



**Sui Southern Gas  
Company Limited**

**CONSOLIDATED CONDENSED INTERIM  
FINANCIAL STATEMENTS  
(UN-AUDITED)**

**FOR THE QUARTER AND SIX  
MONTHS ENDED DECEMBER 31, 2015**

**CONSOLIDATED CONDENSED INTERIM BALANCE SHEET  
(UN-AUDITED)**

**As at December 31, 2015**

		December 31, 2015 (Un-audited) (Rupees in '000)	June 30, 2015 (Audited)
	Note		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	<b>87,730,327</b>	76,157,174
Intangible assets		<b>29,525</b>	35,911
Deferred tax		<b>3,119,773</b>	434,365
Long term investments	7	<b>223,931</b>	281,620
Net investment in finance lease		<b>417,475</b>	472,555
Long term loans and advances		<b>180,645</b>	151,476
Long term deposits		<b>18,264</b>	9,347
<b>Total non-current assets</b>		<b>91,719,940</b>	77,542,448
<b>Current assets</b>			
Stores, spares and loose tools		<b>1,411,954</b>	1,824,793
Stock-in-trade		<b>846,723</b>	947,061
Current maturity of net investment in finance lease		<b>110,161</b>	110,161
Customers' installation work-in-progress		<b>200,456</b>	183,128
Trade debt	8	<b>87,070,485</b>	90,417,718
Loans and advances		<b>942,149</b>	603,220
Advances, deposits and short term prepayments		<b>353,644</b>	329,579
Interest accrued		<b>8,019,470</b>	7,400,985
Other receivables	9	<b>71,319,773</b>	78,642,944
Taxation - net		<b>18,776,532</b>	17,472,139
Cash and bank balances		<b>1,488,899</b>	1,056,930
<b>Total current assets</b>		<b>190,540,246</b>	198,988,658
<b>Total assets</b>		<b>282,260,186</b>	276,531,106
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorised share capital:			
1,000,000,000 ordinary shares of Rs. 10 each		<b>10,000,000</b>	10,000,000
Issued, subscribed and paid-up capital		<b>8,809,163</b>	8,809,163
Reserves		<b>4,907,401</b>	4,907,401
Surplus on re-measurement of available for sale securities		<b>182,303</b>	239,992
Accumulated losses		<b>(12,238,739)</b>	(6,320,809)
		<b>1,660,128</b>	7,635,747
<b>Surplus on revaluation of fixed assets</b>		<b>10,251,946</b>	10,251,946
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long term finance	10	<b>23,020,544</b>	19,720,479
Long term deposits		<b>11,502,635</b>	10,613,059
Employee benefits		<b>4,941,532</b>	4,696,573
Obligation against pipeline		<b>1,048,991</b>	1,069,173
Deferred credit	11	<b>5,085,144</b>	5,316,940
Long term advances		<b>818,191</b>	798,163
<b>Total non-current liabilities</b>		<b>46,417,037</b>	42,214,387
<b>Current liabilities</b>			
Current portion of long term finance		<b>6,517,534</b>	8,145,591
Short term borrowings	12	<b>3,162,457</b>	989,191
Trade and other payables	13	<b>175,594,804</b>	173,056,280
Short term deposits		<b>153,338</b>	131,008
Current portion of obligation against pipeline		<b>39,479</b>	37,750
Interest accrued		<b>38,463,463</b>	34,069,206
<b>Total current liabilities</b>		<b>223,931,075</b>	216,429,026
<b>Total liabilities</b>		<b>270,348,112</b>	258,643,413
<b>Total equity and liabilities</b>		<b>282,260,186</b>	276,531,106
<b>Contingencies and commitments</b>	14		

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



**Miftah Ismail**  
Chairman



**Muhammad Amin Rajput**  
Managing Director

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

**For the Six Months Period Ended December 31, 2015**

	Note	Half year ended		Quarter ended	
		December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
		(Rupees in '000)			
Sales		<b>110,379,210</b>	91,332,872	<b>55,416,287</b>	44,056,085
Sales tax		<b>(15,971,473)</b>	(12,058,401)	<b>(8,147,214)</b>	(5,307,391)
		<b>94,407,737</b>	79,274,471	<b>47,269,073</b>	38,748,694
Gas development surcharge		<b>(14,055,726)</b>	1,045,617	<b>(10,753,279)</b>	(239)
Net sales		<b>80,352,011</b>	80,320,088	<b>36,515,794</b>	38,748,455
Cost of sales	15	<b>(85,781,922)</b>	(85,029,203)	<b>(39,869,095)</b>	(42,923,621)
Gross loss		<b>(5,429,911)</b>	(4,709,115)	<b>(3,353,301)</b>	(4,175,166)
Administrative and selling expenses		<b>(1,961,171)</b>	(1,872,495)	<b>(987,934)</b>	(936,902)
Other operating expenses	16	<b>(1,253,064)</b>	(1,554,990)	<b>(660,988)</b>	(786,764)
		<b>(3,214,235)</b>	(3,427,485)	<b>(1,648,922)</b>	(1,723,666)
		<b>(8,644,146)</b>	(8,136,600)	<b>(5,002,223)</b>	(5,898,832)
Other operating income	17	<b>1,069,272</b>	1,502,088	<b>633,914</b>	695,224
Operating loss		<b>(7,574,874)</b>	(6,634,512)	<b>(4,368,309)</b>	(5,203,608)
Other non-operating income	18	<b>4,407,668</b>	6,582,268	<b>2,068,426</b>	4,596,816
Finance cost	19	<b>(5,426,438)</b>	(4,722,953)	<b>(2,857,109)</b>	(2,539,536)
<b>Loss before taxation</b>		<b>(8,593,644)</b>	(4,775,197)	<b>(5,156,992)</b>	(3,146,328)
Taxation	20	<b>2,675,714</b>	1,864,633	<b>1,578,112</b>	1,004,153
<b>Loss for the period</b>		<b>(5,917,930)</b>	(2,910,564)	<b>(3,578,880)</b>	(2,142,175)
Basic and diluted loss per share		<b>(6.72)</b>	(3.30)	<b>(4.06)</b>	(2.43)

