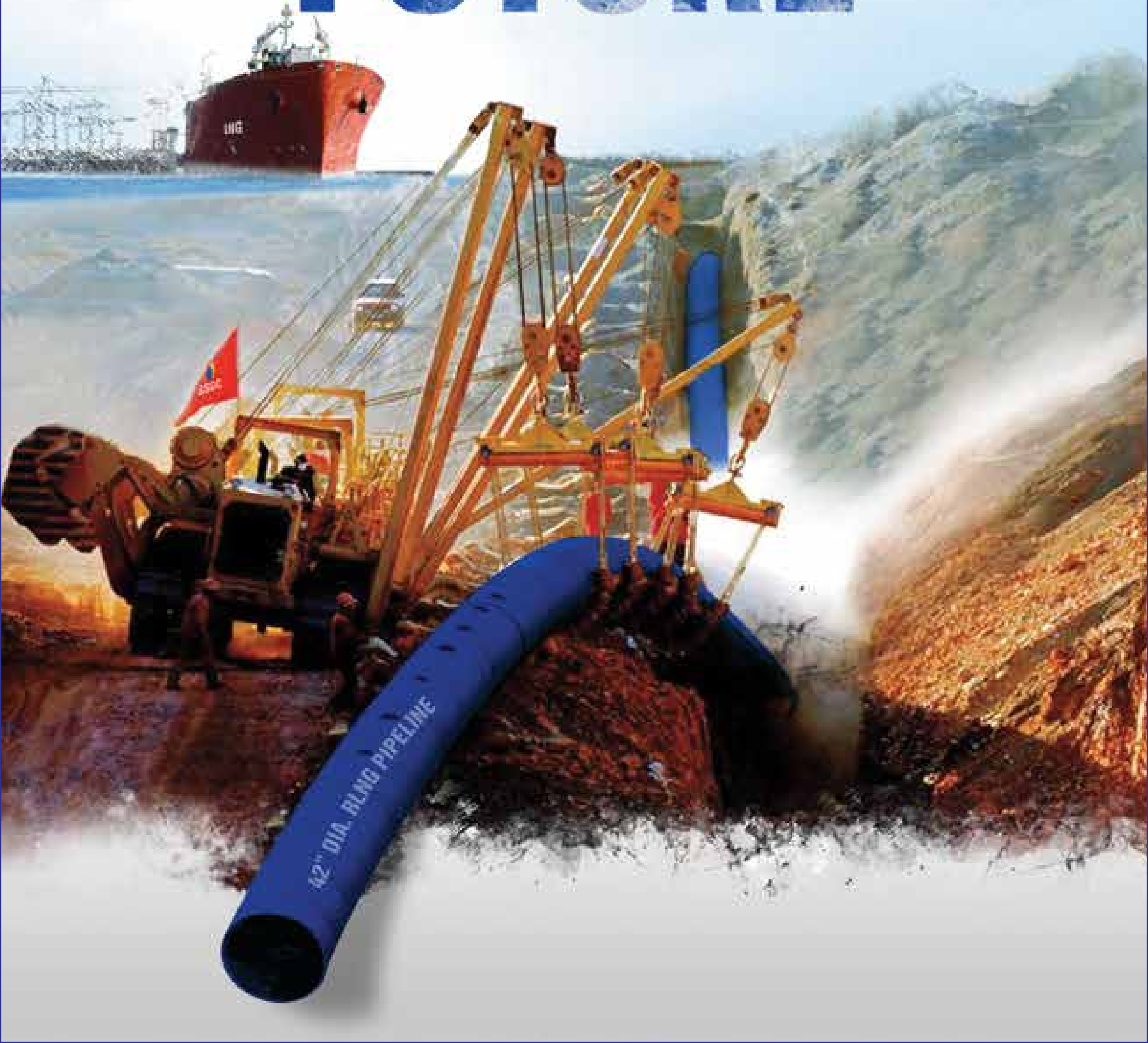
Sui Southern Gas Company Limited

SSGC

CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2016

CONSTRUCTING A SUSTAINABLE FUTURE



SSGC

Sui Southern Gas Company Limited

CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE QUARTER ENDED SEPTEMBER 30, 2016

CORPORATE PROFILE

Board of Directors
As on September 30, 2016

Mr. Miftah Ismail	Chairman
Mr. Khalid Rahman*	Managing Director / CEO
Agha Sher Shah	Member
Nawabzada Riaz Nosherwani	Member
Sardar Rizwan Kehar	Member
Mirza Mahmood Ahmad	Member
Mr. Muhammad Riaz Khan	Member
Syed Ghazanfar Abbas Jilani	Member
Mr. Furqan Bahadur Khan	Member
Qazi Mohammad Saleem Siddiqui	Member
Mr. Muhammad Bilal Shaikh	Member
Mr. Mobin Saulat	Member
Mr. Saleem Zamindar	Member

*Mr. Muhammad Amin Rajput was appointed as Acting Managing Director/CEO by the Ministry of Energy (then Ministry of Petroleum and Natural Resources), in the absence of Mr. Khalid Rahman who was assigned the task of Gas Sector Reforms as a Team Leader. The arrangement was also endorsed by the Board.

Board of Director's Committees

Board Human Resource and Remuneration Committee

Mr. Miftah Ismail	Chairman
Mr. Muhammad Amin Rajput*	AMD
Sardar Rizwan Kehar	Member
Mr. Muhammad Riaz Khan	Member
Mr. Saleem Zamindar	Member
Agha Sher Shah	Member

Board Finance and Procurement Committee

Mr. Furqan Bahadur Khan	Chairman
Mr. Muhammad Amin Rajput*	AMD
Qazi Mohammad Saleem Siddiqui	Member
Nawabzada Riaz Nosherwani	Member
Mirza Mahmood Ahmad	Member

Board Audit Committee

Sardar Rizwan Kehar	Chairman
Mr. Saleem Zamindar	Member
Mr. Mobin Saulat	Member

Board Risk Management and Litigation Committee

Mirza Mahmood Ahmad	Chairman
Mr. Muhammad Amin Rajput*	AMD
Agha Sher Shah	Member
Mr. Mobin Saulat	Member

Board Special Committee on UFG

Sardar Rizwan Kehar	Chairman
Mr. Muhammad Amin Rajput*	AMD
Nawabzada Riaz Nosherwani	Member
Mr. Furqan Bahadur Khan	Member
Mr. Muhammad Riaz Khan	Member
Qazi Mohammad Saleem Siddiqui	Member

Board Nomination Committee

Mr. Miftah Ismail	Chairman
Mr. Muhammad Riaz Khan	Member
Sardar Rizwan Kehar	Member

Auditors
M/s. Deloitte Yousuf Adil
Chartered Accountants

Legal Advisors
M/s. Orr, Dignam & Co.
Advocates

Registered Office
SSGC House,
Sir Shah Suleman Road,
Gulshan-e-Iqbal, Block 14
Karachi - 73500, Pakistan

Contact Details
Ph: 92-219902-1000
Fax: 92-21-9923-1702
Email: info@ssgc.com.pk
Web: www.ssgc.com.pk

Share Registrar
Central Depository Company of Pakistan
CDC House, 99-B,Block - B, SMCHS
Main Shahrah-e- Faisal, Karachi
Ph: 021-111-111-500 Fax : 021-34326034

Company Secretary
Shoaib Ahmed

Acting Managing Director
Mr. Muhammad Amin Rajput*

UNCONSOLIDATED CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

As At September 30, 2016

	Note	September 30, 2016 (Un-audited)	June 30, 2016 (Audited)
		-----------------(Rupees in '000)--------------	
ASSETS			
Non-current assets			
Property, plant and equipment	6	101,797,218	96,711,045
Intangible assets		22,575	24,643
Deferred tax		3,584,777	2,668,942
Long term investments	7	1,290,422	1,243,416
Net investment in finance lease		336,183	362,394
Long term loans and advances		159,587	162,426
Long-term deposits		13,747	8,302
Total non-current assets		107,204,509	101,181,168
Current assets			
Stores, spares and loose tools		3,897,035	2,146,869
Stock-in-trade		861,603	801,819
Current maturity of net investment in finance lease		95,727	110,161
Customers' installation work-in-progress		183,874	184,508
Trade debts	8	84,122,402	86,285,447
Loans and advances		2,719,429	2,643,911
Advances, deposits and short term prepayments		428,292	481,877
Interest accrued	9	9,459,829	9,191,342
Other receivables	10	59,606,242	55,108,009
Taxation - net		17,455,387	19,986,902
Cash and bank balances		4,823,719	954,239
Total current assets		183,653,539	177,895,084
Total assets		290,858,048	279,076,252

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

UNCONSOLIDATED CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

As At September 30, 2016

	Note	September 30, 2016 (Un-audited)	June 30, 2016 (Audited)
		-----------------(Rupees in '000)--------------	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital:			
1,000,000,000 ordinary shares of Rs. 10 each		**10,000,000**	10,000,000
Issued, subscribed and paid-up capital		**8,809,163**	8,809,163
Reserves		**4,907,401**	4,907,401
Surplus on re-measurement of available for sale securities		**248,793**	201,787
Accumulated losses		**(7,311,373)**	(11,500,489)
		6,653,984	2,417,862
Surplus on revaluation of fixed assets		**11,728,265**	11,728,265
LIABILITIES			
Non-current liabilities			
Long term finance	11	**21,923,097**	22,573,040
Long term deposits		**13,016,618**	12,462,204
Employee benefits		**4,840,091**	4,704,086
Obligation against pipeline		**1,016,973**	1,027,886
Deferred credit	12	**5,763,087**	5,842,485
Long term advances		**1,092,831**	1,092,831
Total non-current liabilities		**47,652,697**	47,702,532
Current liabilites			
Current portion of long term finance	11	**5,130,286**	5,756,246
Short term borrowings	13	**3,000,000**	4,860,212
Trade and other payables	14	**199,467,436**	189,609,842
Current portion of obligation against pipeline		**42,222**	41,287
Current portion of deferred credit		**422,686**	427,547
Interest accrued		**16,760,472**	16,532,459
Total current liabilities		**224,823,102**	217,227,593
Total liabilities		**272,475,799**	264,930,125
Total equity and liabilities		**290,858,048**	279,076,252
Contingencies and commitments	15		

Chairman **Chief Financial Officer** **Managing Director**

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

For The Quarter Ended September 30, 2016

	Note	Quarter ended September 30, 2016	Quarter ended September 30, 2015
		-----------------(Rupees in '000)---------------	
Sales		**52,190,418**	54,962,923
Sales tax		**(7,296,824)**	(7,824,259)
		44,893,594	47,138,664
Gas development surcharge		**(5,142,905)**	(3,302,446)
Net sales		**39,750,689**	43,836,218
Cost of sales	16	**(35,193,791)**	(45,912,826)
Gross Profit / (Loss)		**4,556,898**	(2,076,608)
Administrative and selling expenses		**(996,377)**	(954,263)
Other operating expenses	17	**(2,117,438)**	(592,076)
		(3,113,815)	(1,546,339)
		1,443,083	(3,622,947)
Other operating income	18	**1,419,232**	380,790
Operating Profit / (Loss)		**2,862,315**	(3,242,157)
Other non-operating income	19	**2,865,989**	2,309,038
Finance cost		**(639,619)**	(2,569,329)
Profit / (Loss) before taxation		**5,088,685**	(3,502,448)
Taxation	20	**(899,569)**	1,101,974
Profit / (Loss) for the period		**4,189,116**	(2,400,474)
Basic and diluted Earning per share (Rupees)		**4.76**	(2.72)

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

Chairman **Chief Financial Officer** **Managing Director**

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

For The Quarter Ended September 30, 2016

	Quarter ended	
	September 30, 2016	September 30, 2015
	------------(Rupees in '000)---------	
Profit / (Loss) for the period	**4,189,116**	(2,400,474)
Other comprehensive income		
Item that may be reclassified subsequently to profit and loss account		
Unrealised gain / (loss) on re-measurement of available for sale securities	**47,006**	(53,930)
Item that will not be reclassified subsequently to profit and loss account	**-**	-
Total comprehensive income / (loss) for the period	**4,236,122**	(2,454,404)

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

Chairman **Chief Financial Officer** **Managing Director**

UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

For The Quarter Ended September 30, 2016

	Note	Quarter ended September 30, 2016	Quarter ended September 30, 2015
		--------------(Rupees in '000)------------	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit / (Loss) before taxation		**5,088,685**	(3,502,448)
Adjustments for non-cash and other items	21	**2,043,727**	3,608,181
Working capital changes	22	**4,406,211**	7,980,761
Financial charges paid		**(599,933)**	(622,579)
Employee benefits paid		**(17,839)**	(24,850)
Payment for retirement benefits		**(97,884)**	(227,836)
Long term deposits received - net		**554,414**	393,107
Loans and advances to employees - net		**(72,679)**	(453,964)
Interest income and return on term deposits received		**28,400**	100,848
Income taxes paid		**716,111**	(240,695)
Net cash from operating activities		**12,049,213**	7,010,525
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		**(5,101,917)**	(2,849,979)
Payments for intangible assets		**(2,954)**	(15,346)
Proceeds from sale of property, plant and equipment		**8,404**	2,684
Lease rental from net investment in finance lease		**57,582**	66,224
Deposits paid		**(5,445)**	(104)
Dividend received		**712**	356
Net cash used in investing activities		**(5,043,618)**	(2,796,165)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayments of local currency loans		**(1,275,608)**	(2,140,480)
Customer finance received		**5,819**	-
Repayment of customer finance		**(6,114)**	(9,843)
Dividend paid		**-**	-
Net cash used in financing activities		**(1,275,903)**	(2,150,323)
Net decrease in cash and cash equivalents		**5,729,692**	2,064,037
Cash and cash equivalents at beginning of the period		**(3,905,973)**	(5,062)
Cash and cash equivalents at end of the period		**1,823,719**	2,058,975
Cash and cash equivalent comprises:			
Cash and bank balances		**4,823,719**	2,058,975
Short term borrowings		**(3,000,000)**	-
		1,823,719	2,058,975

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

Chairman **Chief Financial Officer** **Managing Director**

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

For The Quarter Ended September 30, 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)--					
Balance as at June 30, 2015	**8,809,163**	**234,868**	**4,672,533**	**239,992**	**(5,381,402)**	**8,575,154**
Total comprehensive loss for the period ended September 30, 2015						
Loss for the period	-	-	-	-	(2,400,474)	(2,400,474)
Other comprehensive loss for the period	-	-	-	(53,930)	-	(53,930)
Total comprehensive loss for the period	-	-	-	(53,930)	(2,400,474)	(2,454,404)
Balance as at September 30, 2015	8,809,163	234,868	4,672,533	186,062	(7,781,876)	6,120,750
Balance as at June 30, 2016	**8,809,163**	**234,868**	**4,672,533**	**201,787**	**(11,500,489)**	**2,417,862**
Total comprehensive Income / (loss) for the period ended September 30, 2016						
Profit for the period	-	-	-	-	4,189,116	4,189,116
Other comprehensive income for the period	-	-	-	47,006	-	47,006
Total comprehensive income for the period	-	-	-	47,006	4,189,116	4,236,122
Balance as at September 30, 2016	**8,809,163**	**234,868**	**4,672,533**	**248,793**	**(7,311,373)**	**6,653,984**

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

Chairman **Chief Financial Officer** **Managing Director**

1. STATUS AND NATURE OF BUSINESS

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

1.2 Regulatory Framework

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

1.3 Financial Performance

During the period, the Company has earned profit after tax of Rs. 4,189 million resulting in reduction of its accumulated losses by Rs. 4,189 million and strengthening equity to Rs. 4,236 million after including the impact of staggering as disclosed in note 2.2 in these financial information. As at period end, current liabilities exceed its current asset by Rs. 41,170 million and accumulated losses stood at Rs. 7,311 million. The Company has been incurring losses since financial year 2014 attributable mainly to high percentage of unaccounted for gas (UFG) and its disallowance over and above the limit allowed by OGRA, disallowance of bad debts over and above the limit allowed by OGRA and dismissal of Company's petitions by Sindh High Court (refer note 1.4).

