

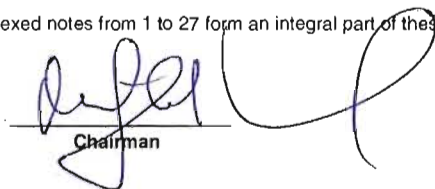
Sui Southern Gas Company Limited

Consolidated condensed interim financial information

For nine months ended March 31, 2014

		March 31, 2014 (Un-audited)	June 30, 2013 (Audited) (Restated)
	Note	----- (Rupees in '000) -----	
ASSETS			
Non-current assets			
Property, plant and equipment	6	71,361,124	70,022,320
Intangible assets		105,770	124,760
Long term investments	7	121,729	94,784
Net investment in finance lease		610,235	692,789
Long term loans and advances		153,295	133,354
Long-term deposits		7,001	5,721
Total non-current assets		72,359,154	71,073,728
Current assets			
Stores, spares and loose tools		2,277,040	2,166,709
Stock-in-trade		962,443	861,542
Current maturity of net investment in finance lease		110,161	110,161
Customers' installation work-in-progress		187,115	173,917
Trade debts	8	76,992,504	76,367,960
Loans and advances		229,478	128,653
Trade deposits and short term prepayments		675,939	168,378
Interest accrued		5,889,841	5,515,100
Other receivables	9	58,736,881	36,445,403
Taxation - net		3,124,718	2,789,335
Cash and bank balances		5,970,991	943,220
Total current assets		155,157,111	125,670,378
Total assets		227,516,265	196,744,106

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


Chairman

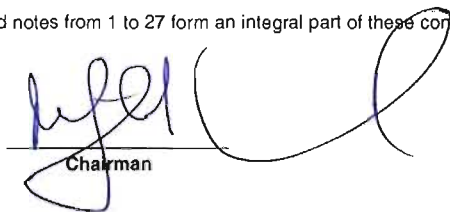

Managing Director


CFO

Sui Southern Gas Company Limited
Consolidated Condensed Interim Balance Sheet
As at March 31, 2014

		March 31, 2014 (Un-audited)	June 30, 2013 (Audited)
	Note	----- (Rupees in '000) -----	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital:			
1,000,000,000 ordinary shares of Rs. 10 each		10,000,000	10,000,000
Issued, subscribed and paid-up capital		8,809,163	8,809,163
Reserves		4,907,401	4,907,401
Surplus on re-measurement of available for sale securities		108,101	81,156
Unappropriated profit		(1,629,108)	1,697,000
Total equity		12,195,557	15,494,720
Surplus on revaluation of fixed assets		10,251,946	10,251,946
LIABILITIES			
Non-current liabilities			
Long term finance	10	22,436,039	24,770,608
Long term deposits		7,940,230	5,260,547
Deferred tax		4,065,346	5,722,017
Employee benefits		2,752,245	2,521,973
Deferred credit	11	5,498,316	5,747,643
Long term advances		1,090,413	1,155,230
Total non-current liabilities		43,782,589	45,178,018
Current portion of long term finance		3,592,686	3,597,649
Short term borrowings	12	3,377,113	4,275,250
Trade and other payables	13	128,777,498	95,984,844
Short term deposits		90,558	56,788
Interest and mark-up accrued		25,448,318	21,904,891
Total current liabilities		161,286,173	125,819,422
Total liabilities		205,068,762	170,997,440
Total equity and liabilities		227,516,265	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.


Chairman

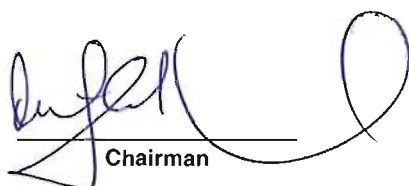

Managing Director


CFO

Sui Southern Gas Company Limited
Consolidated Condensed Interim Profit and Loss Account (Un-audited)
For the Nine Months Period Ended March 31, 2014

