SSGC | Sui Southern Gas Company Limited

Un-Audited Condensed Interim Financial Information for the half year ended December 31, 2023

DELIVERING VALUE BEYOND ENERGY

SSGC | Sui Southern Gas Company Limited

Unconsolidated Condensed Interim Financial Information (Un-Audited) for the Half year ended December 31, 2023

CORPORATE PROFILE

BOARD OF DIRECTORS

AS ON DECEMBER 31, 2023

Dr. Shamshad Akhtar	Chairperson
Mr. Muhammad Raziuddin Monem	Director
Ms. Saira Najeeb Ahmed	Director
Mr. Shakeel Qadir Khan	Director
Mr. Shahbaz Tahir Naadeem	Director
Mr. Shoiab Javed Hussain	Director
Dr. Sohail Razi Khan	Director
Mr. Ayaz Dawood	Director

MANAGING DIRECTOR
Mr. Imran Maniar

COMPANY SECRETARY
Mr. Mateen Sadiq

AUDITORS
M/s. BDO Ebrahim & Co., Chartered Accountants

LEGAL ADVISOR
M/s. Liaquat Merchant Associates (LMA)

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

CONTACT DETAILS
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Web: www.ssgc.com.pk

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

BOARD OF DIRECTORS' COMMITTEES

BOARD HUMAN RESOURCE AND REMUNERATION & NOMINATION COMMITTEE

Dr. Shamshad Akhtar	Chairperson
Mr. Muhammad Raziuddin Monem	Director
Mr. Ayaz Dawood	Director

BOARD FINANCE AND PROCUREMENT COMMITTEE

Ms. Saira Najeeb Ahmed	Chairperson
Dr. Sohail Razi Khan	Director
Mr. Ayaz Dawood	Director
Mr. Zuhair Siddiuqi	Director

BOARD AUDIT COMMITTEE

Mr. Ayaz Dawood	Chairman
Ms. Saira Najeeb Ahmed	Director
Dr. Sohail Razi Khan	Director

BOARD RISK MANAGEMENT, LITIGATION AND HSEQA COMMITTEE

Mr. Muhammad Raziuddin Monem	Chairman
Mr. Shakeel Qadir Khan	Director

BOARD SPECIAL COMMITTEE ON UFG

Dr. Shamshad Akhtar	Chairperson
Mr. Shakeel Qadir Khan	Director
Dr. Sohail Razi Khan	Director

DIRECTORS’ REVIEW

For Six Months Period Ended December 31, 2023

The Board of Directors of SSGC is pleased to present the half-yearly financial statements for the period ended December 31, 2023.

Financial Overview

During the six months of FY 2023-24, SSGC has demonstrated remarkable progress in operational efficiency and financial recovery. Building upon the momentum established in the first Quarter of FY 2022-23, the Company has significantly reduced its Unaccounted-for-Gas (UFG) to 10.68% from 17.78% in the corresponding period last year. This significant improvement reflects a steadfast commitment to optimizing operations, business processes, and organizational culture.

Recognizing the critical impact of UFG on profitability, the Board of Directors, in collaboration with management, has actively supported initiatives undertaken by the dedicated UFG Division to achieve sustainable long-term reductions in UFG losses. Focused efforts have been directed towards OGRA’s Key Monitoring Indicators (KMI), with the objective of achieving 100% compliance in FY 2023-24. As a long-term solution for UFG reduction in leakage-prone and older network areas, SSGC has embarked on an extensive distribution network rehabilitation program. The previous year’s target of 750 km has been increased to 1,500 km, of which 570 km has successfully been completed by December 2023. Moving forward, the company aims to rehabilitate 7,500 km of the distribution pipeline network over the next three years.

Financial Highlights

(Rupees in Million)	December 2023	December 2022	Variance
Profit / (Loss) before Taxation	8,080	(7,939)	16,019
Taxation	2,262	(1,635)	3,897
Profit / (Loss) after Taxation	5,817	(9,574)	15,391
Earnings / (Loss) Per Share (Rs.)	6.60	(10.87)	17.47

Despite challenging operating environment, SSGC’s strategic focus on enhancing operational efficiencies has led to substantial improvements in UFG metrics. Over the period from FY 2018-19 to FY 2022-23, SSGC achieved a cumulative reduction of approximately 21 BCF in UFG, demonstrating consistent efforts to address operational challenges. Streamlined operations and an improved project environment have further enhanced capitalization from Rs. 17 billion (FY 2022-23) to a target of Rs. 28 billion in FY 2023-24. In adherence to technological advancements, SSGC has implemented a remote control and monitoring system (SCADA) on 50 TBS sites for precise operational control. Additionally, intensified efforts have been made to achieve regulatory and legal resolution of the Balochistan UFG issue.

The financial statements are prepared in accordance with OGRA’s determination of the Final Revenue Requirement, ensuring compliance with regulatory frameworks. The Company’s future outlook remains optimistic, supported by robust initiatives such as network rehabilitation, zonal management implementation, and technological investments. These initiatives reinforce SSGC’s commitment of providing reliable and sustainable gas supplies while enhancing customer satisfaction.

Profitability and Financial Adjustments

SSGC’s profitability is primarily derived from the Guaranteed Return Formula prescribed by OGRA, based on the Weighted Average Cost of Capital (WACC). For this period, SSGC was allowed a 23.45% Return on Average Net Operating Fixed Assets before financial charges and taxes in FY 2022-23 (December 2022: 16.60%). However, adjustments related to efficiency benchmarks, including UFG, Human Resource Benchmark Costs, and Provision for Doubtful Debts, impact the bottom line.

In line with OGRA’s determination for FY 2022-23 issued on October 1, 2024, UFG disallowance absorbed in these six-month financial results amounted to Rs. 4,875 million (December 2022: Rs. 15,479 million). Finance cost for the period was Rs. 6,575 million (December 2022: Rs. 2,909 million).

In Karachi, UFG has been consistently maintained below 6%, which is well within OGRA’s benchmark of 7.6%. Notable improvements have also been observed in Interior Sindh and Balochistan, with UFG percentages reduced to 9% (from 14.92%) and 41.2% (from 60.44%), respectively. Achieving sustainable UFG in Balochistan requires a policy decision at the Federal level, and active advocacy efforts are ongoing.

Operational Enhancements

SSGC has consistently strengthened its organizational structure by implementing measures such as upskilling, training, and optimizing resource utilization. The Small Business Unit (SBU) model, already operational in Karachi and Balochistan, has now been expanded across the franchise area. These changes aim to enhance operational efficiency and customer service.

The disparity between the historical cost of assets (used for Return on Assets calculations) and the Weighted Average Cost of Gas (WACOG), largely based on USD has been a significant factor in the Company’s financial challenges. During the six months, the WACOG increased by 19%, from Rs. 843.74 per MMCF to Rs. 1,008.21 per MMCF, while the UFG volume decreased by 13 BCF, resulting in an overall reduction of UFG disallowance by Rs. 10,604 million.

Provision for Impaired Debts

While OGRA allows provisions for impaired debts related to disconnected customers, SSGC's adoption of IFRS-9 necessitates provisioning based on expected credit losses, including live customers. This forward-looking approach impacted the Company's profitability. However, no ECL disallowance was recognized during this period (December 2022: Rs. 422 million).

Qualifications in the External Auditor's Review Report

The External Auditors, M/s. BDO Ebrahim & CO., Chartered Accountants had continued with similar qualifications in their review report for the six months' period ended December 31, 2023 for the amounts due from KE and PSML and late payment surcharge (LPS) receivable from SNGPL and WAPDA.

Receivable from KE and PSML

During the period, defaulted receivable situation of K-Electric (KE) and Pakistan Steel Mills Limited (PSML) remained the same as in previous periods. The Management is vigorously pursuing recovery suit filed against KE and PSML. At the same time, the management is in constant liaison with the concerned ministries to expedite the recovery of outstanding dues from KE and PSML. It is expected that as soon as the matter is permanently resolved, the overall financial position of the Company will improve. The claim of the Company (including LPS) against KE and PSML, as of December 31, 2023, is Rs. 192,537 million and Rs. 94,729 million respectively.

LPS Receivable from SNGPL and WAPDA

The Company is facing the situation of accumulated receivable from SNGPL and WAPDA due to overall circular debt situation. However, based on the agreed terms and conditions, the Company is accruing LPS against overdue amount. The Company is apprising this position to the concerned Government Authorities on daily basis and expect that this issue would be resolved as and when circular debt is addressed at national level.

Emphasis of matter

In addition to the above, M/s. BDO Ebrahim & Co., Chartered Accountants has drawn attention through 'Emphasis of Matter' in their review report for the six months' ended December 31, 2023, comments are as follows:

i. Material litigations and claims involving different courts, the outcome of which is uncertain;
ii. Sustainability of Company's future operations is dependent upon GoP support letter which has confirmed to extend necessary financial support to maintain going concern status;
iii. SSGC has discontinued recognition of LPS expenses payable to the Government controlled E&P companies (OGDCL, PPL & GHPL) effective from 01 July 2012 till the time SSGC receives LPS income from PSML and KE; and
iv. Settlement of matters with SNGPL prior to June 2020 is dependent on final deliberation with OGRA in the matter of OGRA's appointed Consultant Report.

Major Projects and Future Outlook

SSGC remains committed to achieving operational and financial sustainability. Key projects and initiatives include:

- Completion of a 32-km segment of the 30-inch transmission pipeline to transport additional gas volumes from Upper Sindh to Karachi.
- Successful completion of pipeline projects in Quetta to improve gas supply and reduce UFG.
- Progress on seven distribution pipeline projects in Karachi aimed at separating industrial and domestic networks. Four pipelines have been commissioned, and the remaining Three are on track for completion by June 2024. Work on One (01) additional high pressure pipeline 24" diameter x 31 Km for reinforcing pressure and volumes in Karachi West and Hub Area is also underway with expected completion in June 2024.
- Enhanced performance of the Meter Manufacturing Plant, with 97% local manufacturing achieved post-technology transfer. Through consistent efforts, SNGPL business has been revived with the receipt of first order for 780,000 meters, cumulative order in hand: 1.26 million meters.
- Comprehensive surveys covering domestic customers in Quetta, high-rise buildings in Karachi, and commercial meters across the franchise area.
- Strengthened HSE&QA measures, with active monitoring of rehabilitation and reinforcement projects.
- Improved cathodic protection levels for distribution mains in Sindh and Balochistan.
- Enhanced gas theft control through robust operations, legal actions, and recovery efforts.

Acknowledgements

The Board extends its gratitude to the shareholders, valued customers, and employees for their unwavering support and dedication. We also acknowledge the guidance and assistance provided by the Government of Pakistan, the Ministry of Energy (Petroleum Division), and OGRA in enabling the Company to achieve its objectives.

On behalf of the Board.

Dr. Shamshad Akhtar
Chairperson

M. Amin Rajput
Managing Director

Dated: January 30, 2025
Place: Karachi

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF SUI SOUTHERN GAS COMPANY LIMITED
REPORT ON REVIEW OF UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of SUI SOUTHERN GAS COMPANY LIMITED ("the Company") as at December 31, 2023 and the related unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of changes in equity, and unconsolidated condensed interim statement of cash flows, and notes to the unconsolidated condensed interim financial statements for the six-month period then ended (here-in-after referred as the "unconsolidated interim financial statements"). Management is responsible for the preparation and presentation of this unconsolidated interim financial statements in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these unconsolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of unconsolidated condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

a) As disclosed in notes 7.1 and 7.2 to the unconsolidated condensed interim financial statements, trade debts includes receivables of Rs. 26,289 million and Rs. 22,954 million from K-Electric (KE) and Pakistan Steel Mills Corporation (Private) Limited (PSML) respectively, which has been considered good by management and classified as current assets in the unconsolidated condensed interim financial statements. Further, KE and PSML have disputed Late Payment Surcharge (LPS) on their respective balances due to which management has decided to recognize LPS on a receipt basis from the aforesaid entities effective from July 01, 2012.

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

b) As disclosed in note 8 to the unconsolidated condensed interim financial statements, interest accrued includes interest receivable of Rs. 12,666 million and Rs. 6,242 million from Sui Northern Gas Pipeline Limited (SNGPL) and Water and Power Development Authority (WAPDA), respectively. These have been accounted for in line with the Company's policy of charging LPS on overdue amounts, but have not been acknowledged by the counter-party. Due to disputes of the Company with WAPDA and SNGPL, and the large accumulation of their respective overdue amounts of interest, we were unable to determine the extent to which the interest accrued amounts due from SNGPL and WAPDA are likely to be recovered including the time frame over which such recovery will be made.

Qualified Conclusion

Except for the adjustments, to the unconsolidated condensed interim financial statements due to matters described in (a) and (b) above, based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated condensed interim financial statements as at and for the six-month period ended December 31, 2023 is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Emphasis of Matter

We draw attention to the following:

1. note 1.3 to the unconsolidated condensed interim financial statements which state that in view of the financial position of the Company, the Government of Pakistan (Finance Division) has confirmed to extend necessary financial support to the Company for the foreseeable future to maintain its going concern status. Hence, the sustainability of the future operations of the Company is dependent on the said support;

2. note 14.1 to the unconsolidated condensed interim financial statements which describe that the Company has not recognized the accrued markup up to December 31, 2023, amounting to Rs. 218,340 million relating to Government Controlled E&P Companies based on Government advise and a legal opinion; and

3. note 16 to the unconsolidated condensed interim financial statements which inter alia describe that the Company is subject to various material litigations and claims pending adjudication in different courts. The outcome of these cases is uncertain and beyond management's control.

4. note 9.2, 13.1 and 13.2 to the unconsolidated condensed interim financial statements which describe certain long outstanding matters including matters prior to June 2020 pending settlement with SNGPL whose resolution is dependent on final deliberation with OGRA in the matter of OGRA's appointed consultant report.

Our conclusion is not modified in respect of the above stated matters.

Other Matter

The figures of the unconsolidated condensed interim statement of profit or loss and unconsolidated condensed interim statement of comprehensive income for the three-month period ended December 31, 2022 and 2023 have not been reviewed, as we are required to review only the cumulative figures for the six-month period ended December 31, 2023.

The engagement partner on the review resulting in this independent auditor's review report is Tariq Feroz Khan.

BDO Ebrahim Co

M/s BDO Ebrahim & Co.
Chartered Accountants

Dated: 13 Feb 2025
Place: Karachi
UDIN: RR202310166eK2Nvu6PU

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023

	Note	December 31, 2023 (Un-audited)	June 30, 2023 (Audited)
		--------(Rupees in '000)--------	
ASSETS			
Non-current assets			
Property, plant and equipment	5	**195,339,833**	187,414,345
Right of use assets		**107,362**	73,637
Intangible assets		**161,011**	195,756
Long term investments	6	**1,374,243**	1,235,412
Long term loans		**663,771**	691,249
Long term deposits		**20,736**	20,128
Deferred taxation		**8,995,920**	8,366,320
Total non-current assets		**206,662,876**	197,996,847
Current assets			
Stores, spares and loose tools		**3,887,689**	3,664,088
Stock-in-trade		**4,128,112**	3,444,930
Customers' installation work-in-progress		**280,297**	266,312
Trade debts	7	**120,665,405**	118,245,036
Loans and advances		**863,067**	1,164,562
Advances, deposits and short term prepayments		**570,484**	592,648
Interest accrued	8	**19,563,587**	18,595,308
Other receivables	9	**777,106,677**	707,415,925
Taxation - net		**12,600,862**	13,844,382
Cash and bank balances		**646,799**	384,019
Total current assets		**940,312,979**	867,617,210
Total assets		**1,146,975,855**	1,065,614,057

The annexed notes 1 to 32 form an integral part of these unconsolidated condensed interim financial statements.

Dr. Shamshad Akhtar	**Muhammad Amin Rajput**	**Wajeeh Uddin Sheikh**
Chairperson	Managing Director	Chief Financial Officer

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023

	Note	December 31, 2023 (Un-audited)	June 30, 2023 (Audited)
EQUITY AND LIABILITIES		--------(Rupees in '000)--------	
Share Capital and Reserves			
Share capital		**8,809,163**	8,809,163
Capital reserves			
Reserves		**234,868**	234,868
Surplus on re-measurement of FVTOCI securities		**254,008**	115,177
Surplus on revaluation of property, plant and equipment		**59,835,137**	59,835,137
Revenue reserves			
General reserves		**4,672,533**	4,672,533
Accumulated losses		**(70,537,425)**	(76,354,791)
		3,268,284	(2,687,913)
LIABILITIES			
Non-current liabilities			
Long term financing	10	**25,011,154**	27,335,388
Deferred credit	11	**8,336,737**	8,536,788
Contract liabilities	12	**9,927,859**	9,766,898
Lease liabilities		**25,816**	13,287
Payable against transfer of pipeline		**566,379**	607,696
Long term deposits		**29,215,806**	27,779,873
Employee benefits		**8,010,393**	7,472,303
Total non-current liabilities		**81,094,144**	81,512,233
Current liabilities			
Current portion of :			
Long term financing	10	**4,853,924**	4,853,924
Deferred credit	11	**454,267**	510,445
Contract liabilities	12	**259,496**	296,964
Lease liabilities		**75,201**	53,028
Payable against transfer of pipeline		**80,825**	77,285
Trade and other payables	13	**996,322,057**	927,114,910
Unclaimed dividend		**285,340**	285,340
Interest accrued	14	**18,979,249**	19,502,136
Short term borrowings	15	**41,303,068**	34,095,705
Total current liabilities		**1,062,613,427**	986,789,737
Total liabilities		**1,143,707,571**	1,068,301,970
TOTAL EQUITY AND LIABILITIES		**1,146,975,855**	1,065,614,057
CONTINGENCIES AND COMMITMENTS	16		

The annexed notes 1 to 32 form an integral part of these unconsolidated condensed interim financial statements.

Dr. Shamshad Akhtar Chairperson	**Muhammad Amin Rajput** Managing Director	**Wajeeh Uddin Sheikh** Chief Financial Officer

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2023

	Note	Half year ended December 31, 2023	Half year ended December 31, 2022	Quarter ended December 31, 2023	Quarter ended December 31, 2022
		--------------------(Rupees in '000)--------------------			
Revenue from contract with customers - Gas sales	17	**176,603,152**	123,470,624	**104,493,658**	52,763,647
Add: Tariff adjustments	18	**56,401,610**	85,252,837	**9,471,731**	39,720,174
Net revenue		**233,004,762**	208,723,461	**113,965,389**	92,483,821
Cost of revenue	19	**(224,874,668)**	(210,921,120)	**(112,779,418)**	(97,370,181)
Gross profit / (loss)		**8,130,094**	(2,197,659)	**1,185,971**	(4,886,360)
Administrative and selling expenses		**(3,359,749)**	(2,630,888)	**(1,691,447)**	(1,251,464)
Other operating expenses	20	**(651,204)**	(6,257,177)	**(439,930)**	(11,152)
Allowance for expected credit loss		**(707,168)**	(1,147,268)	**(305,702)**	(714,835)
		(4,718,121)	(10,035,333)	**(2,437,079)**	(1,977,451)
Operating profit / (loss)		**3,411,973**	(12,232,992)	**(1,251,108)**	(6,863,811)
Other income	21	**11,243,361**	7,202,997	**8,265,687**	4,875,731
Profit / (loss) before interest and taxation		**14,655,334**	(5,029,995)	**7,014,579**	(1,988,080)
Finance cost		**(6,575,255)**	(2,909,012)	**(3,331,793)**	(1,260,100)
Profit / (loss) before taxation		**8,080,079**	(7,939,007)	**3,682,786**	(3,248,180)
Taxation	22	**(2,262,713)**	(1,634,746)	**(2,023,884)**	(730,923)
Profit / (loss) for the period		**5,817,366**	(9,573,753)	**1,658,902**	(3,979,103)
Earnings / (loss) per share - basic and diluted	23	**6.60**	(10.87)	**1.88**	(4.52)

The annexed notes 1 to 32 form an integral part of these unconsolidated condensed interim financial statements.

Dr. Shamshad Akhtar
Chairperson

Muhammad Amin Rajput
Managing Director

Wajeeh Uddin Sheikh
Chief Financial Officer

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2023

	Half year ended		Quarter ended	
	December 31, 2023	'December 31, 2022	December 31, 2023	'December 31, 2022
	--------------------(Rupees in '000)--------------------			
Profit / (loss) for the period	**5,817,366**	(9,573,753)	**471,228**	(3,979,103)
Other comprehensive income / (loss) for the period				
Items that will not be reclassified subsequently to unconsolidated condensed interim statement of profit or loss:				
Unrealised gain / (loss) on re-measurement of FVTOCI securities	**138,831**	(8,904)	**112,139**	(5,578)
Total comprehensive income / (loss) for the period	**5,956,197**	(9,582,657)	**583,367**	(3,984,681)

The annexed notes 1 to 32 form an integral part of these unconsolidated condensed interim financial statements.

