



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

**FOR THE QUARTER AND NINE MONTHS  
ENDED MARCH 31, 2016**

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


**As at March 31, 2016**

		March 31, 2016 (Un-audited)	June 30, 2015 (Audited)
	Note	(Rupees in '000)	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	91,225,282	76,157,174
Intangible assets		25,026	35,911
Deferred tax		4,575,112	434,365
Long term investments	7	219,988	281,620
Net investment in finance lease		389,934	472,555
Long term loans and advances		170,586	151,476
Long term deposits		15,629	9,347
<b>Total non-current assets</b>		<b>96,621,557</b>	<b>77,542,448</b>
<b>Current assets</b>			
Stores, spares and loose tools		1,412,723	1,824,793
Stock-in-trade		866,248	947,061
Current maturity of net investment in finance lease		110,161	110,161
Customers' installation work-in-progress		195,448	183,128
Trade debts	8	87,572,624	90,417,718
Loans and advances		826,056	603,220
Advances, deposits and short term prepayments		440,914	329,579
Interest accrued		8,349,514	7,400,985
Other receivables	9	62,988,554	78,642,944
Taxation - net		19,021,192	17,472,139
Cash and bank balances		2,299,500	1,056,930
<b>Total current assets</b>		<b>184,082,934</b>	<b>198,988,658</b>
<b>Total assets</b>		<b>280,704,491</b>	<b>276,531,106</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorised share capital: 1,000,000,000 ordinary shares of Rs. 10 each		10,000,000	10,000,000
Issued, subscribed and paid-up capital		8,809,163	8,809,163
Reserves		4,907,401	4,907,401
Surplus on re-measurement of available for sale securities		178,360	239,992
Accumulated losses		(15,700,660)	(6,320,809)
		(1,805,736)	7,635,747
<b>Surplus on revaluation of fixed assets</b>		<b>10,251,946</b>	<b>10,251,946</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Long term finance	10	21,683,461	19,720,479
Long term deposits		11,732,387	10,613,059
Employee benefits		5,074,236	4,696,573
Obligation against pipeline		1,038,557	1,069,173
Deferred credit	11	5,035,954	5,316,940
Long term advances		835,564	798,163
<b>Total non-current liabilities</b>		<b>45,400,159</b>	<b>42,214,387</b>
<b>Current liabilities</b>			
Current portion of long term finance		6,182,558	8,145,591
Short term borrowings		-	989,191
Trade and other payables	13	179,489,287	173,056,280
Short term deposits		174,475	131,008
Current portion of obligation against pipeline		40,373	37,750
Interest and mark-up accrued		40,971,429	34,069,206
<b>Total current liabilities</b>		<b>226,858,122</b>	<b>216,429,026</b>
<b>Total liabilities</b>		<b>272,258,281</b>	<b>258,643,413</b>
<b>Total equity and liabilities</b>		<b>280,704,491</b>	<b>276,531,106</b>
<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 Nine Months Period Ended March 31, 2016**

	Note	Nine months period ended		Quarter ended	
		March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
			(Rupees in '000)		
Sales		<b>160,671,392</b>	133,236,917	<b>50,292,182</b>	41,904,045
Sales tax		<b>(23,334,531)</b>	(17,267,405)	<b>(7,363,058)</b>	(5,209,004)
		<b>137,336,861</b>	115,969,512	<b>42,929,124</b>	36,695,041
Gas development surcharge		<b>(20,198,984)</b>	4,081,239	<b>(6,143,258)</b>	3,035,622
Net sales		<b>117,137,877</b>	120,050,751	<b>36,785,866</b>	39,730,663
Cost of sales	15	<b>(124,065,695)</b>	(126,788,825)	<b>(38,283,773)</b>	(41,759,622)
<b>Gross loss</b>		<b>(6,927,818)</b>	(6,738,074)	<b>(1,497,907)</b>	(2,028,959)
Administrative and selling expenses		<b>(2,870,591)</b>	(2,787,557)	<b>(909,420)</b>	(915,062)
Other operating expenses	16	<b>(2,027,032)</b>	(1,943,477)	<b>(773,968)</b>	(388,487)
		<b>(4,897,623)</b>	(4,731,034)	<b>(1,683,388)</b>	(1,303,549)
		<b>(11,825,441)</b>	(11,469,108)	<b>(3,181,295)</b>	(3,332,508)
Other operating income	17	<b>1,664,055</b>	2,052,584	<b>594,783</b>	550,495
<b>Operating loss</b>		<b>(10,161,386)</b>	(9,416,524)	<b>(2,586,512)</b>	(2,782,013)
Other non-operating income	18	<b>5,230,852</b>	8,461,125	<b>823,185</b>	1,878,857
Finance cost	19	<b>(8,576,640)</b>	(7,245,267)	<b>(3,150,203)</b>	(2,522,313)
<b>Loss before taxation</b>		<b>(13,507,174)</b>	(8,200,666)	<b>(4,913,530)</b>	(3,425,469)
Taxation	20	<b>4,127,323</b>	3,194,289	<b>1,451,609</b>	1,329,656
<b>Loss for the period</b>		<b>(9,379,851)</b>	(5,006,377)	<b>(3,461,921)</b>	(2,095,813)
<b>Basic and diluted loss per share</b>		<b>(10.65)</b>	(5.68)	<b>(3.93)</b>	(2.38)

