

CORPORATE PROFILE

Board of Directors

Mr. Waqar A. Malik	Chairman
Mr. Zuhair Siddiqui	Managing Director
Mr. Aurangzeb Ali Naqvi	
Mr. Ayaz Dawood	
Mr. Air Vice Marsal Azhar Maud (Retd.)	
Mr. Babar Yaqoob Fateh Muhammad	
Dr. Shahab Alam	
Mr. Fazal-ur-Rehman Dittu	
Mr. Mirza Mahmood Ahmad	
Mr. Mohammad Arif Hameed	
Mr. Muhammad Zubair Habib	
Mr. Nessar Ahmed	
Mr. Shahid Aziz Siddiqui	
Mr. Wazir Ali Khoja	

Board of Directors' Committees

Audit Committee

Mr. Nessar Ahmed	Chairman
Mr. Aurangzeb Ali Naqvi	Member
Mr. Ayaz Dawood	Member
Mr. Air Vice Marsal Azhar Maud (Retd.)	Member
Mr. Fazal-ur-Rehman Dittu	Member
Mr. Mohammad Arif Hameed	Member

Finance Committee

Mr. Shahid Aziz Siddiqui	Chairman
Mr. Zuhair Siddiqui	Managing Director
Mr. Mirza Mahmood Ahmad	Member
Dr. Shahab Alam	Member
Mr. Wazir Ali Khoja	Member
Mr. Muhammad Zubair Habib	Member

Human Resource Committee

Mr. Waqar A. Malik	Chairman
Mr. Zuhair Siddiqui	Managing Director
Mr. Babar Yaqoob Fateh Muhammad	Member
Mr. Ayaz Dawood	Member
Mr. Mirza Mahmood Ahmad	Member
Mr. Shahid Aziz Siddiqui	Member

Auditors

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

Legal Advisors

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

Registered Office

SSGC House
ST - 4/B, Block 14,
Sir Shah Muhammad Suleman Road,
Gulshan-e-Iqbal, Karachi. 75300
Ph: 92-21-99021000
Fax: 92-21-99231702

Company Secretary

Mr. Yusuf J. Ansari

E-mail

info@ssgc.com.pk

Chief Financial Officer

Mr. Abdul Malik

Web Site

<http://www.ssgc.com.pk>

DIRECTORS' REPORT

For the Six Months Period Ended December 31, 2012

We are pleased to present and share the Company's un-audited results for the six months ended December 31, 2012. The financial statements have been reviewed by the Auditors as required under the law and a review report has been issued by them.

As highlighted in our Annual Report, the Company continue to face serious challenges some of which are critical for the Company's future growth and viability.

Gas supply and demand

Shortage of gas supply affected the Company's ability to meet Customers' demand and it had to resort to a load management program. Very recently, two new fields Sinjhoru & Nur Bagla were commissioned which will somewhat improve the supply situation in the second half of the year.

The key projects relating to LPG, LNG & SNG are in hand and the management is making all efforts to progress them for effective outcomes.

Profitability

In the first half, the Company posted a profit of Rs. 1,048 million as compared to Rs. 1,539 million in corresponding period last year, a 32% decline. The Earning Per Share (EPS) decreased to Rs. 1.19 against Rs. 1.75 last year. Key financial ratios for the period under review are presented below:

Half year ended December 31,	2012	2011
• Debt equity	51:49	49:51
• Debt servicing	2.74	2.25
• Current ratio	0.99	1.02
• Return on equity (%)	5.4	8.9
• Return on average capital employed (%)	2.7	4.6
• Earnings per share - Rs.	1.19	1.75

These accounts have been prepared on the basis of determination of Estimated Revenue Requirement (ERR) for FY 2012-13 given by OGRA. While giving its determination OGRA has taken into account the stay order granted by Sindh High Court wherein OGRA was directed to treat UFG benchmark at 7% for the said financial year and was also ordered to treat certain incomes as non-operating incomes till the final decision of the petition filed by the Company. The petition was filed on several grounds including: 1) The benchmark fixed by OGRA was arbitrary and unrealistic. 2) OGRA could only impose a penalty under rule 20 of the Natural Gas Tariff Rules 2002 on the company for violating the UFG benchmark, which could not exceed the maximum of Rs. 730 Million per year. 3) Certain incomes were illegally treated as operating income.

In case the petition is decided against the Company instead of declaring a profit it would incur a loss of Rs. 3,599 Million for the period ended December 31, 2012. However, if the petition is decided in the favor of the Company and all contentions requested by the Company are accepted, the profit for the period would further increase by Rs. 1,816 Million.

In Final Revenue Requirement (FRR) for FY 2011-12 determined by OGRA, volumes lost to theft by non-consumers and losses in areas affected by law and order situation were not allowed which is arbitrary and discriminatory against the Company as the same have been allowed to Sui Northern Gas Pipeline Limited (SNGPL). Consistent with the annual financial statements for the year ended June 30, 2012, above mentioned gas sales volumes were not taken into account while determining gas sales for six months. However, the Company believes that these volumes are rightful claims and will use all available remedies to protect its right.

Unaccounted for gas (UFG)

During the HY ended December 31, 2012, the Unaccounted for gas (UFG) was 11.81% as against 7% currently permissible and 10.34% of corresponding period last year. This has resulted in UFG disallowance of Rs. 3,158 million (2011: Rs. 1,880 million) on account of excess "Unaccounted for Gas" (UFG).

UFG is higher due to following reasons:

- High UFG in Balochistan due to law and order situation.
- The target for replacement of PUG meters was not met. A plan has been put in place to expedite replacement of PUG meters.
- Due to high domestic demand, load shedding was observed in both Industry and CNG sector.

In order to reduce UFG the Company is taking several key initiatives. These include creation of Strategic Business Units for greater responsibility & accountability and has aggressive plans to change meters and rectification of overhead and underground leakages. In addition to these, the Company has signed an agreement in October 2012 for \$ 200 million World Bank financed Natural Gas Efficiency Project (NGEP) through the Government of Pakistan. This is a five years project and is currently in planning stages. The Company has set out a goal to reduce UFG level to around 6.7% by financial year 2017.

Trade Debts

Company's Trade Debts increased by 10% in six months from June 30, 2012, resulting in severe liquidity crunch. This is mainly due to a few Customers who continue to default on payments. This includes KESC, Pakistan Steel, SNGPL & WAPDA. Besides, the Sales Tax refunds by the FBR and non reimbursement of Gas Development Surcharge by Government of Pakistan has also affected cash flows of the Company.