Dr. Shamshad Akhtar
Chairperson

Muhammad Amin Rajput
Managing Director

Wajeeh Uddin Sheikh
Chief Financial Officer

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2023

		Capital reserves			Revenue reserves		
	Issued, subscribed and paid-up capital	Reserves	Surplus on re-measurement of FVTOCI securities	Surplus on revaluation of property, plant and equipment	General Reserves	Accumulated losses	Total
	-------(Rupees in '000)-------						
Balance as at July 01, 2022 (Audited)	8,809,163	234,868	115,836	54,107,435	4,672,533	(72,418,688)	(4,478,853)
Total comprehensive loss for the period ended December 31, 2022							
Loss for the period	-	-	-	-	-	(9,573,753)	(9,573,753)
Other comprehensive loss for the period	-	-	(8,904)	-	-	-	(8,904)
	-	-	(8,904)	-	-	(9,573,753)	(9,582,657)
Balance as at December 31, 2022 (Un-audited)	8,809,163	234,868	106,932	54,107,435	4,672,533	(81,992,441)	(14,061,510)
Balance as at July 01, 2023 (Audited)	8,809,163	234,868	115,177	59,835,137	4,672,533	(76,354,791)	(2,687,913)
Total comprehensive profit for the period ended December 31, 2023							
Profit for the period	-	-	-	-	-	**5,817,366**	**5,817,366**
Other comprehensive income for the period	-	-	**138,831**	-	-	-	**138,831**
	-	-	**138,831**	-	-	**5,817,366**	**5,956,197**
Balance as at December 31, 2023 (Un-audited)	**8,809,163**	**234,868**	**254,008**	**59,835,137**	**4,672,533**	**(70,537,425)**	**3,268,284**

The annexed notes 1 to 32 form an integral part of these unconsolidated condensed interim financial statements.

Dr. Shamshad Akhtar
Chairperson

Muhammad Amin Rajput
Managing Director

Wajeeh Uddin Sheikh
Chief Financial Officer

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2023

	Note	Half year ended December 31, 2023	Half year ended December 31, 2022
		--------(Rupees in '000)--------	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit / (loss) before taxation		**8,080,079**	(7,939,007)
Cash generated from operations	24	**8,099,320**	2,486,712
Financial charges paid		**(8,196,173)**	(3,695,944)
Employee benefits paid		**(100,898)**	(187,785)
Payment for retirement benefits		**(1,425,469)**	(1,239,365)
Long term deposits - net		**1,435,325**	1,171,775
Loans and advances to employees- net		**328,973**	(242,842)
Income taxes paid		**(1,648,793)**	(721,856)
Net cash generated from / (used in) operating activities		**6,572,364**	(10,368,312)
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		**(11,252,309)**	(5,317,322)
Proceeds from sale of property, plant and equipment		**70,640**	90,744
Payment for payable against transfer of pipeline		**(67,866)**	(67,866)
Payments for intangible assets		**(32,939)**	(35,110)
Dividend received		**2,610**	19,055
Interest income received		**140,923**	20,390
Net cash used in investing activities		**(11,138,941)**	(5,290,109)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from loans		**-**	14,961,375
Repayments of loans		**(2,324,096)**	(4,133,333)
Repayment of customer finance		**(138)**	(8,052)
Repayment of lease liabilities		**(53,772)**	(49,936)
Net cash (used in) / generated from financing activities		**(2,378,006)**	10,770,054
Net decrease in cash and cash equivalents		**(6,944,583)**	(4,888,367)
Cash and cash equivalents at beginning of the period		**(33,711,686)**	(23,115,283)
Cash and cash equivalents at end of the period	25	**(40,656,269)**	(28,003,650)

The annexed notes 1 to 32 form an integral part of these unconsolidated condensed interim financial statements.

Dr. Shamshad Akhtar
Chairperson

Muhammad Amin Rajput
Managing Director

Wajeeh Uddin Sheikh
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 under the Companies Act, 2017 (repealed Companies Ordinance, 1984) and is listed on Pakistan Stock Exchange. The Company came into being on March 30, 1989 after the amalgamation of Karachi Gas Company, Indus Gas Company and Sui Gas Transmission Company. 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 for laying of pipelines.

The registered office of the Company is situated at SSGC House, Sir Shah Muhammad Suleman Road, Block 14, Gulshan-e-Iqbal, Karachi. The meter manufacturing plant is situated at its' registered office.

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	SSGC Karachi Terminal Opposite Safari Park Main University Road, Karachi
Hyderabad	SSGC Regional Office, Opposite 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 the license given by the Oil and Gas Regulatory Authority (OGRA) under the OGRA Ordinance, 2002, the Company is provided with a minimum annual return before taxation based on the Weighted Average Cost of Capital ('WACC') applied on the average net operating assets excluding financial, other non-operating expenses and non-operating income from the reference figures.

The determination of annual required return is reviewed by OGRA, under the terms set by OGRA for the license of transmission, distribution and sale of natural gas, targets and parameters. Income earned in excess / short of the guaranteed return is payable to / recoverable from the Government of Pakistan (the GoP).

1.3 Status of the Company's Operations - Financial Performance

As of the reporting date, the Company has accumulated losses amounting to Rs. 70,537 million (June 30, 2023: Rs. 76,355). The Company's equity has nearly turned up to be a positive, primarily due to the inclusion of surplus on revaluation of property, plant and equipment. Further, its current liabilities exceed its current assets by Rs. 122,300 million (June 30, 2023: 119,173). These factors may cast doubt on the Company's ability to continue as a going concern.

Below enumerated matters are emphasising the financial performance and sustainability of the Company:

- 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 Unaccounted For Gas (UFG) based on Regassified Liquefied Natural Gas (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 of Final Revenue Requirement (FRR) for the financial year June 30, 2018 and there after till June 30, 2023, carrying financial impact aggregating to Rs 91,790 million as of the reporting date, OGRA did not consider implementing the aforementioned decision and advised to take up the matter with Sui Northern Gas Pipelines Limited (SNGPL) in consultation with Ministry of Energy (Petroleum Division). The Company has reiterated its earlier position of higher UFG due to RLNG, thus to sort out this issue, ECC constituted a Committee comprising Secretaries of Petroleum & Finance division. In line with Committee recommendations and having an independent view as requested by the Company, OGRA hired the services of International Technical, Commercial and Management Auditors for determining actual UFG of Gas Companies in respect of indigenous gas as well as imported RLNG.

- The Company has undertaken actions for reduction in UFG / enhancement of UFG benchmark based on Key Monitoring Indicators (KMI) as well as implementation of ECC decision on RLNG volume handling which will help in significant reduction in UFG disallowances.

- The Company has devised a strategy to control UFG, duly approved by the Board of Directors and the same is under implementation.

- The Government of Pakistan (the GoP), being the majority shareholder has also been taking significant measures to resolve gas sector circular debt issues through tariff rationalization and gas pricing reforms. It has also been actively pursuing the Company to devise a tangible and sustainable UFG reduction plan and bring down UFG losses to single digit or below OGRA allowed UFG benchmark to make it a viable business entity.

Further, the GoP's (Finance Division), vide its letter dated October 28, 2024 has shown commitment to extend all support to meet its working capital requirements.

The management is confident that, in view of the above-mentioned factors, the Company's profitability and financial position will improve in the next few years and hence, believes that no material uncertainty exists and going concern basis of accounting is appropriate. Accordingly, these unconsolidated condensed interim financial statements are prepared on a going concern basis.

2 BASIS FOR PREPARATION

2.1 Statement of compliance

These unconsolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017, and

- Provisions of and directives issued under the Companies Act, 2017 and State-Owned Enterprises (Governance and Operations) Act, 2023.

Where the provisions of and directives issued under the Companies Act, 2017 and State-Owned Enterprises (Governance and Operations) Act, 2023 differ from the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 and State-Owned Enterprises (Governance and Operations) Act, 2023 have been followed.

2.2 These unconsolidated condensed interim financial statements are un-audited and are being submitted to the shareholders as required under section 237 of the Companies Act, 2017 and Listing Regulations of the Pakistan Stock Exchange Limited.

2.3 These unconsolidated condensed interim financial statements do not include all the information required for annual unconsolidated financial statements and should be read in conjunction with the annual unconsolidated financial statements of the Company for the year ended June 30, 2023.

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual unconsolidated financial statements.

2.4 The comparative unconsolidated statement of financial position presented in these unconsolidated condensed interim statement of financial position has been extracted from the annual audited unconsolidated financial statements of the Company for the year ended June 30, 2023, whereas the comparative unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of cash flows and unconsolidated condensed interim statement of changes in equity are extracted from the unaudited unconsolidated condensed interim financial statements for the half year ended December 31, 2022.

2.5 Functional and presentation currency

These unconsolidated condensed interim financial statements have been presented in Pakistani Rupees ('Rupees' or 'Rs'), which is the functional and presentation currency of the Company.

3 Initial application of standards, amendments or an interpretation to existing standards

3.1 Standards, amendments and interpretations to accounting standards that are effective in the current period

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on July 01, 2023, but are considered not to be relevant or expected to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these unconsolidated condensed interim financial statements.

3.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after January 1, 2024, but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in these unconsolidated condensed interim financial statements.

4 MATERIAL ACCOUNTING POLICIES ESTIMATES AND JUDGEMENTS

4.1 The accounting policies adopted for the preparation of these unconsolidated condensed interim financial statements are same as these applied to the preparation of the preceding annual unconsolidated financial statements of the Company for the year ended June 30, 2023.

4.2 The preparation of these unconsolidated condensed interim financial statements requires the management to make estimates, assumptions and judgments that affect the application of accounting 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 annual audited unconsolidated financial statements for the year ended June 30, 2023, except for the following:

The charge in respect of staff retirement benefits has been recognised on the basis of actuarial projection for FY 2023-24, hence it does not include consideration for actuarial gains / losses which will be determined at the year end.

		December 31, 2023 (Un-audited)	**June 30, 2023 (Audited)**
		--------(Rupees in '000)--------	
5 PROPERTY, PLANT AND EQUIPMENT			
Operating assets	5.1	**176,117,825**	174,831,452
Capital work-in-progress	5.4	**19,222,008**	12,582,893
		195,339,833	187,414,345

5.1 Following is the movement in property, plant and equipment during the period / year:

Operating fixed assets (Net book value) -			
Opening balance		**174,831,452**	160,332,379
Add: Additions (transfers from CWIP) during the period / year - at cost	5.2	**5,758,035**	16,515,200
Add: Revaluation surplus during the year		**-**	5,727,702
		180,589,487	182,575,281
Less: Disposals during the period / year	5.3	**(271,633)**	(690,042)
Depreciation charge for the period / year		**(4,200,029)**	(7,053,787)
Closing balance		**176,117,825**	174,831,452

5.2 Additions during the period / year - at cost

Leasehold land	**-**	6,904
Buildings on leasehold land	**2,621**	168,398
Gas transmission pipeline	**351,540**	2,746,801
Gas distribution system	**4,062,943**	11,971,547
Compressors	**576,958**	346,755
Telecommunication	**6,784**	56,822
Plant and machinery	**477,549**	460,014

	Note	December 31, 2023 (Un-audited)	June 30, 2023 (Audited)
		--------(Rupees in '000)--------	
Tools and equipment		**24,199**	36,439
Motor vehicles		**111,263**	484,706
Furniture and fixture		**14,906**	31,005
Office equipment		**56,952**	43,514
Computer and ancillary equipments		**72,320**	130,380
Supervisory control and data acquisition system		**-**	31,915
		5,758,035	16,515,200

5.3 Disposal during the period / year - NBV

Gas distribution system	**264,038**	653,031
Telecommunication	**-**	554
Plant and machinery	**2,059**	2,355
Tools and equipment	**1**	33,811
Motor vehicles	**5,535**	-
Office equipment	**-**	4
Computer and ancillary equipments	**-**	167
Supervisory control and data acquisition system	**-**	120
	271,633	690,042

5.4 Capital work in progress

Projects:			
Gas distribution system		**9,121,924**	4,849,255
Gas transmission system		**573,490**	151,277
Cost of buildings under construction and others		**29,965**	559,187
		9,725,379	5,559,719
Impairment of capital work in progress		**(452,552)**	(452,552)
		9,272,827	5,107,167
Stores and spares held for capital projects	5.4.2	**9,681,330**	7,216,646
LPG air mix plant		**267,851**	259,080
		9,949,181	7,475,726
		19,222,008	12,582,893

5.4.1 In the current period, the capital work in progress includes additions of Rs. 12,572 million (June 30, 2023: Rs. 12,701 million) and transfers to operating assets of Rs. 5,758 million (June 30, 2023: Rs. 16,515 million).

5.4.2 Stores and spares held for capital projects

	December 31, 2023 (Un-audited)	June 30, 2023 (Audited)
	--------(Rupees in '000)--------	
Stores and spares held for capital projects	**10,178,094**	7,760,289
Provision for impairment	**(496,764)**	(543,643)
	9,681,330	7,216,646

		Note	December 31, 2023 (Un-audited)	June 30, 2023 (Audited)
			--------(Rupees in '000)--------	
6	**LONG TERM INVESTMENTS**			
	At cost			
	Investment in subsidiary		**1,083,708**	1,083,708
	At fair value through other comprehensive income			
	Associates and other investments		**290,535**	151,704
			1,374,243	1,235,412
7	**TRADE DEBTS**			
	Considered good			
	Secured		**47,083,893**	28,501,759
	Unsecured		**73,581,512**	89,743,277
		7.1 & 7.2	**120,665,405**	118,245,036
	Considered doubtful		**26,244,044**	25,495,071
			146,909,449	143,740,107
	Less: Allowance for expected credit loss		**(26,244,044)**	(25,495,071)
			120,665,405	118,245,036

7.1 The 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, and effective from July 01, 2012, the Company decided to account for LPS from KE on receipt basis based on opinions from firms of Chartered Accountants.

The trade debts includes Rs. 26,289 million (June 30, 2023: Rs. 26,289 million) as at December 31, 2023 receivables from KE against sale of indigenous gas excluding GIDC and LPS. The aggregate legal claim of the Company from KE amounts to Rs. 192,537 million (June 30, 2023: Rs. 176,412 million). This amount has been arrived at as per the policy of the Company to charge LPS to customers who do not make timely payments. However, the balance of Rs. 26,289 (June 30, 2023: Rs. 26,289 million) remains overdue as at December 31, 2023.
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 as per the agreement dated June 30, 2009 which was entered between the Company and KE for making outstanding payment in 18 installments. The Company was entitled to charge LPS on outstanding principal amount at rate highest of:

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

Further, as per the above agreement and 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 a case against the Company in the Honorable High Court of Sindh (SHC) 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. 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. It was later agreed that the Company would make additional 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 additional quantity of natural gas as per terms of the agreement.

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

In March, 2014, the Company 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 to March 31, 2016. Upon expiry, the second addendum was included to the original payment plan on June 18, 2016 effective from April 1, 2016 to March 31, 2017. Currently, management is in a process to negotiate payment plan, which has not been finalized till the filing of these unconsolidated financial statements but the supply of gas and payment is continuing as per old plan.

In June 2022, a Task Force was constituted by the then Prime Minister to resolve issues / disputes related to KE. Accordingly, after deliberations a Mediation Agreement has been initialed executed between the Company & KE (the Stakeholders). The Federal Cabinet also ratified the decision and the Mediation Agreement was also cleared by Law & Justice Division. Parties have submitted their respective claims with the Mediator and the mediation proceedings have been started after taking necessary Board approvals. Recently, the Mediation Agreement has been signed by the stakeholders and the same has been pending for commencement of Mediation process. A formal letter from Federal Government is awaited.

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. Term of reference has been signed and shared with KE. However, no response received from KE.

7.2 The 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 based on opinions from a firm of Chartered Accountants.

The trade debts includes Rs. 22,954 million (June 30, 2023: Rs. 22,272 million) as at December 31, 2023 recoverable from PSML excluding GIDC and LPS. The aggregate legal claim of the Company from PSML amounts to Rs. 94,729 million (June 30, 2023: Rs. 89,405 million). This amount has been arrived at as per the policy of the Company to charge LPS to customers who do not make timely payments. However, the balance of Rs. 22,758 (June 30, 2023: Rs. 22,181 million) remains overdue as at December 31, 2023.

The Company filed a suit in the Honorable High Court of Sindh (SHC) in April 2016, for recovery of its aggregate claim amounting to Rs. 41,354 million balance upto February 2016, along with LPS. On April 6, 2016, the SHC passed an order restraining PSML from creating any third party interest in relation to its assets including but not limited to immovable assets owned by it.

PSML has filed its counter claim approximately of Rs. 38,660 million on account of losses due to low gas pressure provided to PSML from March 2015 to December 2016. Legal counsel of the Company is of the view that due to vagaries of litigation nothing could be expressed with any degree of certainty in the contested matters.

Subsequent to the period end, in the ECC meeting dated May 23, 2024 funds were released to PSML amounting to Rs. 2,125 million for payment of gas bills and it was further decided by the ECC that no further payment against consumption of gas supply to PSML will be made after it so no further liability of Federal Government against SSGC could accrue. Hence, in view of the ECC decision, SSGC sent disconnection notice to PSML on July 01, 2024 and the gas supply to PSML was disconnected on July 04, 2024.

8 INTEREST ACCRUED

	December 31, 2023 (Un-audited)	June 30, 2023 (Audited)
	--------(Rupees in '000)--------	
Interest accrued on late payment of bills / invoices from:		
Water and Power Development Authority (WAPDA)	**6,242,477**	5,857,934
Sui Northern Gas Pipelines Limited (SNGPL)	**12,665,682**	12,093,081
Jamshoro Joint Venture Limited (JJVL)	**239,689**	239,689
	19,147,848	18,190,704
Interest accrued on sales tax refund	**487,739**	487,739
Bank deposits	**7,435**	-
Interest accrued on loan to related party	**32,965**	29,265
	19,675,987	18,707,708
Less: Allowance for expected credit loss	**(112,400)**	(112,400)
	19,563,587	18,595,308

	Note	December 31, 2023 (Un-audited)	June 30, 2023 (Audited)
		--------(Rupees in '000)--------	
9 OTHER RECEIVABLES			
Tariff adjustments indigenous gas - receivable from GoP	9.1	**558,392,117**	498,763,608
Receivable for sale of gas condensate		**11,692**	46,470
Receivable from SNGPL	9.2	**119,600,290**	118,058,521
Receivable from Jamshoro Joint Venture Limited (JJVL)	9.3	**2,501,824**	2,501,824
Receivable from SSGC LPG (Private) Limited		**7,651**	7,600
Receivable from Pakistan LNG Limited		**1,192,033**	1,010,173
Gas infrastructure development cess receivable		**6,833,626**	6,834,735
Receivable from GPO against gas collection		**2,315,215**	2,315,215
Sales tax receivable	9.4	**88,327,790**	80,113,037
Sindh sales tax		**2,451**	2,451
Asset contribution		**302,430**	337,646
Miscellaneous receivables		**164,327**	11,519
		779,651,446	710,002,799
Allowance for expected credit loss		**(2,544,769)**	(2,586,874)
		777,106,676	707,415,925

9.1 Tariff adjustments indigenous gas - receivable from GoP

Opening balance	**498,763,608**	295,488,261
Recognized during the year	**58,803,645**	201,684,882
Subsidy for LPG air mix operations	**824,864**	1,590,465
Closing balance	**558,392,117**	498,763,608

9.2 At the reporting date, receivable balance from SNGPL comprises of the following:

Differential tariff	**4,284,080**	4,284,080
Uniform cost of indigeneous gas	**15,818,845**	15,818,845
Lease rentals	**1,611,868**	1,611,868
Contingent rent	**10,324**	10,338
LSA margins of RLNG	**3,212,794**	2,991,015
Capacity and utilisation charges of RLNG	**54,729,705**	54,076,191
RLNG transportation income	**39,932,674**	39,266,184
	119,600,290	118,058,521

9.2.1 Upto December 31, 2023, the Company has invoiced an amount of Rs. 221,586 million including Sindh Sales Tax of Rs. 25,635 million to SNGPL in respect of capacity and utilization charges (terminal charges), LSA margins and transportation charges relating to RLNG.

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.

In addition to the same, the Ministry of Energy in pursuance of the decision of ECC vide case submitted on September 03, 2015 has allocated 71 BCF RLNG volume 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 volumes 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.

Based on initialed agreement between the Company and SNGPL dated January 25, 2021, in which it was decided that from June 2020 onwards all the invoices will be paid on a monthly basis by SNGPL, however, outstanding receivable balances before June 2020 amounting to Rs. 99,197 million included in the aggregate receivable balance of Rs. 119,600 million stands disputed as of the reporting date. OGRA, appointed a consultant for technical, commercial and managerial audits to ascertain the accuracy of Unaccounted-for Gas (UFG) of gas companies, encompassing both indigenous gas and imported RLNG and certain other matters.

Subsequent to the period end, the Company received draft reports (the "Report") on technical, commercial, and managerial audits from a consultant appointed by OGRA. The purpose of these audits was to assess the accuracy of Unaccounted for Gas (UFG) for gas companies, covering both indigenous gas and imported RLNG, as well as other related matters. The Company raised several concerns regarding the report issued by the consultant in its letter dated June 3, 2024, addressed to OGRA. In response, OGRA issued a letter to the Company on December 11, 2024, providing recommendations aimed at measuring and preventing UFG losses. Interalia, OGRA has also observed in its above letter that the Company's claim to experience the higher UFG losses while handling the RLNG & Indigenous gas is also not tenable. The Company has once again approached the OGRA and communicated its concern vide their letter dated December 23, 2024. The management believes that the final outcome is yet to be determined by OGRA, preferably in the presence of both the parties.

9.3 This amount comprises of receivable in respect of royalty income & fuel charges, sale of liquid petroleum gas, sale of natural gas liquids, federal excise duty (FED), sindh sales tax (SST) on franchise services, receivable against excess paid processing charges from JJVL and receivable from JJVL at the rate of ad-hoc 57% value of LPG / NGL extraction as per the agreement signed between the Company and JJVL pursuant to Honorable Supreme Court of Pakistan (SCP) order dated December 04, 2018 amounting to Rs. 22 million (June 30, 2023: Rs. 22 million), Rs 159.6 (June 30, 2023: Rs. 159.6 million), Rs. 178 million (June 30, 2023: Rs. 178 million), Rs. 1,070 million (June 30, 2023: Rs. 1,070 million), Rs. 646 million (June 30, 2023: Rs. 646 million), Rs. 6.6 million (June 30, 2023: Rs. 6.6 million), Rs. 419.6 million (June 30, 2023: Rs. 419.6 million) respectively.