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 Nine Months Period Ended March 31, 2016**

	Nine months period ended		Quarter ended	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Loss for the period	(9,379,851)	(5,006,377)	(3,461,921)	(2,095,813)
<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	(61,632)	(2,735)	(3,942)	(18,682)
<b>Item that will not be reclassified subsequently to profit and loss account</b>	-	-	-	-
<b>Total comprehensive loss for the period</b>	<u>(9,441,483)</u>	<u>(5,009,112)</u>	<u>(3,465,863)</u>	<u>(2,114,495)</u>

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**Miftah Ismail**  
Chairman



**Muhammad Amin Rajput**  
Managing Director

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

**For the Nine Months Period Ended March 31, 2016**

	March 31, 2016	March 31, 2015
	(Un-audited)	
	(Rupees in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(13,507,174)	(8,200,666)
Adjustments for non-cash and other items	21 13,212,953	11,188,625
Working capital changes	22 23,688,379	10,041,971
Financial charges paid	(1,862,266)	(2,069,462)
Employee benefits paid	(75,193)	(68,758)
Payment for retirement benefits	(491,794)	(231,754)
Long term deposits received - net	1,162,795	1,728,890
Deposits paid - net	(6,282)	(3,986)
Loans and advances to employees - net	(241,946)	(228,361)
Interest income and return on term deposits received	489,850	254,390
Income taxes paid	(1,562,476)	(5,576,396)
<b>Net cash generated from operating activities</b>	<b>20,806,846</b>	<b>6,834,493</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for property, plant and equipment	(18,842,345)	(5,422,655)
Payments for intangible assets	(15,346)	(3,956)
Proceeds from sale of property, plant and equipment	105,185	7,682
Lease rental from net investment in finance lease	176,866	168,904
Short term loan to subsidiary company	-	-
Dividend received	712	-
<b>Net cash used in investing activities</b>	<b>(18,574,928)</b>	<b>(5,250,025)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from local currency loans	5,972,265	6,990,383
Repayments of local currency loans	(5,945,811)	(2,428,570)
Consumer finance received	-	12,439
Repayment of consumer finance	(26,505)	(39,829)
Dividend paid	(106)	(311)
<b>Net cash generated from financing activities</b>	<b>(157)</b>	<b>4,534,112</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>2,231,761</b>	<b>6,118,580</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>67,739</b>	<b>(1,527,662)</b>
<b>Cash and cash equivalents at end of the period</b>	<b>2,299,500</b>	<b>4,590,918</b>
<b>Cash and cash equivalent comprises:</b>		
Cash and bank balances	2,299,500	4,590,918
Short term borrowings	-	-
	<b>2,299,500</b>	<b>4,590,918</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

