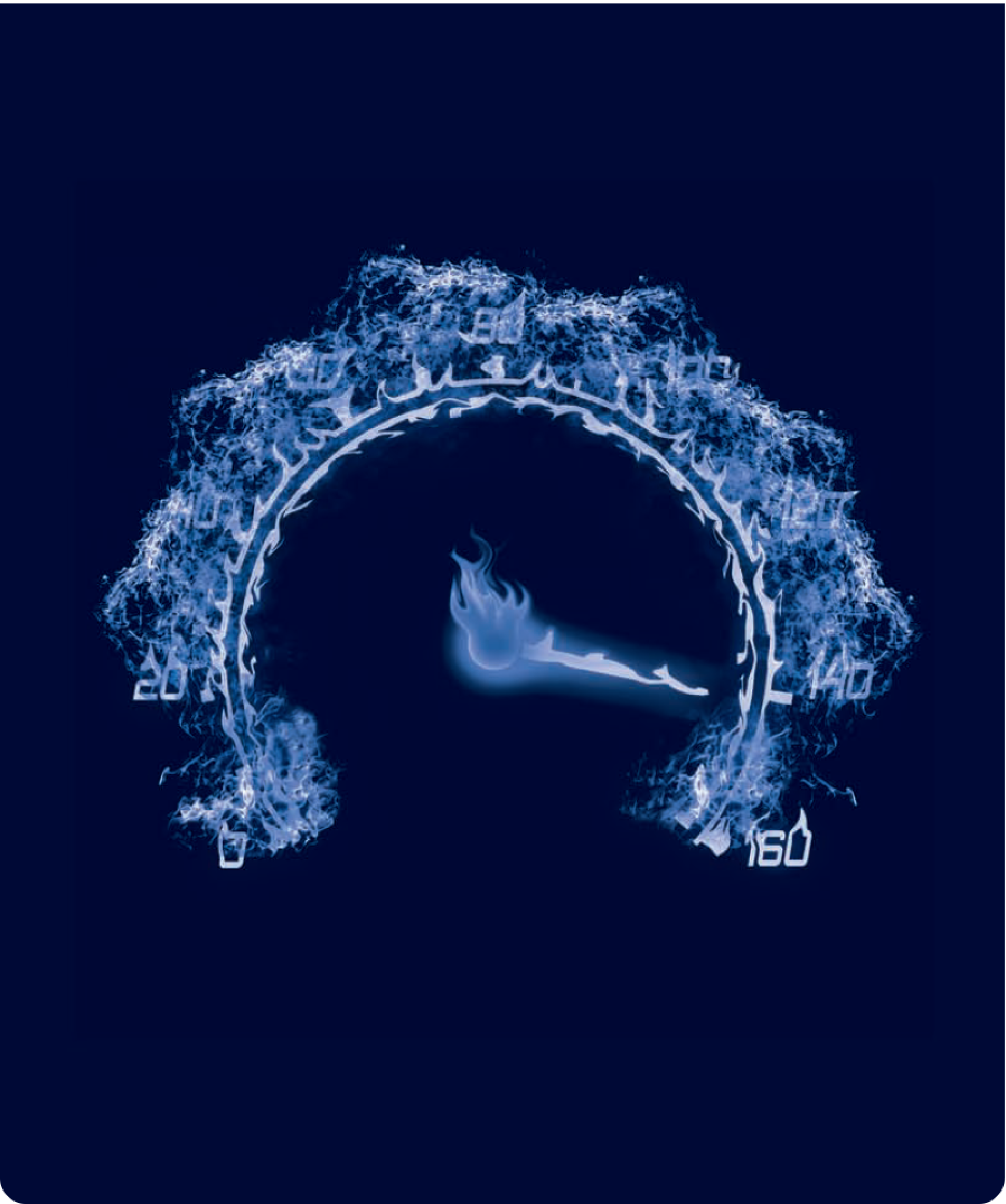
Financial
STATEMENTS



Auditors' Report to the Members

We have audited the annexed unconsolidated balance sheet of Sui Southern Gas Company Limited ("the Company") as at June 30, 2014, and the related unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated statement of changes in equity together with the notes forming part thereof (here-in after referred to as unconsolidated financial statements), for the year then ended and we state that except for the matter as stated in paragraph (a) below, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

Except for the matter as stated in paragraph (a) below, we conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

a) As described in notes 26.1 and 26.2 to the unconsolidated financial statements, trade debts include receivables of Rs. 41,302 million (2013: Rs. 44,303 million) and Rs. 16,944 million (2013: Rs. 12,680 million) from K-Electric Limited (KE) and Pakistan Steel Mills Corporation (Private) Limited (PSML) respectively. As described in the aforesaid notes, significant portion of such receivables include overdue amounts, which have been considered good by the management and classified as current assets in these financial statements. Further, KE and PSML have disputed Late Payment Surcharge (LPS) on their respective balances and the financial condition of PSML is such that it has not been able to pay its obligations, due to which management has decided to recognize LPS on a receipt basis from the aforesaid entities effective from July 01, 2012.

Due to the adverse financial condition of PSML, disputes by KE and PSML with the Company on LPS, and large accumulation of their respective overdue amounts, we were unable to determine the extent to which the total amounts due from KE and PSML are likely to be recovered and the time frame over which such recovery will be made.

b) in our opinion, except for the possible effects of the matter stated in paragraph (a) above, in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

c) in our opinion:

(i) except for the possible effects of the matter stated in paragraph (a) above, the unconsolidated balance sheet and unconsolidated profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the change as disclosed in note 3.3.1 to the accompanying unconsolidated financial statements with which we concur;

(ii) the expenditure incurred during the year was for the purpose of the Company's business; and

(iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

d) except for the possible effects of the matter stated in paragraph (a) above, in our opinion and to the best of our information and according to the explanations given to us, the unconsolidated balance sheet, unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and the unconsolidated statement of changes in equity, together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2014 and of the loss, total comprehensive loss, its cash flows and changes in equity for the year then ended; and

e) in our opinion, no Zakat was deductible at source under Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

We draw attention to:

(i) note 1.3 to the unconsolidated financial statements that describes that revenue requirement for the year ended June 30, 2011, 2012, 2013 and 2014 have been determined provisionally on the basis of stay orders of the High Court of Sindh (the Court) which was considered by OGRA while determining revenue requirement, except for impact of the orders dated November 20, 2015, whereby OGRA was directed to treat income from royalty (arrears) and income from LPG and NGL as non-operating income which was not considered by OGRA while determining revenue requirement of the Company for the year ended June 30, 2013 and 2014.

Our opinion is not qualified in respect of the above matter.

Deloitte Yousuf Adil
Chartered Accountants
Audit Engagement Partner
Mushtaq Ali Hirani

05 March, 2016
Karachi

UNCONSOLIDATED BALANCE SHEET
AS AT JUNE 30, 2014

	Note	June 30, 2014	June 30, 2013 (Restated)	July 01, 2012 (Restated)
			(Rupees in '000)	
EQUITY AND LIABILITIES				
EQUITY				
Share capital and reserves				
Authorised share capital:				
1,000,000,000 ordinary shares of Rs. 10 each		10,000,000	10,000,000	10,000,000
Issued, subscribed and paid-up capital	4	8,809,163	8,809,163	8,809,163
Reserves	5	4,907,401	4,907,401	4,907,401
Surplus on re-measurement of available for sale securities		122,762	81,156	57,946
Accumulated (loss) / unappropriated profit		(224,378)	2,084,959	4,025,454
		13,614,948	15,882,679	17,799,964
Surplus on revaluation of fixed assets	6	10,251,946	10,251,946	10,251,946
LIABILITIES				
Non-current liabilities				
Long term finance	7	20,859,892	24,770,608	18,315,383
Long term deposits	8	8,355,118	5,260,547	4,600,424
Deferred tax	9	3,320,773	5,864,825	7,380,509
Employee benefits	10	3,470,436	2,518,454	2,163,544
Deferred credit	11	5,448,852	5,747,643	5,336,479
Long term advances	12	1,023,678	1,155,230	1,896,646
Total non-current liabilities		42,478,749	45,317,307	39,692,985
Current liabilities				
Current portion of long term finance	13	4,046,274	3,597,649	3,227,262
Short term borrowings	14	3,141,237	4,017,953	-
Trade and other payables	15	133,104,885	95,999,207	86,855,488
Interest accrued	16	26,830,778	21,904,464	16,197,115
Total current liabilities		167,123,174	125,519,273	106,279,865
Total liabilities		209,601,923	170,836,580	145,972,850
Contingencies and commitments	17			
Total equity and liabilities		233,468,817	196,971,205	174,024,760

The annexed notes 1 to 53 form an integral part of these unconsolidated financial statements.

	Note	June 30, 2014	June 30, 2013 (Restated)	July 01, 2012 (Restated)
			(Rupees in '000)	
ASSETS				
Non-current assets				
Property, plant and equipment	18	70,165,627	67,736,338	64,260,064
Intangible assets	19	88,898	124,728	45,946
Long term investments	20	1,136,391	1,094,785	1,071,575
Net investment in finance lease	21	582,716	692,789	802,950
Long term loans and advances	22	140,508	133,354	124,235
Long term deposits		5,641	4,530	3,250
Total non-current assets		72,119,781	69,786,524	66,308,020
Current assets				
Stores, spares and loose tools	23	2,174,487	2,165,684	2,080,366
Stock-in-trade	24	888,505	628,611	780,365
Current maturity of net investment in finance lease	21	110,161	110,161	118,795
Customers' installation work in progress	25	179,831	173,917	191,900
Trade debts	26	78,905,693	76,284,752	71,740,913
Loans and advances	27	2,016,413	1,838,483	1,421,758
Advances, deposits and short term prepayments	28	137,385	166,288	180,658
Interest accrued	29	6,291,603	5,529,119	3,553,168
Other receivables	30	58,970,492	36,652,321	24,717,624
Taxation - net	31	10,474,629	2,787,665	1,428,229
Cash and bank balances	32	1,199,837	847,680	1,502,964
Total current assets		161,349,036	127,184,681	107,716,740
Total assets		233,468,817	196,971,205	174,024,760

Miftah Ismail
Chairman

Khalid Rahman
Managing Director

UNCONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2014

	Note	2014	2013 (Restated)
		(Rupees in '000)	
Sales		176,545,162	164,353,539
Sales tax		(24,003,620)	(22,156,351)
		152,541,542	142,197,188
Gas development surcharge		742,280	9,440,389
Net sales		153,283,822	151,637,577
Cost of sales	33	(162,252,203)	(148,147,434)
Gross (loss) / profit		(8,968,381)	3,490,143
Administrative and selling expenses	34	(3,440,422)	(3,291,775)
Other operating expenses	35	(2,181,582)	(4,951,576)
		(5,622,004)	(8,243,351)
		(14,590,385)	(4,753,208)
Other operating income	36	2,801,286	3,815,889
Operating loss		(11,789,099)	(937,319)
Other non-operating income	37	13,395,307	8,925,313
Finance cost	38	(7,416,614)	(7,607,889)
(Loss) / profit before taxation		(5,810,406)	380,105
Taxation	39	2,056,945	(131,911)
(Loss) / profit for the year		(3,753,461)	248,194
		(Rupees)	
Basic and diluted (loss) / earnings per share	41	(4.26)	0.28

The annexed notes 1 to 53 form an integral part of these unconsolidated financial statements.

Miftah Ismail
Chairman

Khalid Rahman
Managing Director

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2014

	Note	2014	2013 (Restated)
		(Rupees in '000)	
(Loss) / profit for the year		(3,753,461)	248,194
Other comprehensive income			
Item that may be reclassified subsequently to profit and loss account:			
- Unrealised gain on re-measurement of available for sale securities		41,606	23,210
Items that will not be reclassified subsequently to profit and loss account:			
- Remeasurement of post retirement benefits obligation		(1,391,735)	(317,887)
- Impact of deferred tax		487,107	111,260
- Gas development surcharge	30.1.2	2,348,752	-
		1,444,124	(206,627)
Total comprehensive (loss) / income for the year		(2,267,731)	64,777

The annexed notes 1 to 53 form an integral part of these unconsolidated financial statements.

Miftah Ismail
Chairman

Khalid Rahman
Managing Director

UNCONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2014

	Note	2014	2013 (Restated)
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / profit for the year		(5,810,406)	380,105
Adjustments for non-cash and other items	42	12,813,453	14,784,147
Working capital changes	43	11,533,422	(12,790,162)
Financial charges paid		(2,722,263)	(2,249,198)
Employee benefits paid		(65,366)	(66,968)
Payment for retirement benefits		(406,098)	(497,819)
Long term deposits received - net		3,094,571	660,123
Loans and advances to employees - net		(185,084)	(16,741)
Late payment surcharge and return on term deposits received		276,998	288,725
Income taxes paid		(7,686,964)	(2,895,771)
Net cash generated from / (used in) operating activities		10,842,263	(2,403,559)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(6,476,092)	(7,207,586)
Payments for intangible assets		(30,288)	(127,249)
Proceeds from sale of property, plant and equipment		62,830	7,169
Lease rental from net investment in finance lease		301,413	298,769
Deposits paid		(1,111)	(1,280)
Short term loan to a subsidiary company		-	(175,000)
Dividend received		1,235	6,637
Net cash (used in) investing activities		(6,142,013)	(7,198,540)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from local currency loans		-	9,988,958
Repayments of local currency loans		(3,536,279)	(3,118,834)
Customer finance received		138,095	36,620
Repayment of customer finance		(70,371)	(86,134)
Dividend paid		(2,822)	(1,891,748)
Net cash (used in) / generated from financing activities		(3,471,377)	4,928,862
Net increase / (decrease) in cash and cash equivalents		1,228,873	(4,673,237)
Cash and cash equivalents at beginning of the year		(3,170,273)	1,502,964
Cash and cash equivalents at end of the year		(1,941,400)	(3,170,273)
Cash and cash equivalent comprises:			
Cash and bank balances		1,199,837	847,680
Short term borrowings		(3,141,237)	(4,017,953)
		(1,941,400)	(3,170,273)

The annexed notes 1 to 53 form an integral part of these unconsolidated financial statements.

Miftah Ismail
Chairman

Khalid Rahman
Managing Director

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2014

	Issued, subscribed and paid-up capital	Capital reserves (Note 5)	Revenue reserves (Note 5)	Surplus on re-measurement of available for sale securities	Unappropriated profit / accumulated loss	Total
	(Rupees in '000)					
Balance as at July 01, 2012	8,809,163	234,868	4,672,533	57,946	4,473,742	18,248,252
- Adjustment note 3.3.1	-	-	-	-	(448,288)	(448,288)
Balance as at July 01, 2012 (Restated)	8,809,163	234,868	4,672,533	57,946	4,025,454	17,799,964
Total comprehensive income for the year ended June 30, 2013 (Restated)						
Profit for the year	-	-	-	-	248,194	248,194
Other comprehensive income / (loss) for the year	-	-	-	23,210	(206,627)	(183,417)
Total comprehensive income for the year (Restated)	-	-	-	23,210	41,567	64,777
Transactions with owners						
Final dividend for the year ended June 30, 2012 at Rs.2.25 per share	-	-	-	-	(1,982,062)	(1,982,062)
Balance as at June 30, 2013 (Restated)	8,809,163	234,868	4,672,533	81,156	2,084,959	15,882,679
Total comprehensive income / (loss) for the year ended June 30, 2014						
Loss for the year	-	-	-	-	(3,753,461)	(3,753,461)
Other comprehensive income for the year	-	-	-	41,606	1,444,124	1,485,730
Total comprehensive income / (loss) for the year	-	-	-	41,606	(2,309,337)	(2,267,731)
Balance as at June 30, 2014	8,809,163	234,868	4,672,533	122,762	(224,378)	13,614,948

The annexed notes 1 to 53 form an integral part of these unconsolidated financial statements.

Miftah Ismail
Chairman

Khalid Rahman
Managing Director

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

1. STATUS AND NATURE OF BUSINESS

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

1.2 Regulatory framework

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

1.3 Determination of revenue requirement

1.3.1 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 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 requirement 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 including current year ended June 30, 2014, the Company also obtained stay orders from the Court on the same principles which were fixed in the interim relief as discussed above, and thereafter, OGRA considered such principles in determining revenue requirement of the Company. Management is confident that the final decision of the Court would be in favor of the Company.

Had there been no stay in the current year, and these financial statements been prepared in accordance with the OGRA's decisions dated December 02, 2010 and May 24, 2011, the Company would have reported loss for the year amounting to Rs. 23,923 million.

1.3.2 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 amounting to Rs. 2,501 million and Rs. 6,600 million respectively, on which the Company filed application in the already pending Judicial Miscellaneous petitions in the High Court of Sindh that these income should have been treated as non-operating income as it was already decided by the Court in previous stay orders, while the cases are still to be 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 financial statements. Consequently, the impact of the new stay orders have not been taken and the aforesaid income have been treated as operating income in the financial statements of the current as well as previous year.

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

Had OGRA issued revised FRR based on the above mentioned stay orders of the Court and these financial statements been prepared in accordance with the revised FRR, the Company would have claimed Rs. 6,600 million (2013: Rs. 2,501 million) as non-operating income which OGRA treated as operating income while determining revenue requirement of the Company. The cumulative impact of these stay orders would result in decrease of reported loss for the year by Rs. 6,017 million and the Company would have reported profit for the year amounting to Rs. 2,263 million.

2. BASIS FOR PREPARATION

2.1 Statement of compliance

These unconsolidated financial statements ("the financial statements") have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 shall prevail.

2.2 Basis of measurement

The financial statements have been prepared under the historical cost convention, except for certain investments stated in note 20 which are carried at their fair values, employee benefits which are valued at their present value using actuarial assumptions and freehold and leasehold land which are carried at revalued amount.

2.3 Functional and presentation currency

The financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency.

2.4 Use of estimates and judgments

The preparation of the financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires the management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. Estimates and judgments are continuously evaluated and are based on historical experience and other factors, including reasonable expectation of future events. Revision to accounting estimates are recognised prospectively commencing from the period of revision.

Judgments and estimates made by management that may have a significant risk of material adjustments to the financial statements in the subsequent year are discussed in note 50.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2014

The following standards, amendments and interpretations are effective for the year ended June 30, 2014. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Standards / Amendments / Interpretations	Effective Date (accounting period beginning on or after)
Amendments to IAS 1 - Presentation of Financial Statements – Clarification of Requirements for Comparative information	January 01, 2013
Amendments to IAS 16 - Property, Plant and Equipment – Classification of servicing equipment	January 01, 2013
Amendments to IAS 19 - Employee Benefits	January 01, 2013
Amendments to IAS 32 Financial Instruments: Presentation - Tax effects of distributions to holders of an equity instrument, and transaction costs of an equity transaction	January 01, 2013
Amendments to IAS 34 - Interim Financial Reporting - Interim reporting of segment information for total assets and total liabilities	January 01, 2013
Amendments to IFRS 7 Financial Instruments: Disclosures - Offsetting financial assets and financial liabilities	January 01, 2013
IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine	January 01, 2013

The amendments to IAS 19 - Employee Benefits is effective from accounting period beginning on or after January 01, 2013 and have significant impact on the Company's financial statements for the year as discussed in the note 3.3.1. These changes are considered as change in policy.

