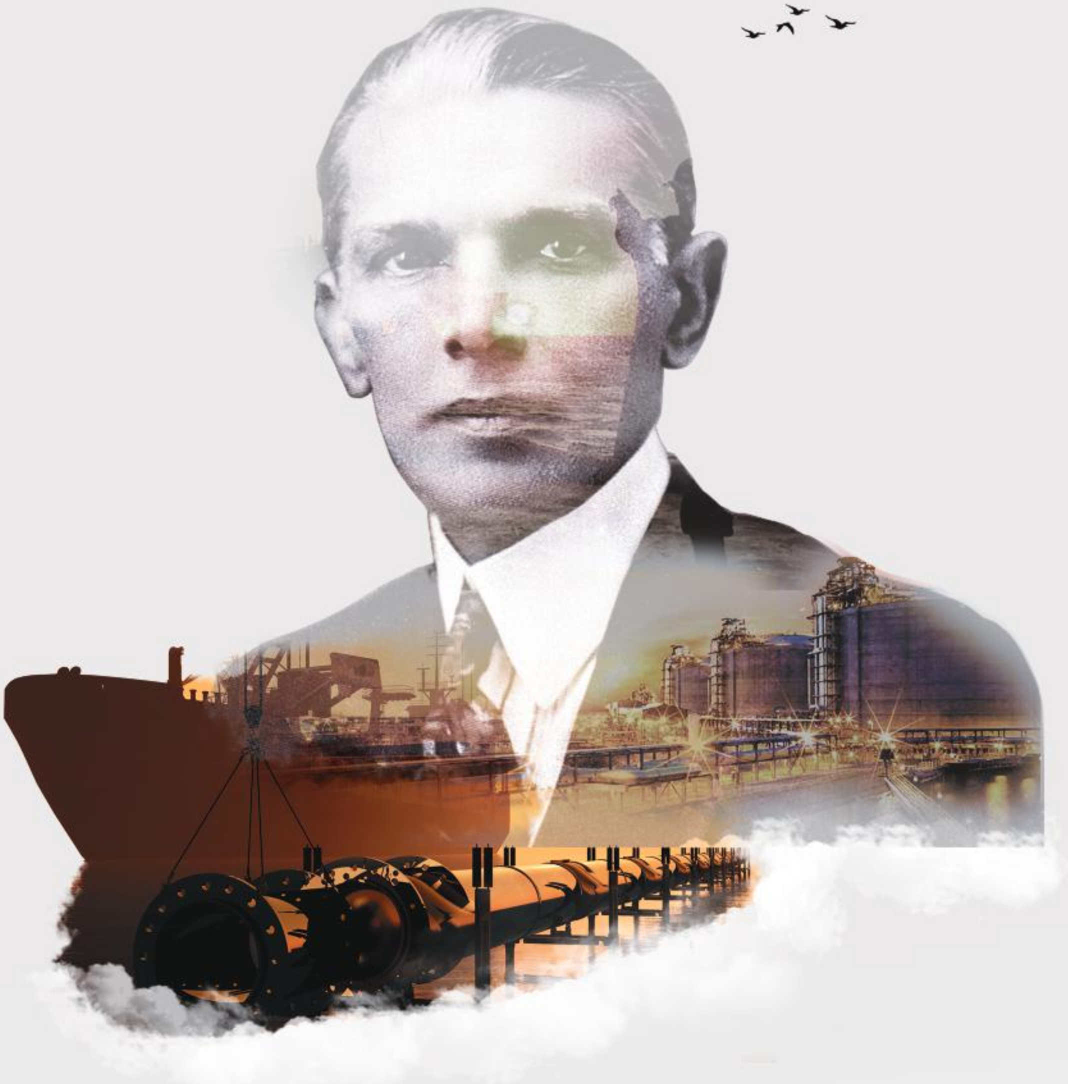
Sui Southern Gas Company Limited



Un-Audited Condensed Interim Financial Information for the quarter ended September 30, 2018

TAKING INSPIRATION FROM HISTORY AND MOVING FORWARD

SSGC | Sui Southern Gas Company Limited

Un-Audited Unconsolidated Condensed Interim Financial Information
for the quarter ended September 30, 2018

CORPORATE PROFILE

BOARD OF DIRECTORS

AS ON SEPTEMBER 30, 2018

Lieutenant General Javed Zia (R), HI(M)	Chairman
Sardar Rizwan Kehar	Member
Mirza Mahmood Ahmad	Member
Mr. Azher Ali Choudhry	Member
Nawabzada Riaz Nosherwani	Member
Mr. Abdul Ghufran	Member
Agha Sher Shah	Member
Qazi Mohammad Saleem Siddiqui	Member
Mr. Muhammad Riaz Khan	Member
Dr. Ahmed Mujtaba Memon	Member

ACTING MANAGING DIRECTOR
Mr. Muhammad Amin Rajput

COMPANY SECRETARY
Mr. Shoaib Ahmed

AUDITORS
M/s. Deloitte Yousuf Adil, Chartered Accountants

LEGAL ADVISOR
M/s. Orr, Dignam & Co. Advocates

REGISTERED OFFICE
SSGC House, Sir Shah Suleman Road,
Gulshan-e-Iqbal, Block 14, Karachi – 75300, Pakistan

CONTACT DETAILS
Ph: 92-21-99021000
Fax: 92-21-9923-1702
Email: info@ssgc.com.pk
Web: www.ssgc.com.pk

SHARES REGISTRAR
CDC Share Registrar Services Limited,
CDC House, 99-B, Block B, SMCHS,
Main Sharah-e-Faisal, Karachi.
Ph: 021-111-111-500
Fax: 021-34326034

BOARD OF DIRECTORS' COMMITTEES

Board HR and Remuneration Committee

Lieutenant General Javed Zia (R), HI(M)	Chairma
Mr. Muhammad Amin Rajput	AMD
Sardar Rizwan Kehar	Member
Mr. Azher Ali Choudhry	Member
Nawabzada Riaz Nosherwani	Member
Mirza Mahmood Ahmad	Member

Board Finance and Procurement Committee

Mr. Abdul Ghufran	Chairman
Mr. Muhammad Amin Rajput	AMD
Mr. Azher Ali Choudhry	Member
Mirza Mahmood Ahmad	Member
Qazi Mohammad Saleem Siddiqui	Member
Agha Sher Shah	Member
Dr. Ahmed Mujtaba Memon	Member

Board Audit Committee

Agha Sher Shah	Chairman
Qazi Mohammad Saleem Siddiqui	Member
Syed Ghazanfar Abbas Jilani	Member
Mr. Muhammad Riaz Khan	Member

Board Risk Management, Litigation and HSEQA Committee

Mr. Muhammad Riaz Khan	Chairman
Mr. Muhammad Amin Rajput	AMD
Mr. Abdul Gufran	Member
Mirza Mahmood Ahmad	Member

Special Committee of Directors on UFG

Sardar Rizwan Kehar	Chairman
Mr. Muhammad Amin Rajput	AMD
Lieutenant General Javed Zia (R), HI(M)	Member
Nawabzada Riaz Nosherwani	Member
Mirza Mahmood Ahmad	Member
Mr. Muhammad Riaz Khan	Member
Qazi Mohammad Saleem Siddiqui	Member

Board Nomination Committee

Lieutenant General Javed Zia (R), HI(M)	Chairman
Agha Sher Shah	Member
Sardar Rizwan Kehar	Member
Mr. Abdul Gufran	Member

DIRECTORS' REVIEW

For Three Months Period Ended September 30, 2018

I am pleased to share the Company's unaudited results for the three months ended September 30, 2018. The Company continued to face serious challenges during the period under review, some of which are critical for the Company's growth and viability.

Financial Overview

The Company recorded a Net After Tax Loss of Rs. 3,224 million after incorporating major disallowances by OGRA.

The financial highlights of the period include:

	Three Months ended September 30, 2018 (Rupees in Million)
Loss before taxation	(2,911)
Taxation	(313)
Loss after taxation	(3,224)

SSGC is allowed 17% return on its average net operating fixed assets as per Guaranteed Return Formula prescribed by OGRA before financial charges and taxes. However, adjustments made by OGRA while determining the revenue requirements based on efficiency related benchmarks viz a viz Un-accounted for Gas (UFG), Human Resource Benchmark Cost, Provision for Doubtful Debts and some expenses affect the bottom line of the Company.

Financial Statements for the three months ended September 30, 2018 have been prepared in line with OGRA Determination on Final Revenue Requirement for FY 2017-18 issued on April 23, 2020 (except for certain unusual disallowances in UFG Determination against which the Company has filed Review Petition). Total disallowances absorbed in these three months' financial results amounted to Rs. 4.5 billion against Rs. 3.8 billion return on assets.

The main reasons for reporting after tax loss during the quarter were as under:

High UFG Disallowance

The extremely high UFG disallowance is due to the fact that OGRA is not accepting RLNG Volume Handling benefit allowed to SSGC vide Economic Coordination Committee (ECC) summary dated May 11, 2018. Had this benefit been allowed to SSGC the net UFG disallowance of Rs. 4.5 billion would have been reduced by Rs. 2.7 billion.

All the stakeholders in RLNG supply chain are getting compensation for incidental cost / losses on actual basis in the process of RLNG Supply. Similar benefit was allowed to SSGC through above referred ECC summary in the form of Volume Handling benefit in UFG Benchmark determination. However, OGRA has refused to implement the same causing huge financial loss to SSGC in the form of UFG disallowance.

In order to control precarious situation which the Company is facing and to address OGRA's concerns, leading to non-implementation of above Summary, MoE – PD considering the legitimacy of the Company's claim decided to pursue the matter afresh after consulting all the stakeholders and had moved another Summary to the ECC so as to enforce decision made earlier by the ECC.

Resolution of the above said issue is significant even for future periods, in the absence of which further deterioration in the financial position may occur due to erosion of Equity further which will cast serious doubt on the sustainable and efficient operations of the Company in the manner expected by its stakeholders including GoP.

Absorption of Past Staggered Losses

Absorption of Rs. 0.9 billion of staggered losses pertaining Sindh High Court decision dated November 25, 2016 wherein SSGC claim on UFG Benchmark and on the treatment of certain Non-operating Incomes have been rejected. As a consequence of this decision, SSGC had to absorb losses of Rs. 36.7 billion pertaining to FY 2011 to FY 2015. With the approval of competent authorities, SSGC had staggered these losses in six years and up till September 30, 2017 SSGC has absorbed Rs. 26.6 billion.

High Financial Cost

Financial charges for the period were Rs. 1.7 billion which is Rs. 0.7 billion higher than the Financial Charges for the corresponding period last year. The increase is mainly on account of Long Term Loan obtained to finance Pipeline Infrastructure for transmission of RLNG from Port Qassim Karachi to Sawan for delivering RLNG to SNGPL network. Besides this, Company's cash flows remained stretched owing to the circular debt resulting additional Finance Cost on Short Term Borrowings.

Future Outlook

Moving forward, reduction in UFG is the key to keeping the Company operationally and financially viable. Further, it is critical that the Company be allowed to calculate UFG allowance based on RLNG handling on volumetric basis based on the decision of ECC of the Cabinet.

Acknowledgements

The Board of Directors wish to express their appreciation for the continued support received from the shareholders and its valued customers. The Board also acknowledges the dedication of all the employees who soldiered on, despite number of challenges confronting the Company. The directors also thank the Government of Pakistan, the Ministry of Petroleum and Natural Resources and the Oil and Gas Regulatory Authority, for their continued guidance and support.

On behalf of the Board.

Chairperson
Karachi

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
As at September 30, 2018

	Note	September 30, 2018 (Un-audited)	June 30, 2018 (Audited)
		--------(Rupees in '000)--------	
ASSETS			
Non-current assets			
Property, plant and equipment	6	120,677,228	120,523,674
Intangible assets		41,098	48,853
Deferred tax	7	-	-
Long term investments	8	1,341,872	1,376,433
Net investment in finance lease		232,311	246,764
Long term loans and advances		174,184	180,117
Long-term deposits		17,438	17,438
Total non-current assets		122,484,131	122,393,279
Current assets			
Stores, spares and loose tools		1,852,384	2,015,195
Stock-in-trade		1,449,933	1,125,441
Current maturity of net investment in finance lease		57,815	57,815
Customers' installation work-in-progress		192,997	179,691
Trade debts	9	75,467,947	76,761,352
Loans and advances		2,795,873	2,492,061
Advances, deposits and short term prepayments		137,789	171,729
Interest accrued	10	12,118,411	11,690,562
Other receivables	11	171,836,524	149,239,943
Taxation - net		19,308,201	19,549,064
Cash and bank balances		243,730	410,399
Total current assets		285,461,604	263,693,252
Total assets		407,945,735	386,086,531

The annexed notes from 1 to 30 form an integral part of this unconsolidated condensed interim financial information.

Dr. Shamshad Akhtar	**Muhammad Amin Rajput**	**Syed Fasihuddin Fawad**
Chairperson	Acting Managing Director	Acting Chief Financial Officer

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at September 30, 2018

	Note	September 30, 2018 (Un-audited)	June 30, 2018 (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		**300,244**	334,805
Surplus on revaluation of fixed assets		**13,673,415**	13,673,415
Accumulated losses		**(27,542,199)**	(24,318,479)
Total equity		**148,024**	3,406,305
LIABILITIES			
Non-current liabilities			
Long term finance	12	**45,480,501**	44,721,775
Long term deposits		**15,892,151**	15,181,333
Employee benefits		**6,127,486**	5,935,400
Obligation against pipeline		**920,291**	933,345
Deferred credit	13	**6,196,947**	6,037,795
Long term advances		**3,155,120**	3,148,848
Total non-current liabilities		**77,772,496**	75,958,496
Current portion of long term finance	12	**9,798,167**	11,573,691
Short term borrowings	14	**11,993,001**	9,759,947
Trade and other payables	15	**289,530,889**	267,253,137
Current portion of obligation against pipeline		**50,505**	49,386
Current portion of Deferred credit		**570,973**	570,973
Unclaimed Dividend		**285,565**	285,565
Interest and mark-up accrued	16	**17,796,115**	17,229,031
Total current liabilities		**330,025,215**	306,721,730
Total liabilities		**407,797,711**	382,680,226
Contingencies and commitments			
Total equity and liabilities		**407,945,735**	386,086,531
Contingencies and commitments	17		

The annexed notes from 1 to 30 form an integral part of this unconsolidated condensed interim financial information.

