

CORPORATE PROFILE

Board of Directors

Mr. Salim Abbas Jilani	Chairman
Dr. Faizullah Abbasi	Managing Director
Mr. Abbas Ali Mehkri	
Mr. Abdul Rashid Lone	
Mr. Ahmed Bakhsh Lehri	
Mr. Aurangzeb Ali Naqvi	
Mr. Ayaz Dawood	
Mr. Fazal-ur-Rehman Dittu	
Engr. M. A. Jabbar	
Mr. Mirza Mahmood Ahmad	
Mr. Nessar Ahmed	
Mr. Saeed Ullah Shah	
Mr. Shahid Aziz Siddiqui	
Mr. Wazir Ali Khoja	

Board of Directors' Committees

Audit Committee

Mr. Nessar Ahmed	Chairman
Mr. Abbas Ali Mehkri	Member
Mr. Abdul Rashid Lone	Member
Mr. Ayaz Dawood	Member
Mr. Fazal-ur-Rehman Dittu	Member
Engr. M. A. Jabbar	Member

Finance Committee

Mr. Shahid Aziz Siddiqui	Chairman
Dr. Faizullah Abbasi	Managing Director
Mr. Aurangzeb Ali Naqvi	Member
Mr. Mirza Mahmood Ahmad	Member
Mr. Saeed Ullah Shah	Member
Mr. Wazir Ali Khoja	Member

Human Resource Committee

Mr. Salim Abbas Jilani	Chairman
Dr. Faizullah Abbasi	Managing Director
Mr. Abbas Ali Mehkri	Member
Mr. Ahmed Bakhsh Lehri	Member
Mr. Ayaz Dawood	Member
Mr. Mirza Mahmood Ahmad	Member
Mr. Saeed Ullah Shah	Member
Mr. Shahid Aziz Siddiqui	Member

Company Secretary

Mr. Yusuf J. Ansari

Chief Financial Officer

Mr. S. Shahid H. Jafri

Auditors

M/s. M. Yousuf Adil Saleem & Co.
Chartered Accountants

Legal Advisors

M/s. Haidermota & Co.
Barrister-at-Law & Corporate Counsels

Registered Office

SSGC House
ST - 4/B, Block 14,
Sir Shah Muhammad Suleman Road,
Gulshan-e-Iqbal, Karachi - 75300
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REPORT OF THE DIRECTORS' TO THE SHAREHOLDERS

For the six months period ended December 31, 2010

On behalf of the Board of Directors of Sui Southern Gas Company Limited, we are pleased to present the un-audited results for the second quarter and half year ended 31 December 2010. The financial statements have been reviewed by the Auditors' as required under the law and a review report has been issued by them.

REVIEW OF OPERATIONS

To date, the fiscal year 2010-11 has seen national energy shortage take a turn for the worse. Despite increase in the number of Gas producing fields giving their supplies into the SSGC transmission and distribution system to 18 from 16 last year, the supply of gas made available contracted by 6.4% to 202.7 BCF. However, your Company has been successful in maintaining steady supplies to its customer base and gas has been allocated to power, industrial and CNG stations according to the best national interest. The average well-head purchase price increased by 32% and stood at Rs.272.99 per MMBTU.

Due to supply side constraints, Gas sales decreased 8%. The average sales price per MMBTU increased by 15% to Rs 329.10 versus Rs.286.70 due to increase in consumer prices by OGRA in January 2010 and July 2010, thus Gas Sales revenue (net of GST) increased by 7%. However, gas volume decreased to 183.1 BCF as compared to volume of 198.4 BCF in the corresponding period last year. The increase or decrease in sales price impacts on cash flows but has no impact on Company profit due to Company's unique tariff regime.

REVENUE DETERMINATION

As explained in more detail in note 2.4 to the financial statements, the accompanying financial statements have been prepared based on final decision of OGRA dated September 24, 2010 in that decision OGRA after deliberations agreed with the Company's contention and reaffixed the UFG allowance benchmark at 7% and also various other income claims were treated as non operating income and allowed in addition to the 17% return formula. Despite efforts to control the UFG it reached a level of 8.73% as against a limit of 7% allowed by OGRA. Thus the Company suffered a reduction in revenue of only Rs. 901 million in its tariff return (2009: 1,277 million) in the six months period on account of "excess Unaccounted for Gas (UFG)".

PROFITABILITY

As a result, in the first half year, the company has posted net profit, after tax, of Rs. 2,113 million as compared to Rs. 219 million for corresponding period in 2009. As a result, the earnings per share (EPS) improved by Rs. 2.26 to Rs. 2.52 mainly due to reclassification by OGRA of operating income components (royalty income from JJVL, late payment surcharge, condensate gas sale revenue, profit from sale of meters manufactured by the Company) as non-operating income and reduction in UFG disallowance.

GAS DISTRIBUTION SYSTEM

In the half year, your Company extended 111 new industrial connections, 809 commercial and 49,576 domestic connections. The Gas Distribution System was extended by over 1,032 km while another 151 km of distribution lines were laid under the rehabilitation projects to curtail leakages and resulting lines losses.

METER MANUFACTURING PLANT

The meter manufacturing plant produced 348,650 meters versus 326,250 meters produced in the corresponding period last year, i.e. an increase of 22,400 meters or nearly 7%. Sales to SNGPL decreased by 8.8% to 236,600 meters as compared to 259,600 meters in the corresponding period last year. The profit of the plant slightly increased to Rs. 113 million as compared to profit of Rs. 103 million for the corresponding period last year mainly due to increase in sales price of both types of meters G1.6 and G4.

TRADE RECEIVABLES FROM KESC

As detailed in note 9.1 of the accompanying financial statements of this half year, KESC is the single largest customer and debtor of the Company. On June 30, 2009, the Company had entered into an agreement to gradually bring down and ultimately clear the accumulated dues by December, 2010. However, KESC once again failed to honor its commitment. KESC is liable to pay interest amount as per the terms of the aforesaid agreement; therefore such interest has been recognized in the books of the Company.

Management has treated the outstanding amount from KESC as part of the inter-corporate circular debt. A statement of circular debt is provided to the Ministry of Petroleum & Natural Resources and Ministry of Finance on daily basis in their given format, which treats KESC as part of circular debt. Also, Government of Pakistan has around 26% shareholding in KESC and plus whenever management has entered into dialogues with the officials of the Government of Pakistan at no forum such treatment of the Company has either been formally challenged or denied which provides comfort to the Company that the outstanding amount will be recovered.

Management has been proactively negotiating with KESC. As a result, since November 2010, KESC has been paying an amount equivalent to its monthly bill on the due dates. An agreement is also being finalized between KESC and the Company. In addition, the Board has also advised the management to more actively take up the matter with Federal and Provincial Governments for resolution of the KESC dues and inter corporate circular debt.

RECEIVABLES AGAINST SALES TAX

Subsequent to December 2010, against the outstanding of Rs. 8.1 billion, management has been successful, with the assistance of the Company's tax consultants, in obtaining sales tax refunds of Rs. 3.7 billion; this brings the total refund to Rs. 5.2 billion during the last eight months to date. In this regards we would like put on record the cooperation and assistance accorded to the Company by the Tax Authorities, especially Chairman FBR.

DEVELOPMENT PROJECTS

The capital expenditure during the half year was Rs. 4.9 billion as compared to Rs. 2.0 billion for the previous corresponding period. Addition to operating fixed assets was Rs 3.7 billion versus 1.9 billion in the corresponding period. The capital expenditure is proceeding as per plan and higher level of capitalization of up to Rs.7 billion is likely to be achieved by the year end which should also favorably impact on Company's profit.

LPG AIR MIX PLANTS

LPG-Air Mix plant, at Kot Ghulam Mohammad, District Mirpurkhas, Sindh, was inaugurated by Mir Munawar Talpur, MNA at a simple yet impressive ceremony at a total cost of Rs. 297 million. Mr. Talpur appreciated and congratulated SSGC for the expeditious installation of the Plant whereby the Synthetic Natural Gas (SNG) will now be available to the 42,000 inhabitants of Kot Ghulam Mohammad and other adjoining towns. Along with Kot Ghulam Muhammad Plant, Noshki and Surab facilities have also been commissioned.

UFG CONTROL

The Company plans to maintain its focus on UFG Projects and is planning to initiate major capital expenditure project with primary objectives of UFG reduction.


The World Bank Mission has offered a loan of \$200 million to SSGC for rehabilitation and leak rectification of pipelines, automation of pressure management system and up gradation of the metering system by employing advanced technology. The WB Mission has discussed the cost-benefit analysis of the major components of the funding including underground and overhead replacement and rectification, installation of pressure management systems and advanced metering infrastructure, with respect to reduction in UFG.

Ensuring effective control, operational efficiency and accountability with the primary objective of pinning down UFG, Company's management, with absolute backing from the Board of Directors, is implementing a massive organizational restructuring plan to put the Company back on the road to growth and profitability. To rationalize the re-structuring process, two operational business units (North and South), each headed by a Deputy Managing Director, have been created to ensure better control, operational efficiency and accountability for the overall objectives of taking the persistent issue of UFG with a renewed plan and unparalleled vigor. The challenge now lies in implementing the plan and empowering the Zonal and Sub-Zonal Managers.

FUTURE PLANS AND PROSPECTS

SSGC is facing acute shortage of natural gas mainly due to decreased supplies from producers and increased gas demand. By third calendar quarter of current year, the Company plans to link up its point of delivery to Sinjhor Gas Field for receiving 35 to 40 MMCFD gas. Also, the Company is actively engaging with reputable international suppliers of LNG to diversify and supplement the source of the gas supply in the Country.

The Directors take this opportunity to place on record their appreciation of the valued Customers for the business, recognition is also due to regulatory authorities for their cooperation and support and Company's Executives and Staff for their devotion and hard work.


Salim Abbas Jilani
Chairman


Dr. Faizullah Abbasi
Managing Director

Karachi
February 25, 2011

INDEPENDENT AUDITORS' REPORT ON REVIEW OF UNCONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION TO THE MEMBERS

For the six months period ended December 31, 2010

Introduction

We have reviewed the accompanying unconsolidated condensed interim balance sheet of Sui Southern Gas Company Limited ("the Company") as at December 31, 2010 and the related unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim cash flow statement, unconsolidated condensed interim statement of changes in equity and notes for the six-month period then ended (here-in-after referred to as the "unconsolidated condensed interim financial information"). Management is responsible for the preparation and presentation of this unconsolidated condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this unconsolidated condensed interim financial information based on our review. The figures of the unconsolidated condensed interim profit and loss account and unconsolidated condensed interim statement of comprehensive income for the three months period ended December 31, 2010 and 2009 have not been reviewed, as we are required to review only the cumulative figures for the six-month period ended December 31, 2010.

Scope of Review

Except as explained in the paragraph below, 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 information 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

As described in note 9.1, trade debts include Rs. 24.626 billion receivable from Karachi Electric Supply Company Limited (KESC) out of which Rs. 23.391 billion are overdue. The entire amount has been classified as current asset. For the reasons mentioned in the aforementioned note, management is confident that the entire amount will be recovered. Due to the adverse financial position of KESC and large accumulation of overdue amounts, we were unable to determine the extent to which the amount is likely to be recovered and time frame over which such recovery will be made.

Qualified Conclusion

Except for the adjustments to the unconsolidated condensed interim financial information described in above paragraph, based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated condensed interim financial information as of and for the six-month period ended December 31, 2010 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Emphasis of matter

We draw attention to note 2.4 to the unconsolidated condensed interim financial information that describes that the revenue requirement for the year 2010 - 2011 has been determined provisionally on the basis of interim decision of the High Court of Sindh. Management is confident that the final decision will be in its favor. In this respect, our conclusion is not qualified.

