SUI SOUTHERN GAS COMPANY LIMITED

CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE QUARTER AND SIX MONTHS ENDED DECEMBER 31, 2013

CONSOLIDATED CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

As at December 31, 2013

	Note	December 31, 2013 (Un-audited)	June 30, 2013 (Audited) (Restated)
		(Rupees in '000)	
ASSETS			
Non-current assets			
Property, plant and equipment	6	70,158,644	70,022,320
Intangible assets		93,211	124,760
Long term investments	7	98,896	94,784
Net investment in finance lease		637,753	692,789
Long term loans and advances		164,761	133,354
Long term deposits		6,626	5,721
Total non-current assets		71,159,891	71,073,728
Current assets			
Stores, spares and loose tools		2,614,958	2,166,709
Stock-in-trade		1,168,590	861,542
Current maturity of net investment in finance lease		110,161	110,161
Customers' installation work-in-progress		180,869	173,917
Trade debts	8	74,040,059	76,367,960
Loans and advances		331,523	128,653
Advances, deposits and short term prepayments		275,010	168,378
Interest accrued		5,761,408	5,515,100
Other receivables	9	47,051,583	36,445,403
Taxation - net		3,139,119	2,789,335
Cash and bank balances		4,201,365	943,220
Total current assets		138,874,645	125,670,378
Total assets		210,034,536	196,744,106
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital: 1,000,000,000 ordinary shares of Rs. 10 each		10,000,000	10,000,000
Issued, subscribed and paid-up capital		8,809,163	8,809,163
Reserves		4,907,401	4,907,401
Surplus on re-measurement of available for sale securities		85,268	81,156
Unappropriated profit		593,449	1,697,000
		14,395,281	15,494,720
Surplus on revaluation of fixed assets		10,251,946	10,251,946
LIABILITIES			
Non-current liabilities			
Long term finance	10	23,245,814	24,770,608
Long term deposits		6,862,821	5,260,547
Deferred tax		4,711,970	5,722,017
Employee benefits		2,674,960	2,521,973
Deferred credit	11	5,576,407	5,747,643
Long term advances		1,112,485	1,155,230
Total non-current liabilities		44,184,457	45,178,018
Current liabilities			
Current portion of long term finance		3,596,808	3,597,649
Short term borrowings	12	1,808,255	4,275,250
Trade and other payables	13	111,739,628	95,984,844
Short term deposits		92,958	56,788
Interest accrued		23,965,203	21,904,891
Total current liabilities		141,202,852	125,819,422
Total liabilities		185,387,309	170,997,440
Total equity and liabilities		210,034,536	196,744,106
Contingencies and commitments	14		

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

Miftah Ismail
Chairman

Khalid Rahman
Managing Director

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

For the Six Months Period Ended December 31, 2013

	Note	Half year ended		Quarter ended	
		December 31, 2013	December 31, 2012	**December 31, 2013**	December 31, 2012
		(Rupees in '000)			
Sales		**87,527,361**	79,186,181	**42,727,231**	38,207,303
Sales tax		**(11,997,765)**	(10,762,672)	**(5,764,693)**	(4,969,032)
		75,529,596	68,423,509	**36,962,538**	33,238,271
Gas development surcharge		**(2,873,058)**	4,639,915	**(3,793,235)**	4,507,327
Net sales		**72,656,538**	73,063,424	**33,169,303**	37,745,598
Cost of sales	15	**(77,525,743)**	(72,764,776)	**(39,604,901)**	(37,841,340)
Gross (loss) / profit		**(4,869,205)**	298,648	**(6,435,598)**	(95,742)
Administrative and selling expenses		**(1,732,473)**	(1,537,955)	**(872,209)**	(860,934)
Other operating expenses	16	**(1,860,144)**	(1,788,006)	**(970,619)**	(1,227,405)
		(3,592,617)	(3,325,961)	**(1,842,828)**	(2,088,339)
		(8,461,822)	(3,027,313)	**(8,278,426)**	(2,184,081)
Other operating income	17	**1,992,672**	1,754,654	**1,006,757**	812,939
Operating loss		**(6,469,150)**	(1,272,659)	**(7,271,669)**	(1,371,142)
Other non-operating income	18	**8,221,247**	6,867,664	**6,749,386**	3,495,555
Finance cost	19	**(3,340,302)**	(4,055,371)	**(1,662,261)**	(2,078,560)
(Loss) / profit before taxation		**(1,588,205)**	1,539,634	**(2,184,544)**	45,853
Taxation	20	**484,654**	(582,626)	**702,588**	(34,761)
(Loss) / profit for the period		**(1,103,551)**	957,008	**(1,481,956)**	11,092
Basic and diluted (loss) / earnings per share	(Rupees)	**(1.25)**	1.09	**(1.68)**	0.01

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

Miftah Ismail
Chairman

Khalid Rahman
Managing Director

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

For the Six Months Period Ended December 31, 2013

	Half year ended		Quarter ended	
	December 31, 2013	December 31, 2012	**December 31, 2013**	December 31, 2012
	(Rupees in '000)			
(Loss) / profit for the period	**(1,103,551)**	957,008	**(1,481,956)**	11,092
Other comprehensive income				
Item that may be reclassified subsequently to profit and loss account:				
- Unrealised gain / (loss) on re-measurement of available for sale securities	**4,112**	18,734	**(4,495)**	10,127
Item that will not be reclassified subsequently to profit and loss account:	**-**	-	**-**	-
Total comprehensive (loss) / income for the period	**(1,099,439)**	975,742	**(1,486,451)**	21,219

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

Miftah Ismail
Chairman

Khalid Rahman
Managing Director

CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
For the Six Months Period Ended December 31, 2013