Dr. Shamshad Akhtar	**Muhammad Amin Rajput**	**Syed Fasihuddin Fawad**
Chairperson	Acting Managing Director	Acting Chief Financial Officer

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)

For the quarter ended September 30, 2018

	Note	Quarter ended September 30, 2018	Quarter ended September 30, 2017
		--------------(Rupees in '000)--------------	
Sales	18	**55,808,644**	43,275,697
Sales tax	18	**(7,127,756)**	(5,794,178)
		48,680,888	37,481,519
Gas development surcharge		**15,487,237**	2,054,740
RLNG differential margins	19	**(4,212,852)**	-
		11,274,385	2,054,740
Net sales		**59,955,273**	39,536,259
Cost of sales	20	**(61,699,808)**	(39,786,222)
Gross Loss		**(1,744,535)**	(249,963)
Administrative and selling expenses		**(1,123,320)**	(1,077,315)
Other operating expenses	21	**(1,410,597)**	(964,999)
		(2,533,917)	(2,042,314)
		(4,278,452)	(2,292,277)
Other operating income	22	**3,124,170**	2,431,691
Operating (Loss) / Profit		**(1,154,282)**	139,414
Finance cost		**(1,756,950)**	(1,088,260)
Loss before taxation		**(2,911,232)**	(948,846)
Taxation	23	**(312,488)**	(2,765,606)
Loss for the period		**(3,223,720)**	(3,714,452)
Basic / diluted loss per share (Rupees)		**(3.66)**	(4.22)

The annexed notes from 1 to 30 form an integral part of this unconsolidated condensed interim financial information.

Dr. Shamshad Akhtar
Chairperson

Muhammad Amin Rajput
Acting Managing Director

Syed Fasihuddin Fawad
Acting Chief Financial Officer

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

For the quarter ended September 30, 2018

	Quarter ended	
	September 30, 2018	'September 30, 2017
	-----------(Rupees in '000)-----------	
Loss for the period	**(3,223,720)**	(3,714,452)
Other comprehensive income		
Item that may be reclassified subsequently to Unconsolidated statement of profit or loss		
Unrealised (loss) / gain on re-measurement of available for sale securities	**(34,561)**	(59,945)
Total comprehensive loss for the period	**(3,258,281)**	(3,774,397)

The annexed notes from 1 to 30 form an integral part of this unconsolidated condensed interim financial information.

Dr. Shamshad Akhtar Chairperson	**Muhammad Amin Rajput** Acting Managing Director	**Syed Fasihuddin Fawad** Acting Chief Financial Officer

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOW (UN-AUDITED)

For the quarter ended September 30, 2018

	Note	Quarter ended September 30, 2018	Quarter ended September 30, 2017
		--------(Rupees in '000)--------	
CASH FLOW FROM OPERATING ACTIVITIES			
Loss before taxation		**(2,911,232)**	(948,846)
Adjustments for non-cash and other items	24	**4,006,949**	2,997,887
Working capital changes	25	**624,933**	(3,255,676)
Financial charges paid		**(1,215,472)**	(999,580)
Employee benefits paid		**(28,283)**	(27,119)
Payment for retirement benefits		**(298,579)**	(238,949)
Long term deposits received - net		**710,818**	275,474
Deposits paid - net		**-**	(573)
Loans and advances to employees - net		**(297,880)**	(101,395)
Interest income and return on term deposits received		**14,671**	42,055
Income taxes paid		**(71,625)**	(257,085)
Net cash generated from / (used in) operating activities		**534,300**	(2,513,807)
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		**(1,942,643)**	(2,217,104)
Payments for intangible assets		**(120)**	(188)
Payment for obligation against pipeline		**(33,933)**	(33,933)
Proceeds from sale of property, plant and equipment		**33,366**	36,314
Lease rental from net investment in finance lease		**26,106**	28,695
Dividend received		**-**	356
Net cash used in investing activities		**(1,917,224)**	(2,185,860)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayments of local currency loans		**(1,013,534)**	(704,583)
Consumer finance received		**-**	11,145
Repayment of consumer finance		**(3,265)**	4,402
Net cash used in financing activities		**(1,016,799)**	(689,036)
Net decrease in cash and cash equivalents		**(2,399,723)**	(5,388,703)
Cash and cash equivalents at beginning of the period		**(9,349,548)**	(2,003,801)
Cash and cash equivalents at end of the period		**(11,749,271)**	(7,392,504)
Cash and cash equivalent comprises:			
Cash and bank balances		**243,730**	480,322
Short term borrowings		**(11,993,001)**	(7,872,826)
		(11,749,271)	(7,392,504)

The annexed notes from 1 to 30 form an integral part of this unconsolidated condensed interim financial information.

Dr. Shamshad Akhtar	**Muhammad Amin Rajput**	**Syed Fasihuddin Fawad**
Chairperson	Acting Managing Director	Acting Chief Financial Officer

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

For the quarter ended September 30, 2018

	Issued, subscribed and paid-up capital	Capital reserves	Revenue reserves	Surplus on re-measurement of available for sale securities	Surplus on revaluation of fixed assets	Unappropriated profit	Total
	-----------------	-----------------	-----------------	(Rupees in '000)	-----------------	-----------------	-----------------
Balance as at June 30, 2017	**8,809,163**	**234,868**	**4,672,533**	**518,699**	**11,728,265**	**(9,880,716)**	**16,082,812**
Total comprehensive loss for the quarter ended September 30, 2017							
Loss for the period	-	-	-	-	-	(3,714,452)	(3,714,452)
Other comprehensive loss for the period	-	-	-	(59,945)	-	-	(59,945)
Total comprehensive loss for the period	-	-	-	(59,945)	-	(3,714,452)	(3,774,397)
Balance as at September 30, 2017	8,809,163	234,868	4,672,533	458,754	11,728,265	(13,595,168)	12,308,415
Balance as at June 30, 2018	**8,809,163**	**234,868**	**4,672,533**	**334,805**	**13,673,415**	**(24,318,479)**	**3,406,305**
Total comprehensive loss for the quarter ended September 30, 2018							
Loss for the period	-	-	-	-	-	(3,223,720)	(3,223,720)
Other comprehensive loss for the period	-	-	-	(34,561)	-	-	(34,561)
Total comprehensive loss for the period	-	-	-	(34,561)	-	(3,223,720)	(3,258,281)
Balance as at September 30, 2018	**8,809,163**	**234,868**	**4,672,533**	**300,244**	**13,673,415**	**(27,542,199)**	**148,024**

The annexed notes from 1 to 30 form an integral part of this unconsolidated condensed interim financial information.

Dr. Shamshad Akhtar	**Muhammad Amin Rajput**	**Syed Fasihuddin Fawad**
Chairperson	Acting Managing Director	Acting Chief Financial Officer

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.

The registered office of the Company is situated at SSGC House, Sir Shah Suleman Road, Block 14, Gulshan e Iqbal, Karachi. The Company's pipe coating plant is situated at Plot No. F-76 Site Avenue Karachi (Here 3/4", 1" & 2" pipe is coated for Distribution South Karachi) and the Company Khadeji P&C Base Camp M-9 Motorway Karachi.

The addresses of other regional offices of the Company are as follows:

Region	Address
Karachi West	Site Office, Karachi. Plot No. F/36 & F/37 Site Area Karachi.
Karachi East	Plot # 21/1, Sector 22, Korangi Industrial Area, Karachi.
Karachi Central	Azad Trade Center Near Civic Center Karachi.
Hyderabad	SSGC Regional Office, Opp. New Eidgah, National Highway Qasimabad, Hyderabad.
Nawabshah	SSGC Regional Office, Near Sikandar Art Gallery Housing Society, Nawabshah.
Sukkur	SSGC Regional Office, Golimar Road, SITE Area Sukkur.
Larkana	SSGC Regional Office, Near Shaikh Zaid Women Hospital, Larkana.
Quetta	SSGC Office, Samungli Road, Quetta.

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 17.43% per annum (June 30, 2018 17.00%) 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 quarter, the Company has loss after tax of Rs. 3,224 million resulting in increase of its accumulated losses by Rs. 3,224 million and diminishing equity to Rs. 148 million after including the impact of staggering as disclosed in note 2.2. As at period end, current liabilities exceed its current asset by Rs. 44,564 million and accumulated losses stood at Rs. 27,542 million.

The Company's financial performance for the quarter has been deteriorated mainly because of higher UFG due to RLNG off load into SSGC franchise area which was sold to indigenous gas customers and staggering of losses due to 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:

- Economic Coordination Committee (ECC) in its meeting dated May 11, 2018 approved the summary submitted by the Petroleum Division under which the Company was 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. However, in its determination on Final Revenue requirement for FY 2017-18 OGRA did not consider implementing the aforementioned decision and advised to take up the matter with SNGPL in consultation with Ministry of Energy (Petroleum Division). The Company has reiterated its earlier position of higher UFG due to RLNG and another summary is being considered at ECC to reinforce earlier ECC decision with multiple options for its implementation.

- Government of Pakistan (Finance Division) in its letter dated July 06, 2020, GoP being majority shareholder has acknowledged the funding requirements of the Company and has shown commitment to extend all support to maintain the going concern status of the Company.

- The Company has devised a strategy to control UFG in coming years and the same is under implementation with the approval of Board of Directors.

  Under new tariff regime, 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.

- Banks have relaxed debt to equity ratio of the Company from 80:20 to 95:05 from financial year 2016 to 2019. However, subsequent to period end, the Company has never defaulted in payment of any installment of principal and interest thereon and some of the loans have been totally paid off to date.

- 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, whereby, OGRA was directed to determine the revenue requirements on the same principles as per its decision of September 24, 2010, pertaining to FY 2010 till 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. Afterwards, management estimated the revenue requirement of the Company for the financial years 2011 to 2015 based on the interim relief of the Court, and OGRA also accepted position taken up by the Company for the said financial years, 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 and October 26, 2017 for determination of FRR for financial year 2016 and 2017 respectively has allowed 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 in preparation of financial information for the quarter ended September 30, 2018, it has filed civil petition for leave to appeal in the Supreme Court of Pakistan on January 25, 2017, against the aforementioned Sindh High Court Judgement.

As per the UFG study report finalized by a firm of Chartered Accountant, revised UFG allowance formula is gas volume available for sale X [5% + (2.6% X percentage of achievement of KMI's)]. OGRA has determined Benchmark with KMI achievement at 6.91% [5% + (1.91% based on KMI achievement)] as against the claim of the Company at 7.47%. [5% + (2.47% based on KMI achievement)].

2 BASIS FOR PREPARATION

2.1 Statement of compliance

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 Act, 2017. In case where the requirements differ, the provisions of and directives issued under the Companies Act, 2017 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, 2018.

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, facts and circumstances are adequately disclosed and compliance with the disclosure requirement of IFRSs for departing with IFRSs.

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 (FY 2016-17 to FY 2020-21). In this regard, Rs. 918 million has been recorded in this unconsolidated condensed interim financial information.

Further, the OGRA, in its decision dated December 24, 2018 also directed the Company to review its dividend payout policy for future year till such time the above adjustment impact dispelled (i.e. FY 2020-21).

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, 2018 except for the following:

IFRS 15 Revenue from Contracts with Customers

The Company has adopted IFRS 15 from July 1, 2018. IFRS 15 supersedes IAS 11 'Construction Contracts', IAS 18 'Revenue', IFRIC 18 'Transfer of Assets from Customers and related interpretations' and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The standard provides single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognize revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The standard introduced a new contract-based revenue recognition with measurement approach that is based on allocation of transaction price. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in Company's statement of financial position as a contract liability, a contract assts or as a receivable depending upon the relationship between the Company's performance and the customer's payment. Customer acquisition cost and cost to fulfil a contract can, subject to certain criteria, be capitalized as an asset and amortized over the contract period.

Key changes in accounting policies resulting from application of IFRS 15

Revenue is recognized at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with customer, the Company identifies contract with a customer, performance obligations in the contract, determines the transaction price which takes into account estimates of variable consideration and the time value of money, allocates the transaction price to the separate performance obligations on the basis of the relative stand- alone selling price of each distinct goods or services to be delivered and recognizes revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

IFRS 9 Financial Instruments

IAS 39 (Financial Instruments: Recognition and Measurement) has been replaced after the adoption of IFRS 9 (Financial Instruments). However, allowed by SECP vide its S.R.O 299(I)/2007 the effective date for the applicability will be for the reporting period / year ending on or after June 30, 2019 (earlier application is permitted). The management of the Company is in the process of assessing the possible impact of this standard in its financial statements.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of unconsolidated 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, 2018. 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 this unconsolidated condensed interim financial information except certain additional disclosures as given in note 28.

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, 2018.

	September 30, 2018 (Un-audited)	June 30, 2018 (Audited)
	--------(Rupees in '000)--------	
6. PROPERTY, PLANT AND EQUIPMENT		
Operating assets	**110,615,587**	109,452,905
Capital work-in-progress	**10,061,641**	11,070,769
	120,677,228	120,523,674

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

	September 30, 2018		September 30, 2017	
	(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	**5,415**	**-**	9,016	-
Gas distribution system	**1,329,933**	**-**	814,260	-
Gas transmission pipelines	**1,644,679**	**-**	305,766	-
Telecommunication	**2,957**	**-**	1,139	-
Plant and machinery	**15,337**	**-**	57,016	(308)
Tools and equipment	**7,524**	**-**	1,698	-
Motor vehicles	**83,650**	**(9,969)**	8,153	(4,112)
Furniture and fixtures	**1,000**	**-**	1,080	-
Office equipment	**12,824**	**-**	5,491	-
Computers and ancillary equipments	**-**	**-**	5,296	-
Construction equipment	**595**	**-**	988	-
Compressor	**14,067**	**-**	27,711	-
	3,117,981	**(9,969)**	1,237,614	(4,420)
	Capital expenditure incurred	**Transfer to operating assets**	Capital expenditure incurred	Transfer to operating assets
Capital work in progress:				
Projects:				
- Gas distribution system	**1,394,003**	**(1,329,933)**	1,139,998	(814,260)
- Gas transmission system	**190,417**	**(1,644,679)**	981,640	(305,766)
- Cost of buildings under construction and others	**11,737**	**(5,415)**	30,221	(9,016)
Others		**-**		-
	1,596,157	**(2,980,027)**	2,151,859	(1,129,042)

During the period, there has been net (decrease) / increase in respect of stores and spares held for capital projects and others amounting to Rs. (163) million (September 30, 2017: Rs. 165 million).

7. As at September 30, 2018, the Company has aggregate deferred tax asset on deductible temporary differences amounting to Rs.24,448 million (June 30, 2018: Rs. 22,728 million) out of which deferred tax asset amounting to Rs.15,121 million has been recognised and remaining balance of Rs 9,327 million is unrecognised. As at period end, the Company's minimum tax credit amounted to Rs.2,123 million (June 30, 2018: Rs. 1,837 million) having expiry period ranging between 2022 and 2023.