M. Yousuf Adil Saleem & Co.

M. Yousuf Adil Saleem & Co.
Chartered Accountants
Engagement Partner
Syed Asad Ali Shah


Karachi
February 25, 2011


UNCONSOLIDATED CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

As at December 31, 2010

	Note	December 31, 2010 (Un-audited)	June 30, 2010 (Audited)
		(Rupees in '000)	
Non-current assets			
Property, plant and equipment	7	45,259,004	41,665,603
Intangible assets		4,949	4,510
Long term investments	8	106,788	97,118
Net investment in finance lease		972,955	1,040,539
Long term loans and advances		135,966	113,816
Long term deposits		3,250	3,250
Total non-current assets		46,482,912	42,924,836
Current assets			
Stores, spares and loose tools		2,289,382	2,037,359
Stock-in-trade		479,898	455,415
Current maturity of net investment in finance lease		118,795	118,795
Customers' installation work-in-progress		182,358	158,388
Trade debts	9	49,211,180	43,815,667
Loans and advances		294,501	92,958
Trade deposits and short term prepayments		217,895	182,944
Interest accrued		3,056,097	2,834,295
Other receivables	10	25,007,792	17,427,911
Taxation-net		-	90,170
Cash and bank balances		1,057,497	620,884
Total current assets		81,915,395	67,834,786
Current liabilities			
Current portion of long term financing		4,675,657	5,034,670
Short term borrowings	11	4,987,544	3,720,666
Trade and other payables	12	64,749,884	51,046,484
Interest and mark-up accrued		8,344,382	6,829,477
Taxation - net		988,528	-
Total current liabilities		83,745,995	66,631,297
Net current (liabilities) / assets		(1,830,600)	1,203,489
Total assets less current liabilities		44,652,312	44,128,325
Equity and non-current liabilities			
Share capital and reserves			
Authorised share capital		10,000,000	10,000,000
1,000,000,000 ordinary shares of Rs. 10 each			
Issued, subscribed and paid-up capital		8,389,679	6,711,743
Reserves		3,107,401	3,107,401
Surplus on re-measurement of available for sale securities		93,159	83,489
Unappropriated profit		3,598,133	4,169,712
Total equity		15,188,372	14,072,345
Non-current liabilities			
Long term financing	13	10,862,623	11,644,780
Long term deposits		3,677,259	3,413,042
Deferred tax		6,886,794	7,018,283
Employee benefits		1,672,342	1,530,262
Deferred credit	14	5,098,480	4,989,386
Long term advances		1,266,442	1,460,227
Total non-current liabilities		29,463,940	30,055,980
Contingencies and commitments	15		
Total equity and non-current liabilities		44,652,312	44,128,325

The annexed notes from 1 to 26 form an integral part of these unconsolidated condensed interim financial information.


Salim Abbas Jilani
Chairman



Dr. Faizullah Abbasi
Managing Director

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

For the six months period ended December 31, 2010

	Note	Six months period ended		Three months period ended	
		December 31, 2010	December 31, 2009 (Restated)	December 31, 2010	December 31, 2009 (Restated)
(Rupees in '000)					
Sales		65,219,316	60,368,165	31,185,146	28,896,591
Sales tax		(8,267,505)	(7,346,262)	(3,860,129)	(3,483,088)
		56,951,811	53,021,903	27,325,017	25,413,503
Gas development surcharge		1,413,826	(8,955,733)	2,516,948	(4,725,490)
Net sales		58,365,637	44,066,170	29,841,965	20,688,013
Cost of sales	16	(57,273,033)	(45,765,723)	(28,932,002)	(21,879,599)
Gross profit / (loss)		1,092,604	(1,699,553)	909,963	(1,191,586)
Administrative and selling expenses		(1,514,876)	(1,257,344)	(897,041)	(739,648)
Other operating expenses	17	(716,426)	(272,709)	(606,185)	(151,521)
		(2,231,302)	(1,530,053)	(1,503,226)	(891,169)
		(1,138,698)	(3,229,606)	(593,263)	(2,082,755)
Other operating income	18	2,009,802	1,969,173	922,140	911,318
Operating profit / (loss) before finance cost		871,104	(1,260,433)	328,877	(1,171,437)
Other non-operating income	19	4,791,446	4,357,293	2,552,929	2,562,491
Finance cost	20	(2,410,395)	(2,621,973)	(1,343,145)	(1,112,416)
Profit before taxation		3,252,155	474,887	1,538,661	278,638
Taxation	21	(1,139,037)	(255,408)	(539,314)	(124,472)
Profit for the period		2,113,118	219,479	999,347	154,166
(Rupees)					
Basic / diluted earning per share		2.52	0.26	1.19	0.18

The annexed notes from 1 to 26 form an integral part of these unconsolidated condensed interim financial information.


Salim Abbas Jilani
Chairman


Dr. Faizullah Abbasi
Managing Director

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

For the six months period ended December 31, 2010

	Issued, subscribed and paid-up capital	Capital reserves	Revenue reserves	Surplus / (deficit) on remeasurement of available for sale securities	Unappropriated profit	Total
	(Rupees in '000)					
Balance as at July 01, 2009	6,711,743	234,868	2,384,794	93,813	258,306	9,683,524
Other comprehensive income						
Net profit for the period	-	-	-	-	219,479	219,479
Unrealized loss on re-measurement of available for sale investment - net of tax	-	-	-	(1,956)	-	(1,956)
Total comprehensive income	-	-	-	(1,956)	219,479	217,523
Balance as at December 31, 2009	6,711,743	234,868	2,384,794	91,857	477,785	9,901,047
Balance as at July 01, 2010	6,711,743	234,868	2,872,533	83,489	4,169,712	14,072,345
Other comprehensive income						
Net profit for the period	-	-	-	-	2,113,118	2,113,118
Unrealized gain on re-measurement of available for sale investment - net of tax	-	-	-	9,670	-	9,670
Total comprehensive income	-	-	-	9,670	2,113,118	2,122,788
Transaction with owners						
Bonus shares (1 share for every 4 shares)	1,677,936	-	-	-	(1,677,936)	-
Final dividend for the year ended June 30, 2010 at Rs. 1.50 per share	-	-	-	-	(1,006,761)	(1,006,761)
Balance as at December 31, 2010	8,389,679	234,868	2,872,533	93,159	3,598,133	15,188,372

The annexed notes from 1 to 26 form an integral part of these unconsolidated condensed interim financial information.



Salim Abbas Jilani
Chairman



Dr. Faizullah Abbasi
Managing Director

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

For the six months period ended December 31, 2010

	Six months period ended		Three months period ended	
	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
	(Rupees in '000)			
Net profit for the period	2,113,118	219,479	999,347	154,166
Other comprehensive income				
Unrealised gain / (loss) on re-measurement of available for sale securities - net of tax	9,670	(1,956)	10,681	(5,610)
Total comprehensive income for the period	2,122,788	217,523	1,010,028	148,556

The annexed notes from 1 to 26 form an integral part of these unconsolidated condensed interim financial information.



Salim Abbas Jilani
Chairman



Dr. Faizullah Abbasi
Managing Director

UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

For the six months period ended December 31, 2010

December 31, December 31,
2010 2009
(Rupees in '000)

CASH FLOWS FROM OPERATING ACTIVITIES

Profit before taxation	3,252,155	474,887
Adjustments for non-cash items:		
Depreciation	1,489,146	1,358,285
Amortization of intangibles	13,240	21,244
Finance cost	2,410,395	2,621,973
Amortization of transaction cost	2,224	2,452
Provision against impaired debts	737,175	293,848
Provision against slow moving / obsolete stores	9,878	-
Provision for compensated absences	62,097	-
Provision for post retirement medical and free gas supply facilities	106,908	111,055
Recognition of income against deferred credit	(179,887)	(169,429)
Dividend income	(4,299)	-
Interest / profit on bank deposits and late payment of gas bills	(2,395,375)	(2,142,387)
Income from net investment in finance lease	(96,537)	(92,891)
(Gain) / loss on disposal of fixed assets	1,406	(16,714)
	2,156,371	1,987,436
	5,408,526	2,462,323

(Increase) / decrease in operating assets:

Stores and spares	(262,247)	(69,178)
Stock-in-trade	(24,344)	34,127
Customers' installation work-in-progress	(23,970)	(41,565)
Trade debts	(5,632,688)	(3,612,049)
Loans and advances	(22,150)	(108,807)
Trade deposits and short term prepayments	(34,951)	(38,875)
Other receivables	(7,579,881)	6,831,239
Long term loans and advances to staff - net	(201,543)	(17,936)
	(13,781,774)	2,976,956

Increase / (decrease) in operating liabilities:

Trade and other payables	13,568,939	(969,994)
Service charges received from new customers	-	137,631
Long term deposits	264,217	152,598
Long term advances received from GoP	95,196	-
	13,928,352	(679,765)
Cash generated from operations	5,555,104	4,759,514
Financial charges paid	(1,092,428)	(1,592,005)
Income tax paid - net	(191,398)	(229,580)
Net cash from operating activities	4,271,278	2,937,929

CASH FLOWS FROM INVESTING ACTIVITIES

Capital expenditure	(4,906,267)	(2,023,930)
Proceeds from sale of property, plant and equipment	5,780	39,188
Lease rental from investment in finance lease	164,121	152,644
Dividend received-net	3,869	-
Profit / interest received	1,673,573	1,165,816
Net cash used in investing activities	(3,058,924)	(666,282)

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from local currency loans	5,540,340	72,281
Repayments of local currency loans	(6,674,333)	(5,362,664)
Transaction cost paid	(9,401)	-
Dividend paid	(899,225)	(177)
Net cash used in financing activities	(2,042,619)	(5,290,560)
Net decrease in cash and cash equivalents	(830,265)	(3,018,913)
Cash and cash equivalents at beginning of the period	(3,099,782)	1,477,155
Cash and cash equivalents at end of the period	(3,930,047)	(1,541,758)

Cash and cash equivalents comprises:

Cash and bank balances	1,057,497	535,222
Short term borrowings	(4,987,544)	(2,076,980)
	(3,930,047)	(1,541,758)

The annexed notes from 1 to 26 form an integral part of these unconsolidated condensed interim financial information.


Salim Abbas Jilani
Chairman


Dr. Faizullah Abbasi
Managing Director

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

For the six months period ended December 31, 2010

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

2.1 The unconsolidated condensed interim financial information has been prepared in accordance with the requirements of International Accounting Standard 34, "Interim Financial Reporting" as applicable in Pakistan and the requirements of the Companies Ordinance, 1984 and directives issued by the Securities and Exchange Commission of Pakistan (SECP). This unconsolidated condensed interim financial information does not include all of the information required for the full annual financial statements and should be read in conjunction with the unconsolidated financial statements of the Company for the year ended June 30, 2010.

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

2.3 The comparative balance sheet presented in the interim condensed financial information has been extracted from the audited financial statements of the Company for the year ended June 30, 2010, whereas the comparative condensed profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity are stated from the un-audited condensed interim financial information for the six months period ended December 31, 2009.

2.4 Determination of revenue requirements

The Oil and Gas Regulatory Authority (OGRA) in its decision dated December 02, 2010 treated Royalty income from Jamshoro Joint Venture Limited, Late Payment Surcharge, Profit from Meter Manufacturing and Sale of Gas Condensate as operating income which were previously allowed as non-operating income by OGRA in its decision dated September 24, 2010. OGRA also in its recent decision reduced benchmark of allowable Unaccounted for Gas (UFG) from 7% to 4.25% - 5%. The Company filed an appeal in the honorable High Court of Sindh (the Court) against the above decision of OGRA. The Court has provided interim relief and allowed the Company to follow the decision of OGRA dated September 24, 2010 till OGRA provides UFG impact assessment study to the Court. Accordingly, the profit for the period ended December 31, 2010 has been calculated on the basis of parameters determined by OGRA in their decision in respect of final revenue requirement for the financial year 2009-10 dated September 24, 2010.

Based on the interim relief provided by the Court, management is confident that the final decision will be in favor of the Company, and accordingly, the unconsolidated financial information has been prepared based on the revenue requirements determined by OGRA through its decision dated September 24, 2010 and in accordance with the interim relief allowed by the High Court of Sindh.

3. Significant accounting policies

The significant accounting policies and methods of computation applied for the preparation of this unconsolidated condensed interim financial information are the same as those applied in preparation of the annual unconsolidated audited financial statements of the Company for the year ended June 30, 2010.

4. Accounting estimates and judgments

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 this 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 includes the matter as disclosed in note 2.4 were the same as those that applied to the financial statements as at and for the year ended June 30, 2010.

5. Financial risk management

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2010.