	Note	December 31, 2013	December 31, 2012
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / profit before taxation		**(1,588,205)**	1,539,634
Adjustments for non-cash and other items	21	**6,341,151**	7,645,715
Working capital changes	22	**5,580,100**	(5,427,521)
Financial charges paid		**(1,399,891)**	(1,189,049)
Employee benefits (paid) / refund		**(29,218)**	(74,811)
Payment for retirement benefits		**(190,512)**	(497,819)
Long term deposits received - net		**1,638,444**	338,147
Loans and advances to employees - net		**(234,277)**	(206,540)
Interest income and return on term deposits received		**117,608**	(224,071)
Income taxes paid		**(875,176)**	(1,312,602)
Net cash generated from operating activities		**9,360,024**	591,083
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		**(2,301,908)**	(3,897,120)
Payments for intangible assets		**-**	(125,779)
Proceeds from sale of property, plant and equipment		**20,085**	4,008
Lease rental from net investment in finance lease		**175,594**	90,052
Deposits paid - net		**(905)**	(2,155)
Dividend received		**237**	475
Net cash used in investing activities		**(2,106,897)**	(3,930,519)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from local currency loans		**-**	375,000
Repayments of local currency loans		**(1,614,975)**	(1,689,506)
Customer finance received		**126,709**	7,958
Repayment of customer finance		**(37,369)**	(46,546)
Dividend paid		**(2,352)**	(429)
Net cash used in financing activities		**(1,527,987)**	(1,353,523)
Net increase / (decrease) in cash and cash equivalents		**5,725,140**	(4,692,959)
Cash and cash equivalents at beginning of the period		**(3,332,030)**	1,509,351
Cash and cash equivalents at end of the period		**2,393,110**	(3,183,608)
Cash and cash equivalent comprises:			
Cash and bank balances		**4,201,365**	1,376,125
Short term borrowings		**(1,808,255)**	(4,559,733)
		2,393,110	(3,183,608)

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

Miftah Ismail
Chairman

Khalid Rahman
Managing Director

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

For the Six Months Period Ended December 31, 2013

	Issued, subscribed and paid-up capital	Capital reserves	Revenue reserves	Surplus on re-measurement of available for sale securities	Unappropriated profit	Total
	(Rupees in '000)					
Balance as at July 01, 2012	**8,809,163**	**234,868**	**4,672,533**	**57,946**	**4,339,687**	**18,114,197**
- Adjustment note 3.1	-	-	-	-	(448,288)	(448,288)
Balance as at July 01, 2012 (Restated)	**8,809,163**	**234,868**	**4,672,533**	**57,946**	**3,891,399**	**17,665,909**
Total comprehensive income for the period ended December 31, 2012						
Profit for the period	-	-	-	-	957,008	957,008
Other comprehensive income for the period	-	-	-	18,734	-	18,734
Total comprehensive income for the period	-	-	-	18,734	957,008	975,742
Balance as at December 31, 2012 (Restated)	8,809,163	234,868	4,672,533	76,680	4,848,407	18,641,651
Balance as at June 30, 2013	**8,809,163**	**234,868**	**4,672,533**	**81,156**	**2,319,595**	**16,117,315**
- Adjustment note 3.1	-	-	-	-	(622,595)	(622,595)
Balance as at June 30, 2013 (Restated)	**8,809,163**	**234,868**	**4,672,533**	**81,156**	**1,697,000**	**15,494,720**
Loss for the period	-	-	-	-	(1,103,551)	(1,103,551)
Other comprehensive income for the period	-	-	-	4,112	-	4,112
Total comprehensive loss for the period	-	-	-	4,112	(1,103,551)	(1,099,439)
Balance as at December 31, 2013	**8,809,163**	**234,868**	**4,672,533**	**85,268**	**593,449**	**14,395,281**

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

Miftah Ismail
Chairman

Khalid Rahman
Managing Director

1. The group and its operations

1.1 The "Group" consists of:

Holding Company

- Sui Southern Gas Company Limited

	Percentage of holding	
	2013	2012
Subsidiary Companies		
- SSGC LPG (Private) Limited	**100**	100
- Sui Southern Gas Provident Fund Trust Company (Private) Limited	**100**	100

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

Sui Southern Gas Company Limited

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

Sui Southern Gas Provident Fund Trust Company (Private) Limited

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

SSGC LPG (Private) Limited

SSGC LPG (Private) Limited is a wholly owned subsidiary of Sui Southern Gas Company Limited. Its registered office is situated at ST-4/B, Block-14, Sir Shah Muhammad Suleman Road, Gulshan-e-Iqbal, Karachi and its main activity is supply of liquefied petroleum gas and provision of terminal and storage services.

1.2 Basis of consolidation

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

1.3 Regulatory framework

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

1.4 Determination of revenue requirement

1.4.1 Revenue requirement for the half year ended December 31, 2013 has been determined on the same basis as determined in the annual financial statements for the year ended June 30, 2013 and 2014 which is based on interim relief provided by the Sindh High Court decision in the matter explained below:

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

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

Had there been no stay in the current period, and these condensed interim financial information been prepared in accordance with the OGRA's decisions dated December 02, 2010 and May 24, 2011, the Holding Company would have reported loss for the period amounting to Rs. 18,932 million.

