

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

For the six months period ended 31 December 2009

1. Status and nature of business

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

2. Basis of preparation

These unconsolidated condensed interim financial information have been prepared in accordance with the requirements of the International Accounting Standard 34 "Interim Financial Reporting" as applicable in Pakistan and the requirements of Companies Ordinance, 1984, the Listing Regulations of the Karachi, Lahore and Islamabad Stock Exchanges and directives issued by the Securities and Exchange Commission of Pakistan (SECP).

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

The comparative balance sheet presented in these condensed interim financial statements have been extracted from the audited financial statements of the Company for the year ended June 30, 2009, whereas the comparative condensed profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim cash flow statements are stated from the unaudited condensed interim financial statements for the six months period ended December 31, 2008.

3. Significant accounting policies

The significant accounting policies applied for the preparation of these unconsolidated condensed interim financial information are the same as those applied in preparation of the annual audited financial statements of the Company as at and for the year ended June 30, 2009, except for the adoption of new standards noted below:

IAS 1 (Revised) - 'Presentation of Financial Statements'

The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income. As a result the Company presents in the unconsolidated condensed interim statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the unconsolidated condensed interim statement of comprehensive income. Comparative information has been re-presented so that it also is in conformity with the revised standard. As the change in accounting policy only impacts presentation aspects, there is no impact on the profit for the period and earnings per share.

IFRIC 18 - 'Transfer of Assets from Customers'

International Financial Reporting Interpretations Committee (IFRIC) of the International Accounting Standards Board (IASB) issued IFRIC – Interpretation 18 (IFRIC-18) "Transfers of Assets from Customers". This Interpretation applies to the accounting for transfers of items of property, plant and equipment by entities that receive such transfers from their customers. Further, it also applies to the accounting by recipients for transfer of cash from customers when that amount of cash must be used only to construct or acquire an item of property, plant and equipment recognized as an asset by the entity and the entity must then use the item of property, plant and equipment either to connect the customer to a network or to provide the customer with ongoing access to supply of goods or services, or to do both.

The Company in the normal course of business receives cash from customers as contributions for providing service connections, extension of gas mains, laying of distribution lines. Previously, such amounts were deferred and recognized in the profit and loss account over the useful lives of the related assets starting from the commissioning of such assets. Under the revised policy, revenue from such transaction is recognized when the connection to the network is completed. The aforementioned change has been accounted for as per the guidance provided under the interpretation for identification of separately identifiable service and recognition of revenue thereon.

The company has accounted for the change in policy prospectively from July 1, 2009 on assets which were connected to network on or after the said date, when the connection to network is completed.

Had there been no change in accounting policy the loss for the period ended December 31, 2009 would have been higher by and the deferred credit amount in the non-current liabilities would have been lower by Rs. 171.5 million.

IAS 23 - 'Borrowing Costs'

The revised standard removes the option to expense borrowing costs and requires that an entity capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The Company already has the policy to capitalize all the borrowing cost on qualifying assets.

4. Accounting estimates and judgements

The preparation of unconsolidated condensed interim financial information in conformity with approved accounting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revision to accounting estimates are recognised prospectively commencing from the period of revision.

In preparing these unconsolidated condensed interim financial information, the significant judgments made by the management in applying the Company's accounting policies and the key source of estimation and uncertainty were the same as those that applied to the financial statements as at and for the year ended June 30, 2009.

5. Financial risk management

The Company's financial risk management objectives and policies are consistent with that disclosed in the financial statements as at and for the year ended 30 June 2009.