In order to improve the financial position and performance of the Company, the management / Board of Directors (Board) have taken / planned following steps:

- In FY 2016, the Board of Directors of the Company has conceptually approved the construction of 30 LPG air mix plants with an estimated cost of Rs. 14 billion. Out of 30 LPG air mix plants, 10 plants are under construction and management is confident to complete all these plants by 2020.

Upon capitalisation of the above mentioned assets, the Company will be entitled to 17.43% return.

- Banks have relaxed debt to equity ratio of the Company from 80:20 to 95:05 from financial year 2016 to 2019.

- Economic Coordination Committee (ECC) in its meeting dated May 11, 2018 approved the summary submitted by the Petroleum Division under which the Company is allowed UFG based on RLNG handling basis (volumetric basis) in the sale price of RLNG in the form of distribution loss due to swapping arrangements and consumption of RLNG in its franchise area. Based on this, management will include RLNG volumes in determining the UFG disallowance in FY 2018 and 2019.

  Management had already claimed an amount of Rs. 4,238 million in respect of the above matter from OGRA in Financial Year 2016-17 which was disallowed by OGRA through its decision dated December 24, 2018 stated that the Company's stance is technically unjustifiable. Further, the dedicated pipeline is now operational therefore the issue of handling RLNG (of SNGPL) by the Company in its distribution system and its impact on UFG, if any, that no longer prevails.

  The management is confident to seek this claim from OGRA and if required to again pursue the matter through Ministry of Energy (Petroleum division) to the Government.

- Under new tariff regime, effective from the month of July 2018, OGRA has allowed 50% of income, derived from Jamshoro Joint Venture Limited (JJVL), as retainable by the Company. Under such regime, the Company is expected to earn reasonable profits through the sale of LPG and NGL business which will result in increasing the profitability and financial performance of the Company in FY 2019 and onwards.

The company will also be entitled to the guaranteed return on operating asset from 17% to 17.43% from FY 2019 for next three years.

- While determining the guaranteed return of the Company for the future periods, UFG has been determined based on KMI's set by OGRA dated February 28, 2018.

  As per UFG study report finalised by a firm of chartered accountants, revised UFG allowance has been determined from 4.5% to 7.6% (5% base benchmark and 2.6% based on achievement of KMIs). The Company has achieved upto 90% KMIs which will allow higher limit of UFG allowance in future years and will also result in decline of actual UFG volume which will have positive impact on financial performance of the Company.

- The Company is also evaluating the option to issue shares to improve the equity and cash flows of the Company.

Board / management believes that in view of above mentioned steps / plans, the Company's profitability and financial position will improve in the next few years.

1.4 Determination of Revenue Requirement

The Oil and Gas Regulatory Authority (OGRA) in its order dated December 02, 2010, and May 24, 2011, treated Royalty Income from Jamshoro Joint Venture Limited, Profit from Meter Manufacturing, Late Payment Surcharge (LPS), and Sale of Gas Condensate as operating income, which OGRA 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%.

Being aggrieved by the above decision, the Company had filed an appeal against the decision of OGRA in the High Court of Sindh ("the Court"), on which the Court provided interim relief, and, OGRA was directed to determine the revenue requirements on the same principles as per its decision of September 24, 2010, subject to the final decision of the Court. However, with regard to UFG benchmark, OGRA was directed to carry out an impact assessment study and submit its report to the Court. Thereafter, management determined the revenue requirement of the Company for the financial years 2011 to 2015 based on the interim relief of the Court, which was also accepted by OGRA, subject to the final decision of the Court.

On November 25, 2016, the Court has dismissed the Company's petitions through its judgement. Consequently, OGRA in its decision dated December 22, 2016 , for determination of FRR for financial year 2016 has set the allowable limit of UFG at 4.5% and treated Royalty Income from Jamshoro Joint Venture Limited, Profit from Meter Manufacturing,Late Payment Surcharge (LPS) and Sale of Gas Condensate as operating income and therefore the management has considered the same decision while determining the 17% guaranteed return for the financial year 2016 and 2017.

The Company has filed civil petition for leave to appeal in the Supreme Court of Pakistan on January 25, 2017, against the abovementioned Sindh High Court judgement.

Meanwhile after finalisation of UFG study report, ECC advised OGRA, to reconcile and finalize / adjust the provisional UFG benchmarks set from FY 2013 to 2017 of the Sui companies in line with the recommendations of the UFG Study report. Accordingly OGRA, in its decision dated December 24, 2018, allowed previously held up benefit in respect of volume pilfered by non-customers as well as volume consumed in law and order affected areas. Accordingly, the benefits of reduction in UFG disallowance amounting to Rs. 443 million for current period and Rs. 4,278 million for previous years has been recorded in these condensed interim financial information.

2. BASIS FOR PREPARATION

2.1 The unconsolidated condensed interim financial information has been prepared in accordance with the requirements of International Accounting Standard 34, "Interim Financial Reporting" and the provisions and directives issued under the Companies Ordinance, 1984. In case where the requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984 shall prevail. For the determination of Gas Development Surcharge, the directives of OGRA and the OGRA Ordinance, 2002 have been followed.

This unconsolidated condensed interim financial information does not include all information required for annual audited financial statements and should be read in conjunction with the unconsolidated financial statements of the Company for the year ended June 30, 2016.

2.2 Staggering Of Losses Arising Due To Sindh High Court Decision

As disclosed in note 1.4, OGRA has disallowed certain expenses for the years ended 2011 to 2015. Consequently, management had approached Securities and Exchange Commission of Pakistan (SECP) through its letter dated December 14, 2016 to allow staggered recognition of the disallowed expenses of Rs. 36,718 million in 3 years. The permission from SECP was sought based on the grounds that recognition of such disallowances in one year will reflect very adverse results and financial position of the Company, considering that OGRA's determination of some significant aspects of revenue requirements are provisional and are likely to be revised.

Accordingly, SECP through its letter dated December 20, 2016 has granted permission to stagger disallowed expense in the financial statements for the years ended / ending June 30, 2016 and 2017 subject to the conditions that disallowed expense will be staggered on equal basis.

Based on above 50% impact (Rs. 18,359 million) of the decision of Sindh High Court for financial years 2011 to 2015 was accounted for in FY 2015-16. The remaining Rs. 18,359 million was required to be accounted for in FY 2016-17. However, considering financial position of the Company and the fact that the loss of Rs. 36,718 million pertains to 5 financial years, a summary was moved by Ministry of Energy (Petroleum Division) to Economic Coordination Committee (ECC) for allowing staggering of Rs. 18,359 million in five years. The ECC approved the summary through letter dated May 31, 2018 advising SECP to allow staggering of remaining Rs. 18,359 million in five years. The Company approached SECP after considering ECC decision, who through its letter dated June 27, 2018 advised the board to make the necessary decision to present a true and fair view of the Company's financial position and performance. Based on the letter received from SECP, the OGRA, in its decision dated December 24, 2018, endorsed the staggering of remaining Rs. 18,359 million over a period of five years.

Therefore, the remaining accumulated losses of Rs. 18,359 million have been staggered and will be recorded in equal amounts of Rs. 3,672 million in five years form FY 2016-17 to FY 2020-21. Based on this, management has recorded amount of Rs. 918 million in these unconsolidated condensed interim financial information.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation applied for the preparation of this unconsolidated condensed interim financial information are the same as those applied in preparation of the annual unconsolidated audited financial statements of the Company for the year ended June 30, 2016.

4. ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of unconsolidated condensed interim financial information in conformity with the approved accounting standards, as applicable in Pakistan requires 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, 2016 except for IFRS 13. Further, 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. Any actuarial gains / losses determined are offered to / claimed from OGRA in determining revenue requirement 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 these unconsolidated condensed interim financial information except certain additional disclosures as given in note 25.

5. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2016.

	September 30, 2016 (Un-audited)	June 30, 2016 (Audited)
	-----------(Rupees in '000)-----------	
6. PROPERTY, PLANT AND EQUIPMENT		
Operating assets	**74,674,773**	73,277,736
Capital work-in-progress	**27,122,445**	23,433,309
	101,797,218	96,711,045

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

	September 30, 2016		September 30, 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				
Buildings on leasehold land	**50,602**	**-**	13,690	-
Gas distribution system	**578,705**	**-**	751,954	-
Gas transmission pipelines	**7,169**	**-**	5,466	-
Telecommunication	**1,944**	**-**	44,078	-
Plant and machinery	**80,794**		56,719	-
Tools and equipment	**7,734**	**-**	7,958	-
Motor vehicles	**180,158**	**(5,212)**	12,390	(1,138)
Furniture and fixtures	**4,620**	**-**	4,879	-
Office equipment	**12,803**	**-**	18,299	-
Computers and ancillary equipments	**13,537**	**-**	9,570	-
Construction equipment	**663,382**	**-**	-	-
Compressor	**44,647**	**-**	-	-
	1,646,095	**(5,212)**	925,003	(1,138)
	Capital expenditure incurred	**Transfer to operating assets**	Capital expenditure incurred	Transfer to operating assets
Capital work in progress:				
Projects:				
- Gas distribution system	**931,268**	**(578,705)**	1,080,115	(751,954)
- Gas transmission system	**5,533,833**	**(7,169)**	1,274,139	(5,466)
- Cost of buildings under construction and others	**73,479**	**(50,602)**	23,029	(13,690)
	6,538,580	**(636,476)**	2,377,283	(771,110)

During the period, there has been a net (decrease) / increase in respect of stores and spares held for capital projects and others amounting to Rs. 2,585 million (September 30, 2015: Rs. 0.351 million).

	Note	September 30, 2016 (Un-audited)	June 30, 2016 (Audited)
		-----------(Rupees in '000)-----------	
7. LONG TERM INVESTMENTS			
Investment in related parties	7.1	**1,126,099**	1,092,711
Other investments		**164,323**	150,705
		1,290,422	1,243,416

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

During the period, ECC in its meeting dated December 15, 2016 has decided that Government Holding (Private) Limited, being the parent company, shall made all future funding of ISGSL project. Based on this, the OGRA in its decision dated December 24, 2018, allowed Rs. 15 million and considered the same as full and final payment in this regard.

	Note	**September 30, 2016 (Un-audited)**	June 30, 2016 (Audited)
		--------------**(Rupees in '000)**	-----------
8. TRADE DEBTS			
- secured		**17,273,794**	17,426,817
- unsecured		**79,324,341**	80,021,993
	8.1 & 8.2	**96,598,135**	97,448,810
Provision against doubtful debts		**(12,475,733)**	**(11,163,363)**
		84,122,402	86,285,447

8.1 As K-Electric Limited (KE) has been defaulting and not making payment of Late Payment Surcharge (LPS) and the Company filed a suit in the High Court of Sindh in November 2012, for recovery of its aggregate claim, the 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. 34,712 million (June 30, 2016: Rs. 35,949 million) as at September 30, 2016 receivables from KE. Out of this, Rs. 30,352 million (June 30, 2016: Rs. 31,402 million) as at September 30, 2016 are overdue. However, the aggregate legal claim of the Company from KE amounts to Rs. 69,066 million (June 30, 2016: Rs. 67,838 million). This amount has been arrived at as per the practice of the Company to charge LPS to customers who do not make timely payments.

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

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

  a. Highest OD rate being paid by the Company 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 recognised LPS till June 30, 2010, in its books of account which confirm management's assertion that the Company has legal claim over KE for charging of LPS.

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

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

In March, 2014, management signed a payment plan with KE in order to streamline the payment modalities in relation to current monthly bills and old outstanding principal amount, in which the issue of LPS was not addressed. The plan expired on March 31, 2015, and first addendum was included to the original payment plan effective from April 1, 2015 till March 31, 2016. Upon expiry, the second addendum was included to the original payment plan on June 18, 2016 effective from April 1, 2016 till March 31, 2017. Currently, management is in a process to negotiate payment plan, which has not been finalised till the filing of these unconsolidated condensed interim financial information but the supply of gas and payment is continuing as per old plan.

It has been agreed during various meetings with KE and the Company to appoint a firm of Chartered Accountants to reconcile the balances appearing in their respective books which is still pending.