1.4.2 In determining the Final Revenue Requirement (FRR) for the years ended June 30, 2013 and 2014, the OGRA treated income from royalty (arrears) and income of LPG and NGL as operating income, on which the Holding Company filed application in the already pending Judicial Miscellaneous petitions in the High Court of Sindh that these income should have been treated as non-operating income as it was already decided by the Court in previous stay orders, while the cases are still to be finalised by the Court. The Court suspended the relevant paragraphs of OGRA orders wherein above income were treated as operating income thus requiring revision of FRR for 2013 and 2014; however, no revised FRR has been issued by the OGRA till the date of issue of these condensed interim financial information. Consequently, the impact of the new stay orders have not been taken and the income from royalty (arrears) and income of LPG and NGL amounting to Rs. 3,491 million and Rs. 978 million respectively have been treated as operating income in the condensed interim financial information of the current period.

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

Had OGRA issued revised FRR based on the above mentioned stay orders of the Court and these condensed interim financial information been prepared in accordance with the revised FRR, the Holding Company would have claimed Rs. 6,970 million as non-operating income which OGRA treated as operating income while determining revenue requirement of the Holding Company and the Holding Company would have reported profit for the period amounting to Rs. 3,594 million.

2. Basis for preparation

2.1 The consolidated condensed interim financial information has been prepared in accordance with the requirements of International Accounting Standard 34, "Interim Financial Reporting" as applicable in Pakistan and the provisions and directives of the Companies Ordinance, 1984 and directives issued by the Securities and Exchange Commission of Pakistan (SECP). In case where the requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984 have been followed. This consolidated condensed interim financial information does not include all of the information required for the annual financial statements and should be read in conjunction with the consolidated financial statements of the Company for the year ended June 30, 2013.

3. Significant accounting policies

The significant accounting policies and methods of computation applied for the preparation of this consolidated condensed interim financial information are the same as those applied in preparation of the annual consolidated audited financial statements of the Company for the year ended June 30, 2013, except for change in accounting policy that is enumerated as follows:

3.1 IAS 19 - Employee Benefits (Revised 2011)

In the current period, the Holding Company has applied IAS 19 Employee Benefits (as revised in 2011) and the related consequential amendments for the first time.

IAS 19 (as revised in 2011) changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous versions of IAS 19 and accelerate the recognition of past service costs. All actuarial gains and losses are recognised immediately through other comprehensive income in order for the net asset or liability recognised in the consolidated statement of financial position to reflect the full value of plan deficit or surplus.

Furthermore, the interest cost and expected return on plan assets used in the previous version of IAS 19 are replaced with a 'net interest' amount under IAS 19 (as revised in 2011), which is calculated by applying the discount rate to the net defined benefit liability or asset. These changes have had an impact on the amounts recognised in profit or loss and other comprehensive income in prior years. In addition, IAS 19 (as revised in 2011) introduces certain changes in the presentation of the defined benefit cost including more extensive disclosures.

Specific transitional provisions are applicable to first-time application of IAS 19 (Revised 2011). The Holding Company has applied the relevant transitional provisions and restated the comparatives on retrospective basis in accordance with IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors. Effect of retrospective application of change in accounting policy is as follows:

	Amount as reported earlier	Effects of change in accounting policy	Amount restated
		(Rupees in '000)	
Effect on statement of changes in equity as at July 01, 2012			
Unappropriated profit	(4,473,742)	448,288	(4,025,454)
Effect on balance sheet as at June 30, 2013			
Employee benefits	(2,465,846)	(52,608)	(2,518,454)
Deferred tax	(6,179,747)	314,922	(5,864,825)
Taxation - net	2,768,165	19,500	2,787,665
Trade and other payables	(94,540,100)	(1,459,107)	(95,999,207)
Other receivables	36,097,623	554,698	36,652,321
Unappropriated profit	(2,707,554)	622,595	(2,084,959)

The effect of change in accounting policy, due to adoption of IAS 19 - Employee Benefits (Revised 2011), does not have material impact on the profit and loss account and other comprehensive income for the period ended December 31, 2012. During the period, acturial gains / losses have not arisen as the Holding Company has not carried out actuarial valuations as at period end.

4. Accounting estimates and judgements

The preparation of financial statements in conformity with the approved accounting standards, as applicable in Pakistan requires the management to make estimates, assumptions and use judgements that affect the application of policies and the reported amounts of assets and liabilities and income and expenses. Actual results may differ from these estimates. The significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended June 30, 2013 except that the charge in respect of staff retirement benefits has been recognised on the basis of actuarial's projection for the ensuing year; hence it does not include consideration for actuarial gains / losses which will be determined at the year end. Had there been any actuarial gains / losses in this condensed interim financial information, the same would have been offered to / claimed from OGRA in determining revenue requirement of the Company. Accordingly, there will be no impact on the condensed interim statement of comprehensive income of the Company.

5. Financial risk management

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2013.

6. Property, plant and equipment

	December 31, 2013 (Un-audited)	June 30, 2013 (Audited)
	(Rupees in '000)	
Operating assets	**62,580,124**	62,780,975
Capital work in progress	**7,578,520**	7,241,345
	70,158,644	70,022,320

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

	Half year ended			
	December 31, 2013		December 31, 2012	
	(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				
Leasehold land	**-**	**-**	3,057	-
Buildings on leasehold land	**20,356**	**-**	122,910	-
Gas transmission pipelines	**134,151**	**-**	101,647	-
Gas distribution system	**1,563,324**	**(14,741)**	1,915,010	-
Compressors	**-**	**-**	-	-
Telecommunication	**478**	**-**	47,033	-
Plant and machinery	**160,279**	**-**	160,471	-
Tools and equipment	**8,805**	**-**	20,175	-
Motor vehicles	**90,908**	**(3,770)**	143,565	(6,362)
Furniture and fixture	**16,632**	**-**	7,566	-
Office equipment	**28,160**	**-**	12,254	-
Computer and ancillary equipment	**6,628**	**-**	20,643	-
Others	**35,202**	**-**	-	-
	2,064,923	**(18,511)**	2,554,331	(6,362)

