020
		--------------------(Rupees in '000)--------------------			
Sales		**180,737,359**	153,235,408	**87,079,592**	78,957,951
Sales tax		**(26,751,646)**	(22,319,752)	**(13,089,186)**	(11,204,387)
	17	**153,985,713**	130,915,656	**73,990,406**	67,753,564
Tariff adjustments	18	**35,170,482**	17,643,709	**22,123,766**	4,013,511
Net sales		**189,156,195**	148,559,365	**96,114,172**	71,767,075
Cost of sales	19	**(187,095,182)**	(151,553,293)	**(97,521,707)**	(74,082,857)
Gross profit / (loss)		**2,061,013**	(2,993,928)	**(1,407,535)**	(2,315,782)
Administrative and selling expenses		**(2,372,508)**	(2,342,971)	**(1,033,234)**	(1,182,040)
Other operating expenses	20	**(5,322,376)**	(111,535)	**(2,008,547)**	(50,707)
Impairment loss against financial assets		**(661,551)**	(2,187,041)	**(388,374)**	(1,050,537)
		(8,356,435)	(4,641,547)	**(3,430,155)**	(2,283,284)
		(6,295,422)	(7,635,475)	**(4,837,690)**	(4,599,066)
Other income	21	**8,126,726**	9,994,781	**4,057,594**	6,012,908
Operating profit / (loss)		**1,831,304**	2,359,306	**(780,096)**	1,413,842
Finance cost		**(2,222,391)**	(2,475,865)	**(1,132,004)**	(1,500,498)
Loss before taxation		**(391,087)**	(116,559)	**(1,912,100)**	(86,656)
Taxation	22	**(1,488,408)**	(1,308,325)	**(740,847)**	(673,124)
Loss for the period		**(1,879,495)**	(1,424,884)	**(2,652,947)**	(759,780)
Loss per share - basic and diluted	23	**(2.13)**	(1.62)	**(3.01)**	(0.86)

The annexed notes 1 to 30 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 COMPREHENSIVE INCOME

For the period ended December 31, 2021 (Un-Audited)

	Half year ended		Quarter ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	--------------------(Rupees in '000)--------------------			
Loss for the period	**(1,879,495)**	(1,424,884)	**(2,652,947)**	(759,780)
Other comprehensive income				
Unrealised (loss) / gain on re-measurement of FVTOCI securities	**(66,920)**	17,090	**(34,339)**	(24,555)
Comprehensive loss for the period	**(1,946,415)**	(1,407,794)	**(2,687,286)**	(784,335)

The annexed notes 1 to 30 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, 2021 (Un-Audited)

	Note	Half year ended December 31, 2021	Half year ended December 31, 2020
		--------(Rupees in '000)--------	
CASH FLOW FROM OPERATING ACTIVITIES			
Loss before taxation		**(391,087)**	(116,559)
Adjustments for non-cash and other items	24	**5,049,775**	9,457,485
Working capital changes	25	**8,606,378**	(4,541,479)
Financial charges paid		**(2,660,296)**	(2,891,150)
Employee benefits paid		**(71,430)**	(77,057)
Payment for retirement benefits		**(497,623)**	(859,713)
Long term deposits received- net		**1,155,760**	457,892
Short term deposits received		**113,302**	2,927
Loans and advances to employee - net		**292,070**	219,569
Interest income received		**48,743**	47,198
Income taxes paid		**(1,220,593)**	(1,006,614)
Net cash generated from operating activities		**10,424,999**	692,499
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure incurred		**(5,904,489)**	(5,423,474)
Payments for acquisition of intangibles		**(36,226)**	(6,488)
Payment for payable against transfer of pipeline		**(67,866)**	(67,866)
Proceeds from sale of property, plant and equipment		**1,825**	49,783
Short term investment		**-**	(223)
Dividend received		**21,781**	4,828
Net cash used in investing activities		**(5,984,975)**	(5,443,440)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayments of local currency loans		**(3,908,576)**	(3,907,060)
Repayment of customer finance		**(9,344)**	(10,627)
Repayment of lease liability		**(76,229)**	(121,068)
Dividend paid		**(53)**	-
Net cash used in financing activities		**(3,994,202)**	(4,038,755)
Net increase / (decrease) in cash and cash equivalents		**445,822**	(8,789,696)
Cash and cash equivalents at beginning of the period		**(22,504,005)**	(13,428,869)
Cash and cash equivalents at end of the period		**(22,058,183)**	(22,218,565)
Cash and cash equivalent comprises:			
Cash and bank balances		**2,479,044**	1,356,365
Term deposit receipts (TDR)		**129,223**	-
Short term borrowings		**(24,666,450)**	(23,574,930)
		(22,058,183)	(22,218,565)

The annexed notes 1 to 30 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 CHANGES IN EQUITY

For the period ended December 31, 2021

	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 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 gain for the period	-	-	-	17,090	-	-	17,090
	-	-	-	17,090	-	(1,424,884)	(1,407,794)
Balance as at December 31, 2020 (Unaudited)	8,809,163	234,868	4,672,533	160,580	25,254,815	(63,667,673)	(24,535,714)
Balance as at June 30, 2021 (Audited)	8,809,163	234,868	4,672,533	172,772	25,254,815	(60,441,466)	(21,297,315)
Total comprehensive loss for the period ended December 31, 2021							
Loss for the period	-	-	-	-	-	(1,879,495)	(1,879,495)
Other comprehensive loss for the period	-	-	-	(66,920)	-	-	(66,920)
	-	-	-	(66,920)	-	(1,879,495)	(1,946,415)
Balance as at December 31, 2021 (Unaudited)	8,809,163	234,868	4,672,533	105,852	25,254,815	(62,320,961)	(23,243,730)

The annexed notes 1 to 30 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

1. THE GROUP AND ITS OPERATIONS

1.1 The "Group" consists of:

Holding Company
- Sui Southern Gas Company Limited

	Percentage of Holding	
	December 31, 2021	June 30, 2021
Subsidiary Companies		
- SSGC LPG (Private) Limited	**100**	100

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

Sui Southern Gas Company Limited

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

The registered office of the Holding Company is situated at SSGC House, Sir Shah Suleman Road, Block 14, Gulshan e Iqbal, Karachi. The Holding Company's pipe coating plant is situated at Plot No. F-76 SITE Avenue Karachi.

The addresses of other regional offices / business units 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	SSGC Karachi Terminal opposite Safari park main University Road, 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.

SSGC LPG (Private) Limited

SSGC LPG (Private) Limited ("the Subsidiary Company") is a wholly owned subsidiary of Sui Southern Gas Company Limited. Registered office of the Subsidiary Company 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
- Bottling plants at Sara-e-Gadai Stop, Kot Najeebullah Road, Industrial Estate Hattar-22610 Haripur, KPK and Sheikhhupura Bedad Road, Muridke Panjab 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 un-audited consolidated condensed interim financial statements includes the un-audited condensed interim financial statements of the Holding Company and its Subsidiary Company, together "the Group".
- The un-audited condensed interim financial statements of the subsidiary are prepared for the same reporting year as the Holding Company for the purpose of consolidation, using consistent accounting policies.
- The assets, liabilities, income and expenses of subsidiary have been consolidated on a line by line basis.
- Minority interest represents the portion of the net results of operations and of net assets of subsidiary attributable to interests which are not owned by the Holding Company.
- 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 or short of the above guaranteed return is payable to or recoverable from the Government of Pakistan (GoP).

1.4 Status of the Company's Operations - Financial Performance

During the period, the Group has incurred a loss after tax of Rs. 1,879 million (December 31, 2020 Rs.1,425 million) resulting in increase in its accumulated losses to Rs. 62,321 million and diminishing equity to Rs. 23,244 million. As at reporting date, current liabilities exceeded its current asset by Rs.106,023 million (June 30, 2021: Rs. 97,416)

To further improve the financial performance, the Holding Company is pursuing actions for reduction in UFG / enhancement of UFG benchmark based on Key Monitoring Indicators (KMI) as well as implementation of Economic Coordination Committee of the Cabinet (ECC) decision on RLNG volume handling which will help in significant reduction in UFG disallowances.

Following are the Key points relating to financial sustainability of the Holding Company:

- 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 2017-18 and there after till June 30, 2021, carrying financial impact aggregating to Rs. 52,514 million as of the reporting date, 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, thus to sort out this issue, ECC constituted a Committee comprising of Secretaries of Petroleum & Finance. In line with Committee recommendations and having an independent view as requested by the Holding Company, OGRA hired the services of International Technical, Commercial and Management Auditors for determining actual UFG of Gas Companies in respect of indigenous gas as well as imported RLNG.

- 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 and the same is under implementation.
- Banks have allowed waiver from the compliance of debt-to-equity covenants up to June 30, 2022.