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

**For the Nine Months Period Ended March 31, 2016**

	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 July 1, 2014</b>	8,809,163	234,868	4,672,533	81,156	1,697,000	15,494,720
Total comprehensive loss for the period ended March 31, 2015						
Loss for the period	-	-	-	-	(5,006,377)	(5,006,377)
Other comprehensive income for the period	-	-	-	(2,735)	-	(2,735)
Total comprehensive loss for the period	-	-	-	(2,735)	(5,006,377)	(5,009,112)
<b>Balance as at March 31, 2015</b>	<u>8,809,163</u>	<u>234,868</u>	<u>4,672,533</u>	<u>78,421</u>	<u>(3,309,377)</u>	<u>10,485,608</u>
<b>Balance as at June 30, 2015</b>	8,809,163	234,868	4,672,533	239,992	(6,320,809)	7,635,747
Total comprehensive loss for the period ended March 31, 2016						
Loss for the period	-	-	-	-	(9,379,851)	(9,379,851)
Other comprehensive loss for the period	-	-	-	(61,632)	-	(61,632)
Total comprehensive loss for the period	-	-	-	(61,632)	(9,379,851)	(9,441,483)
<b>Balance as at March 31, 2016</b>	<u>8,809,163</u>	<u>234,868</u>	<u>4,672,533</u>	<u>178,360</u>	<u>(15,700,660)</u>	<u>(1,805,736)</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

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

For the Nine Months Period Ended March 31, 2016

### 1. The Group and its operations

1.1 The "Group" consists of:

#### Holding Company

- Sui Southern Gas Company Limited

	Percentage of holding	
	2016	2015
<b>Subsidiary Companies</b>		
- SSGC LPG (Private) Limited	100	100
- Sui Southern Gas Provident Fund Trust Company (Private) Limited	100	100

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

#### Sui Southern Gas Company Limited

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

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

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

#### SSGC LPG (Private) Limited

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

### 1.2 Basis of consolidation

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

### 1.3 Regulatory framework

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

above guaranteed return is payable to / recoverable from the Government of Pakistan (GoP) and is adjusted from / to the Gas Development Surcharge balance payable to / receivable from the GoP.

## **1.4 Determination of revenue requirement**

### **1.3.1 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 Holding Company.

Had there been no stay for the years ended June 30, 2011 to 2015, the Holding 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 consolidated 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 Holding Company.

### **1.3.2 Current period (nine months ended March 31, 2016)**

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 consolidated condensed interim financial information. Meanwhile, this consolidated condensed interim financial information for the nine months ended March 31, 2016 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 consolidated 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 nine months amounting to Rs. 6,306 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 Holding 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 Holding 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 Holding 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 Holding Company. Accordingly, there will be no impact on the condensed interim statement of comprehensive income of the Holding 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>March 31, 2016 (Un-audited)</b>	June 30, 2015 (Audited)
(Rupees in '000)	
<b>68,426,807</b>	66,609,660
<b>22,798,475</b>	9,547,514
<b><u>91,225,282</u></b>	<u>76,157,174</u>

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

**Nine months period ended**

March 31, 2016		March 31, 2015	
(Un-audited) (Rupees in '000)			
Cost of additions / transfers from CWIP	Written down value of (transfers / disposals)	Cost of additions / transfers from CWIP	Written down value of (transfers / disposals)

**Operating assets**

Land	169,513	-	-	-
Buildings on leasehold land	99,598	-	101,811	-
Gas transmission pipelines	435,962	-	156,364	-
Gas distribution system	3,940,708	-	2,438,618	-
Telecommunication	75,994	-	132,763	-
Plant and machinery	445,092	-	195,918	-
Tools and equipment	20,655	-	21,662	-
Motor vehicles	250,657	(26,377)	177,955	(7,629)
Furniture and fixtures	18,905	-	21,794	-
Office equipment	31,451	-	24,113	-
Computers and ancillary equipments	74,373	-	28,340	-
Construction equipment	104,584	-	39,659	-
	<b>5,667,492</b>	<b>(26,377)</b>	3,338,997	(7,629)

**Capital work in progress:**

Projects:

- Gas distribution system	3,900,034	(3,940,708)	3,415,101	(2,438,618)
- Gas transmission system	5,507,327	(435,962)	648,474	(156,364)
- Buildings on leasehold land	120,915	(99,598)	212,963	(101,811)
	<b>9,528,276</b>	<b>(4,476,268)</b>	4,276,538	<b>(2,696,793)</b>

During the period, there has been net increase in respect of stores and spares held for capital projects and others amounting to Rs. 8,330 million (March 31, 2015: Rs. 729 million).