	Capital expenditure incurred	**Transfer to operating assets**	Capital expenditure incurred	Transfer to operating assets
Capital work in progress				
Projects:				
- Gas distribution system	**1,823,042**	**(1,563,324)**	2,427,937	(1,915,010)
- Gas transmission system	**407,405**	**(134,151)**	111,976	(101,647)
- Cost of buildings under construction and others	**69,222**	**(19,870)**	14,418	(122,910)
	2,299,669	**(1,717,345)**	2,554,331	(2,139,567)

	Note	December 31, 2013 (Un-audited)	June 30, 2013 (Audited)
		(Rupees in '000)	
7. Long term investments			
Investment in related parties		**56,523**	53,528
Other investments		**42,373**	41,256
		98,896	**94,784**
8. Trade debts			
Secured		**13,600,764**	14,235,887
Unsecured		**68,727,157**	69,728,031
	8.1 & 8.2	**82,327,921**	83,963,918
Provision against impaired debts		**(8,287,862)**	(7,595,958)
		74,040,059	76,367,960

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

In accordance with the revised accounting treatment, the trade debts includes Rs. 40,569 million (June 2013: Rs. 44,303 million) as at December 31, 2013 receivables from KE. Out of this, Rs. 38,205 million (June 2013: Rs. 40,337 million) as at December 31, 2013 are overdue. However, the aggregate legal claim of the Company from KE amounts to Rs. 50,910 million (June 2013: Rs. 50,935 million). This amount has been arrived at as per the practice of the Holding Company to charge LPS to customers who do not make timely payments.

Considering that the Holding Company has valid legal claim for recovery of LPS together with outstanding principal amount, the 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 SSGC or;
    b. Highest rate at which interest is payable on gas producer bills.

- As per the above agreement and as per the audited financial statements of KE as at June 30, 2010, KE, itself, acknowledged and recognized LPS till June 30, 2010, in its books of account which confirm management's assertion that the Holding Company has legal claim over KE for charging of LPS.

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

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

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

In accordance with the revised accounting treatment, the trade debts includes Rs. 14,786 million (June 2013: Rs. 12,680 million) including overdue balance of Rs. 14,389 million (June 2013: Rs. 12,232 million) receivable from PSML. However, the aggregate legal claim of the Company from PSML amounts to Rs. 19,683 million (June 2013: Rs. 15,507 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.

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

	Note	**December 31, 2013 (Un-audited)**	June 30, 2013 (Audited) (Restated)
		(Rupees in '000)	
9. Other receivables - considered good			
Gas development surcharge receivable from GoP	9.1	**14,524,278**	17,159,475
Staff pension fund		**648,635**	648,635
Receivable for sale of gas condensate		**394,020**	75,637
Sui Northern Gas Pipelines Limited	9.2	**9,581,918**	4,085,098
Jamshoro Joint Venture Limited	9.3 & 9.4	**10,942,097**	3,955,853
Workers' Profit Participation Fund		**552,655**	452,655
Sales tax receivable	9.5	**12,649,934**	11,944,614
Pipeline rentals		**42,651**	15,620
Miscellaneous receivables		**61,754**	135,922
		49,397,942	38,473,509
Provision against impaired receivables		**(2,346,359)**	(2,028,106)
		47,051,583	36,445,403

9.1 This includes Rs. 390 million (June 2013: Rs. 390 million) recoverable from the Government of Pakistan (GoP) on account of remission of gas receivables from people of Ziarat under instructions from GoP. Although, management is confident that this amount is fully recoverable, as a matter of abundant caution full provision has been made in these condensed interim financial information.

9.2 This includes Rs. 9,439 million (June 30, 2013: Rs. 3,976 million) receivable under the uniform cost of gas agreement with Sui Northern Gas Pipelines Limited and lease rental receivable and recoverable against lease service cost and contingent rent amounting to Rs. 143 million (June 30, 2013: Rs. 109 million).

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

9.4 This amount comprises of receivable in respect of royalty income, sale of liquefied petroleum gas, Federal Excise Duty and Sindh Sales Tax on Franchise Services amounting to Rs. 7,995 million (June 2013: Rs. 2,247 million), Rs. 1,459 million (June 2013: Rs. 312 million), Rs. 896 million (June 2013: Rs. 896 million) and Rs. 592 million (June 2013: Rs. 501 million) respectively.

As at period end, amount payable to JJVL is Rs. 1,134 million (June 2013: Rs. 255 million) as disclosed in note 13 to these condensed interim financial information.

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

	December 31, 2013 (Un-audited)	June 30, 2013 (Audited)
	(Rupees in '000)	

10. Long term finance

Secured		
Loans from banking companies	**20,454,730**	22,070,546
Unsecured		
Front end fee of foreign currency loan	**23,950**	23,950
Customer finance	**308,900**	218,719
Government of Sindh loans	**6,055,042**	6,055,042
	6,387,892	6,297,711
	26,842,622	28,368,257
Less: current portion shown under current liabilities		
Loans from banking companies	**(3,238,095)**	(3,238,095)
Customer finance	**(60,530)**	(61,371)
Government of Sindh loans	**(298,183)**	(298,183)
	(3,596,808)	(3,597,649)
	23,245,814	24,770,608

	Half year ended	
	December 31, 2013	December 31, 2012
	(Un-audited)	
	(Rupees in '000)	

11. Deferred credit

Government contributions / grants		
Additions / adjustments during the period	**42,745**	317,954
Transferred to consolidated condensed interim profit and loss account	**120,698**	94,383
Contribution from customers		
Transferred to consolidated condensed interim profit and loss account	**93,283**	97,749

12. SHORT TERM BORROWINGS

This represent facilities for short term running finance and short term loan available from various banks amounting to Rs. 1,808 million (2013: Rs. 4,275 million) and subject to mark-up up to 0.80% (June 2013: 1%) above the average one month KIBOR. The facilities are secured by first pari passu, first joint supplemental hypothecation and ranking charge over present and future stock in trade and book debts of the Holding Company.