	September 30, 2018 (Un-audited)	June 30, 2018 (Audited)
	-----------(Rupees in '000)-----------	
8. LONG TERM INVESTMENTS		
Investment in related parties	**1,220,252**	1,247,050
Other investments	**121,620**	129,383
	1,341,872	1,376,433

		Note	**September 30, 2018 (Un-audited)**	June 30, 2018 (Audited)
			--------(Rupees in '000)--------	
9.	**TRADE DEBTS**			
	Considered good			
	- secured		**24,775,425**	24,166,537
	- unsecured	9.1 & 9.2	**65,608,790**	67,378,158
			90,384,215	91,544,695
	Provision against doubtful debts		**(14,916,268)**	(14,783,343)
			75,467,947	76,761,352

9.1 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. 31,577 million (June 30, 2018: Rs. 31,948 million) as at September 30, 2018 receivables from KE (excluding receivables from sale of RLNG). Out of this, Rs. 29,652 million (June 30, 2018: Rs. 29,652 million) are overdue. However, the aggregate legal claim of the Company from KE amounts to Rs. 88,634 million (June 30, 2018: Rs. 85,763 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

  a. Highest OD rate being paid by 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 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 is also of the opinion that the Company has a good claim over LPS on outstanding balance, but considering that the matter is in dispute, as discussed above, the Company has decided to recognize LPS from KE when either such claimed amounts are recovered or when these are decreed and their recovery is assured.

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 filling of this 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. Subsequent to period end, term of reference has been signed and shared with KE however no response has been received from KE.

9.2 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. 23,081 million (June 30, 2018: Rs. 22,924 million) including overdue balance of Rs. 23,031 million (June 30, 2018: Rs. 22,873 million) receivable from PSML. However, the aggregate legal claim of the Company from PSML amounts to Rs. 56,506 million (June 30, 2018: Rs. 55,001 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 bv 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.

10. INTEREST ACCRUED

	September 30, 2018 (Un-audited)	June 30, 2018 (Audited)
	--------(Rupees in '000)--------	
Interest accrued on late payment of bills / invoices from:		
- Water & Power Development Authority (WAPDA)	**3,457,577**	3,421,488
- Sui Northern Gas Pipelines Limited (SNGPL)	**6,696,934**	6,416,359
- Jamshoro Joint Venture Limited (JJVL)	**822,604**	745,157
	10,977,115	10,583,004
Interest accrued on bank deposits	**2,370**	2,370
Interest accrued on sales tax refund	**487,739**	487,739
Interest accrued to related party	**735,579**	701,841
	12,202,803	11,774,954
Provision against impaired accrued income	**(84,392)**	(84,392)
	12,118,411	11,690,562

11. OTHER RECEIVABLES - considered good

	Note	September 30, 2018 (Un-audited)	June 30, 2018 (Audited)
		--------(Rupees in '000)--------	
Gas development surcharge receivable from GoP	11.1	**65,038,780**	50,982,946
Recoverable from HCPCL	11.2	**3,787,690**	3,787,690
Expenses deferred by OGRA	11.3	**4,167,196**	4,167,196
Staff pension fund		**260,850**	319,596
Receivable for sale of gas condensate		**42,949**	42,949
Sui Northern Gas Pipelines Limited	11.4	**54,220,524**	49,025,870
Jamshoro Joint Venture Limited	11.5	**12,033,292**	12,033,292
SSGC LPG (Private) Limited		**27,507**	22,988
Sales tax receivable	11.6	**34,038,201**	30,593,988
Sindh sales tax receivable		**112,976**	112,976
Receivable against asset contribution	11.7	**382,981**	382,469
Miscellaneous receivable		**69,937**	114,342
		174,182,883	151,586,302
Provision against impaired receivables		**(2,346,359)**	(2,346,359)
		171,836,524	149,239,943

11.1 Gas development surcharge receivable from GoP

GDS receivable	**50,982,946**	21,264,629
Recovered during the period	**822,593**	(7,180,936)
Paid during the period	**-**	7,708,861
Impact of staggering	**(917,946)**	(3,671,785)
Price increase / (decrease) adjustment during the period	**14,151,187**	31,494,026
Claim under IAS 19 during the year	**-**	1,368,151
	65,038,780	50,982,946

11.2 Receivable from Habibullah Coastal Power Company (Pvt) Ltd. (HCPCL)

Amount of Liquidated Damages (LD) Charges as per Arbitration Award	**3,626,382**	3,626,382
Subsequent LDs raised by HCPCL on Award Principle	**161,308**	161,308
	3,787,690	3,787,690

The Company has arbitration proceedings pending against HCPCL in International Court of Arbitration as mentioned in Note 17.5. On April 30, 2018, the decision of arbitration proceeding has been issued by the International court of arbitration in favor of HCPCL and the Company was required to make payment to HCPCL as a final reward in the form of indemnity, liquidity damages, interest and legal and professional charges. As explained in Note 17.5, LD Charges adjusted by HCPCL against gas bills are recoverable from HCPCL as per ECC Decision dated February 07, 2018 amount of Rs. 3,788 million is transferred from Trade Debts to Other Receivables.

11.3 Expenses Deferred by OGRA

	September 30, 2018 (Un-audited)	June 30, 2018 (Audited)
	--------(Rupees in '000)--------	
Late Payment Surcharge (LPS) (up to FY 2016-17)	**3,243,503**	3,243,503
Total interest on LD Charges	**352,768**	352,768
Total Legal Charges	**570,925**	570,925
	4,167,196	4,167,196

Consequent to the Arbitration Award as mentioned in note 11.2 to this unconsolidated condensed interim financial information, the Company was required to pay Interest on LD Charges of Rs. 353 million and Legal Charges of Rs. 572 million to HCPCL. The same has been adjusted by HCPCL against Gas Bills and the Company was required to reverse the LPS previously charged to HCPCL.

Since the LPS so reversed was previously offered to OGRA as Operating Income and Interest on LD Charges and Legal charges are operating expense the total amount of Rs. 4,167 was claimed from OGRA in Petition for FRR. However, OGRA has deferred its decision on the matter until the conclusion of matter between WAPDA / CPPA-G and HCPCL as per ECC directives described in Note 17.5 to this unconsolidated condensed interim financial information.

11.4 Receivable balance from SNGPL comprises of the following:

	Note	**September 30, 2018 (Un-audited)**	June 30, 2018 (Audited)
		--------(Rupees in '000)--------	
Uniform cost of gas		**15,818,846**	16,011,846
Lease rentals		**64,390**	64,864
Contingent rent		**3,535**	3,535
LSA Margins		**1,278,673**	1,083,299
Capacity and utilisation charges of RLNG	11.4.1	**29,020,207**	19,835,414
RLNG transportation income		**8,034,873**	12,026,912
		54,220,524	49,025,870

11.4.1 The Company has invoiced an amount of Rs. 52,939 million, including Sindh Sales Tax of Rs. 6,233 million, till September 30, 2018 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 PAFCL, PAFCL is making payment directly to the company according to the payment plan finalized subsequent to end of reporting date. The Company has finalized its payment plan with PAFL in which PAFL is required to make eight equal monthly installments of Rs. 201 million per month. Till July 2019, the Company has received all eight installments

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.

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, and on February 7, 2019, another 18 BCF and 11 BCF respectively. Up to March 2020 71 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.

11.5 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 in this unconsolidated condensed interim financial information.

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

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

	Note	**September 30, 2018 (Un-audited)**	June 30, 2018 (Audited)
		-----------(Rupees in '000)-----------	
12. LONG-TERM FINANCE			
Secured			
Loans from banking companies	12.1	**54,318,557**	55,336,852
Unsecured			
Front end fee of foreign currency loan		**23,950**	23,950
Customer finance		**198,359**	201,624
Government of Sindh loans		**737,802**	733,040
		960,111	958,614
Subtotal		**55,278,668**	56,295,466
Less: curent portion shown under current liabilities			
Loans from banking companies		**(9,600,000)**	(11,375,000)
Customer finance		**(11,500)**	(12,024)
Government of Sindh loans		**(186,667)**	(186,667)
		(9,798,167)	(11,573,691)
		45,480,501	44,721,775

12.1 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.

	September 30, 2018 (Un-audited)	June 30, 2018 (Audited)
13. DEFERRED CREDIT	-----------(Rupees in '000)-----------	
Government contributions / grants		
Additions / adjustments during the period	**3,253**	2,312,954
Transferred to unconsolidated condensed statement of profit or loss	**90,011**	433,899
Contribution from customers		
Additions / adjustments during the period	**290,469**	-
Transferred to unconsolidated condensed statement of profit or loss	**38,728**	152,010
Government of Sindh grants		
Additions / adjustments during the period	**-**	(806,240)
Transferred to unconsolidated condensed statement of profit or loss	**5,830**	54,938

14. SHORT TERM BORROWINGS

These represent facilities for short term running finance / short term money market loan available from various banks amounting to Rs. 25,000 million (June 30, 2018: Rs. 23,000 million) and carry mark-up ranging from 0.00% to 0.10% (June 30, 2018: 0.10%) above the average one month KIBOR. These facilities are secured by first pari passu second amendment to the joint hypothecation agreement 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.13,007 million (June 30, 2018: Rs. 13,240 million).

15. TRADE AND OTHER PAYABLES

	Note	September 30, 2018 (Un-audited)	June 30, 2018 (Audited)
		--------(Rupees in '000)--------	
Creditors for:			
- Indegenious gas	15.1	**236,150,464**	226,212,893
- RLNG		**16,462,299**	7,264,401
- Supplies		**1,068,844**	1,138,227
		254,821,059	234,615,521
Amount received from customers for laying of mains, etc.		**2,648,230**	2,677,773
Payable to SNGPL for differential tariff		**4,163,866**	1,487,714
Engro Elengy Terminal (Private) Limited		**1,813,624**	1,764,281
Accrued liabilities		**4,610,676**	3,902,232
Advances from LPG customers		**-**	51,617
Provision for compensated absences - non executives		**316,891**	309,391
Payable to staff gratuity fund		**4,555,664**	4,549,836
Deposits / retention money		**744,757**	678,233
Bills payable		**13,828**	129,430
Advance for sharing right of way		**18,088**	18,088
Withholding tax payable		**221,188**	102,946
Sales tax & Federal excise duty payable		**295,760**	280,403
Provincial sales tax payable		**10,369**	111,761
Processing charges payable to JJVL		**8,528,447**	8,528,447
Gas infrastructure development cess payable		**7,333,960**	7,425,827
Unclaimed Term Finance Certificate redemption profit		**1,800**	1,800
Workers's profit participation fund		**12,860**	12,860
Others		**559,274**	604,977
		289,530,889	267,253,137

15.1 As at September 30, 2018, amount of Rs. 181,240 million (June 30, 2018: Rs. 167,492 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, 2018: Rs. 15,832 million) on their balances which have been presented in note 16.1 in this unconsolidated condensed interim financial information.

16. INTEREST ACCRUED

	Note	September 30, 2018 (Un-audited)	June 30, 2018 (Audited)
		--------(Rupees in '000)--------	
Long term financing - loans from banking companies		**923,719**	522,464
Long term deposits from customers		**470,879**	370,987
Short term borrowings		**168,585**	159,280
Late payment surcharge on processing charges		**395,695**	339,061
Late payment surcharge on gas development surcharge		**4,826**	4,828
Late payment surcharge on gas supplies	16.1	**15,832,411**	15,832,411
		17,796,115	17,229,031

16.1 As disclosed in note 9.1 and 9.2, 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.The Company'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 from July 1, 2016 to September 30, 2018 amounting to Rs.17,159 million on outstanding payables to Government Controlled E&P Companies, the effect on this unconsolidated condensed interim financial information would be as follows:

	(Rupees in million)
- Increase in loss before tax	**43,381**
- Increase in loss after tax / accumulated losses	**30,367**
- Increase in loss per share - Rupees	**34.47**

		September 30, 2018 (Un-audited)	June 30, 2018 (Audited)
17.	**CONTINGENCIES AND COMMITMENTS**	-------- (Rupees in '000)	--------
17.1	Commitments for capital expenditure	**2,952,400**	4,563,809
17.2	Guarantees issued on behalf of the Company	**4,176,322**	4,323,317

17.3 Jamshoro Power Company Limited [(JPCL) WAPDA] has lodged claims against the Company amounting to Rs. 144,120 million (June 30, 2018: Rs. 144,120 million) for short supply of gas under the provisions of an agreement dated April 10, 1995, between the Company and JPCL. JPCL has raised another claim of Rs. 5.793 million (June 30, 2018: Rs. 5.793 million) for the alleged low Gas Calorific Value (GCV) measurement for the period from January 2002 to December 2002 and for the month of February 2003 as compared to the actual GCV billed by the Company. 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.

In respect of JPCL major claim i.e. on account of short supply of gas following clause of the agreement is important which does not support JPCL claim:

"Subject to availability and the terms and conditions specified herein the Company agrees to sell and deliver to the consumer and the consumer agrees to buy and accept a quantity of not less than 62 MMCF of Quality Natural Gas per day at its power station at Jamshoro".

It is evident from foregoing clause of the agreement, that JPCL has raised a claim not supported by the agreement and that the supply of gas to the customer was subject to the availability and it is / was not any firm commitment on the part of the Company.

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.

17.4 As disclosed in note 16.1, 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 from July 01, 2016 to September 30, 2018 amounting to Rs. 17,159 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.

17.5 M/s Habibullah Coastal Power Company Private Limited (HCPCL) filed its request for Arbitration under the Rules of the International Chamber of Commerce (ICC), Singapore on November 30, 2015. The dispute was on account of non or short-supply of gas (against firm commitment of gas under GSA) by the Company to HCPCL with effect from December 2009 onwards.

On April 30, 2018, the decision of arbitration proceeding has been issued by ICC in favor of HCPCL and the Company is required to pay to HCPCL as a final reward in the form of liquidity damages Rs. 3,788 million, interest on liquidity damages of Rs. 353 million and legal and professional charges of Rs. 571 million as on June 30, 2018. Further, LPS charged to HCPCL upto FY 2016-17 amounting to Rs. 3,243 million was also withdrawn.

The liquidated damages claimed by HCPCL from the Company was in consequent to liquidated damages charged to HCPCL by WAPDA/CPPA-G, depicting the flow of payment from one GoP entity i.e. the Company to another GoP entity i.e. WAPDA without yielding any substantial benefit to any claimant party. Therefore, Economic Coordination Committee (ECC) in its meeting held on February 07, 2018 approved in principle the proposal regarding waiver of liquidated damages with the direction to Petroleum Division & Power Division to work out modalities in consultation with all the stakeholders.