9.4 This represents sales tax refunds arise due to excess of Average Purchase Cost over Average Sales Price, uniform purchase price adjustment with SNGPL and zero rating of sales tax on gas sales for various industries. Theses refunds are processed through FBR's Sales Tax Automated Refund Repository System (STARR) . Due to several snags in the functioning of STARR, valid input sales tax claims of the Company are deferred and then 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. Subsequent to period-end, sales tax refunds of Rs. 1,000 million were realized by the Company while management is making vigorous efforts for realisation of remaining refunds.

	Note	December 31, 2023 (Un-audited)	June 30, 2023 (Audited)
		--------(Rupees in '000)--------	
10 LONG-TERM FINANCING			
Secured			
Loans from banking companies	10.1, 10.2 & 10.3	**28,942,703**	31,268,633
Unsecured			
Customer finance		**119,502**	119,640
Government of Sindh loans		**802,873**	801,039
		922,375	920,679
		29,865,078	32,189,312
Less: Current portion shown under current liabilities			
Loans from banking companies		**(4,666,667)**	(4,666,667)
Customer finance		**(590)**	(590)
Government of Sindh loans		**(186,667)**	(186,667)
		(4,853,924)	(4,853,924)
		25,011,154	27,335,388

10.1 This includes a long term finance facility amounting to Rs. 21,000 million was sanctioned in March 2022 from a syndicate of banks. This financial arrangement has been secured by the GoP guarantee. During the period repayment of Rs.2,333 million has been made.

10.2 This also includes finance facility amounting to Rs. 15,000 million was sanctioned in December 2022 by a syndicate of banks.

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

	Note	December 31, 2023 (Un-audited)	June 30, 2023 (Audited)
		--------(Rupees in '000)--------	
11 DEFERRED CREDIT			
Deferred credit	11.1	**5,896,134**	5,199,216
Advance received from government		**2,440,603**	3,337,572
		8,336,737	8,536,788
11.1 DEFERRED CREDIT			
Government of Pakistan contributions / grants			
Opening balance		**3,840,646**	2,762,110
Additions / adjustments during the period / year		**867,498**	1,407,570
Amortized during the period / year	11.1.1	**(188,926)**	(329,034)
Closing balance		**4,519,218**	3,840,646
Government of Sindh (Conversion of loan into grant)			
Opening balance		**1,784,919**	1,889,931
Additions during the period / year		**29,473**	22,052
Amortized during the period / year	21	**(64,000)**	(127,064)
Closing balance		**1,750,392**	1,784,919
Government of Sindh grants			
Opening balance		**84,096**	96,124
Amortized during the period / year		**(3,305)**	(12,028)
Closing balance		**80,791**	84,096
		6,350,401	5,709,661
Less: Current portion of deferred credit		**(454,267)**	(510,445)
		5,896,134	5,199,216

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

	Note	December 31, 2023 (Un-audited)	June 30, 2023 (Audited)
		--------(Rupees in '000)--------	
12 CONTRACT LIABILITIES			
Contribution from customers	12.1&12.2	**3,531,850**	3,544,995
Advance received from customers	12.1	**6,396,009**	6,221,903
		9,927,859	9,766,898

12.1 This represents amount received from the consumers as contribution towards the cost of supplying and laying transmission, service and main lines.

12.2 Contribution from customers			
Opening balance		**3,841,959**	3,238,534
Additions / adjustments during the period / year		**100,607**	891,195
Amortized during the period / year		**(151,220)**	(287,770)
		3,791,346	3,841,959
Less: current portion		**(259,496)**	(296,964)
Closing balance		**3,531,850**	3,544,995

13 TRADE AND OTHER PAYABLES			
Creditors for:			
Indigenous gas	13.1	**834,827,836**	769,786,888
RLNG	13.2	**105,173,018**	106,680,422
		940,000,854	876,467,310
Tariff adjustments - RLNG payable to the GoP	13.3	**26,229,025**	23,826,990
Service charges payable to Engro Elengy Terminal Limited (EETL)		**3,354,382**	3,272,567
Accrued liabilities / bills payable		**10,334,148**	8,437,763
Provision for compensated absences - Non executives		**365,657**	365,657
Payable to gratuity fund		**5,169,972**	5,484,519
Payable to pension fund		**392,396**	107,986
Payable to provident fund		**10,206**	10,204
Deposits / retention money		**980,406**	903,110
Advance for sharing right of way		**18,088**	18,088
Withholding tax		**139,682**	31,375
Sales tax and federal excise duty		**909,441**	312,234
Sindh sales tax		**33,935**	25,948
Gas infrastructure development cess		**6,833,626**	6,834,735
Unclaimed term finance certificate redemption profit		**1,800**	1,800
Workers's profit participation fund		**827,053**	376,347
Others		**721,386**	638,277
		996,322,057	927,114,910

13.1 The creditors for indigenous gas supplies include Rs. 655,231 million (June 30, 2023: Rs. 588,195 million) payable to Oil and Gas Development Company Limited (OGDCL), Pakistan Petroleum Limited (PPL) and Government Holdings (Private) Limited in respect of gas purchases along with interest of Rs. 15,832 million (June 30, 2023: Rs. 15,832 million) on their balances which have been presented in note 14.1 to these unconsolidated condensed interim financial statements.

In addition to the above, it also includes payable to SNGPL amounting to Rs. 9,021 million (June 30, 2023: Rs. 7,839 million) which stands outstanding as at December 31, 2023.

13.2 On December 12, 2017, the Ministry of Energy (MOE) in pursuance of the decision of ECC vide case submitted on September 03, 2015, allocated 12 BCF RLNG volume to the Company and thereafter, allocated further 37 BCF. The ECC in it's decision dated March 03, 2020 has allocated 71 BCF (in total to the Company) in order to resolve the matter of short supply with the direction to enter into an agreement with SNGPL.

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 allocated volumes.

During the period, the Company has recorded purchases of 12 BCF (June 2023: 16 BCF) from SNGPL amounting to Rs. 51,160 million (June 2023: Rs. 82,624 million) based on OGRA's decision dated November 20, 2018.

'Based on initial agreement between the Company and SNGPL dated January 25, 2021 in which it was decided that from June 2020 onwards all the invoices will be paid on monthly basis by the Company, however, outstanding payable balances in respect of RLNG purchases before June 2020 amounting to Rs. 86,643 million included in the aggregate payable of Rs. 105,173 million stands disputed as of the reporting date. OGRA appointed a consultant for technical, commercial and managerial audit to ascertain accurate Unaccounted-for Gas (UFG) of both companies, encompassing both indigenous gas and imported RLNG and other matters.

Subsequent to the period end, the Company received draft reports (the "Report") on technical, commercial, and managerial audits from a consultant appointed by OGRA. The purpose of these audits was to assess the accuracy of Unaccounted-for Gas (UFG) for gas companies, covering both indigenous gas and imported RLNG, as well as other related matters. The Company raised several concerns regarding the report issued by the consultant in its letter dated June 3, 2024, addressed to OGRA. In response, OGRA issued a letter to the Company on December 11, 2024, providing recommendations aimed at measuring and preventing UFG losses. Interalia, OGRA has also observed in its above letter that the Company’s claim to experience the higher UFG losses while handling the RLNG & Indigenous gas is also not tenable. The Company has once again approached the OGRA and communicated its concern vide their letter dated December 23, 2024. The management believes that the final outcome is yet to be determined by OGRA, preferably in the presence of both the parties.

	Note	December 31, 2023 (Un-audited)	June 30, 2023 (Audited)
		--------(Rupees in '000)--------	
13.3 Tariff adjustments - RLNG payable the GoP			
Opening balance		**23,826,990**	28,923,211
Charge / (reversal) during the period / year		**2,402,035**	(4,742,920)
GOP (subsidy) on RLNG tariff		**-**	(353,301)
Closing balance		**26,229,025**	23,826,990
14 INTEREST ACCRUED			
Long term financing		**951,254**	1,039,407
Long term deposits		**464,711**	762,451
Short term borrowings		**1,631,590**	1,768,584
Late payment surcharge on processing charges		**99,283**	99,283
Late payment surcharge on gas supplies	14.1	**15,832,411**	15,832,411
		18,979,249	19,502,136

14.1 As disclosed in note 7.1 and 7.2, effective from July 1, 2012, the Company has been accounting for LPS from KE and PSML on receipt basis as per International Financial Reporting Standards 15: "Revenue from Contracts with Customers". 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 accounting and reporting standards as applicable in Pakistan, 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 fulfilment 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.

Based on the aforesaid letter and legal opinion obtained by the Company, the aggregate unrecognized accrued markup up to December 31, 2023 stands at Rs. 218,340 million (June 30, 2023: Rs. 176,291 million).

15 SHORT TERM BORROWINGS

These represent facilities for short term running finance / short term money market loan available from various banks amounting to Rs. 50,000 million (June 30, 2023: Rs. 45,000 million) and carry mark-up ranging from 0.1% to 0.20% (June 30, 2023: 0.1% to 0.20%) 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.

As at December 31, 2023, the aggregate unavailed short term borrowing facilities amounting to Rs. 8,697 million (June 30, 2023: Rs. 10,904 million).

16 CONTINGENCIES AND COMMITMENTS

16.1 There is no significant change in contingencies from the preceding audited financial statements of the Company for the year end June 30, 2023, except for the following:

16.1.1 Jamshoro Power Company Limited (JPCL) lodged an aggregate claim amounting to Rs. 144,120 million (2023: Rs.144,120 million) which includes Rs. 44,990 million on account of the short supply of gas, utilization of alternate fuel amounting to Rs. 99,130 million, and 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 amounting to Rs. 5.79 million under the provisions of an agreement dated April 10, 1995, between the Company and JPCL.

The ministry of Petroleum and Natural Resources (the ministry) vide its letter dated April 24, 2017 directed that the outstanding issues pertaining to the claims by JPCL shall be resolved and the ministry has proposed that a committee be constituted comprising of members from two companies and the other concerned Ministries to resolve the matter as it involves parties who represent/relate to the Government of Pakistan (GoP). Furthermore, this matter was also pending in the Public Accounts Committee (PAC).

Pursuant to the directives of PAC, urgent meeting of the Secretaries Committee was held on May 08, 2023 and the Committee directed JPCL and the Company to submit data regarding actual loss suffered by the Companies.

Both parties had submitted their reports, wherein JPCL reduced its claim from 144,000 million to 5,838 million and the Company revised its Take or pay claim from 2,828 million up to April 2023 to 2,114 million considering the difference between industrial and domestic tariff, whereas, the amount pertaining to gas bills remains at Rs. 2,778 million which is outstanding balance up to April 2023, and late payment surcharge (LPS) amounting to Rs. 3,615 million which stands outstanding up to June 2022. As a result, the claims summary stands as follows:

JPCL claims = Rs 5,838 million
Company claims = Rs 4,892 million

Afterwards a Meeting of the Sub-Committee of PAC was held on May 25, 2023 and the Committee settled the relevant paras subject to verification of record by the Audit. In compliance to the above directives of the Sub-Committee of PAC, Audit has been requested to conduct verification of above mentioned number of SSGC i.e. Rs. 4,892 million and other relevant record.

As at December 31, 2023, the Company has made further increase in LPS receivable to Rs. 4,292 million against non-payment of gas bills. The Company is of the view that if the settlement is made on the aforesaid claims as mentioned above including LPS receivable, remaining LPS would stand at Rs. 3,346 million. Subsequent to the period end, on the recommendation of the Inter-Ministerial steering committee (IMSC), the Company has adjusted its claim of Rs. 4,892 million (includes take or pay claim of Rs. 2,117 million and receivable on account of gas bills of Rs. 2,775 million) against the JPCL claim of Rs. 5,838 million in the books resultantly a net liability of Rs. 945 million is payable to JPCL.

The net of JPCL Liquidated Damages claim Rs. 5,838 million and SSGC Take or Pay Claim Rs. 2,117 million i.e., Rs. 3,721 million has been recognized as Liquidated Damages Expense in books of account and is being claimed from OGRA in petition for FY 2023- 24 on account of recognized liquidated damages claim of JPCL. Accordingly, no provisions have been made in the unconsolidated condensed interim financial statements as at December 31, 2023.

16.1.2 On May 04, 2024, the Tax Laws (Amendment) Act, 2024 was enacted requiring State Owned Enterprises (SOEs) to apply to FBR for appointment of Alternative Dispute Resolution Committee (ADRC) for resolution of pending Tax Disputes at the level of Commissioner (Appeals), Appellate tribunal level or any other forum. Accordingly section 134A was amended in the Income Tax Law to give effect to the above change. In order to seek clarity on the application / enforcement of the newly amended law the company has sought a legal opinion and in response the legal counsel has opined that fiscal statutes shall apply prospectively (including amendments), especially where the statute is to affect vested rights and past and closed transactions and there is no corresponding provision to the effect requiring the Company to withdraw its cases from the original forum (Appellate tribunal, etc.) and file an application to avail the compulsory ADR method as is specified under Section 134A of the Income Tax Ordinance, 2001.

The management of the Company has drawn inference from the above and accordingly decided as under:

- Old cases (pending before enactment of said Act) would continue at original forum (Commissioner Appeals, Appellate Tribunal, etc.) where case was pending (except in cases where Company voluntarily opts to follow ADRC process).

- While for any new Assessment Order, Company has to apply for ADRC.

The management of the Company believes that the Company's position is maintainable in the eyes of Law and hence may not lead to adverse consequences from any of the Regulatory or Revenue authorities.

16.1.3 The tax authorities had passed an order for FY 2017-18 creating Federal Excise Duty (FED) demand on Re-gasification of LNG into RLNG, supply of RLNG to customers and supply of Natural Gas to customers (on which LPG / NGL extraction process was performed).

The Commissioner (Appeals) based on the appeals had passed an order by deciding the issues of re-gasification and supply of RLNG to customers against SSGC. The issue of supply of natural gas to customers was remanded back to tax authorities.

The Company has filed an appeal against the said order to Commissioner (Appeals) on RLNG, the Company has filed an appeal before Appellate Tribunal Inland Revenue (ATIR), which is pending adjudication.

The Company has also filed application with FBR for constitution of Alternative Dispute Resolution Committee (ADRC) on the matter of FED on LNG into RLNG. Subsequently, on January 15, 2025 FBR has constituted ADR in respect to this matter.

Based on the advice of its tax advisor, the Company is confident that the case will be in its favor, therefore, no provision has been made in these unconsolidated condensed interim financial statements.

16.1.4 Tax Authorities had passed sales tax order for FY 2017-18 on issues of non-charging of Sales Tax on RLNG – Indigenous Gas Swap, Gas Development Surcharge (GDS), RLNG transportation income among other observations.

The said order was contested before Commissioner (Appeals) who upheld LTO Order. Upon appeal, the Appellate Tribunal Inland Revenue (ATIR) decided the issue of GDS in favour of SSGC while other matters are still sub-judice before the Appellate Tribunal Inland Revenue.

The Company has also filed application with FBR for constitution of Alternative Dispute Resolution Committee (ADRC) on the matter of sales tax on RLNG – Indigenous Gas Swap which has been constituted subsequent to the period end on January 15, 2025.

Based on the advice of its tax advisor, the Company is confident that the case will be in its favor, therefore, no provision has been made in these unconsolidated financial statements as the Company.

16.1.5 Income tax authorities have passed Orders disallowing Cost of Gas purchased but lost as UFG (in excess of OGRA Benchmark) for Financial Year (FY) 2008-09, 2010-11, 2011-12, 2012-13, 2013-14, 2014-15, 2015-16, 2016-17, 2017-18, 2018-19, 2019-20 and 2020-21.

All the Orders were contested before Commissioner (Appeals) who decided the cases in Company's favor except for FY-2019-20, which has been remanded back by the Commissioner Appeals. However, the said orders had been challenged by the tax authorities before the Appellate Tribunal Inland Revenue.

The Company has filed an application for case related to FY 2020-21 with the FBR for the constitution of an Alternate Dispute Resolution Committee (ADRC) and committee has been formed, as a result, the recovery of tax demand has been deemed to be stayed in terms of sub section (7) of section 134A till final decision or dissolution of committee.

Based on the advice of its tax advisor, the Company is confident that the case will be in its favor, therefore, no provision has been made in these unconsolidated condensed interim financial statements as the Company.

16.1.6 There are several other pending litigations in the nature of billing disputes, employees disputes and related matters in which the Company is defendant/ respondent. The management, based on the view of the in-house legal advisor, is of the view that the aggregate exposure in all the said cases is not material to the Company. Accordingly, no provision has been made in these unconsolidated condensed interim financial statements.

		December 31, 2023 (Un-audited)	June 30, 2023 (Audited)
		--------(Rupees in '000)--------	
16.1.7	Claims against the Company not acknowledged as debt	**3,631,197**	3,623,797
	The management is confident that ultimately these claims would not be payable.		
16.2	**Commitments**		
16.2.1	Guarantees issued on behalf of the Company	**11,378,122**	8,938,470
16.2.2	Commitments for capital and other expenditure	**6,238,089**	7,565,788

		Note	Half year ended December 31, 2023	Half year ended December 31, 2022	Quarter ended December 31, 2023	Quarter ended December 31, 2022
			(Un-audited) -----------(Rupees in '000)--------------			
17	**REVENUE FROM CONTRACT WITH CUSTOMERS - GAS SALES -NET**					
	Gross Sales:					
	Indigenous gas		**135,663,065**	90,128,418	**84,010,277**	42,721,900
	RLNG		**73,470,502**	55,101,630	**39,811,701**	19,355,228
			209,133,567	145,230,048	**123,821,978**	62,077,128
	Less: Sales tax					
	Indigenous gas		**(21,347,360)**	(13,673,662)	**(13,245,027)**	(6,464,519)
	RLNG		**(11,183,055)**	(8,085,762)	**(6,083,293)**	(2,848,962)
			(32,530,415)	(21,759,424)	**(19,328,320)**	(9,313,481)
			176,603,152	123,470,624	**104,493,658**	52,763,647
18	**Tariff Adjustments**					
	Indigenous gas	18.1	**58,803,645**	77,156,188	**11,806,910**	34,078,977
	RLNG	18.2	**(2,402,035)**	8,096,649	**(2,335,179)**	5,641,197
			56,401,610	85,252,837	**9,471,731**	39,720,174
18.1	**Tariff adjustment - indigenous gas**					
	Price increase adjustment for the period		**59,628,520**	77,782,090	**12,272,218**	34,447,021
	Subsidy for LPG air mix operations		**(824,875)**	(625,902)	**(465,308)**	(368,044)
			58,803,645	77,156,188	**11,806,910**	34,078,977
18.2	**Tariff adjustment - RLNG**					
	The GOP subsidy on RLNG tariff		**(6,357)**	1,212,884	**-**	646,458
	Price increase adjustment for the period		**(2,395,678)**	6,883,765	**(2,335,179)**	4,994,739
			(2,402,035)	8,096,649	**(2,335,179)**	5,641,197
19	**COST OF REVENUE**					
	Cost of gas	19.1	**212,759,599**	199,823,411	**106,471,685**	91,750,034
	Transmission and distribution costs		**12,115,069**	11,097,709	**6,307,733**	5,620,147
			224,874,668	210,921,120	**112,779,418**	97,370,181
19.1	**Cost of gas**					
	Opening gas in pipelines		**1,945,446**	1,285,918	**2,284,497**	1,676,544
	RLNG purchases		**56,784,700**	55,248,001	**30,757,361**	22,865,481
	Indigenous purchases		**156,703,674**	146,331,900	**75,957,827**	69,763,143
			215,433,820	202,865,819	**108,999,685**	94,305,168
	Gas consumed internally		**(364,500)**	(1,265,658)	**(218,279)**	(778,384)
	Closing gas in pipelines		**(2,309,721)**	(1,776,750)	**(2,309,721)**	(1,776,750)
			(2,674,221)	(3,042,408)	**(2,528,000)**	(2,555,134)
			212,759,599	199,823,411	**106,471,685**	91,750,034

	Half year ended		Quarter ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	(Un-audited)			
	-----------(Rupees in '000)--------------			
20 OTHER OPERATING EXPENSES				
Workers' profit participation fund	**425,267**	-	**193,831**	-
Auditors' remuneration	**4,240**	3,502	**2,120**	1,747
Sports expenses	**20,189**	1,073	**14,478**	241
Corporate social responsibility	**367**	1,470	**367**	290
Exchange loss	**-**	6,197,148	**-**	-
Provision against impaired stores and spares	**-**	23,968	**-**	8,874
Loss on disposal of property, plant and equipment	**201,141**	30,016	**229,134**	-
	651,204	6,257,177	**439,930**	11,152
21 OTHER INCOME				
Income from financial assets				
Income for receivable against asset contribution	**15,188**	17,620	**6,971**	8,350
Interest income on loan to related party	**67,957**	50,057	**32,965**	28,246
Late payment surcharge	**1,304,409**	1,060,426	**695,217**	501,911
Interest income on late payment of gas from SNGPL - related party	**572,601**	572,601	**286,300**	286,300
Liquidity damaged recovered	**30,089**	53,206	**15,525**	21,639
Income from net investment in finance lease	**-**	2,654	**-**	1,327
Return on term deposits and profit and bank accounts	**84,101**	10,368	**48,632**	4,183
Interest income on late payment of gas bills from Water & Power Development Authority (WAPDA)	**384,543**	278,269	**186,973**	141,056
Dividend income	**2,610**	19,055	**1,305**	6,510
	2,461,498	2,064,256	**1,273,888**	999,522
Income from other than financial assets				
Sale of gas condensate - net	**24,801**	(2,228)	**2,442**	(2,228)
Meter manufacturing division (loss) / profit - net	**(69,978)**	7,169	**(37,240)**	5,075
Meter rentals - net	**803,377**	810,201	**401,072**	404,540
RLNG transportation income	**3,640,908**	3,192,165	**1,790,831**	1,655,157
Recognition of income against deferred credit	**390,445**	340,185	**196,663**	172,506
Exchange gain	**2,900,518**	-	**4,119,248**	1,158,002
Income from LPG air mix distribution - net	**122,166**	54,199	**60,512**	26,873
Income from sale of tender documents	**4,021**	5,338	**2,178**	2,052
Scrap sales	**24,208**	21,100	**(7,522)**	21,100
Recoveries from customers	**58,365**	39,981	**33,705**	34,856
Reversal against impaired stores and spares	**27,869**	-	**18,204**	-
Amortization of Government grant	**3,305**	5,975	**1,253**	2,514
Rental income from SSGC LPG (Pvt) Limited	**703**	620	**341**	310
LSA margins against RLNG	**802,919**	650,947	**376,914**	322,020
Gain on disposal of property, plant and equipment	**-**	-	**-**	67,232
Miscellaneous	**48,236**	13,089	**33,198**	6,200
	11,243,361	7,202,997	**8,265,687**	4,875,731

			Half year ended		Quarter ended	
			December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
			(Un-audited)			
22	**TAXATION**	**Note**	--------------------(Rupees in '000)--------------------			
	Current Tax		**2,892,313**	1,634,746	**(1,193,295)**	730,923
	Deferred tax	22.1	**(629,600)**	-	**3,217,179**	-
			2,262,713	1,634,746	**2,023,884**	730,923

22.1 As at December 31, 2023, the Company has aggregate deferred tax asset on net deductible temporary differences and taxable temporary differences amounting to Rs. 36,679 million (June 30, 2023: Rs. 42,054 million) and out of which deferred tax asset amounting to Rs. 8,995 million has been recognized and remaining balance of Rs 27,683 million is unrecognized. Deferred tax asset also includes the Company's minimum tax credit amounted to Rs. 10,199 million (June 30, 2023: Rs. 12,284 million) having an expiry period ranging between 2024 and 2027.