		Nine months period ended		Three months period ended	
		March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
		(Un-Audited)			
Note		------(Rupees in '000)-----			
Sales		128,640,629	119,926,021	41,113,268	40,739,840
Sales tax		(17,281,338)	(16,050,728)	(5,283,573)	(5,288,056)
		111,359,291	103,875,293	35,829,695	35,451,784
Gas development surcharge		87,312	6,889,799	2,960,370	2,249,884
Net sales		111,446,603	110,765,092	38,790,065	37,701,668
Cost of sales	15	(119,057,876)	(111,828,831)	(41,532,133)	(39,064,053)
Gross loss		(7,611,273)	(1,063,739)	(2,742,068)	(1,362,385)
Administrative and selling expenses		(2,512,355)	(2,387,914)	(779,882)	(849,961)
Other operating expenses	16	(2,118,706)	(2,205,145)	(258,563)	(417,139)
		(4,631,061)	(4,593,059)	(1,038,445)	(1,267,100)
		(12,242,334)	(5,656,798)	(3,780,513)	(2,629,485)
Other operating income	17	2,993,963	3,000,341	1,001,292	1,245,687
Operating loss		(9,248,371)	(2,656,457)	(2,779,221)	(1,383,798)
Other non-operating income	18	10,242,786	11,115,289	2,021,539	4,247,625
Finance cost	19	(5,314,016)	(6,067,851)	(1,973,714)	(2,012,480)
(Loss) / profit before taxation		(4,319,601)	2,390,981	(2,731,396)	851,347
Taxation	20	993,493	(858,350)	508,839	(275,724)
(Loss) / profit for the period		(3,326,108)	1,532,631	(2,222,557)	575,623
Basic / diluted (loss) / earnings per share (Rupees)		(3.78)	1.74	(2.52)	0.65

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


Chairman


Managing Director


CFO

Sui Southern Gas Company Limited
Consolidated Condensed Interim Cash Flow Statement (Un-audited)
For the Nine Months Period Ended March 31, 2014

235

March 31, March 31,
2014 2013
(Un-Audited)
Note -----(Rupees in '000)-----

CASH FLOW FROM OPERATING ACTIVITIES

(Loss) / profit before taxation		(4,319,601)	2,390,981
Adjustments for non-cash and other items	21	8,316,147	2,307,768
Working capital changes	22	7,640,734	(8,826,677)
Financial charges paid		(1,958,814)	(1,371,830)
Employee benefits paid		(56,126)	(23,883)
Payment for retirement benefits		(301,398)	(366,706)
Long term deposits received - net		2,713,453	554,579
Deposits paid - net		(1,280)	(3,436)
Loans and advances to employees - net		(120,766)	(119,529)
Interest income and return on term deposits received		1,445,124	7,322,387
Income taxes paid		(998,561)	(1,387,921)
Net cash generated from operating activities		12,358,912	475,733

CASH FLOW FROM INVESTING ACTIVITIES

Payments for property, plant and equipment	(4,323,994)	(5,799,801)
Payments for intangible assets	(30,288)	-
Proceeds from sale of property, plant and equipment	29,662	4,649
Lease rental from net investment in finance lease	232,474	223,811
Dividend received	1,235	-
Net cash used in investing activities	(4,090,911)	(5,571,341)

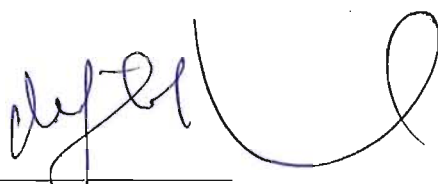
CASH FLOW FROM FINANCING ACTIVITIES

Proceeds from local currency loans	-	978,065
Repayments of local currency loans	(2,423,764)	(2,576,032)
Consumer finance received	138,095	23,503
Repayment of consumer finance	(53,863)	(66,956)
Dividend paid	(2,561)	(560)
Net cash used in financing activities	(2,342,093)	(1,641,980)
Net increase / (decrease) in cash and cash equivalents	5,925,908	(6,737,588)
Cash and cash equivalents at beginning of the period	(3,332,030)	1,509,341
Cash and cash equivalents at end of the period	2,593,878	(5,228,247)

Cash and cash equivalent comprises:

Cash and bank balances	5,970,991	1,012,735
Short term borrowings	(3,377,113)	(6,240,982)
	2,593,878	(5,228,247)

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


Chairman


Managing Director


CFO

Sui Southern Gas Company Limited
Consolidated Condensed Interim Statement of Comprehensive Income (Un-audited)
For the Nine Months Period Ended March 31, 2014