The aggregate unavailed short term borrowing facilities amounted to Rs. 7,333 million (June 2013: Rs. 6,100 million).

	Note	December 31, 2013 (Un-audited)	June 30, 2013 (Audited) (Restated)
		(Rupees in '000)	

13. Trade and other payables

	Note	December 31, 2013	June 30, 2013
Creditors for:			
- gas supplies		**95,130,045**	80,239,424
- supplies		**462,428**	217,572
		95,592,473	80,456,996
Amount received from customers for laying of mains, etc.		**2,033,465**	2,135,579
Accrued liabilities		**2,915,906**	2,688,823
Provision for compensated absences - non executives		**141,163**	138,969
Payable to staff gratuity fund		**1,459,107**	1,459,107
Deposits / retention money		**356,347**	304,242
Bills payable		**37,134**	62,301
Advance for sharing right of way		**18,088**	18,088
Unclaimed dividend		**288,549**	290,901
Withholding tax payable		**101,873**	139,249
Sales tax and Federal excise duty		**524,008**	426,592
Sindh sales tax		**68,067**	67,647
Processing charges payable to JJVL		**1,134,468**	255,013
Gas infrastructure development cess payable	13.1	**6,770,383**	7,234,262
Unclaimed term finance certificate redemption profit		**1,800**	1,800
Inter State Gas System (Private) Limited (ISGSL)		**8,557**	11,924
Advances from customers and distributors		**19,428**	14,928
Others		**268,812**	278,423
		111,739,628	95,984,844

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

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

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

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

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

14. Contingencies and commitments

14.1 There has been no change in the status of other contingencies as disclosed in note 17 of annual audited financial statements of the Holding Company for the year ended June 30, 2013, except for the following:

		December 31, 2013 (Un-audited)	June 30, 2013 (Audited)
		(Rupees in '000)	
14.2	Claims against the Holding Company not acknowledged as debt	**103,741**	97,741
14.3	Commitments for capital and other expenditure	**2,486,885**	2,163,196
14.4	Guarantees issued on behalf of the Group	**-**	64,235

14.5 Jamshoro Power Company Limited (JPCL) (formerly WAPDA) has lodged a claim against the Company amounting to Rs.765.024 million (June 30, 2013: Rs. 765.024 million) for short supply of gas under the provisions of an agreement dated April 10, 1995 between the Company and JPCL. As at June 30, 2015, this amount has increased to Rs. 35,182 million. Management has not made provision against the said amounts in the books of the Company as management is confident that ultimately this claim would not be payable.

14.6 Habibullah Coastal Power Company (Private) Limited (HCPC) has claimed Rs. 1,237.32 million (June 2013: Rs. 1,237.32 million) from the Company for short supply of gas under the provisions of an agreement dated March 31, 1996 between the Company and HCPC. As at December 30, 2015, this amount has increased to Rs. 2,625.33 million. HCPC has also disputed late payment surcharge charged by the Company amounting to Rs. 360 million. HCPC has also invoked arbitration as per article of Gas Sale Agreement. In the instant arbitral proceedings, the Company has also raised a counter claim of Rs. 5,233.3 million on account of failing to take or pay for the gas made available to HCPC along with the interest thereon. Accordingly, management has not made provision against the claim of HCPC in this condensed interim financial information.

	Note	Half year ended		Quarter ended	
		December 31, 2013	December 31, 2012	**December 31, 2013**	December 31, 2012
		(Un-audited) (Rupees in '000)			
15. Cost of sales					
Cost of gas		**71,655,480**	66,180,633	**36,563,249**	34,480,438
Transmission and distribution costs		**5,870,263**	6,584,143	**3,041,652**	3,360,902
		77,525,743	72,764,776	**39,604,901**	37,841,340
16. OTHER OPERATING EXPENSES					
Auditors' remuneration		**9,349**	8,273	**4,618**	1,113
Workers' Profit Participation Fund		**-**	85,701	**-**	4,194
Sports expenses		**12,089**	10,227	**4,970**	6,698
Corporate social responsibility		**35,720**	4,664	**31,398**	3,960
Loss on disposal of property, plant and equipment		**-**	2,355	**-**	1,721
Provision against impaired debts and other receivables		**1,010,157**	1,170,390	**715,198**	832,475
Provision against impaired stores and spares		**33,906**	28,191	**23,618**	11,337
Exchange loss on payment of gas purchases		**758,923**	478,205	**190,817**	365,907
		1,860,144	1,788,006	**970,619**	1,227,405
17. Other operating income					
Income from other than financial assets					
Meter rentals		**338,454**	330,631	**169,737**	166,241
Recognition of income against deferred credit		**200,485**	192,132	**107,857**	97,278
Income from new service connections		**105,040**	116,233	**46,286**	62,004
Gas shrinkage charged to JJVL	17.1	**1,017,393**	868,752	**492,520**	341,273
Income from gas transportation		**15,757**	14,077	**7,731**	5,498
Income from LPG air mix distribution - net		**206,546**	178,224	**111,904**	105,451
Recoveries from customers		**38,048**	20,036	**20,710**	-
Liquidity damaged recovered		**3,275**	15,697	**1,299**	-
Advertising income		**3,741**	2,297	**2,559**	1,152
Income from sale of tender documents		**959**	1,403	**484**	729
Scrap sales		**-**	434	**-**	35
Gain on disposal of property, plant and equipment		**1,575**	-	**392**	-
Miscellaneous		**61,399**	12,549	**45,278**	31,637
		1,992,672	1,752,465	**1,006,757**	811,298
Income from investment in debts, loans, advances and receivables from related party					
Contingent rental income - Sui Northern Gas Pipelines Limited		**-**	2,189	**-**	1,641
		1,992,672	1,754,654	**1,006,757**	812,939