In line with above ECC decision, an amount of Rs. 3,788 million has been recognized as Receivable from HCPCL as explained in note 11.2 to this unconsolidated condensed interim financial information. The remaining amount of Rs. 4,167 million was claimed from OGRA as part of Revenue Requirement of FY 2017-18. However, OGRA in its decision on FRR for FY 2017-18 dated 23rd April 2020 decided to defer its decision on LPS adjustment and other arbitration charges until the conclusion of the matter between WAPDA/CPPA-G and HCPCL. In the light of OGRA decision, this amount has been recognized as “Expenses deferred by OGRA” as explained in note 11.3 to this unconsolidated condensed interim financial information.

Management is confident that the aforementioned arrangement will materialize in favor of the Company and therefore no provision has been made in this unconsolidated interim financial information.

17.6 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 Accountants was appointed to conduct a complete audit of JJVL within a period of two months 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 after consultation with both parties came up with a mechanism of revenue sharing of 57% to the Company and 43% to JJVL which is provisional / adhoc subject to final determination by firm of Chartered Accountants to be endorsed by SCP. Accordingly an agreement was signed between the Company and JJVL and submitted the same to SCP for its approval and the same was validated by SCP, subject to payment of admitted liability by JJVL of Rs. 1,500 million by January 16, 2019, in its order dated December 29, 2018.

SCP also directed the Company to resume the supply of gas to JJVL plant based on the new terms provided in the agreement. The agreement is valid for 1.5 years and is set to expire on June 20, 2020 and until renewed by the parties with mutual written consent it shall stand terminated automatically.

However, with respect to the Freight, GIDC and tax challans, SCP will settle the same and an appropriate order shall be passed in this regard. Once the matter is finalized by the Court any change in receivable or payable position shall be recognized in the year in which the SCP order has been passed.

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 this unconsolidated condensed interim financial information.

	Note	Quarter ended September 30, 2018	September 30, 2017
		(Un-audited)	
		-----------(Rupees in '000)-------	
18. Sales			
Gross Sales-Indigenous gas		**42,023,552**	43,275,697
Gross Sales-RLNG		**13,785,092**	-
		55,808,644	43,275,697
Sales tax - Indigenous gas		**(5,657,799)**	(5,794,178)
Sales tax - RLNG		**(1,469,957)**	-
		(7,127,756)	(5,794,178)
19. RLNG Differential Margins			
RLNG Differential Margin - OGRA		**(1,536,700)**	-
RLNG Differential Margin - SNGPL		**(2,676,152)**	-
		(4,212,852)	-
20. COST OF SALES			
Cost of gas	20.1	**56,878,909**	35,485,413
Transmission and distribution costs		**4,820,899**	4,300,809
		61,699,808	39,786,222
20.1 Cost of gas			
Opening gas in pipelines		**689,805**	463,978
RLNG Purchases		**7,861,451**	-
Gas purchases		**49,627,711**	41,188,038
		58,178,967	41,652,016
Gas consumed internally		**(382,600)**	(690,442)
Inward price adjustment		**-**	(5,009,810)
Closing gas in pipelines		**(917,458)**	(466,351)
		(1,300,058)	(6,166,603)
		56,878,909	35,485,413
21. OTHER OPERATING EXPENSES			
Auditors' remuneration		**2,901**	6,403
Sports expenses		**18,154**	15,900
Corporate social responsibility		**1,340**	5,406
Exchange loss on payment of gas purchases		**1,244,630**	382,902
Provision against impaired stores and spares		**10,647**	11,029
Provision against impaired debt and other receivables		**132,925**	543,359
		1,410,597	964,999

		Quarter ended	
		September 30, 2018	September 30, 2017
		(Un-audited)	
	Note	-----------(Rupees in '000)-----------	
22. OTHER OPERATING INCOME			
Income from financial assets			
Income for receivable against asset contribution		**9,829**	9,126
Return on:			
- term deposits and profit and loss bank accounts		**4,842**	2,608
- interest income on loan to related party		**33,737**	30,233
		48,408	41,967
Interest income on late payment of gas bills from			
- Jamshoro Joint Venture Limited (JJVL)		**77,446**	49,653
- Water & Power Development Authority (WAPDA)		**36,089**	51,297
		113,535	100,950
Dividend income		**-**	356
Income from other than financial assets			
Late payment surcharge		**258,318**	614,181
Sui Northern Gas Pipelines Limited (SNGPL)		**280,576**	100,036
Income from net investment in finance lease - SNGPL		**11,652**	14,241
Sale of gas condensate - net		**(5,808)**	(1,611)
Income from LPG NGL - net	22.1	**6,944**	126,771
Meter manufacturing division profit - net		**1,292**	835
Meter rentals		**191,678**	186,329
RLNG Transportation income		**1,801,515**	675,661
Recognition of income against deferred credit		**128,739**	98,139
Income from new service connections and asset contribution		**-**	71,074
Income from LPG air mix distribution - net		**32,172**	33,708
Income from sale of tender documents		**1,166**	2,168
Scrap sales		**24,030**	3,400
Recoveries from consumers		**19,805**	20,854
Liquidity damaged recovered		**(12,920)**	146,560
Gain on disposal of property, plant and equipment		**23,397**	31,894
Amortization of Government grant		**5,830**	1,315
Rental income from SSGC LPG (Pvt) Limited		**193**	183
LSA margins against RLNG		**190,181**	153,174
Miscellaneous		**3,467**	9,506
		3,124,170	2,431,691

22.1 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 53.55% and $220/MT if JJVL's production share is more than 53.55%.

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 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.

As per the new agreement SSGCL percentage shall be 57% of extraction of LPG and NGL. The Company shall not pay any extraction charges to JJVL. The agreement shall be continue for a period of one and half year from date of agreement, to be extended only be mutual agreement in writing by the parties before expiry. In the absence of any such extension, the agreement shall automatically stand expired.

		Quarter ended	
		September 30 2018	September 30 2017
		(Un-audited)	
		--------(Rupees in '000)--------	
23.	**TAXATION**		
	- Current	**(312,488)**	289,253
	- Deferred	**-**	2,476,353
		(312,488)	2,765,606
24.	**ADJUSTMENTS FOR NON-CASH AND OTHER ITEMS**		
	Provisions	**733,351**	875,388
	Depreciation	**1,826,749**	1,415,212
	Amortization of intangibles	**7,875**	8,252
	Finance cost	**1,723,486**	1,095,516
	Amortization of transaction cost	**11,466**	7,256
	Amortization of Government grant	**(5,830)**	(1,315)
	Recognition of income against deferred credit	**(132,732)**	(105,763)
	Dividend income	**-**	(356)
	Interest income and return on term deposits	**(442,520)**	(273,187)
	Income from net investment in finance lease	**(11,652)**	(14,241)
	(Gain) / Loss on disposal of property plant and equipment	**(23,397)**	(31,894)
	Decrease in long term advances	**6,272**	(511)
	Decrease in deferred credit	**291,884**	510
	Decrease in obligation against pipeline	**21,997**	23,020
		4,006,949	2,997,887
25.	**WORKING CAPITAL CHANGES**		
	(Increase) / decrease in current assets		
	Stores and spares	**157,969**	(13,343)
	Stock-in-trade	**(330,749)**	(51,571)
	Customers' installation work-in-progress	**(13,306)**	(919)
	Trade debts	**1,160,480**	1,044,196
	Advances, deposits and short term prepayments	**33,940**	(39,095)
	Other receivables	**(22,655,325)**	(13,388,171)
		(21,646,991)	(12,448,903)
	Increase in current liabilities		
	Trade and other payables	**22,271,924**	9,193,227
		624,933	(3,255,676)

26. 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 this unconsolidated condensed interim financial information are as follows:

	Relationship	Quarter ended September 30, 2018	Quarter ended September 30, 2017
		(Un-audited)	
		---------------(Rupees in '000)--------------	
***Astro Plastic (Private) Limited**	**Associate**		
- Billable charges		**-**	46,975
Attock Cement Limited	**Associate**		
- Billable charges		**16,676**	18,038
Government related entities			
- Purchase of fuel and lubricant		**11,475**	34,565
- Billable charges		**6,918,233**	9,084,983
- Income from net investment in finance lease		**11,652**	14,241
- Gas purchases		**24,267,365**	19,917,440
- Sale of gas meters		**3,497**	2,131
- Rent of premises		**-**	6,649
- Insurance premium		**26,592**	27,950
- Electricity expenses		**62,721**	61,285
- Interest income		**316,665**	151,333
- Uniform cost of gas		**-**	5,009,810
- Markup on short term finance		**1,657**	4,713
- Markup on long term finance		**120,598**	58,879
- RLNG Transportation income		**1,801,515**	675,661
- Professional Charges		**-**	239
- Income against LNG service agreement		**190,181**	153,174
Habib Bank Limited	**Associate**		
- Profit on investment		**245**	220
- Markup on short term finance		**77,335**	42,263
- Markup on long term finance		**147,399**	121,508
- Billable charges		**4,147**	5,054
Key management personnel			
- Remuneration		**56,231**	63,443
Minto & Mirza	**Associate**		
- Professional charges		**1,500**	1,500

	Relationship	Quarter ended September 30, 2018 (Un-audited)	Quarter ended September 30, 2017 (Un-audited)
		----------------(Rupees in '000)-------------	
SSGC LPG (Private) Limited	**Wholly owned subsidiary**		
- Interest on loan		**33,737**	30,233
- Sale of LPG		**-**	85,363
- Reimbursement of Management Fee		**3,955**	3,076
- Rental Income		**193**	183
Staff retirement benefit plans	**Associate**		
- Contribution to provident fund		**85,821**	82,329
- Contribution to pension fund		**228,755**	69,002
- Contribution to gratuity fund		**134,397**	71,698
Thatta Cement Company Limited	**Associate**		
- Gas sales		**851**	1,209
Petroleum Institute of Pakistan	**Associate**		
- Subscription/Contribution		**980**	2,378

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

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

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

26.3. 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.

26.4. 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:

	Relationship	September 30, 2018 (Unaudited)	June 30, 2018 (Audited)
		--------(Rupees in '000)--------	
Attock Cement Limited	**Associate**		
- Billable charges		**6,094**	5,280
- Gas supply deposit		**(588)**	(588)

	Relationship	September 30, 2018 (Unaudited)	June 30, 2018 (Audited)
		--------(Rupees in '000)--------	
Government related entities - various			
- Billable charges		**58,464,685**	62,534,758
- Mark up accrued on borrowings		**(6,095,955)**	(6,096,830)
- Net investment in finance lease		**64,390**	64,864
- Gas purchases		**187,277,100**	172,448,498
- Gas meters		**777,948**	1,467,999
- Uniform cost of gas		**15,818,846**	16,011,845
- Cash at bank		**49,325**	3,619
- Stock Loan		**48,469**	45,595
- Payable to insurance		**(2,463)**	(2,301)
- Gas supply deposit		**(43,392)**	(39,276)
- Interest expense accrued - late payment surcharge on gas bills		**(15,832,411)**	(15,832,411)
- Interest income accrued - late payment on gas bills		**10,154,512**	9,837,847
- Contingent rent		**3,535**	3,535
- Capacity and utilisation charges of RLNG		**29,020,207**	19,835,414
- RLNG Transportation Income		**8,034,872**	12,026,912
- LSA Margins		**1,278,673**	1,083,299
- Advance for Sharing Right of Way		**(18,088)**	(18,088)
- Professional Charges		**57**	57
Habib Bank Limited	**Associate**		
- Long term finance		**(7,327,580)**	(7,478,125)
- Short term finance		**(5,999,421)**	(5,966,125)
- Cash at bank		**48,033**	61,008
- Accrued markup		**(599,478)**	(449,258)
- Billable charges		**4,147**	1,530
- Gas supply deposit		**363**	363
SSGC LPG (Private) Limited	**Wholly owned subsidiary**		
- Long term investment		**1,000,000**	1,000,000
- Short term loan		**1,710,103**	1,710,103
- Interest on loan		**735,579**	701,842
- LPG sales		**6,795**	6,795
- Rent on Premises		**179**	129
- Receivable against management fees		**20,533**	16,064
Thatta Cement Company Limited	**Associate**		
- Billable charges		**392**	310

27. 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 assets 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 loss	
	September 30, 2018	September 30, 2017	**September 30, 2018**	September 30, 2017
	(Un-audited)			
	(Rupees in '000)			
Gas transmission and distribution	**48,680,888**	37,481,519	**(1,891,116)**	(739,278)
Meter manufacturing	**366,933**	363,704	**1,292**	835
Total segment results	**49,047,821**	37,845,223	**(1,889,824)**	(738,443)
Unallocated - other expenses				
- Other operating expenses			**(1,277,671)**	(421,640)
Unallocated - other income				
- Non-operating income			**256,263**	211,237
Loss before tax			**(2,911,232)**	(948,846)

The above revenue includes sale of meters by meter manufacturing segment to gas transmission and distribution amounting to Rs. 439 million (Septemer 30, 2017: Rs. 363 million).

Segment assets and liabilities

	September 30, 2018 (Un-audited)	June 30, 2018 (Audited)
	(Rupees in '000)	
Segment assets		
Gas transmission and distribution	**382,930,376**	359,971,438
Meter manufacturing	**2,003,262**	2,993,343
Total segment assets	**384,933,638**	362,964,781
Unallocated		
- Loans and advances	**2,970,057**	2,672,178
- Taxation - net	**19,308,201**	19,549,064
- Interest accrued	**490,109**	490,109
- Cash and bank balances	**243,730**	410,399
	23,012,097	23,121,750
Total assets as per unconsolidated statement of financial position	**407,945,735**	386,086,531

	September 30, 2018 (Un-audited)	June 30, 2018 (Audited)
	--------(Rupees in '000)--------	
Segments liabilities		
Gas transmission and distribution	**400,738,133**	375,788,307
Meter manufacturing	**932,091**	956,519
Total segment liabilities	**401,670,224**	376,744,826
Unallocated		
- Employee benefits	**6,127,487**	5,935,400
Total liabilities as per unconsolidated statement of financial position	**407,797,711**	382,680,226

28. 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.

28.1 Fair value of financial instruments

Financial assets which are tradeable in an open market are revalued at the market prices prevailing on the reporting 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 30, 2018			
	Level 1	**Level 2**	**Level 3**	**Total**
	-----Rupees in '000-----			
Assets				
Available for sale investments				
Quoted equity securities	**336,771**	**-**	**-**	**336,771**

	As at June 30, 2018			
	Level 1	Level 2	Level 3	Total
	-----Rupees in '000-----			
Assets				
Available for sale investments				
Quoted equity securities	371,331	-	-	371,331

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.