	<u>Nine months period ended</u>		<u>Three months period ended</u>	
	<u>March 31,</u>	<u>March 31,</u>	<u>March 31,</u>	<u>March 31,</u>
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	(Un-Audited)			
	----- (Rupees in '000) -----			
(Loss) / profit for the period	(3,326,108)	1,532,631	(2,222,557)	575,623
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	26,945	15,513	22,833	(3,220)
Item that will not be reclassified subsequently to profit and loss account:				
Total comprehensive (loss) / income for the period	<u>(3,299,163)</u>	<u>1,548,144</u>	<u>(2,199,724)</u>	<u>572,403</u>

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


Chairman

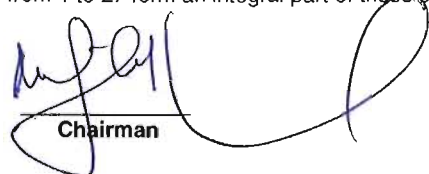

CFO


Managing Director

Sui Southern Gas Company Limited
Consolidated Condensed Interim Statement of Changes In Equity (Un-audited)
For the Nine Months Period Ended March 31, 2014

	Issued, subscribed and paid-up capital	Capital reserves	Revenue reserves	Surplus on re-measurement of available for sale securities	Unappropriated profit / (accumulated losses)	Total
	(Un-Audited)					
	----- (Rupees in '000) -----					
Balance as at July 1, 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
Transactions with owners						
Final dividend for the year ended ended June 30, 2012 @ 2.25 per share	-	-	-	-	(1,982,062)	(1,982,062)
Total comprehensive income for the period ended March 31, 2013						
Profit for the period	-	-	-	-	1,532,631	1,532,631
Other comprehensive income for the period	-	-	-	15,513	-	15,513
Total comprehensive income for the period	-	-	-	15,513	1,532,631	1,548,144
Balance as at March 31, 2013 (Restated)	8,809,163	234,868	4,672,533	73,459	3,441,968	17,231,991
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
Total comprehensive income for the period ended March 31, 2014						
Loss for the period	-	-	-	-	(3,326,108)	(3,326,108)
Other comprehensive income for the period	-	-	-	26,945	-	26,945
Total comprehensive profit / (loss) for the period	-	-	-	26,945	(3,326,108)	(3,299,163)
Balance as at March 31, 2014	8,809,163	234,868	4,672,533	108,101	(1,629,108)	12,195,557

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


Chairman


Managing Director


CFO

Sui Southern Gas Company Limited
Notes to the consolidated Condensed Interim Financial Information (Un-audited)
For The Nine-Months Period Ended March 31, 2014

1. THE GROUP AND ITS OPERATIONS

1.1 The "Group" consists of:

Holding Company

- Sui Southern Gas Company Limited

	Percentage of holding
	2014 2013

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 Holding 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 nine months ended March 31, 2014 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.

- 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.

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 March 31, 2013.

During the period, actuarial 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

	March 31, 2014 (Un-audited)	June 30, 2013 (Audited)
	----- (Rupees in '000) -----	
Operating assets	62,807,352	62,780,975
Capital work-in-progress	8,553,772	7,241,345
	<u>71,361,124</u>	<u>70,022,320</u>

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

	March 31, 2014		March 31, 2013
	Unaudited		
	----- (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 - owned			
Leasehold land	-		-
Buildings on leasehold land	41,686		210,822
Gas transmission pipelines	172,509		317,013
Gas distribution system	2,351,781	(8,647)	2,733,100
Telecommunication	104,062		58,445
Plant and machinery	178,535		259,035
Tools and equipment	15,071		28,465
Motor vehicles	189,348	(6,248)	190,800
Furniture and fixture	26,263		10,332
Office equipment	35,186		26,406
Computer and ancillary equipment	12,549		66,073
Construction and ancillary materials	66,501	-	-
	<u>3,193,491</u>	<u>(14,895)</u>	<u>3,900,491</u>
	Capital expenditure incurred	Transfer to operating assets	Capital expenditure incurred
			Transfer to operating assets
Capital work-in-progress:			
- Gas distribution system	2,744,801	(2,351,781)	4,250,167
- Gas transmission system	845,130	(172,509)	714,230
- Cost of buildings under construction and others	137,299	(41,686)	79,042
	<u>3,727,230</u>	<u>(2,565,976)</u>	<u>5,043,439</u>