3.2 New accounting standards / amendments and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	Effective Date (accounting period beginning on or after)
Amendments to IAS 19 Employee Benefits: Employee contributions	July 01, 2014
IAS 27 (Revised 2011) – Separate Financial Statements	January 01, 2015 IAS 27 (Revised 2011) will concurrently apply with IFRS 10.
IAS 28 (Revised 2011) – Investments in Associates and Joint Ventures	January 01, 2015
Amendments to IAS 16 and IAS 38 - Clarification of acceptable methods of depreciation and amortization	January 01, 2016
Amendments to IAS 16 and IAS 41 Agriculture: Bearer plants	January 01, 2016
Amendments to IAS 32 Financial Instruments: Presentation - Offsetting financial assets and financial liabilities	January 01, 2014
IAS 36 Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets	January 01, 2014
IAS 39 Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting	January 01, 2014
IFRS 10 – Consolidated Financial Statements	January 01, 2015
IFRS 11 – Joint Arrangements	January 01, 2015
IFRS 12 – Disclosure of Interests in Other Entities	January 01, 2015
IFRS 13 – Fair Value Measurement	January 01, 2015
IFRIC 21 - Levies	January 01, 2014

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 9 – Financial Instruments
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 15 – Revenue from Contracts with Customers

3.3 Change in accounting policy

accounting policies adopted in the preparation of these unconsolidated financial statements are same as those applied in the preparation of the unconsolidated financial statements of the Company for the year ended June 30, 2013 except for change in accounting policy that is enumerated as follows:

3.3.1 IAS 19 - Employee Benefits (Revised 2011)

In the current year, the 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 unconsolidated 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 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 balance sheet as at July 01, 2012			
Employee benefits	(2,154,237)	(9,307)	(2,163,544)
Deferred tax liability	(7,621,895)	241,386	(7,380,509)
Trade and other payables	(85,610,600)	(1,244,888)	(86,855,488)
Other receivables	24,153,103	564,521	24,717,624
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 liability	(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)
Effect on profit and loss account for the year ended June 30, 2013			
Cost of sales	148,186,707	(39,273)	148,147,434
Administrative and selling expenses	3,302,728	(10,953)	3,291,775
Other operating income	(3,815,535)	(354)	(3,815,889)
Other non-operating income	(8,925,349)	36	(8,925,313)
Taxation	113,687	18,224	131,911
Profit for the year	215,874	32,320	248,194
Effect on statement of comprehensive income for the year ended June 30, 2013			
Remeasurement of post retirement benefits obligation	-	(206,627)	(206,627)
		...............(Rupees)...............	
Earnings per share	0.25	0.03	0.28

3.4 Property, plant and equipment

Initial recognition

The cost of an item of property plant and equipment is recognised as an asset if it is probable that future economic benefits associated with the item will flow to the entity and the cost of such item can be measured reliably.

Recognition of the cost in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by the management.

Measurement

Property, plant and equipment except freehold land, leasehold land and capital work in progress are stated at cost less accumulated depreciation and impairment, if any. Capital work in progress are stated at cost, less accumulated impairment loss, if any.

Freehold land and leasehold land are stated at revalued amount and surplus arising on revaluation of freehold land and leasehold land is disclosed as surplus on revaluation of fixed assets.

The cost of the property, plant and equipment includes:

(a) its purchase price including import duties, non refundable purchase taxes after deducting trade discounts and rebates; and

(b) any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent expenditure (including normal repairs and maintenance)

Expenditure incurred to replace a component of an item of operating assets is capitalised and the asset so replaced is retired. Other subsequent expenditure is capitalised only when it is probable that future economic benefits associated with the item will flow to the entity and the cost the item can be measured reliably. All other expenditure (including normal repairs and maintenance) is recognised in the unconsolidated profit and loss account as an expense when it is incurred.

Capital work in progress

Capital work in progress is stated at cost less impairment loss, if any. The cost consists of expenditure incurred and advances made in the course of their construction and installation. Transfers are made to the relevant asset category as and when assets are available for intended use.

Depreciation

Compressors and transmission lines

Depreciation on compressors and transmission lines is charged from the dates these projects are available for intended use up to the date these are disposed off.

Other operating assets

Depreciable value of operating assets other than compressors and transmission lines is depreciated over their estimated service life from the month the assets are available for use in service till the month they are disposed off or fully depreciated, except for assets sold to employees under the service rules, in which case, depreciation is charged up to the date of disposal.

Useful lives of the assets are mentioned in note18.1 to these financial statements.

Assets' residual values and their useful lives are reviewed and adjusted at each balance sheet date if significant and appropriate.

Intangible assets

intangible asset is recognised as an asset if it is probable that future economic benefits attributable to the asset will flow to the entity and the cost of such asset can be measured reliably.

Definite life

Intangible assets are measured initially at cost and subsequently stated at cost less accumulated amortisation and impairment losses, if any.

Intangible asset with a finite useful life is amortised on a straight line basis over its useful life. Amortisation begins when the asset is available for use and ceases when the asset is derecognised. Amortisation charge is recognised in the unconsolidated profit and loss account.

The amortisation period for intangible assets with a finite useful life is reviewed at each year-end and is changed to reflect the useful life expected at respective year end.

Borrowing costs

Borrowing costs incurred on long term finances attributable for the construction of qualifying assets are capitalised up to the date the respective assets are available for the intended use. All other mark-up, interest and other related charges are taken to the unconsolidated profit and loss account.

Gains and losses on disposal

Gains and losses on disposal are taken to the unconsolidated profit and loss account.

Leased assets

Leased assets in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of minimum lease payments at the inception of the lease, less accumulated depreciation and impairment loss, if any. Depreciation on assets subject to finance lease is recognised in the same manner as for owned operating assets.

3.5 Investments

Available-for-sale

Investments which are intended to be held for an indefinite period and may be sold in response to the need for liquidity or changes in interest rates are classified as available for sale investments. These investments are initially recognised at fair value, being the cost of the consideration given and transaction cost. After initial recognition, investments classified as available-for-sale are re-measured at fair value, determined with reference to the year-end quoted rates. Gains or losses on re-measurement of these investments are recognised in other comprehensive income and accumulated in the investment revaluation reserve until the investment is sold, collected or otherwise disposed off, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in unconsolidated profit and loss account. Impairment losses recognised in unconsolidated profit and loss for an investment in an equity instrument classified as available for sale shall not be reversed through unconsolidated profit and loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in unconsolidated profit and loss, the impairment loss shall be reversed, with the amount of the reversal recognised in unconsolidated profit and loss account.

Held to maturity

Investments with fixed or determinable maturity where management has both the positive intent and ability to hold till maturity are classified as held-to-maturity. These investments are measured initially at its fair value plus transaction costs that are directly attributable to these investments. Subsequent to initial measurement, held to maturity investments are measured at amortised cost using effective interest method. All investments categorised under held to maturity are subject to annual review for impairment. Provision for impairment in value, if any, is taken to unconsolidated profit and loss account.

Investment in subsidiary

Investment in subsidiary is valued at cost less impairment loss, if any. A reversal of an impairment loss on subsidiary is recognised as it arises provided the increased carrying value does not exceed cost.

Gain or loss on sale of investment in subsidiary is recognised in the unconsolidated profit and loss account for the year.

Date of recognition

purchases and sales of investments that require delivery within the time frame established by regulations or market convention (regular way) are recognised at the trade date. Trade date is the date on which the Company commits to purchase or sell the investments.

De-recognition

All investments are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risk and rewards of ownership.

3.6 Net investment in finance lease

Contractual arrangements, the fulfillment of which is dependent upon the use of a specific asset and whereby the right to use the underlying asset is conveyed to the customer, are classified as finance lease. Net investment in finance lease is recognised at an amount equal to the present value of the lease payments receivable, including any guaranteed residual value determined at the inception of lease. Discount rate used in the calculation of the present value of minimum lease payments is the interest rate implicit in the lease. Any recoveries from customers in respect of the service cost and contingent rent are excluded from the minimum lease payments and are recorded as recoveries of transmission and distribution cost from the lessee and gas transportation income respectively. Interest income from net investment in finance lease is recognised on a pattern reflecting a constant periodic return on the Company's net investment in finance lease.

3.7 Stores, spares and loose tools

These are valued at lower of cost and net realisable value less impairment loss, if any. Cost is determined under the moving average basis. Goods-in-transit are valued at lower of cost incurred up to the unconsolidated balance sheet date and net realisable value less impairment loss, if any.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

3.8 Stock-in-trade

Gas in pipelines

Stock of gas in transmission pipelines is valued at the lower of cost, determined on weighted average basis, and net realisable value.

Meter manufacturing division

Components (materials) are valued at lower of moving average cost and net realisable value less impairment loss, if any. Work-in-process includes the cost of components only (determined on a moving average basis). Finished goods are stated at the lower of cost determined on an average basis and net realisable value and includes appropriate portion of labor and production overheads. Components in transit are stated at cost incurred up to the unconsolidated balance sheet date less impairment losses, if any.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

3.9 Trade debts and other receivables

Trade debts and other receivables are recognised at fair values plus directly attributable cost, if any.

A provision for impairment of trade and other receivables is established when there is an objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Trade debts and other receivables considered irrecoverable are written off.

3.10 Trade and other payables

Trade and other payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

3.11 Mark-up bearing borrowings

Long term financing

Mark-up bearing borrowings are recognised initially at fair value which is usually the cost, less attributable transaction costs. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortised cost, while the difference between the cost (reduced for periodic payments) and redemption value is recognised in the unconsolidated profit and loss account over the period of the borrowings. Transaction cost is amortised over the term of the loan.

Long term loans received from the Government of Sindh with interest rate lower than prevailing market interest rates for a similar instrument are initially measured at fair value. The fair value is estimated at the present value of all future cash payments discounted using the prevailing market rate of interest for a similar instrument with a similar credit rating. Difference between fair value and proceed received is treated as government grant and is amortised over the useful life of related asset constructed.

Leases

The Company accounts for lease obligations by recording the asset and the corresponding liability determined on the basis of discounted value of minimum lease payments. Financial charges are recognised in the unconsolidated profit and loss account.

3.12 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

3.13 Deferred credit

Amounts received from customers before July 01, 2009 and the Government as contributions and grants for providing service connections, extension of gas mains, laying of distribution lines, etc. are deferred and recognised in the unconsolidated profit and loss account over the useful lives of the related assets starting from the commissioning of such assets.

Contribution from customers

Advance taken from customers on or after July 01, 2009 for laying of distribution lines is recognised in the unconsolidated profit and loss account when the connection to the network is completed, immediately in accordance with the requirements of IFRIC-18 "Transfer of Assets from Customers".

3.14 Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation, after taking into account the available tax credits and rebates.

Deferred

Deferred tax is recognised using balance sheet liability method, providing for temporary difference between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using the tax rates enacted or substantively enacted at the balance sheet date.

The Company recognises a deferred tax asset to the extent that it is probable that the taxable profits for the foreseeable future will be available against which the assets can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.15 Revenue recognition

- Revenue from gas sales is recognised on the basis of gas supplied to customers at rates periodically announced by the OGRA.
- Meter rental income is recognised monthly at specified rates for various categories of customers.
- Revenue from sale of meters, liquid petroleum gas and gas condensate is recognised on dispatch to the customers.
- Deferred credit from Government and customers before July 01, 2009 is amortised and related income is recognised in the unconsolidated profit and loss account over the useful lives on commissioning of the related assets.
- Deferred credit from customers after July 01, 2009 for laying of distribution lines is recognised in the unconsolidated profit and loss when the network connection is completed, immediately in accordance with the requirements of IFRIC-18 "Transfer of Assets from Customers".
- Income from new service connections is recognised in unconsolidated profit and loss account immediately on commissioning of related assets.
- Dividend income on equity investments is recognised when right to receive the payment is established.
- Return on term deposits and royalty income are recognised on time proportion basis by reference to the principal outstanding at the effective interest rate.
- Late payment surcharge is recognised from the date the billed amount is overdue.

3.16 Impairment

Financial assets

Financial assets are assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Non-financial assets

The carrying amounts of non-financial assets other than inventories and deferred tax assets, are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognised, as an expense in the unconsolidated profit and loss account, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risks specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.17 Staff retirement benefits

The Company operates the following retirement schemes for its employees:

- Approved funded pension and gratuity schemes for all employees.

  Contributions to the schemes are made on the basis of actuarial valuations that is carried out annually under the projected unit credit method. Actuarial gains and losses arising from the actuarial valuation are recognized immediately and presented in statement of comprehensive income.

  Past service cost is recognised in the unconsolidated profit and loss account as an expense on a straight line basis over the average period until the benefits become vested. To the extent that the benefits are already vested, the expense is recognised immediately in the unconsolidated profit and loss account.

- Unfunded free medical and gas supply facility schemes for its executive employees.

  Liability under these schemes is recognised in the period in which the benefit is earned based on the actuarial valuations that is carried out annually under the projected unit credit method. The medical and free gas supply facilities have been discontinued for employees retiring after December 31, 2000.

  Actuarial gains and losses arising from the actuarial valuation are recognized immediately and presented in statement of comprehensive income. Gas development surcharge with respect to actuarial gains / losses are recognized in other comprehensive income, instead of profit and loss account.

- Approved contributory provident funds for all employees (defined contribution scheme).
  The Company operates a recognised provident fund for all its employees. Equal contributions are made, both by the Company and the employees, to the fund at the rate of 7.5% of basic salary in the case of executive employees and 8.33% of basic salary and adhoc relief cost of living allowance in the case of non executive employees and the same is charged to the unconsolidated profit and loss account.

- A non-contributory benevolent fund, under which only the employees contribute to the fund.

3.18 Compensated absences

The liability for accumulated compensated absences of employees is recognised based on actuarial valuation in the period in which employees render services that increase their entitlement to future compensated absences.

3.19 Foreign currency translation

Transactions in foreign currencies are translated into Pak rupees at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pak rupees at the rates of exchange ruling at the balance sheet date. Exchange gains and losses are taken to the unconsolidated profit and loss account.

3.20 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financials assets and liabilities are initially measured at fair value and subsequently at fair value or amortised cost as the case may be. Financial assets are derecognised at the time when the Company loses control of the contractual rights that comprise the financial asset. Financial liabilities are derecognised at the time when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled or expired. Any gains or losses on derecognition of financial assets and financial liabilities are taken to the unconsolidated profit and loss account immediately.

3.21 Derivative financial instruments

Derivative financial instruments if any are recognised initially at cost. Subsequent to initial recognition, the derivative financial instruments are stated at fair value. Changes in fair value of derivative financial instruments are recognised in the unconsolidated profit and loss account, along with any changes in the carrying value of the hedged liability. Derivative financial instruments are carried as assets when fair value is positive and as liabilities when fair value is negative.

3.22 Offsetting

Financial assets and liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set-off the recognised amount and the Company intends either to settle on a net basis, or to realise the assets and to settle the liabilities simultaneously.

3.23 Segment reporting

Segment reporting is based on the operating (business) segments of the Company. An operating segment is an identifiable component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. An operating segment's operating results are reviewed regularly by the Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, income tax assets, liabilities and related income and expenditure. Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment.

The business segments are engaged in providing products or services which are subject to risks and rewards which differ from the risk and rewards of other segments. Segments reported are as follows:

Gas transmission and distribution

Gas transmission and distribution segment is engaged in transmission and distribution of natural gas and construction contracts for laying of pipelines in Sindh and Balochistan.

Meter manufacturing

Meter manufacturing segment is engaged in manufacture and sale of gas meters.

3.24 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and deposits in banks, short term running finance under mark-up arrangement availed by the Company and short term liquid investments that are readily convertible to known amounts of cash.

3.25 Earnings per share

Earnings per share is calculated by dividing the profit after tax for the year by the weighted average number of shares outstanding during the year.

3.26 Dividend and reserves appropriation

Dividend is recognised as a liability in the financial statements in the period in which it is declared. Movement in reserves is recognised in the year in which it is approved.

4. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2014	2013		2014	2013
(Numbers)			(Rupees in '000)	
219,566,554	219,566,554	Ordinary shares of Rs. 10 each fully paid in cash	2,195,666	2,195,666
661,349,755	661,349,755	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	6,613,497	6,613,497
880,916,309	880,916,309		8,809,163	8,809,163

4.1 The Company has one class of ordinary shares which carry no right to fixed income. The holders are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the shareholders. All shares rank equally with regard to the Company's residual assets.

		Note	2014	2013
			(Rupees in '000)	
5.	RESERVES			
	Capital reserves			
	Share capital restructuring reserve	5.1	146,868	146,868
	Fixed assets replacement reserve	5.2	88,000	88,000
			234,868	234,868
	Revenue reserves			
	Dividend equalisation reserve		36,000	36,000
	Special reserve I	5.3	333,141	333,141
	Special reserve II	5.4	1,800,000	1,800,000
	General reserve		2,015,653	2,015,653
	Reserve for interest on sales tax refund	5.5	487,739	487,739
			4,672,533	4,672,533
			4,907,401	4,907,401

5.1 Share capital restructuring reserve

This represents the reduction of share capital of former Sui Gas Transmission Company Limited (SGTC) due to merger of Sui Gas Transmission Company Limited and Southern Gas Company Limited (SGC) in March 1989.

5.2 Fixed assets replacement reserve

This represents profit allocated in 1986 by former Southern Gas Company Limited for replacement of gas distribution lines in rural Sindh areas. Subsequently, all the rehabilitation activities were carried out from the Company's working capital.

5.3 Special reserve I

This represents accumulated balance arising on a price increase of Rs. 4.10 per MCF granted to the Company by the Government of Pakistan (GoP) in January 1987 retrospectively from July 01, 1985 to enable the Company to meet the requirements of Asian Development Bank regarding debt / equity ratio and other financial covenants specified in loan agreements with them.

5.4 Special reserve II

This represents special undistributable reserve created as per the decision of the Board of Directors to meet the future requirements of the Company.

5.5 Reserve for interest on sales tax refund

This represents the reserve for the interest accrued on the sales tax refundable under Section 67 of the Sales Tax Act, 1990, which is not available for distribution to shareholders till the time it is received.

6. SURPLUS ON REVALUATION OF FIXED ASSETS

This represents surplus over book values resulting from the revaluation of the Company's freehold and leasehold land carried out by means of an independent valuation by Oceanic Surveyors (Private) Limited to determine the fair value as of June 30, 2011. The valuation was based on market research.