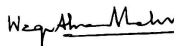
Future Outlook

The future outlook of the Company depends the following:

- 1) The gas supply position where we have recently seen some improvement by commissioning of two new gas fields explained in preceding paragraphs.
- 2) Significant recoveries of our long outstanding receivables, providing sufficient cash flows to finance our current operations and future plans.
- 3) Outcome of our petition pending in the Sindh High Court (SHC) against OGRA's tariff decision, in which the Company has proposed the following:
 - a) Treatment of Late Payment Surcharge (LPS), Sale of Gas Condensate, Royalty Income from JJVL and Meter Manufacturing Profit as Non Operating income, being a non regulated income.
 - b) Rationalization of UFG benchmark since the previous benchmark was introduced without consultation with the gas companies and independent experts were not engaged. Also, the base operating condition prevalent at the time of introduction of benchmark like cost of gas, bulk retail ratio, etc., have now become lopsided, thereby adversely impacting UFG.
 - c) Maximum penalty that OGRA may impose for a particular financial year cannot exceed Rs. 730 million per annum under Rule 20 of the natural gas (tariff) 2002 and therefore, UFG penalties imposed by OGRA are very excessive and are not in accordance with the relevant laws.

It is to be noted that supply of gas in areas faced by law and order situation is resulting in huge loss to the Company, as UFG in these areas is much beyond the approved ceiling by OGRA. Under these circumstances, the Company has to seriously consider the possibility of discontinuation of gas supply to such areas in line with the best commercial practices, as without such remedial action the Company and its shareholders, the main owner being the Government of Pakistan, will continue to suffer huge revenue losses. However, if the stakeholders do not approve the proposed action stated above, the review of UFG targets by OGRA / MP&NR will become essential so that the Company can continue to remain financially viable.

The Board would like to thank all our shareholders for their continuous support through these trying times and the Management, officers and staff of the Company for discharging their responsibilities in an efficient manner. Last but not the least, we are grateful to MP&NR and OGRA for their support on various issues.



Waqar A. Malik
Chairman



Zuhair Siddiqui
Managing Director

Karachi

February 28, 2013

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

For the Six Months Period Ended December 31, 2012

Introduction

We have reviewed the accompanying unconsolidated condensed interim balance sheet of Sui Southern Gas Company Limited ("the Company") as at December 31, 2012 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-months period then ended (here-in-after referred to as the "unconsolidated condensed interim financial information"). Management is responsible for the preparation and fair 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, 2012 and 2011 have not been reviewed, as we are required to review only the cumulative figures for the six-months period ended December 31, 2012.

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 8.1, trade debts includes receivable from Karachi Electric Supply Company Limited (KESC) and Pakistan Steel Mills Corporation (Private) Limited (PSML) of Rs. 45,005 million and Rs. 12,173 million respectively, out of which Rs. 42,893 million and Rs. 11,688 million are overdue respectively. These amounts have been classified as current assets. For the reasons mentioned in the aforementioned notes, management is confident that the entire amount will be recovered. Due to the adverse financial position of KESC and PSML and large accumulation of their respective overdue amounts, we were unable to determine the extent to which the amount is likely to be recovered and time frame over which such recoveries will be made.

Qualified Conclusion

Except for the adjustments, if any, 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-months period ended December 31, 2012 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

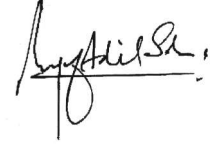
Emphasis of matter paragraphs

We draw attention to:

- Note 2.4 to the unconsolidated condensed interim financial information that describes the basis for determining revenue requirement for the six-months period ended December 31, 2012; and

· Note 14.7 to the unconsolidated condensed interim financial information that describes that the Company considers disputed amount due from the Jamshoro Joint Venture Limited as recoverable, for the reasons given in the aforementioned note. The ultimate outcome of the matter cannot presently be determined.

Our conclusion is not qualified in respect of the above-mentioned matters.



M.Yousuf Adil Saleem & Co.
Chartered Accountants
Audit Engagement Partner:
Mushtaq Ali Hirani

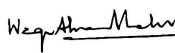
Karachi
Dated: February 28, 2013


UNCONSOLIDATED CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

As at December 31, 2012

	Note	December 31, 2012 (Un-audited)	June 30, 2012 (Audited)
ASSETS		(Rupees in '000)	
Non-current assets			
Property, plant and equipment	6	66,293,292	64,260,064
Intangible assets		154,851	45,946
Long term investments	7	1,090,309	1,071,575
Net investment in finance lease		743,552	802,950
Long-term loans and advances		139,694	124,235
Long-term deposits		3,250	3,250
Total non-current assets		<u>68,424,948</u>	<u>66,308,020</u>
Current assets			
Stores, spares and loose tools		2,470,914	2,080,366
Stock-in-trade		793,107	780,365
Current maturity of net investment in finance lease		118,795	118,795
Customers' installation work-in-progress		200,667	191,900
Trade debts	8	79,427,505	71,740,913
Loans and advances		1,787,839	1,421,758
Trade deposits and short-term prepayments		223,148	180,658
Interest accrued		3,520,672	3,553,168
Other receivables	9	33,689,917	24,153,103
Taxation - net		1,319,155	1,428,229
Cash and bank balances		1,297,252	1,502,964
Total current assets		<u>124,848,971</u>	<u>107,152,219</u>
Total assets		<u>193,273,919</u>	<u>173,460,239</u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital: 1,000,000,000 ordinary shares of Rs. 10 each		10,000,000	10,000,000
Issued, subscribed and paid-up capital		8,809,163	8,809,163
Reserves		4,907,401	4,907,401
Surplus on re-measurement of available for sale securities		76,680	57,946
Unappropriated profit		5,521,306	4,473,742
Total equity		<u>19,314,550</u>	<u>18,248,252</u>
Surplus on revaluation of fixed assets		10,251,946	10,251,946
Non-current liabilities			
Long-term finance	10	16,948,936	18,315,383
Long-term deposits		4,916,205	4,600,424
Deferred tax		6,783,376	7,621,895
Employee benefits		2,316,347	2,154,237
Deferred credit	11	5,462,301	5,336,479
Long-term advances		1,588,178	1,896,646
Total non-current liabilities		<u>38,015,343</u>	<u>39,925,064</u>
Current liabilities			
Current portion of long-term financing		3,240,615	3,227,262
Short-term borrowings	12	4,559,733	-
Trade and other payables	13	98,686,518	85,610,600
Interest and mark-up accrued		19,205,214	16,197,115
Total current liabilities		<u>125,692,080</u>	<u>105,034,977</u>
Total liabilities		<u>163,707,423</u>	<u>144,960,041</u>
Contingencies and commitments	14		
Total equity and liabilities		<u>193,273,919</u>	<u>173,460,239</u>

The annexed notes from 1 to 28 form an integral part of these unconsolidated condensed interim financial information.