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

In accordance with the revised accounting treatment, the trade debts includes Rs. 21,858 million (June 30, 2016: Rs. 21,708 million) including overdue balance of Rs.21,809 million (June 30, 2016: Rs. 21,659 million) receivable from PSML. However, the aggregate legal claim of the Company from PSML amounts to Rs. 44,699 million (June 30, 2016: Rs. 43,266 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.

The 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 along with LPS. On April 6, 2016, the High Court of Sindh passed an order restraining PSML from creating any third party interest in relation to its assets including but not limited to immovable assets owned by it.

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.

	September 30, 2016 (Un-audited)	June 30, 2016 (Audited)
	--------------(Rupees in '000)	**-----------**
9. INTEREST ACCRUED		
Interest accrued on late payment of bills / invoices from:		
- WAPDA	**3,039,018**	2,978,891
- SNGPL	**5,102,593**	4,967,624
- JJVL	**420,270**	375,424
	8,561,881	8,321,939
Interest accrued on bank deposits	**2,370**	2,785
Interest accrued on sales tax refund	**487,739**	487,739
Interest accrued to related party	**492,231**	463,271
	9,544,221	9,275,734
Provision against impaired accrued income	**(84,392)**	(84,392)
	9,459,829	9,191,342

	Note	September 30, 2016 (Un-audited)	June 30, 2016 (Audited)
		--------------(Rupees in '000)-----------	
10. OTHER RECEIVABLES - considered good			
Staff pension fund		**510,947**	515,263
Receivable for sale of gas condensate		**59,164**	78,972
Sui Northern Gas Pipelines Limited	10.1	**30,012,738**	25,677,084
Jamshoro Joint Venture Limited	10.2	**10,015,475**	10,435,616
SSGC LPG (Private) Limited		**174,579**	242,819
Workers' Profit Participation Fund		**(106,171)**	161,655
Sales tax	10.3	**20,617,419**	19,665,771
Sindh sales tax		**112,569**	112,569
Pipeline rentals		**18,154**	18,154
Receivable against asset contribution	10.4	**389,125**	389,907
Miscellaneous receivables		**148,602**	156,558
		61,952,601	57,454,368
Provision against impaired receivables		**(2,346,359)**	(2,346,359)
		59,606,242	55,108,009

10.1 As at period end, receivable balance from SNGPL comprises of the following:

	Note	September 30, 2016 (Un-audited)	June 30, 2016 (Audited)
		--------------(Rupees in '000)-----------	
Uniform cost of gas		**20,425,322**	17,565,056
Lease rentals		**93,893**	58,729
Contigent rent		**3,535**	3,535
Capacity and utilisation charges of RLNG	10.1.1	**8,308,652**	7,191,242
RLNG transportation income		**731,833**	523,655
LSA Margins of RLNG		**449,503**	334,867
		30,012,738	25,677,084

10.1.1 The Company has invoiced an amount of Rs. 18,690 million, including Sindh Sales Tax of Rs. 2,296 million, till September 30, 2016 to SNGPL in respect of capacity and utilization charges (terminal charges), LSA margins and transportation charges relating to RLNG.

SNGPL has disputed the terminal charges that have not been allowed to it by OGRA, terminal charges of a third party (i.e. Pak-Arab Fertilizer Company Limited (PAFCL)) and terminal charges with respect to those quantities which were not supplied to SNGPL. SNGPL is of the view that it will only pay terminal charges as per OGRA Notification and for those quantities which are actually supplied to SNGPL and not the actual cost billed by the Company. For quantity supplied to PAFL, PAFL is now making payment directly to the company according to the payment plan finalised.

In June 2016, the Economic Coordination Committee (ECC) approved the policy guidelines that all charges under LSA including, but not limited to capacity and utilization charges as well as retainage are to be included at actual. OGRA in its decision dated October 7, 2016 regarding determination of RLNG price, has allowed the terminal charges at actual.

Subsequent to the period end, on December 12, 2017, the Ministry of Energy in pursuance of the decision of ECC vide case submitted on September 03, 2015, allocated 12 BCF RLNG volume to the Company. On September 10, 2018, another 18 BCF (in total 30 BCF) of RLNG volume has been allocated to the Company in order to resolve the matter of short supply, with the direction to enter into an agreement with SNGPL for RLNG allocated volumes with the condition that either the Company will make payment to SNGPL for the RLNG sold in its franchise area or will return these molecules when dedicated pipeline is available.

OGRA, in its letter dated November 20, 2018, in pursuance of decision of the ECC, with the consent of SNGPL and the Company, has determined the price mechanism for purchase and sale of allocated RLNG volumes. The agreement with SNGPL in this regard is under negotiation.

10.2 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 15.6 to this unconsolidated condensed interim financial information.

10.3 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 Company are deferred. Realising the problems of STARR, in August 2010, dispensation from processing of sales tax refunds through the STARR system was allowed by FBR through the letter and substantial refunds were released after issuance of this letter under corporate guarantee (subject to post refund audit). However, above said dispensation was also withdrawn by FBR in May 2012. After withdrawal of said dispensation, the deferred refunds are issued to the Company on the basis of manual verification of documents (third party vendor sales tax returns) by tax authorities. The management is making vigorous efforts for realization of these refunds. During the period FBR has released the sales tax refund amounting to Rs. 4,900 million.

10.4 This represents receivable from Mari Gas 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 cash flow technique.

	Note	**September 30, 2016 (Un-audited)**	June 30, 2016 (Audited)
		--------------(Rupees in '000)-----------	
11. LONG-TERM FINANCE			
Secured			
Loans from banking companies	11.1 11.2 & 11.3	**22,517,588**	24,521,058
Unsecured			
Front end fee of foreign currency loan		**23,950**	23,950
Customer finance		**238,806**	217,149
Government of Sindh loans	11.4	**4,273,039**	3,567,129
		4,535,795	3,808,228
Subtotal		**27,053,383**	28,329,286
Less: curent portion shown under current liabilities			
Loans from banking companies		**(4,458,333)**	(5,083,333)
Customer finance		**(21,953)**	(22,913)
Government of Sindh loans		**(650,000)**	(650,000)
		(5,130,286)	(5,756,246)
		21,923,097	22,573,040

11.1 A long term finance facility amounting to Rs. 15,000 million was sanctioned in October 2015 from a syndicate of banks. As at September 30, 2016, the Company has utilised 3000 million out of total sanctioned amount.

11.2 A long term finance facility amounting to Rs. 39,800 million was sanctioned in May 2016 from a syndicate of banks. As at September 30, 2016 the Company has utilised Rs. 4,000 million out of the total sanctioned amount. The financial arrangements have been secured by GoP guarantee and ranking charge created by way of hypothecation over all present and future movable fixed Regasified Liquefied Natural Gas assets of the Company including but not limited to compressor stations, transmission pipelines, distribution pipelines, pipeline construction machinery and equipments.

11.3 These loans / financial arrangements are secured by pari passu charge by way of hypothecation on all present and future movable fixed assets of the Company comprising of compressor stations, transmission pipelines, distribution pipelines, pipeline construction machinery and equipments.

11.4 The Government of Sindh through its letter dated December 18, 2017, approved the conversion of Rs. 3,000 million of loan into grant for all the schemes which do not qualify per customer cost criteria. Based on this, the management has reversed impairment on operating assets amounting to Rs. 1,190 million relating to all unfeasible projects financed through such loan.

	September 30, 2016 (Un-audited)	June 30, 2016 (Audited)
	------------(Rupees in '000)------------	
12. DEFERRED CREDIT		
Government contributions / grants		
Additions / adjustments during the period	**-**	150,028
Transferred to unconsolidated profit and loss account	**7,073**	264,633
Contribution from customers		
Transferred to unconsolidated profit and loss account	**39,484**	168,457
Government of Sindh grants		
Transferred to unconsolidated profit and loss account	**37,702**	991,743

13. SHORT TERM BORROWINGS

These represent facilities for short term running finance / short term money market loan available from various banks amounting to Rs. 12,000 million (June 30, 2016: Rs. 9,625 million) and subject to mark-up upto 0.60% (June 30, 2016: 0.60%) 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.9,000 million (June 30, 2016: Rs 4,765 million).

	Note	September 30, 2016 (Un-audited)	June 30, 2016 (Audited)
		--------------(Rupees in '000)------------	
14. TRADE AND OTHER PAYABLES			
Creditors for:			
- gas supplies	14.2	**147,963,718**	142,435,625
- supplies		**782,419**	1,346,667
		148,746,137	143,782,292
Amount received from customers for laying of mains, etc.		**2,192,412**	2,182,955
Engro Elengy Terminal (Private) Limited		**1,212,518**	1,392,301
Accrued liabilities		**4,513,612**	4,099,054
Advances from LPG customers		**126,525**	182,135
Provision for compensated absences - non executives		**235,283**	220,431
Payable to staff gratuity fund		**2,589,331**	2,562,657
Deposits / retention money		**628,849**	563,973
Bills payable		**747,764**	323,849
Advance for sharing right of way		**18,088**	18,088
Unclaimed dividend		**285,837**	285,837
Withholding tax		**157,572**	147,209
Sales tax & Federal excise duty		**334,308**	324,338
Sindh sales tax		**187,211**	159,174
Processing Charges payable to JJVL		**5,822,645**	5,782,506
Gas infrastructure development cess payable		**7,686,691**	8,680,409
Gas development surcharge payable to GoP	14.1	**23,639,578**	18,604,884
Unclaimed Term Finance Certificate redemption profit		**1,800**	1,800
Inter State Gas System (Private) Limited (ISGSL)		**16,955**	20,321
Others		**324,320**	275,629
		199,467,436	189,609,842

14.1 Gas Development Surcharge

	Note	September 30, 2016	June 30, 2016
GDS payable / (receivable)		**18,604,884**	(25,798,540)
Recovered during the period		**4,576,923**	16,325,254
Impact of staggering	2.2	**917,942**	18,358,923
Price increase / (decrease) adjustment during the period		**(460,171)**	9,705,468
Claim under IAS 19 during the year		**-**	13,779
		23,639,578	18,604,884

14.2 As at September 30, 2016, amount of Rs. 116,520 million (June 30, 2016: Rs. 112,690 million) is payable to Oil and Gas Development Company Limited, Pakistan Petroleum Limited and Government Holdings (Private) Limited in respect of gas purchases along with interest of Rs. 15,832 million (June 30, 2016: Rs. 15,832 million) on their balances. The management has reversed the LPS expense in the financial statements for the year ended June 30, 2016. During the period, management has not recorded the LPS expense in these unconsolidated condensed interim financial information.

15. CONTINGENCIES AND COMMITMENTS

	September 30, 2016 (Un-audited)	June 30, 2016 (Audited)
	--------------(Rupees in '000)------------	
15.1 Commitments for capital and other expenditures	**8,776,564**	13,228,470
15.2 Guarantees issued on behalf of the Company	**4,141,452**	4,402,534

15.3 Jamshoro Power Company Limited [(JPCL) WAPDA] has lodged claims against the Company amounting to Rs. 35,182 million (June 30, 2016: Rs. 35,182 million) for short supply of gas under the provisions of an agreement dated April 10, 1995, between the Company and JPCL. As at June 30, 2018, this amount has increased to Rs. 44,989 million. JPCL has raised another claim amounting to Rs. 5.793 million (June 30, 2016: Rs. 5.793 million) the alleged low Gas Calorific Value

(GCV) measurement for the period from January 2002 to December 2002 and for the month of February 2003 as compared to the actual GCV billed by the Company. The MP & NR vide its letter dated April 24, 2017, has also directed that the outstanding issues pertaining to the claims by JPCL be resolved and has proposed that a committee be constituted comprising of members from two companies and the concerned ministries to resolve the matter as it involves parties who represent / relate to Government of Pakistan.

No provision has been made against the said claims as management is confident that ultimately these claims will not be payable. Further, management believes that in case matter is decided against the Company, the entire amount will be claimed from the OGRA in the determination of revenue requirements of the Company.

15.4 As disclosed in note 19.2, the management has reversed LPS expense with effect from July 01, 2012 to June 30, 2016 amounting to Rs. 26,222 million on Government Controlled E&P Companies liabilities and has not recorded LPS expense for the period ended September 30, 2016 amounting to Rs. 1,940 million. The Company will record and pay such LPS expense in the period only when it receives LPS income on amount receivable from KE and PSML.

15.5 Habibullah Coastal Power Company (Private) Limited (HCPCL) has claimed Rs.3,067 million as at July 26, 2016, from the Company for short supply of gas under the provisions of an agreement dated March 31, 1996, between the Company and HCPCL. HCPCL has also disputed late payment surcharge (LPS) charged by the Company and errors in previous billing amounting to Rs. 660 million and is not paying full amount of gas bills including LPS. Consequently, the receivable balance due from HCPCL has increased to Rs. 6,196 million as at year end. HCPCL has also invoked arbitration as per article of Gas Sale Agreement. In the instant arbitral proceedings, the Company has also raised a counter claim of Rs. 9,117 million which represents claim on account of failing to 'take or pay' for the gas made available to HCPCL, outstanding gas deposit and unpaid gas bills.

On February 24, 2017, the International Chamber of Commerce (ICC) has issued partial award on preliminary issues wherein it was held by the Tribunal that in line with past decision, HCPCL would be eligible to claim the liquidated damages from the Company subject to verification of amount by technical expert. However, the ICC also accepted the Company right to assert its 'take or pay' counter claim from December 2009 which amounts to Rs. 5,233 million up to December 2015.

On April 30, 2018, the decision of arbitration proceeding has been issued by the International court of arbitration and issue an order in favor of HCPCL and the Company is required to pay to HCPC as a final reward in the form of indemnity, damages, interest and legal and professional charges amounting to Rs. 4,377 million.

Management has not recorded the provision based on the ground that ECC through its meeting held on February 07, 2018 approved in principle, the proposal regarding waiver of liquidated damages claimed by WAPDA to HCPCL till June 30, 2017.

In case matter is decided against the Company, management is confident that the entire amount will be claimed from the OGRA in the determination of revenue requirements of the Company in line with decision made by the OGRA on the similar matter in the financial year 2009.

15.6 Arbitration proceedings between JJVL and the Company has been initiated under the Pakistan Arbitration Act 1940 to settle the outstanding disputes between the parties. Accordingly, both the parties have appointed their respective arbitrators and filed their respective claims.