6. Benazir Employees' Stock Option Scheme (BESOS)

On 14th August 2009, the Government of Pakistan (GoP) has launched a scheme for the employees of state owned entities including the Company. Under the scheme a Trust has been formed and 12% of the shares held by the Ministry of Petroleum & Natural Resources will be transferred to the Trust.

Since the scheme has significant impact on a large number of SOEs, the Securities and Exchange Commission of Pakistan (SECP) was approached by some such entities for exemption from International Financial Reporting Standard Share Based Payment (IFRS-2), if applicable, we understand that SECP has already received a recommendation from Institute of Chartered Accountants of Pakistan (ICAP) and it is expected that appropriate exemption from IFRS-2 if required will be issued. Accordingly, the above mentioned scheme has not been accounted for under the requirements of IFRS-2 in the draft unconsolidated condensed interim financial information of the Company for six month period ended December 31, 2010. Management asserts that if the Company is required to take charge of the aforesaid scheme in the financial information, the same will be claimed from OGRA in determining 17% annual return, and therefore, there will be no impact on the Company's results.

7. Property, plant and equipment

	December 31, 2010 (Un-audited)	June 30, 2010 (Audited)
	(Rupees in '000)	
Operating assets	39,046,842	36,915,188
Capital work-in-progress	6,212,162	4,750,415
	<u>45,259,004</u>	<u>41,665,603</u>

Details of additions and disposals of property, plant and equipment during the six months period ended December 31, 2010 are as follows:

	December 31, 2010 (Un-audited)		December 31, 2009	
	(Rupees in '000)			
	Cost of additions/ transfers	Written down value of (disposals/ transfer)	Cost of additions/ transfers	Written down value of (disposals/ transfer)

Operating assets - owned

Gas transmission and distribution system	3,189,498	-	1,851,300	(18,241)
Building on leasehold land	273,918	-	68,528	-
Plant, machinery and other equipment	223,127	-	68,912	-
Motor vehicles	31,940	(7,186)	3,171	(4,233)
	<u>3,718,483</u>	<u>(7,186)</u>	<u>1,991,911</u>	<u>(22,474)</u>

	Capital expenditure incurred	Transfer to operating assets	Capital expenditure incurred	Transfer to operating assets
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Capital work-in-progress:

Gas transmission and distribution system	4,855,381	(3,189,498)	2,128,760	(1,851,300)
Cost of building under construction	172,869	(273,918)	19,634	(68,528)
Plant, machinery and other equipment	120,040	(223,127)	80,712	(68,912)
Others	31,940	(31,940)	3,171	(3,171)
	<u>5,180,230</u>	<u>(3,718,483)</u>	<u>2,232,277</u>	<u>(1,991,911)</u>

	Note	December 31, 2010 (Un-audited)	June 30, 2010 (Audited)
(Rupees in '000)			
8. Long term investments			
Investment in shares of related parties		60,993	63,187
Other investments		45,795	33,931
		<u>106,788</u>	<u>97,118</u>
9. Trade debts			
Considered good - secured		12,193,170	12,003,014
Considered good - unsecured		37,018,010	31,812,653
	9.1 & 9.2	49,211,180	43,815,667
Considered doubtful		2,533,505	2,296,330
		51,744,685	46,111,997
Provision against impaired debts		(2,533,505)	(2,296,330)
		<u>49,211,180</u>	<u>43,815,667</u>

9.1 Trade debts include Rs. 24,626 million (June 30, 2010: Rs. 21,280 million) unsecured receivables from Karachi Electric Supply Company Limited (KESC). Out of this, Rs. 23,391 million are over due. As per the latest financial statements of KESC for the quarter ended September 30, 2010, its accumulated losses have reached to Rs. 82 billion, and its current liabilities exceeded current assets by Rs. 37 billion. Despite such adverse financial position of KESC, management considers that the entire amount will be recovered, as KESC is engaged in providing essential service of providing electric power to the entire region of Karachi and significant investment is being made by its current management to improve its viability, its cash-flows are likely to improve in the near term. Further, management is proactively engaged in negotiating a gas sales agreement, which will include recovery of the above amount as well. However, since November 2010, KESC has been paying amount equivalent to its monthly bills on the due dates.

9.2 Aggregate trade debts due from Karachi Electric Supply Company Limited (KESC), Jamshoro Power Company Limited (JPCL) and Sui Northern Gas Pipelines Limited (SNGPL) amounted to Rs. 39,816 million as at December 31, 2010 (June 30, 2010: Rs. 33,667 million). These include overdue amounts of Rs. 33,642 million (June 30, 2010: Rs. 26,474 million). Receivable from SNGPL against uniform cost of gas and lease rental is classified under other receivables and amounts to Rs. 8,682 million (June 30, 2010: Rs. 4,198 million) (refer note no. 10.1), which includes overdue uniform cost of gas invoices of Rs. 4,439 million (June 30, 2010: Rs. 2,297 million). Interest accrued amounting to Rs. 3,054 million (June 30, 2010: Rs. 2,245 million), in respect of overdue balances of KESC, JPCL and SNGPL, is classified in accrued interest.

As at December 31, 2010, an amount of Rs. 43,838 million (included in creditors for gas in note 12) is payable to OGDCL, Pakistan Petroleum Limited and Government Holding (Private) Limited in respect of gas purchases along with interest of Rs. 7,995 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.

		December 31, 2010 (Un-audited)	June 30, 2010 (Audited)
	Note	(Rupees in '000)	
10. Other receivables - considered good			
Gas development surcharge receivable from GoP		6,849,971	5,290,758
Receivable from Sui Northern Gas Pipelines Limited (SNGPL) - a related party	10.1	8,682,773	4,198,192
Receivable from Jamshoro Joint Venture Limited (JJVL)		1,108,929	1,009,090
Sales tax receivable	10.2	8,102,140	6,558,456
Receivable from staff pension fund - non executives		82,733	82,733
Receivable from staff gratuity fund - executives		1,101	10,247
Balance receivable for sale of gas condensate		33,511	46,869
Pipeline rentals receivables		21,351	13,236
Claims receivable		1,728	1,462
Miscellaneous receivables	10.3	125,040	218,353
		25,009,277	17,429,396
Provision against impaired receivables		(1,485)	(1,485)
		<u>25,007,792</u>	<u>17,427,911</u>

10.1 This includes lease rental receivable and recoverable against lease service cost and contingent rent amounting to Rs. 66.843 million (June 30, 2010: Rs. 67.745 million) and Rs. 8,615.485 million (June 30, 2010: Rs. 4,130.197 million) under the uniform cost of gas agreement with Sui Northern Gas Pipelines Limited (SNGPL).

10.2 The Company has received Rs. 2,129.94 million subsequent to the period end.

10.3 This includes Rs. 112.847 million (June 30, 2010: Rs. 150.460 million) recoverable from GoP under deferred tariff adjustment.

11. This represents facilities for running finance available from various banks amounting to Rs. 14,875 million (June 30, 2010: Rs. 12,000 million). These are subject to mark-up ranging from 0.2% to 0.5% (June 30, 2010: 0.2% to 1.15%) 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.

	Note	December 31, 2010 (Un-audited)	June 30, 2010 (Audited)
(Rupees in '000)			
12. Trade and other payables			
Creditors for:			
- gas		58,920,762	44,560,429
- supplies		472,672	316,332
		59,393,434	44,876,761
Amount received from customers for laying of pipelines		2,209,516	1,831,427
Accrued liabilities		2,036,422	3,235,422
Provision for compensated absences - non executives		164,571	137,646
Payable to gratuity fund - non executives		3,416	-
Payable to provident fund - non executives		15	30
Deposits / retention money		230,373	203,042
Bills payable		130,789	121,908
Advance for sharing right of way		18,088	18,088
Unclaimed dividend		147,471	39,935
Unclaimed term finance certificate redemption profit		1,800	1,800
Worker's profit participation fund		171,851	369,184
Withholding tax payable		94,684	54,496
Inter State Gas System (Private) Limited (ISGSL)		3,068	2,864
Others		144,386	153,881
		64,749,884	51,046,484

13. Long term financing

Secured

- Loans from banking companies and financial institutions			
Local currency loans	13.1	4,066,667	5,400,000
- Other loans			
Musharaka arrangements	13.2	4,772,412	4,202,921
		8,839,079	9,602,921

Unsecured

Consumer financing	13.3	172,615	190,930
Government of Sindh loans	13.4	1,850,929	1,850,929
		2,023,544	2,041,859
		10,862,623	11,644,780

					December 31, 2010 (Un-audited)	June 30, 2010 (Audited)
				Note	(Rupees in '000)	
13.1 Local currency loans						
	Installment payable	Repayment period	Mark-up rate			
Samba Bank Limited - term loan	Quarterly	2010-2012	0.2% above 3 months average KIBOR	13.1.1	800,000	1,000,000
MCB - term loan	Quarterly	2010	0.2% above 3 months average KIBOR	13.1.1	-	1,000,000
Faysal Bank Limited - term Loan	Quarterly	2011-2013	2% above 3 months average KIBOR (reduced to 1% spread Dec 31, 2010 onwards)	13.1.1	800,000	1,500,000
Standard Chartered Bank - term loan	Quarterly	2012-2015	1% above 3 months average KIBOR	13.1.2	2,000,000	-
Askari Bank Limited	Quarterly	2013-2015	1% above 3 months average KIBOR	13.1.2	1,000,000	-
					4,600,000	3,500,000
Syndicated term loans						
Standard Chartered Bank (as "Syndicate's Agent")	Quarterly	2011-2012	1.95% above 3 months average KIBOR		-	2,500,000
JS Bank Limited (as "Syndicate's Agent" Mark up on Sukuk)	Quarterly	2011-2012	1.95% above 3 months average KIBOR		-	800,000
					-	3,300,000
					4,600,000	6,800,000
Less: Current portion shown under current liabilities						
MCB - term loan					-	(1,000,000)
Samba Bank Limited - term loan					(400,000)	-
Faysal Bank Limited - term loan					(133,333)	(400,000)
					(533,333)	(1,400,000)
					4,066,667	5,400,000

13.1.1 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.

13.1.2 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.

						December 31, 2010 (Un-audited)	June 30, 2010 (Audited)			
						Note	(Rupees in '000)			
						Installment payable	Repayment period	Mark-up rate		
Islamic Sukuk bonds under musharaka agreements:										
Dubai Islamic Bank (the "Investor's Agent")	Quarterly	2009 - 2012	0.40% above 3 months average KIBOR	13.2.1	375,000	525,000				
Meezan Bank Limited (the "Investor's Agent")	Quarterly	2009 - 2012	0.80% above 3 months average KIBOR	13.2.1	1,000,004	1,333,336				
Bank Islami Pakistan Limited (the "Trustee")	Quarterly	2010 - 2012	0.20% above 3 months average KIBOR	13.2.1	3,760,000	4,700,000				
Islamic Finance under diminishing musharaka:										
Meezan Bank Limited	On maturity	2009 & 2011	0.45% above 3 months average KIBOR	13.2.2	500,000	500,000				
Bank Islami Pakistan Limited	On maturity	2010	0.20% above 3 months average KIBOR	13.2.3	600,000	600,000				
Meezan Bank Limited (the "Investor's Agent")	Quarterly	2013 - 2015	1% above 3 months average KIBOR	13.2.3	2,500,000	-				
Unamortised transaction cost						8,735,004	7,658,336			
						(15,928)	(8,751)			
						<u>8,719,076</u>	<u>7,649,585</u>			
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)	(666,664)				
Meezan Bank Limited					(500,000)	-				
Bank Islami Pakistan Limited (the "Trustee")					(1,880,000)	(1,880,000)				
Bank Islami Pakistan Limited					(600,000)	(600,000)				
						<u>(3,946,664)</u>	<u>(3,446,664)</u>			
						<u>4,772,412</u>	<u>4,202,921</u>			

13.2.1 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.

13.2.2 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.

13.2.3 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.

	December 31, 2010 (Un-audited)	June 30, 2010 (Audited)
Note	(Rupees in '000)	
13.3 Consumer financing		
Consumer financing	270,564	281,225
Less: Current portion shown under current liabilities	(97,949)	(90,295)
	<u>172,615</u>	<u>190,930</u>

13.3.1 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 consumers.