31 December 2009 (un-audited)	30 June 2009 (audited)
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(Rupees in '000)

6. Property, plant and equipment

Operating assets	35,090,625	34,557,963
Capital work-in-progress	3,778,035	3,537,669
	<u>38,868,660</u>	<u>38,095,632</u>

Details of additions to and disposals of property, plant and equipment during the six months period ended December 31, 2009 are as follows:

	Cost of additions/ transfers (un-audited)	Written down value of (disposals/ transfers) (un-audited)
	(Rupees in '000)	
Operating assets owned		
Gas transmission and distribution system	1,851,300	(18,241)
Buildings on leasehold land	68,528	-
Plant, machinery and other equipment	68,912	-
Motor vehicles	3,171	(4,233)
	<u>1,991,911</u>	<u>(22,474)</u>
Capital work-in-progress		
Projects:		
Gas transmission and distribution system	2,128,760	(1,851,300)
Cost of buildings under construction	19,634	(68,528)
Plant, machinery and other equipment	80,712	(68,912)
Others	3,171	(3,171)
	<u>2,232,277</u>	<u>(1,991,911)</u>

	Note	31 December 2009 (un-audited) (Rupees in '000)	30 June 2009 (audited)
7. Long-term investments			
Investment in related parties		56,938	71,883
Other investments		48,548	35,559
		105,486	107,442
8. Trade debts			
Considered good - secured		9,042,940	6,909,685
Considered good - un-secured		26,843,466	25,658,520
	8.1	35,886,406	32,568,205
Considered doubtful		2,457,601	2,163,753
		38,344,007	34,731,958
Provision against impaired debts		(2,457,601)	(2,163,753)
		35,886,406	32,568,205
8.1			
Trade debts due from Karachi Electric Supply Company Limited (KESC), Jamshoro Power Company Limited (JPCL) and Sui Northern Gas Pipelines Limited (SNGPL) aggregated to Rs. 28,751 million as at December 31, 2009 (June 30, 2009: Rs. 29,077 million). These include overdue amounts of Rs. 24,401 million (June 30, 2009: Rs. 17,491 million). Receivable from SNGPL against uniform cost of gas and lease rental is classified under other receivables and amounts to Rs. 5,584.864 million (June 30, 2009: Rs. 7,940 million) (refer note 9.1), which includes overdue uniform cost of gas invoices of Rs. 4,256 million (June 30, 2009: Rs. 2,468 million). Interest accrued amounting to Rs. 1,676 million (June 30, 2009: Rs. 1,167 million) in respect of overdue balances of KESC, JPCL and SNGPL is classified in accrued interest.			
During the period, the Company received a total of Rs. 7,032 million from SNGPL and JPCL under inter circular corporate debt settlement arrangements. This amount was paid by the Company to Oil and Gas Development Company Limited (OGDCL) and Government Holding (Private) Limited as agreed under the arrangement. As at December 31, 2009, an amount of Rs. 28,093 million (included in creditors for gas in note 10) is payable to OGDCL, Pakistan Petroleum Limited and Government Holding (Private) Limited in respect of gas purchases along with interest of Rs. 5,213 million on their balances. In view of the arrangement being made by the Committee of Cabinet Division - GoP to adjust inter circular corporate debt of the government entities and KESC, the management is confident that the entire amount receivable from KESC, JPCL and SNGPL would be recovered / adjusted.			
9. Other receivables - considered good			
Gas development surcharge receivable from GoP		-	5,326,217
Receivable from Sui Northern Gas Pipelines Limited (SNGPL) - a related party	9.1	5,697,573	8,019,730
Receivable from Jamshoro Joint Venture Limited (JJVL)		659,359	303,506
Receivable from staff pension fund - executives		-	361
Receivable from GoP on account of Ziarat		80,126	37,607
Pipeline rental		12,544	20,221
Workers' profit participation fund		-	17,943
Sales tax receivable	9.2	9,298,933	8,683,445
Receivable from staff pension fund - non executives		82,733	168,733
Receivable from staff gratuity fund - executives		5,111	91
Receivable from staff provident fund - executives		163	-
Balance receivable for sale of gas condensate		103,997	155,480
Insurance claim receivable		1,264	509
Claims receivable		757	757
Miscellaneous receivables	9.3	197,815	237,014
		16,140,375	22,971,614
Provision against impaired receivables		(1,485)	(1,485)
		16,138,890	22,970,129

9.1 This includes lease rental receivable and recoverable against lease service cost and contingent rent amounting to Rs. 112.604 million (June 30, 2009: Rs. 79.842 million) and Rs. 5,584.864 million (June 30, 2009: Rs. 7,939.768 million) under the uniform cost of gas agreement with Sui Northern Gas Pipelines Limited (SNGPL).