On June 13, 2018, Supreme Court of Pakistan (SCP) in its decision concluded that the Company would not supply any gas to JJVL for the purpose of processing. Further a firm of chartered accountant was appointed to conduct a complete audit of JJVL within a period of two month to ascertain and determine the amount to be paid by JJVL to the Company. Such matter relating to claimed amount will be undertaken after the report is submitted to SCP.

SCP through its order dated November 16, 2018, based on the report by a firm of chartered accountants, determined that Rs. 1,500 million is the undisputed amount that shall be paid within 8 weeks by JJVL. With respect to the Freight matter, SCP will settle the same and an appropriate order shall be passed in this regard. Further, firm of chartered accountants in his 2nd report submitted in SCP proposed an agreement between the parties with a sharing ratio of 57:43 in favor of the Company against supply of wet gas to JJVL plant by the Company, subject to payment of admitted liability by JJVL of Rs. 1,500 million by January 16, 2019.

SCP reviewed the agreement between the two parties as recommended by firm of chartered accountants and endorsed it as just and in national interest. SCP also directed the Company to resume the supply of gas to JJVL plant based on the new terms provided in the agreement.

Management is considering the recoverability of the receivable balance and may record further provision, if any, after the final report issued by the SCP. The arbitration is currently adjourned till the final order of the SCP and all the disputed matters taken to arbitration will be settled once the arbitration is completed, hence no provision is recorded in these unconsolidated condensed interim financial information.

			Quarter ended	
			September 30, 2016	September 30, 2015
			(Un-audited)	
			------------(Rupees in '000)----------	
16.	**COST OF SALES**	Note		
	Cost of gas	16.1	**31,220,979**	42,293,124
	Transmission and distribution costs		**3,972,812**	3,619,702
			35,193,791	45,912,826
16.1	**Cost of gas**			
	Opening gas in pipelines		**336,034**	341,904
	Gas purchases		**41,684,882**	53,759,871
			42,020,916	54,101,775
	Gas consumed internally		**(865,442)**	(133,288)
	Inward price adjustment		**(9,627,087)**	(11,308,722)
	Closing gas in pipelines		**(307,408)**	(366,641)
			(10,799,937)	(11,808,651)
			31,220,979	42,293,124
17.	**OTHER OPERATING EXPENSES**			
	Workers' Profit Participation Fund		**267,826**	-
	Auditors' remuneration		**5,545**	5,300
	Sports expenses		**5,326**	8,769
	Corporate social responsibility		**6,550**	6,396
	Exchange loss on payment of gas purchases		**519,038**	438,589
	Provision against impaired stores and spares		**783**	6,461
	Provision against impaired debt and other receivables		**1,312,370**	126,561
			2,117,438	592,076
18.	**OTHER OPERATING INCOME**			
	Meter rentals		**181,743**	178,006
	RLNG Transportation income		**1,001,490**	-
	Recognition of income against deferred credit		**39,810**	97,886
	Income from new service connections and asset contribution		**67,611**	46,590
	Income from LPG air mix distribution - net		**36,336**	27,561
	Advertising income		**1,239**	1,703
	Income from sale of tender documents		**1,105**	1,604
	Scrap sales		**4,890**	663
	Recoveries from customers		**21,128**	13,332
	Liquidity damaged recovered		**46,550**	9,647
	Gain on disposal of property, plant and equipment		**3,192**	1,546
	Miscellaneous		**14,138**	2,252
			1,419,232	**380,790**

	Note	Quarter ended September 30, 2016	Quarter ended September 30, 2015
		(Un-audited)	
		(Rupees in '000)	
19. OTHER NON-OPERATING INCOME			
Income from financial assets			
Late payment surcharge		**1,374,309**	568,145
Income from net investment in finance lease		**-**	16,354
Income for receivable against asset contribution		**9,758**	10,265
Interest income on loan to related party		**28,960**	23,494
Return on term deposits and profit and loss bank accounts		**18,226**	90,583
		1,431,253	708,841
Interest income on late payment of gas bills from			
- Jamshoro Joint Venture Limited		**44,846**	57,512
- Water and Power Development Authority		**60,127**	49,754
- Sui Northern Gas Pipelines Limited		**134,969**	274,091
- SSGC LPG (Private) Limited		**-**	37
		239,942	381,394
Dividend income		**712**	356
		1,671,907	**1,090,591**
Income from investment in debts, loans, advances and receivables from related parties			
Income from net investment in finance lease		**16,937**	22,329
Others			
Sale of gas condensate		**(34,856)**	50,239
Income on LPG and NGL - net	19.1	**(112,213)**	1,137,343
Meter manufacturing division (loss) / profit - net		**(5,111)**	8,536
Amortization of Government grant		**37,702**	-
Reversal of Impairment on Operating assets		**1,190,000**	-
Rental income from SSGC LPG (Pvt) Limited		**176**	-
		1,075,698	**1,196,118**
LSA margins against RLNG		**101,447**	-
		2,865,989	**2,309,038**

19.1 The Company has an arrangement with Jamshoro Joint Venture Limited (JJVL) wherein JJVL was allowed to extract LPG from various gas fields and provide the Company with mutually agreed quantity of LPG extracted and retain the rest for onward use. The Company paid processing charges of $235/MT for the months on which JJVL's production share is below 57.1% and $220/MT if JJVL's production share is more than 57.1%.

The net income from LPG business has declined due to steady decline in LPG prices in line with decline in global oil prices in 2016. Since, the Company is paying fixed processing charges to JJVL, it has to fully absorb the effect of declining prices of LPG. Consequently, the Company sent termination notices of MoU with JJVL dated May 4, 2016; however, JJVL has taken stay order from Sindh High Court against such termination on May 16, 2016. Refer note 15.6 of these unconsolidated condensed interim financial information for status of arbitration proceedings with JJVL.

19.2 As disclosed in note 8.1 and 8.2, effective from July 1, 2012, the Company has been accounting for LPS from KE and PSML on receipt basis as per IAS 18 ”Revenue”. However, the Company continued recognition of the LPS expenses payable on outstanding payables of the Government Controlled E & P Companies i.e. Oil and Gas Development Company Limited (OGDCL), Pakistan Petroleum Limited (PPL) and Government Holding (Private) Limited (GHPL) to comply with the requirements of the accounting standards, as such standards do not allow the Company to offset its LPS income against the mark-up expense in absence of legal right of set off, despite the fact that the Company has never paid such LPS to Government Controlled E&P Companies. Therefore, the management approached MP & NR through its letter dated September 1, 2016 to allow similar treatment of its LPS payable to the Government Controlled E&P Companies due to special and unusual circumstances arising from circular debt. Management's request was also based on, besides the unique situation of circular debt, past settlement record on net basis which was approved by ECC in 2001 and the fact that OGDCL, PPL and GHPL have adopted the accounting policy whereby such LPS incomes will be recorded in their financial statements only when the same are received.

In response to the Company’s above request, the MP & NR vide their letter dated January 3, 2017 has supported the contention of the Company that it will not recognize LPS expense payable to the Government Controlled E & P Companies (OGDCL, PPL and GHPL), effective from July 1, 2012, till the time Company receives payment for LPS income from KE and PSML and it would be settled simultaneously subject to fulfillment of all the codal formalities. Based on the letter received from MP & NR, and the legal opinion, the Company has reversed the LPS expense on delayed payments on gas supplies effective from July 1, 2012. Further it has been decided that the Company will record and pay such expense in the period only when it receives LPS income from KE and PSML.

Had the management not reversed the LPS expense payable from July 1, 2012 to June 30, 2016 of Rs. 26,222 million and recorded LPS expense for the period ended September 30, 2016 amounting to Rs. 1,940 million on outstanding payables to Government Controlled E&P Companies, the effect on these unconsolidated condensed interim financial information would be as follows:

	September 30, 2016 (Un-audited)	June 30, 2016 (Audited)
	(Rupees in '000)	
- Increase in loss before tax	**28,162,136**	26,221,647
- Increase in loss after tax / accumulated losses	**19,713,495**	18,335,153
- Increase in loss per share - Rupees	**22.38**	20.84

	Quarter ended	
	September 30, 2016	September 30, 2015
	(Un-audited)	
	-------------(Rupees in '000)----------	

20. TAXATION

- Current	**1,815,404**	-
- Deferred	**(915,835)**	1,101,974
	899,569	1,101,974

21. ADJUSTMENTS FOR NON-CASH AND OTHER ITEMS

Provisions	**1,622,980**	523,792
Depreciation	**1,378,071**	1,162,880
Amortization of intangibles	**5,022**	12,259
Finance cost	**641,434**	2,594,307
Amortization of transaction cost	**(1,815)**	(24,978)
Amortization of government grant	**(37,702)**	-
Recognition of income against deferred credit	**(46,558)**	(97,886)
Dividend income	**(712)**	(356)
Interest income and return on term deposits	**(296,886)**	(505,735)
Income from net investment in finance lease	**(16,937)**	(38,683)
(Gain) / Loss on disposal of property plant and equipment	**(3,192)**	(1,546)
Decrease in long term advances	**-**	61,424
Decrease in deffered credit	**-**	(68,173)
(Reversal) / Provision for Impaiment of Operating Assets	**(1,190,000)**	-
Decrease in obligation against pipeline	**(9,978)**	(9,124)
	2,043,727	3,608,181

22. WORKING CAPITAL CHANGES

(Increase) / decrease in current assets		
Stores and spares	**(1,752,511)**	29,408
Stock-in-trade	**(59,691)**	(128,573)
Customers' installation work-in-progress	**634**	(5,322)
Trade debts	**850,674**	(2,639,223)
Advances, deposits and short term prepayments	**53,585**	(121,289)
Other receivables	**(4,502,548)**	(404,015)
	(5,409,857)	(3,269,014)
Increase in current liabilities		
Trade and other payables	**9,816,068**	11,249,775
	4,406,211	7,980,761

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

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

	Quarter ended	
	September 30, 2016	September 30, 2015
	(Un-audited)	
	--------------(Rupees in '000)--------------	
Astro Plastic (Private) Limited		
- Billable charges	**36,708**	38,425
Attock Cement Limited		
- Billable charges	**8,685**	10,175
Fauji Fertilizer Company Limited		
- Billable charges	**-**	14
Gadoon Textile Mills Limited		
- Billable charges	**92**	95
Government related entities - various		
- Purchase of fuel and lubricant	**4,433**	-
- Billable charges	**19,737,755**	21,913,578
- Markup on short term finance	**3,151**	-
- Markup on Long term finance	**15,368**	-
- Sharing of expenses	**15,400**	23,436
- Income from net investment in finance lease	**16,937**	22,329
- Gas purchases	**17,395,761**	20,010,040
- Sale of gas meters and spare parts	**-**	254,403
- Rent of premises	**554**	-
- Insurance premium	**20,412**	35,251
- Uniform cost of gas	**6,819,475**	11,308,722
- Electricity expense	**51,798**	57,507
- Interest income	**195,096**	323,845
- Markup on delayed payment on gas supplies	**-**	2,080,161
- RLNG transportation income	**1,001,490**	-
- Income against LNG service agreement	**101,447**	-
Habib Bank Limited		
- Profit on investment	**4,273**	3,721
- Markup on short term finance	**5,438**	4,919
- Markup on long term finance	**70,023**	18,653
- Billable charges	**4,094**	3,655
International Industries Limited		
- Billable charges	**57,325**	258,825

	Quarter ended	
	September 30, 2016	September 30, 2015
	(Un-audited)	
	---------------(Rupees in '000)--------------	
*** Ismail Industries Limited**		
- Billable charges	**-**	90,178
Key management personnel		
- Remuneration	**58,522**	46,021
Minto & Mirza		
- Professional charges	**450**	1,350
Pakistan Cables Limited		
- Billable charges	**25,166**	19,694
Pakistan Engineering Company Limited		
- Billable charges	**15**	14
*** Pakistan Stock Exchange Limited**		
- Billable charges	**-**	77
PERAC - Research and Development Foundation		
- Professional charges	**249**	-
- Billable charges	**22**	-
**** Petroleum Institute of Pakistan**		
- Subscription/Contribution	**2,032**	-
SSGC LPG (Private) Limited		
- Interest on loan	**28,960**	23,494
- Purchase of LPG	**-**	54,166
- Sale of LPG	**111,295**	111,593
- Rental Income	**176**	-
- Recovery of management fee	**3,010**	-
Staff retirement benefit plans		
- Contribution to provident fund	**70,940**	65,005
- Contribution to pension fund	**49,092**	140,809
- Contribution to gratuity fund	**79,781**	75,823
*** Standard Chartered Bank Limited**		
- Profit on investment	**-**	1,186
- Markup on local currency finance	**-**	3,614
Thatta Cement Company Limited		
- Gas sales	**1,390**	8,907

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

** Comparative transaction with these parties have not been disclosed as these parties were not related parties in previous period.