28.2. Fair value of other assets

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

	As at September 30, 2018	
	Level 2	**Fair Value**
	--------------Rupees in '000------------	
Freehold land	**6,309,707**	**6,309,707**
Leasehold land	**8,026,216**	**8,026,216**
	14,335,923	**14,335,923**

	As at June 30, 2018	
	Level 2	Fair Value
	--------------Rupees in '000------------	
Freehold Land	6,309,707	4,434,792
Leasehold Land	8,026,216	6,082,257
	14,335,923	10,517,049

29. GENERAL

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

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

30. DATE OF AUTHORISATION

This unconsolidated condensed interim financial information were authorised for issue in Board of Directors meeting held on September 12, 2020.

Dr. Shamshad Akhtar	**Muhammad Amin Rajput**	**Syed Fasihuddin Fawad**
Chairperson	Acting Managing Director	Acting Chief Financial Officer

SSGC
Sui Southern Gas
Company Limited

SSGC | Sui Southern Gas Company Limited

Un-Audited Consolidated Condensed Interim Financial Information for the quarter ended September 30, 2018

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
As at September 30, 2018

	Note	September 30, 2018 (Un-audited)	June 30, 2018 (Audited)
		--------(Rupees in '000)--------	
ASSETS			
Non-current assets			
Property, plant and equipment	6	122,843,263	122,690,750
Intangible assets		48,842	56,597
Deferred tax	7	183,261	179,595
Long term investments	8	341,872	376,432
Net investment in finance lease		232,310	246,764
Long term loans and advances		174,184	180,117
Long-term deposits		57,460	61,105
Total non-current assets		123,881,192	123,791,360
Current assets			
Stores, spares and loose tools		1,853,653	2,015,992
Stock-in-trade		1,507,337	1,198,474
Current maturity of net investment in finance lease		57,815	57,815
Customers' installation work-in-progress		192,997	179,691
Trade debts	9	75,502,297	76,782,729
Loans and advances		1,085,770	782,814
Advances, deposits and short term prepayments		211,871	295,456
Interest accrued	10	11,382,832	10,988,723
Other receivables	11	171,875,952	149,295,566
Other financial assets		116,000	116,000
Taxation - net		19,461,347	19,699,217
Cash and bank balances		723,034	791,931
Total current assets		283,970,905	262,204,408
Total assets		407,852,097	385,995,768

The annexed notes from 1 to 30 form an integral part of this consolidated condensed interim financial information.

Dr. Shamshad Akhtar	**Muhammad Amin Rajput**	**Syed Fasihuddin Fawad**
Chairperson	Acting Managing Director	Acting Chief Financial Officer

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at September 30, 2018

	Note	September 30, 2018 (Un-audited)	June 30, 2018 (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		**300,244**	334,805
Surplus on revaluation of fixed assets		**13,673,415**	13,673,415
Accumulated losses		**(28,065,232)**	(24,820,442)
Total equity		**(375,009)**	2,904,342
LIABILITIES			
Non-current liabilities			
Long term finance	12	**45,480,501**	44,721,775
Long term deposits		**16,163,691**	15,446,335
Employee benefits		**6,151,006**	5,956,657
Obligation against pipeline		**920,291**	933,345
Deferred credit	13	**6,196,947**	6,037,795
Long term advances		**3,155,120**	3,148,848
Total non-current liabilities		**78,067,556**	76,244,755
Current portion of long term finance	12	**9,798,167**	11,573,691
Short term borrowings	14	**11,993,001**	9,759,947
Trade and other payables	15	**289,645,814**	267,355,474
Short term deposits		**19,410**	22,604
Current portion of obligation against pipeline		**50,505**	49,386
Current portion of Deferred credit		**570,973**	570,973
Unclaimed Dividend		**285,565**	285,565
Interest and mark-up accrued	16	**17,796,115**	17,229,031
Total current liabilities		**330,159,550**	306,846,671
Total liabilities		**408,227,106**	383,091,426
Contingencies and commitments			
Total equity and liabilities		**407,852,097**	385,995,768
Contingencies and commitments	17		

The annexed notes from 1 to 30 form an integral part of this consolidated condensed interim financial information.

Dr. Shamshad Akhtar	**Muhammad Amin Rajput**	**Syed Fasihuddin Fawad**
Chairperson	Acting Managing Director	Acting Chief Financial Officer

CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)

For the quarter ended September 30, 2018

	Note	**Quarter ended** **September 30, 2018**	September 30, 2017
		--------------(Rupees in '000)--------------	
Sales	18	**55,808,644**	43,275,697
Sales tax	18	**(7,127,756)**	(5,794,178)
		48,680,888	37,481,519
Gas development surcharge		**15,487,237**	2,054,740
RLNG differential margins	19	**(4,212,852)**	-
		11,274,385	2,054,740
Net sales		**59,955,273**	39,536,259
Cost of sales	20	**(61,703,763)**	(39,789,298)
Gross Loss		**(1,748,490)**	(253,039)
Administrative and selling expenses		**(1,149,173)**	(1,102,200)
Other operating expenses	21	**(1,410,822)**	(965,128)
		(2,559,995)	(2,067,328)
		(4,308,485)	(2,320,367)
Other operating income	22	**3,136,564**	2,529,787
Operating (Loss) / Profit		**(1,171,921)**	209,420
Finance cost		**(1,757,469)**	(1,088,990)
Loss before taxation		**(2,929,390)**	(879,570)
Taxation	23	**(315,400)**	(2,777,310)
Loss for the period		**(3,244,790)**	(3,656,880)
Basic / diluted loss per share (Rupees)		**(3.68)**	(4.15)

The annexed notes from 1 to 30 form an integral part of this consolidated condensed interim financial information.

Dr. Shamshad Akhtar
Chairperson

Muhammad Amin Rajput
Acting Managing Director

Syed Fasihuddin Fawad
Acting Chief Financial Officer

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

For the quarter ended September 30, 2018

	Quarter ended	
	September 30, 2018	'September 30, 2017
	------------(Rupees in '000)-----------	
Loss for the period	**(3,244,790)**	(3,656,880)
Other comprehensive income		
Item that maybe reclassified subsequently to consolidated statement of profit or loss		
Unrealised (loss) / gain on re-measurement of available for sale securities	**(34,560)**	(59,945)
Total comprehensive loss for the period	**(3,279,350)**	(3,716,825)

The annexed notes from 1 to 30 form an integral part of this consolidated condensed interim financial information.

Dr. Shamshad Akhtar
Chairperson

Muhammad Amin Rajput
Acting Managing Director

Syed Fasihuddin Fawad
Acting Chief Financial Officer

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

For the quarter ended September 30, 2018

	Note	Quarter ended September 30, 2018	Quarter ended September 30, 2017
		--------(Rupees in '000)--------	
CASH FLOW FROM OPERATING ACTIVITIES			
Loss before taxation		**(2,929,390)**	(879,570)
Adjustments for non-cash and other items	24	**4,083,076**	3,096,464
Working capital changes	25	**705,814**	(3,103,550)
Financial charges paid		**(1,948,781)**	(1,608,592)
Employee benefits paid		**(28,283)**	(27,157)
Payment for retirement benefits		**(298,579)**	(238,949)
Long term deposits received - net		**717,356**	244,165
Deposits paid - net		**(3,193)**	(2,675)
Loans and advances to employees - net		**(297,880)**	(94,101)
Interest income and return on term deposits received		**750,250**	623,719
Income taxes paid		**(77,761)**	(270,867)
Net cash generated from / (used in) operating activities		**672,629**	(2,261,113)
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		**(1,983,200)**	(2,235,929)
Payments for intangible assets		**(120)**	(188)
Payment for obligation against pipeline		**(33,933)**	(33,933)
Proceeds from sale of property, plant and equipment		**33,366**	36,314
Lease rental from net investment in finance lease		**26,106**	28,695
Dividend received		**-**	356
Net cash used in investing activities		**(1,957,781)**	(2,204,685)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayments of local currency loans		**(1,013,534)**	(704,584)
Consumer finance received		**-**	11,145
Repayment of consumer finance		**(3,265)**	4,402
Net cash used in financing activities		**(1,016,799)**	(689,037)
Net decrease in cash and cash equivalents		**(2,301,951)**	(5,154,835)
Cash and cash equivalents at beginning of the period		**(8,968,016)**	(1,753,467)
Cash and cash equivalents at end of the period		**(11,269,967)**	(6,908,302)
Cash and cash equivalent comprises:			
Cash and bank balances		**723,034**	964,524
Short term borrowings		**(11,993,001)**	(7,872,826)
		(11,269,967)	(6,908,302)

The annexed notes from 1 to 30 form an integral part of this consolidated condensed interim financial information.

Dr. Shamshad Akhtar
Chairperson

Muhammad Amin Rajput
Acting Managing Director

Syed Fasihuddin Fawad
Acting Chief Financial Officer

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
For the quarter ended September 30, 2018

	Issued, subscribed and paid-up capital	Capital reserves	Revenue reserves	Surplus on re-measurement of available for sale securities	Surplus on revaluation of fixed assets	Unappropriated protif	Total
	(Rupees in '000)						
Balance as at June 30, 2017	**8,809,163**	**234,868**	**4,672,533**	**518,699**	**11,728,265**	**(10,427,085)**	**15,536,443**
Total comprehensive loss for the quarter ended September 30, 2017							
Loss for the period	-	-	-	-	-	(3,656,880)	(3,656,880)
Other comprehensive loss for the period	-	-	-	(59,945)	-		(59,945)
Total comprehensive loss for the period	-	-	-	(59,945)	-	(3,656,880)	(3,716,825)
Balance as at September 30, 2017	8,809,163	234,868	4,672,533	458,754	11,728,265	(14,083,965)	11,819,618
Balance as at June 30, 2018	**8,809,163**	**234,868**	**4,672,533**	**334,805**	**13,673,415**	**(24,820,442)**	**2,904,342**
Total comprehensive loss for the quarter ended September 30, 2018							
Loss for the period	-	-	-	-	-	(3,244,790)	(3,244,790)
Other comprehensive loss for the period	-	-	-	(34,560)	-	-	(34,560)
Total comprehensive loss for the period	-	-	-	(34,560)	-	(3,244,790)	(3,279,350)
Balance as at September 30, 2018	**8,809,163**	**234,868**	**4,672,533**	**300,245**	**13,673,415**	**(28,065,232)**	**(375,008)**

The annexed notes from 1 to 30 form an integral part of this consolidated condensed interim financial information.

Dr. Shamshad Akhtar	**Muhammad Amin Rajput**	**Syed Fasihuddin Fawad**
Chairperson	Acting Managing Director	Acting Chief Financial Officer

1. THE GROUP AND ITS OPERATIONS

1.1 The "Group" consists of:

Holding Company

- Sui Southern Gas Company Limited

	Percentage of Holding	
	2018	2017
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 Balochistan. 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 Balochistan. 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.

The registered office of the Holding Company is situated at SSGC House, Sir Shah Suleman Road, Block 14, Gulshan e Iqbal, Karachi. The Holding Company's pipe coating plant is situated at Plot No. F-76 Site Avenue Karachi (Here 3/4", 1" & 2" pipe is coated for Distribution South Karachi) and Khadeji P&C Base Camp M-9 Motorway Karachi.

The addresses of other regional offices of the Holding Company are as follows:

Region	Address
Karachi West	Site Office, Karachi. Plot No. F/36 & F/37 Site Area Karachi.
Karachi East	Plot # 21/1, Sector 22, Korangi Industrial Area, Karachi.
Karachi Central	Azad Trade Center Near Civic Center Karachi.
Hyderabad	SSGC Regional Office, Opp. New Eidgah, National Highway Qasimabad, Hyderabad.
Nawabshah	SSGC Regional Office, Near Sikandar Art Gallery Housing Society, Nawabshah.
Sukkur	SSGC Regional Office, Golimar Road, SITE Area Sukkur.
Larkana	SSGC Regional Office, Near Shaikh Zaid Women Hospital, Larkana.
Quetta	SSGC Office, Samungli Road, Quetta.

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 LDC building Karachi Terminal main University Road, Karachi and its main activity is supply of liquefied petroleum gas and provision of terminal and storage services.

The Subsidiary Company acquired the assets including:

- Bottling plants at Sara-e-Gadai Stop, Kot Najeebullah Road, Industrial Estate Hattar-22610 Haripur, KPK and
- Sheikhhupura Bedad Road, Muridke Punjab through the High Court of Sindh auction during October 2011.

The main activity of the Subsidiary Company is sourcing, marketing and sales of Liquefied Petroleum Gas (LPG) 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 period 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 17.43% per annum (June 30, 2018 17.00%**)** 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 quarter, the Holding Company has loss after tax of Rs. 3,224 million resulting in increase of its accumulated losses by Rs. 3,224 million and diminishing equity to Rs. 148 million after including the impact of staggering as disclosed in note 2.2. As at period end, current liabilities exceed its current asset by Rs. 44,563 million and accumulated losses stood at Rs. 27,542 million.

The Holding Company's financial performance for the quarter has been deteriorated mainly because of higher UFG due to RLNG off load into SSGC franchise area which was sold to indigenous gas customers and staggering of losses due to 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:

- Economic Coordination Committee (ECC) in its meeting dated May 11, 2018 approved the summary submitted by the Petroleum Division under which the Holding Company was 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. However, in its determination on Final Revenue requirement for FY 2017-18 OGRA did not consider implementing the aforementioned decision and advised to take up the matter with SNGPL in consultation with Ministry of Energy (Petroleum Division). The Holding Company has reiterated its earlier position of higher UFG due to RLNG and another summary is being considered at ECC to reinforce earlier ECC decision with multiple options for its implementation.
- Government of Pakistan (Finance Division) in its letter dated July 06, 2020, GoP being majority shareholder has acknowledged the funding requirements of the Holding Company and has shown commitment to extend all support to maintain the going concern status of the Holding Company.
- The Holding Company has devised a strategy to control UFG in coming years and the same is under implementation with the approval of Board of Directors.

  Under new tariff regime, 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.
- Banks have relaxed debt to equity ratio of the Company from 80:20 to 95:05 from financial year 2016 to 2019. However, subsequent to period end, the Company has never defaulted in payment of any installment of principal and interest thereon and some of the loans have been totally paid off to date.
- 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, whereby, OGRA was directed to determine the revenue requirements on the same principles as per its decision of September 24, 2010, pertaining to FY 2010 till 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. Afterwards, management estimated the revenue requirement of the Holding Company for the financial years 2011 to 2015 based on the interim relief of the Court, and OGRA also accepted position taken up by the Holding Company for the said financial years, 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 and October 26, 2017 for determination of FRR for financial year 2016 and 2017 respectively has allowed 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 in preparation of financial information for the quarter ended September 30, 2018, it has filed civil petition for leave to appeal in the Supreme Court of Pakistan on January 25, 2017, against the aforementioned Sindh High Court Judgement.