13.4 Government of Sindh loans

Government of Sindh loan - I	13.4.1	48,640	48,640
Government of Sindh loan - II	13.4.2	900,000	900,000
Government of Sindh loan - III	13.4.2	1,000,000	1,000,000
Government grant	13.4.3	(657,036)	(657,036)
		<u>1,242,964</u>	<u>1,242,964</u>
Government grant	13.4.3	657,036	657,036
		<u>1,948,640</u>	<u>1,948,640</u>
Less: Current portion shown under current liabilities		(97,711)	(97,711)
		<u>1,850,929</u>	<u>1,850,929</u>

13.4.1 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 June 30, 2007.

13.4.2 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 June 30, 2011. The loan has been stated at fair value.

13.4.3 This represents the benefit of lower interest rate on Government of Sindh loan II & III, and is calculated as difference between the proceeds received in respect of Government of Sindh Loan II & III amounting to Rs. 900 million and Rs. 1,000 million respectively and its initial fair value amounting to Rs. 582.076 million and Rs. 660.888 million respectively. These are calculated at KIBOR prevailing at year end. This benefit is treated as Government grant and would be amortised through other non-operating income over the estimated useful life of related assets when constructed.

	December 31, 2010 (Un-audited)	June 30, 2010 (Audited)
Note	(Rupees in '000)	
14. Deferred credit		
- Government contributions / grants		
Balance as at July 01	2,511,308	2,161,269
Addition during the period	291,488	478,473
	2,802,796	2,639,742
Transferred to profit and loss account	(74,271)	(128,434)
Balance as at December 31	<u>2,728,525</u>	<u>2,511,308</u>
- Contribution from customers		
Balance as at July 01	2,478,078	2,685,259
Addition / (reversal) during the period	(2,507)	(8,782)
	2,475,571	2,676,477
Transferred to profit and loss account	(105,616)	(198,399)
Balance as at December 31	<u>2,369,955</u>	<u>2,478,078</u>
	5,098,480	<u>4,989,386</u>

15. Contingencies and commitments

15.1 There has been no change in the status of other contingencies as disclosed note 17 of annual financial statements of the Company for the year ended June 30, 2010, except for the following:

15.2 Claim against the Company not acknowledged as debt	15.8	<u>298,260</u>	<u>396,083</u>
15.3 Commitments for capital and other expenditure		<u>1,911,005</u>	<u>2,558,094</u>
15.4 Guarantees issued on behalf of the Company		<u>1,787,823</u>	<u>1,790,483</u>

15.5 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, 2010: Rs. 75 million) and the Company's investment in shares having a face value of Rs. 0.5 million (June 30, 2010: Rs. 0.5 million). Loan outstanding at the year end was Rs. 8.992 million (June 30, 2010: Rs. 11.434 million).

- 15.6** The Additional Collector (Adjudication) Sales Tax and Federal Excise passed an order making the input tax adjustments inadmissible in respect of exempt supplies made to Agha Khan University. The resulting alleged liability is Rs. 16.278 million. In the same order the Additional Collector (Adjudication) held the Company responsible for not depositing the amount of sale tax withheld under SRO 660(1) / 2007 as withholding agent. The alleged liability is of Rs. 1,248.322 million along with default surcharge (to be calculated at the time of final payment). The Company has paid Rs. 1,312.6 million against demand of the authority till December 31, 2010. The Company has been defending the case in High Court of Sindh. No provision has been made in this financial information as the Company based on its tax advisor's opinion is confident that the decision of the Appeal will be in its favour.
- 15.7** Income Tax Authorities have passed an amended assessment order under Section 122(1) of the Income Tax Ordinance, 2001 in pursuance of the audit proceedings initiated by the tax department under Section 177 of the said Ordinance for the tax year 2005. This amended assessment has been passed by adding / disallowing certain expenses/deductions resulting in additional tax liability amounting to Rs. 103.745 million, which has been adjusted from the sales tax refund of the Company. The Company has filed appeal before Commissioner Income Tax (Appeals) against the above order. Subsequent to period ended December 31, 2010, a process has been started to transfer this case to the appellate tribunal (ITAT). Pending the resolution of above matter, no provision has been made by the Company in this financial information and management is confident that the outcome of the appeal will be in favour of the Company.
- 15.8** The management is confident that ultimately these claims would not be payable.

	Six months period ended		Three months period ended	
	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
			(Un-audited) (Rupees in '000)	
		(Restated)		(Restated)
16. Cost of sales				
Cost of gas	53,057,858	42,578,369	26,814,514	20,188,154
Transmission and distribution costs	4,215,175	3,187,354	2,117,488	1,691,445
	<u>57,273,033</u>	<u>45,765,723</u>	<u>28,932,002</u>	<u>21,879,599</u>
17. Other operating expenses				
Auditors' remuneration	1,275	906	962	446
Workers' profit participation fund	171,794	24,993	80,892	14,664
Sports expenses	7,293	8,277	3,478	3,664
Corporate social responsibility	24,641	367	10,359	352
Exchange loss on payment of gas purchases	-	238,166	-	132,395
Loss on sale of fixed assets	1,406	-	539	-
Provision against impaired financial income	500,000	-	500,000	-
Others	10,017	-	9,955	-
	<u>716,426</u>	<u>272,709</u>	<u>606,185</u>	<u>151,521</u>

	Six months period ended		Three months period ended	
	December 31, 2010	December 31, 2009 (Un-audited) (Rupees in '000) (Restated)	December 31, 2010	December 31, 2009 (Restated)
18. Other operating income				
- Income from other than financial assets				
Meter rentals	302,748	279,296	152,430	145,096
Recognition of income against deferred credit	179,887	169,429	126,616	96,914
Income from new service connections under IFRIC - 18	143,244	173,158	77,158	173,158
Gas shrinkage charged to JJVL	1,240,013	1,232,897	483,170	426,542
Income from gas transportation	20,918	25,709	9,310	12,453
Income from LPG air mix distribution Gwadar operations - net	23,639	17,711	18,261	14,325
Gain on sale of fixed assets	-	16,714	-	12,901
Recoveries from customers	18,815	14,826	10,441	7,893
Liquidated damages recovered	1,498	10,273	218	4,153
Advertising income	2,563	2,426	1,055	1,011
Exchange gain on payment of gas purchases	63,021	-	38,126	-
Miscellaneous	8,962	7,274	4,300	3,032
	2,005,308	1,949,713	921,085	897,478
- Income from investment in debts, loans, advances and receivable from related party				
Contingent rental income - SNGPL	4,494	19,460	1,055	13,840
	2,009,802	1,969,173	922,140	911,318
19. Other non-operating income				
- Income from financial assets:				
Late payment surcharge	702,585	474,078	376,909	277,461
Income from net investment in finance lease	27,569	26,851	13,774	13,486
- Return on:				
Term deposits and profit and loss bank accounts	34,550	78,075	17,147	37,446
Staff loans	527	810	250	405
- Interest income on late payments of gas bills and others	2,339,192	1,595,249	1,257,727	801,760
- Interest income on late settlement of dues	21,106	29,627	13,472	3,623
- Interest income on sales tax refund	-	438,626	-	438,626
- Dividend income	119	-	-	-
- Royalty income	1,323,804	1,296,659	721,130	757,555
- Sale of gas condensate	155,802	248,618	47,019	138,585
- Meter manufacturing profit - net	113,044	102,660	66,837	62,882
	4,718,298	4,291,253	2,514,265	2,531,829
- Income from investment in debts, loans, advances and receivables from related parties				
Dividend income - Sui Northern Gas Pipelines Limited	4,180	-	4,180	-
Income from net investment in finance lease - SNGPL	67,134	59,342	33,567	25,120
Income from net investment in finance lease - OGDCL	1,834	6,698	917	5,542
	73,148	66,040	38,664	30,662
	4,791,446	4,357,293	2,552,929	2,562,491

	Six months period ended		Three months period ended	
	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
	(Un-audited) (Rupees in '000)			
		(Restated)		(Restated)
20. Finance cost				
Mark-up on:				
Musharaka arrangements	478,612	577,703	233,833	254,672
Local currency financing	457,750	810,166	203,196	404,557
Short term financing	217,367	69,371	145,860	12,874
Consumers' deposits	60,934	37,548	32,071	13,694
Interest on delayed payment to gas suppliers	1,368,181	1,254,222	860,314	482,619
Others	24,489	2,820	10,110	528
	2,607,333	2,751,830	1,485,384	1,168,944
Finance cost charged to projects	(196,938)	(129,857)	(142,239)	(56,528)
	2,410,395	2,621,973	1,343,145	1,112,416
21. Taxation				
Current	1,270,526	255,408	670,803	124,472
Deferred	(131,489)	-	(131,489)	-
	1,139,037	255,408	539,314	124,472

21.1 During last period, the Company has paid minimum tax under section 113 of the Income Tax Ordinance, 2001.

22. Transactions with related parties

The related parties comprise of subsidiary companies, associated companies, joint venture companies, state controlled entities, staff retirement benefit plans and key management personnel (including their associates). Purchase and sale of gas from / to related parties are determined at rates finalised and notified by Ministry of Petroleum & Natural Resources and Oil and Gas Regulatory Authority and the prices and other conditions are not influenced by the Company (comparable uncontrolled price method).

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

	Relationship	Note	Six months period ended		Three months period ended		
			December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009	
			(Un-audited) (Rupees in '000)				
Sui Northern Gas Pipelines Limited	Associate						
- Lease rental			32,636	32,713	16,318	14,618	
- Pipeline rental income			67,134	72,738	33,567	38,516	
- Recovery of lease service cost			97,594	83,370	48,797	42,230	
- Contingent rent in respect of finance lease			4,494	19,460	1,055	15,540	
- Sale of gas meters	22.1		661,238	652,794	368,658	395,089	
- Gas purchases			219,080	135,824	116,650	74,399	
- Cost of gas levelisation			13,019,618	7,577,429	7,728,405	3,269,950	
- Dividend income			4,180	-	4,180	-	
Oil and Gas Development Company Limited	Associate						
- Lease rental			4,318	(2,792)	2,159	(4,735)	
- Pipeline rental income			1,834	(6,698)	917	(7,854)	
- Recovery of lease service cost			11,248	(1,286)	5,624	(7,228)	
- Gas purchases			16,692,700	9,057,126	9,738,289	4,258,756	
Mari Gas Company Limited	Associate						
- Gas purchases			2,153	4,689	-	2,653	
State Life Insurance Corporation Limited	Associate						
- Rent of premises			364	1,302	148	1,171	
Liaquat National Hospital	Associate						
- Medical services			18,993	10,775	6,787	5,985	
- Gas sales			29,390	22,698	13,045	10,009	
Inter State Gas System (Private) Limited	Associate						
- Reimbursement of expenses on the basis of joint venture agreement			18,885	17,363	10,397	9,139	
Petroleum Institute of Pakistan	Associate						
- Subscription			800	503	359	260	
Siemens Pakistan Engineering Limited	Associate						
- Supplies and maintenance			73	-	-	-	
- Gas sales			1,417	2,606	-	1,409	

	Relationship	Note	Six months period ended		Three months period ended	
			December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
			(Un-audited) (Rupees in '000)			
U.G Foods Company (Private) Limited	Associate					
- Gas sales			5,423	2,538	2,750	1,112
Artistic Denim Mills Limited	Associate					
- Gas sales			58,193	95,385	-	47,236
Dawood Islamic Bank Limited	Associate					
- Profit on investments			-	31,669	-	9,238
- Mark up on Sukuk bonds			-	37,305	-	18,537
Minto and Mirza	Associate					
- Professional charges			7,400	2,500	4,000	2,500
Quality Aviation (Pvt.) Limited	Associate					
- Travelling services			10,287	-	6,068	-
Packages Limited	Associate					
- Gas sales			4,080	3,026	2,108	1,475
Askari Bank Limited	Associate					
- Interest income			188	-	188	-
Pak Suzuki Motor Company Limited	Associate					
- Motor vehicles purchases			28,181	-	28,181	-
- Gas sales			8,810	-	8,810	-
Pakistan State Oil Company Limited	Associate					
- Gas sales			16,021	-	16,021	-
Fauji Fertilizer Company Limited	Associate					
- Gas sales			5	-	5	-
International Industries Limited	Associate					
- Pipeline purchases			1,047,455	-	90,680	-
- Gas sales			367,385	-	181,977	-
Staff retirement benefit plans						
- Contribution to provident fund		22.2	82,413	52,711	42,823	26,721
- Contribution to pension fund		22.2	-	(50,689)	-	(25,335)
- Contribution to gratuity fund		22.2	146,440	(58,702)	77,060	(87,986)
Remuneration to key management personnel (executive staff)		22.3	49,603	37,013	23,932	20,577