23.1 Sale of gas meters is made at cost plus method. The 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 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 unconsolidated condensed interim financial information are as follows:

	September 30, 2016 (Un-audited)	June 30, 2016 (Audited)
	---------------(Rupees in '000)--------------	
Astro Plastic (Private) Limited		
- Billable charges	**13,277**	12,785
Attock Cement Limited		
- Billable charges	**1,245**	2,691
- Gas supply deposit	**(588)**	(566)
* **Attock Refinery Limited**		
- Sale of condensate	**-**	42,105
Gadoon Textile Mills Limited		
- Billable charges	**21**	14
- Gas supply deposit	**(138)**	(117)
Government related entities - various		
- Billable charges	**62,653,727**	63,604,130
- Gas meters	**326,748**	558,732
- Uniform cost of gas	**20,425,322**	17,565,056
- Cash at bank	**2,029,507**	103,055
- Stock loan	**(2,304)**	(2,304)
- Recoverable from insurance	**(31,369)**	(950)
- Gas supply deposit	**(15,352)**	(11,646)
- Interest expense accrued - late payment surcharge on gas bills	**(15,832,411)**	(15,832,411)
- Interest income accrued - late payment on gas bills	**8,141,611**	7,946,515
- Contingent rent	**3,535**	3,535
- Capacity and utilisation charges of RLNG	**8,308,652**	7,191,242
- RLNG transportation income	**731,833**	523,655
- Income against LNG service agreement	**449,433**	334,868

	September 30, 2016 (Un-audited)	June 30, 2016 (Audited)
	--------------(Rupees in '000)--------------	
Habib Bank Limited		
- Long term finance	**(4,098,958)**	(4,185,625)
- Short term finance	**(3,000,000)**	(1,497,943)
- Cash at bank	**421,139**	128,301
- Accrued mark-up	**(108,323)**	(37,641)
- Billable charges	**1,190**	1,371
International Industries Limited		
- Billable charges	19,300	90,011
Pakistan Cables Limited		
- Billable charges	**7,962**	8,160
- Gas supply deposit	**(1,071)**	(1,071)
Pakistan Engineering Company Limited		
- Billable charges	**5**	5
- Gas supply deposit	**(15)**	(15)
PERAC - Research & Development Foundation		
- Professional charges	**-**	57
- Billable charges	**5**	9
- Gas supply deposit	**(220)**	(220)
SSGC LPG (Private) Limited		
- Long term investment	**1,000,000**	1,000,000
- Short term loan	**1,710,103**	1,710,103
- Interest on loan	**492,231**	463,271
- LPG sales	**170,998**	242,439
- Capital expenditure on operating fixed assets	**10,937**	10,937
- Rent on premises	**570**	352
- Recovey of management fee	**3,010**	-
Thatta Cement Company Limited		
- Billable charges	**301**	481

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

24. OPERATING SEGMENTS

IFRS 8 -Operating Segments requires operating segments to be identified on the basis of internal reports about components of the Company that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance. As a result, management has identified the following two segments:

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

Segment revenue and results

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

	Quarter ended			
	Segment revenue		Segment Profit / (loss)	
	September 30, 2016	September 30, 2015	**September 30, 2016**	September 30, 2015
	(Un-audited)			
	-----------------------------(Rupees in '000) ------------------------------			
Gas transmission and distribution	**44,893,594**	47,138,664	**7,146,399**	(3,072,025)
Meter manufacturing	**309,190**	465,015	**(5,111)**	8,536
Total segment results	**45,202,784**	47,603,679	**7,141,288**	(3,063,489)
Unallocated - other expenses				
- Other operating expenses			**(2,117,438)**	(592,076)
Unallocated - other income				
- Non-operating income			**64,835**	153,117
Profit / (Loss) before tax			**5,088,685**	(3,502,448)

The above revenue includes sale of meters by meter manufacturing segment to gas transmission and distribution amounting to Rs. 305 million (2016: Rs.210 million).

Segment assets and liabilities

	September 30, 2016 (Un-audited)	June 30, 2016 (Audited)
	--------(Rupees in '000)--------	
Segment assets		
Gas transmission and distribution	**262,410,552**	252,040,378
Meter manufacturing	**2,799,265**	2,797,872
Total segment assets	**265,209,817**	254,838,250
Unallocated		
- Loans and advances	**2,879,016**	2,806,337
- Taxation - net	**17,455,387**	19,986,902
- Interest accrued	**490,109**	490,524
- Cash and bank balances	**4,823,719**	954,239
	25,648,231	24,238,002
Total assets as per balance sheet	**290,858,048**	279,076,252
Segments liabilities		
Gas transmission and distribution	**266,933,122**	259,525,031
Meter manufacturing	**702,586**	701,008
Total segment liabilities	**267,635,708**	260,226,039
Unallocated		
- Employee benefits	**4,840,091**	4,704,086
Total liabilities as per balance sheet	**272,475,799**	264,930,125

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.

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

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 by valuation method. The different levels have 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 September, 2016			
	Level 1	**Level 2**	**Level 3**	**Total**
	-----Rupees in '000-----			
Assets				
Available for sale investments				
Quoted equity securities	**285,321**	**-**	**-**	**285,321**

	As at June 30, 2016			
	Level 1	Level 2	Level 3	Total
	-----Rupees in '000-----			
Assets				
Available for sale investments				
Quoted equity securities	238,315	-	-	238,315

The 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 September 30, 2016	
	Level 2	**Fair Value**
	-----Rupees in '000-----	
Freehold land	**5,453,582**	**5,453,582**
Leasehold land	**6,937,190**	**6,937,190**
	12,390,772	**12,390,772**

	As at June 30, 2016	
	Level 2	Fair Value
	-----Rupees in '000-----	
Freehold Land	5,453,582	5,453,582
Leasehold Land	6,937,190	6,937,190
	12,390,772	12,390,772

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

These unconsolidated condensed interim financial information were authorised for issue in Board of Directors meeting held on 13 February 2019.

Chairman	Chief Financial Officer	Managing Director

SSGC

Sui Southern Gas Company Limited

CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2016

CONSOLIDATED CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

As At September 30, 2016

	Note	September 30, 2016 (Un-audited)	June 30, 2016 (Audited)
		--------(Rupees in '000)--------	
ASSETS			
Non-current assets			
Property, plant and equipment	6	**103,927,276**	98,877,569
Intangible assets		**22,575**	24,643
Deferred tax		**3,798,079**	2,882,244
Long term investments	7	**290,422**	243,415
Net investment in finance lease		**336,183**	362,394
Long term loans and advances		**159,587**	162,426
Long-term deposits		**16,601**	9,872
Total non-current assets		**108,550,723**	102,562,563
Current assets			
Stores, spares and loose tools		**3,901,175**	2,150,514
Stock-in-trade		**880,454**	834,656
Current maturity of net investment in finance lease		**95,727**	110,161
Customers' installation work-in-progress		**183,874**	184,508
Trade debts	8	**84,156,852**	86,307,335
Loans and advances		**1,009,326**	934,200
Advances, deposits and short term prepayments		**507,088**	497,052
Interest accrued	9	**8,967,598**	8,728,073
Other receivables	10	**59,704,473**	54,943,899
Taxation - net		**17,528,869**	20,053,925
Cash and bank balances		**5,166,411**	1,357,962
Total current assets		**182,101,847**	176,102,285
Total assets		**290,652,570**	278,664,848

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

CONSOLIDATED CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

As At September 30, 2016

	Note	September 30, 2016 (Un-audited)	June 30, 2016 (Audited)
		--------(Rupees in '000)--------	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital:			
1,000,000,000 ordinary shares of Rs. 10 each		**10,000,000**	10,000,000
Issued, subscribed and paid-up capital		**8,809,163**	8,809,163
Reserves		**4,907,401**	4,907,401
Surplus on re-measurement of available for sale securities		**248,793**	201,787
Accumulated losses		**(7,957,958)**	(12,185,561)
		6,007,399	1,732,790
Surplus on revaluation of fixed assets		**11,728,265**	11,728,265
LIABILITIES			
Non-current liabilities			
Long term finance	11	**21,923,097**	22,573,040
Long term deposits		**13,016,618**	12,456,759
Employee benefits		**4,853,731**	4,716,523
Obligation against pipeline		**1,016,973**	1,027,886
Deferred credit	12	**5,763,087**	5,842,485
Long term advances		**1,092,831**	1,092,831
Total non-current liabilities		**47,666,337**	47,709,524
Current liabilities			
Current portion of long term finance	11	**5,130,286**	5,756,246
Short term borrowings	13	**3,000,000**	4,860,212
Trade and other payables	14	**199,684,950**	189,684,080
Short term deposits		**207,404**	192,438
Current portion of obligation against pipeline		**42,222**	41,287
Current portion of deferred credit		**422,686**	427,547
Interest accrued		**16,763,021**	16,532,459
Total current liabilities		**225,250,569**	217,494,269
Total liabilities		**272,916,906**	265,203,793
Total equity and liabilities		**290,652,570**	278,664,848
Contingencies and commitments	15		

Chairman **Chief Financial Officer** **Managing Director**

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

For The Quarter Ended September 30, 2016

	Note	Quarter ended September 30, 2016	Quarter ended September 30, 2015
		--------(Rupees in '000)--------	
Sales		**52,190,418**	54,962,923
Sales tax		**(7,296,824)**	(7,824,259)
		44,893,594	47,138,664
Gas development surcharge		**(5,142,905)**	(3,302,447)
Net sales		**39,750,689**	43,836,217
Cost of sales	16	**(35,193,791)**	(45,912,827)
Gross profit / (loss)		**4,556,898**	(2,076,610)
Administrative and selling expenses		**(1,013,571)**	(973,237)
Other operating expenses	17	**(2,117,439)**	(592,076)
		(3,131,010)	(1,565,313)
		1,425,888	(3,641,923)
Other operating income	18	**1,419,393**	435,358
Operating profit / (loss)		**2,845,281**	(3,206,565)
Other non-operating income	19	**2,931,748**	2,339,242
Finance cost		**(642,253)**	(2,569,329)
Profit / (loss) before taxation		**5,134,776**	(3,436,652)
Taxation	20	**(907,173)**	1,097,602
Profit / (loss) for the period		**4,227,603**	(2,339,050)
Basic and diluted earning per share (Rupees)		**4.80**	(2.66)

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

Chairman **Chief Financial Officer** **Managing Director**

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

For The Quarter Ended September 30, 2016

	Quarter ended	
	September 30, 2016	'September 30, 2015
	-----------**(Rupees in '000)**----------	
Profit / (Loss) for the period	**4,227,603**	(2,339,050)
Other comprehensive income		
Item that maybe reclassified subsequently to profit and loss account		
Unrealised gain / (loss) on re-measurement of available for sale securities	**47,006**	(53,929)
Item that will not be reclassified subsequently to profit and loss account	-	-
Total comprehensive income / (loss) for the period	**4,274,609**	(2,392,979)

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

Chairman	**Chief Financial Officer**	**Managing Director**

CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

For The Quarter Ended September 30, 2016

	Note	Quarter ended September 30, 2016	Quarter ended September 30, 2015
		----------(Rupees in '000)----------	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit / (Loss) before taxation		**5,134,776**	(3,436,652)
Adjustments for non-cash and other items	21	**2,112,905**	3,665,885
Working capital changes	22	**4,230,290**	7,893,506
Financial charges paid		**(599,933)**	(622,258)
Employee benefits paid		**(17,839)**	(24,850)
Payment for retirement benefits		**(97,884)**	(227,836)
Long term deposits received - net		**554,844**	401,218
Deposits paid - net		**7,808**	(3,456)
Loans and advances to employees - net		**(72,679)**	(452,660)
Interest income and return on term deposits received		**28,389**	168,640
Income taxes paid		**702,060**	(254,464)
Net cash generated from operating activities		**11,982,737**	7,107,073
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		**(5,075,726)**	(2,852,931)
Payments for intangible assets		**(2,954)**	(15,346)
Proceeds from sale of property, plant and equipment		**8,404**	2,684
Lease rental from net investment in finance lease		**31,391**	66,224
Dividend received		**712**	356
Net cash used in investing activities		**(5,038,173)**	(2,799,013)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayments of local currency loans		**(1,275,608)**	(2,140,480)
Customer finance received		**5,819**	-
Repayment of customer finance		**(6,114)**	(9,843)
Net cash used in financing activities		**(1,275,903)**	(2,150,323)
Net increase in cash and cash equivalents		**5,668,661**	2,157,737
Cash and cash equivalents at beginning of the period		**(3,502,250)**	67,739
Cash and cash equivalents at end of the period		**2,166,411**	2,225,476
Cash and cash equivalent comprises:			
Cash and bank balances		**5,166,411**	2,225,476
Short term borrowings		**(3,000,000)**	-
		2,166,411	2,225,476

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

Chairman **Chief Financial Officer** **Managing Director**

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

For The Quarter Ended September 30, 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)					
Balance as at June 30, 2015	**8,809,163**	**234,868**	**4,672,533**	**239,992**	**(6,320,809)**	**7,635,747**
Total comprehensive loss for the period ended September 30, 2015						
Loss for the period	-	-	-	-	(2,339,050)	(2,339,050)
Other comprehensive loss for the period	-	-	-	(53,929)	-	(53,929)
Total comprehensive loss for the period	-	-	-	(53,929)	(2,339,050)	(2,392,979)
Balance as at September 30, 2015	8,809,163	234,868	4,672,533	186,063	(8,659,859)	5,242,768
Balance as at June 30, 2016	**8,809,163**	**234,868**	**4,672,533**	**201,787**	**(12,185,561)**	**1,732,790**
Total comprehensive Income for the period ended September 30, 2016						
Profit for the period	-	-	-	-	4,227,603	4,227,603
Other comprehensive income for the period	-	-	-	47,006	-	47,006
Total comprehensive income for the period	-	-	-	47,006	4,227,603	4,274,609
Balance as at September 30, 2016	**8,809,163**	**234,868**	**4,672,533**	**248,793**	**(7,957,958)**	**6,007,399**

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

Chairman **Chief Financial Officer** **Managing Director**

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

For The Quarter Ended September 30, 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
Subsidiary Companies		
- SSGC LPG (Private) Limited	**100**	100
- Sui Southern Gas Provident Fund Trust Company (Private) Limited	**100**	100

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

Sui Southern Gas Company Limited

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

Sui Southern Gas Provident Fund Trust Company (Private) Limited

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

SSGC LPG (Private) Limited

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

1.2 Basis of consolidation

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

1.3 Regulatory Framework

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

1.4 Financial Performance

During the period, the Holding Company has earned profit after tax of Rs. 4,189 million resulting in reduction of its accumulated losses by Rs. 4,189 million and strengthening equity to Rs. 4,236 million after including the impact of staggering as disclosed in note 2.2 in these financial information. As at period end, current liabilities exceed its current asset by Rs. 41,170 million and accumulated losses stood at Rs. 7,311 million. The Holding Company has been incurring losses since financial year 2014 attributable mainly to high percentage of unaccounted for gas (UFG) and its disallowance over and above the limit allowed by OGRA, disallowance of bad debts over and above the limit allowed by OGRA and dismissal of Holding Company's petitions by Sindh High Court (refer note 1.5).

In order to improve the financial position and performance of the Holding Company, the management / Board of Directors (Board) have taken / planned following steps:

- In FY 2016, the Board of Directors of the Holding Company has conceptually approved the construction of 30 LPG air mix plants with an estimated cost of Rs. 14 billion. Out of 30 LPG air mix plants, 10 plants are under construction and management is confident to complete all these plants by 2020.