2 BASIS FOR PREPARATION

2.1 Statement of compliance

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 Act, 2017. In case where the requirements differ, the provisions of and directives issued under the Companies Act, 2017 shall prevail. For the determination of Gas Development Surcharge, the directives of OGRA and the OGRA Ordinance, 2002 have been followed.

This consolidated condensed interim financial information does not include all information required for annual audited financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended June 30, 2018.

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, facts and circumstances are adequately disclosed and compliance with the disclosure requirement of IFRSs for departing with IFRSs.

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 (FY 2016-17 to FY 2020-21). In this regard, Rs. 918 million has been recorded in this consolidated condensed interim financial information.

Further, the OGRA, in its decision dated December 24, 2018 also directed the Holding Company to review its dividend payout policy for future year till such time the above adjustment impact dispelled (i.e. FY 2020-21).

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 Group for the year ended June 30, 2018 except for the following:

IFRS 15 Revenue from Contracts with Customers

The Holding Company has adopted IFRS 15 from July 1, 2018. IFRS 15 supersedes IAS 11 ' Construction Contracts', IAS 18 'Revenue', IFRIC 18 'Transfer of Assets from Customers and related interpretations' and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The standard provides single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognize revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The standard introduced a new contract-based revenue recognition with measurement approach that is based on allocation of transaction price. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in Holding Company's statement of financial position as a contract liability, a contract assets or as a receivable depending upon the relationship between the Holding Company's performance and the customer's payment. Customer acquisition cost and cost to fulfil a contract can, subject to certain criteria, be capitalized as an asset and amortized over the contract period.

Key changes in accounting policies resulting from application of IFRS 15

Revenue is recognized at an amount that reflects the consideration to which the Holding Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with customer, the Holding Company identifies contract with a customer, performance obligations in the contract, determines the transaction price which takes into account estimates of variable consideration and the time value of money, allocates the transaction price to the separate performance obligations on the basis of the relative stand- alone selling price of each distinct goods or services to be delivered and recognizes revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

IFRS 9 Financial Instruments

IAS 39 (Financial Instruments: Recognition and Measurement) has been replaced after the adoption of IFRS 9 (Financial Instruments). However, allowed by SECP vide its S.R.O 299(I)/2007 the effective date for the applicability will be for the reporting period / year ending on or after June 30, 2019 (earlier application is permitted). The management of the Holding Company is in the process of assessing the possible impact of this standard in its financial statements.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

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 Holding Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended June 30, 2018. 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 Holding Company.

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. However, it does not change the requirements regarding which items should be measured or disclosed at fair value. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. The application of this standard does not have an impact on this consolidated condensed interim financial information except certain additional disclosures as given in note 28.

5. FINANCIAL RISK MANAGEMENT

The Group'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, 2018.

	September 30, 2018 (Un-audited)	June 30, 2018 (Audited)
	--------(Rupees in '000)--------	

6. PROPERTY, PLANT AND EQUIPMENT

Operating assets	**112,703,075**	111,557,090
Capital work-in-progress	**10,140,188**	11,133,660
	122,843,263	122,690,750

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

	September 30, 2018		September 30, 2017	
	(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	**5,415**	**-**	9,016	-
Gas distribution system	**1,329,933**	**-**	814,260	-
Gas transmission pipelines	**1,644,679**	**-**	305,766	-
Telecommunication	**2,957**	**-**	1,139	-
Plant and machinery	**15,337**	**-**	57,016	(308)
Tools and equipment	**7,524**	**-**	1,698	-
Motor vehicles	**83,650**	**(9,969)**	8,153	(4,112)
Furniture and fixtures	**1,000**	**-**	1,080	-
Office equipment	**12,824**	**-**	5,491	-
Computers and ancillary equipments	**-**	**-**	5,296	-
Construction equipment	**595**	**-**	988	-
Compressor	**14,067**	**-**	27,711	-
	3,117,981	**(9,969)**	1,237,614	(4,420)
	Capital expenditure incurred	**Transfer to operating assets**	Capital expenditure incurred	Transfer to operating assets
Capital work in progress:				
Projects:				
- Gas distribution system	**1,394,003**	**(1,329,933)**	1,139,998	(814,260)
- Gas transmission system	**190,417**	**(1,644,679)**	981,640	(305,766)
- Cost of buildings under construction and others	**11,737**	**(5,415)**	30,221	(9,016)
Others	**-**	**-**	-	-
	1,596,157	**(2,980,027)**	2,151,859	(1,129,042)

During the period, there has been net (decrease) / increase in respect of stores and spares held for capital projects and others amounting to Rs. (163) million (September 30, 2017: Rs. 165 million).

7. As at September 30,2018, the Holding Company has aggregate deferred tax asset on deductible temporary differences amounting to Rs.24,448 million (June 30, 2018: Rs. 22,728 million) out of which deferred tax asset amounting to Rs.15,121 million has been recognised and remaining balance of Rs 9,327 million is unrecognised. As at period end, the Holding Company's minimum tax credit amounted to Rs.2,123 million (June 30, 2018: Rs. 1,837 million) having expiry period ranging between 2022 and 2023.

	September 30, 2018 (Un-audited)	June 30, 2018 (Audited)
	-----------(Rupees in '000)----------	

8. LONG TERM INVESTMENTS

Investment in related parties	**220,252**	247,049
Other investments	**121,620**	129,383
	341,872	376,432

		Note	September 30, 2018 (Un-audited)	June 30, 2018 (Audited)
			--------(Rupees in '000)--------	
9.	**TRADE DEBTS**			
	Considered good			
	- secured		**24,809,508**	24,178,091
	- unsecured	9.1 & 9.2	**65,651,235**	67,430,159
			90,460,743	91,608,250
	Provision against doubtful debts		**(14,958,446)**	(14,825,521)
			75,502,297	76,782,729

9.1 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. 31,577 million (June 30, 2018: Rs. 31,948 million) as at September 30, 2018 receivables from KE (excluding receivables from sale of RLNG). Out of this, Rs. 29,652 million (June 30, 2018: Rs. 29,652 million) are overdue. However, the aggregate legal claim of the Holding Company from KE amounts to Rs. 88,634 million (June 30, 2018: Rs. 85,763 million). This amount has been arrived at as per the practice of the Holding Company to charge LPS to customers who do not make timely payments.

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

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

  a. Highest OD rate being paid by 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 is also of the opinion 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 filling of this 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. Subsequent to period end term of reference has been signed and shared with KE however no response has been received from KE.

9.2 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. 23,081 million (June 30, 2018: Rs. 22,924 million) including overdue balance of Rs. 23,031 million (June 30, 2018: Rs. 22,873 million) receivable from PSML. However, the aggregate legal claim of the Holding Company from PSML amounts to Rs. 56,506 million (June 30, 2018: Rs. 55,001 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 bv 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.

10. INTEREST ACCRUED

	September 30, 2018 (Un-audited)	June 30, 2018 (Audited)
	--------(Rupees in '000)--------	
Interest accrued on late payment of bills / invoices from:		
- Water & Power Development Authority (WAPDA)	**3,457,577**	3,421,488
- Sui Northern Gas Pipelines Limited (SNGPL)	**6,696,934**	6,416,359
- Jamshoro Joint Venture Limited (JJVL)	**822,604**	745,157
	10,977,115	10,583,004
Interest accrued on bank deposits	**2,370**	2,372
Interest accrued on sales tax refund	**487,739**	487,739
	11,467,224	11,073,115
Provision against impaired accrued income	**(84,392)**	(84,392)
	11,382,832	10,988,723

11. OTHER RECEIVABLES - considered good

	Note	September 30, 2018 (Un-audited)	June 30, 2018 (Audited)
		--------(Rupees in '000)--------	
Gas development surcharge receivable from GoP	11.1	**65,038,780**	50,982,946
Recoverable from HCPC	11.2	**3,787,690**	3,787,690
Expenses deferred by OGRA	11.3	**4,167,196**	4,167,196
Staff pension fund		**260,850**	319,596
Receivable for sale of gas condensate		**42,949**	42,949
Sui Northern Gas Pipelines Limited	11.4	**54,220,524**	49,025,870
Jamshoro Joint Venture Limited	11.5	**12,033,292**	12,033,292
Sales tax receivable	11.6	**34,098,480**	30,666,878
Sindh sales tax receivable		**112,976**	112,976
Receivable against asset contribution	11.7	**382,981**	382,469
Accrued markup		**3,072**	2,141
Miscellaneous receivable		**73,521**	117,922
		174,222,311	151,641,925
Provision against impaired receivables		**(2,346,359)**	(2,346,359)
		171,875,952	149,295,566

11.1 Gas development surcharge receivable from GoP

	September 30, 2018 (Un-audited)	June 30, 2018 (Audited)
GDS receivable	**50,982,946**	21,264,629
Recovered during the period	**822,593**	(7,180,936)
Paid during the period	**-**	7,708,861
Impact of staggering	**(917,946)**	(3,671,785)
Price increase / (decrease) adjustment during the period	**14,151,187**	31,494,026
Claim under IAS 19 during the year	**-**	1,368,151
	65,038,780	50,982,946

11.2 Receivable from Habibullah Coastal Power Company (Pvt) Ltd. (HCPCL)

	September 30, 2018 (Un-audited)	June 30, 2018 (Audited)
Amount of Liquidated Damages (LD) Charges as per Arbitration Award	**3,626,382**	3,626,382
Subsequent LDs raised by HCPCL on Award Principle	**161,308**	161,308
	3,787,690	3,787,690

The Holding Company has arbitration proceedings pending against HCPCL in International Court of Arbitration as mentioned in Note 17.5. On April 30, 2018, the decision of arbitration proceeding has been issued by the International court of arbitration in favor of HCPCL and the Holding Company was required to make payment to HCPCL as a final reward in the form of indemnity, liquidity damages, interest and legal and professional charges. As explained in Note 17.5, LD Charges adjusted by HCPCL against gas bills are recoverable from HCPCL as per ECC Decision dated February 07, 2018 amount of Rs. 3,788 million is transferred from Trade Debts to Other Receivables.

11.3 Expenses Deferred by OGRA

	September 30, 2018 (Un-audited)	June 30, 2018 (Audited)
	--------(Rupees in '000)--------	
Late Payment Surcharge (LPS) (up to FY 2016-17)	**3,243,503**	3,243,503
Total interest on LD Charges	**352,768**	352,768
Total Legal Charges	**570,925**	570,925
	4,167,196	4,167,196

Consequent to the Arbitration Award as mentioned in note 11.2 to this consolidated condensed interim financial information, the Holding Company was required to pay Interest on LD Charges of Rs. 353 million and Legal Charges of Rs. 572 million to HCPCL. The same has been adjusted by HCPCL against Gas Bills and the Holding Company was required to reverse the LPS previously charged to HCPCL.

Since the LPS so reversed was previously offered to OGRA as Operating Income and Interest on LD Charges and Legal charges are operating expense the total amount of Rs. 4,167 was claimed from OGRA in Petition for FRR. However, OGRA has deferred its decision on the matter until the conclusion of matter between WAPDA / CPPA-G and HCPCL as per ECC directives described in Note 17.5 to this consolidated condensed interim financial information.

11.4 Receivable balance from SNGPL comprises of the following:

	Note	**September 30, 2018 (Un-audited)**	June 30, 2018 (Audited)
		--------(Rupees in '000)--------	
Uniform cost of gas		**15,818,846**	16,011,846
Lease rentals		**64,390**	64,864
Contingent rent		**3,535**	3,535
LSA Margins		**1,278,673**	1,083,299
Capacity and utilisation charges of RLNG	11.4.1	**29,020,207**	19,835,414
RLNG transportation income		**8,034,873**	12,026,912
		54,220,524	49,025,870

11.4.1 The Holding Company has invoiced an amount of Rs. 52,939 million, including Sindh Sales Tax of Rs. 6,233 million, till September 30, 2018 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 Holding Company. For quantity supplied to PAFCL, PAFCL is making payment directly to the Holding Company according to the payment plan finalized subsequent to end of reporting date. The Holding Company has finalized its payment plan with PAFL in which PAFL is required to make eight equal monthly installments of Rs. 201 million per month. Till July 2019, the Holding Company has received all eight installments

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.

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, and on February 7, 2019, another 18 BCF and 11 BCF respectively. Up to March 2020 71 BCF of RLNG volume has been allocated to the Holding 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.

11.5 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 in this consolidated condensed interim financial information.

11.6 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.

11.7 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.

	September 30, 2018 (Un-audited)	June 30, 2018 (Audited)
	-----------(Rupees in '000)-----------	
12. LONG-TERM FINANCE		
Secured		
Loans from banking companies	**54,318,557**	55,336,852
Unsecured		
Front end fee of foreign currency loan	**23,950**	23,950
Customer finance	**198,359**	201,624
Government of Sindh loans	**737,802**	733,040
	960,111	958,614
Subtotal	**55,278,668**	56,295,466
Less: curent portion shown under current liabilities		
Loans from banking companies	**(9,600,000)**	(11,375,000)
Customer finance	**(11,500)**	(12,024)
Government of Sindh loans	**(186,667)**	(186,667)
	(9,798,167)	(11,573,691)
	45,480,501	44,721,775

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

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

	September 30, 2018 (Un-audited)	June 30, 2018 Audited
13. DEFERRED CREDIT	-----------(Rupees in '000)-----------	
Government contributions / grants		
Additions / adjustments during the period	**3,253**	2,312,954
Transferred to consolidated condensed interim statement of profit or loss	**90,011**	433,899
Contribution from customers		
Additions / adjustments during the period	**290,469**	-
Transferred to consolidated condensed interim statement of profit or loss	**38,728**	152,010
Government of Sindh grants		
Additions / adjustments during the period	**-**	(806,240)
Transferred to consolidated condensed interim statement of profit or loss	**5,830**	54,938

14. SHORT TERM BORROWINGS

These represent facilities for short term running finance / short term money market loan available from various banks amounting to Rs.25,000 million (June 30, 2018: Rs. 23,000 million) and carry mark-up ranging from 0.00% to 0.10% (June 30, 2018: 0.10%) above the average one month KIBOR. These facilities are secured by first pari passu second amendment to the joint hypothecation agreement 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.13,007 million (June 30, 2018: Rs 13,240 million).