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

22.4 Amount (due to) / receivable from related parties

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

		December 31, 2010 (Un-audited)	June 30, 2010 (Audited)
	Relationship	(Rupees in '000)	
Sui Northern Gas Pipelines Limited	Associate		
- Lease rental		<u>66,843</u>	<u>67,745</u>
- Sale of gas meters		<u>126,884</u>	<u>30,970</u>
- Cost of gas levelisation		<u>8,615,485</u>	<u>4,130,197</u>
- Dividend receivable		<u>3,672</u>	<u>-</u>
Oil and Gas Development Company Limited	Associate		
- Gas purchases		<u>(27,097,392)</u>	<u>16,415,395</u>
Inter State Gas System (Private) Limited	Associate		
- Reimbursement of expenses on the basis of joint venture agreement		<u>(3,068)</u>	<u>(2,864)</u>
Mari Gas Company Limited	Associate		
- Gas purchases		<u>(137,751)</u>	<u>(72,829)</u>
Liaquat National Hospital	Associate		
- Gas sales		<u>3,341</u>	<u>83</u>
Siemens Pakistan Engineering Limited	Associate		
- Gas sales		<u>455</u>	<u>561</u>
U.G Foods Company (Private) Limited	Associate		
- Gas sales		<u>911</u>	<u>797</u>
Artistic Denim Mills Limited	Associate		
- Gas sales		<u>21,013</u>	<u>22,048</u>
Packages Limited	Associate		
- Gas sales		<u>697</u>	<u>577</u>
Pak Suzuki Motor Company Limited	Associate		
- Gas sales		<u>3,549</u>	<u>-</u>
International Industries Limited	Associate		
- Pipeline purchases		<u>64,766</u>	<u>-</u>

23. Operating segments

Segment revenue and results

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

	Segment Revenue		Segment Profit / (Loss)	
	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
				(Un-audited)
				(Rupees in '000)
Gas transmission and distribution	56,951,811	53,021,903	80,064	(2,588,048)
Meter manufacturing	1,143,539	968,327	113,044	102,660
Total segments results	58,095,350	53,990,230	193,108	(2,485,388)

Reconciliation of segment's (loss) with the profit before tax of the Company

- Finance cost		(2,410,395)	(2,621,973)
- Selling expenses		(502,336)	(368,849)
- Other operating expenses		(716,426)	(272,709)
Unallocated - other income			
- Operating income		2,009,802	3,514,450
- Non-operating income		4,678,402	2,709,356
Profit before tax		3,252,155	474,887

Segment assets and liabilities

During the period, there were following significant increase in the assets and liabilities of transmission and distribution segment:

Assets	Increase
Property, plant and equipment	13,703,400
Trade debts	3,594,610
Other receivable	5,299,154

Liabilities	Increase
Trade and other payables	13,691,275

As the Company operates in one geographical area, there is no reportable geographical segment.

24. Prior periods errors

In the current period, the Company has rectified prior period error related to the presentation of 'Transmission and distribution costs', which previously were presented as 'Transmission, distribution and selling costs' below the gross profit instead of presenting the same as part of 'Cost of sales'. Due to this the comparative figures in this financial information have been restated in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', details of which are as follows:

From	To	Amount (Rupees in '000)
For six months period ended December 31, 2009		
Transmission, distribution and selling costs	Cost of sales - Transmission and distribution costs	3,187,354
Transmission, distribution and selling costs	Administrative and selling expenses	336,484
For three months period ended December 31, 2009		
Transmission, distribution and selling costs	Cost of sales - Transmission and distribution costs	1,691,446
Transmission, distribution and selling costs	Administrative and selling expenses	243,846

25. Corresponding figures

Corresponding figures of following line items in profit and loss account and balance sheet have been reclassified to reflect more appropriate presentation of events and transactions for the purpose of comparison.

From	To	Amount (Rupees in '000)
For six months period ended December 31, 2009		
Other operating income	Other non-operating income	1,647,937
For three months period ended December 31, 2009		
Other operating income	Other non-operating income	959,022

26. General

26.1 This unconsolidated condensed interim financial information was authorised for issue on February 25, 2011 by the Board of Directors of the Company.

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



Salim Abbas Jilani
Chairman



Dr. Faizullah Abbasi
Managing Director

Karachi
February 25, 2011


CONSOLIDATED CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

As at December 31, 2010

	Note	December 31, 2010 (Un-audited)	June 30, 2010 (Audited)
(Rupees in '000)			
Non-current assets			
Property, plant and equipment	7	45,259,004	41,665,603
Intangible assets		4,949	4,510
Long term investments	8	101,687	92,017
Share of investment in jointly controlled entity	9	5,100	5,100
Net investment in finance lease		972,955	1,040,539
Long term loans and advances		135,966	113,816
Long term deposits		3,250	3,250
Total non-current assets		46,482,911	42,924,835
Current assets			
Stores, spares and loose tools		2,289,382	2,037,359
Stock-in-trade		479,898	455,415
Current maturity of net investment in finance lease		118,795	118,795
Customers' installation work-in-progress		182,358	158,388
Trade debts	10	49,211,180	43,815,667
Loans and advances		294,501	92,958
Trade deposits and short term prepayments		217,895	182,944
Interest accrued		3,056,099	2,834,297
Other receivables	11	25,007,792	17,427,911
Taxation-net		-	90,170
Cash and bank balances		1,057,571	620,956
Total current assets		81,915,471	67,834,860
Current liabilities			
Current portion of long term financing		4,675,657	5,034,670
Short term borrowings	12	4,987,544	3,720,666
Trade and other payables	13	64,749,884	51,046,484
Interest and mark-up accrued		8,344,382	6,829,477
Taxation - net		988,528	-
Total current liabilities		83,745,995	66,631,297
Net current (liabilities) / assets		(1,830,524)	1,203,563
Total assets less current liabilities		44,652,387	44,128,398
Equity and non-current liabilities			
Share capital and reserves			
Authorised share capital		10,000,000	10,000,000
1,000,000,000 ordinary shares of Rs. 10 each		10,000,000	10,000,000
Issued, subscribed and paid-up capital		8,389,679	6,711,743
Reserves		3,107,401	3,107,401
Surplus on re-measurement of available for sale securities		93,159	83,489
Unappropriated profit		3,598,208	4,169,785
Total equity		15,188,447	14,072,418
Non-current liabilities			
Long term financing	14	10,862,623	11,644,780
Long term deposits		3,677,259	3,413,042
Deferred tax		6,886,794	7,018,283
Employee benefits		1,672,342	1,530,262
Deferred credit	15	5,098,480	4,989,386
Long term advances		1,266,442	1,460,227
Total non-current liabilities		29,463,940	30,055,980
Contingencies and commitments	16		
Total equity and non-current liabilities		44,652,387	44,128,398

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


Salim Abbas Jilani
Chairman


Dr. Faizullah Abbasi
Managing Director

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

For the six months period ended December 31, 2010

	Note	Six months period ended		Three months period ended	
		December 31, 2010	December 31, 2009 (Restated)	December 31, 2010	December 31, 2009 (Restated)
(Rupees in '000)					
Sales		65,219,316	60,368,165	31,185,146	28,896,591
Sales tax		(8,267,505)	(7,346,262)	(3,860,129)	(3,483,088)
		56,951,811	53,021,903	27,325,017	25,413,503
Gas development surcharge		1,413,826	(8,955,733)	2,516,948	(4,725,490)
Net sales		58,365,637	44,066,170	29,841,965	20,688,013
Cost of sales	17	(57,273,033)	(45,765,723)	(28,932,002)	(21,879,599)
Gross profit / (loss)		1,092,604	(1,699,553)	909,963	(1,191,586)
Administrative and selling expenses		(1,514,876)	(1,257,344)	(897,041)	(739,648)
Other operating expenses	18	(716,426)	(272,709)	(606,185)	(151,521)
		(2,231,302)	(1,530,053)	(1,503,226)	(891,169)
		(1,138,698)	(3,229,606)	(593,263)	(2,082,755)
Other operating income	19	2,009,802	1,969,173	922,140	911,318
Operating profit / (loss) before finance cost		871,104	(1,260,433)	328,877	(1,171,437)
Other non-operating income	20	4,791,448	4,357,293	2,552,929	2,562,491
Finance cost	21	(2,410,395)	(2,621,973)	(1,343,145)	(1,112,416)
Profit before taxation		3,252,157	474,887	1,538,661	278,638
Taxation	22	(1,139,037)	(255,408)	(539,314)	(124,472)
Profit for the period		2,113,120	219,479	999,347	154,166
(Rupees)					
Basic / diluted earning per share		2.52	0.26	1.19	0.18

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


Salim Abbas Jilani
Chairman


Dr. Faizullah Abbasi
Managing Director

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

For the six months period ended December 31, 2010

	Issued, subscribed and paid-up capital	Capital reserves	Revenue reserves	Surplus / (deficit) on remeasurement of available for sale securities	Unappropriated profit	Total
	(Rupees in '000)					
Balance as at July 01, 2009	6,711,743	234,868	2,384,794	93,813	258,306	9,683,524
Other comprehensive income						
Net profit for the period	-	-	-	-	219,479	219,479
Unrealized loss on re-measurement of available for sale investment - net of tax	-	-	-	(1,956)	-	(1,956)
Total comprehensive income	-	-	-	(1,956)	219,479	217,523
Balance as at December 31, 2009	6,711,743	234,868	2,384,794	91,857	477,785	9,901,047
Balance as at July 01, 2010	6,711,743	234,868	2,872,533	83,489	4,169,785	14,072,418
Other comprehensive income						
Net profit for the period	-	-	-	-	2,113,120	2,113,120
Unrealized gain on re-measurement of available for sale investment - net of tax	-	-	-	9,670	-	9,670
Total comprehensive income	-	-	-	9,670	2,113,120	2,122,790
Transaction with owners						
Bonus shares (1 share for every 4 shares)	1,677,936	-	-	-	(1,677,936)	-
Final dividend for the year ended June 30, 2010 at Rs. 1.50 per share	-	-	-	-	(1,006,761)	(1,006,761)
Balance as at December 31, 2010	8,389,679	234,868	2,872,533	93,159	3,598,208	15,188,447

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



Salim Abbas Jilani
Chairman



Dr. Faizullah Abbasi
Managing Director

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

For the six months period ended December 31, 2010

	Six months period ended		Three months period ended	
	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
	(Rupees in '000)			
Net profit for the period	2,113,120	219,479	999,347	154,166
Other comprehensive income				
Unrealised gain / (loss) on re-measurement of available for sale securities - net of tax	9,670	(1,956)	10,681	(5,610)
Total comprehensive income for the period	2,122,790	217,523	1,010,028	148,556