Management believes that in view of above mentioned steps / plans, the Holding Company's profitability and financial position will further improve in the next few years, hence no material uncertainty exists relating to going concern status of the Holding Company.

2 BASIS FOR PREPARATION

2.1 Statement of compliance

These un-audited consolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act); and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Act differ with the requirements of IAS 34, the provisions of and directives issued under the Act have been followed.

For the determination of Tariff Adjustments (Gas Development Surcharge), the directives of OGRA and the OGRA Ordinance, 2002 have been followed. Moreover, Tariff adjustments recorded in these un-audited consolidated condensed interim financial statements are based on Final Revenue Requirement determined by OGRA for the financial year ended June 30, 2021.Where provisions of and directives issued under the Act differ with the requirements of IAS 34, the provisions of and directives issued under the Act have been followed.

2.2 Basis of measurement

These consolidated condensed interim financial statements have been prepared under the historic cost convention, unless otherwise stated.

2.3 Functional and presentation currency

These consolidated condensed interim financial statements are prepared in Pakistani Rupees which is the Group's functional and presentation currency.

3. SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ACCOUNTING ESTIMATES, JUDGEMENTS AND CHANGES THEREIN

3.1. Significant accounting policies and methods of computation applied for the preparation of these un-audited consolidated condensed interim financial statements are the same as those applied in preparation of the annual consolidated audited financial statements of the Company for the year ended June 30, 2021.

3.2 The preparation of these un-audited consolidated condensed interim financial statements is 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 Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual audited consolidated financial statements for the year ended June 30, 2021 except for the following:

Estimated useful life of fixed assets with respect to Gas Distribution System (Meters), Computers and Ancillary equipments have been increased from 10 years to 20 years and from 3 years to 3-6.67 years respectively as per the directives of OGRA for FY 2021-22 onwards. Accordingly, this change have been made prospectively in accordance with IAS 8 "Accounting Policies, change in Accounting Estimates and Errors". Had the useful life of above mentioned fixed assets remained the same, by the depreciation charge for the period would have been increased by Rs. 3,029 million.

Further, the charge in respect of staff retirement benefits has been recognised on the basis of Actuarial's projection for FY 2021-22, hence it does not include consideration for actuarial gains / losses which will be determined at the year end.

3.3 There are certain standards, interpretations and amendments to approved accounting standards which have been published and are mandatory for the Group's accounting period beginning on or after July 01, 2021. These standards, interpretations and amendments are either not relevant to the Group's operations or are not expected to have a significant effect on these un-audited consolidated condensed interim financial statements.

3.4 The Group's financial risk management objectives and policies are consistent with those disclosed in the annual audited consolidated financial statements as at and for the year ended June 30, 2021.

4. PROPERTY, PLANT AND EQUIPMENT

	December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
	--------(Rupees in '000)--------	
Operating assets	**129,243,050**	127,408,805
Capital work-in-progress	**14,495,457**	11,688,322
	143,738,507	139,097,127

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

	December 31, 2021		December 31, 2020	
	(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	**51,051**	**-**	54,657	-
Gas distribution system	**2,607,038**	**(43,549)**	2,530,255	(43,909)
Gas transmission pipelines	**67,076**	**-**	1,305,968	-
Telecommunication	**980**	**(89)**	2,882	-
Plant and machinery	**143,693**	**-**	88,980	(269)
Tools and equipment	**21,496**	**-**	3,694	-
Motor vehicles	**121,681**	**(2,133)**	53,894	(20,233)
Furniture and fixtures	**4,452**	**-**	1,904	-
Office equipment	**25,595**	**-**	28,136	-
Computers and ancillary equipments	**3,701**	**(231)**	14,755	(9)
Cylinders	**8,208**	**-**	57,722	-
Spherical tanks	**-**	**-**	13,398	-
Compressors	**282,292**	**-**	1,186,430	-
	3,337,263	**(46,002)**	5,342,675	(64,420)

	December 31, 2021		December 31, 2020	
	(Un-audited)			
	--------(Rupees in '000)--------			
	Capital expenditure incurred	Transfer to operating assets	Capital expenditure incurred	Transfer to operating assets
Capital work in progress:				
Projects:				
Gas distribution system	**3,425,239**	**(2,607,038)**	3,669,911	(2,530,255)
Gas transmission pipelines	**-**	**(67,076)**	1,118,821	(1,305,968)
Cost of buildings under construction and others	**26,333**	**(51,051)**	1,537,800	(17,392)
	3,451,572	**(2,725,165)**	6,326,532	(3,853,615)

During the period, there has been net increase / (decrease) in respect of stores and spares held for capital projects and others amounting to Rs. 1,498 million (December 31, 2020: Rs. (845) million).

	December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
5 RIGHT OF USE ASSETS	--------(Rupees in '000)--------	
Cost	**339,448**	367,452
Accumulated depreciation	**(196,611)**	(201,986)
Net book value	**142,837**	165,466
Cost		
Opening balance	**367,452**	369,281
Additions during the period / year	**37,747**	50,055
Derecognition during the period / year	**(65,751)**	(51,884)
Ending balance	**339,448**	367,452
Accumulated depreciation		
Opening balance	**201,986**	128,161
Depreciation charge for the period / year	**58,681**	124,889
Derecognition during the period / year	**(64,056)**	(51,064)
Ending balance	**196,611**	201,986

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

	Note	December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
6 LONG TERM INVESTMENTS		--------(Rupees in '000)--------	
Investments - fair value through other comprehensive		**142,379**	209,299
		142,379	209,299
7 TRADE DEBTS			
Secured		**33,255,390**	31,108,796
Unsecured		**76,812,971**	82,534,979
	7.1&7.2	**110,068,361**	113,643,775
Provision against doubtful debts		**(22,163,713)**	(21,502,162)
		87,904,648	92,141,613

7.1 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 Accounting Standard IAS 18 "Revenue" supersede by 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. 29,652 million (June 30, 2021: Rs. 30,931 million) as at December 31, 2021 receivables from KE against sale of indigenous gas., which is overdue. However, the aggregate legal claim of the Holding Company from KE amounts to Rs. 141,196 million (June 30, 2021: Rs. 132,424 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 in 2012, the Holding Company filed the aforementioned suit against KE amounting to Rs. 55,705 million. The above suit has been filed based on the following grounds:

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

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

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

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 date but the supply of gas and payment is continued 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. Term of reference has been signed and shared with KE however no response has been received from KE.

7.2 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 Accounting Standard IAS 18 "Revenue" supersede by 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. 24,865 million (June 30, 2021: Rs. 24,699 million) including overdue balance of Rs. 24,786 million (June 30, 2021: Rs. 24,622 million) receivable from PSML. However, the aggregate legal claim of the Holding Company from PSML amounts to Rs. 78,020 million (June 30, 2021: Rs. 74,417 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 balance upto February 2016, 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 approximately of Rs. 38,660 million on account of losses due to low gas pressure provided to PSML from March 2015 to December 2016. Legal advisor 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.

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, 2021 (Un-audited)	June 30, 2021 (Audited)
8	**INTEREST ACCRUED**		--------(Rupees in '000)--------	
	Interest accrued on late payment of bills / invoices from:			
	Sui Northern Gas Pipelines Limited (SNGPL)		**10,393,948**	9,821,347
	Water and Power Development Authority (WAPDA)		**4,883,500**	4,717,577
	Jamshoro Joint Venture Limited (JJVL)		**239,689**	239,689
			15,517,137	14,778,613
	Interest accrued on sales tax refund		**487,739**	487,739
			16,004,876	15,266,352
	Provision against impaired accrued income		**(112,400)**	(112,400)
			15,892,476	15,153,952
9	**OTHER RECEIVABLES**			
	Tariff adjustments indigenous gas - receivable Government of Pakistan (GoP)	9.1	**240,669,771**	207,762,067
	Receivable from SNGPL for differential tariff		**4,284,080**	4,284,080
	Receivable from HCPCL	9.2	**4,157,839**	4,157,839
	Receivable from staff pension fund		**79,052**	79,052
	Balance receivable for sale of gas condensate		**77,609**	42,949
	Receivable from SNGPL	9.3	**104,992,078**	103,776,821
	Receivable from JJVL	9.4 , 9.5 & 9.6	**2,501,824**	2,501,824
	Sales tax receivable	9.7	**45,341,843**	39,548,675
	Sindh sales tax		**112,976**	112,976
	Receivable against asset contribution	9.8	**337,514**	348,448
	Accrued markup		**5,757**	5,016
	Miscellaneous		**40,259**	29,997
			402,600,602	362,649,744
	Impairment loss against financial assets		**(2,586,874)**	(2,586,874)
			400,013,728	360,062,870
9.1	**Tariff adjustments indigenous gas - receivable from GoP**			
	Opening Balance		**207,762,067**	178,411,641
	Recognized in statement of profit or loss		**32,397,615**	28,557,632
	Subsidy for LPG air mix operations		**510,089**	792,794
	Ending Balance		**240,669,771**	207,762,067

	December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
	--------(Rupees in '000)--------	
9.2 Receivable from HCPCL		
Amount of liquidated damages (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

9.2.1 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 charged by WAPDA to 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.