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

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

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

		Half year ended		Quarter ended	
		December 31, 2013	December 31, 2012	**December 31, 2013**	December 31, 2012
		(Un-audited) (Rupees in '000)			
18. Other non-operating income					
Income from financial assets					
Late payment surcharge		**732,973**	1,791,608	**386,078**	976,177
Income from net investment in finance lease		**33,830**	30,654	**17,132**	15,482
Return on:		**-**			
- term deposits and profit and loss bank accounts		**109,450**	118,855	**64,710**	67,501
- staff loans		**-**	1	**-**	-
		876,253	1,941,118	**467,920**	1,059,160
Interest income on late payment of gas bills from:					
- K-Electric Limited		**-**	3,183,268	**-**	1,653,472
- Jamshoro Joint Venture Limited		**140,414**	15,631	**81,235**	(4,949)
- Water & Power Development Authority		**49,940**	117,158	**21,671**	64,524
- Sui Northern Gas Pipelines Limited		**64,112**	198,512	**42,411**	58,559
		254,466	3,514,569	**145,317**	1,771,606
Dividend income		**237**	-	**213**	-
		1,130,956	5,455,687	**613,450**	2,830,766
Income from investment in debts, loans, advances and receivables from related parties					
Dividend income - Sui Northern Gas Pipelines Limited		**-**	475	**-**	238
Income from net investment in finance lease		**86,728**	58,905	**38,374**	29,415
		86,728	59,380	**38,374**	29,653
Others					
Sale of gas condensate		**375,944**	40,147	**351,914**	10,146
Royalty income from JJVL	18.1	**5,330,644**	1,017,577	**4,805,247**	473,900
Terminal fee, storage and other income		**-**	29,139	**-**	10,477
Income on LPG and NGL - net	18.2	**946,092**	41,776	**808,075**	41,776
Meter manufacturing division profit - net		**350,883**	223,958	**132,326**	98,837
		7,003,563	1,352,597	**6,097,562**	635,136
		8,221,247	6,867,664	**6,749,386**	3,495,555

18.1 This amount includes Royalty income of Rs. 4,257 million pursuant to the Supreme Court decision 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. A total amount of Rs. 4,257 million was worked out for the period from August 2003 to December 2013 by a committee constituted by the Supreme Court to calculate royalty payments (on the LPG extracted to date) on the basis of the Saudi Aramco reference price plus freight, for the full period during which the Implementation Agreement had been operational. However, the difference of freight amount is yet to be finalised for which the Supreme Court has appointed an Advocate Supreme Court to determine the matter which is still pending.

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

19. Finance cost

Included in finance cost is an amount of Rs. 2,136 million (December 2012: Rs. 1,103 million) being markup on delayed payment on gas supplies.

	Half year ended		Quarter ended	
	December 31, 2013	December 31, 2012	**December 31, 2013**	December 31, 2012
	(Un-audited) (Rupees in '000)			
20. Taxation				
- Current	**525,393**	1,421,146	**(235,253)**	638,486
- Deferred	**(1,010,047)**	(838,520)	**(467,335)**	(603,725)
	(484,654)	582,626	**(702,588)**	34,761

	Half year ended	
	December 31, 2013	December 31, 2012
	(Un-audited) (Rupees in '000)	
21. Adjustments for non-cash and other items		
Provisions	**1,448,108**	1,900,109
Depreciation	**2,221,465**	2,003,615
Amortisation of intangibles	**31,543**	16,895
Finance cost	**3,337,070**	4,052,498
Amortisation of transaction cost	**3,232**	2,873
Recognition of income against deferred credit	**(213,982)**	(192,132)
Dividend income	**(237)**	(475)
Interest income and return on term deposits	**(363,916)**	(118,855)
Income from net investment in finance lease	**(120,558)**	(30,654)
(Gain) / loss on disposal of property, plant and equipment	**(1,575)**	2,355
Decrease in long term advances	**(42,745)**	(308,468)
Decrease in deferred credit	**42,746**	317,954
	6,341,151	7,645,715
22. Working capital changes		
(Increase) / decrease in current assets		
Stores, spares and loose tools	**(465,773)**	(417,271)
Stock-in-trade	**(307,048)**	(29,687)
Customers' installation work-in-progress	**(6,952)**	(8,767)
Trade debts	**1,635,997**	(8,422,117)
Advance, deposits and short term prepayments	**(106,632)**	(76,783)
Other receivables	**(10,924,433)**	(9,465,036)
	(10,174,841)	(18,419,661)
Increase in current liabilities		
Trade and other payables	**15,754,941**	12,992,140
	5,580,100	(5,427,521)

23. Transactions with related parties

The related parties comprise of 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. The prices and other conditions are not influence by the Holding Company.