**7. Long term investments**

Investment in related parties	63,138	69,414
Other investments	156,850	212,206
	<b>219,988</b>	<b>281,620</b>

**8. Trade debts**

Secured	12,976,939	18,560,233
Unsecured	85,176,767	81,105,665
	<b>98,153,706</b>	99,665,898
	8.1 & 8.2	
Provision against impaired debts	<b>(10,581,082)</b>	(9,248,180)
	<b>87,572,624</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. 35,705 million (June 30, 2015: Rs. 40,073 million) receivables from KE. Out of this, Rs. 32,251 million (June 30, 2015: Rs. 36,502 million) are overdue. However, the aggregate legal claim of the Holding Company from KE amounts to Rs. 62,208 million (June 30, 2015: Rs. 62,641 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 the aforementioned suit against KE amounting to Rs. 55,705 million. The above suit has been filed based on the following grounds:

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

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

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

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

In accordance with the revised accounting treatment, the trade debts includes Rs. 21,552 million (June 30, 2015: Rs. 20,879 million) including overdue balance of Rs. 21,491 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. 41,837 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.

<b>9. Other receivables - considered good</b>	Note	<b>March 31, 2016 (Un-audited)</b>	June 30, 2015 (Audited)
		(Rupees in '000)	
Gas development surcharge receivable from GoP		<b>5,889,515</b>	25,798,540
Staff pension fund		<b>684,113</b>	672,909
Receivable for sale of gas condensate		<b>62,306</b>	253,228
Sui Northern Gas Pipelines Limited	9.1	<b>26,050,074</b>	22,227,096
Jamshoro Joint Venture Limited	9.2	<b>11,873,185</b>	14,636,955
Workers' Profit Participation Fund		<b>1,567,655</b>	1,567,655
Sales tax receivable	9.3	<b>18,132,167</b>	14,777,451
Sindh sales tax receivable		<b>112,569</b>	112,569
Pipeline rentals		<b>18,154</b>	49,984
Receivable against asset contribution		<b>491,353</b>	448,587
Miscellaneous receivables	9.4	<b>664,179</b>	528,721
		<b>65,545,270</b>	81,073,695
Provision against impaired receivables		<b>(2,556,716)</b>	(2,430,751)
		<b>62,988,554</b>	78,642,944

		March 31, 2016 (Un-audited)	June 30, 2015 (Audited)
	Note	(Rupees in '000)	
<b>9.1</b>	As at period end, receivable balance from SNGPL comprises of the following:		
Uniform cost of gas		17,583,428	20,016,375
Lease rentals		138,804	84,811
Contingent rent		3,535	3,422
Capacity and utilisation charges of RLNG	9.1.1	<u>8,324,307</u>	<u>2,122,488</u>
		<u>26,050,074</u>	<u>22,227,096</u>

- 9.1.1** The Holding Company has invoiced an amount of Rs. 12,219 million including Sindh Sales Tax of Rs. 1,524 million, till March 31, 2016 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 Fertilizer 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.

		March 31, 2016 (Un-audited)	June 30, 2015 (Audited)
	Note	(Rupees in '000)	
<b>10. Long-term finance</b>			
<b>Secured</b>			
Loans from banking companies	10.1 & 10.2	22,370,035	22,343,581
<b>Unsecured</b>			
Front end fee of foreign currency loan		23,950	23,950
Consumer finance		223,521	250,026
Government of Sindh loans		5,248,513	5,248,513
		<u>5,495,984</u>	<u>5,522,489</u>
		<u>27,866,019</u>	<u>27,866,070</u>

**Less: current portion shown under current liabilities**

Loans from banking companies	(5,500,000)	(7,452,381)
Consumer finance	(24,045)	(34,697)
Government of Sindh loans	(658,513)	(658,513)
	<u>(6,182,558)</u>	<u>(8,145,591)</u>
	<u>21,683,461</u>	<u>19,720,479</u>

**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 Holding 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 March 31, 2016 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 Holding Company comprising of compressors stations, transmission pipelines, distribution pipelines and pipeline construction machinery and equipment.

	<b>Nine months period ended</b>	
	<b>March 31, 2016 (Un-audited)</b>	<b>June 30, 2015 (Un-audited)</b>
	(Rupees in '000)	
<b>11. Deferred credit</b>		
<b>Government contributions / grants</b>		
Additions / adjustments during the period	<b>40,273</b>	20,920
Transferred to consolidated profit and loss account	<b>114,366</b>	177,683
<b>Contribution from customers</b>		
Transferred to consolidated profit and loss account	<b>126,347</b>	133,462

## **12. Short term borrowings**

These represent facilities for short term running finance / short term money market loan available from various banks amounting to Rs. Nil 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 Holding Company.