7. LONG TERM INVESTMENTS

	March 31, 2014 (Un-audited)	June 30, 2013 (Audited)
	----- (Rupees in '000) -----	
Investment in related parties	59,178	53,528
Other investments	62,551	41,256
	<u>121,729</u>	<u>94,784</u>

		March 31, 2014 (Un-audited)	June 30, 2013 (Audited)
	Note	----- (Rupees in '000) -----	
8. TRADE DEBTS			
- secured		11,044,527	14,235,887
- unsecured	8.1 & 8.2	74,632,279	69,728,031
		85,676,806	83,963,918
Provision against impaired debts		(8,684,302)	(7,595,958)
		<u>76,992,504</u>	<u>76,367,960</u>

- 8.1** 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 IAS 18 "Revenue" based on opinions from firms of Chartered Accountants.

In accordance with the revised accounting treatment, the trade debts includes Rs. 40,779 million (June 30, 2013: Rs.44,303 million) as at March 31, 2014 receivables from KE. Out of this, Rs. 38,250 million (June 30, 2013: Rs. 40,337 million) as at March 31, 2014 are overdue. However, the aggregate legal claim of the Holding Company from KE amounts to Rs. 52,978 million (June 30, 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 Holding Company filed 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 accounts which confirm management's assertion that the Holding Company has legal claim over KE for charging of LPS.

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

Management has consulted with its legal counsel, who is of the view that the Holding Company has a strong case over recovery of the outstanding amount due to which management considers outstanding balance good and recoverable. The legal counsel 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. 16,099 million (June 30, 2013: Rs. 12,680 million) including overdue balance of Rs. 16,874 million (June 30, 2013: Rs. 12,232 million) receivable from PSML. However, the aggregate legal claim of the Holding Company from PSML amounts to Rs. 22,227 million (June 30, 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.

Considering that the Holding Company has valid legal claim for recovery of LPS together with outstanding principal amount, 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.

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

	Note	March 31, 2014 (Un-audited) ------(Rupees in '000)-----	June 30, 2013 (Audited)
9. OTHER RECEIVABLES - considered good			
Gas development surcharge receivable from GoP	9.1	17,608,896	17,159,475
Staff pension fund		648,634	648,635
Receivable for sale of gas condensate		626,371	75,637
Sui Northern Gas Pipelines Limited	9.2	14,552,013	4,085,098
Jamshoro Joint Venture Limited	9.3 & 9.4	12,861,166	3,955,853
Workers' Profit Participation Fund		552,655	452,655
Sales tax receivable	9.5	14,023,793	11,944,614
Sindh sales tax receivable		11,292	-
Pipeline rentals		42,651	15,620
Miscellaneous receivables		155,769	135,922
		<u>61,083,240</u>	<u>38,473,509</u>
Provision against impaired receivables		<u>(2,346,359)</u>	<u>(2,028,106)</u>
		<u>58,736,881</u>	<u>36,445,403</u>

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. 14,465 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 contingent rent amounting to Rs. 97 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. 8,498 million (June 30, 2013: Rs. 2,247 million), Rs. 2,793 million (June 30, 2013: Rs. 312 million), Rs. 896 million (June 30, 2013: Rs. 896 million) and Rs. 674 million (June 30, 2013: Rs. 501 million) respectively.

As at year end, amount payable to JJVL is Rs. 1,311 million (June 30, 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.

March 31, June 30,
2014 2013
(Un-audited) (Audited)
------(Rupees in '000)-----

10. LONG-TERM FINANCE

Secured

Loans from banking companies 19,646,823 22,070,546

Unsecured

Front end fee of foreign currency loan	23,950	23,950
Consumer finance	302,910	218,719
Government of Sindh loan	6,055,042	6,055,042
	6,381,902	6,297,711

Subtotal 26,028,725 28,368,257

Less: current portion shown under current liabilities

Loans from banking companies	(3,238,095)	(3,238,095)
Consumer finance	(56,408)	(61,371)
Government of Sindh loans	(298,183)	(298,183)
	(3,592,686)	(3,597,649)
	22,436,039	24,770,608

Nine months period ended

March 31, March 31,
2014 2013
(Un-audited)
------(Rupees in '000)-----

11. DEFERRED CREDIT

Government contributions / grants

Additions / adjustments during the period	64,817	395,189
Transferred to unconsolidated condensed interim profit and loss account	174,219	158,702

Contribution from customers

Transferred to unconsolidated condensed interim profit and loss account	139,925	146,624
---	---------	---------

12. SHORT TERM BORROWINGS

This represent facilities for short term running finance and short term loan available from various banks amounting to Rs 3,377 million (June 30, 2013: Rs. 4,275 million) and subject to mark-up up to 0.80% (June 30, 2013: 0.50%) 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.