Waqar A. Malik
Chairman

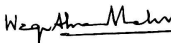

Zuhair Siddiqui
Managing Director

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

For the Six Months Period Ended December 31, 2012

	Note	Six months period ended		Three months period ended	
		December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
(Rupees in '000)					
Sales		78,956,406	68,916,955	38,027,683	34,096,505
Sales tax		(10,730,979)	(8,433,751)	(4,944,256)	(4,141,557)
		68,225,427	60,483,204	33,083,427	29,954,948
Gas development surcharge		4,639,915	2,364,780	4,507,327	1,979,591
Net sales		72,865,342	62,847,984	37,590,754	31,934,539
Cost of sales	15	(72,478,749)	(61,224,772)	(37,674,369)	(31,046,996)
Gross profit / (loss)		386,593	1,623,212	(83,615)	887,543
Administrative and selling expenses		(2,245,672)	(1,446,267)	(1,502,840)	(773,135)
Other operating expenses	16	(1,114,476)	(679,856)	(624,037)	(605,851)
		(3,360,148)	(2,126,123)	(2,126,877)	(1,378,986)
		(2,973,555)	(502,911)	(2,210,492)	(491,443)
Other operating income	17	1,630,934	1,532,473	740,612	795,210
Operating (loss) / profit		(1,342,621)	1,029,562	(1,469,880)	303,767
Other non-operating income	18	7,026,282	4,959,650	3,628,125	2,658,594
Finance cost	19	(4,055,337)	(3,596,159)	(2,078,552)	(1,793,605)
Profit before taxation		1,628,324	2,393,053	79,693	1,168,756
Taxation	20	(580,760)	(853,590)	(33,367)	(425,086)
Profit for the period		1,047,564	1,539,463	46,326	743,670
Basic / diluted earnings per share	(Rupees)	1.19	1.75	0.05	0.84

The annexed notes from 1 to 28 form an integral part of these unconsolidated condensed interim financial information.


Waqar A. Malik
Chairman


Zuhair Siddiqui
Managing Director

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

For the Six Months Period Ended December 31, 2012

	Six months period ended		Three months period ended	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
	(Rupees in '000)			
Profit for the period	1,047,564	1,539,463	46,326	743,670
Other comprehensive income				
Unrealised gain / (loss) on re-measurement of available for sale securities	18,734	(12,746)	10,127	(8,503)
Total comprehensive income for the period	<u>1,066,298</u>	<u>1,526,717</u>	<u>56,453</u>	<u>735,167</u>

The annexed notes from 1 to 28 form an integral part of these unconsolidated condensed interim financial information.



Waqar A. Malik
Chairman



Zuhair Siddiqui
Managing Director

UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

For the Six Months Period Ended December 31, 2012

	Note	December 31, 2012	December 31, 2011
		(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		1,628,324	2,393,053
Adjustments for non-cash and other items	21	6,830,192	5,360,015
Working capital changes	22	(5,318,850)	(4,643,711)
Financial charges paid		(1,189,015)	(1,280,604)
Income taxes paid		(1,310,205)	(440,747)
Net cash from operating activities		640,446	1,388,006
CASH FLOW FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(3,971,903)	(3,174,348)
Proceeds from sale of property, plant and equipment		4,008	2,114
Lease rental from net investment in finance lease		90,052	154,589
Short-term loan to subsidiary company		(175,000)	(1,301,000)
Investment in subsidiary company		-	(1,000,000)
Dividend received		475	2,793
Net cash used in investing activities		(4,052,368)	(5,315,852)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from local currency loans		375,000	-
Repayments of local currency loans		(1,689,506)	(2,256,665)
Consumer finance received		7,958	25,345
Repayment of consumer finance		(46,546)	(54,547)
Transaction cost paid		(429)	-
Dividend paid		-	(1,781,542)
Net cash used in financing activities		(1,353,523)	(4,067,409)
Net decrease in cash and cash equivalents		(4,765,445)	(7,995,255)
Cash and cash equivalents at beginning of the period		1,502,964	1,084,857
Cash and cash equivalents at end of the period		(3,262,481)	(6,910,398)
Cash and cash equivalent comprises:			
Cash and bank balances		1,297,252	1,310,850
Short-term borrowings		(4,559,733)	(8,221,248)
		(3,262,481)	(6,910,398)

The annexed notes from 1 to 28 form an integral part of these unconsolidated condensed interim financial information.



Waqar A. Malik
Chairman




Zuhair Siddiqui
Managing Director

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

For the Six Months Period Ended December 31, 2012

	Issued, subscribed and paid-up capital	Capital reserves	Revenue reserves	Surplus / (deficit) on re-measurement of available for sale securities	Unappropriated profit	Total
(Rupees in '000)						
Balance as at July 01, 2011	8,389,679	234,868	2,872,533	68,610	6,209,403	17,775,093
Transactions with owners						
Final dividend for the year ended June 30, 2011 at Rs. 2.5 per share	-	-	-	-	(2,097,420)	(2,097,420)
Bonus shares (1 share for every 20 shares)	419,484	-	-	-	(419,484)	-
Total comprehensive income for the period ended December 31, 2011						
Profit for the period	-	-	-	-	1,539,463	1,539,463
Unrealized loss on re-measurement of available for sale securities	-	-	-	(12,746)	-	(12,746)
Total comprehensive income for the period	-	-	-	(12,746)	1,539,463	1,526,717
Transferred to revenue reserve			1,800,000		(1,800,000)	-
Balance as at December 31, 2011	<u>8,809,163</u>	<u>234,868</u>	<u>4,672,533</u>	<u>55,864</u>	<u>3,431,962</u>	<u>17,204,390</u>
Balance as at July 01, 2012	8,809,163	234,868	4,672,533	57,946	4,473,742	18,248,252
Total comprehensive income for the period ended December 31, 2012						
Profit for the period	-	-	-	-	1,047,564	1,047,564
Unrealized loss on re-measurement of available for sale securities	-	-	-	18,734	-	18,734
Total comprehensive income for the period	-	-	-	18,734	1,047,564	1,066,298
Balance as at December 31, 2012	<u>8,809,163</u>	<u>234,868</u>	<u>4,672,533</u>	<u>76,680</u>	<u>5,521,306</u>	<u>19,314,550</u>

The annexed notes from 1 to 28 form an integral part of these unconsolidated condensed interim financial information.


Waqar A. Malik
Chairman


Zuhair Siddiqui
Managing Director

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

For the Six Months Period Ended December 31, 2012

1. Status and nature of business

- 1.1 Sui Southern Gas Company Limited ("the Company") is a public limited Company incorporated in Pakistan and is listed on 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 for preparation

- 2.1 The unconsolidated condensed interim financial information has been prepared in accordance with the requirements of International Accounting Standard 34, Interim Financial Reporting as applicable in Pakistan and the provisions and directives of the Companies Ordinance, 1984 and directives issued by the Securities and Exchange Commission of Pakistan (SECP). In case where the requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984 have been followed. This unconsolidated condensed interim financial information does not include all of the information required for the annual financial statements and should be read in conjunction with the unconsolidated financial statements of the Company for the year ended June 30, 2012.