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



Salim Abbas Jilani
Chairman



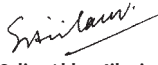
Dr. Faizullah Abbasi
Managing Director

CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

For the six months period ended December 31, 2010

	December 31, 2010	December 31, 2009
(Rupees in '000)		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	3,252,157	474,887
Adjustments for non-cash items:		
Depreciation	1,489,146	1,358,285
Amortization of intangibles	13,240	21,244
Finance cost	2,410,395	2,621,973
Amortization of transaction cost	2,224	2,452
Provision against impaired debts	737,175	293,848
Provision against slow moving / obsolete stores	9,878	-
Provision for compensated absences	62,097	-
Provision for post retirement medical and free gas supply facilities	106,908	111,055
Recognition of income against deferred credit	(179,887)	(169,429)
Dividend income	(4,299)	-
Interest / profit on bank deposits and late payment of gas bills	(2,395,377)	(2,142,387)
Income from net investment in finance lease	(96,537)	(92,891)
(Gain) / loss on disposal of fixed assets	1,406	(16,714)
	2,156,369	1,987,436
	5,408,526	2,462,323
(Increase) / decrease in operating assets:		
Stores and spares	(262,247)	(69,178)
Stock-in-trade	(24,344)	34,127
Customers' installation work-in-progress	(23,970)	(41,565)
Trade debts	(5,632,688)	(3,612,049)
Loans and advances	(22,150)	(108,807)
Trade deposits and short term prepayments	(34,951)	(38,875)
Other receivables	(7,579,881)	6,831,239
Long term loans and advances to staff - net	(201,543)	(17,936)
	(13,781,774)	2,976,956
Increase / (decrease) in operating liabilities:		
Trade and other payables	13,568,939	(969,994)
Service charges received from new customers	-	137,631
Long term deposits	264,217	152,598
Long term advances received from GoP	95,196	-
	13,928,352	(679,765)
Cash generated from operations	5,555,104	4,759,514
Financial charges paid	(1,092,428)	(1,592,005)
Income tax paid - net	(191,398)	(229,580)
Net cash from operating activities	4,271,278	2,937,929
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure	(4,906,267)	(2,023,930)
Proceeds from sale of property, plant and equipment	5,780	39,188
Lease rental from investment in finance lease	164,121	152,644
Dividend received-net	3,869	-
Profit / interest received	1,673,575	1,165,816
Net cash used in investing activities	(3,058,922)	(666,282)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from local currency loans	5,540,340	72,281
Repayments of local currency loans	(6,674,333)	(5,362,664)
Transaction cost paid	(9,401)	-
Dividend paid	(899,225)	(177)
Net cash used in financing activities	(2,042,619)	(5,290,560)
Net decrease in cash and cash equivalents	(830,263)	(3,018,913)
Cash and cash equivalents at beginning of the period	(3,099,710)	1,477,155
Cash and cash equivalents at end of the period	(3,929,973)	(1,541,758)
Cash and cash equivalents comprises:		
Cash and bank balances	1,057,571	535,222
Short term borrowings	(4,987,544)	(2,076,980)
	(3,929,973)	(1,541,758)

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


Salim Abbas Jilani
Chairman


Dr. Faizullah Abbasi
Managing Director

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

For the six months period ended December 31, 2010

1. The Group and its operations

1.1 The "Group" consists of:

Holding Company			
- Sui Southern Gas Company Limited			
		Percentage Holding	
		2010	2009
		%	%
Subsidiary Company			
- Sui Southern Gas Provident Fund Trust Company (Private) Limited	100.00		100.00

The Group is principally engaged in transmission and distribution of natural gas in Sindh and Balochistan. Brief profiles of the Holding Company, Subsidiary Company and Jointly Controlled Company is as follows:

Sui Southern Gas Company Limited

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

Sui Southern Gas Provident Fund Trust Company (Private) Limited

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

Inter State Gas Systems (Private) Limited

Inter State Gas Systems (Private) Limited ("The Jointly Controlled Entity") is incorporated in Pakistan as a private limited company and is joint venture between Sui Southern Gas Company Limited (SSGCL) and Sui Northern Gas Pipelines Limited (SNGPL). Inter State Gas Systems (Private) Limited has been established to explore and make arrangement for import of natural gas from neighbouring countries. The controlling interest of the Holding Company in Inter State Gas Systems (Private) Limited is 51%.

1.2 Basis of consolidation

- The consolidated financial statements include the financial statements of the Holding Company and its Subsidiary Company together "the Group".
- The financial statements of the Subsidiary Company are prepared for the same reporting period as the Holding Company for the purpose of consolidation, using consistent accounting policies.
- The assets, liabilities, income and expenses of Subsidiary Company have been consolidated on a line by line basis.
- Minority interest represents the portion of the net results of operations and of net assets of subsidiary companies attributable to interests which are not owned by the Holding Company.
- Material intra-group balances and transactions have been eliminated.

2. Basis of preparation

- 2.1** The consolidated condensed interim financial information has been prepared in accordance with the requirements of International Accounting Standard 34, "Interim Financial Reporting" as applicable in Pakistan and the requirements of the Companies Ordinance, 1984 and directives issued by the Securities and Exchange Commission of Pakistan (SECP). This consolidated condensed interim financial information does not include all of the information required for the full annual financial statements and should be read in conjunction with the consolidated financial statements of the Holding Company for the year ended June 30, 2010.
- 2.2** This consolidated condensed interim financial information is un-audited but subject to limited scope review by the auditors and are being submitted to shareholders in accordance with Section 245 of the Companies Ordinance, 1984.
- 2.3** The comparative balance sheet presented in the interim condensed financial information has been extracted from the audited financial statements of the Holding Company for the year ended June 30, 2010, whereas the comparative condensed profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity are stated from the un-audited condensed interim financial information for the six months period ended December 31, 2009.

2.4 Determination of revenue requirements

The Oil and Gas Regulatory Authority (OGRA) in its decision dated December 02, 2010 treated Royalty income from Jamshoro Joint Venture Limited, Late Payment Surcharge, Profit from Meter Manufacturing and Sale of Gas Condensate as operating income which were previously allowed as non-operating income by OGRA in its decision dated September 24, 2010. OGRA also in its recent decision reduced benchmark of allowable Unaccounted for Gas (UFG) from 7% to 4.25% - 5%. The Company filed an appeal in the honorable High Court of Sindh (the Court) against the above decision of OGRA. The Court has provided interim relief and allowed the Holding Company to follow the decision of OGRA dated September 24, 2010 till OGRA provides UFG impact assessment study to the Court. Accordingly, the profit for the period ended December 31, 2010 has been calculated on the basis of parameters determined by OGRA in their decision in respect of final revenue requirement for the financial year 2009-10 dated September 24, 2010.

Based on the interim relief provided by the Court, management is confident that the final decision will be in favor of the Holding Company, and accordingly, the consolidated financial information has been prepared based on the revenue requirements determined by OGRA through its decision dated September 24, 2010 and in accordance with the interim relief allowed by the High Court of Sindh.

3. Significant accounting policies

The significant accounting policies and methods of computation applied for the preparation of this consolidated condensed interim financial information are the same as those applied in preparation of the annual consolidated audited financial statements of the Company for the year ended June 30, 2010.

4. Accounting estimates and judgments

The preparation of consolidated 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 this consolidated 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 includes the matter as disclosed in note 2.4 were the same as those that applied to the financial statements as at and for the year ended June 30, 2010.

5. Financial risk management

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2010.

6. Benazir Employees' Stock Option Scheme (BESOS)

On 14th August 2009, the Government of Pakistan (GoP) has launched a scheme for the employees of state owned entities including the Company. Under the scheme a Trust has been formed and 12% of the shares held by the Ministry of Petroleum & Natural Resources will be transferred to the Trust.

Since the scheme has significant impact on a large number of SOEs, the Securities and Exchange Commission of Pakistan (SECP) was approached by some such entities for exemption from International Financial Reporting Standard Share Based Payment (IFRS-2), if applicable, we understand that SECP has already received a recommendation from Institute of Chartered Accountants of Pakistan (ICAP) and it is expected that appropriate exemption from IFRS-2 if required will be issued. Accordingly, the above mentioned scheme has not been accounted for under the requirements of IFRS-2 in the draft consolidated condensed interim financial information of the Company for six month period ended December 31, 2010. Management asserts that if the Company is required to take charge of the aforesaid scheme in the financial information, the same will be claimed from OGRA in determining 17% annual return, and therefore, there will be no impact on the Company's results.

7. Property, plant and equipment

	December 31, 2010 (Un-audited)	June 30, 2010 (Audited)
Operating assets	39,046,842	36,915,188
Capital work-in-progress	6,212,162	4,750,415
	45,259,004	41,665,603

(Rupees in '000)

Details of additions and disposals of property, plant and equipment during the six months period ended December 31, 2010 are as follows:

	December 31, 2010 (Un-audited)		December 31, 2009	
	(Rupees in '000)			
	Cost of additions/ transfers	Written down value of (disposals/ transfer)	Cost of additions/ transfers	Written down value of (disposals/ transfer)
Operating assets - owned				
Gas transmission and distribution system	3,189,498	-	1,851,300	(18,241)
Building on leasehold land	273,918	-	68,528	-
Plant, machinery and other equipment	223,127	-	68,912	-
Motor vehicles	31,940	(7,186)	3,171	(4,233)
	3,718,483	(7,186)	1,991,911	(22,474)
	Capital expenditure incurred	Transfer to operating assets	Capital expenditure incurred	Transfer to operating assets

Capital work-in-progress:

Gas transmission and distribution system	4,855,381	(3,189,498)	2,128,760	(1,851,300)
Cost of building under construction	172,869	(273,918)	19,634	(68,528)
Plant, machinery and other equipment	120,040	(223,127)	80,712	(68,912)
Others	31,940	(31,940)	3,171	(3,171)
	5,180,230	(3,718,483)	2,232,277	(1,991,911)

	Note	December 31, 2010 (Un-audited)	June 30, 2010 (Audited)
(Rupees in '000)			
8. Long term investments			
Investment in shares of related parties		55,892	58,086
Other investments		45,795	33,931
		<u>101,687</u>	<u>92,017</u>
9 Share of investment in jointly controlled entity			
Inter State Gas System (Private) Limited 510,000 ordinary shares of Rs. 10 each	9.1	<u>5,100</u>	<u>5,100</u>

9.1 This represents a 51% (June 30, 2010: 51%) interest of SSGCL share in Inter State Gas Systems (Private) Limited (the jointly controlled entity).

10. Trade debts

Considered good - secured		12,193,170	12,003,014
Considered good - unsecured		37,018,010	31,812,653
	10.1 & 10.2	<u>49,211,180</u>	43,815,667
Considered doubtful		2,533,505	2,296,330
		<u>51,744,685</u>	46,111,997
Provision against impaired debts		(2,533,505)	(2,296,330)
		<u>49,211,180</u>	<u>43,815,667</u>

10.1 Trade debts include Rs. 24,626 million (June 30, 2010: Rs. 21,280 million) unsecured receivables from Karachi Electric Supply Company Limited (KESC). Out of this, Rs. 23,391 million are over due. As per the latest financial statements of KESC for the quarter ended September 30, 2010, its accumulated losses have reached to Rs. 82 billion, and its current liabilities exceeded current assets by Rs. 37 billion. Despite such adverse financial position of KESC, management considers that the entire amount will be recovered, as KESC is engaged in providing essential service of providing electric power to the entire region of Karachi and significant investment is being made by its current management to improve its viability, its cash-flows are likely to improve in the near term. Further, management is proactively engaged in negotiating a gas sales agreement, which will include recovery of the above amount as well. However, since November 2010, KESC has been paying amount equivalent to its monthly bills on the due dates.

10.2 Aggregate trade debts due from Karachi Electric Supply Company Limited (KESC), Jamshoro Power Company Limited (JPCL) and Sui Northern Gas Pipelines Limited (SNGPL) amounted to Rs. 39,816 million as at December 31, 2010 (June 30, 2010: Rs. 33,667 million). These include overdue amounts of Rs. 33,642 million (June 30, 2010: Rs. 26,474 million). Receivable from SNGPL against uniform cost of gas and lease rental is classified under other receivables and amounts to Rs. 8,682 million (June 30, 2010: Rs. 4,198 million) (refer note no. 11.1), which includes overdue uniform cost of gas invoices of Rs. 4,439 million (June 30, 2010: Rs. 2,297 million). Interest accrued amounting to Rs. 3,054 million (June 30, 2010: Rs. 2,245 million), in respect of overdue balances of KESC, JPCL and SNGPL, is classified in accrued interest.

As at December 31, 2010, an amount of Rs. 43,838 million (included in creditors for gas in note 12) is payable to OGDCL, Pakistan Petroleum Limited and Government Holding (Private) Limited in respect of gas purchases along with interest of Rs. 7,995 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.