	March 31, 2014 (Un-audited)	June 30, 2013 (Audited)
Note	----- (Rupees in '000) -----	
13. TRADE AND OTHER PAYABLES		
Creditors for:		
- gas	112,216,317	80,239,424
- supplies	627,522	217,572
	<u>112,843,839</u>	<u>80,456,996</u>
Amount received from customers for laying of mains, etc.	2,012,935	2,135,579
Accrued liabilities	2,955,109	2,688,823
Provision for compensated absences - non executives	142,679	138,969
Payable to staff gratuity	1,459,107	1,459,107
Deposits / retention money	404,011	304,242
Bills payable	8,032	62,301
Advance for sharing right of way	18,088	18,088
Dividend payable / unclaimed dividend	288,340	290,901
Withholding tax payable	100,776	139,249
Sales tax and Federal excise duty	18,589	426,592
Sindh sales tax	63,970	67,647
Processing Charges payable to JJVL	1,311,379	255,013
Gas infrastructure development cess payable	6,816,204	7,234,262
Unclaimed term finance certificate redemption profit	1,800	1,800
Payable to Inter State Gas System (Private) Limited (ISGSL)	8,918	11,924
Advance from customers and distribution	26,903	14,928
Others	295,819	278,423
	<u>128,777,498</u>	<u>95,984,844</u>

- 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 Company for the year ended June 30, 2013, except for the following:

	March 31, 2014 (Un-audited)	June 30, 2013 (Audited)
	----- (Rupees in '000) -----	
Claims against the Company not acknowledged as debt	103,741	97,741
Commitments for capital and other expenditure	1,902,003	2,163,196
Guarantees issued on behalf of the Company	1,787,523	64,235

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

Nine months period ended		Three months period ended	
March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
(Un-audited)			
------(Rupees in '000)-----			

15. COST OF SALES

Cost of gas	110,288,561	102,263,991	38,633,081	36,083,358
Transmission and distribution costs	8,769,315	9,564,840	2,899,052	2,980,695
	<u>119,057,876</u>	<u>111,828,831</u>	<u>41,532,133</u>	<u>39,064,053</u>

16. OTHER OPERATING EXPENSES

Auditors' remuneration	13,916	9,386	4,567	1,113
Workers' Profit Participation Fund	-	134,191	-	48,490
Sports expenses	20,914	17,544	8,825	7,317
Corporate social responsibility	40,816	6,969	5,097	2,305
Exchange loss / (gain) on payment of gas purchases	545,925	599,706	(212,998)	121,501
Loss on disposal of property, plant and equipment	-	3,293	-	938
Provision against impaired stores and spares	33,906	33,420	-	5,229
Provision against impaired debts and other receivables	1,463,229	1,400,636	453,072	230,246
	<u>2,118,706</u>	<u>2,205,145</u>	<u>258,563</u>	<u>417,139</u>

17. OTHER OPERATING INCOME

Income from other than financial assets

Meter rentals	509,352	497,994	170,898	167,363
Recognition of income against deferred credit	293,899	292,214	93,414	100,082
Income from new service connections	186,698	228,302	81,658	112,069
Gas shrinkage charged to JJVL	1,417,662	1,454,505	400,270	585,753
Income from gas transportation	24,837	22,728	9,080	8,651
Income from LPG air mix distribution - net	324,311	303,088	117,765	124,865
Advertising income	4,927	3,459	1,186	1,162
Gain on disposal of property, plant and equipment	14,767	-	13,192	-
Income from sale of tender documents	1,921	2,149	962	746
Scrap sales	-	783	-	349
Liquidity damaged recovered	9,362	-	6,087	-
Recoveries from consumers	56,210	-	18,162	-
Miscellaneous	137,263	186,388	75,864	138,106
	<u>2,981,209</u>	<u>2,991,610</u>	<u>988,538</u>	<u>1,239,146</u>

Income from investment in debts, loans, advances and receivables from a related party

Contingent rental income - SNGPL	12,754	8,731	12,754	6,541
	<u>2,993,963</u>	<u>3,000,341</u>	<u>1,001,292</u>	<u>1,245,687</u>

- 17.1 The Holding 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 Holding 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 was 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.