9.2 This represent sales tax refundable amount which mainly arose due to excess of input sales tax over output sales tax as prices of natural gas purchased were substantially high and the Company charged zero rate on gas supply to a large number of industrial customers. Major issue, hindering the release of refund, is the cross matching problem between the supplier's physical data and the system of FBR. To expedite the recovery, various meetings have been held between representatives of the Company and FBR as well as Large Taxpayers' Unit (LTU) wherein the Company has been assured by the officials of FBR for resolving the matter on a priority basis. Subsequent to the period end, the Company has received refund of Rs. 261.896 million.

Based on the advice of its legal counsel and meetings with the concerned officials, the management is confident about recovery of the refund amount.

9.3 This includes Rs. 188.078 million (June 30, 2009: Rs. 225.694 million) recoverable from GoP under deferred tariff adjustment.

	Note	31 December 2009 (un-audited) (Rupees in '000)	30 June 2009 (audited)
10. Trade and other payables			
Creditors for:			
- gas		40,797,994	45,490,188
-supplies		130,284	122,111
		40,928,278	45,612,299
Amount received from customers/GoP for laying of mains, etc.		2,907,451	2,806,125
Accrued liabilities		979,883	1,117,300
Gas development surcharge payable to GoP		3,464,498	-
Workers profit participation fund		7,037	-
Provision for compensated absences - non executives		83,791	83,791
Payable to gratuity fund - non executives		20	-
Payable to provident fund - non executives		-	6
Deposits / retention money		169,182	194,589
Bills payable		165,468	23,521
Advance for sharing right of way		18,088	18,088
Unclaimed dividend		40,010	40,187
Withholding tax payable		80,807	51,685
Unclaimed term finance certificate redemption profit		1,800	1,975
Inter State Gas System (Private) Limited (ISGSL)		2,741	8,628
Others		280,521	141,552
		49,129,575	50,099,746

11. This represent facilities for running finance available from various banks amounting to Rs. 10,000 million (June 30, 2009: 9,000 million). These are subject to mark-up ranging from 0.45% to 2.5% (June 30, 2009: 0.5% to 3%) above the average one month KIBOR. Facilities are secured by first pari passu hypothecation charge over present and future stock in trade and book debts of the Company.

12. Long term financing

Secured

- Loans from banking companies and financial institutions			
Local currency loans	12.1	5,600,000	8,716,700
- Other Loans			
Musharaka arrangements	12.2	5,623,801	7,644,678
		11,223,801	16,361,378

Unsecured

Consumer financing	12.3	198,146	186,757
Government of Sindh loans	12.4	948,640	948,640
		1,146,786	1,135,397
		12,370,587	17,496,775