The aggregate unavailed short term borrowing facilities amounted to Rs. 8,500 million (June 30, 2015: Rs. 5,426 million).

	<b>March 31, 2016 (Un-audited)</b>	<b>June 30, 2015 (Audited)</b>
	(Rupees in '000)	

## **13. Trade and other payables**

Creditors for:

- Gas supplies
- Supplies

	<b>152,270,897</b>	148,188,954
	<b>1,196,697</b>	589,234
	<b>153,467,594</b>	148,778,188
Amount received from customers for laying of mains, etc.	<b>1,882,988</b>	1,861,627
Engro Elengy Terminal (Private) Limited	<b>400,661</b>	1,022,850
Accrued liabilities	<b>3,831,503</b>	3,048,161
Advance from LPG customers	<b>341,075</b>	433
Provision for compensated absences - non executives	<b>278,989</b>	219,207
Payable to staff gratuity fund	<b>2,192,782</b>	2,192,783
Deposits / retention money	<b>393,418</b>	364,319
Bills payable	<b>33,778</b>	599,999
Advance for sharing right of way	<b>18,088</b>	18,088
Unclaimed dividend	<b>286,559</b>	286,665
Withholding tax payable	<b>31,883</b>	200,254
Sales tax and Federal excise duty	<b>308,346</b>	305,055
Sindh sales tax	<b>44,151</b>	37,231
Processing charges payable to JJVL	<b>6,787,033</b>	7,433,204
Gas infrastructure development cess payable	<b>8,884,286</b>	9,324,042
Unclaimed term finance certificate redemption profit	<b>1,800</b>	1,800
Inter State Gas System (Private) Limited (ISGSL)	<b>22,920</b>	11,019
Others	<b>281,433</b>	351,355
	<b>179,489,287</b>	176,056,280

#### 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:

<b>March 31, 2016 (Un-audited)</b>	<b>June 30, 2015 (Audited)</b>
(Rupees in '000)	

14.2 **Commitments for capital and other expenditures**

<b>15,185,077</b>	<b>7,318,318</b>
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14.3 **Guarantees issued on behalf of the Holding Company**

<b>5,093,346</b>	<b>5,085,346</b>
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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. 3,054.14 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 Holding Company and HCPC. 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.

Nine months period ended		Quarter ended	
March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
(Un-audited)			
(Rupees in '000)			

#### 15. Cost of sales

Cost of gas  
Transmission and distribution costs

<b>113,077,043</b>	115,856,195	<b>34,738,295</b>	38,120,969
<b>10,988,652</b>	10,932,630	<b>3,545,478</b>	3,638,653
<b>124,065,695</b>	<b>126,788,825</b>	<b>38,283,773</b>	<b>41,759,622</b>

#### 15.1 Cost of gas

Opening gas in pipelines  
Gas purchases

<b>341,904</b>	332,529	<b>311,131</b>	324,222
<b>137,689,813</b>	144,509,038	<b>40,622,977</b>	47,412,963
<b>138,031,717</b>	144,841,567	<b>40,934,108</b>	47,737,185

Gas consumed internally  
Inward price adjustment  
Closing gas in pipelines

<b>(395,917)</b>	(470,111)	<b>(156,894)</b>	(179,534)
<b>(23,221,177)</b>	(28,193,190)	<b>(4,701,339)</b>	(9,114,611)
<b>(1,337,580)</b>	(322,071)	<b>(1,337,580)</b>	(322,071)
<b>(24,954,674)</b>	(28,985,372)	<b>(6,195,813)</b>	(9,616,216)
<b>113,077,043</b>	115,856,195	<b>34,738,295</b>	38,120,969

#### 16. Other operating expenses

Auditors' remuneration  
Sports expenses  
Corporate social responsibility  
Loss on disposal of property, plant and equipment  
Provision against impaired debts and other receivables  
Provision against impaired stores and spares  
Exchange loss on payment of gas purchases

<b>16,434</b>	13,111	<b>5,834</b>	4,501
<b>45,073</b>	34,072	<b>15,952</b>	14,985
<b>24,019</b>	38,895	<b>7,914</b>	5,572
-	1,282	-	(1,011)
<b>1,543,259</b>	971,383	<b>795,827</b>	474,968
<b>21,611</b>	-	<b>10,492</b>	-
<b>376,636</b>	884,734	<b>(62,051)</b>	(110,528)
<b>2,027,032</b>	1,943,477	<b>773,968</b>	388,487