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



**Miftah Ismail**  
Chairman



**Muhammad Amin Rajput**  
Managing Director

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

**For the Six Months Period Ended December 31, 2015**

	Half year ended		Quarter ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	(Rupees in '000)			
<b>Loss for the period</b>	<b>(5,917,930)</b>	(2,910,564)	<b>(3,578,880)</b>	(2,142,175)
<b>Other comprehensive income</b>				
<b>Item that maybe reclassified subsequently to profit and loss account</b>				
Unrealised (loss)/ gain on re-measurement of available for sale securities	<b>(57,689)</b>	15,948	<b>(3,760)</b>	15,421
<b>Item that will not be reclassified subsequently to profit and loss account</b>	-	-	-	-
<b>Total comprehensive loss for the period</b>	<b><u>(5,975,619)</u></b>	<u>(2,894,616)</u>	<b><u>(3,582,640)</u></b>	<u>(2,126,754)</u>

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**Miftah Ismail**  
Chairman



**Muhammad Amin Rajput**  
Managing Director

**CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT  
(UN-AUDITED)**

**For the Six Months Period Ended December 31, 2015**

	Note	December 31, 2015	December 31, 2014
		(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before taxation		(8,593,644)	(4,775,197)
Adjustments for non-cash and other items	21	8,104,987	7,166,331
Working capital changes	22	12,876,320	2,368,308
Financial charges paid		(1,220,030)	(1,126,467)
Employee benefits paid		(47,876)	(57,807)
Payment for retirement benefits		(377,149)	(138,832)
Long term deposits received - net		911,906	1,256,222
Deposits paid - net		(8,916)	(3,298)
Loans and advances to employees - net		(368,098)	(341,970)
Interest income and return on term deposits received		376,033	37,932
Income taxes paid		(1,314,086)	(2,107,129)
Net cash generated from operating activities		<u>10,339,447</u>	<u>2,278,093</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for property, plant and equipment		(13,911,679)	(3,826,921)
Payments for intangible assets		(15,348)	(2,431)
Proceeds from sale of property, plant and equipment		46,567	4,732
Lease rental from net investment in finance lease		126,996	132,940
Dividend received		712	-
Net cash used in investing activities		<u>(13,752,752)</u>	<u>(3,691,680)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from local currency loans		6,000,000	7,000,000
Repayments of local currency loans		(4,308,694)	(1,631,042)
Consumer finance received		-	5,982
Repayment of consumer finance		(19,298)	(28,051)
Dividend paid		-	(179)
Net cash generated from financing activities		<u>1,672,008</u>	<u>5,346,710</u>
Net (decrease) / increase in cash and cash equivalents		<u>(1,741,297)</u>	<u>3,933,123</u>
Cash and cash equivalents at beginning of the period		67,739	(1,527,662)
Cash and cash equivalents at end of the period		<u>(1,673,558)</u>	<u>2,405,461</u>
<b>Cash and cash equivalent comprises:</b>			
Cash and bank balances		1,488,899	2,405,461
Short term borrowings		(3,162,457)	-
		<u>(1,673,558)</u>	<u>2,405,461</u>

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



**Miftah Ismail**  
Chairman



**Muhammad Amin Rajput**  
Managing Director

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

**For the Six Months Period Ended December 31, 2015**

	Issued, subscribed and paid-up capital	Capital reserves	Revenue reserves	Surplus on re-measurement of available for sale securities	Accumulated losses	Total
	(Rupees in '000)					
<b>Balance as at June 30, 2014</b>	<b>8,809,163</b>	<b>234,868</b>	<b>4,672,533</b>	<b>122,762</b>	<b>(1,128,372)</b>	<b>12,710,954</b>
<b>Total comprehensive loss for the period ended December 31, 2014</b>						
Loss for the period	-	-	-	-	(2,910,564)	(2,910,564)
Other comprehensive income for the period	-	-	-	15,948	-	15,948
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,948</b>	<b>(2,910,564)</b>	<b>(2,894,616)</b>
<b>Balance as at December 31, 2014</b>	<b>8,809,163</b>	<b>234,868</b>	<b>4,672,533</b>	<b>138,710</b>	<b>(4,038,936)</b>	<b>9,816,338</b>
<b>Balance as at June 30, 2015</b>	<b>8,809,163</b>	<b>234,868</b>	<b>4,672,533</b>	<b>239,992</b>	<b>(6,320,809)</b>	<b>7,635,747</b>
<b>Total comprehensive loss for the period ended December 31, 2015</b>						
Loss for the period	-	-	-	-	(5,917,930)	(5,917,930)
Other comprehensive loss for the period	-	-	-	(57,689)	-	(57,689)
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(57,689)</b>	<b>(5,917,930)</b>	<b>(5,975,619)</b>
<b>Balance as at December 31, 2015</b>	<b>8,809,163</b>	<b>234,868</b>	<b>4,672,533</b>	<b>182,303</b>	<b>(12,238,739)</b>	<b>1,660,128</b>

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



**Miftah Ismail**  
Chairman



**Muhammad Amin Rajput**  
Managing Director

**NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION  
(UN-AUDITED)**

**For the Six Months Period Ended December 31, 2015**

**1. The Group and its operations**

1.1 The "Group" consists of:

**Holding Company**

- Sui Southern Gas Company Limited

**Subsidiary Companies**

	Percentage of holding	
	2014	2013
- SSGC LPG (Private) Limited	100	100
- Sui Southern Gas Provident Fund Trust Company (Private) Limited	100	100

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

**Sui Southern Gas Company Limited**

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

**Sui Southern Gas Provident Fund Trust Company (Private) Limited**

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

**SSGC LPG (Private) Limited**

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

**1.2 Basis of consolidation**

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

### 1.3 Regulatory framework

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

#### 1.4 Determination of revenue requirement

##### 1.3.1 Prior years (2011-2015)

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

For subsequent years till year ended June 30, 2015, the Holding Company also obtained stay orders from the Court on the same principles which were fixed in the interim relief as discussed above, and thereafter, OGRA considered such principles in determining revenue requirement of the Holding Company. Management is confident that the final decision of the Court would be in favor of the Company.