Had the Company's freehold and leasehold land been measured on historical cost basis, the carrying amount would have been as follows:

	(Rupees in '000)
Freehold land	56,751
Leasehold land	208,352
	265,103

	Note	2014	2013
		(Rupees in '000)	
7. LONG TERM FINANCE			
Secured			
Foreign currency loan	7.1	23,950	23,950
Loans from banking companies	7.2	15,350,819	18,832,451
		15,374,769	18,856,401
Unsecured			
Customer finance	7.3	236,610	157,348
Government of Sindh loans	7.4	5,248,513	5,756,859
		5,485,123	5,914,207
		20,859,892	24,770,608

7.1 Foreign Currency Loan

	Installment payable	Repayment period	Mark-up per annum			
IBRD LOAN - 81540	Half-yearly	2020 - 2036	11.80%	7.1.1	23,950	23,950

7.1.1 This represents front end fee in respect of USD 100 million loan from the Government of Pakistan (GoP) through International Bank for Reconstruction and Development (IBRD) for Natural Gas Efficiency Project.

	Installment payable	Repayment period	Mark-up rate p.a. (above 3 months KIBOR)	Note	2014	2013
					(Rupees in '000)	
7.2 Loans from banking companies						
Standard Chartered Bank (Pakistan) Limited	quarterly	2012 - 2015	1.00%		857,143	1,428,571
Askari Bank Limited	quarterly	2013 - 2015	1.00%		500,000	833,333
Meezan Bank Limited	quarterly	2013 - 2015	1.00%		1,500,000	2,500,000
Bank Alfalah Limited	quarterly	2013 - 2016	1.00%		583,333	916,667
Allied Bank Limited	quarterly	2013 - 2016	1.00%		583,333	916,667
Askari Bank Limited	quarterly	2013 - 2016	1.00%		333,333	500,000
Bank Al-Habib Limited	quarterly	2013 - 2016	1.00%		333,333	500,000
Allied Bank Limited	quarterly	2013 - 2016	1.00%		666,667	1,000,000
United Bank Limited	quarterly	2015 - 2017	0.75%		2,000,000	2,000,000
Meezan Bank Limited	quarterly	2015 - 2017	0.75%		2,000,000	2,000,000
Bank Alfalah Limited	quarterly	2015 - 2016	0.75%		1,000,000	1,000,000
Faysal Bank Limited	quarterly	2015 - 2018	0.70%		1,500,000	1,500,000
United Bank Limited- Led Consortium	quarterly	2015 - 2018	0.70%		4,000,000	4,000,000
Meezan Bank Limited	quarterly	2015 - 2018	0.70%		2,000,000	2,000,000
Habib Bank Limited	quarterly	2015 - 2018	0.70%		1,000,000	1,000,000
Unamortised transaction cost					(18,228)	(24,692)
					18,838,914	22,070,546
Less: Current portion shown under current liabilities				13	(3,488,095)	(3,238,095)
					15,350,819	18,832,451

7.2.1 These loans / financial arrangements are secured by a ranking charge created by way of hypothecation over all present and future movable fixed assets of the Company comprising of compressor stations, transmission pipelines, distribution pipelines and pipeline construction machinery and equipments.

		Note	2014	2013
			(Rupees in '000)	
7.3	Customer finance			
	Customer finance	7.3.1	286,443	218,719
	Less: Current portion shown under current liabilities	13	(49,833)	(61,371)
			236,610	157,348

7.3.1 This represents contributions received from certain industrial customers for the laying of distribution mains for supply of gas to their premises. These balances carry mark-up at 25% of 3 year average ask side KIBOR less 2% per annum for laying of distribution mains. Principal and interest are adjustable in 48 equal installments through credits in the monthly gas bills of the customers.

	Installment payable	Principal repayment period	Mark-up rate p.a.	Note	2014	2013
					(Rupees in '000)	
7.4 Government of Sindh loans						
Government of Sindh loan - I	yearly	2007 - 2016	2%	7.4.1	16,859	25,042
Government of Sindh loan - II	yearly	2011 - 2020	4%	7.4.1	540,000	630,000
Government of Sindh loan - III	yearly	2012 - 2021	4%	7.4.1	700,000	800,000
Government of Sindh loan - IV	yearly	2013 - 2022	4%	7.4.1	900,000	1,000,000
Government of Sindh loan - V	yearly	2015 - 2024	4%	7.4.1	1,100,000	1,100,000
Government of Sindh loan - VI	yearly	2015 - 2024	4%	7.4.1	1,000,000	1,000,000
Government of Sindh loan - VII	yearly	2016 - 2025	4%	7.4.1	1,500,000	1,500,000
Government grant				7.4.2	(2,412,186)	(2,412,186)
Subtotal					3,327,814	3,617,814
Government grant - Government of Sindh loans				7.4.2	2,412,186	2,412,186
					5,756,859	6,055,042
Less: Current portion shown under current liabilities				13	(508,346)	(298,183)
					5,248,513	5,756,859

7.4.1 The company has obtained unsecured development loans from Government of Sindh for supply of gas to various districts and areas of Sindh.

7.4.2 This represents the benefit of lower interest rate on Government of Sindh Loan II, III, IV, V, VI and VII and is calculated as difference between the proceeds received in respect of Government of Sindh Loan II, III, IV, V, VI and VII amounting to Rs. 900 million, Rs. 1,000 million, Rs. 1,000 million, Rs. 1,100 million, Rs. 1,000 million and Rs. 1,500 million respectively, and its initial fair value amounting to Rs. 582.076 million, Rs. 660.888 million, Rs. 625.281 million, Rs. 736.958 million, Rs. 768.534 million and Rs. 714.077 million respectively. These are calculated at 3 month average KIBOR prevailing at respective year ends in which the loans were disbursed. This benefit is treated as Government grant and would be amortised over the estimated useful life of related assets when constructed.

	Note	2014	2013
		(Rupees in '000)	
8. LONG TERM DEPOSITS			
Security deposits from:			
- gas customers	8.1	8,305,883	5,211,695
- gas contractors	8.2	49,235	48,852
		8,355,118	5,260,547

8.1 These represent deposits from industrial, commercial and domestic customers. The customers deposits are based on annual average gas sales of 3 months.

Mark-up is payable on deposits of industrial and commercial customers at the rate of 5% per annum, while no mark-up is paid on deposits from domestic customers.

The Company may at its option, use these deposits for its own purpose from time to time and shall, on disconnection of gas supply to the customer, return the security deposits as per the terms and conditions of the contract.

8.2 These represent security deposits received from contractors. These deposits are free of mark-up and are refundable upon completion / cancellation of the contract.

9. DEFERRED TAX

Deferred tax liability comprises of taxable / (deductible) temporary differences in respect of the following:

	2014			
	Opening	Charge / (reversal) to profit and loss account	Charge / (reversal) to OCI	Closing
	(Rupees in '000)			
Taxable temporary differences				
Accelerated tax depreciation	11,442,608	125,692	-	11,568,300
Net investment in finance lease	281,032	(38,525)	-	242,507
Deductible temporary differences				
Provision against employee benefits	(863,046)	(125,551)	(226,056)	(1,214,653)
Provision against impaired debts & other receivables and receivable from staff pension fund	(3,335,545)	(471,864)	3,955	(3,803,454)
Provision against impaired store and spares	(77,976)	(29,997)	-	(107,973)
Liability not paid within three years	(1,216,214)	(932,048)	-	(2,148,262)
Carry forward of tax losses	-	(384,628)	-	(384,628)
Others	(366,034)	(200,024)	(265,006)	(831,064)
	5,864,825	(2,056,945)	(487,107)	3,320,773

	2013 (Restated)			
	Opening	Charge / (reversal) to profit and loss account	Charge / (reversal) to OCI	Closing
	(Rupees in '000)			
Taxable temporary differences				
Accelerated tax depreciation	10,578,814	863,794	-	11,442,608
Net investment in finance lease	322,611	(41,579)	-	281,032
Deductible temporary differences				
Provision against employee benefits	(757,240)	(90,984)	(14,822)	(863,046)
Provision against impaired debts & other receivables and receivable from staff pension fund	(1,748,666)	(1,598,739)	11,860	(3,335,545)
Provision against impaired store and spares	(68,452)	(9,524)	-	(77,976)
Liability not paid within three years	(490,170)	(726,044)	-	(1,216,214)
Others	(456,388)	198,652	(108,298)	(366,034)
	7,380,509	(1,404,424)	(111,260)	5,864,825

	Note	2014	2013 (Restated)
		(Rupees in '000)	
10. EMPLOYEE BENEFITS			
Provision for post retirement medical and free gas supply facilities - executives	40.2	2,900,966	2,021,395
Provision for compensated absences - executives	10.1	569,470	497,059
		3,470,436	2,518,454
10.1 Provision for compensated absences - executives			
Balance as at July 01		497,059	424,665
Provision during the year		72,411	72,394
Balance as at June 30		569,470	497,059

	Note	2014	2013
		(Rupees in '000)	
11. DEFERRED CREDIT			
Government contributions / grants			
Balance as at July 01		3,887,838	3,279,135
Additions		131,522	831,404
Transferred to unconsolidated profit and loss account	11.1	(243,753)	(222,701)
Balance as at June 30		3,775,607	3,887,838
Contribution from customers			
Balance as at July 01		1,859,805	2,057,344
Transferred to unconsolidated profit and loss account	11.2	(186,560)	(197,539)
Balance as at June 30		1,673,245	1,859,805
		5,448,852	5,747,643

11.1 This represents amount received from the Government for supply of gas to new towns and villages and is recognised as grant when the conditions specified by the Government are met and is amortised over the useful life of related projects.

11.2 This represents amount received from customers for the cost of service lines and gas mains, etc. These are taken to unconsolidated profit and loss account based on the policy stated in note 3.13 to these financial statements.

11.3 Pipelines constructed / built under deferred credit arrangement are not given 17% minimum guaranteed return. However, Unaccounted for Gas ("UFG") losses on such pipelines are considered in the determination of the Company's guaranteed return.

12. LONG TERM ADVANCES

These represent amounts received from Government of Pakistan for gas supply to new towns and villages and laying of distribution lines, etc. These advances are transferred to deferred credit once the related projects are commissioned. As stated in note 3.13 to these financial statements, such deferred credit is amortised over the estimated useful lives of related assets.

	Note	2014	2013
		(Rupees in '000)	
13. CURRENT PORTION OF LONG TERM FINANCE			
Loans from banking companies	7.2	3,488,095	3,238,095
Customer finance	7.3	49,833	61,371
Government of Sindh loans	7.4	508,346	298,183
		4,046,274	3,597,649

14. SHORT TERM BORROWINGS

This represent facilities for short term running finance and short term loan available from various banks amounting to Rs. 3,141 million (2013: Rs. 4,018 million) and subject to mark-up up to 0.80% (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 Company.

The aggregate unavailed short term borrowing facilities amounted to Rs. 8,109 million (2013: Rs. 5,657 million).

	Note	2014	2013 (Restated)
		(Rupees in '000)	
15. TRADE AND OTHER PAYABLES			
Creditors for:			
- gas supplies	15.1	114,287,769	80,304,907
- supplies		483,341	217,572
		114,771,110	80,522,479
Amount received from customers for laying of mains, etc.		2,028,086	2,135,579
Accrued liabilities		1,649,095	2,686,261
Provision for compensated absences - non executives	15.2	143,528	138,969
Payable to staff gratuity fund		2,216,268	1,459,107
Deposits / retention money		321,981	304,242
Bills payable		55,582	62,301
Advance for sharing right of way	15.3	18,088	18,088
Unclaimed dividend		288,079	290,901
Withholding tax payable		588,459	136,485
Sales tax and federal excise duty		297,228	426,592
Sindh sales tax		61,927	67,647
Processing charges payable to JJVL		3,298,123	255,013
Gas infrastructure development cess payable	15.4	7,178,607	7,234,262
Unclaimed term finance certificate redemption profit		1,800	1,800
Inter State Gas Systems (Private) Limited (ISGSL)		9,286	11,924
Others	15.5	177,638	247,557
		133,104,885	95,999,207

15.1 As at June 30, 2014, amount of Rs. 84,195 million (2013: Rs. 61,809 million) is payable to Oil and Gas Development Company Limited, Pakistan Petroleum Limited and Government Holdings (Private) Limited in respect of gas purchases along with interest of Rs. 26,289 million (2013: Rs. 21,362 million) on their balances which have been presented in note 16.

		2014	2013
		(Rupees in '000)	
15.2	Provision for compensated absences - non-executives		
	Balance as at July 01	138,969	134,410
	Provision during the year	4,559	4,559
	Balance as at June 30	143,528	138,969

15.3 This amount was received by the Company from Pak Arab Refinery Company Limited (PARCO) in accordance with an agreement dated October 12, 1988. It represents consideration for 50% share of PARCO in the Indus right bank pipeline common right of way and is the full settlement of PARCO's total liability for its share, irrespective of the final amount of compensation payable to the land owners by the Company. The final liability of the Company has not been estimated, as the amount of compensation due to land owners has not been determined by the Authorities. Accordingly, the amount received from PARCO has been classified as an advance.

15.4 Gas Infrastructure Development (GID) Cess has been levied since December 15, 2011 and is chargeable from industrial gas customers 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 customers 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 Ministry of Petroleum and Natural Resources (MPNR) and the Company will refund to the customers once it will be received from Ministry of Petroleum and Natural Resources (MPNR).

15.5 This includes Rs. 101.725 million (2013: Rs. 102.459 million) on account of amount payable to disconnected customers for gas supply deposits.

	Note	2014	2013
		(Rupees in '000)	
16. INTEREST ACCRUED			
Long term finance - loans from banking companies		210,015	223,191
Long term deposits from customers		210,097	190,778
Short term borrowings		49,753	99,361
Late payment surcharge on processing charges		43,167	-
Late payment surcharge on gas development surcharge		4,826	4,826
Late payment surcharge on gas supplies	15.1 & 17.1.16	26,312,920	21,386,308
		26,830,778	21,904,464

17.	CONTINGENCIES AND COMMITMENTS	2014	2013
		(Rupees in '000)	
17.1	Contingencies		
17.1.1	Guarantees issued on behalf of the Company	125,032	24,905

17.1.2 Jamshoro Power Company Limited [(JPCL) WAPDA] has lodged a claim against the Company amounting to Rs. 23,000 million (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 amount in the books of the Company as management is confident that ultimately this claim would not be payable. Furthermore, the Company is in the process of appointing arbitrator to resolve the matter in accordance with Arbitration Act, 1940.

17.1.3 JPCL has raised another claim of Rs. 5.793 million (2013: Rs. 5.793 million) for the alleged low Gas Calorific Value (GCV) measurement for the period from January 2002 to December 2002 and for the month of February 2003 as compared to the actual GCV billed by the Company. Management has not made provision against the said amount in the books of the Company as management is confident that ultimately this claim would not be payable.

17.1.4 Habibullah Coastal Power (Private) Company (HCPC) has claimed Rs. 1,899.96 million (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 June 30, 2015, this amount has increased to Rs. 2,382.76 million. Management has not made provision against the said amount as management is confident that ultimately this claim would not be payable. Further subsequent to the year end, HCPC has invoked arbitration as per article of Gas Sale Agreement.

17.1.5 Demand finance facilities have been given to the Company's employees by certain banks for purchase of vehicles against the Company's guarantee and hypothecation of the Company's present and future stocks, book debts, receivables and the Company's investment in shares having a face value of Rs. 0.5 million (2013: Rs. 0.5 million). Loan outstanding at the year end was Rs. 3.130 million (2013: Rs. 2.233 million).

17.1.6 Previously the Income Tax Appellate Tribunal (ITAT) had decided an Appeal in favor of Income Tax Department on the issue of capital gain made on disposal of LPG business in the financial year 2001 resulting in tax impact of Rs. 143 million. Management has filed an appeal before Honorable High Court. The management is of the view that sale of LPG business being in nature of slump transaction was not chargeable to tax under the Income Tax Ordinance, 2001. Accordingly, no provision regarding the said claim has been made in these unconsolidated financial statements as the management, based on its legal advisor's opinion, is confident that the matter would be resolved in favor of the Company.

17.1.7 Income tax authorities have passed an amended assessment order for the tax year 2005 resulting in additional tax liability amounting to Rs. 103.745 million, which has been adjusted from the sales tax refund of the Company. The Company preferred appeal in this case. The Income Tax Appellate Tribunal has set-aside the case and remanded back to Tax Department for hearing the case afresh. No provision has been made in these unconsolidated financial statements as the Company and its legal counsel is confident that the outcome of the case will be in favor of the Company.

17.1.8 The Additional Collector (Adjudication) Sales Tax and Federal Excise passed an order against the Company with a demand of Rs. 311.397 million for the years 2002-03, 2003-04 and 2005-06 in respect of sales tax on disposal of fixed assets, incorrect adjustment against exempt supplies, non-payment of sales tax on transportation charges, late payment surcharge and service connection charges along with default surcharge and penalty. The Income Tax Appellate Tribunal has set-aside the case and remanded back to Tax Department for hearing the case afresh. No provision has been made in these unconsolidated financial statements as the Company and its legal counsel is confident that the outcome of the case will be in favor of the Company.

17.1.9 Income tax authorities have issued notices under section 122 / 177 of the Income Tax Ordinance, 2001 for the tax years 2008, 2009, 2010 and 2011, disallowing certain expenses. The Company has filed petition in the High Court of Sindh to seek the authoritative interpretation of the Honorable Court, in respect of disallowance of interest on delayed payment of gas bills on account of failure to deduct withholding tax under section 151(1)(d) read with section 158 of the Income Tax Ordinance, 2001 and disallowance of depreciation on fixed assets held under musharka arrangement. No provision has been made in these unconsolidated financial statements as the Company and its legal counsel is confident that the outcome of the case will be in favor of the Company.

17.1.10 The Deputy Commissioner Inland Revenue passed an order for the financial year 2009-10 against the Company with a demand of Rs. 1,635 million, along with default surcharge and penalty on account of disallowance of input sales tax on line losses / Unaccounted for Gas (UFG) along with other observations. Upon appeal, the Commissioner (Appeals) has reduced the demand to Rs. 230 million plus default surcharge. The Company has filed appeal with Appellate Tribunal Inland Revenue on issues decided against the Company by Commissioner (Appeals) whereas the Tax Department has also filed appeal before Appellate Tribunal on issues decided in the Company's favor. Further, issue of allowability of input sales tax on UFG was also raised by Tax Department for financial year 2007-08.

On filing of suit by the Company, the Honourable High Court of Sindh has stayed demand for FY 2009-10 and stayed proceedings for FY 2007-08. No provision has been made in these unconsolidated financial statements as the Company and its legal counsel is confident that the outcome of the case will be in favor of the Company.