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

	Relationship	Half year ended December 31, 2013 (Un-audited) (Rupees in '000)	Half year ended December 31, 2012 (Un-audited) (Rupees in '000)
* **Askari Bank Limited**	Associate		
- Profit on investment		-	2,517
- Mark-up on short term finance		-	165
- Mark-up on local currency finance		-	102,499
- Billable charges		-	67
Attock Refinery Limited	Associate		
- Sale of gas condensate		24,030	-
** **Astro Plastic (Private) Limited**	Associate		
- Billable charges		59,488	-
* **Bank Al-Habib Limited**	Associate		
- Profit on investment		-	4,915
- Mark-up on short term finance		-	320
- Mark-up on long term finance		-	48,739
Fauji Fertilizer Company Limited	Associate		
- Billable charges		46	10
Government related entities - various			
- Purchase of fuel and lubricant		21,797	3,653
- Billable charges		23,686,831	22,451,957
- Mark-up on delayed payment on gas supplies		2,136,250	3,050,816
- Sharing of expenses		35,134	31,322
- Income from net investment in finance lease		86,728	36,946
- Gas purchases		38,286,693	20,822,849
- Sale of gas meters		1,155,279	1,030,412
- Interest income		114,052	315,670
- Rent of premises		-	3,026
- Insurance premium		56,183	67,578
- Uniform cost of gas		19,294,693	18,565,268
- Electricity expense		92,846	70,100
** **Habib Bank Limited**	Associate		
- Profit on investment		4,612	-
- Mark up on short term finance		5,490	-
- Mark up on long term finance		51,301	-
- Billable Charges		5,572	-
* **Habib Metropolitan Bank**	Associate		
- Profit on investment		-	2,391
- Mark-up on short term finance		-	12,348
Hydrocarbon Development Institute of Pakistan	Associate		
- Billable Charges		9,334	16,737
International Industries Limited	Associate		
- Line Pipe Purchases		178,491	468,496
- Billable Charges		540,287	473,733
** **Ismail Industries Limited**	Associate		
- Billable Charges		152,112	-
Key management personnel			
- Remuneration		96,791	70,922
** **Kohinoor Silk Mills Limited**	Associate		
- Billable Charges		127	-

	Relationship	Half year ended December 31, 2013 (Un-audited) (Rupees in '000)	Half year ended December 31, 2012 (Un-audited) (Rupees in '000)
* **Liaquat National Hospital**	Associate		
- Medical services		-	18,009
- Billable charges		-	44,144
Minto & Mirza	Associate		
- Professional charges		**7,115**	4,000
Packages Limited	Associate		
- Billable charges		**6,104**	5,986
Pakistan Cables Limited	Associate		
- Billable charges		**40,919**	30,397
* **Pak Suzuki Motor Company Limited**	Associate		
- Motor Vehicle Purchases		-	40,121
- Billable charges		-	15,301
Pakistan Engineering Company Limited	Associate		
- Billable charges		**28**	23
** **Pakistan Synthetic Limited**	Associate		
- Billable charges		**146,329**	-
** **Premium Textile Mills Limited**	Associate		
- Billable charges		**145,380**	-
** **Security Papers Limited**	Associate		
- Billable charges		**71,109**	-
** **Shezan International Limited**	Associate		
- Billable charges		**7,503**	-
Staff retirement benefit plans	Associate		
- Contribution to provident fund		**110,312**	103,807
- Contribution to pension fund		**89,045**	137,612
- Contribution to gratuity fund		**101,530**	107,787
Thatta Cement Company Limited	Associate		
- Billable charges		**7,057**	6,717

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

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

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

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

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

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

	Relationship	December 31, 2013 (Un-audited)	June 30, 2013 (Audited)
		(Rupees in '000)	
* **Askari Bank Limited**	Associate		
- Long term finance		-	(1,333,333)
- Cash at bank		-	1,385
- Accrued markup		-	(23,982)
- Billable charges		-	9
- Gas supply deposit		-	(184)
Attock Refinery Limited	Associate		
- Sale of condensate		**42,105**	75,637
** **Astro Plastic (Private) Limited**	Associate		
- Billable charges		**10,820**	-
- Gas supply deposit		**(53,208)**	-
* **Bank Al-Habib Limited**	Associate		
- Long term finance		-	(500,000)
- Short term finance		-	(1,441,865)
- Cash at bank		-	2,422
- Accrued mark-up		-	(26,850)
Fauji Fertilizer Company Limited	Associate		
- Billable charges		**17**	5
Gas supply deposit		**(124)**	(124)
Government related entities - various			
- Billable charges		**56,131,758**	58,493,193
- Mark up accrued on borrowings		**(2,401)**	(2,348)
- Late payment surcharge on gas supplies		**(23,522,557)**	(21,386,308)
- Sharing of expenses		**(8,557)**	(11,924)
- Net investment in finance lease		**142,093**	107,973
- Gas purchases		**(70,660,049)**	(62,233,608)
- Gas meters		**665,445**	288,094
- Uniform cost of gas		**9,437,476**	3,975,409
- Cash at bank		**25,755**	42,467
- Stock Loan		**(20,805)**	(28,813)
- Recoverable from insurance		**271**	(2,025)
- Gas supply deposit		**(43,658)**	(50,169)
- Interest income accrued - late payment on gas bills		**5,846,256**	4,981,091
Habib Bank Limited	Associate		
- Long term finance		**(1,000,000)**	(1,000,000)
- Short Term Finance		**-**	(1,482,788)
- Cash at bank		**85,500**	90,237
- Accrued markup		**(416,667)**	(24,258)
- Billable charges		**443**	3,354
- Gas Supply Deposit		**(3,589)**	(3,589)
* **Habib Metropolitan Bank**	Associate		
- Short term finance		**-**	(95,536)
- Accrued mark-up		**-**	(13,409)