	December 31, 2010 (Un-audited)	June 30, 2010 (Audited)
	(Rupees in '000)	
11. Other receivables - considered good	Note	
Gas development surcharge receivable from GoP	6,849,971	5,290,758
Receivable from Sui Northern Gas Pipelines Limited (SNGPL) - a related party	11.1 8,682,773	4,198,192
Receivable from Jamshoro Joint Venture Limited (JJVL)	1,108,929	1,009,090
Sales tax receivable	11.2 8,102,140	6,558,456
Receivable from staff pension fund - non executives	82,733	82,733
Receivable from staff gratuity fund - executives	1,101	10,247
Balance receivable for sale of gas condensate	33,511	46,869
Pipeline rentals receivables	21,351	13,236
Claims receivable	1,728	1,462
Miscellaneous receivables	11.3 125,040	218,353
	25,009,277	17,429,396
Provision against impaired receivables	(1,485)	(1,485)
	<u>25,007,792</u>	<u>17,427,911</u>

11.1 This includes lease rental receivable and recoverable against lease service cost and contingent rent amounting to Rs. 66.843 million (June 30, 2010: Rs. 67.745 million) and Rs. 8,615.485 million (June 30, 2010: Rs. 4,130.197 million) under the uniform cost of gas agreement with Sui Northern Gas Pipelines Limited (SNGPL).

11.2 The Company has received Rs. 2,129.94 million subsequent to the period end.

11.3 This includes Rs. 112.847 million (June 30, 2010: Rs. 150.460 million) recoverable from GoP under deferred tariff adjustment.

12. This represents facilities for running finance available from various banks amounting to Rs. 14,875 million (June 30, 2010: Rs. 12,000 million). These are subject to mark-up ranging from 0.2% to 0.5% (June 30, 2010: 0.2% to 1.15%) 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.

	Note	December 31, 2010 (Un-audited)	June 30, 2010 (Audited)
(Rupees in '000)			
13. Trade and other payables			
Creditors for:			
- gas		58,920,762	44,560,429
- supplies		472,672	316,332
		59,393,434	44,876,761
Amount received from customers for laying of pipelines		2,209,516	1,831,427
Accrued liabilities		2,036,422	3,235,422
Provision for compensated absences - non executives		164,571	137,646
Payable to gratuity fund - non executives		3,416	-
Payable to provident fund - non executives		15	30
Deposits / retention money		230,373	203,042
Bills payable		130,789	121,908
Advance for sharing right of way		18,088	18,088
Unclaimed dividend		147,471	39,935
Unclaimed term finance certificate redemption profit		1,800	1,800
Worker's profit participation fund		171,851	369,184
Withholding tax payable		94,684	54,496
Inter State Gas System (Private) Limited (ISGSL)		3,068	2,864
Others		144,386	153,881
		64,749,884	51,046,484
14. Long term financing			
Secured			
- Loans from banking companies and financial institutions			
Local currency loans	14.1	4,066,667	5,400,000
- Other loans			
Musharaka arrangements	14.2	4,772,412	4,202,921
		8,839,079	9,602,921
Unsecured			
Consumer financing	14.3	172,615	190,930
Government of Sindh loans	14.4	1,850,929	1,850,929
		2,023,544	2,041,859
		10,862,623	11,644,780

					December 31, 2010 (Un-audited)	June 30, 2010 (Audited)
				Note	(Rupees in '000)	
14.1 Local currency loans						
	Installment payable	Repayment period	Mark-up rate			
Samba Bank Limited - term loan	Quarterly	2010-2012	0.2% above 3 months average KIBOR	14.1.1	800,000	1,000,000
MCB - term loan	Quarterly	2010	0.2% above 3 months average KIBOR	14.1.1	-	1,000,000
Faysal Bank Limited - term Loan	Quarterly	2011-2013	2% above 3 months average KIBOR (reduced to 1% spread Dec 31, 2010 onwards)	14.1.1	800,000	1,500,000
Standard Chartered Bank - term loan	Quarterly	2012-2015	1% above 3 months average KIBOR	14.1.2	2,000,000	-
Askari Bank Limited	Quarterly	2013-2015	1% above 3 months average KIBOR	14.1.2	1,000,000	-
					4,600,000	3,500,000
Syndicated term loans						
Standard Chartered Bank (as "Syndicate's Agent")	Quarterly	2011-2012	1.95% above 3 months average KIBOR		-	2,500,000
JS Bank Limited (as "Syndicate's Agent" Mark up on Sukuk)	Quarterly	2011-2012	1.95% above 3 months average KIBOR		-	800,000
					-	3,300,000
					4,600,000	6,800,000
Less: Current portion shown under current liabilities						
MCB - term loan					-	(1,000,000)
Samba Bank Limited - term loan					(400,000)	-
Faysal Bank Limited - term loan					(133,333)	(400,000)
					(533,333)	(1,400,000)
					4,066,667	5,400,000

14.1.1 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.

14.1.2 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.

						December 31, 2010 (Un-audited)	June 30, 2010 (Audited)
						Note	(Rupees in '000)
	Installment payable	Repayment period	Mark-up rate				
Islamic Sukuk bonds under musharaka agreements:							
Dubai Islamic Bank (the "Investor's Agent")	Quarterly	2009 - 2012	0.40% above 3 months average KIBOR	14.2.1	375,000	525,000	
Meezan Bank Limited (the "Investor's Agent")	Quarterly	2009 - 2012	0.80% above 3 months average KIBOR	14.2.1	1,000,004	1,333,336	
Bank Islami Pakistan Limited (the "Trustee")	Quarterly	2010 - 2012	0.20% above 3 months average KIBOR	14.2.1	3,760,000	4,700,000	
Islamic Finance under diminishing musharaka:							
Meezan Bank Limited	On maturity	2009 & 2011	0.45% above 3 months average KIBOR	14.2.2	500,000	500,000	
Bank Islami Pakistan Limited	On maturity	2010	0.20% above 3 months average KIBOR	14.2.3	600,000	600,000	
Meezan Bank Limited (the "Investor's Agent")	Quarterly	2013 - 2015	1% above 3 months average KIBOR	14.2.3	2,500,000	-	
						8,735,004	7,658,336
Unamortised transaction cost						(15,928)	(8,751)
						8,719,076	7,649,585
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)	(666,664)
Meezan Bank Limited						(500,000)	-
Bank Islami Pakistan Limited (the "Trustee")						(1,880,000)	(1,880,000)
Bank Islami Pakistan Limited						(600,000)	(600,000)
						(3,946,664)	(3,446,664)
						4,772,412	4,202,921

14.2.1 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.

14.2.2 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.

14.2.3 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.

	December 31, 2010 (Un-audited)	June 30, 2010 (Audited)
	(Rupees in '000)	
	Note	
14.3 Consumer financing		
Consumer financing	14.3.1	281,225
Less: Current portion shown under current liabilities		(90,295)
		<u>190,930</u>

14.3.1 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 consumers.

14.4 Government of Sindh loans

Government of Sindh loan - I	14.4.1	48,640	48,640
Government of Sindh loan - II	14.4.2	900,000	900,000
Government of Sindh loan - III	14.4.2	1,000,000	1,000,000
Government grant	14.4.3	(657,036)	(657,036)
		<u>1,242,964</u>	<u>1,242,964</u>
Government grant	14.4.3	657,036	657,036
		<u>1,948,640</u>	<u>1,948,640</u>
Less: Current portion shown under current liabilities		(97,711)	(97,711)
		<u>1,850,929</u>	<u>1,850,929</u>

14.4.1 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 June 30, 2007.

14.4.2 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 June 30, 2011. The loan has been stated at fair value.

14.4.3 This represents the benefit of lower interest rate on Government of Sindh loan II & III, and is calculated as difference between the proceeds received in respect of Government of Sindh Loan II & III amounting to Rs. 900 million and Rs. 1,000 million respectively and its initial fair value amounting to Rs. 582.076 million and Rs. 660.888 million respectively. These are calculated at KIBOR prevailing at year end. This benefit is treated as Government grant and would be amortised through other non-operating income over the estimated useful life of related assets when constructed.

	December 31, 2010 (Un-audited)	June 30, 2010 (Audited)
Note	(Rupees in '000)	
15. Deferred credit		
- Government contributions / grants		
Balance as at July 01	2,511,308	2,161,269
Addition during the period	291,488	478,473
	2,802,796	2,639,742
Transferred to profit and loss account	(74,271)	(128,434)
Balance as at December 31	<u>2,728,525</u>	<u>2,511,308</u>
- Contribution from customers		
Balance as at July 01	2,478,078	2,685,259
Addition / (reversal) during the period	(2,507)	(8,782)
	2,475,571	2,676,477
Transferred to profit and loss account	(105,616)	(198,399)
Balance as at December 31	<u>2,369,955</u>	<u>2,478,078</u>
	5,098,480	<u>4,989,386</u>

16. Contingencies and commitments

16.1 There has been no change in the status of other contingencies as disclosed note 17 of annual financial statements of the Company for the year ended June 30, 2010, except for the following:

16.2 Claim against the Company not acknowledged as debt	16.8	<u>298,260</u>	<u>396,083</u>
16.3 Commitments for capital and other expenditure		<u>1,911,005</u>	<u>2,558,094</u>
16.4 Guarantees issued on behalf of the Company		<u>1,787,823</u>	<u>1,790,483</u>

16.5 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, 2010: Rs. 75 million) and the Company's investment in shares having a face value of Rs. 0.5 million (June 30, 2010: Rs. 0.5 million). Loan outstanding at the year end was Rs. 8.992 million (June 30, 2010: Rs. 11.434 million).

- 16.6** The Additional Collector (Adjudication) Sales Tax and Federal Excise passed an order making the input tax adjustments inadmissible in respect of exempt supplies made to Agha Khan University. The resulting alleged liability is Rs. 16.278 million. In the same order the Additional Collector (Adjudication) held the Company responsible for not depositing the amount of sale tax withheld under SRO 660(1) / 2007 as withholding agent. The alleged liability is of Rs. 1,248.322 million along with default surcharge (to be calculated at the time of final payment). The Company has paid Rs. 1,312.6 million against demand of the authority till December 31, 2010. The Company has been defending the case in High Court of Sindh. No provision has been made in this financial information as the Company based on its tax advisor's opinion is confident that the decision of the Appeal will be in its favour.
- 16.7** Income Tax Authorities have passed an amended assessment order under Section 122(1) of the Income Tax Ordinance, 2001 in pursuance of the audit proceedings initiated by the tax department under Section 177 of the said Ordinance for the tax year 2005. This amended assessment has been passed by adding / disallowing certain expenses/deductions resulting in additional tax liability amounting to Rs. 103.745 million, which has been adjusted from the sales tax refund of the Company. The Company has filed appeal before Commissioner Income Tax (Appeals) against the above order. Subsequent to period ended December 31, 2010, a process has been started to transfer this case to the appellate tribunal (ITAT). Pending the resolution of above matter, no provision has been made by the Company in this financial information and management is confident that the outcome of the appeal will be in favour of the Company.
- 16.8** The management is confident that ultimately these claims would not be payable.