			Half year ended		Quarter ended	
			December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
23	**PROFIT / (LOSS) PER SHARE - BASIC AND DILUTED**		(Un-audited)			
	Profit / (loss) for the period	(Rupees in '000)	**5,817,366**	(9,573,753)	**1,658,902**	(3,979,103)
	Average number of ordinary shares	(Number of shares)	**880,916,309**	880,916,309	**880,916,309**	880,916,309
	Profit / (loss) per share - basic and diluted	(Rupees)	**6.60**	(10.87)	**1.88**	(4.52)

		Note	December 31, 2023	December 31, 2022
			(Un-audited)	
			--------(Rupees in '000)--------	
24	**CASH GENERATED FROM OPERATIONS**			
	Adjustments for non-cash and other items	24.1	**12,080,219**	8,001,161
	Working capital changes	24.2	**(3,980,899)**	(5,514,449)
			8,099,320	2,486,712
24.1	**ADJUSTMENTS FOR NON-CASH AND OTHER ITEMS**			
	Provisions	24.1.1	**2,187,659**	2,269,357
	Depreciation on operating assets	5.1	**4,153,031**	3,527,510
	Depreciation on projects capitalised	5.1	**46,998**	13,922
	Depreciation on right of use assets		**49,212**	41,305
	Amortization of intangibles		**67,684**	53,415
	Finance cost		**6,575,255**	2,868,412
	Amortization of transaction cost		**7,404**	16,920
	Amortization of Government grant		**(3,305)**	(5,975)
	Recognition of income against deferred credit and contract liability		**(407,451)**	(365,137)
	Dividend income		**(2,610)**	(19,055)
	Interest income and return on term deposits		**(1,109,202)**	(880,293)
	Income from net investment in finance lease		**-**	(2,654)
	Loss on disposal of property plant and equipment		**200,993**	30,016
	Lease rental from net investment in finance lease		**-**	30,463
	Decrease in long term advances		**(896,969)**	(39,426)
	Increase in deferred credit and contract liability		**1,171,684**	236,107
	Finance cost on lease liability		**9,747**	7,275
	Investment at cost in subsidiary		**-**	185,674
	Increase in payable against transfer of pipeline		**30,089**	33,325
			12,080,219	8,001,161

	Half year ended	
	December 31, 2023	December 31, 2022
	(Un-audited)	
	----------(Rupees in '000)----------	
24.1.1 Provisions		
(Reversal) / Provision against slow moving / obsolete stores	**(26,814)**	22,360
Provision for compensated absences	**-**	79,084
Provision for post retirement medical and free gas supply facilities	**638,988**	562,159
Provision against retirement benefit	**826,512**	448,760
Provision for expected credit loss	**748,973**	1,156,994
	2,187,659	2,269,357
24.2 WORKING CAPITAL CHANGES		
Increase in current assets		
Stores and spares	**(258,310)**	(5,944)
Stock-in-trade	**(676,776)**	(759,792)
Customers' installation work-in-progress	**(13,985)**	(2,043)
Trade debts	**(3,169,342)**	(4,545,120)
Advances, deposits and short term prepayments	**22,164**	(311,554)
Other receivables	**(69,690,754)**	(96,694,251)
	(73,787,003)	(102,318,704)
Increase in current liabilities		
Trade and other payables	**69,806,104**	96,804,255
	(3,980,899)	(5,514,449)
25 CASH AND CASH EQUIVALENT AT THE END OF THE PERIOD		
Cash and bank balances	**646,799**	680,108
Short term borrowings	**(41,303,068)**	(28,683,758)
	(40,656,269)	(28,003,650)

26 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of subsidiary company, 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.

		Half year ended December 31, 2023	Half year ended December 31, 2022
		(Un-audited)	
		----------(Rupees in '000)----------	

26.1 Transactions during the period

	Relationship	December 31, 2023	December 31, 2022
Government related entities - various	Associated Company		
- Purchase of fuel and lubricant		**62,945**	44,786
- Sale of gas and allied charges inclusive of sales tax		**31,567,473**	46,520,320
- Mark-up expense on short term finance		**79,813**	108,968
- Mark-up expense on long term finance		**-**	15,760
- Income from net investment in finance lease		**-**	2,654
- Gas purchases - Indigenous gas		**88,565,734**	79,767,341
- Gas purchases - RLNG		**56,784,700**	55,248,001
- Sale of gas condensate		**26,679**	-
- Sale of gas meters and spare parts		**349**	8,286
- Rent		**6,438**	10,249
- Insurance premium		**114,699**	86,060
- Royalty		**500**	523
- License fee		**69,950**	57,569
- Telecommunication		**787**	647
- Electricity expenses		**169,718**	112,657
- Interest income		**957,144**	850,871
- RLNG transportation income		**3,640,908**	3,192,165
- Income against LNG service agreement		**802,919**	650,947
- LPG purchases		**590,369**	452,655
- Dividend income		**-**	18,106
Karachi Grammar School	Associated undertaking		
- Sale of gas and allied charges		**58**	26
Key management personnel			
- Remuneration		**93,712**	84,655
Pakistan Institute of Corporate Governance	Associated Company		
- Subscription / Trainings		**150**	876
* **Engro Fertilizers Limited**	Associated company		
- Sale of gas and allied charges		**2,265**	13,232

	Relationship	Half year ended December 31, 2023 (Un-audited)	December 31, 2022
		----------(Rupees in '000)----------	
Indus Hospital & Health Welfare	**Associated company**		
- Sale of gas and allied charges		**902**	975
Pakistan Stock Exchange Limite	**Associated company**		
- Sale of gas and allied charges		**91**	53
- Subscription		**1,986**	1,771
** **Pakistan Cables Ltd**	**Associated company**		
- Sale of gas and allied charges		**92,544**	-
SSGC LPG (Private) Limited	**Wholly owned subsidiary**		
- Interest on loan		**67,957**	50,057
- Rental income		**703**	620
SSGC Alternate Energy (Private) Limited	**Wholly owned subsidiary**		
- To pay off liabilities against expenses		**4,138**	4,779
Staff retirement benefit plans	**Employee benefit plan**		
- Contribution to provident fund		**242,563**	179,111
- Contribution to pension fund		**579,925**	256,910
- Contribution to gratuity fund		**271,813**	199,202

* Current balances with these parties have been disclosed till the month of common directorship.

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

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

26.1.2 Remuneration to the executive and 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.

	December 31, 2023 (Un-audited)	June 30, 2023 (Audited)
	-------------(Rupees in '000)-------------	
26.2 Period / year end balances		
Receivable from related parties	**200,313,414**	226,790,133
Payable to related parties	**788,435,531**	722,715,708

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 asses their performance. As a result, management has identified the following two segments:

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

Segment revenue and results

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

	December 31, 2023 (Un-audited)	June 30, 2023 (Audited)
	-------------(Rupees in '000)-------------	
Return on Assets net of UFG disallowance		
Gas transmission	**6,162,934**	4,214,096
Gas distribution and marketing		
- Lower Sindh	**5,113,323**	(2,369,990)
- Upper Sindh	**1,639,767**	(779,225)
- Balochistan	**(5,613,202)**	(8,558,562)
	1,139,888	(11,707,777)
Meter Manufacturing	**13,019**	3,496
Total segment results	**7,315,841**	(7,490,185)
Unallocated		
Finance cost	**(6,575,255)**	(2,909,012)
Other income - net	**7,339,493**	2,460,190
Profit / (loss) before tax	**8,080,079**	(7,939,007)

	December 31, 2023 (Un-audited)	June 30 2023 (Audited)
	-------------(Rupees in '000)-------------	
Segment assets and liabilities		
Segment assets		
Gas transmission	**258,859,392**	252,824,175
Gas distribution and marketing		
- Lower Sindh	**615,324,056**	566,143,988
- Upper Sindh	**135,157,098**	120,206,375
- Balochistan	**120,384,375**	108,273,978
	870,865,529	794,624,341
Meter manufacturing	**1,988,696**	1,593,590
Total segment assets	**1,131,713,617**	1,049,042,106
Unallocated		
- Loans and advances	**1,526,838**	1,855,811
- Taxation - net	**12,600,862**	13,844,382
- Interest accrued	**487,739**	487,739
- Cash and bank balances	**646,799**	384,019
	15,262,238	16,571,951
Total assets as per unconsolidated condensed interim statement of financial position	**1,146,975,855**	1,065,614,057
Segment Liabilities		
Gas transmission	**136,570,153**	134,308,007
Gas distribution and marketing		
- Lower Sindh	**643,863,443**	600,142,869
- Upper Sindh	**138,672,543**	125,642,677
- Balochistan	**224,404,086**	208,028,372
	1,006,940,072	933,813,918
Meter manufacturing	**197,346**	180,045
Total liabilities as per unconsolidated condensed interim statement of financial position	**1,143,707,571**	1,068,301,970

28 FAIR VALUE MEASUREMENT

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

The carrying values of all financial assets and liabilities reflected in these unconsolidated condensed interim financial statements approximate their fair values except for investment in unquoted companies which are reflected at cost less impairment losses.

Fair value hierarchy

The fair value hierarchy has the following levels:

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

Valuation techniques used in determination of fair values within level 1 and level 2

The table below analyses financial and non-financial assets carried at fair value. The different levels have been defined as follows:

Level 1- Listed securities

The valuation has been determined through closing rates of Pakistan Stock Exchange.

Level 2 - Operating fixed assets (Freehold and lease land)

The fair value of the freehold and leasehold land are derived using the Sale Comparison approach. The sales value is determined by physically analysing the condition of land and by ascertaining the market value of similar land, which is by selling in near vicinity.

	As at December 31, 2023 (Un-audited)			
	Level 1	**Level 2**	**Level 3**	**Total**
	----------Rupees in '000----------			
Assets				
Non-financial assets				
Operating fixed assets - free hold and lease hold	**-**	**60,531,864**	**-**	**60,531,864**
Fair value through OCI				
Financial Assets				
Quoted equity securities	**290,535**	**-**	**-**	**290,535**

	As at June 30, 2023			
	(Audited)			
	Level 1	Level 2	Level 3	Total
	----------Rupees in '000----------			
Assets				
Non-financial assets				
Operating fixed assets - hold and lease hold	-	60,531,864	-	60,531,864
Fair value through OCI				
Financial Assets				
Quoted equity securities	151,704	-	-	151,704

There have been no transfers during the period (June 30, 2023: no transfers in either

29 EVENTS AFTER THE REPORTING DATE

There were no events occurred after the reporting period, other than those disclosed, which requires disclosure and adjustments in the financial statements.

30 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary.

31 DATE OF AUTHORISATION

These unconsolidated condensed interim financial statements were authorised for issue in Board of Directors meeting held on 30 January 2025.

32 GENERAL

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

Dr. Shamshad Akhtar	**Muhammad Amin Rajput**	**Wajeeh Uddin Sheikh**
Chairperson	Managing Director	Chief Financial Officer

SSGC | Sui Southern Gas Company Limited

Consolidated Condensed Interim Financial Information (Un-Audited)
for the half year ended December 31, 2023

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023

	Note	December 31, 2023 (Un-audited)	June 30, 2023 (Audited)
		--------(Rupees in '000)--------	
ASSETS			
Non-current assets			
Property, plant and equipment	5	**198,853,855**	190,958,742
Right of use assets		**123,233**	87,343
Intangible assets		**161,011**	195,756
Long term investments	6	**290,535**	151,704
Long term loans		**163,771**	141,249
Long term deposits		**21,744**	21,136
Deferred taxation		**9,001,622**	8,398,508
Total non-current assets		**208,615,771**	199,954,438
Current assets			
Stores, spares and loose tools		**3,890,588**	3,672,903
Stock-in-trade		**4,607,900**	4,465,329
Customers' installation work-in-progress		**280,297**	266,312
Trade debts	7	**120,705,685**	118,296,349
Loans and advances		**135,923**	318,846
Advances, deposits and short term prepayments		**1,238,075**	725,535
Interest accrued	8	**19,530,622**	18,566,043
Other receivables	9	**777,368,086**	707,804,709
Taxation - net		**14,211,744**	15,041,933
Short term investments		**129,223**	129,223
Cash and bank balances		**2,479,121**	553,746
Total current assets		**944,577,264**	869,840,928
Total assets		**1,153,193,035**	1,069,795,366

The annexed notes 1 to 32 form an integral part of these consolidated condensed interim financial statements.

Dr. Shamshad Akhtar	**Muhammad Amin Rajput**	**Wajeeh Uddin Sheikh**
Chairperson	Managing Director	Chief Financial Officer

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2023

EQUITY AND LIABILITIES	Note	December 31, 2023 (Un-audited)	June 30, 2023 (Audited)
		--------(Rupees in '000)--------	
Share Capital and Reserves			
Share capital		**8,809,163**	8,809,163
Capital reserves			
Reserves		**234,868**	234,868
Surplus on re-measurement of FVTOCI securities		**254,008**	115,177
Surplus on revaluation of property, plant and equipment		**60,742,638**	60,742,638
Revenue reserves			
General reserves		**4,672,533**	4,672,533
Accumulated losses		**(69,087,408)**	(75,591,728)
		5,625,802	(1,017,349)
LIABILITIES			
Non-current liabilities			
Long term financing	10	**25,011,154**	27,335,388
Deferred credit	11	**8,336,737**	8,536,788
Contract liabilities	12	**9,927,859**	9,766,898
Lease liabilities		**47,006**	33,559
Payable against transfer of pipeline		**566,379**	607,696
Long term deposits		**30,173,579**	28,694,971
Employee benefits		**8,021,532**	7,479,525
Total non-current liabilities		**82,084,246**	82,454,825
Current liabilities			
Current portion of :			
Long term financing	10	**4,853,924**	4,853,924
Deferred credit	11	**454,267**	510,445
Contract liabilities	12	**259,496**	296,964
Lease liabilities		**75,569**	53,295
Payable against transfer of pipeline		**80,825**	77,285
Trade and other payables	13	**999,128,480**	927,692,564
Short term deposits		**62,769**	96,324
Unclaimed dividend		**285,340**	285,340
Interest accrued	14	**18,979,249**	19,510,174
Short term borrowings	15	**41,303,068**	34,981,575
Total current liabilities		**1,065,482,987**	988,357,890
Total liabilities		**1,147,567,233**	1,070,812,715
TOTAL EQUITY AND LIABILITIES		**1,153,193,035**	1,069,795,366
CONTINGENCIES AND COMMITMENTS	16		

The annexed notes 1 to 32 form an integral part of these consolidated condensed interim financial statements.

Dr. Shamshad Akhtar	**Muhammad Amin Rajput**	**Wajeeh Uddin Sheikh**
Chairperson	Managing Director	Chief Financial Officer

CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2023

		Half year ended		Quarter ended	
		December 31, 2023	'December 31, 2022	December 31, 2023	'December 31, 2022
	Note	--------------------(Rupees in '000)--------------------			
Revenue from contract with customers - Gas sales	17	176,603,152	123,470,624	104,493,658	52,763,647
Add: Tariff adjustments	18	56,401,610	85,252,837	9,471,731	39,720,174
Net revenue		233,004,762	208,723,461	113,965,389	92,483,821
Cost of revenue	19	(224,874,668)	(210,921,120)	(112,779,418)	(97,370,181)
Gross profit / (loss)		8,130,094	(2,197,659)	1,185,971	(4,886,360)
Administrative and selling expenses		(3,461,582)	(2,725,032)	(1,739,798)	(1,303,190)
Other operating expenses	20	(651,753)	(6,257,212)	(412,227)	1,213,754
Allowance for expected credit loss		(707,168)	(1,147,268)	(305,702)	(714,835)
		(4,820,503)	(10,129,512)	(2,457,727)	(804,271)
		3,309,591	(12,327,171)	(1,271,756)	(5,690,631)
Other income	21	12,544,143	7,796,128	8,809,322	4,125,408
Operating profit / (loss)		15,853,734	(4,531,043)	7,537,566	(1,565,223)
Finance cost		(6,603,455)	(3,011,480)	(3,293,393)	(1,332,272)
Profit / (loss) before taxation		9,250,279	(7,542,523)	4,244,173	(2,897,495)
Taxation	22	(2,745,959)	(1,775,106)	(2,281,637)	(853,008)
Profit / (loss) for the period		6,504,320	(9,317,629)	1,962,536	(3,750,503)
Earnings / (loss) per share - basic and diluted	23	7.38	(10.58)	2.23	(4.26)

The annexed notes 1 to 32 form an integral part of these consolidated condensed interim financial statements.

Dr. Shamshad Akhtar	Muhammad Amin Rajput	Wajeeh Uddin Sheikh
Chairperson	Managing Director	Chief Financial Officer

CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2023

	Half year ended		Quarter ended	
	December 31, 2023	'December 31, 2022	December 31, 2023	'December 31, 2022
	--------------------(Rupees in '000)--------------------			
Profit / (loss) for the period	**6,504,320**	(9,317,629)	**1,962,536**	(3,750,503)
Other comprehensive income / (loss) for the period				
Items that will not be reclassified subsequently to consolidated condensed interim statement of profit or loss:				
Unrealised gain / (loss) on re-measurement of FVTOCI securities	**138,831**	(8,904)	**112,139**	(5,578)
Total comprehensive income / (loss) for the period	**6,643,151**	(9,326,533)	**2,074,675**	(3,756,081)

The annexed notes 1 to 32 form an integral part of these consolidated condensed interim financial statements.

Dr. Shamshad Akhtar	**Muhammad Amin Rajput**	**Wajeeh Uddin Sheikh**
Chairperson	Managing Director	Chief Financial Officer

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

FOR THE HALF YEAR ENDED DECEMBER 31, 2023

	Issued, subscribed and paid-up capital	Capital Reserves	Surplus on re-measurement of FVTOCI securities	Surplus on revaluation of property, plant and equipment	Revenue reserves: General Reserves	Revenue reserves: Accumulated losses	Total
	----------	----------	----------	(Rupees in '000)	----------	----------	----------
Balance as at July 01, 2022 (Audited)	8,809,163	234,868	115,836	55,014,936	4,672,533	(72,421,784)	(3,574,448)
Total comprehensive loss for the period ended December 31, 2022							
Loss for the period	-	-	-	-	-	(9,317,629)	(9,317,629)
Other comprehensive loss for the period	-	-	(8,904)	-	-	-	(8,904)
	-	-	(8,904)	-	-	(9,317,629)	(9,326,533)
Balance as at December 31, 2022 (Un-audited)	8,809,163	234,868	106,932	55,014,936	4,672,533	(81,739,413)	(12,900,981)
Balance as at July 01, 2023 (Audited)	8,809,163	234,868	115,177	60,742,638	4,672,533	(75,591,728)	(1,017,349)
Total comprehensive profit for the period ended December 31, 2023							
Profit for the period	-	-	-	-	-	6,504,320	6,504,320
Other comprehensive income for the period	-	-	138,831	-	-	-	138,831
	-	-	138,831	-	-	6,504,320	6,643,151
Balance as at December 31, 2023 (Un-audited)	8,809,163	234,868	254,008	60,742,638	4,672,533	(69,087,408)	5,625,802

The annexed notes 1 to 32 form an integral part of these consolidated condensed interim financial statements.