	Relationship	December 31, 2013 (Un-audited)	June 30, 2013 (Audited)
		(Rupees in '000)	
* **Hydrocarbon Development Institute of Pakistan**	Associate		
- Billable charges		-	2,723
- Gas supply deposit		-	(4,000)
International Industries Limited	Associate		
- Billable charges		**91,626**	24,278
Gas supply deposit		**(267,882)**	(48,925)
** **Ismail Industries Limited**	Associate		
- Billable charges		**28,157**	-
- Gas supply deposit		**(70,077)**	-
Kohinoor Silk Mills Limited	Associate		
- Billable charges		**21**	21
- Gas supply deposit		**(60)**	(60)
Packages Limited	Associate		
- Billable charges		**1,183**	951
- Gas supply deposit		**(3,044)**	(3,044)
Pakistan Cables Limited	Associate		
- Billable charges		**5,901**	7,553
- Gas supply deposit		**(17,159)**	(17,159)
Pakistan Engineering Company Limited	Associate		
- Billable charges		**5**	5
- Gas supply deposit		**(12)**	(12)
Pakistan Synthetic Limited	Associate		
- Billable charges		**22,520**	24,170
- Gas supply deposit		**(70,747)**	(64,509)
* **Pak Suzuki Motor Company Limited**	Associate		
- Billable charges		-	2,483
- Gas supply deposit		-	(10,656)
PERAC - Research & Development Foundation	Associate		
- Professional charges		-	57
Premium Textile Limited	Associate		
- Billable charges		**25,336**	19,490
- Gas supply deposit		**(52,564)**	(22,300)
** **Shezan International Limited**	Associate		
- Billable charges		**1,450**	-
- Gas supply deposit		**(4,085)**	-
Thatta Cement Company Limited	Associate		
- Billable charges		**1,391**	500
- Gas supply deposit		**(45,000)**	(45,000)

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

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

24. Operating segments

IFRS 8 -Operating Segments requires operating segments to be identified on the basis of internal reports about components of the 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, 2013	December 31, 2012	**December 31, 2013**	December 31, 2012
	(Un-audited) (Rupees in '000)			
Gas transmission and distribution	**75,529,596**	68,423,509	**(309,189)**	2,894,792
Meter manufacturing	**1,389,916**	1,130,704	**350,883**	223,958
Total segment results	**76,919,512**	69,554,213	**41,694**	3,118,750
Unallocated - other expenses				
- Other operating expenses			**(1,860,144)**	(1,788,006)
Unallocated - other income				
- Non-operating income			**230,245**	208,890
(Loss) / profit before tax			**(1,588,205)**	1,539,634

The above revenue includes sale of meters by meter manufacturing segment to gas transmission and distribution amounting to Rs. 286 million (2013: Rs. 293 million).

Segment assets and liabilities

	December 31, 2013 (Un-audited)	June 30, 2013 (Audited)
	(Rupees in '000)	
Segment assets		
Gas transmission and distribution	**200,011,661**	190,631,191
Meter manufacturing	**1,695,998**	1,628,242
Total segment assets	**201,707,659**	192,259,433
Unallocated		
- Loans and advances	**496,284**	262,007
- Taxation - net	**3,139,119**	2,789,335
- Interest accrued	**490,109**	490,111
- Cash and bank balances	**4,201,365**	943,220
	8,326,877	4,484,673
Total assets as per balance sheet	**210,034,536**	196,744,106
Segment liabilities		
Gas transmission and distribution	**182,610,682**	168,196,804
Meter manufacturing	**101,667**	278,663
Total segment liabilities	**182,712,349**	168,475,467
Unallocated		
- Employee benefits	**2,674,960**	2,521,973
Total liabilities as per balance sheet	**185,387,309**	170,997,440

25. CORRESPONDING FIGURES

Following figures have been reclassified consequent upon the change in current period's presentation.

Reclassification		Half year ended 31 December 2013
		Amount
From	**To**	**(Rupees in '000)**
Administrative and selling expenses	**Other operating expenses**	
- Provision against impaired debts and other receivables	- Provision against impaired debts and other receivables	722,267
- Legal and professional	- Auditors remuneration	5,981
Other operating expenses	**Other non-operating income**	
- LPG processing charges	- Income on LPG and NGL - net	54,718

26. General

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

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

27. Date of authorisation

This consolidated condensed interim financial information were authorised for issue in Board of Directors meeting held on 04 June, 2016.

Miftah Ismail
Chairman

Khalid Rahman
Managing Director

KEY DATA

FRANCHISE AREA	SINDH AND BALOCHISTAN	
	FOR THE SIX MONTHS ENDED	
	DECEMBER 31, 2013	DECEMBER 31, 2012
NATURAL GAS SALES VOLUME (MMCF)	**176,615**	182,277
NUMBER OF GAS CUSTOMERS (CUMULATIVE)		
INDUSTRIAL	**4,142**	4,120
COMMERCIAL	**23,851**	24,221
DOMESTIC	**2,551,737**	2,499,800
TOTAL	**2,579,730**	2,528,141
GAS METERS MANUFACTURED (NOS.)	**357,300**	308,529
TRANSMISION NETWORK - CUMULATIVE (KM)		
DIAMETER		
6"	**36**	-
12"	**432**	379
16"	**558**	558
18"	**950**	950
20"	**852**	852
24"	**653**	653
30"	**9**	9
	3,490	3,401
DISTRIBUTION NETWORK - CUMULATIVE (KM)		
MAINS (1" - 30" Diameter)	**33,818**	32,983
SERVICES	**8,966**	8,646
	42,784	41,629