17.1.11 The Additional Commissioner Inland Revenue passed an order against the Company with a demand of Rs. 1,725 million in respect of disallowance of tax depreciation on additions to fixed assets and exchange loss in income tax audit for tax year 2011. On filing of suit by the Company, the Honourable High Court of Sindh has stayed the demand. The Commissioner (Appeals) has decided the issue of exchange loss in Company's favour while remanding back the issue of tax depreciation to tax department for hearing the case afresh. No provision has been made in these unconsolidated financial statements as the Company and its legal counsel is confident that the outcome of the case will be in favor of the Company.

17.1.12 The Additional Collector Inland Revenue passed an order against the Company with demand of Rs. 1,314 million along with default surcharge. The principal tax demand was recovered by the authority. However, the Company has filed a reference with FBR for waiver of default surcharge and penalty, which is pending. The Honorable High Court of Sindh has also stayed the recovery of the additional tax and penalties. No provision has been made in these unconsolidated financial statements as the Company and its legal counsel is confident that the outcome of the case will be in favor of the Company.

17.1.13 The Deputy Commissioner Inland Revenue (DCIR) passed an order against the Company with a demand of Rs. 432 million. The demand is in respect of disallowance of exchange loss, addition on account of gain on disposal of fixed assets, interest free loans to employees and addition under section 34(5) of the Ordinance. Further the DCIR has not allowed credit for taxes paid, refund adjustment relating to tax year 2009 and adjustment of carry forward of minimum tax for financial years 2005-06, 2007-08 and 2008-09 claimed in the Income Tax Return for the financial year 2009-10. The Commissioner (Appeals) has maintained the disallowances except for interest free loans and directed tax department that credit of taxes paid, and minimum tax adjustments for FY 2005-2006 and FY 2008-09 be allowed after verification. The Commissioner (Appeals) has not given decision on addition under section 34(5) and refund ajustment. Against the Commissioner (Appeals) order, the Company is in the process of filing appeal before Appellate Tribunal Inland Revenue. No provision has been made in these unconsolidated financial statements as the Company and its legal counsel is confident that the outcome of the case will be in favor of the Company.

17.1.14 Income tax authorities have issued show cause notice to the Company for recovery of additional tax of Rs. 422 million for late deposit of withholding income tax on payment to permanent establishments of non-resident Exploration and Production Companies for the year 2013. The Company has filed an appeal in the Honorable High Court of Sindh, which has stayed the recovery proceedings. No provision has been made in these unconsolidated financial statements as the Company and its legal counsel is confident that the outcome of the case will be in favor of the Company.

17.1.15 The Company is subject to various other claims totalling Rs. 873 million by income tax and sales tax authorities. The management is confident that ultimately these claims would not be payable.

17.1.16 One of the gas supplier has claimed excess amount of late payment surcharge on gas bills payable by the Company. Management is of the view that amount recorded by the Company is adequate and believe that no further provision is required to be recorded in these financial statements.

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

			2014	2013
			(Rupees in '000)	
17.1.18	Claims against the Company not acknowledge as debt		97,741	97,741
	The management is confident that ultimately these claims would not be payable.			
17.2	Commitments			
	Commitments for capital and other expenditure		2,217,794	2,101,582

18. PROPERTY, PLANT AND EQUIPMENT

Operating assets	18.1	62,031,324	60,553,768
Capital work in progress	18.5	8,134,303	7,182,570
		70,165,627	67,736,338

18.1 Operating assets 2014 (Rupees in '000)

	COST / VALUATION			ACCUMULATED DEPRECIATION			Written Down Value As at June 30, 2014	Useful Life / Remaining life in years**
	As at July 01, 2013	Additions / (deletions) / transfers *	As at June 30, 2014	As at July 01, 2013	Depreciation / (deletions) / transfers *	As at June 30, 2014		
Freehold land	4,434,792	- - - *	4,434,792	-	- - - *	-	4,434,792	-
Leasehold land	6,082,257	- - - *	6,082,257	-	- - - *	-	6,082,257	-
Buildings on freehold land	324,492	- - - *	324,492	229,634	3,808 - - *	233,442	91,050	20
Buildings on leasehold land	2,012,254	71,012 - - *	2,083,266	1,063,220	101,322 - (19)*	1,164,523	918,743	20
Roads, pavements and related infrastructures	656,843	83 - - *	656,926	124,059	32,967 - - *	157,026	499,900	20
Gas transmission pipelines	22,471,889	1,115,814 - - *	23,587,703	12,842,738	410,428 - - *	13,253,166	10,334,537	1-40*
Gas distribution system	56,869,086	3,748,701 (214,458) - *	60,403,329	20,438,237	3,125,911 (205,811) - *	23,358,337	37,044,992	10-20
Compressors	2,464,372	- - - *	2,464,372	2,251,733	34,018 - - *	2,285,751	178,621	5*
Telecommunication	643,302	114,795 - (2,760)*	755,337	504,958	33,996 - 118 *	539,072	216,265	2 & 6.67
Plant and machinery	2,086,910	318,806 - (16,792)*	2,388,924	1,281,050	127,418 - 3,067 *	1,411,535	977,389	10
Tools and equipment	340,537	27,863 - (17,771)*	350,629	295,168	27,827 - (13,665)*	309,330	41,299	3
Motor vehicles	2,006,594	233,656 (94,262) 23,475 *	2,169,463	1,301,881	119,595 (75,354) 16,781 *	1,362,903	806,560	5
Furniture and fixture	461,828	29,562 - 16,277 *	507,667	412,025	23,176 - 1,670 *	436,871	70,796	5
Office equipment	330,188	35,750 - 3,642 *	369,580	278,148	19,965 - 2,849 *	300,962	68,618	5
Computer and ancillary equipments	814,907	23,356 - 337 *	838,600	657,773	93,040 - 337 *	751,150	87,450	3
Supervisory control and data acquisition system	685,425	- - - *	685,425	557,149	53,751 - - *	610,900	74,525	6.67
Construction equipment	1,118,455	19,357 - (6,408)*	1,131,404	1,012,590	26,422 - (11,138)*	1,027,874	103,530	5
	103,804,131	5,738,755 (308,720) - *	109,234,166	43,250,363	4,233,644 (281,165) - *	47,202,842	62,031,324	

	2013							(Rupees in '000)
	COST / VALUATION			ACCUMULATED DEPRECIATION			Written Down Value As at June 30, 2013	Useful Life / Remaining life in years**
	As at July 01, 2012	Additions / (deletions) / transfers *	As at June 30, 2013	As at July 01, 2012	Depreciation / (deletions) / transfers *	As at June 30, 2013		
Freehold land	4,434,792	- - - *	4,434,792	-	- - - *	-	4,434,792	-
Leasehold land	6,079,194	3,063 - - *	6,082,257	-	- - - *	-	6,082,257	-
Buildings on freehold land	324,492	- - - *	324,492	214,732	14,902 - - *	229,634	94,858	20
Buildings on leasehold land	1,839,060	173,194 - - *	2,012,254	964,492	98,720 - 8 *	1,063,220	949,034	20
Roads, pavements and related infrastructures	656,704	139 - - *	656,843	91,267	32,792 - - *	124,059	532,784	20
Gas transmission pipelines	21,309,628	1,162,261 - - *	22,471,889	12,461,493	381,245 - - *	12,842,738	9,629,151	1-40*
Gas distribution system	51,712,862	5,268,345 (112,241) 120 *	56,869,086	17,508,570	3,041,868 (112,241) 40 *	20,438,237	36,430,849	10-20
Compressors	2,464,372	- - - *	2,464,372	2,209,827	41,906 - - *	2,251,733	212,639	6*
Telecommunication	577,415	62,722 - 3,165 *	643,302	476,202	25,591 - 3,165 *	504,958	138,344	2 & 6.67
Plant and machinery	1,829,948	268,873 - (11,911)*	2,086,910	1,173,412	108,838 - (1,200)*	1,281,050	805,860	10
Tools and equipment	306,954	37,406 - (3,823)*	340,537	270,203	25,552 - (587)*	295,168	45,369	3
Motor vehicles	1,785,331	237,098 (16,791) 956 *	2,006,594	1,196,765	112,748 (6,179) (1,453)*	1,301,881	704,713	5
Furniture and fixture	443,962	18,018 - (152)*	461,828	385,340	24,534 - 2,151 *	412,025	49,803	5
Office equipment	312,903	28,936 - (11,651)*	330,188	273,228	16,571 - (11,651)*	278,148	52,040	5
Computer and ancillary equipments	727,595	79,342 - 7,970 *	814,907	557,562	92,251 - 7,960 *	657,773	157,134	3
Supervisory control and data acquisition system	685,425	- - - *	685,425	500,324	56,825 - - *	557,149	128,276	6.67
Construction equipment	1,103,129	- - 15,326 *	1,118,455	955,032	55,991 - 1,567 *	1,012,590	105,865	5
	96,593,766	7,339,397 (129,032) - *	103,804,131	39,238,449	4,130,334 (118,420) - *	43,250,363	60,553,768	

18.2 Details of depreciation for the year are as follows:

	2014	2013
	(Rupees in '000)	
- Transmission and distribution costs	3,900,507	3,760,654
- Administrative expenses	219,487	211,874
- Selling expenses	7,794	8,408
	4,127,788	3,980,936
Meter manufacturing division	11,919	5,817
LPG air mix	55,742	69,907
Capitalised on projects	38,195	73,674
	4,233,644	4,130,334

18.3 Disposal of property, plant and equipment

Details of disposal of operating assets are as follows: (Rupees in '000)

	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (loss) on disposal	Mode of disposal	Particulars of buyers
Gas distribution system							
Written down value not exceeding Rs. 50,000 each	97,188	97,188	-	-	-	Replacement	Not applicable
Written down value not exceeding Rs. 50,000 each	117,270	108,623	8,647	-	(8,647)	Gas meters retired	Not applicable
Motor vehicles							
Written down value not exceeding Rs. 50,000 each	28,349	28,258	91	22,401	22,310	Tender	Various
Written down value not exceeding Rs. 50,000 each	56	30	26	22	(4)	Insurance	Insurance claim - National Insurance Company Limited
Written down value above Rs. 50,000 each	41,804	34,721	7,083	29,870	22,787	Tender	Various
Written down value above Rs. 50,000 each	599	104	495	530	35	Insurance	Insurance claim - National Insurance Company Limited
Written down value above Rs. 50,000 each	7,526	5,715	1,811	5,790	3,979	Insurance	Insurance claim - National Insurance Company Limited
Honda Civic	1,933	1,331	602	144	(458)	Service rules	Mr. Rahat Kamal Siddiqui
Toyota Corolla	1,756	183	1,573	1,079	(494)	Service rules	Mr. Mustafa Abdullah
Toyota Corolla	1,423	996	427	107	(320)	Service rules	Mr. Ijazuddin Faruqui
Toyota Corolla	1,517	478	1,039	408	(631)	Service rules	Mrs. Shehla Naqvi
Toyota Corolla	1,517	478	1,039	365	(674)	Service rules	Mr. Mushtaq A. Siddiqui
Toyota Corolla	1,391	974	417	104	(313)	Service rules	Mr. Shakir Aleem
Suzuki Cultus	934	294	640	524	(116)	Service rules	Col.(R) Rashid Ahmed
Suzuki Cultus	844	394	450	115	(335)	Service rules	L.Col.(R) Pervez Anwar Gill
Suzuki Cultus	934	294	640	389	(251)	Service rules	Mr. Habib Ur Rehman Khattak
Suzuki Cultus	934	294	640	220	(420)	Service rules	Mr. Haroon Rashid
Suzuki Cultus	934	294	640	185	(455)	Service rules	Mr. Abdul Ghani Jokhio
Suzuki Cultus	976	116	860	515	(345)	Service rules	Mr. Muhammad Tarique Siddiqui
Suzuki Cultus	835	400	435	62	(373)	Service rules	Mr. Abdul Sattar Ansari
June 30, 2014	308,720	281,165	27,555	62,830	35,275		
June 30, 2013	129,032	118,420	10,612	7,169	(3,443)		

18.4 Borrowing costs capitalised during the year in the gas transmission and distribution system and related capital work in progress amounted to Rs. 238.427 million (2013: Rs. 353.660 million). Borrowing costs related to general borrowings were capitalised at the rate of 8.93% (2013: 9.22%).

18.4.1 Market value of buildings / civil works, roads, pavements and related infrastructure, compressors, plant and machinery, construction equipment, motor vehicles and gas transmission and distribution pipelines is Rs. 106,749 million as per the valuation carried out as at June 30, 2011 by an independent valuer namely Oceanic Surveyors (Private) Limited. However, no impact of revaluation has been incorporated in these financial statements as cost model has been adopted for aforesaid assets.

		Note	2014	2013
			(Rupees in '000)	
18.5	Capital work in progress			
	Projects:			
	- Gas distribution system		4,146,778	3,762,216
	- Gas transmission system		400,065	256,599
	- Cost of buildings under construction and others		319,080	202,530
			4,865,923	4,221,345
	Stores and spares held for capital projects	18.5.1	3,190,459	2,835,217
	LPG air mix plant		153,817	150,681
			3,344,276	2,985,898
	Impairment of capital work in progress		(75,896)	(24,673)
			8,134,303	7,182,570
18.5.1	Stores and spares held for capital projects			
	Gas distribution		3,222,713	2,856,468
	Provision for impaired stores and spares		(32,254)	(21,251)
			3,190,459	2,835,217

(Rupees in '000)

19. INTANGIBLE ASSETS		COST			ACCUMULATED AMORTISATION			Written down value as at June 30	Useful life (years)
		As at July 01	Additions	As at June 30	As at July 01	For the year	As at June 30		
Computer software	2014	459,986	30,288	490,274	335,258	66,118	401,376	88,898	3
	2013	332,737	127,249	459,986	286,791	48,467	335,258	124,728	3

	Note	Percentage of holding (if over 10%)	2014	2013
			(Rupees in '000)	
20. LONG TERM INVESTMENTS				
Investments in related parties				
Subsidiary:				
SSGC LPG (Private) Limited				
100,000,000 (2013: 100,000,000) ordinary shares of Rs.10 each		100	1,000,000	1,000,000
Sui Southern Gas Provident Fund Trust Company (Private) Limited				
100 (2013: 100) ordinary shares of Rs. 10 each		100	1	1
Associate:				
Unquoted companies - available for sale				
Inter State Gas System (Private) Limited				
510,000 (2013: 510,000) ordinary shares of Rs. 10 each	20.1		5,100	5,100
Quoted companies - available for sale				
Sui Northern Gas Pipelines Limited (SNGPL)				
2,414,174 (2013: 2,414,174) ordinary shares of Rs. 10 each	20.2		54,681	48,428
			1,059,782	1,053,529
Other investments				
Quoted companies - available for sale				
Pakistan Refinery Limited				
350,000 (2013: 350,000) ordinary shares of Rs. 10 each			56,613	28,494
United Bank Limited				
118,628 (2013: 118,628) ordinary shares of Rs. 10 each			19,996	12,762
Unquoted companies (at cost)				
Pakistan Tourism Development Corporation				
5,000 (2013: 5,000) ordinary shares of Rs. 10 each			50	50
			76,659	41,306
Provision against impairment in value of investments at cost			(50)	(50)
			76,609	41,256
			1,136,391	1,094,785

20.1 Inter State Gas Systems (Private) Limited (ISGSL) entered into a service agreement with the Company and SNGPL which was effective from July 01, 2003, whereby ISGSL is mainly required to ascertain, identify and advise to the Company and SNGPL on the most convenient and reliable sources of natural gas, which can be imported. The whole operation of ISGSL, is carried out in connection with the service agreement and ISGSL was allowed under the agreement to recover its cost / expenditure from the Company and SNGPL. The Company bears 51% of the expenses of ISGSL, as per the directives of Economic Coordination Committee of the Cabinet.

20.2 Sale of these shares has been restricted by the Government of Pakistan due to its privatisation, till further directives.

21. NET INVESTMENT IN FINANCE LEASE

	June 30, 2014		
	Gross investment in finance lease	Finance income for future periods	Principal outstanding
	(Rupees in '000)		
Not later than one year	217,094	106,933	110,161
Later than one year but not later than five years	606,942	267,974	338,968
Later than five years	326,509	82,761	243,748
	933,451	350,735	582,716
	1,150,545	457,668	692,877

	June 30, 2013		
	Gross investment in finance lease	Finance income for future periods	Principal outstanding
	(Rupees in '000)		
Not later than one year	233,576	123,415	110,161
Later than one year and not later than five years	716,519	328,306	388,213
Later than five years	434,022	129,446	304,576
	1,150,541	457,752	692,789
	1,384,117	581,167	802,950

The Company entered into agreements with Oil and Gas Development Company Limited (OGDCL), Sui Northern Gas Pipelines Limited and ENI Pakistan Limited to use the Company's transmission pipelines for distribution of gas. The terms of the agreements entered into are for a substantial portion of the useful economic lives of the related assets. On June 30, 2013, agreement with OGDCL expired and the management is negotiating for renewal of agreement.

The interest rates used to discount future minimum lease payments under the leases are based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in finance leases. The effective interest rate ranges from 11.4% to 34.6% per annum.

	Note	2014	2013
		(Rupees in '000)	
22. LONG TERM LOANS AND ADVANCES - secured, considered good			
Due from executives	22.1	3,375	4,650
Less: receivable within one year	27	(980)	(1,242)
		2,395	3,408
Due from other employees	22.1 & 22.2	169,225	159,665
Less: receivable within one year	27	(31,112)	(29,719)
		138,113	129,946
		140,508	133,354

		2014		2013	
		Executives	Other employees	Executives	Other employees
		(Rupees in '000)			
22.1	Reconciliation of the carrying amount of loans and advances:				
	Balance at the beginning of the year	4,650	159,665	903	153,260
	Disbursements	-	48,210	-	47,521
	Transfers	-	-	5,581	(5,581)
	Repayments	(1,275)	(38,650)	(1,834)	(35,535)
		3,375	169,225	4,650	159,665

22.2 These loans represent house building and transport loans to the employees under the terms of employment and are recoverable in monthly installmentsover a period of 6 to 10 years. These loans are secured against the retirement benefit balances of respective employees and deposit of title deeds. Loans to the executive staff, carrying a mark-up of 10% per annum, have been discontinued under the revised compensation package of the Company w.e.f. January 01, 2001. Loans to non-executive employees are free from mark-up.

22.3 The maximum aggregate amount of long term loans due from the executives at the end of any month during the year was Rs. 4.650 million (2013:Rs. 5.581 million).