Dr. Shamshad Akhtar
Chairperson

Muhammad Amin Rajput
Managing Director

Wajeeh Uddin Sheikh
Chief Financial Officer

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2023

	Note	Half year ended December 31, 2023	Half year ended December 31, 2022
		--------(Rupees in '000)--------	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit / (loss) before taxation		**9,250,279**	(7,542,523)
Cash generated from operations	24	**10,601,184**	3,530,962
Financial charges paid		**(8,280,449)**	(3,796,673)
Employee benefits paid		**(96,981)**	(187,785)
Payment for retirement benefits		**(1,412,154)**	(1,246,080)
Long term deposits - net		**1,478,000**	1,417,501
Short term deposits (paid) / received - net		**(33,555)**	42,586
Loans and advances to employees- net		**160,401**	(200,736)
Income taxes paid		**(2,518,885)**	(1,133,637)
Net cash generated from / (used in) operating activities		**9,147,840**	(9,116,385)
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		**(11,290,239)**	(5,615,558)
Proceeds from sale of property, plant and equipment		**73,471**	91,363
Payment for payable against transfer of pipeline		**(67,866)**	(67,866)
Payments for intangible assets		**(32,939)**	(35,746)
Dividend received		**2,610**	19,055
Interest income received		**156,842**	29,422
Net cash used in investing activities		**(11,158,121)**	(5,579,330)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from loans		**-**	14,961,375
Repayments of loans		**(2,324,096)**	(4,133,333)
Repayment of customer finance		**(138)**	(8,052)
Repayment of lease liabilities		**(61,603)**	(52,049)
Net cash (used in) / generated from financing activities		**(2,385,837)**	10,767,941
Net decrease in cash and cash equivalents		**(4,396,118)**	(3,927,774)
Cash and cash equivalents at beginning of the period		**(34,427,829)**	(22,908,716)
Cash and cash equivalents at end of the period	25	**(38,823,947)**	(26,836,490)

The annexed notes 1 to 32 form an integral part of these consolidated condensed interim financial statements.

Dr. Shamshad Akhtar
Chairperson

Muhammad Amin Rajput
Managing Director

Wajeeh Uddin Sheikh
Chief Financial Officer

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2023

1 THE GROUP AND ITS OPERATIONS

1.1 The "Group" consists of:

Holding Company

- Sui Southern Gas Company Limited

	Percentage of holding	
	2023	**2022**
Subsidiary Company	%	%
- SSGC LPG (Private) Limited	100	100
- SSGC Alternate Energy (Private) Limited	100	-

Sui Southern Gas Company Limited

Sui Southern Gas Company Limited ("the Company") is a public limited Company incorporated in Pakistan under the Companies Act, 2017 (repealed Companies Ordinance, 1984) and is listed on Pakistan Stock Exchange. The Company came into being on March 30, 1989 after the amalgamation of Karachi Gas Company, Indus Gas Company and Sui Gas Transmission Company. 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 for laying of pipelines.

The registered office of the Company is situated at SSGC House, Sir Shah Muhammad Suleman Road, Block 14, Gulshan-e-Iqbal, Karachi. The meter manufacturing plant is situated at its' registered office.

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	SSGC Karachi Terminal Opposite Safari Park Main University Road, Karachi.
Hyderabad	SSGC Regional Office, Opposite 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,
Quetta	SSGC Office, Samungli Road, Quetta.

SSGC LPG (Private) Limited

SSGC LPG (Private) Limited ("the Subsidiary Company") 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.

The Subsidiary Company acquired the assets including:

- LPG import terminal, bulk storage at North West Industrial
- 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 providing of terminal and storage services.

SSGC Alternate Energy (Private) Limited

SSGC Alternate Energy (Private) Limited ("the Subsidiary Company") is a wholly owned subsidiary of Sui Southern Gas Company Limited. Its registered office of the is situated at SSGC House, Sir Shah Muhammad Suleman Road, Block 14, Gulshan- e-Iqbal, Karachi.

The main activity of the Subsidiary Company is production, storage, sale, supply and distribution of conventional and alternate energy. However, the subsidiary Company has not commenceits operations till the reporting period.

1.2 Basis of consolidation

These consolidated condensed interim financial statements include the condensed interim financial statements of the Holding Company and its Subsidiary.

A company is a subsidiary, if the Holding Company directly or indirectly controls, beneficially owns or holds more than fifty percent of its voting securities or otherwise has power to elect and appoint more than fifty percent of its directors.

Subsidiaries are consolidated from the date on which the Holding Company obtains control and continue to be consolidated until the date when such.

Control is achieved when the company:

- has power over the investee;
- is exposed or has rights, to variable returns from involvement with the investee ; and
- has the ability to use its power to affect its returns.

The assets and liabilities of the subsidiary have been consolidated on a line by line basis and the carrying value of the investment held by the Holding Company has been eliminated against corresponding holding in subsidiary' shareholders' equity in the consolidated financial statements.

Inter-company transactions, balances and unrealized gain / (losses) on transactions between group are eliminated. Accounting policies of subsidiary have been changed where necessary to ensure consistency with the policies adopted by the Group.

Where the ownership of a subsidiary is less than hundred percent and therefore, a non-controlling interest (NCI) exists, the NCI is allocated its share of the total comprehensive income of the period, even if that results in a deficit balance. However, there is no NCI is recorded, as the subsidiary is 100% owned by the Holding Company.

However, the Holding Company and its subsidiaries constitute a Group. Wherever a matter in these consolidated financial statements specifically pertains to the Holding Company or its subsidiary, the terms 'Holding Company' or 'the Subsidiary Company' are used. Otherwise, the term 'Group' is used to collectively refer to the Holding Company and the Subsidiary Company.

1.3 Regulatory framework

Under the provisions of the license given by the Oil and Gas Regulatory Authority (OGRA) under the OGRA Ordinance, 2002, the Holding Company is provided with a minimum annual return before taxation based on the Weighted Average Cost of Capital ('WACC') applied on the average net operating assets excluding financial, other non-operating expenses and non-operating income from the reference figures.

The determination of annual required return is reviewed by OGRA, under the terms set by OGRA for the license of transmission, distribution and sale of natural gas, targets and parameters. Income earned in excess / short of the guaranteed return is payable to / recoverable from the Government of Pakistan (the GoP).

1.4 Status of the Company's Operations - Financial Performance

As of the reporting date, the Group has accumulated losses amounting to Rs. 69,087 million (June 30, 2023: Rs. 75,592). The Company's equity has nearly turned up to be a positive, primarily due to the inclusion of surplus on revaluation of property, plant and equipment. Further, its current liabilities exceed its current assets by Rs. 120,906 million (June 30, 2023: 118,517). These factors may cast doubt on the Group's ability to continue as a going concern.

Below enumerated matters are emphasising the financial performance and sustainability of the Holding Company:

- 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 Unaccounted For Gas (UFG) based on Regassified Liquefied Natural Gas (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 of Final Revenue Requirement (FRR) for the financial year June 30, 2018 and there after till June 30, 2023, carrying financial impact aggregating to Rs 91,790 million as of the reporting date, OGRA did not consider implementing the aforementioned decision and advised to take up the matter with Sui Northern Gas Pipelines Limited (SNGPL) in consultation with Ministry of Energy (Petroleum Division). The Holding Company has reiterated its earlier position of higher UFG due to RLNG, thus to sort out this issue, ECC constituted a Committee comprising Secretaries of Petroleum & Finance division. In line with Committee recommendations and having an independent view as requested by the Holding Company, OGRA hired the services of International Technical, Commercial and Management Auditors for determining actual UFG of Gas Companies in respect of indigenous gas as well as imported RLNG.

- The Holding Company has undertaken actions for reduction in UFG / enhancement of UFG benchmark based on Key Monitoring Indicators (KMI) as well as implementation of ECC decision on RLNG volume handling which will help in significant reduction in UFG.

- The Holding Company has devised a strategy to control UFG, duly approved by the Board of Directors and the same is under implementation.

- The Government of Pakistan (the GoP), being the majority shareholder has also been taking significant measures to resolve gas sector circular debt issues through tariff rationalization and gas pricing reforms. It has also been actively pursuing the Holding Company to devise a tangible and sustainable UFG reduction plan and bring down UFG losses to single digit or below OGRA allowed UFG benchmark to make it a viable business entity.

  Further, the GoP's (Finance Division), vide its letter dated October 28, 2024 has shown commitment to extend all support to meet its working capital requirements.

The management is confident that, in view of the above-mentioned factors, the Holding Company's profitability and financial position will improve in the next few years and hence, believes that no material uncertainty exists and going concern basis of accounting is appropriate. Accordingly, these consolidated condensed interim financial statements are prepared on a going concern basis.

2 BASIS FOR PREPARATION

2.1 Statement of compliance

These consolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017, and

- Provisions of and directives issued under the Companies Act, 2017 and State-Owned Enterprises (Governance and Operations) Act, 2023.

Where the provisions of and directives issued under the Companies Act, 2017 and State-Owned Enterprises (Governance and Operations) Act, 2023 differ from the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 and State-Owned Enterprises (Governance and Operations) Act, 2023 have been followed.

2.2 These consolidated condensed interim financial statements are un-audited and are being submitted to the shareholders as required under section 237 of the Companies Act, 2017 and Listing Regulations of the Pakistan Stock Exchange Limited.

2.3 These consolidated condensed interim financial statements do not include all the information required for annual consolidated financial statements and should be read in conjunction with the annual consolidated financial statements of the Group for the year ended June 30, 2023.

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements.

2.4 The comparative consolidated statement of financial position presented in these consolidated condensed interim statement of financial position has been extracted from the annual audited consolidated financial statements of the Group for the year ended June 30, 2023, whereas the comparative consolidated condensed interim statement of profit or loss, consolidated condensed interim statement of comprehensive income, consolidated condensed interim statement of cash flows and consolidated condensed interim statement of changes in equity are extracted from the unaudited consolidated condensed interim financial statements for the half year ended December 31, 2022.

2.5 Functional and presentation currency

These consolidated condensed interim financial statements have been presented in Pakistani Rupees ('Rupees' or 'Rs'), which is the functional and presentation currency of the Group.

3 Initial application of standards, amendments or an interpretation to existing standards

3.1 Standards, amendments and interpretations to accounting standards that are effective in the current period

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on July 01, 2023, but are considered not to be relevant or expected to have any significant effect on the Group's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these consolidated condensed interim financial statements.

3.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the Group's accounting periods beginning on or after January 1, 2024, but are considered not to be relevant or to have any significant effect on the Group's operations and are, therefore, not detailed in these consolidated condensed interim financial statements.

4 MATERIAL ACCOUNTING POLICIES ESTIMATES AND JUDGEMENTS

4.1 The accounting policies adopted for the preparation of these consolidated condensed interim financial statements are same as these applied to the preparation of the preceding annual consolidated financial statements of the Group for the year ended June 30, 2023.

4.2 The preparation of these consolidated condensed interim financial statements requires the management to make estimates, assumptions and judgments that affect the application of accounting 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 Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual audited consolidated financial statements for the year ended June 30, 2023, except for the following:

The charge in respect of staff retirement benefits has been recognised on the basis of actuarial projection for FY 2023-24, hence it does not include consideration for actuarial gains / losses which will be determined at the year end.

	Note	December 31, 2023 (Un-audited)	June 30, 2023 (Audited)
		--------(Rupees in '000)--------	
5. PROPERTY, PLANT AND EQUIPMENT			
Operating assets	5.1	**179,566,851**	178,316,370
Capital work-in-progress	5.4	**19,287,004**	12,642,372
		198,853,855	190,958,742

5.1 Following is the movement in property, plant and equipment during the period / year:

Operating fixed assets (Net book value) - opening balance	**178,316,370**	163,318,855
Add: Additions (transfers from CWIP) during the period / year - at cost	**5,834,840**	17,207,679
Add: Revaluation surplus during the year		5,727,702
	184,151,210	186,254,236
Less: Disposals during the period / year	**(272,017)**	(691,618)
Depreciation charge for the period / year	**(4,312,342)**	(7,246,248)
Closing balance	**179,566,851**	178,316,370

5.2 Additions during the period / year - at cost

Leasehold land	**-**	6,904
Civil structure on lease hold land	**2,221**	76,569
Buildings on leasehold land	**2,621**	168,398
Gas transmission pipeline	**351,540**	2,746,801
Gas distribution	**4,064,700**	11,971,547
Compressors	**576,958**	346,755
Telecommunication	**6,784**	56,822
Plant and machinery	**492,750**	463,774

	December 31, 2023 (Un-audited)	June 30, 2023 (Audited)
	--------(Rupees in '000)--------	
Tools and equipment	**24,806**	36,439
Motor vehicles	**119,419**	494,697
Bowsers and bobtails	**-**	19,308
Furniture and fixture	**16,363**	33,347
Office equipment	**57,480**	45,205
Cylinder	**44,764**	576,643
Spherical tanks	**322**	-
Supervisory control and data acquisition system	**-**	31,915
Computer and ancillary equipments	**74,112**	132,555
	5,834,840	17,207,679

5.3 Disposal during the period / year - NBV

Gas distribution	**264,038**	653,031
Telecommunication		554
Plant and machinery	**2,059**	2,952
Tools and equipment	**1**	-
Motor vehicles	**5,919**	34,790
Office equipment	**-**	4
Computer and ancillary equipments	**-**	167
Supervisory control and data acquisition system	**-**	120
	272,017	691,618

5.4 Capital work in progress

Projects:		
Gas distribution system	**9,146,442**	4,875,960
Gas transmission system	**573,490**	173,363
Cost of buildings under construction and others	**63,653**	559,187
Impairment of capital work in progress	**(452,552)**	(452,552)
	9,331,033	5,155,958
Stores and spares held for capital projects	**9,688,120**	7,227,334
LPG air mix plant	**267,851**	259,080
	9,955,971	7,486,414
	19,287,004	12,642,372

5.4.1 In the current period, the capital work in progress includes additions of Rs. 12,659 million (June 30, 2023: Rs. 13,421 million) and transfers to operating assets of Rs. 5,835 million (June 30, 2023: Rs. 17,208 million).

	Note	December 31, 2023 (Un-audited)	June 30, 2023 (Audited)
		--------(Rupees in '000)--------	
6 LONG TERM INVESTMENTS			
At fair value through other comprehensive income		**290,535**	151,704
7 TRADE DEBTS			
Considered good			
Secured		**47,122,961**	28,678,542
Unsecured		**73,619,324**	89,617,807
	7.1 & 7.2	**120,742,285**	118,296,349
Considered doubtful		**26,244,044**	25,531,670
		146,986,329	143,828,019
Less: Allowance for expected credit loss		**(26,280,644)**	(25,531,670)
		120,705,685	118,296,349

7.1 The 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, and effective from July 01, 2012, the Holding Company decided to account for LPS from KE on receipt basis based on opinions from firms of Chartered Accountants.

The trade debts includes Rs. 26,289 million (June 30, 2023: Rs. 26,289 million) as at December 31, 2023 receivables from KE against sale of indigenous gas excluding GIDC and LPS. The aggregate legal claim of the Holding Company from KE amounts to Rs. 192,537 million (June 30, 2023: Rs. 176,412 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. However, the balance of Rs. 26,289 (June 30, 2023: Rs. 26,289 million) remains overdue as at December 31, 2023.

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

a. OD rate being paid by the Holding Company; or
b. Rate at which interest is payable on gas producer bills.

Further, as per the above agreement and 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 a case against the Holding Company in the Honorable High Court of Sindh (SHC) 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. 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. It was later agreed that the Holding Company would make additional 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 additional quantity of natural gas as per terms of the agreement.

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

In March, 2014, the Holding Company 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 to March 31, 2016. Upon expiry, the second addendum was included to the original payment plan on June 18, 2016 effective from April 1, 2016 to March 31, 2017. Currently, management is in a process to negotiate payment plan, which has not been finalized till the filing of these consolidated financial statements but the supply of gas and payment is continuing as per old plan.

In June 2022, a Task Force was constituted by the then Prime Minister to resolve issues / disputes related to KE. Accordingly, after deliberations a Mediation Agreement has been initialed executed between the Holding Company & KE (the Stakeholders). The Federal Cabinet also ratified the decision and the Mediation Agreement was also cleared by Law & Justice Division. Parties have submitted their respective claims with the Mediator and the mediation proceedings have been started after taking necessary Board approvals. Recently, the Mediation Agreement has been signed by the stakeholders and the same has been pending for commencement of Mediation process. A formal letter from Federal Government is awaited.

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. Term of reference has been signed and shared with KE. However, no response received from KE.

7.2 The 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 based on opinions from a firm of Chartered Accountants.

The trade debts includes Rs. 22,954 million (June 30, 2023: Rs. 22,272 million) as at December 31, 2023 recoverable from PSML excluding GIDC and LPS. The aggregate legal claim of the Holding Company from PSML amounts to Rs. 94,729 million (June 30, 2023: Rs. 89,405 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. However, the balance of Rs. 22,758 (June 30, 2023: Rs. 22,181 million) remains overdue as at December 31, 2023.

The Holding Company filed a suit in the Honorable High Court of Sindh (SHC) in April 2016, for recovery of its aggregate claim amounting to Rs. 41,354 million balance upto February 2016, along with LPS. On April 6, 2016, the SHC passed an order restraining PSML from creating any third party interest in relation to its assets including but not limited to immovable assets owned by it.

PSML has filed its counter claim approximately of Rs. 38,660 million on account of losses due to low gas pressure provided to PSML from March 2015 to December 2016. Legal counsel of the Holding Company is of the view that due to vagaries of litigation nothing could be expressed with any degree of certainty in the contested matters.

Subsequent to the period end, in the ECC meeting dated May 23, 2024 funds were released to PSML amounting to Rs. 2,125 million for payment of gas bills and it was further decided by the ECC that no further payment against consumption of gas supply to PSML will be made after it so no further liability of Federal Government against SSGC could accrue. Hence, in view of the ECC decision, SSGC sent disconnection notice to PSML on July 01, 2024 and the gas supply to PSML was disconnected on July 04, 2024.

	December 31, 2023 (Un-audited)	June 30, 2023 (Audited)
	--------(Rupees in '000)--------	
8 INTEREST ACCRUED		
Interest accrued on late payment of bills / invoices from:		
Water and Power Development Authority (WAPDA)	**6,242,477**	5,857,934
Sui Northern Gas Pipelines Limited (SNGPL)	**12,665,682**	12,093,081
Jamshoro Joint Venture Limited (JJVL)	**239,689**	239,689
	19,147,848	18,190,704
Interest accrued on sales tax refund	**487,739**	487,739
Bank deposits	**7,435**	-
	19,643,022	18,678,443
Less: Allowance for expected credit loss	**(112,400)**	(112,400)
	19,530,622	18,566,043

	Note	December 31, 2023 (Un-audited)	June 30, 2023 (Audited)
		--------(Rupees in '000)--------	
9 OTHER RECEIVABLES			
Tariff adjustments indigenous gas - receivable from GoP	9.1	**558,392,117**	498,763,608
Receivable from gratuity fund		**-**	1,129
Receivable for sale of gas condensate		**11,692**	46,470
Receivable from SNGPL	9.2	**119,600,290**	118,058,521
Receivable from Jamshoro Joint Venture Limited (JJVL)	9.3	**2,501,824**	2,501,824
Receivable from Pakistan LNG Limited		**1,192,033**	1,010,173
Gas infrastructure development cess receivable		**6,833,626**	6,834,735
Receivable from GPO against gas collection		**2,315,215**	2,315,215
Sales tax receivable	9.4	**88,595,987**	80,510,925
Sindh sales tax		**2,451**	2,451
Asset contribution		**302,430**	337,646
Accrued markup		**8,986**	1,845
Miscellaneous receivables		**156,204**	7,041
		779,912,855	710,391,583
Provision against loss allowance		**(2,544,769)**	(2,586,874)
		777,368,086	707,804,709

9.1 Tariff adjustments indigenous gas - receivable from GoP

Opening balance	**498,763,608**	295,488,261
Recognized during the year	**58,803,645**	201,684,882
Subsidy for LPG air mix operations	**824,875**	1,590,465
Closing balance	**558,392,128**	498,763,608

9.2 At the reporting date, receivable balance from SNGPL comprises of the following:

Differential tariff	**4,284,080**	4,284,080
Uniform cost of indigeneous gas	**15,818,845**	15,818,845
Lease rentals	**1,611,868**	1,611,868
Contingent rent	**10,324**	10,338
LSA margins of RLNG	**3,212,794**	2,991,015
Capacity and utilisation charges of RLNG	**54,729,705**	54,076,191
RLNG transportation income	**39,932,674**	39,266,184
	119,600,290	118,058,521

9.2.1 Upto December 31, 2023, the Holding Company has invoiced an amount of Rs. 221,586 million including Sindh Sales Tax of Rs. 25,635 million to SNGPL in respect of capacity and utilization charges (terminal charges), LSA margins and transportation charges relating to RLNG.

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.

In addition to the same, the Ministry of Energy in pursuance of the decision of ECC vide case submitted on September 03, 2015 has allocated 71 BCF RLNG volume 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 volumes 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.

Based on initialed agreement between the Holding Company and SNGPL dated January 25, 2021, in which it was decided that from June 2020 onwards all the invoices will be paid on a monthly basis by SNGPL, however, outstanding receivable balances before June 2020 amounting to Rs. 99,197 million included in the aggregate receivable balance of Rs. 119,600 million stands disputed as of the reporting date. OGRA, appointed a consultant for technical, commercial and managerial audits to ascertain the accuracy of Unaccounted-for Gas (UFG) of gas companies, encompassing both indigenous gas and imported RLNG and certain other matters.

'Subsequent to the period end, the Holding Company received draft reports (the "Report") on technical, commercial, and managerial audits from a consultant appointed by OGRA. The purpose of these audits was to assess the accuracy of Unaccounted-for Gas (UFG) for gas companies, covering both indigenous gas and imported RLNG, as well as other related matters.