Upon capitalisation of the above mentioned assets, the Holding Company will be entitled to 17.43% return.

- Banks have relaxed debt to equity ratio of the Holding Company from 80:20 to 95:05 from financial year 2016 to 2019.

- Economic Coordination Committee (ECC) in its meeting dated May 11, 2018 approved the summary submitted by the Petroleum Division under which the Holding Company is allowed UFG based on RLNG handling basis (volumetric basis) in the sale price of RLNG in the form of distribution loss due to swapping arrangements and consumption of RLNG in its franchise area. Based on this, management will include RLNG volumes in determining the UFG disallowance in FY 2018 and 2019.

  Management had already claimed an amount of Rs. 4,238 million in respect of the above matter from OGRA in Financial Year 2016-17 which was disallowed by OGRA through its decision dated December 24, 2018 stated that the Holding Company's stance is technically unjustifiable. Further, the dedicated pipeline is now operational therefore the issue of handling RLNG (of SNGPL) by the Company in its distribution system and its impact on UFG, if any, that no longer prevails.

  The management is confident to seek this claim from OGRA and if required to again pursue the matter through Ministry of Energy (Petroleum division) to the Government.

- Under new tariff regime, effective from the month of July 2018, OGRA has allowed 50% of income, derived from Jamshoro Joint Venture Limited (JJVL), as retainable by the Holding Company. Under such regime, the Holding Company is expected to earn reasonable profits through the sale of LPG and NGL business which will result in increasing the profitability and financial performance of the Holding Company in FY 2019 and onwards.

  The Holding company will also be entitled to the guaranteed return on operating asset from 17% to 17.43% from FY 2019 for next three years.

- While determining the guaranteed return of the Holding Company for the future periods, UFG has been determined based on KMI's set by OGRA dated February 28, 2018.

  As per UFG study report finalised by a firm of chartered accountants, revised UFG allowance has been determined from 4.5% to 7.6% (5% base benchmark and 2.6% based on achievement of KMIs). The Holding Company has achieved upto 90% KMIs which will allow higher limit of UFG allowance in future years and will also result in decline of actual UFG volume which will have positive impact on financial performance of the Holding Company.

- The Holding Company is also evaluating the option to issue shares to improve the equity and cash flows of the Holding Company.

Board / management believes that in view of above mentioned steps / plans, the Holding Company's profitability and financial position will improve in the next few years.

1.5 Determination of Revenue Requirement

The Oil and Gas Regulatory Authority (OGRA) in its order dated December 02, 2010, and May 24, 2011, treated Royalty Income from Jamshoro Joint Venture Limited, Profit from Meter Manufacturing, Late Payment Surcharge (LPS), and Sale of Gas Condensate as operating income, which OGRA 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%.

Being aggrieved by the above decision, the Holding Company had filed an appeal against the decision of OGRA in the High Court of Sindh ("the Court"), on which the Court provided interim relief, and, OGRA was directed to determine the revenue requirements on the same principles as per its decision of September 24, 2010, subject to the final decision of the Court. However, with regard to UFG benchmark, OGRA was directed to carry out an impact assessment study and submit its report to the Court. Thereafter, management determined the revenue requirement of the Holding Company for the financial years 2011 to 2015 based on the interim relief of the Court, which was also accepted by OGRA, subject to the final decision of the Court.

On November 25, 2016, the Court has dismissed the Holding Company's petitions through its judgement. Consequently, OGRA in its decision dated December 22, 2016 , for determination of FRR for financial year 2016 has set the allowable limit of UFG at 4.5% and treated Royalty Income from Jamshoro Joint Venture Limited, Profit from Meter Manufacturing, LPS, and Sale of Gas Condensate as operating income and therefore the management has considered the same decision while determining the 17% guaranteed return for the financial year 2016 and 2017.

The Holding Company has filed civil petition for leave to appeal in the Supreme Court of Pakistan on January 25, 2017, against the abovementioned Sindh High Court judgement.

Meanwhile after finalisation of UFG study report, ECC advised OGRA, to reconcile and finalize / adjust the provisional UFG benchmarks set from FY 2013 to 2017 of the Sui companies in line with the recommendations of the UFG Study report. Accordingly OGRA, in its decision dated December 24, 2018, allowed previously held up benefit in respect of volume pilfered by non-customers as well as volume consumed in law and order affected areas. Accordingly, the benefits of reduction in UFG disallowance amounting to Rs. 443 million for current period and Rs. 4,278 million for previous years has been recorded in these consolidated condensed interim financial information.

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" and the provisions and directives issued under the Companies Ordinance, 1984. In case where the requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984 shall prevail.

2.2 Staggering Of Losses Arising Due To Sindh High Court Decision

As disclosed in note 1.5, OGRA has disallowed certain expenses for the years ended 2011 to 2015. Consequently, management had approached Securities and Exchange Commission of Pakistan (SECP) through its letter dated December 14, 2016 to allow staggered recognition of the disallowed expenses of Rs. 36,718 million in 3 years. The permission from SECP was sought based on the grounds that recognition of such disallowances in one year will reflect very adverse results and financial position of the Holding Company, considering that OGRA's determination of some significant aspects of revenue requirements are provisional and are likely to be revised.

Accordingly, SECP through its letter dated December 20, 2016 has granted permission to stagger disallowed expense in the financial statements for the years ended / ending June 30, 2016 and 2017 subject to the conditions that disallowed expense will be staggered on equal basis.

Based on above 50% impact (Rs. 18,359 million) of the decision of Sindh High Court for financial years 2011 to 2015 was accounted for in FY 2015-16. The remaining Rs. 18,359 million was required to be accounted for in FY 2016-17. However, considering financial position of the Holding Company and the fact that the loss of Rs. 36,718 million pertains to 5 financial years, a summary was moved by Ministry of Energy (Petroleum Division) to Economic Coordination Committee (ECC) for allowing staggering of Rs. 18,359 million in five years. The ECC approved the summary through letter dated May 31, 2018 advising SECP to allow staggering of remaining Rs. 18,359 million in five years. The Holding Company approached SECP after considering ECC decision, who through its letter dated June 27, 2018 advised the board to make the necessary decision to present a true and fair view of the Holding Company's financial position and performance. Based on the letter received from SECP, the OGRA, in its decision dated December 24, 2018, endorsed the staggering of remaining Rs. 18,359 million over a period of five years.

Therefore, the remaining accumulated losses of Rs. 18,359 million have been staggered and will be recorded in equal amounts of Rs. 3,672 million in five years form FY 2016-17 to FY 2020-21. Based on this, management has recorded amount of Rs. 918 million in these consolidated condensed interim financial information.

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, 2016.

4. ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of consolidated condensed interim financial information 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, 2016. Further, 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. Any actuarial gains / losses determined are offered to / claimed from OGRA in determining revenue requirement 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 these 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 consolidated financial statements as at and for the year ended June 30, 2016.

	September 30, 2016 (Un-audited)	June 30, 2016 (Audited)
	----------(Rupees in '000)----------	

6. PROPERTY, PLANT AND EQUIPMENT

Operating assets	76,793,710	75,433,139
Capital work-in-progress	27,133,566	23,444,430
	103,927,276	98,877,569

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

	September 30, 2016		September 30, 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				
Buildings on leasehold land	50,602	-	13,690	-
Gas distribution system	578,705	-	751,954	-
Gas transmission pipelines	7,169	-	5,466	-
Telecommunication	1,944	-	44,078	-
Plant and machinery	80,794	-	56,719	-
Tools and equipment	7,734	-	7,958	-
Motor vehicles	180,158	(5,212)	12,390	(1,138)
Furniture and fixtures	4,620	-	4,879	-
Office equipment	12,803	-	18,299	-
Computers and ancillary equipments	13,537	-	9,570	-
Construction equipment	663,382	-	-	-
Compressor	44,647	-	-	-
	1,646,095	(5,212)	925,003	(1,138)

	Capital expenditure incurred	Transfer to operating assets	Capital expenditure incurred	Transfer to operating assets
Capital work in progress:				
Projects:				
- Gas distribution system	931,268	(578,705)	1,080,115	(751,954)
- Gas transmission system	5,533,833	(7,169)	1,274,139	(5,466)
- Cost of buildings under construction and others	73,479	(50,602)	23,029	(13,690)
	6,538,580	(636,476)	2,377,283	(771,110)

During the period, there has been a net (decrease) / increase in respect of stores and spares held for capital projects and others amounting to Rs. 2,585 million (September 30, 2015: Rs. 0.351 million).

	Note	September 30, 2016 (Un-audited)	June 30, 2016 (Audited)
		----------(Rupees in '000)----------	

7. LONG TERM INVESTMENTS

Investment in related parties	7.1	126,099	92,710
Other investments		164,323	150,705
		290,422	243,415

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

During the period, ECC in its meeting dated December 15, 2016 has decided that Government Holding (Private) Limited, being the parent company, shall made all future funding of ISGSL project. Based on this, the OGRA in its decision dated December 24, 2018, allowed Rs. 15 million and considered the same as full and final payment in this regard.

	Note	**September 30, 2016 (Un-audited)**	June 30, 2016 (Audited)
		-----------(Rupees in '000)	**----------**
8. TRADE DEBTS			
- secured		**17,273,794**	17,417,189
- unsecured		**79,391,485**	80,086,202
	8.1 & 8.2	**96,665,279**	97,503,391
Provision against doubtful debts		**(12,508,427)**	(11,196,056)
		84,156,852	86,307,335

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.34,712 million (June 30, 2016: Rs. 35,949 million) as at September 30, 2016 receivables from KE. Out of this, Rs. 30,352 million (June 30, 2016: Rs. 31,402 million) as at September 30, 2016 are overdue. However, the aggregate legal claim of the Holding Company from KE amounts to Rs. 69,066 million (June 30, 2016: Rs. 67,838 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 Company was entitled to charge LPS on outstanding principal amount at rate of:

  a. Highest OD rate being paid by the holding Company 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.

In March, 2014, management signed a payment plan with KE in order to streamline the payment modalities in relation to current monthly bills and old outstanding principal amount, in which the issue of LPS was not addressed. The plan expired on March 31, 2015, and first addendum was included to the original payment plan effective from April 1, 2015 till March 31, 2016. Upon expiry, the second addendum was included to the original payment plan on June 18, 2016 effective from April 1, 2016 till March 31, 2017. Currently, management is in a process to negotiate payment plan, which has not been finalised till the filing of these consolidated condensed interim financial information but the supply of gas and payment is continuing as per old plan.

It has been agreed during various meetings with KE and the Holding Company to appoint a firm of Chartered Accountants to reconcile the balances appearing in their respective books which is still pending.

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. 21,858 million (June 30, 2016: Rs. 21,708 million) as at September 30, 2016 including overdue balance of Rs.21,809 million (June 30, 2016: Rs. 21,659 million) as at September 30, 2016 receivable from PSML. However, the aggregate legal claim of the Holding Company from PSML amounts to Rs. 44,699 million (June 30, 2016: Rs. 43,266 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.

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 along with LPS. On April 6, 2016, the High Court of Sindh passed an order restraining PSML from creating any third party interest in relation to its assets including but not limited to immovable assets owned by it.

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

	Note	September 30, 2016 (Un-audited)	June 30, 2016 (Audited)
		-----------(Rupees in '000)----------	

9. INTEREST ACCRUED

	Note	September 30, 2016	June 30, 2016
Interest accrued on late payment of bills / invoices from:			
- WAPDA		**3,039,018**	2,978,891
- SNGPL		**5,102,593**	4,967,624
- JJVL		**420,270**	375,424
		8,561,881	8,321,939
Interest accrued on bank deposits		**2,370**	2,787
Interest accrued on sales tax refund		**487,739**	487,739
		9,051,990	8,812,465
Provision against impaired accrued income		**(84,392)**	(84,392)
		8,967,598	8,728,073

10. OTHER RECEIVABLES - considered good

	Note	September 30, 2016	June 30, 2016
Staff pension fund		**510,947**	515,263
Receivable for sale of gas condensate		**59,164**	78,972
Sui Northern Gas Pipelines Limited	10.1	**30,012,738**	25,677,084
Jamshoro Joint Venture Limited	10.2	**10,015,475**	10,435,616
Workers' Profit Participation Fund		**-**	161,655
Sales tax receivable	10.3	**20,653,744**	19,714,428
Sindh sales tax receivable		**112,569**	112,569
Pipeline rentals		**18,154**	18,154
LC margin for import of cylinders		**86,831**	39,105
Receivable against asset contribution	10.4	**389,125**	389,907
Miscellaneous receivable		**192,085**	147,505
		62,050,832	57,290,258
Provision against impaired receivables		**(2,346,359)**	(2,346,359)
		59,704,473	54,943,899

10.1 As at period end, receivable balance from SNGPL comprises of the following:

	Note	September 30, 2016	June 30, 2016
Uniform cost of gas		**20,425,322**	17,565,056
Lease rentals		**93,893**	58,729
Contigent rent		**3,535**	3,535
Capacity and utilisation charges of RLNG	10.1.1	**8,308,652**	7,191,242
RLNG transportation income		**731,833**	523,655
LSA Margins of RLNG		**449,503**	334,867
		30,012,738	25,677,084

10.1.1 The Holding Company has invoiced an amount of Rs 18,690 million including Sindh Sales Tax of Rs.2,296 million, till September 30, 2016 to SNGPL in respect of capacity and utilization charges (terminal charges) relating to RLNG.

SNGPL has disputed the terminal charges that have not been allowed to it by OGRA, terminal charges of a third party (i.e. Pak-Arab Fertilizer Company Limited (PAFCL)) and terminal charges with respect to those quantities which were not supplied to SNGPL. SNGPL is of the view that it will only pay terminal charges as per OGRA notification and for those quantities which are actually supplied to SNGPL and not the actual cost billed by the Holding Company. For quantity supplied to PAFL, PAFL is now making payment directly to the Holding Company according to the payment plan finalised.

In June 2016, the Economic Coordination Committee (ECC) approved the policy guidelines that all charges under LSA including, but not limited to capacity and utilization charges as well as retainage are to be included at actual. OGRA in its decision dated October 7, 2016 regarding determination of RLNG price, has allowed the terminal charges at actual.