The unconsolidated condensed interim financial information for the six-month period ended December 31, 2012 have been prepared using the opening balances as at July 01, 2012 extracted from annual financial statements of the Company for the year ended June 30, 2012 which are duly approved by the Board of Directors in their meeting held on February 15, 2013. The annual financial statements will be laid before shareholders for their adoption in Annual General Meeting to be held on March 19, 2013.

- 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 condensed interim financial information has been extracted from the audited financial statements of the Company for the year ended June 30, 2012. The comparative condensed interim 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 unaudited condensed interim financial information for the six-months period ended December 31, 2011.

2.4 Determination of revenue requirement

"Revenue requirement for the six-months period ended December 31, 2012 has been determined on the same basis as determined in the annual financial statements for the year ended June 30, 2012 which is based on interim relief provided by the Sindh High Court decision in the matter explained below:

The Oil and Gas Regulatory Authority (OGRA) in its order dated December 02, 2010 and May 24, 2011 treated Royalty Income from Jamshoro Joint Venture, Profit from Meter Manufacturing, Late Payment Surcharge and Sale of Gas Condensate as operating income which it had previously allowed as non-operating income in its decision dated September 24, 2010 for the year ended

June 30, 2010. OGRA also in its aforesaid decision reduced benchmark of the allowable Unaccounted for Gas (UFG) from 7% to 4.25%-5%. Aggrieved by the above decision, the Company had filed an appeal against the decision of the OGRA in the High Court of Sindh (the Court), on which the Court has provided interim relief whereby OGRA was directed to determine the revenue requirements on the same principles as per its decision of September 24, 2010 till final order of the Court. However, with regard to UFG benchmark, OGRA was directed to carry out an impact assessment study and submit its report to the Court.

Accordingly, the condensed interim financial information has been prepared based on the interim relief provided by the Court. Management is confident that the final decision of the Court would be in favour of the Company.

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, 2012.

4. Accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards, as applicable in Pakistan requires the management to make estimates, assumptions and use judgments that affect the application of policies and the reported amounts of assets and liabilities and income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty including the matter as disclosed in note 2.4 were the same as those that applied to the financial statements for the year ended June 30, 2012.

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, 2012.

6. Property, plant and equipment

December 31, 2012 June 30, 2012
(Un-audited) (Audited)
(Rupees in '000)

Operating assets	57,921,909	57,355,317
Capital work-in-progress	8,371,383	6,904,747
	<u>66,293,292</u>	<u>64,260,064</u>

Details of additions to and disposals of property, plant and equipment during the six months period ended December 31, 2012 are as follows:

	December 31, 2012		December 31, 2011	
	Cost of additions/ transfers from CWIP	Written down value of (disposals / transfers)	Cost of additions/ transfers from CWIP	Written down value of (disposals / transfers)
	(Un-audited) (Rupees in '000)			
Operating assets - owned				
Gas transmission and distribution system	2,016,657	-	1,752,980	-
Buildings on leasehold land	122,910	-	35,439	-
Plant, machinery and other equipment	414,764	(6,362)	103,862	(3,152)
Others	125,779	-	99,621	-
	<u>2,680,110</u>	<u>(6,362)</u>	<u>1,991,902</u>	<u>(3,152)</u>

	December 31, 2012		December 31, 2011	
	Capital expenditure incurred	Transfer to operating assets	Capital expenditure incurred	Transfer to operating assets
	(Un-audited) (Rupees in '000)			
Capital work-in-progress				
Projects:				
Gas transmission and distribution system	3,654,062	(2,016,657)	3,173,499	(1,752,980)
Buildings under construction	16,119	(122,910)	9,293	(35,439)
Plant, machinery and other equipment	350,786	(414,764)	102,270	(103,862)
Others	125,779	(125,779)	99,621	(99,621)
	<u>4,146,746</u>	<u>(2,680,110)</u>	<u>3,384,683</u>	<u>(1,991,902)</u>
		December 31, 2012	June 30, 2012	
		(Un-audited)	(Audited)	
		(Rupees in '000)		
7. Long-term investments	Note			
Investment in shares of related parties		1,056,128	1,042,169	
Other investments		34,181	29,406	
		<u>1,090,309</u>	<u>1,071,575</u>	
8. Trade debts				
Considered good				
- secured		12,936,555	13,145,342	
- unsecured		66,490,950	58,595,571	
	8.1 & 8.2	<u>79,427,505</u>	<u>71,740,913</u>	
Considered doubtful		3,695,902	3,416,032	
		<u>83,123,407</u>	<u>75,156,945</u>	
Provision against doubtful debts		(3,695,902)	(3,416,032)	
		<u>79,427,505</u>	<u>71,740,913</u>	
8.1	Trade debts include Rs. 45,005 million (June 30, 2012: Rs. 41,805 million) unsecured receivables from Karachi Electric Supply Company Limited (KESC). Out of this, Rs. 42,893 million are over due. As per the financial statements of KESC for the quarter ended September 30, 2012, its accumulated losses have reached to Rs. 80,082 million, and its current liabilities exceeded current assets by Rs. 42,854 million. The management is proactively engaged in negotiating a gas sales agreement, which will include recovery of the above amount as well. In order to expedite the recovery of the outstanding amount, the Company filed a law suit against KESC in High Court of Sindh for recovery of Rs. 45,705 million on November 21, 2012. Management is confident that the this amount will be recovered.			
	"Trade debts include Rs. 12,173 million (June 30, 2012 Rs. 8,782 million) unsecured receivable from Pakistan Steel Mills Corporation (Private) Limited (PSML). Out of this, Rs. 11,688 million is over due. Management is confident that the entire amount will be recovered because PSML is a Government owned entity and is continuously supported by the Government of Pakistan.			
8.2	Aggregate trade debts due from Karachi Electric Supply Company Limited (KESC), Water and Power Development Authority (WAPDA) and Sui Northern Gas Pipelines Limited (SNGPL) amounted to Rs. 58,982 million as at December 31, 2012 (June 30, 2012: Rs. 53,396 million). These include overdue amounts of Rs.49,932 million (June 30, 2012: Rs. 42,567 million). Receivable from SNGPL against uniform cost of gas is stated under other receivables amounts			

to Rs. 11,243 million (June 30, 2012: Rs. 9,388 million). Interest accrued amounting to Rs.4,871 million (June 30, 2012: Rs. 4,470 million) in respect of overdue balances of KESC, WAPDA and SNGPL is stated in accrued interest.

As at December 31, 2012, an amount of Rs. 68,449 million (June 30, 2012: Rs. 53,919 million) is payable to OGDCL, Pakistan Petroleum Limited and Government Holding (Private) Limited in respect of gas purchases along with interest of Rs. 18,883 million (June 30, 2012: Rs. 15,832 million) on their balances.