						31 December 2009 (un-audited)	30 June 2009 (audited)
						Note	(Rupees in '000)
12.1	Local currency loans						
		Instalment payable	Repayment period	Mark-up rate			
	UBL - term loan-II	on maturity	2009	0.2% above 3 months average KIBOR		-	1,500,000
	Crescent Comm. Bank - term loan	quarterly	2010-2012	0.2% above 3 months average KIBOR	12.1.1	1,000,000	1,000,000
	MCB - term loan - I	quarterly	2010	0.2% above 3 months average KIBOR	12.1.1	2,000,000	2,000,000
	MCB - term loan - II	quarterly	2009	0.2% above 3 months average KIBOR		-	1,333,400
	MCB - term loan - III	quarterly	2009	0.2% above 3 months average KIBOR		-	1,000,000
	HBL - term loan	on maturity	2009	2% above 3 months average KIBOR		-	500,000
	Faysal Bank Limited - term loan	quarterly	2011-2013	2% above 3 months average KIBOR	12.1.2	1,500,000	1,500,000
						4,500,000	8,833,400
	Syndicated term loans:						
	Standard Chartered Bank (as "Syndicate's Agent")	quarterly	2011-2012	1.95% above 3 months average KIBOR	12.1.2	2,500,000	2,500,000
	JS Bank Limited (as "Syndicate's Agent")	quarterly	2011-2012	1.95% above 3 months average KIBOR	12.1.2	800,000	800,000
						3,300,000	3,300,000
						7,800,000	12,133,400
	Less: Current portion shown under current liabilities						
	UBL - term loan - II					-	(1,500,000)
	MCB - term loan - I					(2,000,000)	(1,000,000)
	MCB - term loan - II					-	(666,700)
	MCB - term loan - III					-	(250,000)
	Crescent Comm. Bank - term loan					(200,000)	-
						(2,200,000)	(3,416,700)
						5,600,000	8,716,700

12.1.1 These loans are secured by a first pari passu fixed charge created by way of hypothecation over all its present and future moveable fixed assets comprising of compressor stations, transmission pipelines, distribution pipelines and pipelines construction machinery and equipment.

12.1.2 These loans are secured by a ranking charge created by way of hypothecation over moveable fixed assets of the Company comprising of compressor stations, transmission pipelines, distribution pipelines and pipelines construction machinery and equipment.

31 December 30 June
2009 2009
(un-audited) (audited)
 Note (Rupees in '000)

12.2 Musharaka arrangements - secured

	Instalment payable	Repayment period	Mark-up rate	Note		
Islamic Sukuk bonds under musharaka agreements:						
Dubai Islamic Bank (the "Investor's Agent")	quarterly	2009 - 2012	0.40% above 3 months average KIBOR	12.2.1	675,000	825,000
Meezan Bank Limited (the "Investor's Agent")	quarterly	2009 - 2012	0.80% above 3 months average KIBOR	12.2.1	1,666,668	2,000,000
Bank Islami Pakistan Limited (the "Trustee")	quarterly	2010 - 2012	0.20% above 3 months average KIBOR	12.2.1	4,700,000	4,700,000
Islamic Finance under diminishing musharaka:						
Meezan Bank Limited	two instalments	2009 & 2011	0.45% above 3 months average KIBOR	12.2.2	500,000	1,000,000
Bank Islami Pakistan Limited	bullet	2010	0.20% above 3 months average KIBOR	12.2.3	600,000	600,000
					8,141,668	9,125,000
Unamortised transaction cost					(11,203)	(13,655)
					8,130,465	9,111,345
Less: Current portion shown under current liabilities						
Dubai Islamic Bank (the "Investor's Agent")					(300,000)	(300,000)
Meezan Bank Limited (the "Investor's Agent")					(666,664)	(666,667)
Meezan Bank Limited					-	(500,000)
Bank Islami Pakistan Limited (the "Trustee")					(940,000)	-
Bank Islami Pakistan Limited					(600,000)	-
					(2,506,664)	(1,466,667)
					5,623,801	7,644,678

12.2.1 Islamic Sukuk bonds under Musharaka arrangements are secured by a first pari passu fixed charge created by way of hypothecation over movable fixed assets of the Company comprising of compressor stations, transmission pipelines, distribution pipelines and pipelines construction machinery and equipment.

12.2.2 Islamic Finance under diminishing Musharaka is secured by a first pari passu fixed charge created by way of hypothecation over all present and future movable fixed assets of the Company comprising of compressor stations, transmission pipelines, distribution pipelines and pipelines construction machinery and equipment.

12.2.3 Islamic Finance under diminishing Musharaka is secured by a ranking charge created by way of hypothecation over all present and future movable fixed assets of the Company comprising of compressor stations, transmission pipelines, distribution pipelines and pipelines construction machinery and equipment.