Had there been no stay for the years ended June 30, 2011 to 2015, the Company would have reported loss for the period amounting to Rs. 32,013 million.

1.3.1.2 In determining the Final Revenue Requirements (FRRs) for the years ended June 30, 2013, 2014 and 2015, the OGRA treated income from royalty (arrears) and income of LPG and NGL as operating income amounting to Rs. 2,501 million, Rs. 6,600 million and Rs. 6,123 million respectively, on which the Holding Company filed application in the already pending Judicial Miscellaneous petitions in the High Court of Sindh that these income should have been treated as non-operating income as it was already decided by the Court in previous stay orders, while the cases are still to be finalised by the Court. The Court suspended the relevant paragraphs of OGRA orders wherein above income were treated as operating income thus requiring revision of FRR for 2013, 2014 and 2015; however, no revised FRR has been issued by the OGRA till the date of issue of this unconsolidated condensed interim financial information. Consequently, the impact of the new stay orders have not been taken and the aforesaid income was treated as operating income in the financial statements of the Holding Company for the years ended June 30, 2013, 2014 and 2015.

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 this unconsolidated condensed interim financial information been prepared in accordance with the revised FRR, the Holding Company would have claimed Rs. 15,224 million as non-operating income which OGRA treated as operating income while determining revenue requirement of the Holding Company and the Holding Company would have reported profit for the period amounting to Rs. 4,272 million.

##### 1.3.2 Current period (half-year ended December 31, 2015)

In respect of determination of revenue requirement of the Holding Company for the year ended June 30, 2016, OGRA in its decision dated December 18, 2015, treated certain incomes as operating income instead of non-operating income and allowed UFG benchmark at 4.5% provisionally subject to the finalisation of UFG study. Being aggrieved, the Holding Company filed a petition in the Court against decision of OGRA dated December 18, 2015, and the Court granted stay order on May 16, 2016 on the lines of interim order passed for the year ended June 30, 2015 i.e. allowing UFG benchmark at 7% and royalty income from Jamshoro Joint Venture Limited, Profit from Meter Manufacturing, Late Payment Surcharge and Sale of Gas Condensate as non-operating income. The Holding Company has applied to OGRA for revision of estimated revenue requirement for the year ended June 30, 2016 based on the decision of the Court but revised determination has not been received till the date of approval of this unconsolidated condensed interim financial information. Meanwhile, this unconsolidated condensed interim financial information for the half-year ended December 31, 2015 has been prepared based on OGRA decision dated December 18, 2015.

Despite stay from Court for current year, income from LPG and NGL has been considered as operating income in this consolidated condensed interim financial information based on the reasons mentioned in paragraph 1.3.1.2.

Had OGRA revised the estimated revenue requirement and this unconsolidated condensed interim financial information been prepared in accordance with the OGRA's decisions dated September 24, 2010, the Holding Company would have reported loss for the half-year amounting to Rs. 3,900 million.

## 2. Basis for preparation

2.1 The consolidated condensed interim financial information has been prepared in accordance with the requirements of International Accounting Standard 34, "Interim Financial Reporting" as applicable in Pakistan and the provisions and directives of the Companies Ordinance, 1984 and directives issued by the Securities and Exchange Commission of Pakistan (SECP). In case where the requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984 have been followed. This consolidated condensed interim financial information does not include all of the information required for the annual financial statements and should be read in conjunction with the consolidated financial statements of the Company for the year ended June 30, 2015.

2.2 This consolidated condensed interim financial information is un-audited but subject to limited scope review by the auditors and are being submitted to shareholders in accordance with Section 245 of the Companies Ordinance, 1984.

## 3. Significant accounting policies

The significant accounting policies and methods of computation applied for the preparation of this consolidated condensed interim financial information are the same as those applied in preparation of the annual consolidated audited financial statements of the Company for the year ended June 30, 2015.

## 4. Accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards, as applicable in Pakistan requires the management to make estimates, assumptions and use judgments that affect the application of policies and the reported amounts of assets and liabilities and income and expenses. Actual results may differ from these estimates. The significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended June 30, 2015 except that the charge in respect of staff retirement benefits has been recognised on the basis of actuarial's projection for the ensuing year; hence it does not include consideration for actuarial gains / losses which will be determined at the year end. Had there been any actuarial gains / losses in this condensed interim financial information, the same would have been offered to / claimed from OGRA in determining revenue requirement of the Company. Accordingly, there will be no impact on the condensed interim statement of comprehensive income of the Company.

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. However, it does not change the requirements regarding which items should be measured or disclosed at fair value. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. The application of this standard does not have an impact on this consolidated condensed interim financial information except certain additional disclosures as given in note 25.

## 5. Financial risk management

The Holding Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2015.

## 6. Property, plant and equipment

Operating assets  
Capital work in progress

<b>December 31, 2015 (Un-audited)</b>	June 30, 2015 (Audited)
(Rupees in '000)	
<b>67,223,179</b>	66,609,660
<b>20,507,148</b>	9,547,514
<b>87,730,327</b>	76,157,174

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

	December 31, 2015		December 31, 2014	
	(Un-audited)			
	(Rupees in '000)			
	Cost of additions / transfers from CWIP	Written down value of (transfers / disposals)	Cost of additions / transfers from CWIP	Written down value of (transfers / disposals)
<b>Operating assets</b>				
Buildings on leasehold land	56,767	-	93,334	-
Gas transmission pipelines	434,057	-	162,316	-
Gas distribution system	2,135,666	-	1,631,022	-
Telecommunication	50,813	-	108,353	-
Plant and machinery	215,842	-	127,693	-
Tools and equipment	13,397	-	14,678	-
Motor vehicles	129,951	(10,254)	121,451	(7,025)
Furniture and fixtures	6,055	-	7,297	-
Office equipment	22,129	-	13,518	-
Computers and ancillary equipments	68,166	-	20,630	-
Construction equipment	1,895	-	304	-
	<b>3,134,738</b>	<b>(10,254)</b>	<b>2,300,596</b>	<b>(7,025)</b>
	<b>Capital expenditure incurred</b>	<b>Transfer to operating assets</b>	<b>Capital expenditure incurred</b>	<b>Transfer to operating assets</b>