The Holding Company raised several concerns regarding the report issued by the consultant in its letter dated June 3, 2024, addressed to OGRA. In response, OGRA issued a letter to the Holding Company on December 11, 2024, providing recommendations aimed at measuring and preventing UFG losses. Interalia, SECP has also observed in its above letter that the Holding Company’s claim to experience the higher UFG losses while handling the RLNG & Indigenous gas is also not tenable. The Holding Company has once again approached the OGRA and communicated its concern vide their letter dated December 23, 2024. The management believes that the final outcome is yet to be determined by OGRA, preferably in the presence of both the parties.

9.3 This amount comprises of receivable in respect of royalty income & fuel charges, sale of liquid petroleum gas, sale of natural gas liquids, federal excise duty (FED), sindh sales tax (SST) on franchise services, receivable against excess paid processing charges from JJVL and receivable from JJVL at the rate of ad-hoc 57% value of LPG / NGL extraction as per the agreement signed between the Holding Company and JJVL pursuant to Honorable Supreme Court of Pakistan (SCP) order dated December 04, 2018 amounting to Rs. 22 million (June 30, 2023: Rs. 22 million), Rs 159.6 (June 30, 2023: Rs. 159.6 million), Rs. 178 million (June 30, 2023: Rs. 178 million), Rs. 1,070 million (June 30, 2023: Rs. 1,070 million), Rs. 646 million (June 30, 2023: Rs. 646 million), Rs. 6.6 (June 30, 2023: Rs.6.6 million), Rs. 419.6 million (June 30, 2023: Rs.419.6 million) respectively.

9.4 This represents sales tax refunds arise due to excess of Average Purchase Cost over Average Sales Price, uniform purchase price adjustment with SNGPL and zero rating of sales tax on gas sales for various industries. Theses refunds are processed through FBR's Sales Tax Automated Refund Repository System (STARR) . Due to several snags in the functioning of STARR, valid input sales tax claims of the Holding Company are deferred and then 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. Subsequent to period-end, sales tax refunds of Rs. 1 billion were realized by the Holding Company while management is making vigorous efforts for realisation of remaining refunds.

	Note	December 31, 2023 (Un-audited)	June 30, 2023 (Audited)
		--------(Rupees in '000)--------	
10 LONG-TERM FINANCING			
Secured			
Loans from banking companies	10.1, 10.2 & 10.3	**28,942,703**	26,601,966
Unsecured			
Customer finance		**119,502**	119,050
Government of Sindh loans		**802,873**	614,372
		922,375	733,422
		29,865,078	27,335,388
Less: Current portion shown under current liabilities			
Loans from banking companies		**(4,666,667)**	(4,666,667)
Customer finance		**(590)**	(590)
Government of Sindh loans		**(186,667)**	(186,667)
		(4,853,924)	(4,853,924)
		25,011,154	22,481,464

10.2 This also includes finance facility amounting to Rs. 15,000 million was sanctioned in December 2022 by a syndicate of banks.

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

	Note	December 31, 2023 (Un-audited)	June 30, 2023 (Audited)
		--------(Rupees in '000)--------	
11 DEFERRED CREDIT			
Deferred credit	11.1	**5,896,134**	5,199,216
Advance received from government		**2,440,603**	3,337,572
		8,336,737	8,536,788
11.1 DEFERRED CREDIT			
Government of Pakistan contributions / grants			
Opening balance		**3,840,646**	2,762,110
Additions / adjustments during the period / year		**867,498**	1,407,570
Amortized during the period / year	11.1.1	**(188,926)**	(329,034)
Closing balance		**4,519,218**	3,840,646
Government of Sindh (Conversion of loan into grant)			
Opening balance		**1,784,919**	1,889,931
Additions during the period / year		**29,473**	22,052
Amortized during the period / year		**(64,000)**	(127,064)
Closing balance		**1,750,392**	1,784,919
Government of Sindh grants			
Opening balance		**84,096**	96,124
Amortized during the period / year		**(3,305)**	(12,028)
Closing balance		**80,791**	84,096
		6,350,401	5,709,661
Less: Current portion of deferred credit		**(454,267)**	(510,445)
		5,896,134	5,199,216

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

	Note	December 31, 2023 (Un-audited)	June 30, 2023 (Audited)
		--------(Rupees in '000)--------	

12 CONTRACT LIABILITIES

	Note	December 31, 2023	June 30, 2023
Contribution from customers	12.2	**3,531,850**	3,544,995
Advance received from customers	12.1	**6,396,009**	6,221,903
		9,927,859	9,766,898

12.1 This represents amount received from the consumers as contribution towards the cost of supplying and laying transmission, service and main lines.

12.2 Contribution from customers

	December 31, 2023	June 30, 2023
Opening balance	**3,841,959**	3,238,534
Additions / adjustments during the period / year	**100,607**	891,195
Amortized during the period / year	**(151,220)**	(287,770)
	3,791,346	3,841,959
Less: current portion	**(259,496)**	(296,964)
Closing balance	**3,531,850**	3,544,995

13 TRADE AND OTHER PAYABLES

	Note	December 31, 2023	June 30, 2023
Creditors for:			
Indigenous gas	13.1	**834,827,836**	769,786,888
RLNG	13.2	**105,173,018**	106,680,422
		940,000,854	876,467,310
Tariff adjustments - RLNG payable to the GoP	13.3	**26,229,025**	23,826,990
Service charges payable to Engro Elengy Terminal Limited (EETL)		**3,354,382**	3,272,567
Accrued liabilities / bills payable		**12,091,668**	8,530,795
Provision for compensated absences - Non executives		**365,657**	365,657
Payable to gratuity fund		**5,169,972**	5,484,519
Payable to pension fund		**392,396**	107,986
Payable to provident fund		**10,206**	10,204
Deposits / retention money		**985,877**	908,269
Advance for sharing right of way		**18,088**	18,088
Withholding tax		**142,344**	31,625
Sales tax and federal excise duty		**911,297**	312,549
Sindh sales tax		**34,696**	26,936
Gas infrastructure development cess		**6,833,626**	6,834,735
Advance from customers and distibutors		**899,858**	376,032
Transport and advertisement services		**84,405**	70,353
Unclaimed term finance certificate redemption profit		**1,800**	1,800
Workers's profit participation fund		**827,053**	376,347
Provision		**-**	18,546
Others		**775,276**	651,256
		999,128,480	927,692,564

13.1 The creditors for indigenous gas supplies include Rs. 655,231 million (June 30, 2023: Rs. 588,195 million) payable to Oil and Gas Development Company Limited (OGDCL), Pakistan Petroleum Limited (PPL) and Government Holdings (Private) Limited in respect of gas purchases along with interest of Rs. 15,832 million (June 30, 2023: Rs. 15,832 million) on their balances which have been presented in note 14.1 to these consolidated condensed interim financial statements.

In addition to the above, it also includes payable to SNGPL amounting to Rs. 9,021 million (June 30, 2023: Rs. 7,839 million) which stands outstanding as at December 31,2023.

13.2 On December 12, 2017, the Ministry of Energy (MOE) in pursuance of the decision of ECC vide case submitted on September 03, 2015, allocated 12 BCF RLNG volume to the Holding Company and thereafter, allocated further 37 BCF. The ECC in it's decision dated March 03, 2020 has allocated 71 BCF (in total to the Holding Company) in order to resolve the matter of short supply with the direction to enter into an agreement with SNGPL.

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 allocated volumes.

During the period, Holding Company has recorded purchases of 12 BCF (June 2023: 16 BCF) from SNGPL amounting to Rs. 51,160 million (June 2023: Rs. 118,289 million) based on OGRA's decision dated November 20, 2018.

Based on initial agreement between the Holding Company and SNGPL dated January 25, 2021 in which it was decided that from June 2020 onwards all the invoices will be paid on monthly basis by the Holding Company, however, outstanding payable balances in respect of RLNG purchases before June 2020 amounting to Rs. 86,643 million included in the aggregate payable of Rs. 105,173 million stands disputed as of the reporting date. OGRA appointed a consultant for technical, commercial and managerial audit to ascertain accurate Unaccounted-for Gas (UFG) of both companies, encompassing both indigenous gas and imported RLNG and other matters.

Subsequent to the period end, the Holding Company received draft reports (the "Report") on technical, commercial, and managerial audits from a consultant appointed by OGRA. The purpose of these audits was to assess the accuracy of Unaccounted-for Gas (UFG) for gas companies, covering both indigenous gas and imported RLNG, as well as other related matters.

The Holding Company raised several concerns regarding the report issued by the consultant in its letter dated June 3, 2024, addressed to OGRA. In response, OGRA issued a letter to the Holding Company on December 11, 2024, providing recommendations aimed at measuring and preventing UFG losses. Interalia, OGRA has also observed in its above letter that the Holding Company's claim to experience the higher UFG losses while handling the RLNG & Indigenous gas is also not tenable. The Holding Company has once again approached the OGRA and communicated its concern vide their letter dated December 23, 2024. The management believes that the final outcome is yet to be determined by OGRA, preferably in the presence of both the parties.

	Note	December 31, 2023 (Un-audited)	June 30, 2023 (Audited)
		--------(Rupees in '000)--------	
13.3 Tariff adjustments - RLNG payable to the GoP			
Opening balance		**23,826,990**	28,923,211
Charge / (reversal) during the period		**2,402,035**	(4,742,920)
GOP (subsidy) on RLNG tariff		**-**	(353,301)
Closing balance		**26,229,025**	23,826,990

14 INTEREST ACCRUED

	Note	December 31, 2023 (Un-audited)	June 30, 2023 (Audited)
Long term financing		**951,254**	1,039,407
Long term deposits		**464,711**	762,451
Short term borrowings		**1,631,590**	1,776,622
Late payment surcharge on processing charges		**99,283**	99,283
Late payment surcharge on gas supplies	14.1	**15,832,411**	15,832,411
		18,979,249	19,510,174

14.1 As disclosed in note 7.1 and 7.2, effective from July 1, 2012, the Holding Company has been accounting for LPS from KE and PSML on receipt basis as per International Financial Reporting Standards 15: “Revenue from Contracts with Customers”. 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 accounting and reporting standards as applicable in Pakistan, 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 fulfilment 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.

Based on the aforesaid letter and legal opinion obtained by the Holding Company, the aggregate unrecognized accrued markup up to December 31, 2023 stands at Rs. 218,340 million (2023: Rs. 176,291 million).

15 SHORT TERM BORROWINGS

These represent facilities for short term running finance / short term money market loan available from various banks amounting to Rs. 50,000 million (June 30, 2023: Rs. 45,000 million) and carry mark-up ranging from 0.1% to 0.20% (June 30, 2023: 0.1% to 0.20%) 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.

As at December 31, 2023, the aggregate unavailed short term borrowing facilities amounting to Rs. 8,697 million (June 30, 2023: Rs. 10,904 million).

16 CONTINGENCIES AND COMMITMENTS

16.1 There is no significant change in contingencies from the preceding audited financial statements of the Company for the year end June 30, 2023, except for the following:

In respect of the Holding Company

16.1.1 Jamshoro Power Company Limited (JPCL) lodged an aggregate claim amounting to Rs. 144,120 million (2023: Rs.144,120 million) which includes Rs. 44,990 million on account of the short supply of gas, utilization of alternate fuel amounting to Rs. 99,130 million, and 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 amounting to Rs. 5.79 million under the provisions of an agreement dated April 10, 1995, between the Company and JPCL.

The ministry of Petroleum and Natural Resources (the ministry) vide its letter dated April 24, 2017 directed that the outstanding issues pertaining to the claims by JPCL shall be resolved and the ministry has proposed that a committee be constituted comprising of members from two companies and the other concerned Ministries to resolve the matter as it involves parties who represent/relate to the Government of Pakistan (GoP). Furthermore, this matter was also pending in the Public Accounts Committee (PAC).

Pursuant to the directives of PAC, urgent meeting of the Secretaries Committee was held on May 08, 2023 and the Committee directed JPCL and the Company to submit data regarding actual loss suffered by the Companies.

Both parties had submitted their reports, wherein JPCL reduced its claim from 144,000 million to 5,838 million and the Company revised its Take or pay claim from 2,828 million up to April 2023 to 2,114 million considering the difference between industrial and domestic tariff, whereas, the amount pertaining to gas bills remains at Rs. 2,778 million which is outstanding balance up to April 2023, and late payment surcharge (LPS) amounting to Rs. 3,615 million which stands outstanding up to June 2022. As a result, the claims summary stands as follows:

JPCL claims = Rs 5,838 million
Company claims = Rs 4,892 million

Afterwards a Meeting of the Sub-Committee of PAC was held on May 25, 2023 and the Committee settled the relevant paras subject to verification of record by the Audit. In compliance to the above directives of the Sub-Committee of PAC, Audit has been requested to conduct verification of above mentioned number of SSGC i.e. Rs. 4,892 million and other relevant record.

As at December 31, 2023, the Company has made further increase in LPS receivable to Rs. 4,292 million against non-payment of gas bills. The Company is of the view that if the settlement is made on the aforesaid claims as mentioned above including LPS receivable, remaining LPS would stand at Rs. 3,346 million. Subsequent to the period end, on the recommendation of the Inter-Ministerial steering committee (IMSC), the Company has adjusted its claim of Rs. 4,892 million (includes take or pay claim of Rs. 2,117 million and receivable on account of gas bills of Rs. 2,775 million) against the JPCL claim of Rs. 5,838 million in the books resultantly a net liability of Rs. 945 million is payable to JPCL.

The net of JPCL Liquidated Damages claim Rs. 5,838 million and SSGC Take or Pay Claim Rs. 2,117 million i.e., Rs. 3,721 million has been recognized as Liquidated Damages Expense in books of account and is being claimed from OGRA in petition for FY 2023- 24 on account of recognized liquidated damages claim of JPCL. Accordingly, no provisions have been made in the unconsolidated condensed interim financial statements as at December 31, 2023.

16.1.2 On May 04, 2024, the Tax Laws (Amendment) Act, 2024 was enacted requiring State Owned Enterprises (SOEs) to apply to FBR for appointment of Alternative Dispute Resolution Committee (ADRC) for resolution of pending Tax Disputes at the level of Commissioner (Appeals), Appellate tribunal level or any other forum. Accordingly section 134A was amended in the Income Tax Law to give effect to the above change. In order to seek clarity on the application / enforcement of the newly amended law the company has sought a legal opinion and in response the legal counsel has opined that fiscal statutes shall apply prospectively (including amendments), especially where the statute is to affect vested rights and past and closed transactions and there is no corresponding provision to the effect requiring the Company to withdraw its cases from the original forum (Appellate tribunal, etc.) and file an application to avail the compulsory ADR method as is specified under Section 134A of the Income Tax Ordinance, 2001.

The management of the Company has drawn inference from the above and accordingly decided as under:

- Old cases (pending before enactment of said Act) would continue at original forum (Commissioner Appeals, Appellate Tribunal, etc.) where case was pending (except in cases where Company voluntarily opts to follow ADRC process).

- While for any new Assessment Order, Company has to apply for ADRC.

The management of the Company believes that the Company's position is maintainable in the eyes of Law and hence may not lead to adverse consequences from any of the Regulatory or Revenue authorities.

16.1.3 The tax authorities had passed an order for FY 2017-18 creating Federal Excise Duty (FED) The Commissioner (Appeals) based on the appeals had passed an order by deciding the issues of re-gasification and supply of RLNG to customers against SSGC. The issue of supply of natural gas to customers was remanded back to tax authorities.

The Company has filed an appeal against the said order to Commissioner (Appeals) on RLNG, the Company has filed an appeal before Appellate Tribunal Inland Revenue (ATIR), which is pending adjudication.

The Company has also filed application with FBR for constitution of Alternative Dispute Resolution Committee (ADRC) on the matter of FED on LNG into RLNG. Subsequently, on January 15, 2025 FBR has constituted ADR in respect to this matter.

Based on the advice of its tax advisor, the Company is confident that the case will be in its favor, therefore, no provision has been made in these unconsolidated condensed interim financial statements.

16.1.4 Tax Authorities had passed sales tax order for FY 2017-18 on issues of non-charging of Sales Tax on RLNG – Indigenous Gas Swap, Gas Development Surcharge (GDS), RLNG transportation income among other observations.

The said order was contested before Commissioner (Appeals) who upheld LTO Order. Upon appeal, the Appellate Tribunal Inland Revenue (ATIR) decided the issue of GDS in favour of SSGC while other matters are still sub-judice before the Appellate Tribunal Inland Revenue.

The Company has also filed application with FBR for constitution of Alternative Dispute Resolution Committee (ADRC) on the matter of sales tax on RLNG – Indigenous Gas Swap which has been constituted subsequent to the period end on January 15, 2025.

Based on the advice of its tax advisor, the Company is confident that the case will be in its favor, therefore, no provision has been made in these unconsolidated financial statements as the Company.

16.1.5 Income tax authorities have passed Orders disallowing Cost of Gas purchased but lost as UFG (in excess of OGRA Benchmark) for Financial Year (FY) 2008-09, 2010-11, 2011-12, 2012-13, 2013-14, 2014-15, 2015-16, 2016-17, 2017-18, 2018-19, 2019-20 and 2020-21.

All the Orders were contested before Commissioner (Appeals) who decided the cases in Company's favor except for FY-2019-20, which has been remanded back by the Commissioner Appeals. However, the said orders had been challenged by the tax authorities before the Appellate Tribunal Inland Revenue.

The Company has filed an application for case related to FY 2020-21 with the FBR for the constitution of an Alternate Dispute Resolution Committee (ADRC) and committee has been formed, as a result, the recovery of tax demand has been deemed to be stayed in terms of sub section (7) of section 134A till final decision or dissolution of committee.

Based on the advice of its tax advisor, the Company is confident that the case will be in its favor, therefore, no provision has been made in these unconsolidated condensed interim financial statements as the Company.

16.1.6 There are several other pending litigations in the nature of billing disputes, employees disputes and related matters in which the Company is defendant/ respondent. The management, based on the view of the in-house legal advisor, is of the view that the aggregate exposure in all the said cases is not material to the Company. Accordingly, no provision has been made in these unconsolidated condensed interim financial statements.

		December 31, 2023 (Un-audited)	June 30, 2023 (Audited)
		--------(Rupees in '000)--------	
16.1.7	Claims against the Company not acknowledged as debt	**3,631,197**	3,623,797

The management is confident that ultimately these claims would not be payable.

16.2 **Commitments**

16.2.1	Guarantees issued on behalf of the Company	**11,378,122**	8,938,470
16.2.2	Commitments for capital and other expenditure	**6,238,089**	7,565,788

16.3 In respect of the Subsidiary

16.3.1 The Additional Commissioner Inland Revenue (ACIR) passed the order u/s 122(5A) of the Income Tax Ordinance, 2001 for tax year 2013 on the basis that sale of LPG is not covered by SRO 586 of 1991 and created a demand of Rs. 46.2 million. The Subsidiary had filed an appeal against the said order before Commissioner Inland Revenue Appeals CIR (A). Later CIR (A), passed the order dated May 15, 2015 and remanded back the case to the ACIR for reassessment on various issues as per grounds of appeal. The Subsidiary has filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the order passed by CIR (A).

The ATIR in its order dated June 23, 2022 held that Subsidiary Company is not a manufacturer and upheld the order of the department, however the ATIR on certain points remanded back the issue with department and CIR(A) for detail findings after giving fair opportunity of being heard to the taxpayer. The department issued fresh order without giving fair opportunity of being heard to the taxpayer and created demand amount of Rs.46.2 million irrespective of the fact that main issue was whether chargeability of FTR is applicable on complete sale or otherwise. The taxpayer being aggrieved with in impugned order preferred an appeal before CIR (A) and hearing was fixed on December 14, 2022. On the day of hearing before learned CIR (A), the appellant submitted written arguments and argued about the scope of chargeability of FTR and NTR on the appellant.

The CIR (A) in its order dated December 29, 2022 remanded back the case to the department with directions to bifurcate sale revenue into FTR and NTR and allocation of expenses accordingly. No provision has been made due to the fact that CIR (A) has remanded back the case to the department with further directions to follow the order of the learned ATIR on "Manufacturer Status" of the Subsidiary Company, the Subsidiary Company is confident that decision will come in its favor, hence no provision has been recorded in these consolidated financial statements for the year ended June 30, 2023.

Meanwhile, the Subsidiary Company has filed rectification application before the learned ATIR on ground that in Case Reference NO: ITA 890/KB/2015: the Subsidiary Company Vs. ACIR for TY 2013, the learned ATIR did not consider or overlooked case reference number PTD 2018 of Hazara Efficient Gas which was binding on the learned ATIR while disposing off the case of the appellant. The ATIR has accepted the miscellaneous application and moved the application to larger bench. The ATIR has also granted stay against recovery of demand for tax year 2013 till the order of learned ATIR in miscellaneous application filed by the appellant.

However, the ACIR passed the fresh order on June 15. 2022 by ignoring the directions of the learned ATIR where it had been directed to the department quote “We direct the department not to initiate any proceedings or recovery of any demand outstanding against the taxpayer till the decision of full or larger bench". Unquote, the Subsidiary Company being aggrieved against the impugned order tax year 2013 preferred an appeal before the learned CIR (A) and waiting for the hearing of the same. No provision has been recorded against the impugned order as management is confident that outcome will come in favor the Subsidiary Company.

During the current period our tax lawyer has filed an application to the Chairman ATIR for formation of the larger bench, upon the application the registrar of ATIR has responded that the ATIR appeal has already been disposed off therefore the larger bench cannot be created once the appeal been disposed off. The Subsidiary Company's tax lawyer has filed rectification application in ATIR to reconsider the order in which on once side there is a direction of formation of larger bench and on the other side the appeal become disposed. The Subsidiary Company's lawyer is of the opinion that appeal will become alive if the order become rectified by the ATIR. The rectification application is under reviewed by the ATIR.