Note	Nine months period ended		Three months period ended	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
	(Un-audited)			
	(Rupees in '000)			

18. OTHER NON-OPERATING INCOME

Income from financial assets

Late payment surcharge	1,189,601	2,962,044	456,628	1,170,436
Income from net investment in finance lease	50,326	46,397	16,496	15,743
Return on:				
- term deposits and profit and loss bank accounts	237,072	150,192	127,622	31,337
- staff loans	1	1	1	-
	1,477,000	3,158,634	600,747	1,217,516

Interest income on late payment of gas bills from

- K-Electric Limited	-	4,854,727	-	1,671,459
- Jamshoro Joint Venture Limited	149,397	33,088	8,983	17,458
- Water & Power Development Authority	58,553	182,504	8,613	65,346
- Sui Northern Gas Pipelines Limited	185,241	389,878	121,129	191,365
	393,191	5,460,197	138,725	1,945,628
Dividend income	1,235	-	998	-
	1,871,426	8,618,831	740,470	3,163,144

Income from investment in debts, loans, advances and receivables from related parties

Dividend income -				
Sui Northern Gas Pipelines Limited	-	475	-	-
Income from net investment in finance lease				
Sui Northern Gas Pipelines Limited	99,594	87,431	12,866	28,526
Oil and Gas Development Company Limited	-	887	-	904
	99,594	88,793	12,866	29,430

Others

Sale of gas condensate	608,295	109,766	232,351	69,620
Income on LPG and NGL - net	1,757,210	99,572	811,118	28,639
Royalty income from JJVL	5,330,644	1,849,808	-	832,231
Meter manufacturing division profit - net	575,617	348,519	224,734	124,561
	8,271,766	2,407,665	1,268,203	1,055,051
	10,242,786	11,115,289	2,021,539	4,247,625

- 18.1 This amount includes Royalty income of Rs. 4,257 million pursuant to 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 Holding 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 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 Supreme Court has appointed an Advocate Supreme Court to determine the matter which is still pending.
- 18.2 The Holding Company signed various Memorandum of Understanding (MoUs) 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 3,525 million (March 2013: Rs 4,749 million) being mark-up on delayed payment on gas supplies.

	Nine months period ended		Three months period ended	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
	(Un-audited)			
	------(Rupees in '000)-----			
20. TAXATION				
- Current	663,178	1,762,112	137,785	340,965
- Deferred	(1,656,671)	(903,762)	(646,624)	(65,241)
	<u>(993,493)</u>	<u>858,350</u>	<u>(508,839)</u>	<u>275,724</u>
			March 31, 2014	March 31, 2013
			------(Rupees in '000)-----	
21. ADJUSTMENTS FOR NON-CASH AND OTHER ITEMS				
Provisions			2,132,681	2,171,175
Depreciation			3,120,109	2,965,078
Amortization of intangibles			49,272	32,695
Finance cost			5,309,168	6,063,914
Amortization of transaction cost			4,848	3,937
Recognition of income against deferred credit			(314,144)	(305,325)
Dividend income			(1,235)	-
Interest income and return on term deposits			(1,819,865)	(8,572,433)
Income from net investment in finance lease			(149,920)	(134,715)
(Gain) / Loss on disposal of property plant and equipment			(14,767)	3,293
Decrease in long term advances			(64,817)	(315,039)
Decrease in deferred credit			64,817	395,188
			<u>8,316,147</u>	<u>2,307,768</u>
22. WORKING CAPITAL CHANGES				
(Increase) / decrease in current assets				
Stores and spares			(144,237)	(363,248)
Stock-in-trade			(106,523)	(261,122)
Customers' installation work-in-progress			(13,198)	(17,048)
Trade debts			(2,087,773)	(16,159,151)
Trade deposits and short term prepayments			(507,561)	69,012
Other receivables			(22,291,479)	(21,025,018)
			<u>(25,150,771)</u>	<u>(37,756,575)</u>
Increase in current liabilities				
Trade and other payables			32,791,505	28,929,898
			<u>7,640,734</u>	<u>(8,826,677)</u>
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 influenced 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	Nine months period ended	
		March 31, 2014	March 31, 2013
		(Un-audited)	
		------(Rupees in '000)-----	
* Askari Bank Limited	Associate		
- Profit on investment		-	2,989
- Mark-up on short term finance		-	4,725
- Mark-up on local currency finance		-	144,076
Attock Refinery Limited	Associate		
- Sale of gas condensate		24,030	109,767