	Nine months period ended		Quarter ended	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
	(Un-audited)			
	(Rupees in '000)			
<b>17. Other operating income</b>				
Income from other than financial assets	Note			
Meter rentals		522,806	180,121	175,501
Recognition of income against deferred credit		290,899	42,442	92,080
Income from new service connections and asset contribution		584,571	142,714	57,825
Income from LPG air mix distribution - net		381,016	36,258	132,512
Recoveries from consumers		53,952	24,300	19,485
Liquidity damaged recovered		7,172	22,625	2,912
Advertising income		4,173	818	1,751
Income from sale of tender documents		4,379	955	1,344
Gain on disposal of property, plant and equipment		1,320	42,495	(3,576)
Reversal of provision against impaired stores and spares		-	27	-
Scrap sales		202,296	102,028	70,661
Miscellaneous				
		<b>2,052,584</b>	<b>594,783</b>	<b>550,495</b>

## 18. Other non-operating income

Income from financial assets				
Late payment surcharge		1,339,126	560,913	443,030
Income from net investment in finance lease		37,337	-	4,629
Income for receivable against asset contribution		31,432	10,082	10,357
Return on term deposits and profit and loss bank accounts		223,054	34,324	92,694
		<b>1,630,949</b>	<b>605,319</b>	<b>550,710</b>
Interest income on late payment of gas bills from:				
- Jamshoro Joint Venture Limited		74,202	61,774	(7,633)
- Water and Power Development Authority		83,651	70,084	19,233
- Sui Northern Gas Pipelines Limited		721,349	298,228	291,556
		<b>879,202</b>	<b>430,086</b>	<b>303,156</b>
Dividend income		-	-	-
		<b>2,510,151</b>	<b>1,035,405</b>	<b>853,866</b>
Income from investment in debts, loans, advances and receivables from related party				
Income from net investment in finance lease		49,014	22,329	3,819
Others				
Sale of gas condensate		232,258	33,249	85,552
Income on LPG and NGL - net	18.1	5,623,944	(270,954)	869,997
Meter manufacturing division profit / (loss) - net		45,758	3,156	65,623
		<b>5,901,960</b>	<b>(234,549)</b>	<b>1,021,172</b>
		<b>8,461,125</b>	<b>823,185</b>	<b>1,878,857</b>

**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. 6,637 million (March 2015: Rs. 5,146 million) being markup on delayed payment on gas supplies.

Nine months period ended		Quarter ended	
March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
(Un-audited)			
(Rupees in '000)			

## 20. Taxation

- Current	(13,424)	(39,911)	(3,730)	(34,670)
- Deferred	4,140,747	3,234,200	1,455,339	1,364,326
	<u>4,127,323</u>	<u>3,194,289</u>	<u>1,451,609</u>	<u>1,329,656</u>

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

Provisions	2,688,096	1,849,011
Depreciation	3,805,707	3,579,325
Amortisation of intangibles	26,232	47,524
Finance cost	8,570,070	7,242,394
Amortisation of transaction cost	6,570	2,873
Recognition of income against deferred credit	(240,713)	(311,144)
Dividend income	(712)	-
Interest income and return on term deposits	(1,438,379)	(1,133,687)
Income from net investment in finance lease	(94,245)	(86,351)
(Loss) / gain on disposal of property, plant and equipment	(78,808)	(1,320)
Decrease in long term advances	37,401	(20,920)
Decrease in deferred credit	(40,273)	20,920
Decrease in obligation against pipeline	(27,993)	-
	<u>13,212,953</u>	<u>11,188,625</u>

## 22. Working Capital Changes

(Increase) / decrease in current assets		
Stores, spares and loose tools	390,459	638,989
Stock-in-trade	80,813	494,507
Customers' installation work-in-progress	(12,320)	(11,757)
Trade debts	1,512,191	(1,418,085)
Advances, deposits and short term prepayments	(111,335)	(21,479)
Other receivables	15,455,237	(13,068,054)
	<u>17,315,045</u>	<u>(13,385,879)</u>
Increase in current liabilities		
Trade and other payables	6,373,334	23,427,850
	<u>23,688,379</u>	<u>10,041,971</u>