Subsequent to the year end, ATIR in its rectification order made the decision in Company's favor and held that Subsidiary Company is a manufacturer and engage in the manufacturing process.

16.3.2 For tax year 2014, under similar case, the Additional Commissioner Inland Revenue (ACIR) passed order dated January 11, 2017 and created demand of Rs.116.6 million. The Subsidiary Company filed an appeal before the CIR (A) against the said order. The CIR (A) passed the order dated March 21, 2017 and remanded back the case. To date, the tax department has not filed any appeal against the CIR (A) order with any appellate authority. As per tax advisor, the appeal is not filed within 60 days of decision of CIR (A), it will be considered as if the tax department has no objection against decision of CIR (A).

As per tax advisor, the decision of CIR(A) for tax year 2014 will support the pending appeal relating to tax year 2013 as issue involved is similar in nature. Hence, management is confident that the outcome of this case will be in favor of the Subsidiary Company and no provision is recorded in these consolidated financial statements.

16.3.3 The ACIR passed order dated July 11, 2014 and created demand of Rs. 5.91 million on account of input tax disallowed with reference to SRO 490/2004 pertaining to the tax year 2013 and 2014. The Subsidiary Company has filed an appeal before the Commissioner Appeals. During the process of appeal, the tax department issued a recovery notice and recovered entire demand amount from the Subsidiary Company’s bank account.

The Subsidiary Company's legal counsel is of the opinion that the case will be decided in favor of the Subsidiary Company and the entire amount will be refunded.

16.3.4 The Inland Revenue Department has also issued a show cause notice u/s 122(9) for amendment of assessment u/s 122(5A) of the Income Tax Ordinance, 2001 for the tax years 2015 & 2016 on January 13, 2017 and required the Subsidiary Company to submit necessary documents for reassessment of tax liability. Against the said notice the Subsidiary Company filed petition in Sindh High Court (SHC). The SHC granted stay to the Subsidiary Company and link the case with the decision of Tribunal for tax period 2013. However, ATIR in its order dated June 23, 2022 regarding manufacturing status of the Subsidiary Company upheld the order of the department for tax year 2013 and remanded back some issues to the department and CIR(A) for further findings.

However, after the order of the learned ATIR, the ACIR issued fresh show cause notices to the Subsidiary Company for TY 2015-2022 and subsequently without giving fair opportunity of being heard to the appellant passed order u/s 122(5A) of the Income Tax Ordinance, 2001 and raised demand amount of Rs. 1,352 million for TY 2015-2022.The Subsidiary Company being aggrieved with the impugned order passed by the learned ACIR preferred an appeal before learned CIR (A) for TY 2015-2022.

The Learned CIR(A) remanded back the impugned orders TY 2015 - 2020 and annulled order TY 2021 with directions to bifurcate the sales revenue into FTR and NTR and allocation of expenses for TY 2015-2020 and for TY 2021 on the basis of clause 46AA of part IV of second schedule of the Income Tax Ordinance, 2001 introduced through Finance Act, 2020 being exempt from applicability of withholding of the income tax u/s 153 of the Income Tax Ordinance, 2001 .The management has not record any provision as these orders have been set aside from CIR(A) and department has not issued fresh order under the direction of CIR(A), furthermore because of the fact that learned ATIR has accepted the rectification application u/s 221 of the Income Tax Ordinance, 2001 for TY 2013 and issue for TY 2015-2020 are connected with TY 2013.

16.3.5 On April 20, 2018, the Subsidiary Company has received the notice from SRB for alleged short payment of Sindh Sales Tax amounting to Rs. 7.39 million for the tax periods from July, 2016 to November, 2017 on account of royalty fee paid to Port Qasim Authority. Against the said notice, the Subsidiary Company has filed petition in SHC. On May 23, 2018, the SHC has granted stay to the Subsidiary Company and the final decision is pending before the learned SHC.

The Subsidiary Company's legal counsel is of the opinion that the case will be decided in favor of the Subsidiary Company and the entire amount will be refunded by the department to the Subsidiary Company.

16.3.6 In the year 2020, SRB has issued notice regarding payment of Sindh Workers Profit Participation Fund contribution. According to said notice, the Subsidiary Company fall under the definition of "Industrial Undertaking" mentioned in Sindh Workers Profit Participation Act, 2015. As a result of which the WPPF contribution of amounting Rs. 2.78 million and 9.24 million has been claimed by SRB for two immediate profitable years of 2017 and 2018 respectively.

The Subsidiary Company has filed a petition against the said notice and granted a stay from Sindh High Court on the basis that Sindh Workers Profit Participation Act, 2015 is not applicable due to trans-provincial operations. The management is confident, based on legal opinion that outcome of this case will be in favor of the Subsidiary Company.

16.3.7 The Inland Revenue Department also issued notice on selection in audit u/s 25 of the Sales Tax Act, 1990 and subsequent to the issuance of show cause notice and passed an order u/s 11 of the Sales Tax Act, 1990 and raised impugned demand amount of Rs. 55 million.The management being aggrieved with the impugned order preferred an appeal before the learned CIR(A) u/s 45 of the Sales Tax Act,1990.The CIR(A) has partially upheld the order of the department and partially annulled the demand raised by the department. Being aggrieved with the order of the Commissioner(A), the Subsidiary Company has filed appeal before the ATIR.

No provision has been made in these consolidated financial statements as the management is confident, based on legal opinion, that the outcome of the case will be in favor of the Subsidiary Company.

16.3.8 The Sindh Revenue Board passed an order amount Rs. 24 million on alleged violation of section 15,15A(1)(a) of the Sindh Sales Tax on Services Act, 2011 on account of inadmissible input tax for tax periods December 2016, February 2017, March 2017, April 2017, August 2017, November 2017, December 2017, January 2018 to May 2019 & July 2019.

Being aggrieved with the impugned order passed by the AC-SRB, the Subsidiary Company has preferred an appeal before the learned CIR(A)-SRB on the ground that input tax claimed on account of transportation and construction services are genuine as the taxpayer has not made any violation of relevant section of the Sindh Sales Tax on Services Act, 2011 because of the fact that if Form "I" has not been submitted by the service provider then it is a dispute between the service provider and SRB, whereas the Subsidiary Company has claimed input tax on account of sales tax invoices at the statutory rate of 13% issued by the service provider and payment has been made through banking channels.

No provision has been made in these consolidated financial statements as the management and tax advisors are confident that the outcome of the case will be in favor of the Subsidiary Company.

16.3.9 After assessment under section 122(9) read with section 124(2),122(4)(5A) for the tax year 2017, 2018, 2019 and 2020 raised a demand of Rs. 688.38 million on dated June 22, 2023 and June 23, 2023 for not considering the status of Subsidiary Company as manufacturer and deemed the LPG income under FTR. The Subsidiary Company had filed Appeals before Commissioner Inland Revenue (Appeals) against orders / notices. As per the view of the legal advisor, the Subsidiary Company has fair chance to succeed in the said case.

16.3.10 After assessment under section 122(9) read with section 124(2),122(4)(5A) for the tax year 2021, the ACIR has issued the order and decreased the tax refund for the tax year 2021 from 38.1 to 24.2 million on dated June 26, 2023 by not considering the status of Subsidiary Company as manufacturer. The Subsidiary Company had filed Appeal before Commissioner Inland Revenue (Appeals) against order. The cases are pending before this forum. Based on the advice of its tax counsel, management is confident that the outcome of the above appeals would be favorable, hence no provision has been made in these consolidated financial statements.

16.3.11 During the year ended June 30, 2023, The Subsidiary Company received an order from DCIR under section 161(1A) for tax year 2017 on dated June 26, 2023 whereby a tax demand of Rs. 13.5 million including a default surcharge under section 205(1) of Rs. 1.44 million was established. The Subsidiary Company has filed an appeal against aforesaid order before the Commissioner Inland Revenue (Appeals). The Subsidiary Company has fair chance to succeed in the said case.

	Note	December 31, 2023 (Un-audited)	June 30, 2023 (Audited)
		--------(Rupees in '000)--------	
16.4 Commitments			
Guarantees issued on behalf of			
the Subsdiary Company		**104,970**	104,970
For Port Qasim Authority Customs	16.4.1	**12,003**	12,003
For Sindh High Court		**116,973**	116,973
Contracts for capital and other expenditure			
Opex		**27,761**	27,761
Capex		**244,283**	244,283
LPG purchase		**866,962**	866,962
		1,139,007	1,139,007

16.4.1 This represent the bank guarantee provided by the Subsidiary Company to Port Qasim Authority against the compliance of rules and regulations.

	Note	Half year ended December 31, 2023	Half year ended December 31, 2022	Quarter ended December 31, 2023	Quarter ended December 31, 2022
		(Un-audited)			
		-----------(Rupees in '000)--------------			
17 REVENUE FROM CONTRACT WITH CUSTOMERS - GAS SALES -NET					
Gross Sales:					
Indigenous gas		**135,663,065**	90,128,418	**84,010,277**	42,721,900
RLNG		**73,470,502**	55,101,630	**39,811,701**	19,355,228
		209,133,567	145,230,048	**123,821,978**	62,077,128
Less: Sales tax					
Indigenous gas		**(21,347,360)**	(13,673,662)	**(13,245,027)**	(6,464,519)
RLNG		**(11,183,055)**	(8,085,762)	**(6,083,293)**	(2,848,962)
		(32,530,415)	(21,759,424)	**(19,328,320)**	(9,313,481)
		176,603,152	123,470,624	**104,493,658**	52,763,647
18 Tariff Adjustments					
Indigenous gas	18.1	**58,803,645**	77,156,188	**11,806,910**	34,078,977
RLNG	18.2	**(2,402,035)**	8,096,649	**(2,335,179)**	5,641,197
		56,401,610	85,252,837	**9,471,731**	39,720,174
18.1 Tariff adjustment - indigenous gas					
Price increase adjustment for the period		**59,628,520**	77,782,090	**12,272,218**	34,447,021
Subsidy for LPG air mix operations		**(824,875)**	(625,902)	**(465,308)**	(368,044)
		58,803,645	77,156,188	**11,806,910**	34,078,977
18.2 Tariff adjustment - RLNG					
The GOP subsidy on RLNG tariff		**(6,357)**	1,212,884	**-**	646,458
Price increase adjustment for the period		**(2,395,678)**	6,883,765	**(2,335,179)**	4,994,739
		(2,402,035)	8,096,649	**(2,335,179)**	5,641,197
19 COST OF REVENUE					
Cost of gas	19.1	**212,759,599**	199,823,411	**106,471,685**	91,750,034
Transmission and distribution costs		**12,115,069**	11,097,709	**6,307,733**	5,620,147
		224,874,668	210,921,120	**112,779,418**	97,370,181
19.1 Cost of gas					
Opening gas in pipelines		**1,945,446**	1,285,918	**2,284,497**	1,676,544
RLNG purchases		**56,784,700**	55,248,001	**30,757,361**	22,865,481
Indigenous purchases		**156,703,674**	146,331,900	**75,957,827**	69,763,143
		215,433,820	202,865,819	**108,999,685**	94,305,168
Gas consumed internally		**(364,500)**	(1,265,658)	**(218,279)**	(778,384)
Closing gas in pipelines		**(2,309,721)**	(1,776,750)	**(2,309,721)**	(1,776,750)
		(2,674,221)	(3,042,408)	**(2,528,000)**	(2,555,134)
		212,759,599	199,823,411	**106,471,685**	91,750,034

	Half year ended		Quarter ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	(Un-audited) -----------(Rupees in '000)--------------			
20 OTHER OPERATING EXPENSES				
Workers' profit participation fund	**425,267**	-	**193,831**	-
Auditors' remuneration	**4,789**	4,000	**2,410**	2,075
Sports expenses	**20,189**	1,073	**14,478**	241
Corporate social responsibility	**367**	1,470	**367**	290
Exchange loss	**-**	6,197,148	**-**	(1,158,002)
Provision against impaired stores and spares	**-**	23,968	**-**	8,874
Loss on disposal of property, plant and equipment	**201,141**	29,553	**201,141**	(67,232)
	651,753	6,257,212	**412,227**	(1,213,754)
21 OTHER INCOME				
Income from financial assets				
Income for receivable against asset contribution	**15,188**	17,620	**6,971**	8,350
Interest income on loan to related party	**-**			
Late payment surcharge	**1,304,409**	1,060,426	**695,217**	501,911
Interest income on late payment of from SNGPL - related party	**-** **572,601**	572,601	**286,300**	286,300
Liquidity damaged recovered	**39,232**	53,206	**15,525**	21,639
Income from net investment in finance lease	**-**	2,654	**-**	1,327
Return on term deposits and profit and loss bank accounts	**-** **164,277**	39,587	**-** **90,931**	22,060
Interest income on late payment of gas bills from Water & Power Development Authority (WAPDA)	**384,543**	278,269	**186,973**	141,056
Dividend income	**2,610**	19,055	**1,305**	6,510
	2,482,860	2,043,418	**1,283,222**	989,153
Income from other than financial assets				
Income from LPG / NGL - net	**1,247,637**	614,049	**551,012**	485,294
Sale of gas condensate - net	**24,801**	(2,228)	**2,442**	(2,228)
Meter manufacturing division (loss) / profit - net	**(69,978)**	7,169	**(37,240)**	5,075
Meter rentals	**803,377**	810,201	**401,072**	404,540
RLNG transportation income	**3,640,908**	3,192,165	**1,790,831**	1,655,157
Recognition of income against deferred credit	**-** **390,445**	340,185	**-** **196,663**	172,506
Exchange gain	**2,900,518**	-	**4,119,248**	
Income from LPG air mix distribution - net	**122,166**	54,199	**60,512**	26,873
Income from sale of tender documents	**4,021**	5,338	**2,146**	5,338
Scrap sales	**24,208**	21,100	**(7,522)**	17,814
Recoveries from customers	**58,365**	39,981	**33,705**	34,856
Reversal against impaired stores and spares	**27,869**	-	**18,204**	-
Amortization of Government grant	**3,305**	5,975	**1,253**	2,514
LSA margins against RLNG	**802,919**	650,947	**376,914**	322,020
Gain on disposal of property, plant and equipment	**2,831**	-	**(27,993)**	-
Liabilities written back	**28,942**	-	**11,594**	-
Miscellaneous	**48,949**	13,629	**33,259**	6,496
	12,544,143	7,796,128	**8,809,322**	4,125,408

		Half year ended		Quarter ended	
		December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
		(Un-audited)			
22 TAXATION	**Note**	--------------------(Rupees in '000)--------------------			
Current Tax		**3,349,074**	1,747,266	**(934,720)**	826,149
Deferred tax	22.1	**(603,115)**	27,840	**3,216,357**	26,859
		2,745,959	1,775,106	**2,281,637**	853,008

22.1 As at December 31, 2023, the Holding Company has aggregate deferred tax asset on net deductible temporary differences and taxable temporary differences amounting to Rs. 36,679 million (June 30, 2023: Rs. 42,054 million) and out of which deferred tax asset amounting to Rs. 8,995 million has been recognized and remaining balance of Rs 27,683 million is unrecognized. Deferred tax asset also includes the Holding Company's minimum tax credit amounted to Rs. 10,199 million (June 30, 2023: Rs. 12,284 million) having an expiry period ranging between 2024 and 2027.

		Half year ended		Quarter ended	
		December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
23 PROFIT / (LOSS) PER SHARE - BASIC AND DILUTED		(Un-audited)			
Profit / (loss) for the period	(Rupees in '000)	**6,504,320**	(9,317,629)	**1,962,536**	(3,750,503)
Average number of ordinary shares	(Number of shares)	**880,916,309**	880,916,309	**880,916,309**	880,916,309
Profit / (loss) per share - basic and diluted	(Rupees)	**7.38**	(10.58)	**2.23**	(4.26)

		December 31, 2023	December 31, 2022
		(Un-audited)	
24 CASH GENERATED FROM OPERATIONS	**Note**	--------(Rupees in '000)--------	
Adjustments for non-cash and other items	24.1	**12,194,844**	7,924,629
Working capital changes	24.2	**(1,593,660)**	(4,393,667)
		10,601,184	3,530,962
24.1 ADJUSTMENTS FOR NON-CASH AND OTHER ITEMS			
Provisions	24.1.1	**2,174,345**	2,275,346
Depreciation on operating assets	5.1	**4,265,344**	3,562,905
Depreciation on projects capitalised	5.1	**46,998**	(13,922)
Depreciation on right of use assets		**49,993**	42,086
Amortization of intangibles		**67,684**	53,674
Finance cost		**6,603,455**	2,961,235
Amortization of transaction cost		**7,404**	16,920
Amortization of Government grant		**(3,305)**	(5,975)
Recognition of income against deferred credit and contract liability		**(407,451)**	(365,137)
Dividend income		**(2,610)**	(19,055)
Interest income and return on term deposits		**(1,121,421)**	(880,293)
Income from net investment in finance lease		**-**	(2,654)
Loss on disposal of property plant and equipment		**198,162**	30,016
Lease rental from net investment in finance lease		**-**	30,463
Decrease in long term advances		**(896,969)**	(39,426)
Increase in deferred credit and contract liability		**1,171,684**	236,107
Finance cost an lease liability		**11,442**	9,014
Increase in payable against transfer of pipeline		**30,089**	33,325
		12,194,844	7,924,629

	Half year ended December 31, 2023	Half year ended December 31, 2022
	(Un-audited)	
	-----------(Rupees in '000)-----------	
24.1.1 Provisions		
(Reversal) / Provision against slow moving / obsolete stores	**(26,814)**	22,360
Provision for compensated absences	**-**	79,084
Provision for post retirement medical and free gas supply facilities	**638,988**	562,159
Provision against retirement benefit	**813,197**	454,749
Provision for expected credit loss	**748,974**	1,156,994
	2,174,345	2,275,346
24.2 WORKING CAPITAL CHANGES		
Increase in current assets		
Stores and spares	**(236,694)**	(9,158)
Stock-in-trade	**(143,626)**	(622,507)
Customers' installation work-in-progress	**(13,985)**	(2,043)
Trade debts	**(3,158,310)**	(4,549,598)
Advances, deposits and short term prepayments	**(512,540)**	(329,538)
Other receivables	**(69,563,378)**	(96,858,899)
	(73,628,533)	(102,371,743)
Increase in current liabilities		
Trade and other payables	**72,034,873**	97,978,076
	(1,593,660)	(4,393,667)
25 CASH AND CASH EQUIVALENT AT THE END OF THE PERIOD		
Cash and bank balances	**2,479,121**	1,847,268
Short term borrowings	**(41,303,068)**	(28,683,758)
	(38,823,947)	(26,836,490)

26 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of subsidiary Group, 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.

	Relationship	Half year ended December 31, 2023 (Un-audited)	December 31, 2022
		-----------(Rupees in '000)-----------	
26.1 Transactions during the period			
Government related entities - various	**Associated Company**		
- Purchase of fuel and lubricant		**62,945**	44,786
- Sale of gas and allied charges inclusive of sales tax		**31,567,473**	46,520,320
- Mark-up expense on short term finance		**79,813**	108,968
- Mark-up expense on long term finance		**-**	15,760
- Income from net investment in finance lease		**-**	2,654
- Gas purchases - Indigenous gas		**88,565,734**	79,767,341
- Gas purchases - RLNG		**56,784,700**	55,248,001
- Sale of gas condensate		**26,679**	-
- Sale of gas meters and spare parts		**349**	8,286
- Rent		**6,438**	10,249
- Insurance premium		**114,699**	86,060
- Royalty		**500**	523
- Licence fee		**69,950**	57,569
- Telecommunication		**787**	647
- Electricity expenses		**169,718**	112,657
- Interest income		**957,144**	850,871
- RLNG transportation income		**3,640,908**	3,192,165
- Income against LNG service agreement		**802,919**	650,947
- LPG purchases		**620,776**	474,961
- Dividend income		**-**	18,106
Karachi Grammar School	**Associated undertaking**		
- Sale of gas and allied charges		**58**	26
Key management personnel			
- Remuneration		**93,712**	84,655
Pakistan Institute of Corporate Governance	**Associated Company**		
- Subscription / Trainings		**150**	876
* **Engro Fertilizers Limited**	**Associated company**		
- Sale of gas and allied charges		**2,265**	13,232

	Relationship	Half year ended December 31, 2023 (Un-audited)	Half year ended December 31, 2022 (Un-audited)
		-----------(Rupees in '000)-----------	
Indus Hospital & Health Welfare	Associated company		
- Sale of gas and allied charges		**902**	975
Pakistan Stock Exchange Limite	Associated company		
- Sale of gas and allied charges		**91**	53
- Subscription		**1,986**	1,771
** **Pakistan Cables Ltd**	Associated company		
- Sale of gas and allied charges		**92,544**	-
Staff retirement benefit plans	Employee benefit plan		
- Contribution to provident fund		**242,563**	179,111
- Contribution to pension fund		**579,925**	256,910
- Contribution to gratuity fund		**277,043**	214,154

* Current balances with these parties have been disclosed till the month of common directorship.