**Capital work in progress:**

Projects:

- Gas distribution system	2,364,234	(2,135,666)	2,081,319	(1,631,022)
- Gas transmission system	1,687,356	(434,057)	418,026	(162,316)
- Cost of buildings under construction and others	39,067	(56,767)	207,939	(93,334)
	<b>4,090,657</b>	<b>(2,625,490)</b>	<b>2,707,284</b>	<b>(1,886,672)</b>

During the period, there has been net increase in respect of stores and spares held for capital projects and others amounting to Rs. 9,628 million (December 31, 2014: Rs. 718 million).

	December 31, 2015 (Un-audited)	June 30, 2015 (Audited)
	(Rupees in '000)	
	Note	
<b>7. Long term investments</b>		
Investment in related parties	63,138	69,414
Other investments	160,793	212,206
	<b>223,931</b>	<b>281,620</b>
<b>8. Trade Debts</b>		
Secured	13,430,674	18,560,233
Unsecured	83,637,923	81,105,665
	<b>97,068,597</b>	<b>99,665,898</b>
	8.1 & 8.2	
Provision against impaired debts	(9,998,112)	(9,248,180)
	<b>87,070,485</b>	<b>90,417,718</b>

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

In accordance with the revised accounting treatment, the trade debts includes Rs. 35,490 million (June 30, 2015: Rs. 40,073 million) receivables from KE. Out of this, Rs. 32,552 million (June 30, 2015: Rs. 36,502 million) are overdue. However, the aggregate legal claim of the Company from KE amounts to Rs. 62,685 million (June 30, 2015: Rs. 62,641 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 Holding Company has valid legal claim for recovery of LPS together with outstanding principal amount, the Holding Company filed the aforementioned suit against KE amounting to Rs. 55,705 million. The above suit has been filed based on the following grounds:

- As per the agreement dated June 30, 2009 which was entered between the Holding Company and KE for making outstanding payment in 18 installments, the Holding Company was entitled to charge LPS on outstanding principal amount at rate of:
  - a. Highest OD rate being paid by SSGC or;
  - b. Highest rate at which interest is payable on gas producer bills.
- As per the above agreement and as per the audited financial statements of KE as at June 30, 2010, KE, itself, acknowledged and recognized LPS till June 30, 2010, in its books of account which confirm management's assertion that the Company has legal claim over KE for charging of LPS.

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

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

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

In accordance with the revised accounting treatment, the trade debts includes Rs. 21,354 million (June 30, 2015: Rs. 20,879 million) including overdue balance of Rs. 21,281 million (June 30, 2015: Rs. 20,618 million) receivable from PSML. However, the aggregate legal claim of the Holding Company from PSML amounts to Rs. 39,997 million (June 30, 2015: Rs. 35,383 million). This amount has been arrived at as per the practice of the Holding Company to charge LPS to customers who do not make timely payments.

Considering that the Holding Company has valid legal claim for recovery of LPS together with outstanding principal amount, the Holding Company filed a suit in the High Court of Sindh in April 2016, for recovery of its aggregate claim amounting to Rs. 41,354 million.

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

9. Other Receivables - considered good	Note	December 31,	June 30,
		2015 (Un-audited)	2015 (Audited)
		(Rupees in '000)	
Gas development surcharge receivable from GoP		11,922,669	25,798,540
Staff pension fund		684,113	672,909
Receivable for sale of gas condensate		74,207	253,228
Sui Northern Gas Pipelines Limited	9.1	28,203,940	22,227,096
Jamshoro Joint Venture Limited	9.2	12,526,742	14,636,955
SSGC LPG (Private) Limited		1,567,655	1,567,655
Workers' Profit Participation Fund	9.3	17,470,605	14,777,451
Sales tax receivable		112,569	112,569
Sindh sales tax receivable		18,154	49,984
Pipeline rentals		481,393	448,587
Receivable against asset contribution	9.4	604,085	528,721
Miscellaneous receivables		73,666,132	81,073,695
Provision against impaired receivables		(2,346,359)	(2,346,751)
		<u>71,319,773</u>	<u>78,726,944</u>

9.1	As at year end, receivable balance from SNGPL comprises of the following:	December 31,	June 30,
		2015 (Un-audited)	2015 (Audited)
		(Rupees in '000)	
	Uniform cost of gas	21,531,763	20,016,375
	Lease rentals	308,615	84,811
	Contingent rent	3,421	3,422
	Capacity and utilisation charges of RLNG	6,360,141	2,122,488
		<u>28,203,940</u>	<u>22,227,096</u>

9.1.1 The Holding Company has invoiced an amount of Rs. 9,109 million including Sindh Sales Tax of Rs. 1,142 million, till December 31, 2015 to SNGPL in respect of capacity and utilisation charges (terminal charges) relating to RLNG.

SNGPL has disputed the terminal charges that have not been allowed to it by OGRA and terminal charges of a third party (i.e. Pak-Arab Fertilized Company Limited (PFL)). SNGPL is of the view that it will only pay terminal charges as per OGRA Notification and not the actual cost billed by SSGC.

In this regard, the Holding Company has written a letter to the Ministry of Petroleum and Natural Resources (MP & NR) to resolve this matter, but the response to this letter is still awaited.

9.2 This include amount receivable in respect of royalty income, sale of liquefied petroleum gas, sale of natural gas liquids, Federal Excise Duty and Sindh Sales Tax on Franchise Services.

As at period end, amount payable to JJVL in respect of processing charges is disclosed in note 13 to these consolidated condensed interim financial information.