The 20 years GSA with HCPCL expired in September 2019. Prior to the expiry of GSA, MOE communicated the Holding Company to continue supplying gas to HCPCL in order to avoid suspension of electricity to national grid. In the month of October 2019, HCPCL carried out a set off of Rs. 586.5 Million from the Holding Company's outstanding bills on account of LDs imposed by WAPDA after the expiry of gas allocation on 31 December 2018. The Holding Company disconnected gas supply of HCPCL on 3rd October 2019. Subsequently securing gas receivables, the Holding Company opted for encashment of HCPCL Bank Guarantees. In response, HCPCL filed Suit 1570 of 2019 and obtained stay from the Honorable High Court of Sindh against the Holding Company regarding encashment of Bank Guarantees. HCPCL is in negotiations with the the Holding Company to finalize to modalities under ECC decision for waiver of LDs and sign a new GSA to resume gas supply.

	December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
9.3 Receivable balance from SNGPL	--------(Rupees in '000)--------	
Uniform cost of gas	**15,818,846**	15,818,845
Lease rentals	**1,095,178**	922,429
Contingent rent	**10,610**	10,405
LSA Margins	**2,970,128**	2,945,502
Capacity and utilisation charges of RLNG	**52,909,782**	52,247,106
RLNG transportation income	**32,187,534**	31,832,534
	104,992,078	103,776,821

9.3.1 The Holding Company has invoiced an amount of Rs.145,723 million (June 30, 2021 Rs. 130,456 million), including Sindh Sales Tax of Rs.16,908 (June 30, 2021 Rs.15,151 million) million, till December 31, 2021 to SNGPL in respect of matters including capacity and utilization charges (terminal charges), LSA margins and transportation charges relating to RLNG.

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 MOE, 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 the new agreement dated January 25, 2021 it was decided from June 2020 onwards all the invoices will be paid on monthly basis by SNGPL, however, outstanding balances before June 2020 will be settled after finalization of OGRA consultant report.

9.4 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. 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 "Local Producer Price" for the full period during which the Implementation Agreement had been operational. However, the freight amount is yet to be finalized for which SCP has appointed an Advocate of 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 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 to 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 once the matter is concluded by SCP in due course.

9.5 The Holding Company had an arrangement in terms of MoUs with Jamshoro Joint Venture Limited (JJVL) wherein JJVL was allowed to extract LPG from various gas fields and provide the Holding Company with total quantity of LPG extracted out of which 50% LPG was sold to JJVL as per the MoUs. The Holding Company paid processing charges of $235/MT for the months in which JJVL's production share is below 53.55% and $220/MT if JJVL's production share is more than 53.55%.

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. Subsequently, JJVL paid Rs. 1.5 billion as per SCP Order dated November 16, 2018 based on the report submitted by Chartered Accountant firm.

As per the new agreement signed between the Holding Company and JJVL pursuant to SCP order dated 4 December 2018, the Holding Company shall supply gas to Jamshoro Joint Venture Limited (JJVL) Plant for the extraction of LPG and NGL from its related field. LPG and NGL is owned by JJVL to be sold at its discretion. JJVL shall pay to the Holding Company a consideration which shall be a percentage of the total value of extraction of LPG / NGL. The Holding Company percentage shall be 57% of the total value extraction of LPG and NGL on ad-hoc basis which will be finalized by the firm of Chartered Accountants as per the Agreement in its determination report. The Holding Company shall not pay any extraction charges to JJVL in respect of this agreement.

The new agreement was valid for 1.5 years and expired on June 20, 2020. After the expiry of the said agreement, the Holding Company has not entered into any new arrangement with JJVL to date and hence, no gas has been supplied to JJVL plant since then.

9.6 This amount comprises of receivable in respect of royalty income, sale of liquid petroleum gas, sale of natural gas liquids, federal excise duty, Sindh sales tax on franchise services, fuel charges receivable against processing charges from JJVL and receivable from JJVL @ 57% value of LPG / NGL extraction as per new agreement signed between the Holding Company and JJVL pursuant to SCP order dated December 04, 2018 amounting to Rs. (10) million (June 30, 2021: Rs. (10) million), Rs. 160 million (June 30, 2021: Rs. 160 million), Rs. 178 million (June 30, 2021: Rs. 178 million), Rs. 1,070 million (June 30, 2021: Rs. 1,070 million), Rs. 646 million (June 30, 2021: Rs. 646 million), Rs. 32 million (June 30, 2021: 32 million), Rs.6.6 million (June 30, 2021:Rs.6.6 million), Rs. 419 million (June 30, 2021: Rs.419 million) respectively.

9.7 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. Realising 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, such 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. Management is making vigorous efforts for realisation of these refunds.

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

10 LONG-TERM FINANCE	**Note**	**December 31, 2021 (Un-audited)**	**June 30, 2021 (Audited)**
		--------(Rupees in '000)--------	
Secured			
Loans from banking companies	10.1 , 10.2 , 10.3 & 10.4	**24,468,247**	28,382,272
Unsecured			
Front end fee of foreign currency loan		**23,950**	23,950
Customer financing		**141,943**	151,286
Government of Sindh loans		**788,101**	782,653
		953,994	957,889
		25,422,241	29,340,161
Less: Current portion shown under Current liabilities			
Loans from banking companies		**(7,875,000)**	(7,875,000)
Customer financing		**(18,020)**	(18,995)
Government of Sindh loans		**(186,667)**	(186,667)
		(8,079,687)	(8,080,662)
		17,342,554	21,259,499

10.1 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, 2021, 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 first pari passu charge by way of hypothecation over all present and future movable fixed Regasified Liquefied Natural Gas assets of the Holding Company including but not limited to compressor stations, transmission pipelines, distribution pipelines, pipeline construction machinery and equipment. The loan is repayable semi-annually, carring markup of 6 months KIBOR and 1.10 % per annum.

10.2 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. The loan is repayable semi-annually, carring markup of 6 months KIBOR and 0.50 % per annum.

10.3 A long term finance facility amounting to Rs. 3,000 million was sanctioned in August 2015 . During the period, repayment of Rs. 300 million has been made.The loan is repayable semi-annually, carring markup of 6 months KIBOR and 0.50 % per annum.

10.4 These loans / financial arrangements are secured by pari passu charge by way of hypothecation on all present and future movable fixed assets of the Holding Company comprising of compressor stations, transmission pipelines, distribution pipelines, pipeline construction machinery and equipments.

11 DEFERRED CREDIT	**Note**	**December 31, 2021 (Un-audited)**	**June 30, 2021 (Audited)**
		--------(Rupees in '000)--------	
Government of Pakistan contributions / grants			
Opening balance		**2,968,896**	2,911,647
Additions / adjustments during the period / year		**10,411**	369,294
Amortized during the period / year	21	**(215,904)**	(312,045)
Ending balance		**2,763,403**	2,968,896
Government of Sindh (Conversion of loan into grant)			
Opening balance		**1,952,840**	1,995,985
Additions during the period / year		**39**	78,249
Amortized during the period / year	21	**(91,044)**	(121,394)
Ending balance		**1,861,835**	1,952,840
Government of Sindh grants			
Opening balance		**113,200**	129,125
Amortized during the period / year	21 & 11.1	**(8,625)**	(15,925)
Ending balance		**104,575**	113,200
		4,729,813	5,034,936
Less: Current portion of deferred credit		**(443,575)**	(442,114)
		4,286,238	4,592,822

11.1 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 amounts to Rs 940 million and subsequently it is measured at its initial fair value of Rs. 170 million based on net of waiver. These are calculated at 3 month KIBOR prevailing at respective period ends in which these loans were disbursed. This benefit is treated as Government grant and would be amortised in un-audited consolidated condensed interim statement of profit or loss on the basis of pattern of recognition of expenses pertaining to capitalization of assets and the related finance costs.

12	CONTRACT LIABILITIES	Note	December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
			--------(Rupees in '000)--------	
	Contribution from customers	12.1	**2,677,884**	2,508,518
	Advance received from customers for laying of mains		**5,710,012**	5,277,556
			8,387,896	7,786,074
12.1	**Contribution from customers**			
	Opening balance		**2,740,870**	2,015,462
	Additions / adjustments during the period / year		**324,825**	935,231
	Amortized during the period / year		**(120,998)**	(209,823)
			2,944,697	2,740,870
	Less: Current portion of contributions from customers		**(266,813)**	(232,352)
	Ending balance		**2,677,884**	2,508,518

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

13 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, 2021: Rs. 25,000 million) and carry mark-up ranging from 0.00% to 0.20% (June 30, 2021: 0.20%) above the average one month KIBOR. These facilities are secured by first pari passu second amendment to the joint hypothecation agreement 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.334 million (June 30, 2021: Rs. 1,249 million).

