

## CORPORATE PROFILE

### Board of Directors

Mr. Salim Abbas Jilani	Chairman
Mr. Umair Khan	Chief Executive Officer
Mr. Abdul Rashid Lone	
Mr. Aslam Faruque	
Mr. Ayaz Dawood	
Mr. Faisal Ahmed	
Mr. Humayun Murad	
Mr. Javaid B. Shaikh	
Mr. Mirza Mahmood Ahmad	
Mr. Nasir Mahmood Khosa	
Mr. Nessar Ahmed	
Mr. Shahid Aziz Siddiqui	
Mr. Zahid Hussain	

### Board of Directors' Committees

#### Audit Committee

Mr. Nessar Ahmed	Chairman
Mr. Abdul Rashid Lone	Member
Mr. Ayaz Dawood	Member
Mr. Faisal Ahmed	Member
Mr. Humayun Murad	Member
Mr. Javaid B. Shaikh	Member

#### Finance Committee

Mr. Shahid Aziz Siddiqui	Chairman
Mr. Umair Khan	Chief Executive Officer
Mr. Aslam Faruque	Member
Mr. Mirza Mahmood Ahmad	Member
Mr. Zahid Hussain	Member

#### Human Resource Committee

Mr. Salim Abbas Jilani	Chairman
Mr. Umair Khan	Chief Executive Officer
Mr. Aslam Faruque	Member
Mr. Ayaz Dawood	Member
Mr. Mirza Mahmood Ahmad	Member
Mr. Shahid Aziz Siddiqui	Member
Mr. Nasir Mahmood Khosa	Member

### Chief Financial Officer

Mr. S. Shahid H. Jafri

### Company Secretary

Mr. Yusuf J. Ansari

### Auditors

M/s. KPMG Taseer Hadi & Co.  
Chartered Accountants

### Legal Advisor

M/s. Haidermota & Co.  
Barristers At Law &  
Corporate Counselors

### Registered Office

SSGC House  
Sir Shah Muhammad Suleman Road,  
Gulshan-e-Iqbal, Karachi. 75300  
Ph: 92-21-902-1000  
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## REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

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 2008. The financial statements have however been reviewed by the Auditors as required under the law and necessary certification has been issued by them.

### REVIEW OF OPERATIONS

Gas sales volume in the six months ending on 31 December 2008 increased by 7% to 193.3 bcf versus 180.9 bcf in the corresponding period of FY 2007 08. However, by value it increased by 44% to Rs. 51.5 billion as the average sales price increased by 36.16% to Rs. 281.67 per mmbtu. The increase or decrease in sales price has no impact on Company profits due to its unique tariff regime.

Gas is being purchased from 14 different producing fields. The average wellhead purchase price increased around 47.7% and stood at Rs. 244.35 per mmbtu.

In the six months period, your Company extended 139 new industrial connections, 871 commercial and 51,096 domestic connections. The Gas Distribution System was extended by over 1,092 km while another 253 km of distribution lines were laid under the rehabilitation projects to curtail leakages and resulting line losses. The financial criterion for laying of pipelines in new towns and villages has been amplified by 5.4 times, reducing GOP funding. As a result extending the network to almost every selected town and village is a burden on SSGC. SSGC budgeted Rs. 700 million for FY 2008 09 for these projects, whereas schemes approved upto 31 December 2008 are for Rs. 4 billion. Due to liquidity issues, the Company is forced to slow down the pace of work on all such projects. Until the financial charges come down significantly or the return formula is made market based and linked to KIBOR or a soft loan is provided by the GOP, it may not be possible for the Company to incur capital expenditure including installing connections in new towns and villages.

The meter manufacturing plant produced 341,850 meters versus 259,750, in the corresponding period last year, depicting an increase of 32%. Sales to SNGPL increased by 47% to 249,300 meters. The profit of the plant decreased by Rs. 3 million to Rs.40 million. This was mainly due to unusual hike in material cost.

### AUDITORS' RIEWIEW REPORT – QUALIFIED CONCLUSION

In spite of extremely difficult times the Company posted a pre tax profit of Rs.355 million as compared to Rs.984 million for the corresponding period. The benefit of a higher regulated return on the back of an increase in asset base and increase in other income was offset by higher cost of finance and UFG disallowance impact of Rs. 900 million (2007: Rs. 539 million). OGRA has set very difficult standard for UFG, which is aligned with benchmarks of developed countries, whereas, the circumstances are

completely different in this region. OGRA and MP&NR are being pursued to reset the benchmark or leave out higher UFG occurring in hardship areas of Balochistan and Sindh from the benchmark. Nonetheless, historically UFG in the first half year has always remained higher due to seasonal impact. Therefore, UFG for the period ended six months is recorded on an estimated annual UFG. The Management is confident that UFG will be below 7% by year end.

The Company is seeking clarification on the issue of reinstatement of certain temporary trainees / assignees who were laid off in 1997-1999. The matter will be dealt with in accordance with the law.