9. Other receivables - considered good	December 31, 2012 (Un-audited)	June 30, 2012 (Audited)
	Note	(Rupees in '000)
Gas development surcharge receivable from Government of Pakistan (GoP)	9.1	12,095,135
Receivable from staff pension fund - non executives		82,733
Balance receivable for sale of gas condensate		32,468
Receivable from SNGPL - a related party	9.2	11,243,854
Receivable from Jamshoro Joint Venture Limited (JJVL)		2,511,290
Receivable from SSGC LPG (Private) Limited - subsidiary company		71,977
Workers' Profit Participation Fund		-
Sales tax receivable	9.3	8,501,021
Pipeline rentals		15,984
Miscellaneous receivables		116,174
		<u>34,670,636</u>
Provision against impaired receivables		<u>(980,719)</u>
		<u>33,689,917</u>
		<u>7,233,443</u>
		<u>82,733</u>
		<u>32,304</u>
		<u>9,467,773</u>
		<u>2,571,866</u>
		<u>59,912</u>
		<u>5,094,869</u>
		<u>11,131</u>
		<u>137,394</u>
		<u>24,691,425</u>
		<u>24,153,103</u>

9.1 This includes Rs. 390 million (June 30, 2012: Rs. 390 million) recoverable from the GoP on account of remission of gas receivables from people of Ziarat under instructions from GoP.

9.2 This includes lease rental receivable and recoverable against lease service cost and contingent rent amounting to Rs. 108 million (June 30, 2012: Rs. 79 million) and Rs. 11,136 million (June 30, 2012: Rs. 9,388 million) receivable under the uniform cost of gas agreement with SNGPL.

9.3 Sales tax refunds arise due to uniform purchase price adjustment with SNGPL and zero rating of sales tax on gas sales for various industries. Sales Tax refunds are processed through FBR's Sales Tax Automated Refund Repository (STARR) system. Due to several snags in the functioning of STARR, valid input sales tax claims of the Company are deferred. Realizing the problems of STARR, in August 2010, dispensation from processing of sales tax refunds through the STARR system was allowed by FBR and substantial refunds were released during last year under corporate guarantee (subject to post refund audit). However, during current year, pace of refunds has again slowed down by Tax Authorities and further, above said dispensation was also withdrawn by FBR in May 2012. On the complaint of the Company, this matter was taken up by the Federal Tax Ombudsman (FTO), who accepted the Company's assertion and recommended restoration of the said dispensation facility from STARR. Against FTO Order, Tax Authorities have filed a representation before the President of Pakistan, where such matter is pending decision.

10. Long term finance		December 31,2012 (Un-audited)	June 30, 2012 (Audited)
	Note	(Rupees in '000)	
Secured			
Loans from banking companies	10.1	11,960,412	13,576,586
Unsecured			
Consumer financing	10.2	158,481	183,755
Government of Sindh loan	10.3	4,830,043	4,555,042
		4,988,524	4,738,797
		<u>16,948,936</u>	<u>18,315,383</u>

10.1. Local currency loans					December 31, 2012 (Un-audited)	June 30,2012 (Audited)
				Note	(Rupees in '000)	
	Installment payable	Repayment period	Mark-up / annum (above 3 months KIBOR)			
Samba Bank Limited	quarterly	2010-2012	0.20%	10.1.1	-	200,000
Bank Islami Pakistan Limited	quarterly	2010-2012	0.20%	10.1.1	-	940,000
Faysal bank Limited	quarterly	2011-2013	1.00%	10.1.1	133,334	400,000
Standard Chartered Bank (Pakistan) Limited	quarterly	2012-2015	1.00%	10.1.1	1,714,286	2,000,000
Askari bank Limited	quarterly	2013-2015	1.00%	10.1.1	1,000,000	1,000,000
Meezan Bank Limited	quarterly	2013-2015	1.00%	10.1.1	3,000,000	3,000,000
Bank Alfalah Limited	quarterly	2013-2016	1.00%	10.1.1	1,000,000	1,000,000
Allied Bank Limited	quarterly	2013-2016	1.00%	10.1.1	1,000,000	1,000,000
Askari Bank Limited	quarterly	2013-2016	1.00%	10.1.1	500,000	500,000
Bank Alhabib Limited	quarterly	2013-2016	1.00%	10.1.1	500,000	500,000
Allied Bank Limited	quarterly	2013-2016	1.00%	10.1.1	1,000,000	1,000,000
Bank Alfalah Limited	quarterly	2015-2017	0.75%	10.1.1	1,000,000	1,000,000
United Bank Limited	quarterly	2015-2017	0.75%	10.1.1	2,000,000	2,000,000
Meezan Bank Limited	quarterly	2015-2017	0.75%	10.1.1	2,000,000	2,000,000
Unamortised transaction cost					(15,779)	(18,652)
					14,831,841	16,521,348
Less: Current portion shown under current liabilities					(2,871,429)	(2,944,762)
					<u>11,960,412</u>	<u>13,576,586</u>

10.1.1 These loans / financial arrangements are secured by a first pari passu fixed charge created by way of hypothecation over all the present and future movable fixed assets of the Company comprising of compressor stations, transmission pipelines, distribution pipelines and pipelines construction machinery and equipment.

10.2 Consumer financing		December 31,2012 (Un-audited)	June 30, 2012 (Audited)
	Note	(Rupees in '000)	
Consumer financing	10.2.1	229,645	268,233
Less: Current portion shown under current liabilities		(71,164)	(84,478)
		<u>158,481</u>	<u>183,755</u>

10.2.1 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 year average ask side KIBOR less 2% per annum) for laying of distribution mains. Principal and interest are adjustable in 48 equal installments through credits in the monthly gas bills of the consumers.

10.3 Government of Sindh loan

					December 31, 2012	June 30, 2012
					(Un-audited)	(Audited)
					(Rupees in '000)	
	Installment payable	Principal Repayment period	Mark-up rate	Note		
Government of Sindh loan - I	yearly	2007 - 2016	2%	10.3.1	33,064	33,064
Government of Sindh loan - II	yearly	2011 - 2020	4%	10.3.1	720,000	720,000
Government of Sindh loan - III	yearly	2012 - 2021	4%	10.3.1	900,000	900,000
Government of Sindh loan - IV	yearly	2013 - 2022	4%	10.3.1	1,000,000	1,000,000
Government of Sindh loan - V	yearly	2014 - 2023	4%	10.3.1	1,100,000	1,100,000
Government of Sindh loan - VI	yearly	2014 - 2023	4%	10.3.1	1,000,000	1,000,000
Government of Sindh loan - VII	yearly	2015 - 2024	4%	10.3.1	375,000	-
Government grant				10.3.2	(1,898,323)	(1,898,323)
Government grant				10.3.2	3,196,677	2,821,677
					1,898,323	1,898,323
					5,128,064	4,753,064
Less: Current portion shown under current liabilities					(298,021)	(198,022)
					4,830,043	4,555,042

10.3.1 An unsecured development loans from Government of Sindh has been availed for supply of gas to various districts and areas of Sindh. The loans (II, III, IV, V, VI & VII) has been stated at fair value.