Subsequent to the period end, on December 12, 2017, the Ministry of Energy in pursuance of the decision of ECC vide case submitted on September 03, 2015, allocated 12 BCF RLNG volume to the Holding Company. On September 10, 2018, another 18 BCF (in total 30 BCF) of RLNG volume has been allocated to the Holdng Company in order to resolve the matter of short supply, with the direction to enter into an agreement with SNGPL for RLNG allocated volumes with the condition that either the Holding Company will make payment to SNGPL for the RLNG sold in its franchise area or will return these molecules when dedicated pipeline is available.

OGRA, in its letter dated November 20, 2018, in pursuance of decision of the ECC, with the consent of SNGPL and the Holding Company, has determined the price mechanism for purchase and sale of allocated RLNG volumes. The agreement with SNGPL in this regard is under negotiation.

10.2 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 15.6 to these consolidated condensed interim financial information.

10.3 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. During the period FBR has released the sales tax refund amounting to Rs. 4,900 million.

10.4 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.

11. LONG-TERM FINANCE

	Note	September 30, 2016 (Un-audited)	June 30, 2016 (Audited)
		-----------(Rupees in '000)----------	
Secured			
Loans from banking companies	11.1,11.2 &11.3	**22,517,588**	24,521,058
Unsecured			
Front end fee of foreign currency loan		**23,950**	23,950
Customer finance		**238,806**	217,149
Government of Sindh loans	11.4	**4,273,039**	3,567,129
		4,535,795	3,808,228
Subtotal		**27,053,383**	28,329,286
Less: curent portion shown under current liabilities			
Loans from banking companies		**(4,458,333)**	(5,083,333)
Customer finance		**(21,953)**	(22,913)
Government of Sindh loans		**(650,000)**	(650,000)
		(5,130,286)	(5,756,246)
		21,923,097	22,573,040

11.1 A long term finance facility amounting to Rs. 15,000 million was sanctioned in October 2015 from a syndicate of banks. As at September 30, 2016, the Holding Company has utilised 3,000 million out of total sanctioned amount.

11.2 A long term finance facility amounting to Rs. 39,800 million was sanctioned in May 2016 from a syndicate of banks. As at September 30, 2016 the Holding Company has utilised Rs. 4,000 million out of the total sanctioned amount. The financial arrangements have been secured by GoP guarantee and ranking charge created by way of hypothecation over all present and future movable fixed Regasified Liquefied Natural Gas assets of the Holding Company including but not limited to compressor stations, transmission pipelines, distribution pipelines, pipeline construction machinery and equipments.

11.3 These loans / financial arrangements are secured by pari passu charge by way of hypothecation on all present and future movable fixed assets of the Holding Company comprising of compressor stations, transmission pipelines, distribution pipelines, pipeline construction machinery and equipments.

11.4 The Government of Sindh through its letter dated December 18, 2017, approved the conversion of Rs. 3,000 million of loan into grant for all the schemes which do not qualify per customer cost criteria. Based on this, the management has reversed impairment on operating assets amounting to Rs. 1,190 million relating to all unfeasible projects financed through such loan.

12. DEFERRED CREDIT

	September 30, 2016 (Un-audited)	June 30, 2016 (Audited)
	-----------(Rupees in '000)----------	
Government contributions / grants		
Additions / adjustments during the period	**-**	150,028
Transferred to consolidated profit and loss account	**7,073**	264,633
Contribution from customers		
Transferred to consolidated profit and loss account	**39,484**	168,457
Government of Sindh grants		
Transferred to consolidated profit and loss account	**37,702**	991,743

13. SHORT TERM BORROWINGS

These represent facilities for short term running finance / short term money market loan available from various banks amounting to Rs. 12,000 million (June 30, 2016: Rs. 9,625 million) and subject to mark-up upto 0.60% (June 30, 2016: 0.60%) 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.9,000 million (June 30, 2016: Rs 4,765 million).

	Note	September 30, 2016 (Un-audited)	June 30, 2016 (Audited)
		-----------(Rupees in '000)----------	
14. TRADE AND OTHER PAYABLES			
Creditors for:			
- gas supplies	14.2	**147,968,384**	142,449,420
- supplies		**782,419**	1,332,146
		148,750,803	143,781,566
Amount received from customers for laying of mains, etc.		**2,192,412**	2,182,955
Engro Elengy Terminal (Private) Limited		**1,212,518**	1,392,301
Accrued liabilities		**4,513,612**	4,099,054
Advances from LPG customers		**137,462**	159,147
Provision for compensated absences - non executives		**235,283**	220,431
Payable to staff gratuity fund		**2,589,331**	2,562,657
Deposits / retention money		**628,849**	563,973
Bills payable		**747,764**	323,849
Advance for sharing right of way		**18,088**	18,088
Unclaimed dividend		**273,298**	285,837
Withholding tax payable		**158,372**	147,378
Sales tax & Federal excise duty payable		**334,308**	324,338
Sindh sales tax payable		**187,211**	159,174
Processing Charges payable to JJVL		**5,822,645**	5,782,506
Gas infrastructure development cess payable		**7,686,691**	8,680,409
Gas development surcharge payable to GoP	14.1	**23,639,578**	18,604,884
Unclaimed Term Finance Certificate redemption profit		**1,800**	1,800
Inter State Gas System (Private) Limited (ISGSL)		**16,955**	20,321
Workers' Profit Participation Fund		**106,171**	-
Advances from customers and distributors		**34,991**	38,739
Transport and advertisement services		**-**	20,474
Others		**396,808**	314,199
		199,684,950	189,684,080

14.1 Gas Development Surcharge			
GDS payable / (receivable)		**18,604,884**	(25,798,540)
Recovered during the period		**4,576,923**	16,325,254
Impact of staggering	2.2	**917,942**	18,358,923
Price increase / (decrease) adjustment during the period		**(460,171)**	9,705,468
Claim under IAS 19 during the year		**-**	13,779
		23,639,578	18,604,884

14.2 As at September 30, 2016, amount of Rs. 116,520 million (June 30, 2016: Rs. 112,690 million) is payable to Oil and Gas Development Company Limited, Pakistan Petroleum Limited and Government Holdings (Private) Limited in respect of gas purchases along with interest of Rs. 15,832 million (June 30, 2016: Rs. 15,832 million) on their balances. The management has reversed the LPS expense in the financial statements for the year ended June 30, 2016. During the period, management has not recorded the LPS expense in these consolidated condensed interim financial information.

15. CONTINGENCIES AND COMMITMENTS

		September 30, 2016 (Un-audited)	June 30, 2016 (Audited)
		----------(Rupees in '000)----------	
15.1	Commitments for capital expenditure	**8,808,474**	13,324,315
15.2	Guarantees issued on behalf of the Group	**4,176,102**	4,429,184

15.3 Jamshoro Power Company Limited [(JPCL) WAPDA] has lodged claims against the Holding Company amounting to Rs. 35,182 million (June 30, 2016: Rs. 35,182 million) for short supply of gas under the provisions of an agreement dated April 10, 1995, between the Company and JPCL. As at June 30, 2018, this amount has increased to Rs. 44,989 million. JPCL has raised another claim amounting to Rs. 5.793 million (June 30, 2016: Rs. 5.793 million) for the alleged low Gas Calorific Value (GCV) measurement for the period from January 2002 to December 2002 and for the month of February 2003 as compared to the actual GCV billed by the Holding Company. The MP & NR vide its letter dated April 24, 2017, has also directed that the outstanding issues pertaining to the claims by JPCL be resolved and has proposed that a committee be constituted comprising of members from two companies and the concerned ministries to resolve the matter as it involves parties who represent / relate to Government of Pakistan.

No provision has been made against the said claims as management is confident that ultimately these claims will not be payable. Further, management believes that in case matter is decided against the Holding Company, the entire amount will be claimed from the OGRA in the determination of revenue requirements of the Holding Company.

15.4 As disclosed in note 19.2, the management has reversed LPS expense with effect from July 01, 2012 to June 30, 2016 amounting to Rs. 26,222 million on Government Controlled E&P Companies liabilities and has not recorded LPS expense for the period ended September 30, 2016 amounting to Rs. 1,940 million. The Holding Company will record and pay such LPS expense in the period only when it receives LPS income on amount receivable from KE and PSML.

15.5 Habibullah Coastal Power Company (Private) Limited (HCPCL) has claimed Rs.3,067 million as at July 26, 2016, from the Holding Company for short supply of gas under the provisions of an agreement dated March 31, 1996, between the Holding Company and HCPCL. HCPCL has also disputed late payment surcharge (LPS) charged by the Holding Company and errors in previous billing amounting to Rs. 660 million and is not paying full amount of gas bills including LPS. Consequently, the receivable balance due from HCPCL has increased to Rs. 6,196 million as at year end. HCPCL 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. 9,117 million which represents claim on account of failing to 'take or pay' for the gas made available to HCPCL, outstanding gas deposit and unpaid gas bills.

In case matter is decided against the Holding Company, management is confident that the entire amount will be claimed from the OGRA in the determination of revenue requirements of the Holding Company in line with decision made by the OGRA on the similar matter in the financial year 2009.

15.6 Arbitration proceedings between JJVL and the Holding Company has been initiated under the Pakistan Arbitration Act 1940 to settle the outstanding disputes between the parties. Accordingly, both the parties have appointed their respective arbitrators and filed their respective claims.

On June 13, 2018, Supreme Court of Pakistan (SCP) in its decision concluded that the Holding Company would not supply any gas to JJVL for the purpose of processing. Further a firm of chartered accountant was appointed to conduct a complete audit of JJVL within a period of two month to ascertain and determine the amount to be paid by JJVL to the Holding Company. Such matter relating to claimed amount will be undertaken after the report is submitted to SCP.

SCP through its order dated November 16, 2018, based on the report by a firm of chartered accountants, determined that Rs. 1,500 million is the undisputed amount that shall be paid within 8 weeks by JJVL. With respect to the Freight matter, SCP will settle the same and an appropriate order shall be passed in this regard. Further, firm of chartered accountants in his 2nd report submitted in SCP proposed an agreement between the parties with a sharing ratio of 57:43 in favor of the Holding Company against supply of gas to JJVL plant by the Holding Company, subject to payment of admitted liability by JJVL of Rs. 1,500 million by January 16, 2019.

SCP reviewed the agreement between the two parties as recommended by firm of chartered accountants and endorsed it as just and in national interest. SCP also directed the Company to resume the supply of gas to JJVL plant based on the new terms provided in the agreement.

Management is considering the recoverability of the receivable balance and may record further provision, if any, after the final report issued by the SCP. The arbitration is currently adjourned till the final order of the SCP and all the disputed matters taken to arbitration will be settled once the arbitration is completed, hence no provision is recorded in these consolidated condensed interim financial information.

			Quarter ended	
			September 30 2016	September 30 2015
			(Un-audited)	
		Note	**------------(Rupees in '000)------------**	
16.	**COST OF SALES**			
	Cost of gas	16.1	**31,220,979**	42,293,124
	Transmission and distribution costs		**3,972,812**	3,619,703
			35,193,791	45,912,827
16.1	**Cost of gas**			
	Opening gas in pipelines		**336,034**	341,904
	Gas purchases		**41,684,882**	53,759,871
			42,020,916	54,101,775
	Gas consumed internally		**(865,442)**	(133,288)
	Inward price adjustment		**(9,627,087)**	(11,308,722)
	Closing gas in pipelines		**(307,408)**	(366,641)
			(10,799,937)	(11,808,651)
			31,220,979	42,293,124
17.	**OTHER OPERATING EXPENSES**			
	Workers' Profit Participation Fund		**267,826**	-
	Auditors' remuneration		**5,545**	5,300
	Sports expenses		**5,326**	8,769
	Corporate social responsibility		**6,550**	6,396
	Exchange loss on payment of gas purchases		**519,038**	438,589
	Provision against impaired stores and spares		**783**	6,461
	Provision against impaired debt and other receivables		**1,312,371**	126,561
			2,117,439	592,076

	Note	Quarter ended September 30 2016	Quarter ended September 30 2015
		(Un-audited)	
		-----------(Rupees in '000)----------	
18. OTHER OPERATING INCOME			
Meter rentals		**181,743**	178,006
RLNG transportation income		**1,001,490**	-
Recognition of income against deferred credit		**39,810**	97,886
Income from new service connections and asset contribution		**67,611**	46,590
Income from LPG air mix distribution - net		**36,336**	81,727
Advertising income		**1,239**	1,703
Income from sale of tender documents		**1,105**	1,604
Scrap sales		**4,890**	663
Recoveries from customers		**21,128**	13,332
Liquidity damaged recovered		**46,550**	9,647
Gain on disposal of property, plant and equipment		**3,192**	1,546
Miscellaneous		**14,299**	2,654
		1,419,393	435,358
19. OTHER NON-OPERATING INCOME			
Income from financial assets			
Late payment surcharge		**1,374,309**	568,145
Income from net investment in finance lease		**-**	16,354
Income for receivable against asset contribution		**9,758**	10,265
Return on term deposits and profit and loss bank accounts		**21,354**	92,079
		1,405,421	686,843
Interest income on late payment of gas bills from			
- Jamshoro Joint Venture Limited		**44,846**	57,512
- Water and Power Development Authority		**60,127**	49,754
- Sui Northern Gas Pipelines Limited		**134,969**	274,091
		239,942	381,357
Dividend income		**712**	356
		1,646,075	1,068,556
Income from investment in debts, loans, advances and receivables from related parties			
Income from net investment in finance lease		**16,937**	22,329
Others			
Sale of gas condensate		**(34,856)**	50,239
Income on LPG and NGL - net	19.1	**(20,446)**	1,189,582
Meter manufacturing division profit / (loss) - net		**(5,111)**	8,536
Amortization of Government grant		**37,702**	-
Reversal of Impairment on Operating assets		**1,190,000**	-
		1,167,289	1,248,357
LSA margins against RLNG		**101,447**	-
		2,931,748	2,339,242

19.1. The Holding Company has an arrangement with Jamshoro Joint Venture Limited (JJVL) wherein JJVL was allowed to extract LPG from various gas fields and provide the Holding Company with mutually agreed quantity of LPG extracted and retain the rest for onward use. The Holding Company paid processing charges of $235/MT for the months on which JJVL's production share is below 57.1% and $220/MT if JJVL's production share is more than 57.1%.