## 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:

	Relationship	Nine months period ended	
		March 31, 2016	March 31, 2015
		(Un-audited)	
		(Rupees in '000)	
<b>Astro Plastic (Private) Limited</b>	Associate		
- Billable charges		105,009	103,382
<b>Attock Cement Limited</b>	Associate		
- Billable charges		20,226	32,101
<b>Fauji Fertilizer Company Limited</b>	Associate		
- Billable charges		16	103
<b>Gadoon Textile Mills Limited</b>	Associate		
- Billable charges		396	300
<b>Government related entities</b>			
- Purchase of fuel and lubricant		-	7,258
- Billable charges		58,737,198	34,672,820
- Sharing of expenses		72,181	35,619
- Income from net investment in finance lease		66,988	49,014
- Gas purchases		54,919,933	58,229,329
- Sale of gas meters		363,970	8,32,758
- Rent of premises		13,507	13,055
- Insurance premium		107,461	93,337
- Electricity expenses		151,879	145,799
- Interest income		1,047,676	805,000
- Uniform Cost of gas		23,221,176	28,193,190
- Mark up on delayed payment on gas supplies		6,637,888	5,059,056
- Markup on short term finance		4,482	426
- Markup on local currency finance		2,610	17,435
<b>Habib Bank Limited</b>	Associate		
- Profit on investment		6,841	51,511
- Markup on short term finance		14,598	6,226
- Markup on local currency finance		112,188	79,535
- Billable charges		8,670	5,426
<b>International Industries Limited</b>	Associate		
- Line Pipe Purchases		122,858	207,259
- Billable charges		907,981	834,985
<b>Ismail Industries Limited</b>	Associate		
- Billable charges		-	257,410
<b>Key management personnel</b>			
-Remuneration		119,083	124,749
<b>Kohinoor Silk Mills Limited</b>	Associate		
- Billable charges		-	204
<b>Minto &amp; Mirza</b>	Associate		
- Professional charges		8,550	4,000
<b>Pakistan Cables Limited</b>	Associate		
- Billable charges		66,034	65,105

	Relationship	Nine months period ended	
		March 31, 2016 (Un-audited) (Rupees in '000)	March 31, 2015
<b>** Pakistan Engineering Company Limited</b>	Associate		
- Billable charges		45	42
<b>Pakistan Stock Exchange Limited</b>	Associate		
- Billable charges		976	394
<b>Pakistan Synthetic Limited</b>	Associate		
- Billable charges		-	31,405
<b>PERAC - Research and Development Foundation</b>	Associate		
- Professional charges		472	-
<b>Premium Textile Mills Limited</b>	Associate		
- Billable charges		-	225,874
<b>Staff retirement benefit plans</b>	Associate		
- Contribution to provident fund		192,793	146,364
- Contribution to pension fund		260,391	264,231
- Contribution to gratuity fund		260,200	167,644
<b>Standard Chartered Bank Limited</b>			
- Profit on investment		2,458	4,103
- Markup on short term finance		1,026	1,335
- Markup on local currency finance		4,209	49,728
<b>Thatta Cement Company Limited</b>	Associate		
- Gas sales		13,403	7,093

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

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

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

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

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

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

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

		<b>March 31, 2016 (Un-audited)</b>	June 30, 2015 (Audited)
	Relationship	(Rupees in '000)	
<b>Astro Plastic (Private) Limited</b>	Associate		
- Billable charges		<b>12,568</b>	19,846
- Gas supply deposit		<b>(141,904)</b>	(53,208)
<b>Attock Cement Limited</b>	Associate		
- Billable charges		<b>253</b>	5,350
- Gas supply deposit		<b>(30,566)</b>	(30,566)
<b>Attock Refinery Limited</b>	Associate		
- Sale of gas condensate		<b>42,105</b>	42,105
<b>Fauji Fertilizer Company Limited</b>	Associate		
- Billable charges		-	5
- Gas supply deposit		-	(124)
<b>Gadoon Textile Mills Limited</b>	Associate		
- Billable charges		<b>57</b>	27
- Gas supply deposit		<b>(117)</b>	(113)
<b>Government related entities - various</b>			
- Billable charges		<b>59,546,967</b>	66,590,353
- Sharing of expenses		<b>(22,920)</b>	(11,019)
- Net investment in finance lease		<b>138,803</b>	84,811
- Gas purchases		<b>(124,613,354)</b>	(112,069,923)
- Gas meters		<b>753,036</b>	710,123
- Uniform cost of gas		<b>17,583,428</b>	20,016,375
- Cash at bank		<b>21,004</b>	73,858
- Stock Loan		-	(2,523)
- Recoverable from insurance		-	50
- Gas supply deposit		<b>(64,816)</b>	(66,537)
- Interest expense accrued - late payment surcharge on gas bills		<b>(40,040,519)</b>	(33,402,629)
- Interest income accrued - late payment on gas bills		<b>7,605,757</b>	6,558,082
<b>Habib Bank Limited</b>	Associate		
- Long term finance		<b>(3,750,000)</b>	(1,000,000)
- Short term finance		-	(572,109)
- Cash at bank		<b>80,983</b>	28,020
- Accrued markup		<b>(16,580)</b>	(10,929)
- Billable charges		<b>942</b>	1,468
- Gas supply deposit		<b>(3,589)</b>	(4,041)
<b>International Industries Limited</b>	Associate		
- Billable charges		<b>108,398</b>	119,559
- Gas supply deposit		<b>(333,850)</b>	(70,997)
<b>Pakistan Cables Limited</b>	Associate		
- Billable charges		<b>7,936</b>	9,911
- Gas supply deposit		<b>(23,418)</b>	(21,968)
<b>Pakistan Engineering Company Limited</b>	Associate		
- Billable charges		<b>5</b>	5
- Gas supply deposit		<b>(15)</b>	(12)