10.3.2 This represents the benefit of lower interest rate on Government of Sindh Loan II, III, IV, V & VI, and is calculated as difference between the proceeds received in respect of Government of Sindh Loan (II, III, IV, V & VI) amounting to Rs. 900 million, Rs. 1,000 million, Rs. 1,000 million, Rs. 1,100 million and Rs. 1,000 million respectively, and its initial fair value amounting to Rs. 582.076 million, Rs. 660.888 million, Rs. 625.281 million, Rs. 646.083 and Rs. 587.349 million respectively. These are calculated at 3 month Average KIBOR prevailing at year end. This benefit is treated as Government grant and would be amortised over the estimated useful life of related assets when constructed.

11. Deferred Credit

			December 31, 2012	June 30, 2012
			(Un-audited)	(Audited)
			(Rupees in '000)	
Government contributions / grants				
Opening balance			3,279,135	3,255,458
Additions / adjustments during the period / year			317,954	218,897
Transferred to unconsolidated profit and loss account			(94,383)	(195,220)
Closing balance			3,502,706	3,279,135
Contribution from customers				
Opening balance			2,057,344	2,263,176
Transferred to unconsolidated profit and loss account			(97,749)	(205,832)
Closing balance			1,959,595	2,057,344
			5,462,301	5,336,479

12. Short term borrowings

These represent facilities for short-term running finance / short-term money market loan available from various banks amounting to Rs.11,125 million (June 30, 2012: Rs. 11,125 million) and carry mark-up ranging from (0.25%) to 0.75% (June 30, 2012: upto 0.75%) above the average one month KIBOR. The facilities are secured by first pari passu first joint supplemental hypothecation and ranking charge over present and future stock in trade and book debts of the Company.

13. Trade and other payables

	December 31,2012 (Un-audited) Note	June 30,2012 (Audited) (Rupees in '000)
Creditors for:		
- gas	89,163,906	77,947,074
- supplies	246,898	584,692
	<u>89,410,804</u>	<u>78,531,766</u>
Amount received from customers for laying of mains, etc.	2,230,100	2,097,337
Accrued liabilities	1,920,989	2,288,365
Provision for compensated absences - non executives	103,239	134,410
Workers' Profit Participation Fund	25,789	-
Deposits / retention money	251,963	232,737
Bills payable	52,064	22,511
Advance for sharing right of way	18,088	18,088
Unclaimed dividend	200,158	200,587
Withholding tax payable	53,691	119,396
Gas infrastructure development CESS payable 13.1	4,080,392	1,776,112
Unclaimed term finance certificate redemption profit	1,800	1,800
Inter State Gas System (Private) Limited (ISGSL)	16,250	16,205
Others	321,191	171,286
	<u>98,686,518</u>	<u>85,610,600</u>

13.1 Gas Infrastructure development CESS has been levied since December 15, 2011 and is chargeable from gas consumers other than domestic consumes at different slab rates.

14. Contingencies and commitments

14.1 There has been no change in the status of other contingencies as disclosed in note 16 of annual audited financial statements of the Company for the year ended June 30, 2012, except for the following:

14.2 Claims against the Company not acknowledged as debt	87,293	87,293
14.3 Commitments for capital and other expenditure	1,943,265	2,779,742
14.4 Guarantees issued on behalf of the Company	1,811,228	1,787,823

14.5 Demand finance facilities have been given to the Company's employees by certain banks for the purchase of vehicles against the Company's guarantee and hypothecation of the Company's stock of pipes, gas meters, regulators, etc. valuing Rs. 75 million (June 30, 2012: Rs. 75 million) and the Company's investment in shares having a face value of Rs. 0.5 million

(June 30, 2012: Rs. 0.5 million). Loan outstanding at the year end was Rs. 2.336 million (June 30, 2012: Rs.2.920 million).

14.6 Jamshoro Power Company Limited (JPCL) (WAPDA) has lodged a claim against the Company amounting to Rs. 759.841 million (June 30, 2012: Rs. 759.841 million) for short supply of gas under the provisions of an agreement dated 10 April 1995 between the Company and JPCL. The Company has not accepted the claim and has filed a counter claim due to JPCL's failure to uplift minimum quantities during certain other periods. Provision against this liability has not been made as the Company is confident that ultimately the resolution of the claim lodged would be in its favor.

14.7 During the year ended June 30, 2011, the Company availed the option of using the amnesty offered during the budget by means of SRO 648(I)/2011 dated June 25, 2011 which had exempted the whole amount of default surcharge and penalties subject to the condition that the outstanding principal amount of sales tax or federal excise duty was paid by June 30, 2011. As a result, the Company paid Federal Excise Duty (FED) amounting to Rs. 895.84 million in respect of show cause notices issued by the Additional Collector (Adjudication) Sales Tax and Federal Excise requiring it to pay FED along with default surcharge (to be calculated at the time of final payment) on the amount of royalty charged to JJVL. The FED has been accounted for as a receivable as the Company considered that this amount is recoverable from JJVL under the agreement. JJVL has disputed this amount and suggested for arbitration to which the management has agreed. Further, during the current year, the Company started paying the levy regularly under the head of Sindh Sales Tax on Franchise Services (formerly FED) amounting to Rs. 335.67 million which is also considered to be recoverable under the same clauses of the agreement. In addition, JJVL has also disputed calibration / measurement of gas supplied in prior periods and claimed that the Company has made excess billing of Rs. 239.21 million. Management considers that the claim made by JJVL is not justified as the billings were based on meter installed in JJVL's premises and meter calibrations were agreed with JJVL. The management has replied to JJVL in detail but to date no response has been received in this respect. Management has also exercised its judgment with regard to provision required. Management believes that the amount is recoverable.

	Six months period ended		Three months period ended	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
	(Un-audited) (Rupees in '000)			
15. Cost of sales				
Cost of gas	65,977,293	56,301,774	34,357,262	28,348,933
Transmission and distribution costs	6,501,456	4,922,998	3,317,107	2,698,063
	<u>72,478,749</u>	<u>61,224,772</u>	<u>37,674,369</u>	<u>31,046,996</u>
16. Other operating expenses				
Auditors' remuneration	2,292	2,651	1,113	1,814
Workers' Profit Participation Fund	85,701	125,950	4,194	61,468
Sports expenses	10,227	8,232	6,698	4,872
Corporate social responsibility	4,664	22,428	3,960	6,505
Exchange loss on payment of gas purchases	478,205	391,956	365,907	416,851
Loss on sale of property, plant and equipment	2,355	1,038	1,721	174
LPG processing charges	54,718	-	54,718	-
Provision against impaired stores and spares	28,191	19,100	11,337	5,666
Provision against financial income	448,123	108,501	174,389	108,501
	<u>1,114,476</u>	<u>679,856</u>	<u>624,037</u>	<u>605,851</u>