14	TRADE AND OTHER PAYABLES	Note	December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
			--------(Rupees in '000)--------	
	Creditors for:			
	Indigenous Gas	14.1	**438,773,934**	387,937,266
	RLNG		**109,371,719**	112,319,360
			548,145,653	500,256,626
	Tariff adjustments RLNG- payable to GoP	14.2	**15,573,170**	18,346,037
	Service charges payable to EETPL		**2,407,411**	1,776,953
	Accrued liabilities		**6,673,939**	5,610,706
	Provision for compensated absences - non executives		**251,069**	239,113
	Payable to staff gratuity fund		**3,551,111**	3,509,988
	Payable to provident fund		**110,442**	62,335
	Deposits / retention money		**677,688**	659,851
	Advance for sharing right of way		**18,088**	18,088
	Withholding tax payable		**120,315**	83,168
	Sales tax and FED payable		**758,511**	360,133
	Provincial sales tax on services		**326,263**	190,875
	Gas infrastructure development cess payable		**6,886,119**	8,856,769
	Unclaimed term finance certificate redemption profit		**1,800**	1,800
	Workers's profit participation fund	14.3	**294,626**	234,255
	Advance from customers and distributors		**181,146**	94,571
	Transport and advertisement services		**16,442**	13,607
	Provision		**6,950**	14,933
	Others		**506,124**	452,965
			586,506,867	540,782,773

14.1 Creditors for indigenous gas supplies include Rs. 368,052 million (June 30, 2021: Rs. 327,858 million) 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, 2021: Rs. 15,832 million) on their balances which have been presented in note 15.1 to these un-audited consolidated condensed interim financial statements.

	Note	2021 (Un-audited)	2021 (Audited)
		--------(Rupees in '000)--------	
14.2 Tariff adjustments RLNG - payable to GoP			
Opening balance		**18,346,037**	14,430,636
Recognized during the period / year		**(2,772,867)**	3,915,401
Ending balance		**15,573,170**	18,346,037
14.3 Workers' Profit Participation Fund (WPPF)			
Opening balance		**234,255**	174,515
Charge during the period / year		**-**	59,740
Interest on WPPF		**60,371**	-
Ending balance		**294,626**	234,255

15 INTEREST ACCRUED

	Note	2021 (Un-audited)	2021 (Audited)
Long term financing - loans from banking companies		**441,803**	416,543
Long term deposits from customers		**268,637**	518,980
Short term borrowings		**339,787**	270,917
Late payment surcharge on processing charges		**99,283**	99,283
Late payment surcharge on tariff adjustment -indigenous gas		**4,826**	4,826
Late payment surcharge on gas supplies	15.1	**15,832,411**	15,832,411
		16,986,747	17,142,960

15.1 As disclosed in note 7.1 and 7.2, effective from July 1, 2012, the Holding Company has been accounting for LPS from KE and PSML on receipt basis as per International Financial Reporting Standards 15: "Revenue from Contracts with Customers". However, the Holding Company continued recognition of the LPS expenses 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 accounting and reporting standards as applicable in Pakistan, 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 fulfilment 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.

Based on the aforesaid letter and legal opinion obtained by the Holding Company, the aggregate unrecognized accrued markup up to December 31, 2021 stands at Rs. 117,533 million (June 30, 2021: Rs.104,067 million)

		December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
16	**CONTINGENCIES AND COMMITMENTS**	--------(Rupees in '000)--------	
16.1	Commitments for capital and other expenditures	**3,761,897**	5,999,668
16.2	Guarantees issued on behalf of the Group	**6,929,372**	7,503,092

16.3 In respect of the Holding Company

16.3.1 Jamshoro Power Company Limited (JPCL) has lodged claims against the Holding Company amounting to Rs. 144,120 million (June 30,2021: 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 (June 30,2021: 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.

Subsequent to the period end, the Holding Company received letter dated 10th June 2022 from the Arbitrator to file its reply against JPCL's claim. The Holding Company vide letter dated June 15, 2022 communicated MoE's letter dated August 12, 2021 and also informed MoE about the Arbitrator's letter. The Holding Company vide its letter dated June 15, 2022 shared MoE letter dated August 12, 2022 and informed that MoE has referred the matter to Secretaries Committee for resolution of issue. In addition, the Holding Company vide letter dated June 20, 2022 requested DG (Gas) to take up the matter with Power Division so that the necessary directions can be communicated to JPCL and Arbitrator. In response DG (Gas) vide letter dated July 6, 2022 requested the Holding Company to provide legal opinion on the claim made by JPCL. Accordingly the Holding Company submitted the legal opinion to DG (Gas).

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.

16.3.2 As disclosed in note 15.1, 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, June 30, 2021 and for the half year ended December 31, 2021 amounting to Rs. 7,569 million, Rs. 7,477 million, Rs. 10,525 million,Rs. 26,335 million, Rs. 25,939 million and Rs. 13,466 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.

16.3.3 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 well 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 eight 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 SCP.

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.

Moreover, the firm has to submit the 'Determination Report' as per the agreement in order to finalize the revenue sharing percentage. Accordingly, the same has been submitted by the firm to SCP in December 2020 after having inputs / working from both the parties. Currently, the matter is pending in SCP and the final Holding Company's consideration will be subject to conclusion of this matter at SCP.

16.3.4 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 un-audited 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.

16.3.5 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 favour.

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

16.3.6 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, 2018-19 and 2019-20.

All the Orders were contested before Commissioner (Appeals) who decided the cases in Holding Company's favor. However, the said Commissioner (Appeals) Orders in the Holding Company favor have been challenged by the tax authorities before the Appellate Tribunal Inland Revenue except for the appellate order for TY-2019-20 which has been remanded back by the Commissioner Appeals.

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 advisor are confident that the outcome of the case will be in favor of the Holding Company.

16.3.7 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 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 advisor 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 advisor is confident that the outcome of the cases will be in favor of the Holding Company.

16.3.8 The Additional Commissioner Inland Revenue passed an order against the Holding Company with demand alongwith default surcharge and penalty for incorrect adjustment of withholding sales tax against input invoices for the period July 2017 – April 2018 . The principal tax demand of Rs. 1,235 Million 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 advisor are confident that the outcome of the case will be in favor of the Holding Company.

16.3.9 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 the Holding Company favour while minimum tax adjustment for loss making year of 2007-08 was decided against the Holding Company. The said minimum tax disallowance has been challenged before the Sindh High Court and is currently sub-judice.

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 advisor are confident that the outcome of the case will be in favor of the Holding Company.

16.3.10 As disclosed in Note 7 to these consolidated condensed interim financial statements – Trade Debts, Interest Income from K-Electric (KE) and Pakistan Steel (PSML) is not being recognized in the 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 2019-20, on said unrecognized Interest Income from K-Electric (KE) and Pakistan Steel (PSML). Appeal against the said Orders have been filed before Commissioner (Appeals), who decided the case against the Holding Company upon which 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 advisor are confident that the outcome of the case will be in favor of the Holding Company.

16.3.11 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, the 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 advisor are confident that the outcome of the case will be in favor of the Holding Company.

16.3.12 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), which is pending adjudication.

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

16.3.13 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 upheld LTO Order. Holding Company has challenged the matter before the Appellate Tribunal Inland Revenue which is pending adjudication.

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

16.3.14 The Holding Company is subject to various other claims totaling Rs. 15,754 million by income tax and sales tax authorities. The management is confident that ultimately these claims would not be payable.

16.3.15 There are several other pending litigations in the nature of billing disputes, employees disputes and related matters in which the Holding Company is defendent/ respondent. The management, based on the view of the inhouse legal advisor, is of the view that the aggregate expoure in all the said cases is not material to the Holding Company. Accordingly, no provision has been made in these consolidated condensed interim financial statements.

16.4 In respect of Subsidiary Company

16.4.1 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 by CIR Appeals

The ATIR in its order dated 23-06-2021 held that SSGC LPG is not a manufacturer and upheld decision of the department,however the ATIR on certain points remanded back the issue with department and CIR(A) for detail findings after giving fair opportunity of beaing heared to the Taxpayer.The Department issued fresh order with out giving fair opportunity of being heard the taxpayer and created demand amount of 46.2 million irrespective of the fact that main issue was whether chargeability of FTR is applicable on complete sale or otherwise.The Taxpayer being aggreived with in impuged order preferred an appeal before CIR(A) and main hearing was fixed 14-12-2021.