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

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

	Note	December 31, 2015 (Un-audited) (Rupees in '000)	June 30, 2015 (Audited)
<b>10. Long-term finance</b>			
<b>Secured</b>			
Loans from banking companies	10.1 & 10.2	24,034,887	22,343,581
<b>Unsecured</b>			
Front end fee of foreign currency loan		23,950	23,950
Consumer finance		230,728	250,026
Government of Sindh loans		5,248,513	5,248,513
		5,503,191	5,522,489
Subtotal		29,538,078	27,866,070
<b>Less: current portion shown under current liabilities</b>			
Loans from banking companies		(5,833,333)	(7,452,381)
Consumer finance		(25,688)	(34,697)
Government of Sindh loans		(658,513)	(658,513)
		(6,517,534)	(8,145,591)
		23,020,544	19,720,479

**10.1** A long term finance facility was obtained on December 15, 2015 amounting to Rs. 3,000 million. Mark-up for the said loan is to be paid quarterly in arrears on the outstanding facility amount at three months KIBOR + 0.50% per annum. The loan is repayable in twenty equal quarterly installments from 2018 to 2022. This facility is secured by the way of hypothecation charge over all its present and future movable fixed asset of Company comprising of compressors stations, transmission pipelines, distribution pipelines and pipeline construction machinery and equipment.

**10.2** A long term finance facility amounting to Rs. 15,000 million was sanctioned on October 8, 2015 from a syndicate of banks. As of December 31, 2015 the Holding Company has utilised Rs. 3,000 million of out total sanctioned amount. Mark-up for the said loan is to be paid semi annually in arrears on outstanding facility amount at six month KIBOR + 0.50% per annum. The loan is repayable in ten equal semi annually installment from 2018 to 2022. This facility is secured by the way of hypothecation charge over all its present and future movable fixed asset of the Holding Company comprising of compressors stations, transmission pipelines, distribution pipelines and pipeline construction machinery and equipment.

	Note	December 31, 2015 (Un-audited) (Rupees in '000)	June 30, 2015 (Audited)
<b>11. Deferred Credit</b>			
<b>Government contributions / grants</b>			
Additions / adjustments during the period		33,525	1,267
Transferred to unconsolidated profit and loss account		114,040	123,341
<b>Contribution from customers</b>			
Transferred to unconsolidated profit and loss account		84,231	88,974

## 12. Short Term Borrowings

These represent facilities for short term running finance / short term money market loan available from various banks amounting to Rs. 3,162 million (June 30, 2015: Rs. 989 million) and subject to mark-up to 0.10% to 0.80% (June 30, 2015: 0.30%) 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. 4,588 million (June 30, 2015: Rs. 5,426 million).

		December 31, 2015 (Un-audited) (Rupees in '000)	June 30, 2015 (Audited)
<b>13. Trade And Other Payables</b>	Note		
Creditors for:			
- Gas supplies		148,008,693	145,188,954
- Supplies		731,822	589,234
		<b>148,740,515</b>	<b>145,778,188</b>
Amount received from customers for laying of mains, etc.		1,945,476	1,861,627
Engro Elengy Terminal (Private) Limited		1,221,946	1,022,850
Accrued liabilities		3,977,493	3,048,161
Advance from LPG customers		120,757	433
Provision for compensated absences - non executives		258,971	219,207
Payable to staff gratuity fund		2,192,783	2,192,783
Deposits / retention money		379,229	364,319
Bills payable		99,293	599,999
Advance for sharing right of way		18,088	18,088
Unclaimed dividend		286,665	286,665
Withholding tax payable		274,485	200,254
Sales tax and Federal excise duty		274,014	305,055
Sindh sales tax		82,528	37,231
Processing charges payable to JJVL		6,302,455	7,433,204
Gas infrastructure development cess payable		9,132,324	9,324,042
Unclaimed term finance certificate redemption profit		1,800	1,800
Inter State Gas System (Private) Limited (ISGSL)		17,097	11,019
Advances from customers and distributors		24,062	28,298
Others		244,823	323,057
		<b>175,594,804</b>	<b>173,056,280</b>

#### 14. Contingencies And Commitments

14.1 There has been no change in the status of other contingencies as disclosed in note 17 of annual audited financial statements of the Holding Company for the year ended June 30, 2015, except for the following:

	December 31, 2015 (Un-audited) (Rupees in '000)	June 30, 2015 (Audited)
<b>14.2 Commitments for capital and other expenditures</b>	<b>20,204,222</b>	<b>7,286,408</b>
<b>14.3 Guarantees issued on behalf of the Company</b>	<b>4,862,086</b>	<b>5,058,696</b>

14.4 Jamshoro Power Company Limited [(JPCL) WAPDA] has lodged a claim against the Holding Company amounting to Rs. 35,182 million (June 30, 2015: Rs. 35,182 million) for short supply of gas under the provisions of an agreement dated April 10, 1995 between the Holding Company and JPCL. As at December 31, 2015 this amount remain same at Rs. 35,182 million. Management has not made provision against the said amount in the books of the Holding Company as management based on the view of its legal advisor is confident that ultimately this claim would not be payable.

14.5 Habibullah Coastal Power Company (Private) Limited (HCPC) has claimed Rs. 2,625.33 million (June 30, 2015: Rs. 2,382.76 million) from the Holding Company for short supply of gas under the provisions of an agreement dated March 31, 1996 between the Company and HCPC. As at February 29, 2016, this amount has increased to Rs. 3,054.14 million. HCPC has also disputed late payment surcharge charged by the Holding Company amounting to Rs. 360 million. HCPC has also invoked arbitration as per article of Gas Sale Agreement. In the instant arbitral proceedings, the Holding Company has also raised a counter claim of Rs. 5,233.3 million on account of failing to take or pay for the gas made available to HCPC along with the interest thereon. Accordingly, management has not made provision against the claim of HCPC in these consolidated condensed interim financial information.