Relationship	Nine months period ended	
	March 31,	March 31,
	2014	2013
	(Un-audited)	
	----- (Rupees in '000) -----	
** Astro Plastic (Private) Limited	Associate	
- Billable charges	85,629	-
* Bank Al-Habib Limited	Associate	
- Profit on investment	-	6,366
- Mark-up on short term finance	-	16,494
- Mark-up on long term finance	-	61,542
Fauji Fertilizer Company Limited	Associate	
- Billable charges	94	-
Government related entities - various		
- Purchase of fuel and lubricant	40,803	10,348
- Billable charges	31,288,539	32,886,068
- Mark-up on delayed payment on gas supplies	3,168,429	4,748,739
- Sharing of expenses	52,187	45,452
- Income from net investment in finance lease	99,594	89,318
- Gas purchases	58,900,035	52,497,580
- Sale of gas meters	1,878,709	1,347,899
- Dividend income	-	475
- Rent of premises	-	4,716
- Interest income	243,794	572,382
- Insurance premium	92,010	85,447
- Uniform cost of gas	28,449,454	28,623,496
- Electricity expense	141,342	114,962
- Mark up on short term finance	20	74
- Mark up on long term finance	29,730	43,318
** Habib Bank Limited		
- Profit on investment	17,026	40,915
- Mark up on short term finance	5,592	14,753
- Mark up on long term finance	78,043	-
- Billable Charges	6,900	6,345
* Habib Metropolitan Bank	Associate	
- Profit on investment	-	3,262
- Mark-up on short term finance	-	1,620
- Mark up on long term finance	-	15,993
* Hydrocarbon Development Institute of Pakistan	Associate	
- Billable Charges	-	25,229
International Industries Limited	Associate	
- Line Pipe Purchases	303,682	564,127
- Billable Charges	831,264	703,302
** Ismail Industries Limited	Associate	
- Billable Charges	136,072	-

		Nine months period ended	
		March 31, 2014	March 31, 2013
		(Un-audited)	
		(Rupees in '000)	
Relationship			
Key management personnel			
- Remuneration		131,081	96,940
** Kohinoor Silk Mills Limited			
- Billable Charges	Associate	196	-
* Liaquat National Hospital			
- Medical services	Associate	-	18,009
- Billable charges		-	44,144
Minto & Mirza			
- Professional charges	Associate	7,115	8,000
Packages Limited			
- Billable charges	Associate	9,924	8,873
Pakistan Cables Limited			
- Billable charges	Associate	62,108	49,831
* Pak Suzuki Motor Company Limited			
- Motor Vehicle Purchases	Associate	-	40,121
- Billable charges		-	25,953
Pakistan Engineering Company Limited			
- Billable charges	Associate	42	37
** Pakistan Synthetic Limited			
- Billable charges	Associate	217,029	-
** Premium Textile Mills Limited			
- Billable charges	Associate	219,822	-
** Security Papers Limited			
- Billable charges	Associate	99,097	-
** Shezan International Limited			
- Billable charges	Associate	12,118	-
Staff retirement benefit plans			
- Contribution to provident fund	Associate	164,831	155,374
- Contribution to pension fund		129,827	205,659
- Contribution to gratuity fund		171,600	161,044
Thatta Cement Company Limited			
- Billable charges	Associate	9,828	8,991

* 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 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 Holding Company is received at rates prescribed by the Government of Pakistan.