15. TRADE AND OTHER PAYABLES

	Note	**September 30, 2018 (Un-audited)**	June 30, 2018 (Audited)
		--------(Rupees in '000)--------	
Creditors for:			
- Indegenious gas	15.1	**236,150,464**	226,212,893
- RLNG		**16,462,299**	7,264,401
- Supplies		**1,089,692**	1,157,886
		253,702,455	234,635,180
Amount received from customers for laying of mains, etc.		**2,648,230**	2,677,773
Payable to SNGPL for differential tariff		**4,163,866**	1,487,714
Engro Elengy Terminal (Private) Limited		**1,813,624**	1,764,281
Accrued liabilities		**4,616,457**	3,902,232
Advances from LPG customers		**35,641**	51,617
Provision for compensated absences - non executives		**316,891**	309,391
Payable to staff gratuity fund		**4,555,664**	4,549,836
Deposits / retention money		**744,757**	678,233
Bills payable		**13,828**	129,430
Advance for sharing right of way		**18,088**	18,088
Withholding tax payable		**223,191**	103,275
Sales tax & Federal excise duty payable		**297,930**	280,403
Provincial sales tax payable		**12,448**	113,922
Processing Charges payable to JJVL		**8,528,447**	8,528,447
Gas infrastructure development cess payable		**7,333,960**	7,425,827
Advances from customers and distributors		**-**	35,978
Transport and advertisement services		**14,927**	13,795
Unclaimed Term Finance Certificate redemption profit		**1,800**	1,800
Workers's profit participation fund		**12,860**	12,860
Provision		**9,627**	15,918
Others		**581,123**	619,474
		289,645,814	267,355,474

15.1 As at September 30, 2018, amount of Rs. 181,240 million (June 30, 2018: Rs. 167,492 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, 2017: Rs. 15,832 million) on their balances which have been presented in note 16.1 in this consolidated condensed interim financial information.

16. INTEREST ACCRUED

	Note	**September 30, 2018 (Un-audited)**	June 30, 2018 (Audited)
		--------(Rupees in '000)--------	
Long term financing - loans from banking companies		**923,719**	522,464
Long term deposits from customers		**470,879**	370,987
Short term borrowings		**168,585**	159,280
Late payment surcharge on processing charges		**395,695**	339,061
Late payment surcharge on gas development surcharge		**4,826**	4,828
Late payment surcharge on gas supplies	16.1.	**15,832,411**	15,832,411
		17,796,115	17,229,031

16.1 As disclosed in note 9.1 and 9.2, 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 Holding 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. The Holding Company'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 from July 1, 2016 to September 30, 2018 amounting to Rs.17,159 million on outstanding payables to Government Controlled E&P Companies, the effect on this consolidated condensed interim financial information would be as follows:

	(Rupees in million)
- Increase in loss before tax	**43,381**
- Increase in loss after tax / accumulated losses	**30,367**
- Increase in loss per share - Rupees	**34.47**

17. CONTINGENCIES AND COMMITMENTS

		September 30, 2018 (Un-audited)	June 30, 2018 (Audited)
		-------- (Rupees in '000)	--------
17.1	Commitments for capital expenditure	**2,952,400**	4,563,809
17.2	Guarantees issued on behalf of the Holding Company	**4,176,322**	4,323,317

17.3 Jamshoro Power Company Limited [(JPCL) WAPDA] has lodged claims against the Holding Company amounting to Rs. 144,120 million (June 30, 2018: Rs. 144,120 million) for short supply of gas under the provisions of an agreement dated April 10, 1995, between the Holding Company and JPCL. JPCL has raised another claim of Rs. 5.793 million (June 30, 2018: 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.

In respect of JPCL major claim i.e. on account of short supply of gas following clause of the agreement is important which does not support JPCL claim:

"Subject to availability and the terms and conditions specified herein the Holding Company agrees to sell and deliver to the consumer and the consumer agrees to buy and accept a quantity of not less than 62 MMCF of Quality Natural Gas per day at its power station at Jamshoro".

It is evident from foregoing clause of the agreement, that JPCL has raised a claim not supported by the agreement and that the supply of gas to the customer was subject to the availability and it is / was not any firm commitment on the part of the Holding Company.

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.

17.4 As disclosed in note 16.1, 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 from July 01, 2016 to September 30, 2018 amounting to Rs. 17,159 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.

17.5 M/s Habibullah Coastal Power Company Private Limited (HCPCL) filed its request for Arbitration under the Rules of the International Chamber of Commerce (ICC), Singapore on November 30, 2015. The dispute was on account of non or short-supply of gas (against firm commitment of gas under GSA) by the Holding Company to HCPCL with effect from December 2009 onwards.

On April 30, 2018, the decision of arbitration proceeding has been issued by ICC in favor of HCPCL and the Holding Company is required to pay to HCPCL as a final reward in the form of liquidity damages Rs. 3,788 million, interest on liquidity damages of Rs. 353 million and legal and professional charges of Rs. 571 million as on June 30, 2018. Further, LPS charged to HCPCL upto FY 2016-17 amounting to Rs. 3,243 million was also withdrawn.

The liquidated damages claimed by HCPCL from the Holding Company was in consequent to liquidated damages charged to HCPCL by WAPDA/CPPA-G, depicting the flow of payment from one GoP entity i.e. the Holding Company to another GoP entity i.e. WAPDA without yielding any substantial benefit to any claimant party. Therefore, Economic Coordination Committee (ECC) in its meeting held on February 07, 2018 approved in principle the proposal regarding waiver of liquidated damages with the direction to Petroleum Division & Power Division to work out modalities in consultation with all the stakeholders.

In line with above ECC decision, an amount of Rs. 3,788 million has been recognized as Receivable from HCPCL as explained in note 11.2 to this consolidated condensed interim financial information. The remaining amount of Rs. 4,167 million was claimed from OGRA as part of Revenue Requirement of FY 2017-18. However, OGRA in its decision on FRR for FY 2017-18 dated 23rd April 2020 decided to defer its decision on LPS adjustment and other arbitration charges until the conclusion of the matter between WAPDA/CPPA-G and HCPCL. In the light of OGRA decision, this amount has been recognized as “Expenses deferred by OGRA” as explained in note 11.3 to this consolidated condensed interim financial information.

Management is confident that the aforementioned arrangement will materialize in favor of the Holding Company and therefore no provision has been made in this consolidated interim financial information.

17.6 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 Accountants was appointed to conduct a complete audit of JJVL within a period of two months 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 after consultation with both parties came up with a mechanism of revenue sharing of 57% to the Holding Company and 43% to JJVL which is provisional / adhoc subject to final determination by firm of Chartered Accountants to be endorsed by SCP. Accordingly an agreement was signed between the Holding Company and JJVL and submitted the same to SCP for its approval and the same was validated by SCP, subject to payment of admitted liability by JJVL of Rs. 1,500 million by January 16, 2019, in its order dated December 29, 2018.

SCP also directed the Holding Company to resume the supply of gas to JJVL plant based on the new terms provided in the agreement. The agreement is valid for 1.5 years and is set to expire on June 20, 2020 and until renewed by the parties with mutual written consent it shall stand terminated automatically.

However, with respect to the Freight, GIDC and tax challans, SCP will settle the same and an appropriate order shall be passed in this regard. Once the matter is finalized by the Court any change in receivable or payable position shall be recognized in the year in which the SCP order has been passed.

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 this consolidated condensed interim financial information.

	Note	Quarter ended September 30, 2018	September 30, 2017
		(Un-audited)	
		-----------(Rupees in '000)----------	
18. Sales			
Gross Sales-Indigenous gas		**42,023,552**	43,275,697
Gross Sales-RLNG		**13,785,092**	-
		55,808,644	43,275,697
Sales tax - Indigenous gas		**(5,657,799)**	(5,794,178)
Sales tax - RLNG		**(1,469,957)**	-
		(7,127,756)	(5,794,178)
19. RLNG Differential Margins			
RLNG Differential Margin - OGRA		**(1,536,700)**	-
RLNG Differential Margin - SNGPL		**(2,676,152)**	-
		(4,212,852)	-
20. COST OF SALES			
Cost of gas	20.1	**56,878,909**	35,485,413
Transmission and distribution costs		**4,824,854**	4,303,885
		61,703,763	39,789,298
20.1 Cost of gas			
Opening gas in pipelines		**689,805**	463,978
RLNG Purchases		**7,861,451**	-
Gas purchases		**49,627,711**	41,188,038
		58,178,967	41,652,016
Gas consumed internally		**(382,600)**	(690,442)
Inward price adjustment		**-**	(5,009,810)
Closing gas in pipelines		**(917,458)**	(466,351)
		(1,300,058)	(6,166,603)
		56,878,909	35,485,413
21. OTHER OPERATING EXPENSES			
Auditors' remuneration		**3,126**	6,532
Sports expenses		**18,154**	15,900
Corporate social responsibility		**1,340**	5,406
Exchange loss on payment of gas purchases		**1,244,630**	382,902
Provision against impaired stores and spares		**10,647**	11,029
Provision against impaired debt and other receivables		**132,925**	543,359
		1,410,822	965,128

	Note	Quarter ended September 30, 2018	September 30, 2017
		(Un-audited)	
		-----------(Rupees in '000)----------	
22. OTHER OPERATING INCOME			
Income from financial assets			
Income for receivable against asset contribution		**9,829**	9,126
Return on:			
- term deposits and profit and loss bank accounts		**12,108**	7,741
		21,937	16,867
Interest income on late payment of gas bills from			
- Jamshoro Joint Venture Limited (JJVL)		**77,446**	49,653
- Water & Power Development Authority (WAPDA)		**36,089**	51,297
		113,535	100,950
Dividend income		**-**	356
Income from other than financial assets			
Late payment surcharge		**258,318**	614,181
Sui Northern Gas Pipelines Limited (SNGPL)		**280,576**	100,036
Income from net investment in finance lease - SNGPL		**11,652**	14,241
Sale of gas condensate - net		**(5,808)**	(1,611)
Income from LPG NGL - net	22.1.	**45,836**	250,003
Meter manufacturing division profit - net		**1,292**	835
Meter rentals		**191,678**	186,329
RLNG Transportation income		**1,801,515**	675,661
Recognition of income against deferred credit		**128,739**	98,139
Income from new service connections and asset contribution		**-**	71,074
Income from LPG air mix distribution - net		**32,172**	33,708
Income from sale of tender documents		**1,166**	2,168
Scrap sales		**24,030**	3,400
Recoveries from consumers		**19,805**	20,854
Liquidity damaged recovered		**(12,920)**	146,560
Gain on disposal of property, plant and equipment		**23,397**	31,894
Amortization of Government grant		**5,830**	1,315
LSA margins against RLNG		**190,181**	153,174
Miscellaneous		**3,633**	9,653
		3,136,564	2,529,787

22.1. 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 53.55% and $220/MT if JJVL's production share is more than 53.55%.

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.

As per the new agreement SSGCL percentage shall be 57% of extraction of LPG and NGL. The Holding Company shall not pay any extraction charges to JJVL. The agreement shall be continue for a period of one and half year from date of agreement, to be extended only be mutual agreement in writing by the parties before expiry. In the absence of any such extension, the agreement shall automatically stand expired.

	Quarter ended	
	September 30, 2018	September 30, 2017
	(Un-audited)	
	--------(Rupees in '000)--------	
23. TAXATION		
- Current	**(315,400)**	298,325
- Deferred	**-**	2,478,985
	(315,400)	2,777,310

	September 30, 2018	September 30, 2017
	(Un-audited)	
	--------(Rupees in '000)--------	
24. ADJUSTMENTS FOR NON-CASH AND OTHER ITEMS		
Provisions	**736,412**	877,180
Depreciation	**1,868,347**	1,454,418
Amortization of intangibles	**7,875**	8,252
Finance cost	**1,754,954**	1,095,237
Amortization of transaction cost	**11,466**	7,256
Amortization of Government grant	**(5,830)**	(1,315)
Recognition of income against deferred credit	**(132,732)**	(105,763)
Dividend income	**-**	(356)
Interest income and return on term deposits	**(442,520)**	(215,329)
Income from net investment in finance lease	**(11,652)**	(14,241)
(Gain) / Loss on disposal of property plant and equipment	**(23,397)**	(31,894)
Decrease in long term advances	**6,272**	(511)
Decrease in deferred credit	**291,884**	510
Decrease in obligation against pipeline	**21,997**	23,020
	4,083,076	3,096,464
25. WORKING CAPITAL CHANGES		
(Increase) / decrease in current assets		
Stores and spares	**157,497**	(29,685)
Stock-in-trade	**(321,895)**	60,854
Customers' installation work-in-progress	**(13,306)**	(919)
Trade debts	**1,147,506**	1,039,172
Advance deposits and short term prepayments	**84,440**	6,410
Other receivables	**(24,431,547)**	(13,392,657)
	(23,377,305)	(12,316,825)
Increase in current liabilities		
Trade and other payables	**24,083,119**	9,213,275
	705,814	(3,103,550)

26. 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 this consolidated condensed interim financial information are as follows:

	Relationship	Quarter ended September 30, 2018 (Un-audited) (Rupees in '000)	Quarter ended September 30, 2017 (Un-audited) (Rupees in '000)
***Astro Plastic (Private) Limited**	**Associate**		
- Billable charges		**-**	46,975
Attock Cement Limited	**Associate**		
- Billable charges		**16,676**	18,038
Government related entities			
- Purchase of fuel and lubricant		**11,475**	34,565
- Billable charges		**6,918,233**	9,084,983
- Income from net investment in finance lease		**11,652**	14,241
- Gas purchases		**24,267,365**	19,917,440
- Sale of gas meters		**3,497**	2,131
- Rent of premises		**-**	6,649
- Insurance premium		**26,592**	27,950
- Electricity expenses		**62,721**	61,285
- Interest income		**316,665**	151,333
- Uniform Cost of gas		**-**	5,009,810
- Markup on short term finance		**1,657**	4,713
- Markup on long term finance - Expense		**120,598**	58,879
- RLNG Transportation income		**1,801,515**	675,661
- Professional Charges		**-**	239
- Income against LNG service agreement		**190,181**	153,174
Habib Bank Limited	**Associate**		
- Profit on investment		**245**	220
- Markup on short term finance		**77,335**	42,263
- Markup on local currency finance		**147,399**	121,508
- Billable charges		**4,147**	5,054
Key management personnel			
- Remuneration		**56,231**	63,443
Minto & Mirza	**Associate**		
- Professional charges		**1,500**	1,500

	Relationship	Quarter ended September 30, 2018	Quarter ended September 30, 2017
		(Un-audited)	
		(Rupees in '000)	
SSGC LPG (Private) Limited	**Wholly owned subsidiary**		
- Interest on loan		**33,737**	30,233
- Sale of LPG		**-**	85,363
- Reimbursement of Management Fee		**3,955**	3,076
- Rental Income		**193**	183
Staff retirement benefit plans	**Associate**		
- Contribution to provident fund		**85,821**	82,329
- Contribution to pension fund		**228,755**	69,002
- Contribution to gratuity fund		**134,397**	71,698
Thatta Cement Company Limited	**Associate**		
- Gas sales		**851**	1,209
Petroleum Institute of Pakistan	**Associate**		
- Subscription/Contribution		**980**	2,378

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

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

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

26.3. 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.