Meanwhile,the Company has filed rectification application before the learned ATIR on ground that in Case Reference NO.: ITA 890/KB/2015: SSGC LPG Vs ACIR for TY 2013, the learned ATIR did not consider or overlooked case reference number PTD 2018 of Hazara Efficient Gas which was binding on the learned ATIR while disposing off the case of the appellant.The ATIR has accepted the miscellaneous application and moved the application to larger bench.The ATIR has also granted stay against recovery of demand for tax year 2013 till the order of learned ATIR in miscellaneous application filed by the appellant.

The CIR(A) in its order dated 29-12-2021 remanded back the case to the department with directions to bifercate sale revenue into FTR and NTR and allocation of expenses accordingly.No provision has been made due to the fact that CIR(A) has remanded back the case to the department with further directions to follow the order of the learned ATIR on "Manufacturer Staus" of the Company, the Compnay is confident that decision will come in its favour,hence no provision has been recorded in Financial statements for the perid half year ended 31 December,2021.

16.4.2 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 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 Company and no provision is recorded in these financial statements.

16.4.3 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 Company has filed an year 2013 and 2014. The 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 Company’s bank account.

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

16.4.4 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 required the Company to submit necessary documents for reassessment of tax liability. Against the said notice the Company filed petition in Sindh High Court (SHC). The SHC granted stay to the Company and link the case with the decision of Tribunal for tax period 2013.However after decision of ATIR dated 23-06-2021 regarding manufacturing status of the company upheld the order of the department and remanded back the some issues to the department and CIR(A) for further findings.However,after the order of the learned ATIR,the ACIR issued fresh show casue notices to the compnay for TY 2015-2020 and susequently passed order u/s 122(5A) of the Income Tax Ordinance ,2001 and raised demand amount of PKR 1,106.95 million for TY 2015-2020.The Company being aggreived with the impugned order passed by the learned ACIR preferred an appeal before learned CIR(A) for TY 2015-2020.

The Learned CIR(A) remanded back the impugned orders TY 2015 & 2016 dated 08-12-2021 with directions to bifercate the sales revenue into FTR and NTR and allocation of expenses accordingly.Since the issues for TY 2017-2020 are connected primarily with TY 2013 and furtheremore TY 2015 & 2016 have been remanded back,hence the managment is confident that TY 2017-2020 will be remanded back to the department.The management has not recored any provision against impugned order because of the fact that learned ATIR has accepted the rectification application u/s 221 of the Income Tax Ordinance, 2001 for TY 2013 and issue for TY 2017-2020 are connected with TY 2013.

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

16.4.5 On April 20, 2018, the 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 Company has filed petition in SHC. On May 23, 2018, the SHC has granted stay to the Company and the final decision is pending before the learned

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

16.4.6 During the period FY2020, Sindh Revenue Board has issued notice regarding payment of Sindh Workers Profit Participation Fund contribution. According to said notice, the 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 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 the company.

16.4.7 During the current year, on August 05, 2020 the 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 Company's legal counsel is of the opinion that the case will decided in favor of the Company.

16.4.8 The Inland Revenue Department also issued notice on selection in audit u/s 25 of the Sales Tax Act, 1990 and susequentelt after issuance of show cause notice passed an order u/s 11 of the Sales Tax Act, 1990 and raised impugned demand amount of PKR 55,230,711/-.The Management being aggreived with the impugned order preferred an appeal before the learned CIR(A) u/s 45 of the Sales Tax Act,1990.

The Sindh Revenue Board passed an order amount PKR 24,414,414/-on alleged violation of section 15,15A(1)(a) of the Sindh Sales Tax on Services Act, 2011 on account of inadmissible input tax for tax periods December 2016,February 2017,March 2017, April 2017, August 2017,November 2017,December 2017,January 2018 to May 2019 & July 2019.

16.4.9 Being aggreived with the impugned order passed by the AC-SRB,The Compnay has preferred an appeal before the learned CIR(A)-SRB on the ground that input tax claimed on account of transportation and construction services are genuine as the taxpayer has not made any violation of relevant setion the of the Sindh Sales Tax on Services Act,2011 because of the fact that if Form "I" has not been submitted by the service provider then it is dispute between the service provider and SRB,where as the compnay has claimed input tax on account of sales tax invoices @ statutory rate of 13 % issued by the service provider payment has been made through banking channels.

No Provison has been made in the Financial statements as the management and tax advisors are confident that the outcome of the case will be in favor of the Company.

		Note	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
				(Un-audited)		
17	**SALES**			-----------(Rupees in '000)--------------		
	Indigenous gas		**105,908,338**	116,787,416	**50,967,787**	54,541,117
	RLNG		**74,829,021**	36,447,992	**36,111,805**	24,416,834
			180,737,359	153,235,408	**87,079,592**	78,957,951
	Less: Sales tax					
	Indigenous gas		**(15,931,188)**	(17,329,165)	**(7,762,734)**	(7,929,596)
	RLNG		**(10,820,458)**	(4,990,587)	**(5,326,452)**	(3,274,791)
			(26,751,646)	(22,319,752)	**(13,089,186)**	(11,204,387)
			153,985,713	130,915,656	**73,990,406**	67,753,564
18	**TARIFF ADJUSTMENTS**					
	Indigenous gas	18.1	**32,397,615**	19,242,571	**18,547,064**	8,091,932
	RLNG		**2,772,867**	(1,598,862)	**3,576,702**	(4,078,421)
			35,170,482	17,643,709	**22,123,766**	4,013,511
18.1	**Tariff adjustment - indigenous gas**					
	Recovered during the period		**24,473,073**	(4,941,638)	**12,500,096**	(3,999,177)
	Price increase adjustment for the period		**8,434,631**	24,534,982	**5,212,019**	12,297,407
	Subsidy for LPG air mix operations		**(510,089)**	(350,773)	**(310,833)**	(206,298)
			32,397,615	19,242,571	**17,401,282**	8,091,932
19	**COST OF SALES**					
	Cost of gas	19.1	**179,885,755**	141,177,334	**94,040,951**	68,881,074
	Transmission and distribution costs		**7,209,427**	10,375,959	**3,480,756**	5,201,783
			187,095,182	151,553,293	**97,521,707**	74,082,857
19.1	**Cost of gas**					
	Opening gas in pipelines		**1,105,599**	1,248,028	**1,353,320**	1,197,089
	RLNG purchases		**66,700,192**	29,197,369	**34,321,452**	16,686,665
	Gas purchases		**113,726,845**	112,516,413	**59,825,215**	52,496,080
			181,532,636	142,961,810	**95,499,987**	70,379,834
	Gas consumed internally		**(385,162)**	(525,742)	(197,317)	(240,026)
	Closing gas in pipelines		**(1,261,719)**	(1,258,734)	**(1,261,719)**	(1,258,734)
			(1,646,881)	(1,784,476)	**(1,459,036)**	(1,498,760)
			179,885,755	141,177,334	**94,040,951**	68,881,074
20	**OTHER OPERATING EXPENSES**					
	Workers' Profit Participation		-	-	**(77,373)**	-
	Auditors' remuneration		**3,261**	3,943	**1,556**	1,785
	Sports expenses		**46,237**	61,655	**26,568**	30,566
	Corporate social		**6,019**	6,985	**2,380**	625
	Exchange loss -net		**5,115,522**	-	**1,956,598**	-
	Provision against impaired stores and spares		**107,186**	24,262	**98,902**	4,288
	Loss on sale of property, plant and equipment		**44,151**	14,690	**(84)**	13,443
			5,322,376	111,535	**2,008,547**	50,707

	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
		(Un-audited)		
	-----------(Rupees in '000)--------------			

21 OTHER INCOME

Income from financial assets				
Income for receivable against	**17,185**	19,799	**8,567**	9,503
Income from net investment in finance lease	**7,964**	13,274	**3,982**	4,211
Return on saving accounts	**31,558**	47,198	**16,836**	24,454
Dividend income	**21,781**	4,828	**5,303**	4,828
	78,488	85,099	**34,688**	42,996
Interest income on late payment of gas bills from WAPDA	**165,923**	172,140	**87,357**	80,289
Income from other than financial assets				
Late payment surcharge	**929,458**	1,073,610	**420,926**	453,492
Interest income on late payment of gas	**-**			
bills from SNGPL	**572,601**	572,601	**286,300**	286,300
Income from LPG / NGL - net	**312,962**	469,818	**205,548**	329,393
Sale of gas condensate - net	**(10,901)**	(41,225)	**2,452**	(12,856)
Meter manufacturing division profit - net	**5,661**	9,871	**2,232**	4,165
Meter rentals	**875,506**	406,017	**402,968**	203,706
RLNG Transportation	**4,104,038**	3,533,450	**2,034,914**	1,724,140
Recognition of income against deferred credit and contract liability	**408,969**	282,481	**205,647**	140,646
Income from LPG air mix distribution - net	**61,537**	66,024	**30,558**	32,554
Income from sale of tender documents	**3,381**	2,426	**1,684**	1,729
Scrap sales	**15,431**	64,475	**3,878**	63,025
Recoveries from customers	**43,080**	33,126	**22,186**	22,516
Liquidated damages	**39,422**	40,585	**32,487**	31,015
Exchange gain -net	**-**	2,722,361	**-**	2,361,493
Amortization of Government	**8,625**	7,988	**4,312**	4,033
LSA margins against RLNG	**497,043**	479,499	**272,048**	238,098
Miscellaneous	**15,502**	14,435	**7,409**	6,174
	8,126,726	9,994,781	**4,057,594**	**6,012,908**