	Six months period ended		Three month period ended	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
	(Un-audited) (Rupees in '000)			
17. Other operating income				
Income from other than financial assets				
Meter rentals	330,631	317,689	166,241	161,231
Recognition of income against deferred credit	192,132	191,031	97,278	103,730
Income from new service connections	116,233	138,369	62,004	78,050
Gas shrinkage charged to JJVL	868,752	787,617	341,273	411,835
Income from gas transportation	14,077	13,480	5,498	6,215
Income from LPG air mix distribution - net	54,504	41,058	33,125	21,272
Advertising income	2,297	4,123	1,152	2,461
Income from sale of tender documents	1,403	524	729	319
Scrap sales	434	1,197	35	258
Miscellaneous	48,282	32,785	31,637	7,846
	<u>1,628,745</u>	<u>1,527,873</u>	<u>738,972</u>	<u>793,217</u>
Income from investment in debts, loans, advances and receivables from a related party				
Contingent rental income - SNGPL	2,189	4,600	1,640	1,993
	<u>1,630,934</u>	<u>1,532,473</u>	<u>740,612</u>	<u>795,210</u>
18. Other non-operating income				
Income from financial assets				
Late payment surcharge	1,791,608	986,296	976,177	549,751
Income from net investment in finance lease	30,654	32,844	15,482	18,859
Return on:				
- term deposits and profit and loss bank accounts	117,502	121,625	66,148	72,135
- staff loans	1	151	-	76
- loan to a subsidiary	72,710	34,573	28,000	34,573
	<u>2,012,475</u>	<u>1,175,489</u>	<u>1,085,807</u>	<u>675,394</u>
Interest income on late payment of gas bills from				
- KESC	3,183,268	2,408,892	1,653,472	1,276,765
- JJVL	15,631	26,973	(4,949)	16,057
- Water & Power Development Authority (WAPDA)	117,158	156,961	64,524	124,636
- SNGPL - Related Party	198,512	90,143	58,559	47,710
	<u>3,514,569</u>	<u>2,682,969</u>	<u>1,771,606</u>	<u>1,465,168</u>
Dividend income	-	703	-	-
	<u>5,527,044</u>	<u>3,859,161</u>	<u>2,857,413</u>	<u>2,140,562</u>
Income from investment in debts, loans, advances and receivables from related parties				
Dividend income - SNGPL	475	2,090	238	-
Income from net investment in finance lease	58,905	62,347	29,415	31,489
	<u>59,380</u>	<u>64,437</u>	<u>29,653</u>	<u>31,489</u>
Others				
Sale of gas condensate	40,147	49,223	10,146	41,888
Sale of LPG	158,176	-	158,176	-
Royalty income from JJVL	1,017,577	943,570	473,900	418,336
Meter manufacturing division profit - net	223,958	43,259	98,837	26,319
	<u>1,439,858</u>	<u>1,036,052</u>	<u>741,059</u>	<u>486,543</u>
	<u>7,026,282</u>	<u>4,959,650</u>	<u>3,628,125</u>	<u>2,658,594</u>

	Six months period ended		Three months period ended	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
	(Un-audited) (Rupees in '000)			
19. Finance Cost				
Mark-up on:				
- local currency financing	1,060,504	1,114,207	499,386	527,065
- short term financing	1,229	8,991	1,229	8,990
- consumers' deposits	75,810	76,998	46,313	40,553
- delayed payment on gas bills	3,050,816	2,547,494	1,602,166	1,331,241
- others	8,755	1,387	6,366	516
	4,197,114	3,749,077	2,155,460	1,908,365
Less: Finance cost capitalised during the period	(141,777)	(152,918)	(76,908)	(114,760)
	<u>4,055,337</u>	<u>3,596,159</u>	<u>2,078,552</u>	<u>1,793,605</u>
20. Taxation				
- Current	1,419,280	1,195,367	637,092	766,863
- Deferred	(838,520)	(341,777)	(603,725)	(341,777)
	<u>580,760</u>	<u>853,590</u>	<u>33,367</u>	<u>425,086</u>
21. Adjustments for non-cash and other items			December 31, 2012	December 31, 2011
			(Un-audited) (Rupees in '000)	
Depreciation			1,948,311	1,712,970
Amortization of intangibles			16,874	3,127
Finance cost			4,052,462	3,596,159
Amortization of transaction cost			2,873	3,123
Provision against slow moving / obsolete stores			26,149	16,360
Reversal of provision against stock-in-trade			-	(611)
Provision against doubtful debts and other receivables			722,268	156,471
Provision for compensated absences			52,658	43,982
Provision for post retirement medical and free gas supply facilities			153,092	151,575
Provision against impaired income			448,123	108,501
Recognition of income against deferred credit			(192,132)	(197,650)
Dividend income			(475)	(2,793)
Late payment surcharge and return on investments			(5,306,176)	(3,825,614)
Return on profit and loss bank accounts/loans			(190,213)	-
Income from net investment in finance lease			(30,654)	(95,191)
Loss on disposal of property plant and equipment			2,355	1,038
Decrease in long term advances			(308,468)	(54,255)
Employee benefits (refund) / paid			(74,811)	(20,703)
Service charges received from new customers			317,953	63,210
Long term deposits received - net			315,781	161,398
Long term loans and advances to staff - net			(206,540)	(226,565)
Late payment surcharge and return on investments received			5,080,762	3,765,483
			<u>6,830,192</u>	<u>5,360,015</u>

22. Working capital changes	December 31, 2012	December 31, 2011
	(Un-audited)	
	(Rupees in '000)	
(Increase) / decrease in current assets		
Stores and spares	(416,697)	113,032
Stock-in-trade	(12,741)	80,847
Customers' installation work-in-progress	(8,767)	2,555
Trade debts	(8,408,859)	(11,671,259)
Trade deposits and short term prepayments	(42,490)	15,045
Other receivables	(9,536,814)	(5,153,994)
	(18,426,368)	(16,613,774)
Increase in current liabilities		
Trade and other payables	13,107,518	11,970,063
	(5,318,850)	(4,643,711)

23. Transactions with related parties

The related parties comprise of subsidiary companies, associated companies, joint ventures, 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 finalized 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	Six months period ended		Three months period ended	
		December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
		(Un-audited)			
		(Rupees in '000)			
Askari Bank Limited	Associate				
-Profit on Investment		2,517	17,965	2,095	4,540
-Markup on Short Term Finance		165	392	165	392
-Markup on Local Currency Finance		102,499	124,525	47,539	60,157
Bank Al-Habib Limited	Associate				
-Profit on Investment		4,915	4,080	2,641	1,923
-Markup on Short Term Finance		320	1,495	320	1,495
-Markup on Local Currency Finance		48,739	44,145	31,221	21,495
Fauji Fertilizer Company Limited	Associate				
-Sale of Gas		-	5	-	-