26.4. 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, 2018 (Unaudited)	June 30, 2018 (Audited)
		(Rupees in '000)	
Attock Cement Limited	**Associate**		
- Billable charges		**6,094**	5,280
- Gas supply deposit		**(588)**	(588)

	Relationship	September 30, 2018 (Unaudited)	June 30, 2018 (Audited)
		--------(Rupees in '000)--------	
Government related entities - various			
- Billable charges		**58,464,685**	62,534,758
- Mark up accrued on borrowings		**(6,095,955)**	(6,096,830)
- Net investment in finance lease		**64,390**	64,864
- Gas purchases		**187,277,100**	172,448,498
- Gas meters		**777,948**	1,467,999
- Uniform cost of gas		**15,818,846**	16,011,845
- Cash at bank		**49,325**	3,619
- Stock Loan		**48,469**	45,595
- Recoverable from insurance		**(2,463)**	(2,301)
- Gas supply deposit		**(43,392)**	(39,276)
- Interest expense accrued - late payment surcharge on gas bills		**(15,832,411)**	(15,832,411)
- Interest income accrued - late payment on gas bills		**10,154,512**	9,837,847
- Contingent rent		**3,535**	3,535
- Capacity and utilisation charges of RLNG		**29,020,207**	19,835,414
- RLNG Transportation Income		**8,034,872**	12,026,912
- LSA Margins		**1,278,673**	1,083,299
- Advance for Sharing Right of Way		**(18,088)**	(18,088)
- Professional Charges		**57**	57
Habib Bank Limited	**Associate**		
- Long term finance		**(7,327,580)**	(7,478,125)
- Short term finance		**(5,999,421)**	(5,966,125)
- Cash at bank		**48,033**	61,008
- Accrued markup		**(599,478)**	(449,258)
- Billable charges		**4,147**	1,530
- Gas supply deposit		**363**	363
Thatta Cement Company Limited	**Associate**		
- Billable charges		**392**	310

27. 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 assets 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 (loss) / Profit	
	September 30, 2018	September 30, 2017	**September 30, 2018**	September 30, 2017
	(Un-audited)			
	(Rupees in '000)			
Gas transmission and distribution	**48,680,888**	37,481,519	**(1,882,610)**	(644,590)
Meter manufacturing	**366,933**	363,704	**1,292**	835
Total segment results	**49,047,821**	37,845,223	**(1,881,318)**	(643,755)
Unallocated - other expenses				
- Other operating expenses			**(1,277,671)**	(421,769)
Unallocated - other income				
- Non-operating income			**229,599**	185,954
Loss before tax			**(2,929,390)**	(879,570)

The above revenue includes sale of meters by meter manufacturing segment to gas transmission and distribution amounting to Rs. 439 million (Septemer 30, 2017: Rs. 363 million).

Segment assets and liabilities

	September 30, 2018 (Un-audited)	June 30, 2018 (Audited)
	(Rupees in '000)	
Segment assets		
Gas transmission and distribution	**383,914,391**	361,058,235
Meter manufacturing	**2,003,262**	2,993,343
Total segment assets	**385,917,653**	364,051,578
Unallocated		
- Loans and advances	**1,259,954**	962,931
- Taxation - net	**19,461,347**	19,699,217
- Interest accrued	**490,109**	490,111
- Cash and bank balances	**723,034**	791,931
	21,934,444	21,944,190
Total assets as consolidated statement of financial position	**407,852,097**	385,995,768
Segments liabilities		
Gas transmission and distribution	**401,144,009**	376,178,250
Meter manufacturing	**932,091**	956,519
Total segment liabilities	**402,076,100**	377,134,769
Unallocated		
- Employee benefits	**6,151,006**	5,956,657
Total liabilities as per consolidated statement of financial position	**408,227,106**	383,091,426

28. 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.

28.1. 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, 2018			
	Level 1	**Level 2**	**Level 3**	**Total**
	Rupees in '000			
Assets				
Available for sale investments				
Quoted equity securities	**336,771**	**-**	**-**	**336,771**

	As at June 30, 2018			
	Level 1	Level 2	Level 3	Total
	Rupees in '000			
Assets				
Available for sale investments				
Quoted equity securities	371,331	-	-	371,331

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.

28.2. Fair value of other assets

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

	As at September 30, 2018	
	Level 2	**Fair Value**
	Rupees in '000	
Freehold land	**6,309,707**	**6,309,707**
Leasehold land	**8,026,216**	**8,026,216**
	14,335,923	**14,335,923**

	As at June 30, 2018	
	Level 2	Fair Value
	Rupees in '000	
Freehold Land	6,309,707	4,434,792
Leasehold Land	8,026,216	6,082,257
	14,335,923	10,517,049

29. GENERAL

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

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

30. DATE OF AUTHORISATION

This consolidated condensed interim financial information were authorised for issue in Board of Directors meeting held on September 12, 2020.

Dr. Shamshad Akhtar
Chairperson

Muhammad Amin Rajput
Acting Managing Director

Syed Fasihuddin Fawad
Acting Chief Financial Officer

KEY DATA

FRANCHISE AREA	SINDH AND BALOCHISTAN	
	Three months period ended September 30,	
	2018	2017
NATURAL GAS SALES VOLUME (MMCF)	**91,102**	89,785
NUMBER OF CUSTOMERS (CUMULATIVE)		
INDUSTRIAL	**4,215**	4,201
COMMERCIAL	**22,603**	22,686
DOMESTIC	**2,903,685**	2,828,693
TOTAL	**2,930,503**	2,855,580
GAS METERS MANUFACTURED (NOS.)	**164,315**	69,140
TRANSMISSION NETWORK - CUMULATIVE (KM)		
DIAMETER		
6"	**36**	36
12"	**545**	522
16"	**558**	558
18"	**940**	940
20"	**844**	844
24"	**751**	717
30"	**9**	9
42"	**371**	371
	4,054	3,997
DISTRIBUTION NETWORK - CUMULATIVE (KM)		
MAINS (1" - 30" DIAMETER)	**35,997**	35,997
SERVICES	**10,393**	10,393
	46,390	46,390

کمپنی کو درپیش خطرناک صورتحال پر قابو پانے کے لئے اوگرا کے کورہ بالا سمری پر عملدرآمد کرنے کا باعث بننے والے خدشات دور کرنے کیلئے MoE-PD نے کمپنی کے دعوے کی قانونی حیثیت پر غور کرتے ہوئے فیصلہ کیا کہ معاملہ کو نئے سرے سے اٹھایا جائے اور تمام اسٹیک ہولڈرز کی مشاورت کے بعد ECC کو ایک اور سمری بھیجی گئی تھی تا کہ ای سی سی کے پہلے والے فیصلہ کو نافذ کروایا جا سکے۔

متذکرہ بالا مسئلہ کا حل نہایت اہم ہے حتیٰ کہ مستقبل میں بھی اس کی غیر موجودگی میں، ایکیوٹی میں کٹوتی سے فنانشل پوزیشن میں مزید بگاڑ پیدا ہوسکتا ہے جو مستقبل میں اسٹیک ہولڈرز بشمول GoP کی توقعات کے مطابق کمپنی کے موثر اور پائیدار آپریشنز پر شدید شکوک وشبہات پیدا ہو سکتے ہیں۔

گزشتہ غیر مستحکم نقصانات کو ضم کرنا

سندھ ہائی کورٹ کے فیصلے مورخہ 25 نومبر 2016، جس میں ایس ایس جی سی UFG کی حد اور بعض نان آپریشنل انکم کے دعوے کو مسترد کر دیا گیا تھا، اس سے متعلق 0.9 بلین روپے کے غیر مستحکم نقصانات کو ضم کیا گیا۔ اس فیصلے کے نتیجے میں ایس ایس جی سی کو مالی سال 2011 تا 2015 سے متعلق 36.7 بلین روپے کا نقصان ضم کرنا پڑا۔ ایس ایس جی سی نے مجاز اتھارٹی کی منظوری سے ان نقصانات کو چھ سال کے عرصہ تک موخر کر دیا ہے ور 30 ستمبر 2018 تک ایس ایس جی سی نے 26.6 بلین روپے شامل کر لئے تھے۔

بلند مالیاتی لاگت

مذکورہ مدت کیلئے مالیاتی چارجز 1.7 بلین روپے تھے جو گزشتہ سال کی اسی مدت کے مقابلے میں 0.7 بلین روپے زیادہ ہیں۔ اس اضافے کی بڑی وجہ RLNG کی پورٹ قاسم کراچی سے ساوان تک SNGPL نیٹ ورک کو RLNG کی ترسیل کیلئے پائپ لائن انفرااسٹرکچر کیلئے حاصل کیا گیا طویل مدت کا قرضہ تھا۔ اس کے علاوہ گردشی قرضہ کی وجہ سے کمپنی کے کیش فلو کا سلسلہ طویل ہو گیا جس کے نتیجے میں قلیل المدت قرضہ جات پر اضافی مالی لاگت آئی۔

مستقبل کا منظر نامہ

کمپنی کو مالیاتی اور آپریشنل امور جاری رکھنے کیلئے یو ایف جی میں کمی ناگزیر ہے۔ نیز یہ بات بھی اہم ہے کہ کمپنی کو کیبنٹ کی ای سی سی کے فیصلے کی بنیاد پر RLNG کی ہینڈلنگ پر یو ایف جی الاؤنس کا حساب کرنے کی اجازت دی جائے۔

اعتراف

بورڈ آف ڈائریکٹرز شیئر ہولڈرز اور معزز صارفین کے مستقل تعاون پر ان کا دلی شکریہ ادا کرتا ہے۔ بورڈ اپنے ملازمین کے خلوص کا بھی معترف ہے جنہوں نے کمپنی کو درپیش متعدد چیلنجز کے باوجود جرأت مندی کے ساتھ اپنے کام انجام دیئے۔ ڈائریکٹرز حکومت پاکستان، وزارت پیٹرولیم اور قدرت وسائل اور آئل اینڈ گیس ریگولیٹری اتھارٹی کی مسلسل رہنمائی اور تعاون کیلئے بھی ممنون ہے۔

منجانب بورڈ

چیئرپرسن

کراچی

ڈائریکٹرز کا جائزہ

برائے سہ ماہی مختتمہ 30 ستمبر، 2018

میں کمپنی کے غیر آڈٹ شدہ نتائج برائے سہ ماہی مختتمہ 30 ستمبر، 2018 پیش کرتے ہوئے خوشی محسوس کر رہا ہوں۔ زیر جائزہ مدت کے دوران میں کمپنی کو سنگین چیلنجوں کا سامنا رہا۔ جن میں سے کچھ کمپنی کی ترقی اور استحکام کے لئے اہم ہیں۔

فنانشل جائزہ

زیر جائزہ مدت کے دوران، کمپنی نے اوگرا کی جانب سے پابندیوں کے بعد 3,224 ملین روپے بعد از ٹیکس خالص نقصان ریکارڈ کیا۔

فنانشل جھلکیوں کا خلاصہ ذیل میں درج ہے:

برائے سہ ماہی مختتمہ 30 ستمبر، 2018 (روپے ملین میں)	
نقصان قبل از ٹیکس	(2,911)
ٹیکس	(313)
نقصان بعد از ٹیکس	(3,224)

ایس ایس جی سی کو اوگرا کے مجوزہ گارنٹیڈ ریٹرن فارمولا کے تحت اپنے اوسط خالص آپریٹنگ فکسڈ اثاثوں پر فنانشل چارجز اور ٹیکسز سے قبل 17% آمدنی کی اجازت ہے۔ تاہم، اوگرا کی جانب سے کارکردگی سے متعلق بینچ مارک کے ساتھ ساتھ غیر شمار شدہ گیس (یو ایف جی)، ہیومن ریسورس بینچ مارک کی لاگت اور مشکوک قرضوں کی فراہمی اور بعض دیگر اخراجات پر مبنی آمدنی کی ضروریات کا تعین کرتے وقت ایڈجسمنٹس سے کمپنی کی نچلی حد متاثر ہوئی ہے۔

مالیاتی اسٹیٹمنٹس برائے سہ ماہی مختتمہ 30 ستمبر، 2018 اوگرا کے مالی سال 18-2017 کے حتمی مالی ضروریات کے بارے میں فیصلے مجریہ 23 اپریل 2020 کے مطابق تیار کئے گئے ہیں۔ (سوائے UFG کے تعین میں بعض غیر معمولی ڈس الاؤنسز کے، جس کے بارے میں کمپنی نے درخواست دائر کر دی ہے)۔ اثاثہ جات پر 3.8 بلین روپے آمدنی کے عوض کل ڈس الاؤنسز کو ان تین ماہ کے مالیاتی نتائج مبلغ 4.5 بلین روپے میں ضم کر دیا گیا ہے۔

UFG کے بڑے ڈس الاؤنسز

انتہائی بلند UFG ڈس الاؤنسز کی حقیقی وجہ یہ ہے کہ اوگرا اکنامک کوآرڈینیشن کمیٹی کی جانب سے 11 مئی 2018 کو جاری کردہ سمری کے مطابق ایس ایس جی سی کو منظور شدہ RLNG والیوم ہینڈلنگ بینیفٹ کو قبول نہیں کر رہی ہے۔

اگر ایس ایس جی سی کو اس فائدے کی اجازت دے دی جاتی تو خالص UFG ڈس الاؤنس 4.5 بلین روپے سے کم ہو کر 2.7 بلین روپے رہ جاتا۔

RLNG سپلائی چین میں تمام اسٹیک ہولڈرز RLNG کی ترسیل کے عمل میں اصل کے مطابق حادثاتی اخراجات / نقصانات کا معاوضہ وصول کر رہے ہیں۔ مذکورہ بالا ECC کی سمری کی رو سے ایس ایس جی سی کو اس طرح کا فائدہ UFG بینچ مارک کے تعین میں والیوم ہینڈلنگ کے فائدے کی صورت میں حاصل کرنے کی اجازت تھی۔ البتہ، اوگرا نے اس پر عملدرآمد سے انکار کر دیا جس کی وجہ سے ایس ایس جی سی کو یو ایف جی ڈس الاؤنس کی صورت میں زبردست مالی نقصان ہوا۔

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Printed at: The Times Press (Pvt.) Ltd.