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

251

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

		March 31, 2014 (Unaudited)	June 30, 2013 (Audited)
	Relationship	----- (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		10,645	-
- 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		5	5
- Gas supply deposit		(124)	(124)
Government related entities - various			
- Billable charges		59,252,899	58,493,193
- Mark up accrued on borrowings		-	(2,348)
- Late payment surcharge on gas supplies		(19,734,690)	(21,366,308)
- Sharing of expenses		(6,965)	(11,924)
- Net investment in finance lease		106,570	107,973
- Gas purchases		(74,627,455)	(62,233,608)
- Gas meters		390,377	288,094
- Uniform cost of gas		12,210,925	3,975,409
- Cash at bank		6,782	42,467
- Stock Loan		-	(28,813)
- Recoverable from insurance		-	(2,025)
- Gas supply deposit		(52,625)	(50,169)
- Interest income accrued - late payment on gas bills		4,071,017	4,981,091
Habib Bank Limited	Associate		
- Long term finance		(1,000,000)	(1,000,000)
- Short Term Finance		(986,770)	(1,482,788)
- Cash at bank		37,527	90,237
- Accrued markup		(8,723)	(24,256)
- Billable charges		628	3,354
- Gas Supply Deposit		(3,588)	(3,589)
* Habib Metropolitan Bank	Associate		
- Long term finance		-	-
- Short term finance		-	(95,536)
- Accrued mark-up		-	(13,409)

March 31, June 30,
2014 2013
(Unaudited) (Audited)
----- (Rupees in '000) -----

252

Relationship		
* Hydrocarbon Development Institute of Pakistan	Associate	
- Billable charges	-	2,723
- Gas supply deposit	-	(4,000)
International Industries Limited	Associate	
- Billable charges	98,202	24,278
- Gas supply deposit	(48,925)	(48,925)
** Ismail Industries Limited	Associate	
- Billable charges	29,300	-
- Gas supply deposit	(5,857)	-
Kohinoor Silk Mills Limited	Associate	
- Billable charges	22	21
- Gas supply deposit	(60)	(60)
Packages Limited	Associate	
- Billable charges	1050	951
- Gas supply deposit	(3,044)	(3,044)
Pakistan Cables Limited	Associate	
- Billable charges	7050	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	24,859	24,170
- Gas supply deposit	(76,900)	(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	24,244	19,490
- Gas supply deposit	(52,564)	(22,300)
** Shezan International Limited	Associate	
- Billable charges	1,454	-
- Gas supply deposit	(4,085)	-
Thatta Cement Company Limited	Associate	
- Billable charges	718	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

253

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 assess their performance. As a result, management has identified the following

- 1) Gas transmission and distribution (sale of gas); and
- 2) Meter manufacturing (manufacturing and sale of gas meters)

Segment revenue and results

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

	Segment revenue		Segment profit	
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
	(Un-audited)			
	----- (Rupees in '000) -----			
Gas transmission and distribution	111,359,291	103,875,293	(3,164,740)	3,963,111
Meter manufacturing	2,381,301	1,729,361	575,617	348,519
Total segment results	113,740,592	105,604,654	(2,589,123)	4,311,630
Unallocated - other expenses				
- Other operating expenses			(2,118,706)	(2,205,145)
Unallocated - other income				
- Non-operating income			388,228	284,496
(Loss) / profit before tax			(4,319,601)	2,390,981

Segment assets

	March 31, 2014 (Unaudited)	June 30, 2013 (Audited)
	----- (Rupees in '000) -----	
Gas transmission and distribution	215,144,027	190,631,191
Meter manufacturing	2,403,647	1,628,242
Total segment assets	217,547,674	192,259,433
Unallocated		
- Loans and advances	382,773	262,007
- Taxation - net	3,124,718	2,789,335
- Interest accrued	490,109	490,111
- Cash and bank balances	5,970,991	943,220
	9,968,591	4,484,673
Total assets as per balance sheet	227,516,265	196,744,106

Segment liabilities

	March 31, 2014 (Unaudited)	June 30, 2013 (Audited)
	----- (Rupees in '000) -----	
Gas transmission and distribution	201,838,066	168,196,804
Meter manufacturing	478,451	278,663
Total segment liabilities	202,316,517	168,475,467
Unallocated		
- Employee benefits	2,752,245	2,521,973
Total liabilities as per balance sheet	205,068,762	170,997,440

25. CORRESPONDING FIGURES

254

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


Reclassification From	To	Nine months period ended March 31, 2013
		Amount (Rs. In '000)
Administrative and selling expenses	Other operating expenses	
- Provision against impaired debts	- 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	130,823

26. GENERAL

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

27. DATE OF AUTHORISATION

This consolidated condensed interim financial information were authorised for issue in Board of Directors meeting held on 04 March, 2017.


Chairman


Managing Director


CFO