	Relationship	Six months period ended		Three months period ended	
		December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
		(Un-audited) (Rupees in '000)			
Habib Metropolitan Bank Limited	Associate				
-Profit on Investment		2,391	2,035	887	1,281
-Markup on Local Currency Finance		12,348	26,131	5,128	12,209
Inter State Gas Systems(Private) Limited	Associate				
-Sharing of expenses		31,322	26,971	15,798	12,209
International Industries Limited	Associate				
-Line Pipe Purchases		468,496	420,537	347,301	194,964
-Sale of Gas		473,733	443,909	238,255	237,188
Liaquat National Hospital	Associate				
-Medical Services		18,009	31,274	11,087	16,727
-Gas Sales		44,144	34,897	19,306	16,202
Minto & Mirza	Associate				
-Professional Charges		4,000	3,450	3,000	3,450
Oil and Gas Development Company Limited	Associate				
-Principal portion of lease rental		4,317	1,309	3,104	550
-Gas purchases		22,445,401	12,915,972	11,289,234	6,745,349
Petroleum Institute of Pakistan	Associate				
-Subscription/Contribution		-	434	-	-
Packages Limited	Associate				
-Gas Sales		5,986	4,415	2,906	2,340
Pak Suzuki Motor Company Limited	Associate				
-Motor Vehicle Purchases		40,121	41,572	12,823	13,052
-Gas Sales		15,863	21,366	7,439	21,726
Pakistan Cables Limited	Associate				
-Gas sales		30,397	28,962	15,613	14,063

	Relationship	Six months period ended		Three months period ended	
		December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
(Un-audited) (Rupees in '000)					
Pakistan State Oil Company Limited	Associate				
-Purchase of fuel and lubricant		3,653	5,949	2,321	3,317
-Gas sales		11,559	12,027	4,644	5,989
Remuneration of key management personnel					
-Executive staff	23.3	70,922	58,900	55,583	28,387
Sui Northern Gas Pipelines Limited	Associate				
-Principal portion of lease rental		32,629	65,630	16,315	32,932
-Sale of gas meters	23.1	1,030,412	598,214	608,809	265,077
-Gas Purchases		358,907	292,998	177,131	154,963
-Uniform cost of gas		18,565,268	14,946,081	9,740,222	8,210,083
-Dividend income		475	2,090	238	-
State Life Insurance Corporation Limited	Associate				
-Rent of premises		3,026	-	2,145	-
-Insurance premium		11,338	10,518	7,543	6,884
Staff retirement benefit plans					
-Contribution to provident fund	23.2	103,807	94,192	57,752	49,548
-Contribution to pension fund	23.2	137,612	167,536	68,933	128,272
-Contribution to gratuity fund	23.2	107,787	102,352	53,952	55,227
Thatta Cement Company Limited	Associate				
-Gas sales		6,717	73,368	4,696	9,345
U.G Foods Company (Private) Limited	Associate				
-Gas sales		7,160	6,601	3,407	3,328
SSGC LPG (Private) Limited	Wholly owned subsidiary				
-Short Term Loan		175,000	1,301,000	-	1,301,000
-Interest on Loan		72,710	34,573	28,000	34,573
-LPG Purchases		143,515	-	92,122	-
-Sale of LPG		71,977	-	71,977	-

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

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

23.3 Remuneration to the executive officers of the Company and loans and advances to them are determined in accordance with the terms of their employment. Mark-up free security deposits for gas connections to the executive staff of the Company is received at rates prescribed by the Government of Pakistan.

23.4 Amount (due to) / receivable from / investment in related parties

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

		December 31, 2012 (Un-audited)	June 30, 2012 (Audited)
		(Rupees in '000)	
Askari Bank Limited	Relationship Associate		
-Long term finance		(1,689,000)	(1,689,000)
-Short term finance		(625,000)	-
-Cash at bank		3,234	2,310
Bank Al Habib Limited	Associate		
-Long term finance		(500,000)	(541,778)
-Short term finance		(752,739)	-
-Cash at bank		2,430	98,698
Habib Metropolitan Bank Limited	Associate		
-Long term finance		(142,000)	(225,566)
-Cash at bank		-	4,871
Liaquat National Hospital	Associate		
-Gas sales		5,348	8,313
Oil and Gas Development Company Limited	Associate		
-Gas purchases		(45,669,497)	(35,266,701)
Packages Limited	Associate		
-Gas sales		986	991
Sui Northern Gas Pipelines Limited	Associate		
-Lease rentals		108,138	78,743
-Sale of gas meters		307,129	84,006
-Cost of gas levelisation		5,708,000	9,387,759
U.G Foods Company (Private) Limited	Associate		
-Gas sales		794	1,177

	Relationship	December 31, 2012 (Un-audited) (Rupees in '000)	June 30, 2012 (Audited)
SSGC LPG (Private) Limited	Wholly owned Subsidiary		
-Investment		1,000,000	1,000,000
-Short term loan		1,476,000	1,301,000
-Interest on loan		187,052	114,342
-Payable by SSGC		(128,067)	-
-Receivable by SSGC		71,977	-
Pakistan Suzuki Motor Company Limited	Associate		
-Gas sales		2,931	3,454
International Industries Limited	Associate		
-Gas sales		73,933	85,717
Pakistan Cables Limited	Associate		
-Gas sales		4,850	6,309
Thatta Cement Co. Limited	Associate		
-Gas sales		1,037	431

**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	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
			(Un-audited) (Rupees in '000)	
Gas transmission and distribution	68,225,427	60,483,204	2,238,595	2,775,317
Meter manufacturing	1,130,704	961,345	223,958	43,259
Total segment results	69,356,131	61,444,549	2,462,553	2,818,576

Reconciliation of segment's profit with the profit before tax of the company

Unallocated - other expenses				
- Other operating expenses			(1,114,476)	(679,856)
Unallocated - other income				
- Non-operating income			280,247	254,333
Profit before tax			1,628,324	2,393,053

25. Segment assets and liabilities

During the period, there were following significant increase in the assets and liabilities of transmission and distribution segment as compared to June 30, 2012:

	Increase (Rupees in '000)
Assets	
Property, plant and equipment	2,033,228
Trade debts	7,686,592
Other receivables	9,536,814
Liabilities	
Trade and other payables	13,075,918
Interest and mark-up accrued	3,008,099

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

26. Non adjusting events after balance sheet

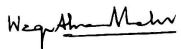
The Board of Directors have proposed a final dividend for the year ended June 30, 2012 of Rs. 2.25 per share (June 30, 2011: Rs. 2.5 per share), amounting to Rs. 1,982.061 million (June 30, 2011: Rs. 2,097.420 million) at their meeting held on February 15, 2013, for approval of the shareholders at the Annual General Meeting to be held on March 19, 2013.

27. General

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

28. Date of authorisation

This unconsolidated condensed interim financial information was authorised for issue on February 28, 2013 by the Board of Directors of the Company.


Waqar A. Malik
Chairman


Zuhair Siddiqui
Managing Director