		Half year ended		Quarter ended	
		December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	Note	(Un-audited) (Rupees in '000)			
<b>15. Cost of Sales</b>					
Cost of gas	15.1	78,338,748	77,735,226	36,045,624	39,238,769
Transmission and distribution costs		7,443,174	7,293,977	3,823,471	3,684,852
		<b>85,781,922</b>	<b>85,029,203</b>	<b>39,869,095</b>	<b>42,923,621</b>

	Half year ended		Quarter ended	
	December 31,	December 31,	December 31,	December 31,
	2015	2014	2015	2014
	<b>(Un-audited)</b>			
	(Rupees in '000)			
<b>15.1 Cost of gas</b>	Note			
Opening gas in pipelines	341,904	332,529	366,641	329,344
Gas purchases	97,066,836	97,096,075	43,306,965	48,987,935
	<b>97,408,740</b>	97,428,604	<b>43,673,606</b>	49,317,279
Gas consumed internally	(239,023)	(290,577)	(105,735)	(153,194)
Inward price adjustment	(18,519,838)	(19,078,579)	(7,211,116)	(9,601,094)
Closing gas in pipelines	(311,131)	(324,222)	(311,131)	(324,222)
	<b>(19,069,992)</b>	(19,693,378)	<b>(7,627,982)</b>	(10,078,510)
	<b>78,338,748</b>	77,735,226	<b>36,045,624</b>	39,238,769
<b>16. Other operating expenses</b>				
Auditors' remuneration	10,600	8,610	5,300	4,355
Sports expenses	29,121	19,087	20,352	12,473
Corporate social responsibility	16,105	33,323	9,709	9,908
Loss on disposal of property, plant and equipment	-	2,293	-	144
Provision against impaired debts and other receivables	747,432	496,415	620,871	176,071
Provision against impaired stores and spares	11,119	-	4,658	(171)
Exchange loss on payment of gas purchases	438,687	995,262	98	583,984
	<b>1,253,064</b>	1,554,990	<b>660,988</b>	786,764
<b>17. Other operating income</b>				
<b>Income from other than financial assets</b>				
Meter rentals	357,064	347,305	179,058	173,887
Recognition of income against deferred credit	198,271	198,819	100,385	154,006
Income from new service connections and asset contribution	87,039	526,746	40,449	90,727
Income from LPG air mix distribution - net	152,341	248,504	70,614	155,917
Recoveries from consumers	31,186	34,467	17,854	18,539
Liquidity damaged recovered	18,571	4,260	8,924	1,984
Advertising income	2,419	2,422	716	1,214
Income from sale of tender documents	3,237	3,035	1,633	882
Gain on disposal of property, plant and equipment	36,313	-	34,767	-
Reversal of provision against impaired stores and spares	-	4,896	-	4,896
Scrap sales	9,986	-	9,323	-
Miscellaneous	172,845	131,634	170,191	93,172
	<b>1,069,272</b>	1,502,088	<b>633,914</b>	695,224
<b>18. Other non-operating income</b>				
<b>Income from financial assets</b>				
Late payment surcharge	1,144,185	896,096	576,040	464,054
Income from net investment in finance lease	27,257	32,708	10,903	16,354
Income for receivable against asset contribution	20,548	21,075	10,283	10,566
Return on term deposits and profit and loss bank accounts	129,941	130,360	37,862	61,222
	<b>1,321,931</b>	1,080,239	<b>635,088</b>	552,196
<b>Interest income on late payment of gas bills from:</b>				
- Jamshoro Joint Venture Limited	164,665	81,835	107,153	51,888
- Water and Power Development Authority	116,333	64,418	66,579	34,085
- Sui Northern Gas Pipelines Limited	563,031	429,793	288,940	318,913
	<b>844,029</b>	576,046	<b>462,672</b>	404,886

	Note	Half year ended		Quarter ended	
		December 31, December 31,		December 31, December 31,	
		2015	2014	2015	2014
<b>(Un-audited)</b> (Rupees in '000)					
Dividend income		<b>712</b>	-	<b>356</b>	-
		<b>2,166,672</b>	1,656,285	<b>1,098,116</b>	957,081
Income from investment in debts, loans, advances and receivables from related party					
Income from net investment in finance lease		<b>44,659</b>	45,195	<b>22,330</b>	22,598
<b>Others</b>					
Sale of gas condensate		<b>95,571</b>	146,706	<b>45,332</b>	54,747
Income on LPG and NGL - net	18.1	<b>2,079,596</b>	4,753,947	<b>890,014</b>	3,488,821
Meter manufacturing division profit / (loss) - net		<b>21,170</b>	(19,865)	<b>12,634</b>	73,568
		<b>2,196,337</b>	4,880,788	<b>947,980</b>	3,617,136
		<b>4,407,668</b>	6,582,268	<b>2,068,426</b>	4,596,816

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

## 19 Finance Cost

Included in finance cost is an amount of Rs. 4,170 million (December 2014: Rs. 3,301 million) being markup on delayed payment on gas supplies.

## 20. Taxation

	Half year ended		Quarter ended	
	December 31, December 31,		December 31, December 31,	
	2015	2014	2015	2014
<b>(Un-audited)</b> (Rupees in '000)				
- Current	<b>(9,694)</b>	(5,241)	<b>(5,322)</b>	9,570
- Deferred	<b>2,685,408</b>	1,869,874	<b>1,583,434</b>	994,583
	<b>2,675,714</b>	1,864,633	<b>1,578,112</b>	1004,153

## 21. Adjustments for non-cash and other items

	Half year ended	
	December 31, December 31,	
	2015	2014
<b>(Un-audited)</b> (Rupees in '000)		
Provisions	<b>1,604,376</b>	1,062,987
Depreciation	<b>2,386,119</b>	2,361,799
Amortisation of intangibles	<b>21,734</b>	33,999
Finance cost	<b>5,421,683</b>	4,719,722
Amortisation of transaction cost	<b>4,755</b>	3,231
Recognition of income against deferred credit	<b>(198,271)</b>	(212,315)
Dividend income	<b>(712)</b>	-
Interest income and return on term deposits	<b>(994,518)</b>	(727,481)
Income from net investment in finance lease	<b>(71,916)</b>	(77,903)
(Loss) / gain on disposal of property, plant and equipment	<b>(36,313)</b>	2,293
Decrease in long term advances	<b>20,028</b>	(1,268)
Decrease in deferred credit	<b>(33,525)</b>	1,267
Decrease in obligation against pipeline	<b>(18,453)</b>	-
	<b>8,104,987</b>	7,166,331