		2014	2013
		(Rupees in '000)	
23.	STORES, SPARES AND LOOSE TOOLS		
	Stores	1,107,552	1,283,716
	Spares	985,479	998,025
	Stores and spares in transit	376,666	99,556
	Loose tools	805	966
		2,470,502	2,382,263
	Provision against impaired inventory		
	Balance as at July 01	(216,579)	(159,569)
	Provision during the year	(79,436)	(57,010)
	Balance as at June 30	(296,015)	(216,579)
		2,174,487	2,165,684

		2014	2013
23.1	Stores, spares and loose tools are held for the following operations:		
	Transmission	1,701,487	1,862,981
	Distribution	473,000	302,703
		2,174,487	2,165,684

		2014	2013
		(Rupees in '000)	
24.	**STOCK-IN-TRADE**		
	Gas		
	Gas in pipelines	332,529	272,267
	Stock of Synthetic Natural Gas	15,318	15,836
		347,847	288,103
	Gas meters		
	Components	397,495	310,718
	Work-in-process	11,531	22,363
	Finished meters	144,113	13,636
		553,139	346,717
	Provision against impaired inventory		
	Balance as at July 01	(6,209)	(7,784)
	(Provision) / reversal made during the year	(6,272)	1,575
	Balance as at June 30	(12,481)	(6,209)
		888,505	628,611

25. CUSTOMERS' INSTALLATION WORK IN PROGRESS

This represents cost of work carried out by the Company on behalf of the customers at their premises. Upon completion of work, the cost thereof is transferred to transmission and distribution cost and recoveries from such customers are shown as deduction there from as reflected in note 33.2 to these financial statements.

		Note	2014	2013
			(Rupees in '000)	
26.	**TRADE DEBTS**			
	Considered good			
	- secured		16,038,079	14,235,172
	- unsecured		62,867,614	62,049,580
		26.1 & 26.2	78,905,693	76,284,752
	Considered doubtful		9,180,586	7,595,958
			88,086,279	83,880,710
	Provision against impaired debts	26.3	(9,180,586)	(7,595,958)
			78,905,693	76,284,752

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

In accordance with the revised accounting treatment, the trade debts includes Rs. 41,302 million (2013: Rs. 44,303 million) as at June 30, 2014 receivables from KE. Out of this, Rs. 37,450 million (2013: Rs. 40,337 million) as at June 30, 2014 are overdue. However, the aggregate legal claim of the Company from KE amounts to Rs. 55,458 million (2013: Rs. 50,935 million). This amount has been arrived at as per the practice of the Company to charge LPS to customers who do not make timely payments.

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

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

  a. Highest OD rate being paid by SSGC or;
  b. Highest rate at which interest is payable on gas producer bills.

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

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

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

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

In accordance with the revised accounting treatment, the trade debts includes Rs. 16,944 million (2013: Rs. 12,680 million) including overdue balance of Rs. 16,488 million (2013: Rs. 12,232 million) receivable from PSML. However, the aggregate legal claim of the Company from PSML amounts to Rs. 24,443 million (2013: Rs. 15,507 million). This amount has been arrived at as per the practice of the Company to charge LPS to customers who do not make timely payments.

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.

		2014	2013
		(Rupees in '000)	
26.3	Movement of provision against impaired debts		
	Balance as at July 01	7,595,958	5,022,392
	Provision for the year	1,584,628	2,573,566
	Balance as at June 30	9,180,586	7,595,958

	2014			
	Not later than 1 month	Later than 1 month but not later than 6 months	Later than 6 months	Total
	(Rupees in '000)			
26.4 Aging of trade debts from related parties				
Not due balances	5,518,415	-	-	5,518,415
Past due but not impaired	-	18,870,757	35,737,781	54,608,538
	5,518,415	18,870,757	35,737,781	60,126,953

	2013			
	Not later than 1 month	Later than 1 month but not later than 6 months	Later than 6 months	Total
	(Rupees in '000)			
Not due balances	5,336,740	-	-	5,336,740
Past due but not impaired	-	16,987,629	36,254,366	53,241,995
	5,336,740	16,987,629	36,254,366	58,578,735

	Note	2014	2013
		(Rupees in '000)	
27. LOANS AND ADVANCES - considered good			
Loan to a related party	27.1	1,710,103	1,710,103
Advances to:			
- executives	27.2	80,740	11,334
- other employees	27.2	193,478	86,085
		274,218	97,419
Current portion of long term loans:			
- executives	22	980	1,242
- other employees	22	31,112	29,719
		32,092	30,961
		2,016,413	1,838,483

27.1 This amount represents unsecured loan provided to SSGC LPG (Private) Limited (a wholly owned subsidiary), carrying mark-up equivalent to the weighted average borrowing rate of the Company.

27.2 Advances represent interest free establishment advance and festival advance to the employees according to the terms of employment. These are repayable in ten equal installments and are secured against the retirement benefit balances of the related employees.

		Note	2014	2013
			(Rupees in '000)	
28.	ADVANCES, DEPOSITS AND SHORT TERM PREPAYMENTS			
	Advances for goods and services - unsecured, considered good		41,738	75,450
	Trade deposits - unsecured, considered good		1,423	13,703
	Prepayments		94,224	77,135
			137,385	166,288
29.	INTEREST ACCRUED			
	Interest accrued on late payment of bills / invoices from:			
	- WAPDA		2,631,928	2,561,802
	- SNGPL		2,796,094	2,419,288
	- JJVL		193,094	43,899
			5,621,116	5,024,989
	Interest accrued on bank deposits		2,370	2,370
	Interest accrued on sales tax refund	5.5	487,739	487,739
	Interest accrued on loan to related party	29.1	180,378	14,021
			6,291,603	5,529,119

29.1 This amount represent interest accrued to SSGC LPG (Private) Limited (a wholly owned subsidiary). The amount includes interest accrued on a short term loan amounting to Rs. 153 million (2013: Rs. 7.5 million) and interest accrued on late payment of bills against sale of LPG amounting to Rs. 27 million (2013: Rs. 6.5 million).

		Note	2014	2013 (Restated)
			(Rupees in '000)	
30.	OTHER RECEIVABLES - considered good			
	Gas development surcharge receivable from GoP	30.1	20,737,160	17,159,475
	Staff pension fund	40.1	659,934	648,635
	Receivable for sale of gas condensate		206,909	75,637
	Sui Northern Gas Pipelines Limited	30.2	12,354,923	4,085,098
	Jamshoro Joint Venture Limited	30.6 & 30.7	14,349,882	3,955,853
	SSGC LPG (Private) Limited		1,134,998	275,546
	Workers' Profit Participation Fund	30.3	1,229,655	452,655
	Sales tax receivable	30.4	10,391,068	11,876,067
	Sindh sales tax		135,646	-
	Pipeline rentals		33,779	15,620
	Miscellaneous receivables		82,897	135,841
			61,316,851	38,680,427
	Provision against other receivables	30.5	(2,346,359)	(2,028,106)
			58,970,492	36,652,321

30.1 Gas development surcharge receivable from GoP

30.1.1 This includes Rs. 390 million (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 financial statements.

30.1.2 In the current year, the Company adopted the revised IAS 19 Employee Benefit (as revised in 2011) and the related consequential amendments. The amendments require recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19.

As a result of adoption of the revised standard, management has recognized actuarial gains and losses which previously were unrecognized / deferred by the Company as such treatment was allowed by the previous version of IAS 19. The financial impacts due to recognition of actuarial losses were Rs. 1,392 million, Rs. 267 million, and Rs. 690 million, for the years ended June 30, 2014, 2013 and opening retained earnings respectively. The comparative amounts for the previous years, i.e. June 30, 2013 and 2012 have been restated to incorporate impact of actuarial losses related to these years. The Company has also claimed these losses in determining revenue requirement of the Company for the year ended June 30, 2014; having total impact of Rs. 2,349 million.

The Company has recognized such Gas development surcharge in other comprehensive income for the year ended June 30, 2014 instead of profit and loss account on the premise that actuarial losses have also been recognized in other comprehensive income.

30.2 This includes Rs. 12,211 million (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. 144 million (2013: Rs. 109 million).

	2014	2013
	(Rupees in '000)	
30.3 Workers' Profit Participation Fund		
Balance as at July 01	452,655	59,912
Amount refunded to the Company	-	(59,912)
Allocation for the year	-	(17,345)
Amount paid by the Company	777,000	470,000
Balance as at June 30	1,229,655	452,655

30.4 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.

	2014	2013
	(Rupees in '000)	
30.5 Movement of provision against impaired other receivables		
Balance as at July 01	2,028,106	538,322
Provision for the year	318,253	1,489,784
Balance as at June 30	2,346,359	2,028,106

30.6 During the year, 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.

30.7 This amount comprises of receivable in respect of royalty income, sale of liquid petroleum gas, Federal Excise Duty and Sindh Sales Tax on Franchise Services amounting to Rs. 7,474 million (2013: Rs. 2,247 million), Rs. 5,160 million (2013: Rs. 312 million), Rs. 1,070 million (2013: Rs. 896 million) and Rs. 646 million (2013: Rs. 501 million) respectively.

As at year end, amount payable to JJVL is Rs. 3,298 million (2013: Rs. 255 million) as disclosed in note 15 to these financial statements.

	Note	2014	2013 (Restated)
		(Rupees in '000)	
31. TAXATION - NET			
Advance tax		16,908,850	9,221,886
Provision for tax		(6,434,221)	(6,434,221)
		10,474,629	2,787,665

	Note	2014	2013
		(Rupees in '000)	
32. CASH AND BANK BALANCES			
Cash at banks			
- deposit accounts		855,263	655,271
- current accounts		333,919	183,462
		1,189,182	838,733
Cash in hand	32.1	10,655	8,947
		1,199,837	847,680

32.1 This includes foreign currency cash in hand amounting to Rs. 1.912 million (2013: Rs. 0.898 million).

	Note	2014	2013 (Restated)
		(Rupees in '000)	
33. COST OF SALES			
Cost of gas	33.1	150,516,071	135,448,936
Transmission and distribution costs	33.2	11,736,132	12,698,498
		162,252,203	148,147,434
33.1 Cost of gas			
Gas in pipelines as at July 01		272,267	259,688
Gas purchases		188,809,213	170,640,857
		189,081,480	170,900,545
Gas consumed internally		(603,328)	(514,196)
Inward price adjustment	33.1.1	(37,629,552)	(34,665,146)
Gas in pipelines as at June 30		(332,529)	(272,267)
		(38,565,409)	(35,451,609)
		150,516,071	135,448,936

33.1.1 Under section 21 of the Oil and Gas Regulatory Authority Ordinance, 2002, the Government of Pakistan has issued a policy guideline to ensure the uniformity of gas prices for customers throughout the country. Accordingly, under this policy guideline and pursuant to an agreement between the Company and Sui Northern Gas Pipelines Limited effective from July 1, 2003, the cost of gas purchased is being worked out by both the companies on an overall average basis in such a manner that input of gas for both companies become uniform. Under this agreement, the company with lower weighted average cost of gas is required to pay to the other company so that the overall weighted average rate of well head gas price of both the companies is the same.

33.1.2 UFG in parlance of a gas distribution and transmission company means the difference between gas purchased in volume, gas billed in volume and gas used internally by the company for its operations. UFG results from a number of factors which inter alia comprises of gas leakages both above ground and underground , measurement errors, meter tampering, meter getting slow with time and use, illegal connections and such other connections which bypass the meters installed. While it is almost impossible to estimate the amount of gas theft in UFG, it is estimated that it is a significant percentage of the total UFG.

The Company is taking a number of measures to control and reduce UFG. These are elaborated below:

- Vigilance for identification of theft cases, illegal networks and necessary remedial measures thereafter.

- Measurement errors identification and rectification.

- Above ground and underground leakage identification and rectification.

The Company's actions are likely to be more effective with the co-operation of various stakeholders and law enforcement agencies.

Actual UFG for the year ended June 30, 2014 is 13.82 % (2013 8.43%). OGRA has restricted UFG to 7% due to stay order granted by the Honorable High Court of Sindh.

	Note	2014	2013 (Restated)
		(Rupees in '000)	
33.2 Transmission and distribution costs			
Salaries, wages and benefits		5,865,422	6,689,607
Contribution / accruals in respect of staff retirement benefit schemes	33.2.1	820,754	830,899
Depreciation on operating assets	18.2	3,900,507	3,760,654
Repairs and maintenance		924,331	960,180
Stores, spares and supplies consumed		524,109	614,677
Gas consumed internally		603,328	514,196
Legal and professional		133,652	122,343
Software maintenance		29,505	24,571
Electricity		105,995	78,298
Security expenses		318,659	283,083
Insurance and royalty		91,114	86,544
Travelling		40,426	33,242
Material and labor used on customers' installation		36,005	61,924
Impairment of capital work in progress		51,223	24,673
Postage and revenue stamps		2,313	2,590
Rent, rates and taxes		81,820	58,262
Others		226,954	198,763
		13,756,117	14,344,506
Recoveries / allocations to:			
Gas distribution system capital expenditure		(1,419,323)	(1,245,284)
Installation costs recovered from customers		(53,473)	(96,199)
		(1,472,796)	(1,341,483)
Recoveries of service cost from:			
- Sui Northern Gas Pipelines Limited - a related party		(504,937)	(251,562)
- Oil and Gas Development Company Limited - a related party		-	(15,833)
- Other customers		(42,252)	(37,130)
		(547,189)	(304,525)
		11,736,132	12,698,498

		2014	2013 (Restated)
		(Rupees in '000)	
33.2.1	**Contributions / accrual in respect of staff retirement benefit schemes**		
	Contributions to the provident fund	159,675	145,732
	Charge in respect of pension funds:		
	- executives	92,899	207,602
	- non-executives	35,536	20,210
	Charge in respect of gratuity funds:		
	- executives	114,784	42,847
	- non-executives	59,560	50,341
	Accrual in respect of unfunded post retirement - medical facility	282,364	291,661
	Accrual in respect of compensated absences		
	- executives	71,547	69,219
	- non-executives	4,389	3,287
		820,754	830,899

		Note	2014	2013 (Restated)
			(Rupees in '000)	
34.	**ADMINISTRATIVE AND SELLING EXPENSES**			
	Administrative expenses	34.1	2,249,677	2,143,076
	Selling expenses	34.2	1,190,745	1,148,699
			3,440,422	3,291,775
34.1	**Administrative expenses**			
	Salaries, wages and benefits		1,214,728	1,097,366
	Contribution / accrual in respect of staff retirement benefit schemes	34.1.1	91,359	98,510
	Depreciation on operating assets	18.2	219,487	211,874
	Amortisation of intangible assets	19	66,118	48,467
	Repairs and maintenance		111,504	119,602
	Stores, spares and supplies consumed		127,024	148,740
	Legal and professional		64,097	75,735
	Software maintenance		107,512	92,830
	Electricity		9,395	7,663
	Security expenses		7,427	6,505
	Insurance and royalty		9,888	8,319
	Travelling		63,729	67,108
	Postage and revenue stamps		60,692	60,243
	Rent, rates and taxes		7,575	9,827
	Others		140,736	133,823
			2,301,271	2,186,612
	Allocation to meter manufacturing division		(51,594)	(43,536)
			2,249,677	2,143,076

		2014	2013 (Restated)
		(Rupees in '000)	
34.1.1	**Contributions / accrual in respect of staff retirement benefit schemes**		
	Contribution to the provident fund	31,482	29,168
	Charge in respect of pension funds:		
	- executives	17,410	40,322
	- non-executives	1,581	1,033
	Accrual in respect of unfunded post retirement:		
	Gas facility	4,934	17,874
	Medical facility	11,765	-
	Charge in respect of gratuity funds:		
	- executives	21,537	7,881
	- non-executives	2,650	2,232
		91,359	98,510

		Note	2014	2013 (Restated)
			(Rupees in '000)	
34.2	**Selling expenses**			
	Salaries, wages and benefits		774,043	721,602
	Contribution / accruals in respect of staff retirement benefit schemes	34.2.1	67,316	68,834
	Depreciation on operating assets	18.2	7,794	8,408
	Repairs and maintenance		2,765	3,821
	Stores, spares and supplies consumed		25,565	31,211
	Meter reading by contractors		49,781	55,092
	Electricity		61,196	54,224
	Insurance and royalty		552	502
	Travelling		942	858
	Gas bills collection charges		175,353	171,613
	Postage and revenue stamps		473	674
	Rent, rates and taxes		18,745	26,307
	Others		6,220	5,553
			1,190,745	1,148,699
34.2.1	**Contributions / accrual in respect of staff retirement benefit schemes**			
	Contributions to the provident fund		23,939	18,725
	Charge in respect of pension funds:			
	- executives		11,622	24,548
	- non-executives		6,499	1,908
	Charge in respect of gratuity funds:			
	- executives		14,359	14,120
	- non-executives		10,897	9,533
			67,316	68,834

		Note	2014	2013
			(Rupees in '000)	
35.	OTHER OPERATING EXPENSES			
	Auditors' remuneration			
	- Statutory audit		3,000	3,000
	- Fee for other audit related services		1,200	1,200
	- Fee for taxation services		13,422	12,763
	- Out of pocket expenses		250	343
			17,872	17,306
	Workers' Profit Participation Fund	30.3	-	17,345
	Sports expenses		29,935	32,289
	Corporate social responsibility		54,871	22,738
	Loss on disposal of property, plant and equipment	18.3	-	3,443
	Provision against impaired debts and other receivables	26.3 & 30.5	1,902,881	4,063,350
	Provision against impaired stores and spares		90,439	50,100
	Exchange loss on payment of gas purchases		85,584	745,005
			2,181,582	4,951,576
36.	OTHER OPERATING INCOME			
	Income from other than financial assets			
	Meter rentals		681,656	666,671
	Recognition of income against deferred credit		403,349	397,497
	Income from new service connections		238,711	310,056
	Gas shrinkage charged to JJVL	36.2	1,017,393	2,156,980
	Income from gas transportation		15,757	33,160
	Income from LPG air mix distribution - net	36.1	124,971	131,720
	Recoveries from customers		78,787	45,671
	Gain on disposal of property, plant and equipment	18.3	35,275	-
	Liquidated damages recovered		9,664	25,380
	Advertising income		6,164	4,628
	Income from sale of tender documents		2,787	2,874
	Scrap sales		-	783
	Miscellaneous		186,772	30,262
			2,801,286	3,805,682
	Income from investment in debts, loans, advances and receivables from related party			
	Contingent rental income - Sui Northern Gas Pipelines Limited		-	10,207
			2,801,286	3,815,889
36.1	Income from LPG air mix distribution - net			
	Sales		18,305	16,051
	Cross subsidy		486,649	485,627
	Cost of sales		(294,325)	(271,349)
	Gross profit		210,629	230,329
	Distribution, selling and administrative expenses			
	Salaries, wages and other benefits		(24,403)	(24,088)
	Depreciation expenses		(55,742)	(69,907)
	Other operating expenses		(33,935)	(28,514)
			(114,080)	(122,509)
	Amortisation of deferred credit		26,994	22,743
	Other income		1,428	1,157
	Profit for the year		124,971	131,720

36.2 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 Supreme Court Order.