22 TAXATION

Current	**1,466,102**	1,257,473	**716,733**	632,547
Deferred	**22,306**	50,852	**24,114**	40,577
	1,488,408	1,308,325	**740,847**	673,124

22.1 As at December 31, 2021, the Holding Company has aggregate deferred tax asset on deductible temporary differences amounting to Rs. 46,055 million (June 30, 2021: Rs. 39,736 million) out of which deferred tax asset amounting to Rs.14,471 million has been recognised and remaining balance of Rs 31,584 million is unrecognised. As at period end, the Holding Company's minimum tax credit amounted to Rs.6,584 million (June 30, 2021: Rs. 5,161 million) having expiry period ranging between 2022 and 2026.

		Half year ended		Quarter ended	
		December 31, 2021	**December 31, 2020**	**December 31, 2021**	**December 31, 2020**
23. LOSS PER SHARE - BASIC AND DILUTED					
Loss for the period	(Rupees in '000)	**(1,879,495)**	(1,424,884)	**(2,652,947)**	(759,780)
Average number of ordinary shares	(Number of shares)	**880,916,309**	880,916,309	**880,916,309**	880,916,309
Loss per share - basic and diluted	(Rupees)	**(2.13)**	(1.62)	**(3.01)**	(0.86)

24 ADJUSTMENTS FOR NON-CASH AND OTHER ITEMS	**Note**	**December 31, 2021 (Un-audited)**	**December 31, 2020**
		--------(Rupees in '000)--------	
Provisions	24.1	**1,677,126**	3,097,965
Depreciation on owned assets		**1,432,804**	4,252,111
Depreciation on right of use assets		**58,681**	62,718
Amortization of intangibles		**26,550**	4,789
Finance cost		**2,180,453**	2,473,383
Amortization of transaction cost		**28,903**	23,475
Amortization of Government grant		**(8,625)**	(7,988)
Recognition of income against deferred credit and contract liability		**(436,571)**	(309,446)
Dividend income		**(21,781)**	(4,828)
Interest income and return on term deposits		**(787,267)**	(848,562)
Income from net investment in finance lease		**(7,964)**	(13,274)
Loss on disposal of property plant and equipment		**44,179**	14,628
Lease rental from net investment in finance lease		**36,872**	42,182
Increase / (decrease) in long term advances		**15,696**	(10,812)
Increase in deferred credit and contract liability		**767,731**	630,307
Finance cost in respect of leases		**6,704**	10,021
Finance cost on payable against transfer of pipeline		**36,284**	40,816
		5,049,775	9,457,485

24.1 Provisions	Half year ended December 31, 2021	December 31, 2020
	(Un-audited)	
	------------(Rupees in '000)------------	
Provision against slow moving / obsolete stores	**107,181**	29,858
Provision against impaired debts	**661,551**	2,187,041
Provision for compensated absences	**60,515**	-
Provision for post retirement medical and free gas supply facilities	**309,133**	241,312
Provision against other retirement benefit	**538,746**	639,754
	1,677,126	3,097,965

25 WORKING CAPITAL CHANGES

Increase / (decrease) in current assets		
Stores and spares	**3,254**	(271,473)
Stock-in-trade	**(921,242)**	(102,843)
Customers' installation work-in-progress	**13,286**	(27,689)
Trade debts	**3,575,414**	555,623
Advances, deposits and short term prepayments	**215,509**	(52,615)
Other receivables	**(39,950,858)**	(33,578,544)
	(37,064,637)	(33,477,541)
Increase in current liabilities		
Trade and other payables	**45,671,015**	28,936,062
	8,606,378	(4,541,479)

26 TRANSACTIONS AND BALANCES 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 statements are as follows:

	Relationship	Half year ended December 31, 2021 (Un-audited)	Half year ended December 31, 2020 (Un-audited)
		-----------(Rupees in '000)-----------	
Government related entities			
- Purchase of fuel and lubricant		**22,840**	36,086
- Sale of gas		**78,754,578**	42,444,111
- Mark-up expense on short term finance		**48,623**	21,355
- Mark-up expense on long term finance		**151,717**	188,352
- Income from net investment in finance lease		**7,964**	13,274
- Gas purchases - Indigenous gas		**60,666,329**	88,194,728
Gas purchases - RLNG		**66,700,192**	-
- Sale of gas meters		**5,019**	11,785
- Insurance premium		**22,423**	57,471
- Electricity expenses		**127,685**	105,158
- Interest income		**738,525**	744,741
- RLNG transportation income		**4,104,038**	3,533,450
- Income against LNG service agreement		**497,043**	479,499
- LPG purchases		**385,088**	217,228
- Subscription		**2,052**	-
- Professional charges		**-**	40
Karachi Grammar School	**Associate**		
- Sale of gas		**29**	15
Key management personnel			
Remuneration		**101,841**	90,386
Pakistan Institute of Corporate Governance			
- Subscription / Trainings		**284**	979
* **Engro Fertilizers Limited**	**Associate**		
- Sale of gas		**16,734**	-
Staff retirement benefit plans	**Employee benefit Plan**		
- Contribution to provident fund		**160,426**	187,338
- Contribution to pension fund		**325,071**	321,515
- Contribution to gratuity fund		**213,735**	311,520

* Comparative transactions with ENGRO fertilizers limited has not been disclosed as it was not a related party last year.

26.1 Contribution to the defined contribution and benefit plans are in accordance with the terms of the entitlement of the employement.

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

executive staff of the Company are received at rates prescribed by the Government of Pakistan.

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

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

		December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
Government related entities	**Relationship**	--------------(Rupees in '000)--------------	
- Sale of gas		**58,860,314**	58,695,306
- Investment		**45,423**	77,522
- Borrowings		**(4,269,804)**	(4,782,380)
- Net investment in finance lease		**1,095,178**	922,429
- Gas purchases		**(379,828,687)**	(445,568,344)
- Gas purchases - RLNG		**109,371,719**	-
- Gas meters & Spare parts		**39,379**	38,157
- Uniform cost of gas		**15,818,846**	15,818,846
- Cash at bank		**96,915**	6,942
- Stock loan		**6,433**	5,321
- Payable in respect insurance		**(30,998)**	(2,244)
- Gas supply deposit		**(51,263)**	(51,263)
- Interest expense accrued - late payment on gas bills		**(15,832,411)**	(15,832,411)
- Interest income accrued - late payment on gas bills		**14,903,791**	14,538,924
- Professional charges		**57**	57
- Contingent rent		**10,610**	10,405
- Capacity and utilisation charges of RLNG		**52,909,782**	52,247,106
- RLNG transportation income		**32,187,534**	31,832,534
- LSA margins		**2,970,128**	2,945,502
- Advance for sharing right of way		**18,088**	18,088
- LPG purchases		**-**	(55,190)
Karachi Grammar School	**Associate**		
- Sale of gas		**5**	5
- Gas supply deposit		**(22)**	(22)
* **Engro Fertilizers Limited**	**Associate**		
- Sale of gas		**1,990**	-
- Gas supply deposit		**(2,851)**	-

* Comparative transactions with ENGRO fertilizers limited has not been disclosed as it was not a related party last year.

27 OPERATING SEGMENTS

IFRS 8 - Operating Segments requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief operating decision maker in order to allocate resources to segments and to 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, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	(Un-audited)			
	---------------------- (Rupees in '000) ----------------------			
Gas transmission and distribution	153,985,713	130,915,656	4,341,472	(587,481)
Meter manufacturing	642,019	842,042	5,661	9,871
Total segment results	154,627,732	131,757,698	4,347,133	(577,610)
Unallocated				
- Other operating expenses			(5,322,376)	(111,535)
- Other income			584,156	572,586
Loss before tax			(391,087)	(116,559)

The above revenue includes sale of meters by meter manufacturing segment to gas transmission and distribution amounting to Rs. 636 million (December 31, 2020: Rs. 832 million).