12.3 Consumer financing

Consumer financing	12.3.1	291,669	265,321
Less: Current portion shown under current liabilities		(93,523)	(78,564)
		198,146	186,757

12.3.1 This represents contributions received from certain industrial customers for the laying of distribution mains for supply of gas to their premises. These balances carry mark-up at 25% of 3 years average ask side KIBOR prevailing at the time of preparation of feasibility study for laying of distribution mains less 2% per annum. Principal and interest are adjustable in 48 equal installments through credits in the monthly gas bills of the customers.

	Note	31 December 2009 (un-audited) (Rupees in '000)	30 June 2009 (audited)
12.4 Government of Sindh loans			
Government of Sindh loan - I	12.4.1	56,199	56,199
Government of Sindh loan - II	12.4.2	900,000	900,000
Government grant	12.4.3	(317,924)	(317,924)
		582,076	582,076
Government grant	12.4.3	317,924	317,924
		956,199	956,199
Less: Current portion shown under current liabilities		(7,559)	(7,559)
		948,640	948,640

12.4.1 This represents an unsecured development loan from Government of Sindh for supply of gas to various districts and areas of Sindh. The facility carries mark-up at 2 % per annum. The loan together with mark-up shall be repaid in 10 yearly installments with grace period of 2 years commencing from year ended 30 June 2007.

12.4.2 This represents an unsecured development loan from Government of Sindh for supply of gas to various districts and areas of Sindh. The facility carries mark-up at 4 % per annum. The loan together with mark-up shall be repaid in 10 yearly installments with grace period of 2 years commencing from year ending 30 June 2011. The loan has been stated at fair value.

12.4.3 This represents the benefit of lower interest rate on Government of Sindh loan - II and is calculated as difference between the proceed received in respect of Government of Sindh loan - II amounting to Rs 900 million and its initial fair value amounting to Rs. 582.076 million calculated at KIBOR prevailing at year end. This benefit is treated as Government grant and would be amortised over the estimated useful life of related assets when constructed.

13. Deferred credit

- Government contributions / grants

Balance at July 01	2,161,269	1,444,501
Addition during the period	142,023	810,526
	2,303,292	2,255,027
Transferred to profit and loss account	(61,613)	(93,758)
Balance as at December 31	2,241,679	2,161,269

- Contribution from customers

Balance at July 01	2,685,259	2,375,430
Addition / (reversal) during the period	(4,386)	514,002
	2,680,873	2,889,432
Transferred to profit and loss account	(107,822)	(204,173)
Balance as at December 31	2,573,051	2,685,259
	4,814,730	4,846,528

14. Contingencies and commitments

There has been no change in the status of other contingencies as disclosed note 15 of annual financial statements of the Company for the year ended June 30, 2009, except for the following:

14.1 Claims against the Company not acknowledged as debt	14.7	466,471	518,163
14.2 Commitments for capital and other expenditure		1,628,501	1,051,609
14.3 Guarantees issued on behalf of the Company		1,791,013	1,792,153

14.4 Demand finance facilities have been given to the Company's employees by certain banks for the purchase of vehicle against the Company's guarantee and hypothecation of the Company's stock of pipes, gas meters, regulators, etc. valuing Rs. 75 million (June 30, 2009: Rs. 75 million) and the Company's investment in shares having a face value of Rs. 0.5 million (June 30, 2009: Rs. 0.5 million). Loan outstanding at the period end was Rs. 13.714 million (June 30, 2009: Rs. 16.797 million).

14.5 During the period tax audit for tax year 2005 has been completed and the tax department has issued a show cause notice for amendment in assessment order under sub-section (9) of Section 122 of the Income Tax Ordinance, 2001, disallowing certain expenses. Further, the tax department has also issued a show cause notice for tax year 2007 under sub-section (9) and sub-section (5A) of Section 122 of the Income Tax Ordinance, 2001, disallowing certain expenses. No provision has been made in the financial statements as the management is confident that no further tax liability would arise in this respect.