	Note	2014	2013 (Restated)
		(Rupees in '000)	
37. OTHER NON-OPERATING INCOME			
Income from financial assets			
Late payment surcharge		1,608,082	1,347,883
Income from net investment in finance lease		66,126	62,242
Interest income on loan to related party		152,712	135,096
Return on:			
- term deposits and profit and loss bank accounts		251,101	168,402
- staff loans		5	1
		2,078,026	1,713,624
Interest income on late payment of gas bills from			
- Jamshoro Joint Venture Limited (JJVL)	37.2	167,644	71,198
- Water & Power Development Authority (WAPDA)		70,127	276,032
- Sui Northern Gas Pipelines Limited (SNGPL)		376,805	713,839
- SSGC LPG (Private) Limited		21,093	6,573
		635,669	1,067,642
Dividend income		1,235	1,150
		2,714,930	2,782,416
Income from investment in debts, loans, advances and receivables from related party			
Dividend income - Sui Northern Gas Pipelines Limited		-	5,487
Income from net investment in finance lease	37.1	125,214	117,732
		125,214	123,219
Others			
Sale of gas condensate		751,850	190,109
Royalty income from JJVL	37.5	5,330,644	2,585,733
Income on LPG and NGL - net	37.4 & 37.6	3,850,415	2,706,420
Meter manufacturing division profit - net	37.3	622,254	537,416
		10,555,163	6,019,678
		13,395,307	8,925,313

37.1 This represents income from SNGPL and OGDCL amounting to Rs. 125.214 million (2013: Rs. 115.941 million) and Rs. Nil (2013: Rs. 1.791 million) respectively.

37.2 Interest is charged on the receivable from JJVL at the State Bank of Pakistan discount rate plus 2%.

		Note	2014	2013 (Restated)
			(Rupees in '000)	
37.3	Meter manufacturing division profit - net			
	Gross sales of gas meters			
	- Company's consumption		996,165	616,525
	- Outside sales		2,574,323	2,342,788
			3,570,488	2,959,313
	Sales tax		(569,099)	(436,921)
	Net sales		3,001,389	2,522,392
	Cost of sales			
	- Raw material consumed		1,944,782	1,430,403
	- Stores and spares		13,911	10,134
	- Fuel, power and electricity		21,502	11,304
	- Salaries wages and other benefits	37.3.2	450,001	439,971
	- Insurance		892	834
	- Repairs and maintenance		7,202	11,214
	- Depreciation		11,919	5,817
	- Other expenses		1,958	1,769
			2,452,167	1,911,446
	Opening work in process		22,363	20,086
	Closing work in process		(11,531)	(22,363)
			10,832	(2,277)
	Cost of goods manufactured		2,462,999	1,909,169
	Opening stock of finished goods		13,636	52,366
	Closing stock of finished goods		(144,113)	(13,636)
			(130,477)	38,730
	Cost of goods sold		(2,332,522)	(1,947,899)
	Gross profit		668,867	574,493
	Administrative expenses		(51,594)	(43,536)
	Operating profit		617,273	530,957
	Other income		4,981	6,459
	Net profit		622,254	537,416

37.3.1 Gas meters used by the Company are included in operating assets at manufacturing cost.

		2014	2013
37.3.2	Salaries, wages and other benefits	440,584	431,040
	Provident fund contribution	4,506	4,160
	Pension fund	1,961	2,676
	Gratuity	2,950	2,095
		450,001	439,971

37.4 This amount includes sale of LPG to SSGC LPG (Private) Limited (wholly owned subsidiary) amounting to Rs. 2,215 million (2013: Rs. 286 million).

37.5 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 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.

37.6 The 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.

		2014	2013 (Restated)
		(Rupees in '000)	
38.	FINANCE COST		
	Mark-up on:		
	- loans from banking companies	2,163,993	1,801,280
	- short term borrowings	79,744	155,470
	- customers' deposits	193,234	182,100
	- customer finance	2,694	3,266
	- delayed payment on gas supplies	4,926,612	5,553,897
	- Government of Sindh loans	241,701	212,316
	- others	47,063	53,220
		7,655,041	7,961,549
	Less: Finance cost capitalised during the year	(238,427)	(353,660)
		7,416,614	7,607,889
39.	TAXATION		
	Current year		
	Current tax	-	1,536,335
	Deferred tax	(2,056,945)	(1,404,424)
		(2,056,945)	131,911
39.1	Relationship between unconsolidated accounting profit and tax expense for the year is as follows:		
	Accounting (loss) / profit for the year	(5,810,406)	380,105
	Tax rate	34%	35%
	Tax charge @ 34% (2013: 35%)	(1,975,538)	133,037
	Effect of change in rate	(81,111)	-
	Tax effects of permanent differences	-	533
	Effect of lower tax rate on dividend income	(296)	(1,659)
		(2,056,945)	131,911

40. STAFF RETIREMENT BENEFITS

40.1 Funded post retirement pension and gratuity schemes

As mentioned in note 3.17 to these financial statements, the Company operates approved funded pension and gratuity schemes for all employees. Contributions are made to these schemes based on actuarial valuation. Latest actuarial valuations were carried out as at June 30, 2014 under the projected unit credit method for both non-executive and executive staff members.

Fair value of plan assets and present value of obligations

The fair value of plan assets and present value of defined benefit obligations of the pension and gratuity schemes at the valuation date were as follows:

	2014			
	Executives		Non-executives	
	Pension	Gratuity	Pension	Gratuity
	---------------------------(Rupees in '000)---------------------------			
(Asset) / liability in unconsolidated balance sheet				
Fair value of plan assets	(1,079,998)	(2,141,413)	(209,519)	(2,553,389)
Present value of defined benefit obligation	647,081	3,491,853	18,002	3,383,717
Amount payable / (receivable) against Company's liability	(30,000)	30,000	(5,500)	5,500
	(462,917)	1,380,440	(197,017)	835,828
Movement in present value of defined benefit obligation				
Obligation as at July 01, 2013	553,063	3,233,652	7,907	2,582,285
Current service cost	21,819	175,895	-	123,879
Interest cost	60,716	342,822	815	278,206
Remeasurement	38,690	165,207	11,005	705,019
Benefits paid	(27,207)	(425,723)	(1,725)	(305,672)
Obligation as at June 30, 2014	647,081	3,491,853	18,002	3,383,717
Movement in fair value of plan assets				
Fair value as at July 01, 2013	928,978	2,035,279	245,127	2,357,051
Expected return on plan assets	99,911	217,873	25,549	254,721
Remeasurement	95,692	13,140	(34,698)	99,925
Benefits paid	(27,207)	(425,723)	(1,725)	(305,672)
Contribution to the fund	126,745	156,723	45,824	76,806
Amount transferred (out) / in	(144,121)	144,121	(70,558)	70,558
Fair value as at June 30, 2014	1,079,998	2,141,413	209,519	2,553,389
Movement in (asset) / liability in unconsolidated balance sheet				
(Asset) / liability as at July 01, 2013	(405,915)	1,228,373	(242,720)	230,734
Expense recognised for the year	126,745	156,723	45,824	76,806
Remeasurement	(57,002)	152,067	45,703	605,094
Contribution to the fund	(126,745)	(156,723)	(45,824)	(76,806)
(Asset) / liability in unconsolidated balance sheet	(462,917)	1,380,440	(197,017)	835,828

Expense recognised in the unconsolidated profit and loss account

Expense recognised in the unconsolidated profit and loss account during the current year in respect of the above schemes were as follows:

	2014			
	Executives		Non-executives	
	Pension	Gratuity	Pension	Gratuity
	(Rupees in '000)			
Current service cost	21,819	175,895	-	123,879
Interest cost	60,716	342,822	815	278,206
Expected return on plan assets	(99,911)	(217,873)	(25,549)	(254,721)
Amount transferred out / (in)	144,121	(144,121)	70,558	(70,558)
	126,745	156,723	45,824	76,806
Total remeasurements recognised in other comprehensive income				
Remeasurement on obligation arising on				
- financial assumptions	(1,795)	(13,307)	-	(44,943)
- demographic assumptions	(918)	(5,264)	-	2,879
- experience adjustments	(35,977)	(146,636)	(11,005)	(662,955)
	(38,690)	(165,207)	(11,005)	(705,019)
Remeasurement on plan assets arising on				
Return on plan assets excluding expected return	173,042	290,044	76,585	379,569
Expected return on plan assets	(99,911)	(217,873)	(25,549)	(254,721)
Net return on plan assets over interest income	73,131	72,171	51,036	124,848
Difference in opening fair value of assets after audit	22,561	(59,031)	(85,734)	(24,923)
	95,692	13,140	(34,698)	99,925
	57,002	(152,067)	(45,703)	(605,094)
Actual return on plan assets	173,042	290,044	76,585	379,569
Compostion / fair value of plan assest used by the fund				
Quoted shares	19.51%	9.97%	59.65%	11.87%
Debt instruments	75.66%	86.1%	29.49%	84.21%
Mutual funds	1.60%	1.79%	5.88%	3.80%
Other including cash and cash equivalents	3.23%	2.14%	4.98%	0.12%
Total	100.00%	100.00%	100.00%	100.00%
Quoted shares	210,669	213,474	124,988	303,100
Debt instruments	606,390	1,391,515	12,328	97,081
Mutual funds	17,322	38,294	157,104	2,003,932
Others including cash and cash equivalents	245,617	498,130	(84,901)	149,276
Total	1,079,998	2,141,413	209,519	2,553,389

	2013 (Restated)			
	Executives		Non-executives	
	Pension	Gratuity	Pension	Gratuity
	(Rupees in '000)			
(Asset) / liability in unconsolidated balance sheet				
Fair value of plan assets	(928,978)	(2,035,279)	(245,127)	(2,357,051)
Present value of defined benefit obligation	553,063	3,233,652	7,907	2,582,285
Amount payable / (receivable) against Company's liability	(30,000)	30,000	(5,500)	5,500
	(405,915)	1,228,373	(242,720)	230,734

	2013 (Restated)			
	Executives		Non-executives	
	Pension	Gratuity	Pension	Gratuity
	(Rupees in '000)			
Movement in present value of defined benefit obligation				
Obligation as at July 01, 2012	527,513	3,154,845	8,560	2,107,255
Current service cost	21,088	167,011	-	103,261
Interest cost	71,605	401,679	1,087	279,438
Remeasurement	(46,685)	(95,437)	(606)	269,140
Benefits paid	(20,458)	(394,446)	(1,134)	(176,809)
Obligation as at June 30, 2013	553,063	3,233,652	7,907	2,582,285
Movement in fair value of plan assets				
Fair value as at July 01, 2012	889,311	1,831,098	255,016	2,225,114
Expected return on plan assets	103,452	215,105	28,004	263,489
Remeasurment	(23,087)	(56,269)	9,683	(79,453)
Benefits paid	(20,458)	(394,446)	(1,134)	(176,809)
Contribution to the fund	266,378	153,173	13,053	65,215
Amount transferred (out) / in	(286,618)	286,618	(59,495)	59,495
Fair value as at June 30, 2013	928,978	2,035,279	245,127	2,357,051
Movement in (asset) / liability in unconsolidated balance sheet				
(Asset) / liability as at July 01, 2012	(400,798)	1,362,747	(246,456)	(117,859)
Expense recognised for the year	284,859	57,967	27,078	65,215
Remeasurement	(23,598)	(39,168)	(10,289)	348,593
Contribution to the fund	(266,378)	(153,173)	(13,053)	(65,215)
(Asset) / liability in unconsolidated balance sheet	(405,915)	1,228,373	(242,720)	230,734

Expense recognised in the unconsolidated profit and loss account

Expense recognised in the unconsolidated profit and loss account during the current year in respect of the above schemes were as follows:

	2013 (Restated)			
	Executives		Non-executives	
	Pension	Gratuity	Pension	Gratuity
	(Rupees in '000)			
Current service cost	21,088	167,011	-	103,261
Interest cost	71,605	401,679	1,087	279,438
Expected return on plan assets	(103,452)	(215,105)	(28,004)	(263,489)
Amount transferred out / (in)	295,618	(295,618)	53,995	(53,995)
	284,859	57,967	27,078	65,215
Total remeasurements recognised in other comprehensive income				
Remeasurement on obligation arising on				
- financial assumptions	4,115	17,648	-	39,564
- demographic assumptions	-	-	-	-
- experience adjustments	42,570	77,789	606	(308,704)
	46,685	95,437	606	(269,140)
Remeasurement on plan assets arising on				
Return on plan assets excluding expected return	86,647	208,007	35,008	263,689
Expected return on plan assets	(103,452)	(215,105)	(28,004)	(263,489)
	(16,805)	(7,098)	7,004	200
Net return on plan assets over interest income	(6,282)	(49,171)	2,679	(79,653)
	(23,087)	(56,269)	9,683	(79 ,453)
	23,598	39,168	10,289	(348,593)
Actual return on plan assets	86,647	208,007	35,008	263,689
Composition / fair value of plan assets used by the fund				
Quoted shares	12.1%	5.7%	27.1%	7.0%
Debt instruments	80.7%	90.9%	64.5%	88.5%
Mutual funds	1.7%	1.9%	5.0%	3.3%
Others including cash and cash equivalents	5.5%	1.5%	3.4%	1.2%
Quoted shares	112,173	116,991	66,551	164,646
Debt instruments	750,022	1,850,821	158,191	2,085,145
Mutual funds	15,917	38,265	12,261	77,661
Other including cash and cash equivalents	50,866	29,202	8,124	29,599
Total	928,978	2,035,279	245,127	2,357,051

Significant actuarial assumptions

Significant assumptions used for the valuation of above schemes are as follows:

	Executives and Non-executives	
	2014	2013
	(%)	(%)
Discount rate	13.25	11.00
Expected rate of increase in salary level	11.25	9.00
Increase in pension	6.25	4.00

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected rate of salary and pension increase. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant:

	Change in assumption		Impact of change in assumptions in present value of defined benefit obligation			
			Executives		Non-executives	
			Pension	Gratuity	Pension	Gratuity
			(Rupees in '000)			
Discount rate	1%	Increase in	(42,047)	(219,412)	(1,057)	(243,919)
Salary increase rate	1%	assumption	35,675	263,855	-	371,991
Pension increase rate	1%		40,707	-	1,264	-
Discount rate	1%	Decrease in	47,261	244,783	1,193	275,291
Salary growth rate	1%	assumption	(32,408)	(239,774)	-	(131,638)
Pension increase rate	1%		(35,362)	-	(1,132)	-

In presenting the above sensitivity analysis, the present value of the define benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the unconsolidated balance sheet.

The expected pension and gratuity expense for the next one year from July 01, 2014 is as follows:

	Executives		Non-executives	
	Pension	Gratuity	Pension	Gratuity
	(Rupees in '000)			
Current service cost	52,986	206,120	-	176,563
Interest cost	87,142	451,811	2,275	439,292
Expected return on plan assets	(154,072)	(270,642)	(36,772)	(335,910)
Amount transferred out / (in)	216,001	(216,001)	176,598	(176,598)
	202,057	171,288	142,101	103,347

40.2 Unfunded post retirement medical benefit and gas supply facilities

As mentioned in note 3.17 to these financial statements, the Company provides free medical and gas supply facilities to its retired executive employees. The free gas supply facility has been discontinued for employees who had retired after December 31, 2000. The latest acturial valuations of the liability under these schemes were carried out as at June 30, 2014 under the projected unit credit method, results of which are as follows:

Number of employees under the scheme

The number of employees covered under the following defined benefit plans are 2,455 (2013: 2,479).

	2014		
	Post retirement medical facility	Post retirement gas facility	Total
	----------------(Rupees in '000)----------------		
Liability in unconsolidated balance sheet			
Present value of defined benefit obligation	2,847,258	53,708	2,900,966
Movement in present value of defined benefit obligation			
Liability as at July 01, 2013	1,974,536	46,859	2,021,395
Expense recognised for the year	294,130	4,934	299,064
Payments during the year	(61,971)	(3,395)	(65,366)
Remeasurement	640,563	5,310	645,873
Liability as at June 30, 2014	2,847,258	53,708	2,900,966
Expense recognised in the unconsolidated profit and loss account			
Current service cost	76,488	-	76,488
Interest cost	217,642	4,934	222,576
	294,130	4,934	299,064
Total remeasurements recognised in other comprehensive income			
Remeasurement on obligation arising on			
- financial assumptions	680,200	8,094	688,294
- demographic assumptions	135,886	1,430	137,316
- experience adjustments	(175,523)	(4,214)	(179,737)
	640,563	5,310	645,873

	2013 (Restated)		
	Post retirement medical facility	Post retirement gas facility	Total
	----------------(Rupees in '000)----------------		
Liability in unconsolidated balance sheet			
Present value of defined benefit obligation	1,974,536	46,859	2,021,395
Movement in present value of defined benefit obligation			
Liability as at July 01, 2012	1,694,729	44,150	1,738,879
Expense recognised for the year	301,314	5,821	307,135
Payments during the year	(63,305)	(3,663)	(66,968)
Remeasurement	41,798	551	42,349
Liability as at June 30, 2013	1,974,536	46,859	2,021,395
Expense recognised in the unconsolidated profit and loss account			
Current service cost	71,540	-	71,540
Interest cost	229,774	5,821	235,595
	301,314	5,821	307,135
Total remeasurements recognised in other comprehensive income			
Remeasurement on obligation arising on			
- financial assumptions	132,707	4,260	136,967
- demographic assumptions	-	-	-
- experience adjustments	(90,909)	(3,709)	(94,618)
	41,798	551	42,349

Significant actuarial assumptions

Significant assumptions used for the valuation of above schemes are as follows:

	Executives	
	2014	2013
	(%)	(%)
Discount rate	13.25	11.00
Medical inflation rate	13.25	7.50
Gas inflation rate	13.25	8.00

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected rate of medical and gas increase. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant:

	Change in assumption		Impact of change in assumptions in present value of defined benefit obligation: Post retirement medical facility	Post retirement gas facility
			---------(Rupees in '000)--------	
Discount rate	1%	Increase in	(255,045)	(4,123)
Medical inflation rate	1%	assumption	289,256	-
Gas inflation rate	1%		-	4,796
Discount rate	1%	Decrease in	297,129	4,842
Medical inflation rate	1%	assumption	(252,696)	-
Gas inflation rate	1%		-	(4,157)

The expected medical and gas expense for the next one year from July 01, 2014 is as follows:

Current service cost	104,188	-
Net interest cost	379,800	6,886
	483,988	6,886

40.3 Defined contribution plan - Recognised provident fund

The information related to the provident funds established by the Company based on the financial statements of provident funds are as follows:

	Executives 2014 (Un-audited)	Executives 2013 (Audited)	Non-executives 2014 (Un-audited)	Non-executives 2013 (Audited)
	----------(Rupees in '000)----------			
Size of provident fund	2,802,091	2,604,168	2,864,418	2,516,510
Cost of investments made	2,326,913	2,323,870	2,385,899	2,297,580
Percentage of investments made	93%	94%	94%	97%
Fair value of investment	2,607,045	2,456,324	2,698,232	2,435,744
Break-up of investments:				
- Balance in savings accounts				
Amount of investment	78,714	46,643	56,319	42,943
Percentage of size of investment	3%	2%	2%	2%
- Term deposit receipts				
Amount of investment	692,642	495,290	226,018	591,960
Percentage of size of investment	25%	19%	8%	24%

	Executives		Non-executives	
	2014 (Un-audited)	2013 (Audited)	2014 (Un-audited)	2013 (Audited)
	----------(Rupees in '000)----------			
- Units of mutual fund				
Amount of investment	39,401	35,218	-	-
Percentage of size of investment	1%	1%	0%	0%
- Special savings certificate				
Amount of investment	1,104,384	497,159	1,315,650	744,137
Percentage of size of investment	39%	19%	46%	30%
- Treasury bills				
Amount of investment	493,307	1,160,857	741,193	862,963
Percentage of size of investment	18%	45%	26%	34%
-Pakistan Investment Bonds (PIBs)				
Amount of investment	179,034	78,253	326,337	56,763
Percentage of size of investment	6%	3%	11%	2%
-Terms Finance Certificates (TFCs)				
Amount of investment	19,563	20,229	32,715	29,059
Percentage of size of investment	1%	1%	1%	1%
- Quoted shares				
Amount of investment	-	122,675	-	107,919
Percentage of size of investment	0%	5%	0%	4%

40.3.1 Investments out of provident fund have been made in accordance with the provisions of section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

			2014	2013 (Restated)
41.	**(LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED**			
	(Loss) / profit for the year	Rupees in '000	(3,753,461)	248,194
	Average number of ordinary shares	Number of shares	880,916,309	880,916,309
	(Loss) / earning per share - basic and diluted	Rupees	(4.26)	0.28

		Note	2014	2013 (Restated)
			(Rupees in '000)	
42.	**ADJUSTMENTS FOR NON-CASH AND OTHER ITEMS**			
	Provisions	42.1	2,832,947	4,955,692
	Depreciation		4,195,449	4,056,660
	Amortisation of intangibles		66,118	48,467
	Finance cost		7,410,150	7,602,887
	Amortisation of transaction cost		6,464	5,002
	Recognition of income against deferred credit		(430,313)	(420,240)
	Dividend income		(1,235)	(6,637)
	Late payment surcharge and return on term deposits		(1,039,482)	(1,371,141)
	Income from net investment in finance lease		(191,340)	(179,974)
	(Gain) / loss on disposal of property, plant and equipment		(35,275)	3,443
	Decrease in long term advances		(131,552)	(741,416)
	Increase in deffered credit		131,522	831,404
			12,813,453	14,784,147
42.1	**PROVISIONS**			
	Provision against slow moving / obsolete stores		96,711	48,462
	Provision against impaired debts and other receivables		1,902,881	4,063,350
	Provision for compensated absences		76,970	76,953
	Provision for post retirement medical and free gas supply facilities		299,064	307,135
	Provision for retirement benefits		406,098	435,119
	Impairment of capital work in progress		51,223	24,673
			2,832,947	4,955,692
43.	**WORKING CAPITAL CHANGES**			
	(Increase) / decrease in current assets			
	Stores and spares and loose tools		(88,239)	(142,328)
	Stock-in-trade		(266,166)	153,329
	customers' installation work in progress		(5,914)	17,983
	Trade debts		(4,205,569)	(8,245,043)
	Advances, deposits and short term prepayments		28,903	14,370
	Other receivables		(20,276,373)	(13,377,190)
			(24,813,358)	(21,578,879)
	Increase in current liabilities			
	Trade and other payables		36,346,780	8,788,717
			11,533,422	(12,790,162)

44. REMUNERATION OF MANAGING DIRECTOR AND EXECUTIVES

The aggregate amounts charged in the financial statements for remuneration, including all benefits, to Managing Director, Directors and Executives of the Company are given below:

	2014		2013	
	Managing Director	Executives	Managing Director	Executives
	---------------------------(Rupees in '000)---------------------------			
Managerial remuneration	14,987	1,908,526	17,063	1,650,565
Housing	5,787	734,932	5,973	636,976
Utilities	1,286	163,317	1,327	141,554
Retirement benefits	-	315,748	759	348,841
	22,060	3,122,523	25,122	2,777,936
Number	1	1,668	*2	1,474

44.1 The Chairman, Managing Director and certain executives are also provided the Company maintained vehicles in accordance with their entitlement. In addition, the Chairman of the Company was paid Rs. 0.300 million (2013: Rs. 0.300 million). Executives are also provided medical facilities in accordance with their entitlement.

44.2 Aggregate amount charged in these financial statements in respect of fee paid to 14 directors was Rs. 1.266 million (2013: Rs. 0.14 million for 14 directors).

44.3 Total number of employees and average number of employees as at year end are 7,317 and 7,416 respectively (2013: 7,515 and 7,535).

*Last year, Mr. Azim Iqbal Siddiqui resigned and Mr. Zuhair Siddiqui was apppointed as Managing Director of the Company.

45. CAPACITY AND ACTUAL PERFORMANCE

45.1 Natural gas transmission

	2014		2013	
	MMCF	HM3	MMCF	HM3
Transmission operation				
Capacity - annual rated capacity at 100% load factor with compression	523,410	147,464,748	523,410	147,464,748
Utilisation - volume of gas transmitted	425,797	119,963,408	420,066	118,348,695
Capacity utilisation factor (%)	81.4	81.4	80.3	80.3

45.2 Natural gas distribution

The Company has no control over the rate of utilisation of its capacity as the use of available capacity is dependent on off-takes by the customers.

45.3 Meter manufacturing division

During the year meter manufacturing division produced and assembled 851,460 meters (2013: 690,129 meters) against an annual capacity of 356,000 meters on a single shift basis.

46. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of subsidiary companies, associated companies due to common directorship, Government related entities, staff retirement benefits plans, directors and key management personnel (including their associates). Purchase and sale of gas from / to related parties are determined at rates finalised and notified by the Ministry of Petroleum and Natural Resources and Oil and Gas Regulatory Authority. The prices and other conditions are not influenced by the Company. The details of transactions with related parties not disclosed elsewhere in these financial statements are as follows:

	Relationship	2014	2013
		(Rupees in '000)	
*Askari Bank Limited	Associate		
- Profit on investment		-	3,201
- Mark-up on short term finance		-	9,162
- Mark-up on local currency finance		-	163,173
- Billable charges		-	232
Attock Refinery Limited	Associate		
- Sale of gas condensate		24,030	63,369
**Astro Plastic (Private) Limited	Associate		
- Billable charges		73,992	-
*Bank Al-Habib Limited	Associate		
- Profit on investment		-	7,036
- Mark-up on short term finance		-	42,791
- Mark-up on long term finance		-	56,172
Fauji Fertilizer Company Limited	Associate		
- Billable charges		111	107
Government related entities - various			
- Purchase of fuel and lubricant		54,237	11,092
- Billable charges		45,285,570	44,903,915
- Mark-up on short term finance		2,474	2,422
- Mark-up on delayed payment on gas supplies		4,926,612	5,553,897
- Sharing of expenses		71,262	59,793
- Income from net investment in finance lease		125,214	117,732
- Gas purchases		78,379,893	56,790,945
- Sale of gas meters		2,187,366	2,014,936
- Dividend income		-	5,487
- Rent of premises		171	5,659
- Insurance premium		139,528	135,155
- Uniform cost of gas		37,679,617	35,293,420
- Electricity expense		176,586	140,185
- Interest income		446,932	989,871
Habib Bank Limited	Associate		
- Profit on investment		28,941	16,549
- Mark-up on short term finance		17,159	12,940
- Mark-up on long term finance		105,306	2,624
- Billable Charges		10,401	4,156
*Habib Metropolitan Bank	Associate		
- Profit on investment		-	2,615
- Mark-up on short term finance		-	15,030
Hydrocarbon Development Institute of Pakistan	Associate		
- Billable charges		9,334	33,715
International Industries Limited	Associate		
- Line pipe purchases		316,819	653,513
- Billable charges		1,120,645	964,203
**Ismail Industries Limited	Associate		
- Billable charges		225,659	-
Key management personnel			
- Remuneration		174,605	149,799

	Relationship	2014	2013
		(Rupees in '000)	
**Kohinoor Silk Mills Limited	Associate		
- Billable charges		263	-
*Liaquat National Hospital	Associate		
- Medical services		-	27,892
- Billable charges		-	42,834
Minto & Mirza	Associate		
- Professional charges		11,615	13,000
Packages Limited	Associate		
- Billable charges		13,477	11,663
*Pak Suzuki Motor Company Limited	Associate		
- Motor vehicle purchases		-	47,535
- Billable charges		-	32,993
Pakistan Cables Limited	Associate		
- Billable charges		83,573	67,856
- Purchase of cable		-	16,360
Pakistan Engineering Company Limited	Associate		
- Billable charges		56	56
**Pakistan Synthetic Limited	Associate		
- Billable charges		245,829	-
PERAC - Research & Development Foundation	Associate		
- Professional charges		639	487
Petroleum Institute of Pakistan	Associate		
- Subscription / contribution		1,336	501
**Premium Textile Mills Limited	Associate		
- Billable charges		299,540	-
**Security Papers Limited	Associate		
- Billable charges		99,097	-
**Shezan International Limited	Associate		
- Billable charges		10,278	-
SSGC LPG (Private) Limited	Wholly owned		
- Short term loan	subs diary	-	409,103
- Interest on loan		152,712	135,096
- Interest on delayed payment of gas bill		21,093	6,573
- LPG purchases		293,806	281,250
- LPG sales		2,533,575	333,087
Staff Retirement Benefit Plans	Associate		
- Contribution to provident fund		225,205	246,670
- Contribution to pension fund		172,569	279,431
- Contribution to gratuity fund		233,529	218,388
Thatta Cement Company Limited	Associate		
- Billable charges		11,553	10,826
*U.G. Foods Company Private Limited	Associate		
- Billable charges		-	7,023

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

**Comparative transactions with these parties have not been disclosed as these parties were not related parties in last year.

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

Contribution to the defined contribution and benefit plans are in accordance with the terms of the entitlement of the employees and / or actuarial advice. Balance payable to / receivable from these employees benefit plans are disclosed in notes 10, 15, 30 and 40 to these financial statements.

Remuneration to the executive officers of the Company (disclosed in note 44 to these financial statements) and loans and advances to them (disclosed in notes 22 and 27 to these financial statements) are determined in accordance with the terms of their employment. Mark-up free security deposits for gas connections to the executive staff of the Company is received at rates prescribed by the Government of Pakistan.

46.1 Amount (due to) / receivable from related parties

The details of amount due with related parties not disclosed elsewhere in these financial statements are as follows:

	Relationship	2014	2013
		(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 gas 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		60,012,605	58,493,193
- Mark-up accrued on borrowings		(2,454)	(2,348)
- Late payment surcharge on gas supplies		(26,312,920)	(21,386,308)
- Sharing of expenses		(9,286)	(11,924)
- Net investment in finance lease		142,093	107,973
- Gas purchases		(87,021,301)	(62,233,608)
- Gas meters		390,366	288,094
- Uniform cost of gas		12,210,925	3,975,409
- Cash at bank		9,043	42,467
- Stock Loan		(12,796)	(28,813)
- Recoverable from insurance		271	(2,025)
- Gas supply deposit		(52,625)	(50,169)
- Interest income accrued - late payment on gas bills		5,428,023	4,981,091

	Relationship	2014	2013
		(Rupees in '000)	
Habib Bank Limited	Associate		
- Long term finance		(1,000,000)	(1,000,000)
- Short term finance		-	(1,482,788)
- Cash at bank		105,774	90,237
- Accrued mark-up		(19,913)	(24,258)
- Billable charges		10,401	3,354
- Gas supply deposit		(3,589)	(3,589)
*Habib Metropolitan Bank	Associate		
- Short term finance		-	(95,536)
- Accrued mark-up		-	(13,409)
*Hydrocarbon Development Institute of Pakistan	Associate		
- Billable charges		-	2,723
- Gas supply deposit		-	(4,000)
International Industries Limited	Associate		
- Billable charges		22,705	24,278
- Gas supply deposit		(48,925)	(48,925)
**Ismail Industries Limited	Associate		
- Billable charges		29,745	-
- Gas supply deposit		(5,857)	-
Kohinoor Silk Mills Limited	Associate		
- Billable charges		22	21
- Gas supply deposit		(60)	(60)
Packages Limited	Associate		
- Billable charges		1,156	951
- Gas supply deposit		(3,044)	(3,044)
Pakistan Cables Limited	Associate		
- Billable charges		7,415	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		5,814	24,170
- Gas supply deposit		(67,765)	(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	57
Premium Textile Limited	Associate		
- Billable charges		25,330	19,490
- Gas supply deposit		(22,300)	(22,300)

	Relationship	2014	2013
		(Rupees in '000)	
**Shezan International Limited	Associate		
- Billable charges		822	-
- Gas supply deposit		(4,032)	-
SSGC LPG (Private) Limited	Wholly owned subs diary		
- Long term investment		1,000,000	1,000,000
- Short term loan		1,710,103	1,710,103
- Interest on loan		180,378	14,021
- LPG purchases		(171,244)	(125,652)
- LPG sales		1,134,998	275,546
Thatta Cement Company Limited	Associat		
- Billable charges		283	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 year end.

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

47. FINANCIAL RISK MANAGEMENT

The objective of Company's overall financial risk management is to minimize earnings volatility and provide maximum return to shareholders. The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management frame work and policies.

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

47.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss without taking into account the fair value of any collateral. Credit risk arises from trade debts, net investment in finance lease, loans and advances, trade deposits, bank balances, interest accrued and other receivables. To reduce the exposure toward the credit risk, comprehensive customer category wise credit limits and terms have been established. In case of industrial and commercial customers gas supply deposits equivalent of three months estimated gas consumption and deposit from domestic customers as per rates notified by OGRA are taken to reduce credit exposure. The Company continuously monitors the credit given to customers and interest accrued thereon and has established a dedicated recovery department for follow-up, recovery or disconnection of gas supply as the case may be. Loans and advances given to employees are secured against retirement benefits of the employees and title deed of properties of employees. Balances are maintained with banks of sound credit rating. The Company attempts to control credit risk in respect of other receivables by monitoring credit exposures of counterparties.

The maximum exposure to credit risk before any credit enhancement at year end is the carrying amount of the financial assets as set out below:

	2014	2013
	(Rupees in '000)	
Financial assets - loans and receivables		
Trade debts	78,905,693	76,284,752
Net investment in finance lease	692,877	802,950
Loans and advances	2,156,921	1,971,837
Deposits	7,064	18,233
Bank balances	1,189,182	838,733
Interest accrued	5,803,864	5,041,380
Other receivables	25,817,029	6,515,489
	114,572,630	91,473,374

47.1.1 Collateral and other credit enhancements obtained

Security against supply of gas to industrial and commercial customers is taken on the basis of average three months, gas consumption estimated at the time of connection in form of cash deposits (gas supply deposits) / bank guarantee / irrevocable letter of credit. Security against supply of gas to domestic customers are obtained at rates notified by the OGRA. These collaterals are adjusted / called following on disconnection of gas supply. Details of security held at year end is as follows:

	2014	2013
Cash deposits	8,305,883	5,211,695
Bank guarantee / irrevocable letter of credit	24,637,936	21,229,159

47.1.2 Credit Quality

The Company monitors the credit quality of its financial assets with reference to historical performance of such assets and where available external credit ratings. The carrying values of all financial assets which are neither past due nor impaired are given in the note 47.1.3 below:

The credit quality of the Company's major bank accounts is assessed with reference to external credit ratings which are as follows:

Bank	Rating Agency	Rating	
		Short Term	Long Term
Allied Bank Limited	PACRA	A-1+	AA+
Askari Bank Limited	PACRA	A-1+	AA
Bank Al-Habib Limited	PACRA	A-1+	AA+
Bank Alfalah Limited	PACRA	A-1+	AA
Bank Islami Limited	PACRA	A-1	A
Bank of Punjab Limited	PACRA	A-1+	AA-
Bank Of Tokyo Mitsubshi	Standard & Poor's	A-1	A+
Barclays Bank Limited	Standard & Poor's	A-1	A
Burj Bank Limited	JCR-VIS	A-1	A
City Bank N. A.	Moody's	P-1	A2
Deutsche Bank A.G	Standard & Poor's	A-1	A
Dubai Islamic Bank (Pakistan) Limited	JCR-VIS	A-1	A+
Faysal Bank Limited	JCR-VIS	A-1+	AA
First Women Bank Limited	PACRA	A-2	BBB+
Habib Bank Limited	JCR-VIS	A-1+	AAA
Habib Metropolitan Bank Limited	PACRA	A-1+	AA+
KASB Bank limited	PACRA	A-3	BBB
MCB Bank Limited	PACRA	A-1+	AAA
Meezan Bank Limited	JCR-VIS	A-1+	AA
National Bank of Pakistan Limited	JCR-VIS	A-1+	AAA
NIB Bank Limited	PACRA	A-1+	AA-
Samba Bank Limited	JCR-VIS	A-1	AA-
Silk Bank Limited	JCR-VIS	A-2	A-
Soneri Bank Limited	PACRA	A-1+	AA-
Standard Chartered Bank (Pakistan) Limited	PACRA	A-1+	AAA
Summit Bank Limited	JCR-VIS	A-3	A-
Tameer Micro Finance Bank Limited	PACRA	A-1	A+
United Bank Limited	JCR-VIS	A-1+	AA+

47.1.3 Past due and impaired financial assets

Industrial and commercial customers

The age analysis of trade debt balances relating to industrial and commercial customers at year end is as follows:

	2014		2013	
	Gross carrying amount	Impairment	Gross carrying amount	Impairment
	(Rupees in '000)			
Not due balances	16,745,784	-	15,391,500	-
Past due but not impaired	55,468,158	-	54,100,370	-
Past due and impaired	3,801,603	2,646,215	3,076,949	3,076,949
Disconnected customers	612,918	574,015	534,157	528,941
Total	76,628,463	3,220,230	73,102,976	3,605,890

Past due but not impaired balances include aggregate overdue balances of K-Electric, PSML and WAPDA amounting to Rs. 54,609 million and are subject to inter corporate circular debt of government entities and K-Electic.