## 22. Working Capital Changes

### (Increase) / decrease in current assets

Stores, spares and loose tools	
Stock-in-trade	
Customers' installation work-in-progress	
Trade debts	
Advances, deposits and short term prepayments	
Other receivables	

### Increase in current liabilities

Trade and other payables	
--------------------------	--

**Half year ended**  
**December 31, December 31,**  
**2015 2014**  
**(Un-audited)**  
**(Rupees in '000)**

	<b>384,440</b>	840,686
	<b>100,338</b>	41,696
	<b>(17,328)</b>	(6,711)
	<b>2,599,801</b>	450,495
	<b>(24,065)</b>	(50,611)
	<b>7,334,374</b>	(13,088,335)
	<b>10,377,560</b>	(11,812,780)
	<b>2,498,760</b>	14,181,088
	<b>12,876,320</b>	2,368,308

## 23. 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 Oil and Gas Regulatory Authority. Remuneration of key management personnel are in accordance with the terms of the employment / appointment. Other transactions with the related parties are carried out as per agreed terms.

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

		<b>Half year ended</b>	
	Relationship	<b>December 31, December 31,</b>	
		<b>2015 2014</b>	
		<b>(Un-audited)</b>	
		<b>(Rupees in '000)</b>	
<b>Astro Plastic (Private) Limited</b>	Associate		
- Billable charges		<b>85,740</b>	68,814
<b>Attock Cement Limited</b>	Associate		
- Billable charges		<b>20,714</b>	26,998
<b>Fauji Fertilizer Company Limited</b>	Associate		
- Billable charges		<b>16</b>	50
<b>Gadoon Textile Mills Limited</b>	Associate		
- Billable charges		<b>235</b>	174
<b>Government related entities</b>			
- Purchase of fuel and lubricant		-	5,511
- Billable charges		<b>43,159,702</b>	26,324,978
- Sharing of expenses		<b>44,334</b>	43,885
- Income from net investment in finance lease		<b>44,659</b>	45,195
- Gas purchases		<b>37,401,879</b>	39,985,047
- Sale of gas meters		<b>361,847</b>	301,299
- Rent of premises		<b>4,119</b>	13,055
- Insurance premium		<b>69,799</b>	65,363
- Electricity expenses		<b>104,902</b>	103,090
- Interest income		<b>679,364</b>	494,211
- Uniform Cost of gas		<b>19,960,387</b>	19,078,579
- Mark up on delayed payment on gas supplies		<b>4,170,136</b>	3,301,464

	Relationship	Half year ended	
		December 31, 2015	December 31, 2014
		(Un-audited)	
		(Rupees in '000)	
<b>Habib Bank Limited</b>	Associate		
- Profit on investment		5,707	35,991
- Markup on short term finance		8,190	5,690
- Markup on local currency finance		52,250	54,779
- Billable charges		6,485	4,361
<b>International Industries Limited</b>	Associate		
- Line Pipe Purchases		122,858	153,409
- Billable charges		621,118	558,467
<b>Key management personnel</b>			
- Remuneration		85,269	88,294
<b>Minto &amp; Mirza</b>	Associate		
- Professional charges		1,350	4,000
<b>Pakistan Cables Limited</b>	Associate		
- Billable charges		36,084	42,510
<b>Pakistan Engineering Company Limited</b>	Associate		
- Billable charges		28	27
<b>Pakistan Stock Exchange Limited</b>	Associate		
- Billable charges		196	103
<b>PERAC - Research and Development Foundation</b>	Associate		
- Professional charges		644	-
<b>Staff retirement benefit plans</b>	Associate		
- Contribution to provident fund		129,325	127,431
- Contribution to pension fund		216,930	83,664
- Contribution to gratuity fund		149,016	121,349
<b>Thatta Cement Company Limited</b>	Associate		
- Gas sales		11,246	4,996

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

\*\* Comparative transactions with these parties have not been disclosed as these parties were not related parties in comparative period.

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

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

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

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

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

		December 31, 2015 (Un-audited) (Rupees in '000)	June 30, 2015 (Audited)
	Relationship		
<b>Astro Plastic (Private) Limited</b>	Associate		
- Billable charges		24,765	19,846
- Gas supply deposit		(53,208)	(53,208)
<b>Attock Cement Limited</b>	Associate		
- Billable charges		5,340	5,350
- Gas supply deposit		(30,566)	(30,566)
<b>Attock Refinery Limited</b>	Associate		
- Sale of gas condensate		42,105	42,105
<b>Fauji Fertilizer Company Limited</b>	Associate		
- Billable charges		17	5
- Gas supply deposit		(124)	(124)
<b>Gadoon Textile Mills Limited</b>	Associate		
- Billable charges		49	27
- Gas supply deposit		(113)	(113)
<b>Government related entities - various</b>			
- Billable charges		64,097,983	66,590,353
- Sharing of expenses		(17,097)	(11,019)
- Net investment in finance lease		56,475	84,811
- Gas purchases		(116,994,753)	(112,069,923)
- Gas meters		394,917	710,123
- Uniform cost of gas		21,531,763	20,016,375
- Cash at bank		216,272	73,858
- Stock Loan		-	(2,523)
- Recoverable from insurance		-	50
- Gas supply deposit		(66,536)	(66,537)
- Interest expense accrued - late payment surcharge on gas bills		(37,572,768)	(33,402,629)
- Interest income accrued - late payment on gas bills		7,237,445	6,558,082
<b>Habib Bank Limited</b>	Associate		
- Long term finance		(3,000,000)	(1,000,000)
- Short term finance		(1,500,000)	(572,109)
- Cash at bank		155,876	28,020
- Accrued markup		(13,682)	(10,929)
- Billable charges		539	1,468
- Gas supply deposit		(3,589)	(4,041)
<b>International Industries Limited</b>	Associate		
- Billable charges		126,556	119,559
- Gas supply deposit		(48,925)	(70,997)
<b>Pakistan Cables Limited</b>	Associate		
- Billable charges		1,435	9,911
- Gas supply deposit		(21,968)	(21,968)
<b>Pakistan Engineering Company Limited</b>	Associate		
- Billable charges		5	5
- Gas supply deposit		(12)	(12)