The net income from LPG business has declined due to steady decline in LPG prices globally, in line with decline in global oil prices. Since, the Holding Company is paying fixed processing charges to JJVL, it has to fully absorb the effect of declining prices of LPG. Consequently, the Holding Company sent termination notices of MoU with JJVL dated May 4, 2016; however, JJVL has taken stay order from Sindh High Court against such termination on May 16, 2016. Refer note 15.6 of these consolidated condensed interim financial information for status of arbitration proceedings with JJVL.

19.2. As disclosed in note 8.1 and 8.2, effective from July 1, 2012, the Holding Company has been accounting for LPS from KE and PSML on receipt basis as per IAS 18 "Revenue". However, the Holding Company continued recognition of the LPS expenses payable on outstanding payables of the Government Controlled E & P Companies i.e. Oil and Gas Development Company Limited (OGDCL), Pakistan Petroleum Limited (PPL) and Government Holding (Private) Limited (GHPL) to comply with the requirements of the accounting standards, as such standards do not allow the Holding Company to offset its LPS income against the mark-up expense in absence of legal right of set off, despite the fact that the Holding Company has never paid such LPS to Government Controlled E&P Companies. Therefore, the management approached MP & NR through its letter dated September 1, 2016 to allow similar treatment of its LPS payable to the Government Controlled E&P Companies due to special and unusual circumstances arising from circular debt. Management's request was also based on, besides the unique situation of circular debt, past settlement record on net basis which was approved by ECC in 2001 and the fact that OGDCL, PPL and GHPL have adopted the accounting policy whereby such LPS incomes will be recorded in their financial statements only when the same are received.

In response to the Holding Company's above request, the MP & NR vide their letter dated January 3, 2017 has supported the contention of the Holding Company that it will not recognize LPS expense payable to the Government Controlled E & P Companies (OGDCL, PPL and GHPL), effective from July 1, 2012, till the time Holding Company receives payment for LPS income from KE and PSML and it would be settled simultaneously subject to fulfillment of all the codal formalities. Based on the letter received from MP & NR, and the legal opinion, the Holding Company has reversed the LPS expense on delayed payments on gas supplies effective from July 1, 2012. Further it has been decided that the Holding Company will record and pay such expense in the period only when it receives LPS income from KE and PSML.

Had the management not reversed the LPS expense payable from July 1, 2012 to June 30, 2016 of Rs. 26,222 million and recorded LPS expense for the period ended September 30, 2016 amounting to Rs. 1,940 million on outstanding payables to Government Controlled E&P Companies, the effect in these consolidated condensed interim financial information would be as follows:

	September 30, 2017 (Un-audited)	June 30, 2016 (Audited)
	------------(Rupees in '000)	**--------**
- Increase in loss before tax	**28,162,136**	26,221,647
- Increase in loss after tax / accumulated losses	**19,713,495**	18,335,153
- Increase in loss per share - Rupees	**22.38**	20.84

	Quarter ended	
	September 30 2016	September 30 2015
	(Un-audited)	
	--------(Rupees in '000)--------	

20. TAXATION

- Current	**1,823,008**	4,372
- Deferred	**(915,835)**	(1,101,974)
	907,173	(1,097,602)

21. ADJUSTMENTS FOR NON-CASH AND OTHER ITEMS

Provisions	**1,624,184**	524,506
Depreciation	**1,414,537**	1,197,836
Amortization of intangibles	**5,022**	12,259
Finance cost	**643,983**	2,594,307
Amortization of transaction cost	**(1,815)**	(24,978)
Amortization of government grant	**(37,702)**	-
Recognition of income against deferred credit	**(46,558)**	(97,886)
Dividend income	**(712)**	(356)
Interest income and return on term deposits	**(267,926)**	(483,701)
Income from net investment in finance lease	**(16,937)**	(38,683)
(Gain) / Loss on disposal of property plant and equipment	**(3,192)**	(1,546)
Decrease in long term advances	**-**	61,424
Decrease in deffered credit	**-**	(68,173)
(Reversal) / Provision for impairment of operating assets	**(1,190,000)**	-
Decrease in obligation against pipeline	**(9,978)**	(9,124)
	2,112,906	3,665,885

22. WORKING CAPITAL CHANGES

(Increase) / decrease in current assets		
Stores and spares	**(1,754,369)**	30,151
Stock-in-trade	**(44,343)**	(79,172)
Customers' installation work-in-progress	**634**	(5,322)
Trade debts	**852,633**	(2,692,131)
Advance deposits and short term prepayments	**127,509**	(90,541)
Other receivables	**(4,404,558)**	(418,174)
	(5,222,494)	(3,255,189)
Increase in current liabilities		
Trade and other payables	**9,452,784**	11,148,695
	4,230,290	7,893,506

23. TRANSACTIONS WITH RELATED PARTIES

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

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

	Relationship	Quarter ended September 30, 2016 (Un-audited)	Quarter ended September 30, 2015
		-----------(Rupees in '000)	----------
Astro Plastic (Private) Limited	Associate		
- Billable charges		**36,708**	38,425
Attock Cement Limited	Associate		
- Billable charges		**8,685**	10,175
Fauji Fertilizer Company Limited	Associate		
- Billable charges		**-**	14
Gadoon Textile Mills Limited	Associate		
- Billable charges		**92**	95
Government related entities - various			
- Purchase of fuel and lubricant		**4,433**	-
- Billable charges		**19,737,755**	21,913,578
- Sharing of expenses		**15,400**	23,436
- Income from net investment in finance		**16,937**	22,329
- Gas purchases		**17,395,761**	20,010,040
- Sale of gas meters and spare parts		**-**	254,403
- Rent of premises		**554**	-
- Insurance premium		**20,412**	35,251
- Uniform cost of gas		**6,819,475**	11,308,722
- Electricity expense		**51,798**	57,507
- Interest income		**195,096**	323,845
- Markup on delayed payment on gas supplies		**-**	2,080,161
- RLNG transportation income		**1,001,490**	-
Markup on long term finance		**15,368**	-
Markup on short term finance		**3,151**	-
- Income against LNG service agreement		**101,447**	-
Habib Bank Limited	Associate		
- Profit on investment		**4,273**	3,721
- Markup on short term finance		**5,438**	4,919
- Markup on local currency finance		**70,023**	18,653
- Billable charges		**4,094**	3,655
International Industries Limited	Associate		
- Billable charges		**57,325**	258,825
* **Ismail Industries Limited**	Associate		
- Billable charges		**-**	90,178
Key management personnel			
- Remuneration		**58,522**	46,021
Minto & Mirza	Associate		
- Professional charges		**450**	1,350
Pakistan Cables Limited	Associate		
- Billable charges		**25,166**	19,694

	Relationship	Quarter ended September 30, 2016 (Un-audited)	Quarter ended September 30, 2015 (Un-audited)
		-----------(Rupees in '000)-----------	
Pakistan Engineering Company Limited	Associate		
- Billable charges		**15**	14
* **Pakistan Stock Exchange Limited**	Associate		
- Billable charges		**-**	77
PERAC - Research and Development Foundation	Associate		
- Professional charges		**249**	-
- Billable charges		**22**	-
** **Petroleum Institute of Pakistan**	Associate		
- Subscription/Contribution		**2,032**	-
Staff retirement benefit plans	Associate		
- Contribution to provident fund		**70,940**	65,005
- Contribution to pension fund		**49,092**	140,809
- Contribution to gratuity fund		**79,781**	75,823
* **Standard Chartered Bank Limited**	Associate		
- Profit on investment		**-**	1,186
- Markup on local currency finance		**-**	3,614
Thatta Cement Company Limited	Associate		
- Gas sales		**1,390**	8,907

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

** Comparative transaction with these parties have not been disclosed as these parties were not related parties in previous 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:

	Relationship	September 30, 2016 (Un-audited)	June 30, 2016 (Audited)
		-----------(Rupees in '000)----------	
Astro Plastic (Private) Limited	Associate		
- Billable charges		**13,277**	12,785
Attock Cement Limited	Associate		
- Billable charges		**1,245**	2,691
- Gas supply deposit		**(588)**	(566)
* **Attock Refinery Limited**	Associate		
- Sale of condensate		**-**	42,105
Gadoon Textile Mills Limited	Associate		
- Billable charges		**21**	14
- Gas supply deposit		**(138)**	(117)
Government related entities - various			
- Billable charges		**62,653,727**	63,604,130
- Markup accrued on borrowings		**859,375**	2,186,389
- Sharing of expenses		**-**	(20,321)
- Net investment in finance lease		**93,893**	58,729
- Gas purchases		**(119,391,787)**	(115,513,943)
- Gas meters		**326,748**	558,732
- Uniform cost of gas		**20,425,322**	17,565,056
- Cash at bank		**2,029,507**	103,055
- Stock loan		**(2,304)**	(2,304)
- Recoverable from insurance		**(31,369)**	(950)
- Gas supply deposit		**(15,352)**	(11,646)
- Interest expense accrued - late payment surcharge on gas bills		**(15,832,411)**	(15,832,411)
- Interest income accrued - late payment on gas bills		**8,141,611**	7,946,515
- Contingent rent		**3,535**	3,535
- Capacity and utilisation charges of RLNG		**8,308,652**	7,191,242
- RLNG transportation income		**731,833**	523,655
- Income against LNG service agreement		**449,433**	334,868
Habib Bank Limited	Associate		
- Long term finance		**(4,098,958)**	(4,185,625)
- Short term finance		**(3,000,000)**	(1,497,943)
- Cash at bank		**421,139**	128,301
- Accrued mark-up		**(108,323)**	(37,641)
- Billable charges		**1,190**	1,371
International Industries Limited	Associate		
- Billable charges		**19,300**	90,011
Pakistan Cables Limited	Associate		
- Billable charges		**7,962**	8,160
- Gas supply deposit		**(1,071)**	(1,071)
Pakistan Engineering Company Limited	Associate		
- Billable charges		**5**	5
- Gas supply deposit		**(15)**	(15)
PERAC - Research & Development Foundation	Associate		
- Professional charges		**-**	57
- Billable charges		**5**	9
- Gas supply deposit		**(220)**	(220)
Thatta Cement Company Limited	Associate		
- Billable charges		**301**	481

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

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 are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance. As a result, management has identified the following two segments:

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

Segment revenue and results

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

	Quarter ended			
	Segment revenue		Segment Profit / (loss)	
	September 30, 2016	September 30, 2015	**September 30, 2016**	September 30, 2015
	(Un-audited)			
	(Rupees in '000)			
Gas transmission and distribution	**44,893,594**	47,138,664	**7,218,322**	(2,984,230)
Meter manufacturing	**309,190**	465,015	**(5,111)**	8,536
Total segment results	**45,202,784**	47,603,679	**7,213,211**	(2,975,694)
Unallocated - other expenses				
- Other operating expenses			**(2,117,438)**	(592,076)
Unallocated - other income				
- Non-operating income			**39,002**	131,118
Profit / (Loss) before tax			**5,134,775**	(3,436,652)

The above revenue includes sale of meters by meter manufacturing segment to gas transmission and distribution amounting to Rs. 305 million (2016: Rs.210 million).

Segment assets and liabilities

	September 30, 2016 (Un-audited)	June 30, 2016 (Audited)
	(Rupees in '000)	
Segment assets		
Gas transmission and distribution	**262,205,074**	252,867,937
Meter manufacturing	**2,799,265**	2,797,872
Total segment assets	**265,004,339**	255,665,809
Unallocated		
- Loans and advances	**2,879,016**	1,096,626
- Taxation - net	**17,455,387**	20,053,925
- Interest accrued	**490,109**	490,526
- Cash and bank balances	**4,823,719**	1,357,962
	25,648,231	22,999,039
Total assets as per balance sheet	**290,652,570**	278,664,848
Segments liabilities		
Gas transmission and distribution	**267,360,589**	259,786,262
Meter manufacturing	**702,586**	701,008
Total segment liabilities	**268,063,175**	260,487,270
Unallocated		
- Employee benefits	**4,853,731**	4,716,523
Total liabilities as per balance sheet	**272,916,906**	265,203,793

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 September, 2016			
	Level 1	**Level 2**	**Level 3**	**Total**
	--------Rupees in '000--------			
Assets				
Available for sale investments				
Quoted equity securities	**285,321**	**-**	**-**	**285,321**

	As at June 30, 2015			
	Level 1	Level 2	Level 3	Total
	--------Rupees in '000--------			
Assets				
Available for sale investments				
Quoted equity securities	238,315	-	-	238,315

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 September 30, 2016	
	Level 2	**Fair Value**
	--------Rupees in '000--------	
Freehold land	**5,453,582**	**5,453,582**
Leasehold land	**6,937,190**	**6,937,190**
	12,390,772	**12,390,772**

	As at June 30, 2016	
	Level 2	Fair Value
	--------Rupees in '000--------	
Freehold Land	5,453,582	5,453,582
Leasehold Land	6,937,190	6,937,190
	12,390,772	12,390,772

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

These Consolidated condensed interim financial information were authorised for issue in Board of Directors meeting held on 13 February 2019.

Chairman	Chief Financial Officer	Managing Director

KEY DATA

FRANCHISE AREA	SINDH AND BALOCHISTAN	
	Three months period ended September 31,	
	2016	2015
NATURAL GAS SALES VOLUME (MMCF)	91,957	99,955
NUMBER OF CUSTOMERS (CUMULATIVE)		
INDUSTRIAL	4,181	4,164
COMMERCIAL	21,423	23,242
DOMESTIC	2,753,243	2,700,664
TOTAL	2,778,847	2,728,070
GAS METERS MANUFACTURED (NOS.)	112,930	143,834
TRANSMISSION NETWORK - CUMULATIVE (KM)		
DIAMETER		
6"	36	36
12"	522	493
16"	558	558
18"	970	950
20"	844	852
24"	666	653
30"	9	9
42"	31	0
	3,636	3,551
DISTRIBUTION NETWORK - CUMULATIVE (KM)		
MAINS (1" - 30" DIAMETER)	34,997	34,482
SERVICES	9,879	9,606
	44,876	44,088

SSGC

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