The above revenue includes sale of meters by meter manufacturing segment to gas transmission and distribution amounting to Rs. 930 million (2015: Rs. 653 million).

**March 31,**                      June 30,  
**2016**                              2015  
**(Un-audited)**                      (Audited)  
(Rupees in '000)

**Segment assets and liabilities**

**Segment assets**

Gas transmission and distribution	<b>255,465,057</b>	254,043,130
Meter manufacturing	<b>2,431,557</b>	2,714,099
<b>Total segment assets</b>	<b>257,896,614</b>	256,757,229
Unallocated		
-Loans and advances	<b>996,642</b>	754,696
-Taxation - net	<b>19,021,192</b>	17,472,139
-Interest accrued	<b>490,543</b>	490,112
-Cash and bank balances	<b>2,299,500</b>	1,056,930
	<b>22,807,877</b>	19,773,877
<b>Total assets as per balance sheet</b>	<b>280,704,491</b>	276,531,106

**Segments liabilities**

Gas transmission and distribution	<b>266,404,148</b>	253,294,639
Meter manufacturing	<b>779,897</b>	652,201
<b>Total segment liabilities</b>	<b>267,184,045</b>	253,946,840
Unallocated		
-Employee benefits	<b>5,074,236</b>	4,696,573
<b>Total liabilities as per balance sheet</b>	<b>272,258,281</b>	258,643,413

**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 March 31, 2016			Total
	Level 1	Level 2	Level 3 (Rupees in '000)	
<b>Assets</b>				
<b>Available for sale investments</b>				
Listed equity securities	214,887	-	-	214,887

	As at June 30, 2015			Total
	Level 1	Level 2	Level 3 (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 March 31, 2016	
	Level 2	Fair Value (Rupees in '000)
<b>Freehold land</b>	4,434,792	4,434,792
<b>Leasehold land</b>	6,082,257	6,082,257
	<u>10,517,049</u>	<u>10,517,049</u>

	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 NINE MONTHS ENDED

MARCH 31, 2016	MARCH 31, 2015
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NATURAL GAS SALES VOLUME (MMCF)	<u>290,068</u>	<u>265,860</u>
NUMBER OF GAS CUSTOMERS (CUMULATIVE)		
INDUSTRIAL	4,173	4,060
COMMERCIAL	23,178	23,141
DOMESTIC	2,730,537	2,716,742
<b>TOTAL</b>	<u>2,757,888</u>	<u>2,743,943</u>
GAS METERS MANUFACTURED (NOS.)	<u>413,994</u>	<u>404,650</u>
TRANSMISSION NETWORK - CUMULATIVE (KM) DIAMETER		
6"	36	36
12"	493	493
16"	558	558
18"	950	950
20"	852	852
24"	686	653
30"	9	9
42"	30	-
	<u>3,614</u>	<u>3,551</u>
DISTRIBUTION NETWORK - CUMULATIVE (KM)		
MAINS (1" - 30" Diameter)	34,793	34,310
SERVICES	9,782	9,439
	<u>44,575</u>	<u>43,749</u>