14.6 President of Pakistan on February 14, 2009 promulgated the Sacked Employees (Reinstatement) Ordinance 2009, ("the Ordinance") for providing relief to persons who were appointed during the period from November 1, 1993 to November 30, 1996 (both days inclusive) and were dismissed, removed or terminated or given forced golden hand shake from service during November 1, 1996 to December 31, 1998 (both days inclusive). Under the requirements of the Ordinance, total number of employees to be reinstated was determined at 2,994 employees, with the condition that their remuneration upto December 31, 2009 and back benefits will be paid to them on receipt of funds from Government of Pakistan (GoP). Out of 2,994 employees only 2,500 (June 30, 2009: 2,435) employees have joined the Company up to December 31, 2009. During the year, Rs. 258 million was received from GoP. Out of which, Rs. 232.79 million has been paid to employees.

Upto December 31, 2009, no provision has been made against current salaries costs and back benefits payable to reinstated employees amounting to Rs. 377.811 million and Rs. 2,345.679 million respectively as the management is of the view that as per negotiations with the Sub-committee established by the Cabinet Division - GoP, the same would be payable when the funds are received from the Government of Pakistan.

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

	<u>Six months period ended</u>		<u>Quarter ended</u>	
	<u>31 December</u>	<u>31 December</u>	<u>31 December</u>	<u>31 December</u>
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	(Un-audited)			
	(Rupees in '000)			
15. Other operating expenses				
Auditors' remuneration	906	914	446	484
Workers' profit participation fund	24,993	18,728	14,664	11,727
Sports expenses	8,277	7,936	3,664	4,043
Corporate social responsibility	367	7,774	352	1,342
Exchange loss on payment of gas purchases	238,166	1,259,013	132,395	339,865
Provision for liquidated damages	-	272,175	-	272,175
	272,709	1,566,540	151,521	629,636
16. Other operating income				
- Income from other than financial assets				
Meter rentals	279,296	279,859	145,096	140,266
Recognition of income against deferred credit	169,429	139,830	96,914	72,040
Income from new service connections	173,158	-	173,158	-
Sale of gas condensate	248,618	310,425	138,585	97,284
Gas shrinkage charged to JJVL	1,232,897	1,528,508	426,542	757,671
Income from gas transportation	25,709	25,629	12,453	12,974
Royalty income from JJVL	1,296,659	997,395	757,555	427,632
Meter manufacturing profit - net	102,660	40,210	62,882	6,942
Income from LPG air mix distribution				
Gwadar operation - net	17,711	16,479	14,325	13,069
Recoveries from customers	14,826	17,802	7,893	11,047
Gain on sale of fixed assets	16,714	7,177	12,901	3,394
Liquidated damages recovered	10,273	2,940	4,153	2,213
Advertising income	2,426	2,680	1,011	1,488
Miscellaneous	7,274	10,370	3,032	7,385
	3,597,650	3,379,304	1,856,500	1,553,405
- Income from investment in debts, loans, advances and receivable from related party				
Income from gas transportation - SNGPL	19,460	8,318	13,840	3,880
	3,617,110	3,387,622	1,870,340	1,557,285

The detail of transactions with related parties not disclosed elsewhere in these financial statements are as follows:

	Note	Six months period ended		Quarter ended	
		31 December 2009	31 December 2008	31 December 2009	31 December 2008
(Un-audited) (Rupees in '000)					
Sui Northern Gas Pipelines Limited					
- Lease rental		32,713	34,418	14,618	17,209
- Pipeline rental income		72,738	79,574	38,516	39,787
- Recovery of lease service cost		83,370	83,931	42,230	41,966
- Contingent rent in respect of finance lease		19,460	8,318	15,540	3,880
- Sale of gas meters	20.1	652,794	502,416	395,089	222,869
- Gas purchases		135,824	53,820	74,399	29,787
- Cost of gas levelisation		7,577,429	13,282,136	3,269,950	6,684,488
Oil and Gas Development Company Limited					
- Lease rental		(2,792)	4,317	(4,735)	2,158
- Pipeline rental income		(6,698)	3,302	(7,854)	1,651
- Recovery of lease service cost		(1,286)	12,013	(7,228)	6,007
- Gas purchases		9,057,126	11,542,188	4,258,756	5,900,912
Inter State Gas System (Private) Limited					
- Reimbursement of expenses on the basis of joint venture agreement		17,363	13,974	9,139	9,149
Mari Gas Company Limited					
- Gas purchases		4,689	3,573	2,653	2,124
State Life Insurance Corporation Limited					
- Rent of premises		1,302	1,186	1,171	1,049
Liaquat National Hospital					
- Medical services		10,775	10,766	5,985	6,586
Staff retirement benefit plans					
- Contribution to provident fund	20.2	52,711	49,872	26,721	31,484
- Contribution to pension fund	20.2	(50,689)	(8,711)	(25,335)	(4,292)
- Contribution to gratuity fund	20.2	(58,702)	17,868	(87,986)	(9,272)
Petroleum Institute of Pakistan					
- Subscription		503	420	260	179
Dawood Islamic Bank Ltd.					
- Profit on investments		31,669	5,696	9,238	1,642
- Mark-up on Sukuk		37,305	47,378	18,537	21,059
Minto and Mirza					
- Professional charges		2,500	-	2,500	-
Artestic Denim Mills Limited					
- Gas sales		95,385	89,103	47,236	44,101
Siemens Pakistan Limited					
- Gas sales		2,606	2,451	1,409	1,357
Remuneration to key management personnel (executive staff)					
	20.3	37,013	29,402	20,577	13,517

- 20.1** Sale of gas meters is made at cost plus method. The Company is the only manufacturer of gas meters in the country.
- 20.2** Contribution to the defined contribution and benefit plans are in accordance with the terms of the entitlement of employees and actuarial advice.
- 20.3** Remuneration to the executive officers of the Company and loans and advances to them are determined in accordance with the terms of their employment.

20.4 Amount (due to) / receivable from related parties

The details of amount (due to) / receivable from related parties are as follows:

	31 December 2009 (un-audited)	30 June 2009 (audited)
	(Rupees in '000)	
Sui Northern Gas Pipelines Limited		
- Lease rental	112,604	79,842
- Sale of gas meters	54,672	15,258
- Gas purchases	(162,507)	(26,683)
- Cost of gas levelisation	5,584,864	7,939,768
Oil and Gas Development Company Limited		
- Gas purchases	(13,520,407)	(12,924,481)
Inter State Gas System (Private) Limited		
- Reimbursement of expenses on the basis of joint venture agreement	(2,741)	(8,628)
Mari Gas Company Limited		
- Gas purchases	(2,180)	(3,478)
Dawood Islamic Bank Ltd.		
- Bank balances	239,592	51,134
- Interest receivable	44	8,800

21. Others

21.1 Reclassification

Corresponding figures of following line items in profit and loss account have been reclassified to reflect more appropriate presentation of events and transactions for the purpose of comparison. These include certain reclassifications made as per directions from OGRA.

From	To	Amount reported in December 31, 2008
		(Rupees in '000)
Sales	Other income	1,772,759
Sales tax	Other income	244,251
Net loss from Gwadar operation	Gas development surcharge	9,768
Administrative expenses	Transmission, distribution and selling cost	11,407
Gas development surcharge	Other operating income	16,479

21.2 Subsequents events

The Board of Directors in their 388 meeting held on 25 February 2010 have approved to transfer Rs. 438.626 million to Un-distributable Reserve against interest for delay in Sales Tax refund.

22. General

22.1 These unconsolidated condensed interim financial statements were authorised for issue on 25 February 2010 by the Board of Directors of the Company.

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



Salim Abbas Jilani
Chairman



Dr. Faizullah Abbasi
Managing Director

Karachi
25 February 2010