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

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

26.1.2 Remuneration to the executive and 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.

	December 31, 2023 (Un-audited)	June 30, 2023 (Audited)
	-----------(Rupees in '000)-----------	
26.2 Period / year end balances		
Receivable from related parties	**197,953,029**	224,269,065
Payable to related parties	**788,435,531**	722,715,708

27 OPERATING SEGMENTS

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

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

Segment revenue and results

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

	December 31, 2023	December 31, 2022
	----------- (Rupees in '000) -------------	
	Segment profit / (loss)	
Return on Assets net of UFG disallowance		
Gas transmission	**6,162,934**	4,214,096
Gas distribution and Marketing		
- Lower Sindh	**5,113,323**	(2,369,990)
- Upper Sindh	**1,639,767**	(779,225)
- Balochistan	**(5,613,202)**	(8,558,562)
	1,139,888	(11,707,777)
Meter Manufacturing	**13,019**	3,496
Total segment results	**7,315,841**	(7,490,185)
Unallocated		
Finance cost	**(6,603,455)**	(3,011,480)
Other income - net	**8,537,893**	2,959,142
Profit / (loss) before tax	**9,250,279**	(7,542,523)

	December 31, 2023 (Un-audited)	June 30 2023 (Audited)
	--------------(Rupees in '000)--------------	
Segment assets and liabilities		
Segment assets		
Gas transmission	**258,859,392**	252,824,175
Gas distribution and marketing		
- Lower Sindh	**619,325,177**	570,353,735
- Upper Sindh	**135,157,098**	120,206,375
- Balochistan	**120,384,374**	108,273,978
	874,866,649	798,834,088

	December 31, 2023 (Un-audited)	June 30 2023 (Audited)
	-------------(Rupees in '000)-------------	
Meter manufacturing	**1,988,696**	1,593,590
Total segment assets	**1,135,714,737**	1,053,251,853
Unallocated		
- Loans and advances	**299,694**	460,095
- Taxation - net	**14,211,744**	15,041,933
- Interest accrued	**487,739**	487,739
- Cash and bank balances	**2,479,121**	553,746
	17,478,298	16,543,513
Total assets as per consolidated condensed interim statement of financial position	**1,153,193,035**	1,069,795,366
Segment Liabilities		
Gas transmission	**136,570,153**	134,914,345
Gas distribution and marketing		
- Lower Sindh	**647,723,105**	601,864,007
- Upper Sindh	**138,672,543**	125,799,502
- Balochistan	**224,404,086**	208,054,816
	1,010,799,734	935,718,325
Meter manufacturing	**197,346**	180,045
Total liabilities as per consolidated condensed interim statement of financial position	**1,147,567,233**	1,070,812,715

28 FAIR VALUE MEASUREMENT

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

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

Fair value hierarchy

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

Valuation techniques used in determination of fair values within level 1 and level 2

Level 1- Listed securities

The valuation has been determined through closing rates of Pakistan Stock Exchange.

Level 2 - Operating fixed assets (Freehold and lease land)

The fair value of the freehold and leasehold land are derived using the Sale Comparison approach. The sales value is determined by physically analysing the condition of land and by ascertaining the market value of similar land, which is by selling in near vicinity.

	As at December 31, 2023 (Un-audited)			
	Level 1	**Level 2**	**Level 3**	**Total**
	-----------------------------------Rupees in '000-----------------------------------			
Assets				
Non-financial assets				
Operating fixed assets - free hold and lease hold	**-**	**60,531,864**	**-**	**60,531,864**
Fair value through OCI				
Financial Assets				
Quoted equity securities	**290,535**	**-**	**-**	**290,535**

	As at June 30, 2023 (Audited)			
	Level 1	**Level 2**	**Level 3**	**Total**
	-----------------------------------Rupees in '000-----------------------------------			
Assets				
Non-financial assets				
Operating fixed assets - free hold and lease hold	-	60,531,864	-	60,531,864
Fair value through OCI				
Financial Assets				
Quoted equity securities	151,704	-	-	151,704

There have been no transfers during the period (June 30, 2023: no transfers in either direction).

28.1 The fair value of all other financial assets and liabilities are approximate to their carrying

29 EVENTS AFTER THE REPORTING DATE

There were no events occurred after the reporting period, other than those disclosed, which requires disclosure and adjustments in the financial statements.

30 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary.

31 DATE OF AUTHORISATION

These consolidated condensed interim financial statements were authorised for issue in Board of Directors meeting held on 30 January 2025.

32 GENERAL

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

Dr. Shamshad Akhtar Chairperson	**Muhammad Amin Rajput** Managing Director	**Wajeeh Uddin Sheikh** Chief Financial Officer

KEY DATA

FRANCHISE AREA	SINDH AND BALOCHISTAN	
	six months period ended December 31,	
	2023	2022
GAS SALES VOLUME (MMCF)	**124,802**	132,432
NUMBER OF CUSTOMERS (CUMULATIVE)		
INDUSTRIAL	**4,147**	4,524
COMMERCIAL	**20,995**	22,494
DOMESTIC	**3,206,803**	3,232,458
TOTAL	**3,231,945**	3,259,476
GAS METERS MANUFACTURED (NOS.)	**98,180**	217,600
TRANSMISSION NETWORK - CUMULATIVE (KM)		
DIAMETER		
6"	**36**	36
8"	**26**	26
12"	**591**	591
16"	**558**	558
18"	**940**	940
20"	**844**	844
24"	**751**	751
30"	**58**	26
42"	**371**	371
	4,175	4,143
DISTRIBUTION NETWORK - CUMULATIVE (KM)		
MAINS (1" - 30" DIAMETER)	**38,225**	37,992
SERVICES	**11,394**	11,368
	49,619	49,360

نقصاندہ قرضوں کی فراہمی

اگرچہ اوگرا نے منقطع صارفین کے حوالے سے نقصاندہ قرضوں کی فراہمی کی اجازت دی ہے، ایس ایس جی سی نے IFRS-9 کو اپناتے ہوئے، پرووِیژننگ کی بنیاد متوقع کریڈٹ نقصانات (ECL) کی بنیاد پر رقم مختص کرنے کو لازمی قرار دیا ہے، جس میں زندہ صارفین بھی شامل ہیں۔ یہ آئندہ کی حکمت عملی کمپنی کے منافع پر اثر انداز ہوئی ہے۔ تاہم، اس مدت کے دوران کوئی ECL عدم اجازت تسلیم نہیں کی گئی (دسمبر 2022 میں 422 ملین روپے)۔

بیرونی آڈیٹر کے جائزہ رپورٹ میں تصریحات

بیرونی آڈیٹرز، میسرز بی ڈی او ابراہیم، چارٹرڈ اکاؤنٹنٹس نے اپنی جائزہ رپورٹ میں KE اور PSML سے واجب الادا رقوم اور SNGPL اور WAPDA سے وصولی کے لیے لیٹ پیمنٹ سرچارج (LPS) پر متشابہ تصریحات برقرار رکھی ہیں، جو 31 دسمبر 2023 تک کے چھ ماہ کی مدت کے لیے ہیں۔

KE اور PSML سے وصولی

اس مدت کے دوران کے۔الیکٹرک (KE) اور پاکستان اسٹیل ملز (PSML) سے واجب الادا رقم کی صورت حال گزشتہ مدتوں کی طرح ہی رہی۔ انتظامیہ نے KE اور PSML کے خلاف دائر کی گئی وصولی کی کارروائی پر مسلسل کام کر رہی ہے۔ اسی دوران، انتظامیہ متعلقہ وزارتوں کے ساتھ مسلسل رابطے میں ہے تاکہ KE اور PSML سے بقایا رقوم کی وصولی کو تیز کیا جا سکے۔ توقع ہے کہ جیسے ہی معاملہ مستقل طور پر حل ہو جائے گا، کمپنی کی مجموعی مالی پوزیشن بہتر ہو جائے گی۔ کمپنی کا دعویٰ (جس میں LPS بھی شامل ہے) KE اور PSML کے خلاف 31 دسمبر 2023 تک بالترتیب 192,537 ملین روپے اور 94,729 ملین روپے ہے۔

SNGPL اور WAPDA سے LPS وصولی

کمپنی SNGPL اور WAPDA مجموعی گردشی قرضوں کی وجہ سے وصولی کی صورت حال کا سامنا کر رہی ہے۔ تاہم، متفقہ شرائط کے مطابق کمپنی LPS کا حساب لگا رہی ہے۔ کمپنی روزانہ کی بنیاد پر اس پوزیشن سے متعلق متعلقہ حکومتی حکام کو آگاہ کر رہی ہے اور توقع کی جاتی ہے کہ یہ مسئلہ اسی وقت حل ہو جائے گا جب قومی سطح پر سرکلر قرضہ کا حل نکلے گا۔

اہم امور کی وضاحت

مذکورہ بالا کے علاوہ میسرز بی ڈی او ابراہیم اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس نے 31 دسمبر 2023ء کو ختم ہونے والی چھ ماہ کی جائزہ رپورٹ میں 'اہم امور کی وضاحت' کے ذریعے توجہ مبذول کرائی ہے، تبصرے درج ذیل ہیں:

I. مختلف عدالتوں سے متعلق مادی قانونی چارہ جوئی اور دعوے، جن کا نتیجہ غیر یقینی ہے۔

II. کمپنی کے مستقبل کے آپریشنز کی پائیداری کا انحصار حکومتِ پاکستان کے حمایتی لیٹر پر منحصر ہے جس میں تعلق کو برقرار رکھنے کے لئے ضروری مالی مدد فراہم کرنے کی تصدیق کی ہے۔

III. سوئی سدرن گیس کمپنی (ایس ایس جی سی) نے یکم جولائی 2012ء سے حکومت کے زیرِ انتظام ای اینڈ پی کمپنیوں (او جی ڈی سی ایل، پی پی ایل اور جی ایچ پی ایل) کو ادا کیے جانے والے ایل پی ایس اخراجات کی وصولی بند کر دی ہے۔ جب تک کہ PSML اور KE سے LPS کی وصولی نہ ہو جائے۔

IV. جون 2020 سے قبل ایس این جی پی ایل کے ساتھ معاملات کا تصفیہ اوگرا کی مقرر کردہ کنسلٹنٹ رپورٹ کے معاملے میں اوگرا کے ساتھ حتمی مشاورت پر منحصر ہے۔

اہم منصوبے اور مستقبل کا نقطہ نظر

ایس ایس جی سی آپریشنل اور مالی استحکام کے حصول کے لئے پرعزم ہے۔ اہم منصوبوں اور اقدامات میں شامل ہیں:

- 30 انچ ٹرانسمیشن پائپ لائن کے 32 کلومیٹر حصے کی تکمیل سے بالائی سندھ سے کراچی تک گیس کا اضافی حجم منتقل کیا جا سکے گا۔
- کوئٹہ میں پائپ لائن منصوبوں کی کامیاب تکمیل سے گیس کی فراہمی میں بہتری اور یو ایف جی میں کمی آئے گی۔
- کراچی میں ڈسٹری بیوشن پائپ لائن کے سات منصوبوں پر پیش رفت کا مقصد صنعتی اور گھریلو نیٹ ورکس کو الگ کرنا ہے۔ چار پائپ لائنیں شروع کی جا چکی ہیں اور باقی تین پائپ لائنیں جون 2024 تک مکمل ہونے پر ہیں۔ کراچی ویسٹ اور حب ایریا میں پریشر اور حجم کو مستحکم کرنے کے لئے ایک (01) اضافی ہائی پریشر پائپ لائن 24 انچ قطر 31 کلومیٹر پر بھی کام جاری ہے جس کی جون 2024 میں تکمیل متوقع ہے۔
- میٹر مینوفیکچرنگ پلانٹ کی بہتر کارکردگی، 97 فیصد مقامی مینوفیکچرنگ کے ساتھ پوسٹ ٹیکنالوجی ٹرانسفر حاصل کیا۔ مسلسل کوششوں کے ذریعے ایس این جی پی ایل کے کاروبار کو 780,000 میٹر کے پہلے آرڈر کی وصولی کے ساتھ بحال کیا گیا ہے۔ جبکہ 1.26 ملین میٹر کے آرڈر ہاتھ میں ہیں۔
- کوئٹہ میں گھریلو صارفین، کراچی میں بلند و بالا عمارتوں اور فرنچائز ایریا میں کمرشل میٹرز کا احاطہ کرتے ہوئے جامع سروے کیے گئے۔
- بحالی اور تقویت کے منصوبوں کی فعال نگرانی کے ساتھ ایچ ایس ای اور کیو اے اقدامات کو مضبوط بنایا۔
- سندھ اور بلوچستان میں ڈسٹری بیوشن کے لئے کیتھوڈک پروٹیکشن کی سطح میں بہتری لائی گئی۔
- مضبوط آپریشنز، قانونی کارروائیوں اور بازیابی کی کوششوں کے ذریعے گیس چوری پر قابو پانے میں اضافہ اور وصولی کے اقدامات کیئے گئے۔

اعترافات

بورڈ شیئر ہولڈرز، قابل قدر صارفین اور ملازمین کو ان کی غیر متزلزل حمایت اور لگن پر شکریہ ادا کرتا ہے۔ ہم حکومت پاکستان، وزارت توانائی (پیٹرولیم ڈویژن) اور اوگرا کی جانب سے کمپنی کو اپنے مقاصد کے حصول کے قابل بنانے کے لیے فراہم کی جانے والی رہنمائی اور معاونت کا بھی شکریہ ادا کرتے ہیں۔

ازطرف بورڈ

بحکم بورڈ

ڈاکٹر شمشاد اختر
چیئرپرسن

ایم امین راجپوت
مینجنگ ڈائریکٹر

تاریخ: 30 جنوری 2025

ڈائریکٹرز کا جائزہ
برائے چھ ماہ کی مدت جو 31 دسمبر 2023 کو ختم ہوئی

ایس ایس جی سی کے بورڈ آف ڈائریکٹرز 31 دسمبر 2023 کو ختم ہونے والی چھ ماہ کی مالیاتی رپورٹ پیش کرتے ہوئے پُرمسرت ہیں۔

مالی جائزہ

مالی سال 24-2023 کے پہلے چھ ماہ میں، ایس ایس جی سی نے آپریشنل کارکردگی اور مالی بحالی میں شاندار ترقی کا مظاہرہ کیا۔ مالی سال 23-2022 کے پہلے سہ ماہی میں قائم کردہ رفتار کو جاری رکھتے ہوئے، کمپنی نے اپنے غیر حساب شدہ گیس (UFG) کو 17.78% سے کم کر کے 10.68% تک پہنچادیا ہے۔ یہ نمایاں بہتری کمپنی کی آپریشنز، کاروباری عمل اور تنظیمی کلچر میں بہتری لانے کے لیے پختہ عزم کی عکاسی کرتی ہے۔

غیر حساب شدہ گیس (UFG) کے منافع پر اثرات کو تسلیم کرتے ہوئے، بورڈ آف ڈائریکٹرز نے انتظامیہ کے ساتھ مل کر UFG ڈویژن کی طرف سے شروع کی گئی پیش رفت کو فعال طور پر معاونت فراہم کی تا کہ UFG نقصانات میں مستحکم اور طویل المدت کمی کی جا سکے۔ اس مقصد کے لئے، اوگرا کے کلیدی مانیٹرنگ اشارے (KMI) پر توجہ مرکوز کی گئی ہے، جس کا مقصد مالی سال 24-2023 میں 100% تعمیل حاصل کی جا سکے۔

UFG کی کمی کے لیے لیکیج سے متاثرہ اور قدیم نیٹ ورک علاقوں میں طویل مدتی حل کے طور پر، ایس ایس جی سی نے ایک وسیع پیمانے پر تقسیم نیٹ ورک کی بحالی پروگرام شروع کیا ہے۔ پچھلے سال کا 750 کلومیٹر کا ہدف بڑھا کر 1,500 کلومیٹر کر دیا گیا ہے، جس میں سے 570 کلومیٹر دسمبر 2023 تک کامیابی کے ساتھ مکمل کیا جا چکا ہے۔ آئندہ تین سالوں میں کمپنی کا ہدف 7,500 کلومیٹر ڈسٹری بیوشن پائپ لائن نیٹ ورک کی بحالی ہے۔

(ملین روپے میں)	دسمبر 2023	دسمبر 2022	فرق
قبل از ٹیکس آمدنی/نقصان	8,080	(7,939)	16,019
ٹیکس	2,262	(1,635)	3,897
بعد از ٹیکس آمدنی/نقصان	5,817	(9,574)	15,391
فی شیئر آمدنی/(نقصان) روپے	6.60	(10.87)	17.47

چیلنجنگ آپریٹنگ ماحول کے باوجود ایس ایس جی سی کی اسٹریٹجک توجہ نے آپریشنل کارکردگی کو بہتر بنانے کی سمت میں نمایاں پیش رفت کی ہے، جس کے نتیجے میں UFG میٹرکس میں خاطر خواہ بہتری آئی ہے۔ مالی سال 19-2018 سے لے کر مالی سال 23-2022 تک ایس ایس جی سی نے تقریباً 21 ارب (BCF) UFG میں کمی حاصل کی، جو اس کے آپریشنل چیلنجز سے نمٹنے کے لیے مسلسل کوششوں کا مظہر ہے۔ آپریشنز کو بہتر بنانا اور پروجیکٹس کے ماحول میں اصلاحات نے سرمایہ کاری میں مزید اضافہ کیا ہے، جو مالی سال 23-2022 میں 17 ارب روپے سے بڑھ کر مالی سال 24-2023 میں 28 ارب روپے کے ہدف تک پہنچ گیا ہے۔ ٹیکنالوجی میں ترقی کرتے ہوئے، ایس ایس جی سی نے 50 ٹی بی ایس (TBS) سائٹس پر ریموٹ کنٹرول اور مانیٹرنگ سسٹم (SCADA) نافذ کیا ہے تا کہ آپریشنل کنٹرول کو درست طور پر منظم کیا جا سکے۔ اس کے علاوہ، بلوچستان میں UFG کے مسئلے کے حل کے لیے ریگولیٹری اور قانونی اقدامات کو تیز کیا گیا ہے۔

مالیاتی اسٹیٹمنٹس اوگرا کے فائنل ریونیو ریکوائرمنٹ کے مطابق تیار کیے گئے ہیں، جس سے یہ بھی یقینی بنایا گیا ہے کہ کمپنی تمام ریگولیٹری فریم ورک کی تعمیل کر رہی ہے۔ کمپنی کا مستقبل کا منظر نامہ مثبت ہے، جو نیٹ ورک کی بحالی، زونل مینجمنٹ کی عملدرآمد اور ٹیکنالوجی کی سرمایہ کاری جیسے مضبوط اقدامات سے بہتر کیا جا رہا ہے۔ یہ اقدامات ایس ایس جی سی کی مستحکم اور قابل اعتماد گیس کی فراہمی کو مزید مستحکم کریں گے اور کسٹمر کی اطمینان میں اضافہ کریں گے۔

منافع اور مالیاتی ایڈجسٹمنٹس

ایس ایس جی سی کا منافع بنیادی طور پر اوگرا کے ضمانتی ریٹرن فارمولا پر مبنی ہے، جو ویٹڈ ایورج کاسٹ آف کیپیٹل (WACC) کے مطابق طے کیا جاتا ہے۔ اس مدت کے دوران ایس ایس جی سی کو مالی سال 23-2022 میں اوسط نیٹ آپریٹنگ فکسڈ اثاثوں پر 23.45% کا منافع فراہم کیا گیا (دسمبر 2022: 16.60%)۔ تاہم، UFG، ہیومن ریسورس بنچ مارک اخراجات اور مشکوک غیر ادا قرضوں کے لیے پروویژن جیسے کارکردگی کے معیارات میں ایڈجسٹمنٹس کا اثر حتمی نتائج پر پڑا ہے۔

اوگرا کی جانب سے مالی سال 23-2022 کے لیے یکم اکتوبر 2024 کو جاری کردہ فیصلے کے مطابق، اس چھ ماہ کے مالی نتائج میں UFG کی عدم اجازت کی رقم 4,875 ملین روپے رہی (دسمبر 2022 میں 15,479 ملین روپے)۔ اس دوران مالی اخراجات 6,575 ملین روپے تھے (دسمبر 2022 میں 2,909 ملین روپے)۔

کراچی میں UFG مسلسل 6% سے کم رکھا گیا ہے، جو اوگرا کے 7.6% کے بنچ مارک کے اندر ہے۔ اندرونی سندھ اور بلوچستان میں بھی اہم بہتری دیکھی گئی ہیں، جہاں UFG کی فیصد بالترتیب 9% (14.92% سے کم) اور 41.2% (60.44% سے کم) ہو گئی ہے۔ بلوچستان میں UFG کو پائیدار طور پر کم کرنا وفاقی سطح پر پالیسی فیصلے کا تقاضا کرتا ہے اور اس کے لیے اقدامات کئے جا رہے ہیں۔

آپریشنل توسیع

ایس ایس جی سی نے اپنی تنظیمی ساخت کو مستحکم کرنے کے لیے مسلسل اقدامات کیے ہیں، جن میں اپ اسکلنگ، تربیت اور وسائل کے استعمال کی اصلاح شامل ہیں۔ سمال بزنس یونٹ (SBU) ماڈل جو پہلے کراچی اور بلوچستان میں فعال تھا، اب پورے فرنچائز علاقے میں توسیع کر دیا گیا ہے۔ یہ تبدیلیاں آپریشنل کارکردگی اور کسٹمر سروس کو بہتر بنانے کے مقصد سے کی گئی ہیں۔

اثاثوں کی ماضی کی قیمت (جو ریٹرن آن اثاثوں کے حسابات کے لیے استعمال ہوتی ہے) اور گیس کی وزن کردہ اوسط قیمت (WACOG) کے درمیان تفاوت، جو زیادہ تر امریکی ڈالر (USD) پر مبنی ہے، کمپنی کے مالی چیلنجز کا ایک اہم عنصر رہا ہے۔ پہلے چھ ماہ کے دوران، WACOG میں 19% اضافہ ہوا، جو Rs. 843.74 فی ایم ایم سی ایف سے بڑھ کر 1,008.21 روپے فی ایم ایم سی ایف ہو گیا، جبکہ UFG والیوم 13 ارب کیوبک فٹ (BCF) کم ہوا، جس کے نتیجے میں UFG کی عدم اجازت میں مجموعی طور پر 10,604 ملین روپے کی کمی آئی۔

NOTES

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SSGC

Sui Southern Gas
Company Limited

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