Segment assets and liabilities	December 31, 2021 (Un-audited)	June 30, 2021 (Audited)
	--------(Rupees in '000)--------	
Segment assets		
Gas transmission and distribution	656,986,793	613,074,073
Meter manufacturing	646,295	552,261
Total segment assets	657,633,088	613,626,334
Unallocated		
Loans and advances	277,271	2,205,677
Taxation - net	17,644,824	17,609,468
Interest accrued	487,739	487,739
Cash and bank balances	2,479,044	573,696
	20,888,878	20,876,580
Total assets as per consolidated condensed interim statement of financial position	678,521,966	636,065,419

	Dec 31, 2021 (Un-audited)	June 30, 2021 (Audited)
	--------(Rupees in '000)--------	
Segments liabilities		
Gas transmission and distribution	**701,511,801**	657,352,832
Meter manufacturing	**253,895**	9,902
Total segment liabilities	**701,765,696**	657,362,734
Total liabilities as per consolidated condensed interim statement of financial position	**701,765,696**	657,362,734

28 FAIR VALUE 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.

28.1 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 their carrying 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, 2021 (Un-audited)			
	Level 1	Level 2	Level 3	Total
	------------------------------Rupees in '000------------------------------			
Assets				
Fair value through OCI Financial Assets				
Quoted equity securities	**142,379**	-	-	**142,379**

	As at June 30, 2021 (Audited)			
	Level 1	Level 2	Level 3	Total
	-----------------------------Rupees in '000-----------------------------			
Assets				
Fair value through OCI				
Financial Assets				
Quoted equity securities	209,299	-	-	209,299

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.

28.2 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, 2021 (Un-audited)			
	Level 1	Level 2	Level 3	Total
	-----------------------------Rupees in '000-----------------------------			
Freehold land		**12,733,793**		**12,733,793**
Leasehold land		**13,359,259**		**13,359,259**

	As at June 30, 2021 (Audited)			
	Level 1	Level 2	Level 3	Total
	-----------------------------Rupees in '000-----------------------------			
Freehold Land		12,733,793		12,733,793
Leasehold Land		13,359,259		13,359,259

29 GENERAL

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

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

30 DATE OF AUTHORISATION

These consolidated condensed interim financial statements were authorised for issue in Board of Directors meeting held on May 20, 2023.

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,	
	2021	**2020**
GAS SALES VOLUME (MMCF)	**163,171**	172,252
NUMBER OF CUSTOMERS (CUMULATIVE)		
INDUSTRIAL	**4,325**	4,297
COMMERCIAL	**22,761**	23,380
DOMESTIC	**3,221,058**	3,118,549
TOTAL	**3,248,144**	3,146,226
GAS METERS MANUFACTURED (NOS.)	**206,608**	224,232
TRANSMISSION NETWORK - CUMULATIVE (KM)		
DIAMETER		
6"	**36**	36
8"	**26**	26
12"	**591**	591
16"	**558**	558
18"	**940**	940
20"	**844**	844
24"	**751**	751
30"	**26**	26
42"	**371**	371
	4,143	4,143
DISTRIBUTION NETWORK - CUMULATIVE (KM)		
MAINS (1" - 30" DIAMETER)	**37,551**	36,889
SERVICES	**11,291**	10,986
	48,842	47,875

NOTES

KEاورPSMLسے قابل وصول

K-Electric(KE)اور پاکستان اسٹیل ملزلمیٹڈ(PSML)کے قابل وصول تنازعہ کی صورت حال گزشتہ سالوں کی طرح ہی رہی۔انتظامیہ KE کے خلاف دائر ریکوری کے مقدمے کی بھرپور طریقے سے پیروی کررہی ہے۔اس کے ساتھ ہی انتظامیہ متعلقہ وزارتوں کے ساتھ مسلسل رابطے میں ہے تاکہ کے ای اور پی ایس ایم ایل سے بقایاجات کی وصولی کو تیز کیا جاسکے۔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 پی ایس ایم ایل نے مالی سال 2021-22 میں 307 ملین روپے جو موجودہ بلوں کے مقابلے میں ایڈجسٹ کیے گئے ہیں۔PSML نے یہ ادائیگی فنانس ڈویژن کی طرف سے اس مقصد کے لیے مختص کی گئی رقم میں سے کی۔KE اور PSML کے خلاف LPS سمیت کمپنی کا دعویٰ 31 دسمبر 2021 تک بالترتیب 141196 ملین روپے اور 78,020 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 مسلسل روزانہ کی بنیاد پر متعلقہ سرکاری حکام کو اس موقف سے آگاہ کررہی ہے اور امید کرتی ہے کہ قومی سطح پر گردشی قرضے کے حل کے ساتھ ہی یہ مسئلہ حل ہوجائے گا۔

HCPCLسے قابل وصول

30 اپریل 2018 کو ثالثی کی کارروائی کا فیصلہ بین الاقوامی عدالت برائے ثالثی نے HCPC کے دعوی SSGC کی طرف سے گیس GSA کے تحت عدم فراہمی اور فراہمی میں کمی کے خلاف میسرز حبیب اللہ کوسٹل پاور کمپنی پرائیویٹ لمیٹڈ(HCPCL)کے حق میں ایوارڈ کیا نتیجتاً HCPCL نے کمپنی کے جاری کردہ گیس کے بلوں کے خلاف اپنا دعویٰ ایڈجسٹ کیا۔

مندرجہ بالا کے مقابلے کی وجہ سے کل ایکسپوژر 8.0 بلین روپے ہے۔

HCPCL کی طرف سے کمپنی سے 3.8 بلین کے نقصان کا دعویٰ کیا گیا ہے جو G-CPPA / WAPDA کی طرف سے HCPCL کو موصول نقصانات کا نتیجہ تھا،یعنی ایک GOP ادارے سے دوسرے GOP ادارے کو ادائیگی کا بہاؤ۔لہذا،ای سی سی نے 07 فروری 2018 کو ہونے والے اپنے اجلاس میں پیٹرولیم ڈویژن اور پاور ڈویژن کو ہدایت کے ساتھ لیکویڈیٹڈ نقصانات کی معافی کی تجویز کو اصولی طور پر منظور کیا۔بغیر ڈسپیچ کی مدت کو"دیگر فورس میجیور ایونٹ (اوایم ای)"کے طور پر مانتے ہوئے تمام اسٹیک ہولڈرز کے ساتھ مشاورت سے طریقہ کار پر کام کرے گا اور اس طرح جی ایس اے کی مدت کو بغیر ڈسپیچ کی مدت کے بڑھادے گا۔

SSGC اور HCPCL کے درمیان GSA کی میعاد ستمبر،2019 میں ختم ہوگئی تھی جبکہ HCPCL اور G-CPPA کے درمیان پاور پرچیز ایگریمنٹ(PPA) 2029 تک کارآمد ہے۔

اس کے مطابق،HCPCL کی طرف سے LDs اور LPS کو ایڈجسٹ کیا گیا جس کی رقم بالترتیب 8.3 بلین اور 0.3 بلین روپے ایچ سی پی سی ایل سے قابل وصولی" ہے اور باقی رقم 3.9 بلین روپے 25 مئی 2021 کو آپریٹنگ اخراجات کے طور پر مالی سال 2018-19 کے فائنل ریونیو ریکوائرمنٹ(DFRR)پر 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۔

غیر یقینی صورتحال

مالیاتی بیانات کے نوٹ 1.3 میں زیر بحث مالی کارکردگی کی بنیاد پر،آڈیٹرز نے یہ نتیجہ اخذ کیا ہے کہ مادی غیر یقینی صورتحال موجود ہے جو تشویش کے ساتھ کمپنی کی صلاحیت پر اہم شکوک پیدا کرسکتی ہے۔تاہم،کمپنی نے حکومت پاکستان،فنانس ڈویژن سے مورخہ 06 جولائی 2020 کو ایک خط حاصل کیا ہے جو کمپنی کی تشویشناک صورتحال کو برقرار رکھنے کے لیے تعاون کا عہد کرتا ہے۔آڈیٹرز نے اپنی جائزہ رپورٹ میں اس پر زور دیا ہے"معاملہ کا زور"۔

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

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

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

ج) UFG کو کنٹرول کرنے کے لیے بورڈ سے منظور شدہ حکمت عملی وضع کی گئی ہے اور اس پر عمل درآمد جاری ہے۔

د) بینکوں نے 30 جون 2022 تک ایکویٹی تناسب کی ضروریات کے لیے قرض معاف کردیا ہے۔مزید برآں کمپنی نے کبھی بھی کسی قسط اور اس پر سود کی ادائیگی میں ڈیفالٹ نہیں کیا ہے اور کچھ قرضے آج تک مکمل طور پر ادا کیے جاچکے ہیں۔

مذکورہ بالا کے علاوہ،بیرونی آڈیٹرز،میسرز بی ڈی او ابراہیم اینڈ کمپنی،چارٹرڈ اکاؤنٹنٹس نے 31 دسمبر 2021 کو ختم ہونے والی چھ ماہ کی مدت کے لیے اپنی رپورٹ اور جائزے میں کچھ مسائل پر توجہ مبذول کرائی ہے۔ان معاملات پر تبصرے درج ذیل ہیں:

1. SSGC نے 01 جولائی 2012 سے حکومت کے زیر کنٹرول E&P کمپنیوں (OGDCL،PPL اور GHPL) کو قابل ادائیگی LPS اخراجات کی شناخت بند کردی ہے جب تک SSGC کو PSML اور KE سے LPS آمدنی حاصل نہیں ہوجاتی؛اور

2 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۔

اعترافات

بورڈ حصص یافتگان اور اس کے قابل قدر صارفین کی جانب سے مسلسل تعاون کے لیے اپنی تعریف کا اظہار کرنا چاہتا ہے۔بورڈ ان تمام ملازمین کی لگن کو بھی تسلیم کرتا ہے جنہوں نے کمپنی کو درپیش متعدد چیلنجوں کے باوجود کام کیا۔بورڈ مسلسل رہنمائی اور تعاون پر حکومت پاکستان،وزارت توانائی اور آئل اینڈ گیس ریگولیٹری اتھارٹی کا بھی شکریہ ادا کرتا ہے۔

تاریخ: ستمبر 09، 2022
کراچی

ڈاکٹر شمشاد اختر
چیئرپرسن،بورڈ آف ڈائریکٹرز

محمد امین راجپوت
ایکٹنگ منیجنگ ڈائریکٹر

ڈائریکٹرز کا جائزہ
برائے ششماہی مختتمہ 31 دسمبر 2021

ہمیں 31 دسمبر 2021 کو ختم ہونے والی چھ ماہ کی مدت کے لیے کمپنی کے نتائج کا اشتراک کرتے ہوئے خوشی ہو رہی ہے۔

مالیاتی عمومی جائزہ

کمپنی نے اوگرا کی جانب سے میجر ڈس الاؤنسز کی وجہ سے بعد از ٹیکس 2,001 ملین روپے نقصان ریکارڈ کیا۔
مذکورہ مدت کی مالیاتی جھلکیوں کا خلاصہ ذیل میں دیا گیا ہے:

	دسمبر 2021	دسمبر 2020	تضاد
			رقم
	ملین روپے میں		
نقصان قبل از ٹیکسیشن	(579)	(471)	(108)
ٹیکسیشن	(1,422)	(1,197)	(225)
نقصان بعد از ٹیکسیشن	(2,001)	(1,668)	(333)
نقصان فی شیئر (روپے)	(2.27)	(1.89)	(0.38)

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 نیٹ آپریٹنگ فکسڈ اثاثوں پر 17.43 فیصد ریٹرن کی اجازت ہے۔ تاہم اوگرا کارکردگی سے متعلق معیارات یعنی گیس (یو ایف جی)، ہیومن ریسورس بینچ مارک لاگت، مشکوک قرضوں کی فراہمی اور کچھ دیگر اخراجات/ چارجز کی بنیاد پر محصولات کی ضروریات کا تعین کرتے ہوئے عدم اجازت/ ایڈجسٹمنٹ کرتا ہے۔ یہ ڈس الاؤنس/ ایڈجسٹمنٹ کمپنی کے فنانشل باٹم لائن کو متاثر کرتی ہیں۔

24 نومبر 2022 کو جاری کردہ مالی سال 2020-21 کے لیے اوگرا ڈیٹرمینیشن آن فائنل ریونیو ریکوائرمنٹ (DFRR) کے مطابق، ان چھ ماہ کے مالیاتی نتائج میں جذب ہونے والی خالص عدم اجازت کی رقم 6,281 ملین روپے تھی۔ اثاثوں پر واپسی 7,921 ملین۔ مدت کے لیے مالیاتی لاگت 2,192 ملین روپے ہے۔

گزشتہ سال کی اسی مدت کے مقابلے جس میں 1,668 ملین روپے بعد از ٹیکس کا نقصان ہوا۔ زیر جائزہ مدت کی مالی پوزیشن مندرجہ ذیل وجوہات کی وجہ سے متاثر ہوئی ہے:

RLNG کاروبار پر UFG الاؤنس کی منظوری

SSGC وزارت توانائی (پیٹرولیم ڈویژن) کے ساتھ ساتھ اسلام آباد ہائی کورٹ کے ذریعے 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 کے حکم کے نتیجے میں OGRA نے RLNG کی تقسیم کے کاروبار پر حقیقی UFG کی اجازت دے دی ہے۔

تاہم، اب بھی زیادہ UFG ڈس الاؤنس بنیادی طور پر اس حقیقت کی وجہ سے ہے کہ OGRA 11 مئی 2018 کو اکنامک کوآرڈینیشن کمیٹی (ECC) کی طرف سے منظور کردہ سمری کے ذریعے SSGC کو اجازت دی گئی RLNG والیوم ہینڈلنگ بینیفٹ کو قبول نہیں کر رہا ہے۔ SSGC مینجمنٹ اور بورڈ آف ڈائریکٹرز کی بھرپور پیروی کے ساتھ، OGRA نے RLNG پر UFG کی حد اور ہر سوئی کمپنی، یعنی SSGC اور SNGPL پر اس کے اثرات کا تعین کرنے کے لیے ایک کنسلٹنٹ کو شامل کیا ہے۔

ناقص قرضوں کے خلاف فراہمی

ماضی میں، اوگرا نے ڈس کنکٹڈ صارفین کے خلاف فراہمی کی اجازت دینے کا رواج تھا۔ آپریٹنگ اخراجات کے طور پر قرض صرف منقطع صارفین سے متعلق ہیں جبکہ، IFRS-9 کو اپنانے کے ساتھ، متوقع کریڈٹ نقصان کی بنیاد پر فراہمی کی ضرورت ہے۔ یعنی آگے دیکھنے کا طریقہ جس میں لائیو صارفین کے خلاف پرویژننگ بھی شامل ہے۔

ڈی ایف آر آر مالی سال 2020-21 میں، اوگرا نے گزشتہ پانچ سالوں کی اوسط کی بنیاد پر آپریٹنگ اخراجات کے حساب سے ناقص قرضوں کے خلاف پرویژن کی اجازت دی ہے۔ اسی اصول کی پیروی کرتے ہوئے، زیر نظر مدت کے لیے نامنظور پرویژن 208 ملین روپے میں شمار کیا جاتا ہے جبکہ گزشتہ سال کی تقابلی مدت میں ڈس الاؤنس 54 ملین روپے تھا۔

بھاری مالیاتی لاگت

ایس ایس جی سی کو طویل مدتی قرض لینے پر 2,219 ملین روپے کے مالیاتی چارجز کا حساب دینا پڑتا ہے۔ جو بنیادی طور پر کراچی پورٹ قاسم سے ساون سی ٹی ایس تک RLNG کی ترسیل کے لیے اپنے پائپ لائن انفراسٹرکچر کو فنانس کرنے کے لیے حاصل کیے گئے جس سے نارتھ کی توانائی کی ضروریات کو پورا کرنے کے لیے SNGPL نیٹ ورک کو RLNG والیوم فراہم کرنا ہے۔

اوگرا کی جانب سے ماضی کی مشق کے مطابق 910 ملین روپے کی اجازت متوقع ہے تاکہ شارٹ ٹرم قرض لینے کی مالیاتی لاگت کی تلافی کی جا سکے جو بنیادی طور پر ٹیرف نوٹیفکیشنز میں نمایاں تاخیر کے اثرات کی وجہ سے ہوئے تھے۔

بیرونی آڈیٹر کی جائزہ رپورٹ میں ترمیم

بیرونی آڈیٹر کی جائزہ رپورٹ میں کوئی نئی کوالیفکیشن نہیں ہے۔ تاہم، بیرونی آڈیٹرز، میسرز بی ڈی او ابراہیم اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس نے 31 دسمبر 2021 کو ختم ہونے والی چھ ماہ کی مدت کے لیے اپنی جائزہ رپورٹ میں کے ای اور پی ایس ایم ایل سے واجب الادا رقوم، ایس این جی پی ایل اور واپڈا سے لیٹ پیمنٹ سرچارج (ایل پی ایس) اور حبیب اللہ کوسٹل پاور کمپنی (پرائیویٹ) لمیٹڈ (HCPCL) سے وصول کیے جانے کے لیے اسی طرح کی کوالیفکیشنز کے ساتھ جاری رکھا۔

NOTES

SSGC
Sui Southern Gas
Company Limited

If undelivered, please return to Shares Department:
SSGC House, Sir Shah Suleman Road, Block 14, Gulshan-e-Iqbal, Karachi-75300, Pakistan
Tel: +92-21-9902-1031 | Fax: +92-21-9902-1797
www.ssgc.com.pk | ssgc.official | ssgc_official | ssgcofficial

Printed at: The Times Press (Pvt.) Ltd.