	Relationship	December 31, 2015 (Un-audited) (Rupees in '000)	June 30, 2015 (Audited)
<b>Pakistan Stock Exchange Limited</b>	Associate		
- Billable charges		44	207
- Gas supply deposit		(85)	(85)
<b>Thatta Cement Company Limited</b>	Associate		
- Billable charges		598	94
- Gas supply deposit		(45,000)	(45,000)
<b>Standard Chartered Bank Limited</b>	Associate		
- Long term finance		4,209	-
- Long term finance		483	-
- Cash at bank		32,086	-

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

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

## 24. Operating Segments

IFRS 8- operating segments requires operating segments to be identified on the basis of internal reports about components of the Holding Company that regularly.

- 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 Holding Company's revenue and results by reportable segment.

	Segment revenue		Segment loss	
	December 31, 2015	December 31, 2014 (Un-audited) (Rupees in '000)	December 31, 2015	December 31, 2014
Gas transmission and distribution	94,407,737	79,274,471	(7,584,867)	(3,429,680)
Meter manufacturing	1,022,085	678,738	21,170	(19,865)
Total segment results	<u>95,429,822</u>	<u>79,953,209</u>	<u>(7,563,697)</u>	<u>(3,449,545)</u>
Unallocated - other expenses				
- Other operating expenses			(1,253,064)	(1,554,990)
Unallocated - other income				
- Non-operating income			223,117	229,338
Loss before tax			<u>(8,593,644)</u>	<u>(4,775,197)</u>

The above revenue includes sale of meters by meter manufacturing segment to gas transmission and distribution amounting to Rs. 434 million (2014: Rs. 445 million).

December 31,                  June 30,  
2015                                  2015  
(Un-audited)                      (Audited)  
(Rupees in '000)

**Segment assets and liabilities**

Segment assets

Gas transmission and distribution  
Meter manufacturing  
Total segment assets

<b>257,659,362</b>	254,043,133
<b>2,722,053</b>	2,714,099
<b>260,381,415</b>	256,757,232

Unallocated

-Loans and advances  
-Taxation - net  
-Interest accrued  
-Cash and bank balances

<b>1,122,794</b>	754,696
<b>18,776,532</b>	17,472,139
<b>490,546</b>	490,109
<b>1,488,899</b>	1,056,930
<b>21,878,771</b>	19,773,874

**Total assets as per balance sheet**

<b>282,260,186</b>	276,531,106
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**Segments liabilities**

Gas transmission and distribution  
Meter manufacturing  
Total segment liabilities

<b>264,787,755</b>	253,294,639
<b>618,825</b>	652,201
<b>265,406,580</b>	253,946,840

Unallocated

-Employee benefits

<b>4,941,532</b>	4,696,573
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**Total liabilities as per balance sheet**

<b>270,348,112</b>	258,643,413
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**25. Fair Value of Measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transactions between market participants at the measurement date.

**25.1 Fair value of financial instruments**

Financial assets which are tradeable in an open market are revalued at the market prices prevailing on the balance sheet date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book value.

The table below analyses financial instruments carried at fair value. The different levels has been defined as follows:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

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

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

The following table presents the financial assets which are carried at fair value:

	As at December 31, 2015			Total
	Level 1	Level 2	Level 3	
	(Rupees in '000)			
<b>Assets</b>				
<b>Available for sale investments</b>				
Listed equity securities	218,830	-	-	218,830
	As at June 30, 2015			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
<b>Assets</b>				
<b>Available for sale investments</b>				
Listed equity securities	276,520	-	-	276,520

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

## 25.2 Fair value of other assets

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

	As at December 31, 2015	
	Level 2	Fair Value
	(Rupees in '000)	
<b>Freehold land</b>	<b>4,434,792</b>	<b>4,434,792</b>
<b>Leasehold land</b>	<b>6,082,257</b>	<b>6,082,257</b>
	<b><u>10,517,049</u></b>	<b><u>10,517,049</u></b>

	As at June 30, 2015	
	Level 2	Fair Value
	(Rupees in '000)	
Freehold Land	4,434,792	4,434,792
Leasehold Land	6,082,257	6,082,257
	<u>10,517,049</u>	<u>10,517,049</u>

## 26. General

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

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

## 27. Date of Authorisation

This consolidated condensed interim financial information were authorised for issue in Board of Directors meeting held on 18 June, 2016.

  
Miftah Ismail  
Chairman

  
Muhammad Amin Rajput  
Managing Director

# KEY DATA

## FRANCHISE AREA

## SINDH AND BALOCHISTAN

### FOR THE SIX MONTHS ENDED

DECEMBER 31, 2015	DECEMBER 31, 2014
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NATURAL GAS SALES VOLUME (MMCF)

**197,261**

**180,137**

NUMBER OF GAS CUSTOMERS (CUMULATIVE)

INDUSTRIAL

**4,160**

4,174

COMMERCIAL

**23,141**

23,747

DOMESTIC

**2,718,808**

2,646,984

**TOTAL**

**2,746,109**

2,674,905

GAS METERS MANUFACTURED (NOS.)

**270,181**

**182,750**

TRANSMISSION NETWORK - CUMULATIVE (KM)

DIAMETER

6"

**36**

36

12"

**493**

493

16"

**558**

558

18"

**950**

950

20"

**852**

852

24"

**653**

653

30"

**9**

9

42"

**17**

-

**3,568**

**3,551**

DISTRIBUTION NETWORK - CUMULATIVE (KM)

MAINS (1" - 30" Diameter)

**34,643**

34,059

SERVICES

**9,684**

9,306

**44,327**

**43,365**