	Six months period ended		Three months period ended	
	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
			(Un-audited) (Rupees in '000)	
		(Restated)		(Restated)
17. Cost of sales				
Cost of gas	53,057,858	42,578,369	26,814,514	20,188,154
Transmission and distribution costs	4,215,175	3,187,354	2,117,488	1,691,445
	<u>57,273,033</u>	<u>45,765,723</u>	<u>28,932,002</u>	<u>21,879,599</u>
18. Other operating expenses				
Auditors' remuneration	1,275	906	962	446
Workers' profit participation fund	171,794	24,993	80,892	14,664
Sports expenses	7,293	8,277	3,478	3,664
Corporate social responsibility	24,641	367	10,359	352
Exchange loss on payment of gas purchases	-	238,166	-	132,395
Loss on sale of fixed assets	1,406	-	539	-
Provision against impaired financial income	500,000	-	500,000	-
Others	10,017	-	9,955	-
	<u>716,426</u>	<u>272,709</u>	<u>606,185</u>	<u>151,521</u>

	Six months period ended		Three months period ended	
	December 31, 2010	December 31, 2009 (Un-audited) (Rupees in '000) (Restated)	December 31, 2010	December 31, 2009 (Restated)
19. Other operating income				
- Income from other than financial assets				
Meter rentals	302,748	279,296	152,430	145,096
Recognition of income against deferred credit	179,887	169,429	126,616	96,914
Income from new service connections under IFRIC - 18	143,244	173,158	77,158	173,158
Gas shrinkage charged to JJVL	1,240,013	1,232,897	483,170	426,542
Income from gas transportation	20,918	25,709	9,310	12,453
Income from LPG air mix distribution Gwadar operations - net	23,639	17,711	18,261	14,325
Gain on sale of fixed assets	-	16,714	-	12,901
Recoveries from customers	18,815	14,826	10,441	7,893
Liquidated damages recovered	1,498	10,273	218	4,153
Advertising income	2,563	2,426	1,055	1,011
Exchange gain on payment of gas purchases	63,021	-	38,126	-
Miscellaneous	8,962	7,274	4,300	3,032
	2,005,308	1,949,713	921,085	897,478
- Income from investment in debts, loans, advances and receivable from related party				
Contingent rental income - SNGPL	4,494	19,460	1,055	13,840
	2,009,802	1,969,173	922,140	911,318
20. Other non-operating income				
- Income from financial assets:				
Late payment surcharge	702,585	474,078	376,909	277,461
Income from net investment in finance lease	27,569	26,851	13,774	13,486
- Return on:				
Term deposits and profit and loss bank accounts	34,552	78,075	17,147	37,446
Staff loans	527	810	250	405
- Interest income on late payments of gas bills and others	2,339,192	1,595,249	1,257,727	801,760
- Interest income on late settlement of dues	21,106	29,627	13,472	3,623
- Interest income on sales tax refund	-	438,626	-	438,626
- Dividend income	119	-	-	-
- Royalty income	1,323,804	1,296,659	721,130	757,555
- Sale of gas condensate	155,802	248,618	47,019	138,585
- Meter manufacturing profit - net	113,044	102,660	66,837	62,882
	4,718,300	4,291,253	2,514,265	2,531,829
- Income from investment in debts, loans, advances and receivables from related parties				
Dividend income - Sui Northern Gas Pipelines Limited	4,180	-	4,180	-
Income from net investment in finance lease - SNGPL	67,134	59,342	33,567	25,120
Income from net investment in finance lease - OGDCL	1,834	6,698	917	5,542
	73,148	66,040	38,664	30,662
	4,791,448	4,357,293	2,552,929	2,562,491

	Six months period ended		Three months period ended	
	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
	(Un-audited) (Rupees in '000)			
		(Restated)		(Restated)
21. Finance cost				
Mark-up on:				
Musharaka arrangements	478,612	577,703	233,833	254,672
Local currency financing	457,750	810,166	203,196	404,557
Short term financing	217,367	69,371	145,860	12,874
Consumers' deposits	60,934	37,548	32,071	13,694
Interest on delayed payment to gas suppliers	1,368,181	1,254,222	860,314	482,619
Others	24,489	2,820	10,110	528
	2,607,333	2,751,830	1,485,384	1,168,944
Finance cost charged to projects	(196,938)	(129,857)	(142,239)	(56,528)
	2,410,395	2,621,973	1,343,145	1,112,416
22. Taxation				
Current	1,270,526	255,408	670,803	124,472
Deferred	(131,489)	-	(131,489)	-
	1,139,037	255,408	539,314	124,472

22.1 During last period, the Company has paid minimum tax under section 113 of the Income Tax Ordinance, 2001.

23. Transactions with related parties

The related parties comprise of subsidiary companies, associated companies, joint venture companies, state controlled entities, staff retirement benefit plans and key management personnel (including their associates). Purchase and sale of gas from / to related parties are determined at rates finalised and notified by Ministry of Petroleum & Natural Resources and Oil and Gas Regulatory Authority and the prices and other conditions are not influenced by the Company (comparable uncontrolled price method).

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

	Relationship	Note	Six months period ended		Three months period ended	
			December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
			(Un-audited) (Rupees in '000)			
Sui Northern Gas Pipelines Limited	Associate					
- Lease rental			32,636	32,713	16,318	14,618
- Pipeline rental income			67,134	72,738	33,567	38,516
- Recovery of lease service cost			97,594	83,370	48,797	42,230
- Contingent rent in respect of finance lease			4,494	19,460	1,055	15,540
- Sale of gas meters	23.1		661,238	652,794	368,658	395,089
- Gas purchases			219,080	135,824	116,650	74,399
- Cost of gas levelisation			13,019,618	7,577,429	7,728,405	3,269,950
- Dividend income			4,180	-	4,180	-
Oil and Gas Development Company Limited	Associate					
- Lease rental			4,318	(2,792)	2,159	(4,735)
- Pipeline rental income			1,834	(6,698)	917	(7,854)
- Recovery of lease service cost			11,248	(1,286)	5,624	(7,228)
- Gas purchases			16,692,700	9,057,126	9,738,289	4,258,756
Mari Gas Company Limited	Associate					
- Gas purchases			2,153	4,689	-	2,653
State Life Insurance Corporation Limited	Associate					
- Rent of premises			364	1,302	148	1,171
Liaquat National Hospital	Associate					
- Medical services			18,993	10,775	6,787	5,985
- Gas sales			29,390	22,698	13,045	10,009
Inter State Gas System (Private) Limited	Associate					
- Reimbursement of expenses on the basis of joint venture agreement			18,885	17,363	10,397	9,139
Petroleum Institute of Pakistan	Associate					
- Subscription			800	503	359	260
Siemens Pakistan Engineering Limited	Associate					
- Supplies and maintenance			73	-	-	-
- Gas sales			1,417	2,606	-	1,409

	Relationship	Note	Six months period ended		Three months period ended	
			December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
			(Un-audited) (Rupees in '000)			
U.G Foods Company (Private) Limited	Associate					
- Gas sales			5,423	2,538	2,750	1,112
Artistic Denim Mills Limited	Associate					
- Gas sales			58,193	95,385	-	47,236
Dawood Islamic Bank Limited	Associate					
- Profit on investments			-	31,669	-	9,238
- Mark up on Sukuk bonds			-	37,305	-	18,537
Minto and Mirza	Associate					
- Professional charges			7,400	2,500	4,000	2,500
Quality Aviation (Pvt.) Limited	Associate					
- Travelling services			10,287	-	6,068	-
Packages Limited	Associate					
- Gas sales			4,080	3,026	2,108	1,475
Askari Bank Limited	Associate					
- Interest income			188	-	188	-
Pak Suzuki Motor Company Limited	Associate					
- Motor vehicles purchases			28,181	-	28,181	-
- Gas sales			8,810	-	8,810	-
Pakistan State Oil Company Limited	Associate					
- Gas sales			16,021	-	16,021	-
Fauji Fertilizer Company Limited	Associate					
- Gas sales			5	-	5	-
International Industries Limited	Associate					
- Pipeline purchases			1,047,455	-	90,680	-
- Gas sales			367,385	-	181,977	-
Staff retirement benefit plans						
- Contribution to provident fund		23.2	82,413	52,711	42,823	26,721
- Contribution to pension fund		23.2	-	(50,689)	-	(25,335)
- Contribution to gratuity fund		23.2	146,440	(58,702)	77,060	(87,986)
Remuneration to key management personnel (executive staff)		23.3	49,603	37,013	23,932	20,577

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

23.4 Amount (due to) / receivable from related parties

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

		December 31, 2010 (Un-audited)	June 30, 2010 (Audited)
	Relationship	(Rupees in '000)	
Sui Northern Gas Pipelines Limited	Associate		
- Lease rental		<u>66,843</u>	<u>67,745</u>
- Sale of gas meters		<u>126,884</u>	<u>30,970</u>
- Cost of gas levelisation		<u>8,615,485</u>	<u>4,130,197</u>
- Dividend receivable		<u>3,672</u>	<u>-</u>
Oil and Gas Development Company Limited	Associate		
- Gas purchases		<u>(27,097,392)</u>	<u>16,415,395</u>
Inter State Gas System (Private) Limited	Associate		
- Reimbursement of expenses on the basis of joint venture agreement		<u>(3,068)</u>	<u>(2,864)</u>
Mari Gas Company Limited	Associate		
- Gas purchases		<u>(137,751)</u>	<u>(72,829)</u>
Liaquat National Hospital	Associate		
- Gas sales		<u>3,341</u>	<u>83</u>
Siemens Pakistan Engineering Limited	Associate		
- Gas sales		<u>455</u>	<u>561</u>
U.G Foods Company (Private) Limited	Associate		
- Gas sales		<u>911</u>	<u>797</u>
Artistic Denim Mills Limited	Associate		
- Gas sales		<u>21,013</u>	<u>22,048</u>
Packages Limited	Associate		
- Gas sales		<u>697</u>	<u>577</u>
Pak Suzuki Motor Company Limited	Associate		
- Gas sales		<u>3,549</u>	<u>-</u>
International Industries Limited	Associate		
- Pipeline purchases		<u>64,766</u>	<u>-</u>

24. Operating segments

Segment revenue and results

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

	Segment Revenue		Segment Profit / (Loss)	
	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
				(Un-audited)
				(Rupees in '000)
Gas transmission and distribution	56,951,811	53,021,903	80,064	(2,588,048)
Meter manufacturing	1,143,539	968,327	113,044	102,660
Total segments results	58,095,350	53,990,230	193,108	(2,485,388)

Reconciliation of segment's (loss) with the profit before tax of the Company

- Finance cost		(2,410,395)	(2,621,973)
- Selling expenses		(502,336)	(368,849)
- Other operating expenses		(716,426)	(272,709)
Unallocated - other income			
- Operating income		2,009,802	3,514,450
- Non-operating income		4,678,404	2,709,356
Profit before tax		3,252,157	474,887

Segment assets and liabilities

During the period, there were following significant increase in the assets and liabilities of transmission and distribution segment:

Assets	Increase
Property, plant and equipment	13,703,400
Trade debts	3,594,610
Other receivable	5,299,154

Liabilities	Increase
Trade and other payables	13,691,275

As the Company operates in one geographical area, there is no reportable geographical segment.

25. Prior periods errors

In the current period, the Company has rectified prior period error related to the presentation of 'Transmission and distribution costs', which previously were presented as 'Transmission, distribution and selling costs' below the gross profit instead of presenting the same as part of 'Cost of sales'. Due to this the comparative figures in this financial information have been restated in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', details of which are as follows:

From	To	Amount (Rupees in '000)
For six months period ended December 31, 2009		
Transmission, distribution and selling costs	Cost of sales - Transmission and distribution costs	3,187,354
Transmission, distribution and selling costs	Administrative and selling expenses	336,484
For three months period ended December 31, 2009		
Transmission, distribution and selling costs	Cost of sales - Transmission and distribution costs	1,691,446
Transmission, distribution and selling costs	Administrative and selling expenses	243,846

26. Corresponding figures

Corresponding figures of following line items in profit and loss account and balance sheet have been reclassified to reflect more appropriate presentation of events and transactions for the purpose of comparison.

From	To	Amount (Rupees in '000)
For six months period ended December 31, 2009		
Other operating income	Other non-operating income	1,647,937
For three months period ended December 31, 2009		
Other operating income	Other non-operating income	959,022

27. General

27.1 This consolidated condensed interim financial information was authorised for issue on February 25, 2011 by the Board of Directors of the Company.

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



Salim Abbas Jilani
Chairman



Dr. Faizullah Abbasi
Managing Director

Karachi
February 25, 2011

KEY DATA

	SINDH AND BALOCHISTAN	
	SIX MONTHS PERIOD ENDED	
	DECEMBER 31, 2010	DECEMBER 31, 2009
- FRANCHISE AREA		
- NATURAL GAS SALES VOLUME (MMCF)	183,141	198,371
- NUMBER OF CUSTOMERS (CUMULATIVE)		
INDUSTRIAL	3,956	3,845
COMMERCIAL	24,269	23,889
DOMESTIC	2,258,947	2,180,149
	2,287,172	2,207,883
- GAS METERS MANUFACTURED (NOS.) (SSGC MEETS 100% REQUIREMENT OF DOMESTIC GAS METERS IN PAKISTAN)	348,650	326,250
- TRANSMISSION NETWORK - CUMULATIVE (KM)		
DIAMETER		
12"	344	344
16"	558	558
18"	933	914
20"	852	871
24"	624	624
30"	9	9
	3,320	3,320
- DISTRIBUTION NETWORK - CUMULATIVE (KM)		
MAINS (1" - 30" DIAMETER)	30,026	27,887
SERVICES	7,791	7,396
	37,817	35,283