The Company has collateral / security against industrial and commercial customers amounting to Rs. 25,876 million (2013: Rs. 25,081 million) and replenishes such collateral based on gas consumption and requirement of the customers. When recovery is not made within one month, such customers balances are generally considered past due. In case of past due balances the Company starts recovery process through recovery department and where the amount is in excess of collateral and is not recovered by recovery department, then disconnection of meter (disconnected customers) is considered. Receivables which are past due and against which recoveries are not made or which are disconnected are considered as impaired debts.

Domestic customers

The age analysis of trade debt balances relating to domestic customers at year end is as follows:

	2014		2013	
	Gross carrying amount	Impairment	Gross carrying amount	Impairment
	(Rupees in '000)			
Not due balances	1,470,478	-	2,280,706	-
Past due but not impaired				
Past due 1 - 6 months	1,011,197	-	3,515,980	-
Past due and impaired				
Past due 7 - 9 months	582,368	-	196,390	-
Past due 10 - 12 months	499,546	-	174,154	-
Past due 13 - 18 months	954,176	-	437,502	189,089
Past due 19 - 24 months	509,658	-	205,883	205,883
Past due Over 2 years	3,489,640	3,376,699	1,472,407	1,472,407
	6,035,388	3,376,699	2,486,336	1,867,379
Disconnected customers	2,940,753	2,583,657	2,494,712	2,122,689
Total	11,457,816	5,960,356	10,777,734	3,990,068

The Company has collateral / security against domestic customers amounting to Rs. 4,068 million (2013: Rs. 1,360 million) and replenishes such collateral based on gas consumption and requirement of the customers. When recovery is not made within one month, such customers balances are generally considered past due.

Interest accrued

As at June 30, 2014 interest accrued was Rs. 5,804 million (2013: Rs. 5,041 million). Interest is mainly accrued on customer balances which are past due. Interest on past due balances includes aggregate over due balances of WAPDA and SNGPL amounting to Rs. 5,428 million (2013: 4,981 million), recovery of which is subject to inter corporate circular debt of Government entities.

Other receivables

As at June 30, 2014 other receivable financial assets amounted to Rs. 25,817 million (2013: Rs. 6,515 million). Past due other receivables amounting to Rs. 10,236 million (2013: Rs. 3,681 million) include over due balances of SNGPL amounting to Rs. 4,987 (2013: Rs. Nil) and JJVL amounting to Rs. 4,128 million (2013: Rs. 3,445 million) and of SSGC LPG amounting of Rs. 977 million (2013: Rs. 236 million).

47.1.4 Concentration of credit risk

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry. Concentration of credit risk is determined with references to the individual customers / counter parties, type as well as geographical distribution of customers / counter parties. Concentration of credit risk in financial assets of the Company is as follows:

Trade debts

Customer category wise concentration of credit risk in respect of trade debts at year end is as follows:

	2014	2013
	(Rupees in '000)	
Power generation companies	43,216,317	45,904,212
Cement industries	31,970	49,722
Fertilizer and steel industries	17,812,032	13,353,847
Other industries	10,985,706	8,951,865
Total industrial customers	72,046,025	68,259,646
Commercial customers	1,362,208	1,237,440
Domestic customers	5,497,460	6,787,666
	78,905,693	76,284,752

At year end the Company's most significant receivable balances were K-Electric, PSML and WAPDA which amounted to Rs. 41,302 million (2013: Rs. 44,303 million), Rs. 16,944 million (2013: Rs. 12,680 million) and Rs. 1,749 million (2013: Rs. 1,495 million) respectively. These balances have aggregated due to inter corporate circular debt.

Geographical region wise concentration of credit risk in respect of trade debts at year end is as follows:

	2014	2013
	(Rupees in '000)	
Karachi	69,883,672	68,040,968
Sindh (excluding Karachi)	6,635,627	6,094,046
Balochistan	2,386,394	2,149,738
	78,905,693	76,284,752

Net investment in finance lease

The Company's most significant investment in finance lease amounted to Rs. 561 million (2013: Rs. 627 million) in respect of SNGPL.

Interest accrued

Most significant counter parties of the Company in respect of interest accrued are disclosed in note 29 to these financial statements.

Other receivables

Most significant other receivables of the Company are in respect of lease rental, lease service cost, contingent rent and uniform cost of gas agreement with SNGPL as disclosed in note 30.2 to these financial statements. These balances are subject to inter circular corporate debt.

47.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Due to nature of the business, the Company maintains flexibility in funding by maintaining committed credit lines available. The Company's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to fulfill its obligation, monitoring balance sheet liquidity ratios against internal and external requirements and maintaining debt financing plans.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.

	2014					
	Carrying amount	Contractual cash flows	Not later than six months	Later than six months but not later than 1 Year	Later than one year but not later than 2 Year	Later than 2 Year
	(Rupees in '000)					
Financial liabilities at amortised cost						
Long term finance	24,906,166	(30,152,278)	(2,414,519)	(3,598,743)	(9,823,363)	(14,315,653)
Short term borrowings	3,141,237	(3,141,237)	(3,141,237)	-	-	-
Trade and other payables	120,590,782	(120,590,782)	(120,590,782)	-	-	-
Interest accrued	26,830,778	(26,830,778)	(26,830,778)	-	-	-
Long term deposits	8,355,118	(16,831,308)	(105,952)	(105,952)	(211,905)	(16,407,499)
	183,824,081	(197,546,383)	(153,083,268)	(3,704,695)	(10,035,268)	(30,723,152)

	2013					
	Carrying amount	Contractual cash flows	Not later than six months	Later than six months but not later than 1 Year	Later than one year but not later than 2 Year	Later than 2 Year
	(Rupees in '000)					
Financial liabilities at amortised cost						
Long term finance	28,368,257	(34,921,637)	(2,411,308)	(3,254,925)	(6,085,330)	(23,170,074)
Short term borrowings	4,017,953	(4,175,197)	(4,175,197)	-	-	-
Trade and other payables	84,400,566	(84,400,566)	(84,400,566)	-	-	-
Interest accrued	21,904,464	(21,904,464)	(21,904,464)	-	-	-
Long term deposits	5,260,547	(12,963,997)	(96,293)	(96,293)	(192,586)	(12,578,825)
	143,951,787	(158,365,861)	(112,987,828)	(3,351,218)	(6,277,916)	(35,748,899)

The contractual cash flows relating to the above financial liabilities have been determined on the basis of latest available market rates. The rates of mark-up have been disclosed in notes 7 and 8 to these financial statements. Contractual cash flows of the long term deposits are determined on the assumption that adjusted / refund of these deposits will not be required before expiry of 40 years from balance sheet date.

47.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The market risk comprises of currency risk, interest rate risk and other price risk (equity price risk).

47.3.1 Currency risk

Foreign currency risk is the risk that the value of financial asset or a liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into foreign currencies.

The Company is exposed to currency risk on creditors for gas that are denominated in a currency other than functional currency of the Company. The currency in which these transactions primarily are denominated is US Dollars. The Company's exposure to foreign currency risk is as follows:

	2014		2013	
	Rupees in '000	US Dollars in '000	Rupees in '000	US Dollars in '000
Creditors for gas	25,332,313	256,530	6,880,079	69,636
Estimated forecast gas purchases	142,280,012	1,382,702	178,776,736	1,844,961
Net exposure	167,612,325	1,639,232	185,656,815	1,914,597

Above net exposure is payable by the Company in Rupees at the rate on which these are settled by the Company. Currently, the Company does not obtain forward cover against the gross exposure as exchange loss / gain on purchases of gas and supplies is recovered from / paid to Government of Pakistan as part of guaranteed return.

The following significant exchange rates applied during the year:

	Average rates		Balance sheet date rate	
	2014	2013	2014	2013
	(Rupees)		(Rupees)	
US Dollars	102.90	96.90	98.75	98.80

Sensitivity analysis

A ten percent strengthening / (weakening) of the Rupee against US Dollar at June 30, 2014 would have (decreased) / increased trade creditors by Rs. 2,532 million (2013: Rs. 688 million). There is no effect of strengthening / (weakening) of US dollar on unconsolidated equity and unconsolidated profit and loss account of the Company as exchange loss / gain on purchases of gas and store and supplies is recovered from / paid to Government of Pakistan as part of 17% guaranteed return. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis as for 2013.

47.3.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from short and long term borrowings from banks. At the balance sheet date the interest rate profile of the Company's interest-bearing financial instruments were as follows:

	2014	2013
	(Rupees in '000)	
Fixed rate instruments		
Financial assets		
Net investment in finance lease	692,877	802,950
Loan and advances	3,375	4,650
Trade debts	28,195,466	22,171,360
Cash at banks	855,263	655,271
	29,746,981	23,634,231
Financial liabilities		
Long term deposits	(4,238,095)	(3,851,725)
Government of Sindh loan	(5,756,859)	(6,055,042)
Trade and other payables	(20,000,606)	(16,614,116)
	(29,995,560)	(26,520,883)
	(248,579)	(2,886,652)
Variable rate instruments		
Financial assets		
Trade debts	37,642,158	40,529,553
Other receivables	26,139,898	6,304,459
Loan to related party	1,710,103	1,710,103
	65,492,159	48,544,115
Financial liabilities		
Long term loan except Government of Sindh loan	(19,149,307)	(22,313,215)
Short term borrowings	(3,141,237)	(4,017,953)
Trade and other payables	(94,115,919)	(63,690,733)
	(116,406,463)	(90,021,901)
	(50,914,304)	(41,477,786)

Fixed rate instrument bear fixed interest rate while all other borrowings bear variable interest rate and are indexed to KIBOR. Borrowing is generally determined on the basis of business needs. The Company analyses its interest rate exposure on a regular basis by monitoring existing facilities against prevailing market interest rates and taking into account various other financing options available. Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore, a change in interest rates at the reporting date would not affect consolidated profit and loss account and the unconsolidated equity of the Company.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have net increased or (net decreased) the unconsolidated profit or loss of the Company as at June 30, 2014 by Rs. 509 million (2013: Rs. 415 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as for 2013.

47.3.3 Equity price risk

Equity price risk is the risk of changes in the fair value of equity securities as the result of changes in the levels of KSE-100 Index and the value of individual shares. The equity price risk exposure arises from the Company's investments in listed equity securities. This arises from investments held by the Company for which prices in the future are uncertain. The fair value of listed equity investments of the Company that are exposed to price risk as at June 30, 2014 is Rs. 131.290 million (2013: Rs. 89.684 million).

A ten percent increase / decrease in the prices of listed equity securities of the Company at the reporting date would have increased or (decreased) long term investment and consolidated equity by Rs. 13.129 million (2013: Rs. 8.968 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2013.

47.4 Fair value of financial assets and liabilities

The carrying values of all financial instruments reflected in the financial statements approximate their fair values except for investment in unquoted companies which are reflected at cost less impairment losses.

47.4.1 Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

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

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

	2014			
	Level 1	Level 2	Level 3	Total
	----------(Rupees in '000)----------			
Available-for-sale financials assets				
Quoted equity securities	131,290	-	-	131,290
	131,290	-	-	131,290

	2013			
	Level 1	Level 2	Level 3	Total
	----------(Rupees in '000)----------			
Available-for-sale financials assets				
Quoted equity securities	89,684	-	-	89,684
	89,684	-	-	89,684

There have been no transfers during the year (2013: no transfers in either direction).

47.5 Capital risk management

The objective of the Company when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders, benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to the shareholders or issue new shares.

The Company is not subject to externally imposed regulatory capital requirements.

The gearing ratio as at June 30 is as follows:

	2014	2013
	(Rupees in '000)	
Total borrowings		
Long term finance	20,859,892	24,770,608
Current portion of long term finance	4,046,274	3,597,649
Short terms borrowings	3,141,237	4,017,953
	28,047,403	32,386,210
Less: Cash and bank balances	(1,199,837)	(847,680)
Net debts	26,847,566	31,538,530
Capital employed	41,662,351	48,268,889
Gearing ratio	64%	65%

48. OPERATING SEGMENTS

IFRS 8 -Operating Segments requires operating segments to be identified on the basis of internal reports about components of the Company that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to asses their performance. As a result, management has identified the following two segments:
1) Gas transmission and distribution (sale of gas); and
2) Meter manufacturing (manufacturing and sale of gas meters)
Segment revenue and results
The following is analysis of the Company's revenue and results by reportable segment.

	Segment revenue		Segment (loss) / profit	
	2014	2013 (Restated)	2014	2013 (Restated)
	(Rupees In '000)			
Gas transmission and distribution	152,541,542	142,197,188	(6,750,352)	240,805
Meter manufacturing	3,001,389	2,522,392	622,254	537,416
Total segments results	155,542,931	144,719,580	(6,128,098)	778,221
Unallocated - other expenses				
- Other operating expenses			(278,701)	(888,226)
Unallocated - other income				
- Non-operating income			596,393	490,110
(Loss) / profit before tax			(5,810,406)	380,105

The above revenue includes sale of meters by meter manufacturing segment to gas transmission and distribution amounting to Rs. 996 million (2013: Rs. 617 million).

The accounting policies of the reportable segments are same as disclosed in note 3.

Segment assets and liabilities	2014	2013
	(Rupees in '000)	
Segment assets		
Gas transmission and distribution	216,690,196	189,245,672
Meter manufacturing	2,457,125	1,628,242
Total segment assets	219,147,321	190,873,914
Unallocated		
- Loans and advances	2,156,921	1,971,837
- Taxation - net	10,474,629	2,787,665
- Interest accrued	490,109	490,109
- Cash and bank balances	1,199,837	847,680
	14,321,496	6,097,291
Total assets as per balance sheet	233,468,817	196,971,205
Segment liabilities		
Gas transmission and distribution	205,641,732	168,039,463
Meter manufacturing	489,755	278,663
Total segment liabilities	206,131,487	168,318,126
Unallocated		
- Employee benefits	3,470,436	2,518,454
Total liabilities as per balance sheet	209,601,923	170,836,580

49. DETAILS OF INVESTMENTS BY EMPLOYEES RETIREMENT BENEFIT FUNDS

Detail of the value of investments by the following funds based on respective financial statements as at June 30, 2014 and June 30, 2013, are as follows:

	2014	2013
	(Rupees in '000)	
Pension fund - executives	1,059,942	909,940
Gratuity fund - executives	2,160,209	2,022,765
Pension fund - non-executives	304,925	232,906
Gratuity fund - non-executives	2,655,441	2,351,582
Provident fund - executives	* 2,409,680	2,456,323
Provident fund - non-executives	* 2,392,801	2,435,745
Benevolent fund - executives	132,880	120,148

* Based on un-audited financial statements

50. ACCOUNTING ESTIMATES AND JUDGMENTS

50.1 Income tax

The Company takes into account the current income tax law and decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

50.2 Staff retirement and other service benefit obligations

Certain actuarial assumptions have been adopted as disclosed in note 40 to these financial statements for valuation of these obligations and fair value of plan assets. Any changes in these assumptions in future years might affect unrecognised gains and losses in those years.

50.3 Property, plant and equipment

In accordance with the accounting policy, the management carries out an annual assessment of depreciable amount and useful lives of property, plant and equipment. Further, the Company reviews the value of the assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

50.4 Trade debts and other receivables

The Company reviews its receivable against provision required there against on an ongoing basis and appropriate provision is made against outstanding receivable based on systematic basis as approved by the Board of Directors.

50.5 Stock in trade and stores, spares and loose tools

The management continuously reviews its inventory for existence of any items which may have become obsolete. The estimates against slow moving and obsolete items are made based on systematic basis as approved by the Board of Directors.

50.6 Fair value of investments

Management has determined fair value of certain investments by using quotations from active market of the financial instruments.

50.7 Recognition of income from sale of Natural Gas Liquid (NGL) and Liquefied Petroleum Gas (LPG)

Income from sale of NGL and LPG to Jamshoro Joint Venture Limited is recognized based on provisional invoice price / quantity being the best estimate available. Any change in provisional price / quantity will be accounted for prospectively in the year in which there is change in price / quantity.

50.8 Recognition of gas development surcharge

Management has recognised income from gas development surcharge according to Final Revenue Requirement (FRR) issued by OGRA based on stay orders as mentioned in note 1.3.1. Further, gas development surcharge does not include the impact of stay orders as mentioned in note 1.3.2 since no revised FRR has been issued by OGRA in this regard.

51. BENAZIR EMPLOYEE STOCK OPTION SCHEME (BESOS)

On August 14, 2009, the Government of Pakistan (GoP) launched Benazir Employees' Stock Option Scheme ('the Scheme') for employees of certain State Owned Enterprises (SOEs) and non-State Owned Enterprises where GoP holds significant investments (non-SOEs). The scheme is applicable to permanent and contractual employees who were in the employment of these entities on the date of launch of the Scheme, subject to completion of five years vesting period by all contractual employees and by permanent employees in certain instances.

The Scheme provides for a cash payment to employees on retirement or termination based on the price of shares of respective entities. To administer this scheme, GoP shall transfer 12% of its investment in such SOEs and non-SOEs to a Trust Fund to be created for the purpose by each of such entities. The eligible employees would be allocated units by each Trust Fund in proportion to their respective length of service, and on retirement or termination, such employees would be entitled to receive such amounts from Trust Funds in exchange for the surrendered units as would be determined based on market price for listed entities or breakup value for non-listed entities. The shares relating to the surrendered units would be transferred back to GoP.

The scheme also provides that 50% of dividend related to shares transferred to the respective Trust Fund would be distributed amongst the unit holder employees. The balance 50% dividend would be transferred by the respective Trust Fund to the Central Revolving Fund managed by the Privatization Commission of Pakistan for payment to employees against surrendered units. The deficit, if any, in Trust Funds to meet the re-purchase commitment would be met by GoP.

The Scheme, developed in compliance with the stated GoP policy of empowerment of employees of State Owned Enterprises need to be accounted for by the covered entities, including the Company, under the provisions of amended International Financial Reporting Standard 2 – Share-based Payment (IFRS 2). However, keeping in view the difficulties that may be faced by the entities covered under the Scheme, the Securities & Exchange Commission of Pakistan on receiving representations from some of entities covered under the Scheme and after having consulted the Institute of Chartered Accountants of Pakistan has granted exemption to such entities from the application of IFRS 2 to the Scheme.
Had the exemption not been granted there would have been no impact on the results of the Company as the annual return of the Company is determined under the regulatory revenue requirement, which would have covered any additional cost if incurred by the Company in respect of the aforesaid Scheme.

52. GENERAL

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

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

53. DATE OF AUTHORISATION

These financial statements were authorised for issue in Board of Directors meeting held on 05 March 2016.

Miftah Ismail	**Khalid Rahman**
Chairman	Managing Director