The net profit after tax for the six months period therefore stands at Rs. 227.669 million compared with Rs. 340.617 million for the same period last year. (EPS Rs. 0.34)

## DEVELOPMENT PROJECTS

The capital expenditure incurred is Rs.3.3 billion in these six months as compared to Rs.2.6 billion for the previous corresponding period. Transfer to completed assets was Rs.2.4 billion versus Rs.1.7 billion last year. As per tariff and profit regime, SSGC receives a 17% return on fixed assets, excluding tax and financial charges. This effectively comes down to almost 10% after cutback on account of UFG. Since cost of financing has increased above 17% no project financed on borrowed sums is at present feasible for the Company. The Company is endeavouring to obtain soft term loans and support from the GOP. To overcome this problem, the return on fixed assets would need to be market based and linked to KIBOR, OGRA has already forwarded a proposal to MP&NR which is pending clearance/ approval of the Government.

The Pakistan Mashal LNG import project, facilitated by your Company, has received a surge after issue of Letter of Support in favour of one of the shortlisted bidders of the project, namely 4Gas B.V., on 17 December 2008 after ECC approval. When the project materializes, it should positively impact your Company's sales volumes and profits.

The Directors place on record their appreciation and thanks to the several organizations and officers including Company Executives and Staff for their cooperation and support and devotion for the Company.



**Salim Abbas Jilani**  
Chairman



**Umair Khan**  
Managing Director

# REVIEW REPORT TO THE MEMBERS

## *Independent Auditors' Report on review of Unconsolidated Condensed Interim Financial Information to the Members*

### *Introduction*

We have reviewed the accompanying unconsolidated condensed interim balance sheet of Sui Southern Gas Company ("the Company") as at 31 December 2008 and the related unconsolidated condensed interim profit and loss account, unconsolidated condensed interim cash flow statement and unconsolidated condensed interim statement of changes in equity for the six months period then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this 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 interim financial information based on our review.

### *Scope of Review*

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of 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 of Qualified Conclusion*

As more fully explained in note 4 to the interim financial information, Unaccounted for Gas (UFG) has been considered based on annual estimate for the year ending 30 June 2009 instead of actual UFG upto 31 December 2008 for the purpose of determination of 17% guaranteed return for the six months period ended 31 December 2008. Had actual UFG for the six months period ended 31 December 2008 been considered for the purpose of determination of 17% guaranteed return, net current assets would have been reduced by the Rs. 327.689 million and profit for the six months period ended 31 December 2008 and equity as at 31 December 2008 would have been lower by same amount.

### *Qualified Conclusion*

Based on our review, with the exception of the matter described in the above paragraph, nothing has come to our attention that causes us to believe that the accompanying interim financial information 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 the following matters:

- a) As more fully explained in note 9.1 to the interim financial information, amounts receivable from Karachi Electric Supply Company Limited, Jamshoro Power Generation Company Limited and

Sui Northern Gas Pipelines Limited amount to Rs. 24,669 million along with interest of Rs. 489 million accrued on their balances and amounts of Rs. 23,960 million is payable to Oil and Gas Development Company Limited, Pakistan Petroleum Limited, Government Holding (Private) Limited along with interest of Rs. 2,829 million on their balances. The settlement of these debts is dependent on resolution of inter circular debts.

- b) As more fully explained in note 14.5 to the interim financial information, some of the Company's employees affected by the Sacked Employees (Reinstatement) Ordinance, 2009 promulgated on 14 February 2009 may seek reinstatement. The liability, if any, has not yet been estimated. The Company considers that it would be able to recover the additional cost, if any.

The figures for the quarter ended 31 December 2008 in the interim financial information have not been reviewed and we do not express a conclusion thereon.

*KPMG Taseer Hadi & Co.*  
**KPMG Taseer Hadi & Co.**  
Chartered Accountants  
Mohammad Nadeem

Karachi  
27 February 2009

# UNCONSOLIDATED CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

As at 31 December 2008

		31 December 2008 (un-audited) (Rupees in '000)	30 June 2008 (audited)
<b>Non-current assets</b>			
Property, plant and equipment	6	35,967,857	33,807,564
Intangible assets		68,160	69,573
Long term investments	7	88,015	157,495
Net investment in finance lease	8	1,248,763	1,274,442
Long term loans and advances		128,203	111,346
Long term deposits		3,250	3,250
<b>Total non-current assets</b>		<b>37,504,248</b>	<b>35,423,670</b>
<b>Current assets</b>			
Stores, spares and loose tools		1,883,263	1,155,042
Stock-in-trade		471,302	512,383
Current maturity of net investment in finance lease		122,374	118,334
Customers' installation work-in-progress		248,457	168,241
Trade debts	9	28,834,178	20,045,028
Loans and advances		212,014	115,990
Trade deposits and short term prepayments		167,685	267,422
Interest accrued		539,169	198,326
Other receivables	10	16,075,949	9,342,102
Taxation - net		17,429	-
Cash and bank balances		1,553,912	4,356,300
<b>Total current assets</b>		<b>50,125,732</b>	<b>36,279,168</b>
<b>Current liabilities</b>			
Current portion of long term financing		1,257,420	376,509
Trade and other payables	11	45,789,628	30,824,628
Interest and mark-up accrued		3,024,675	2,038,106
Taxation - net		-	216,572
<b>Total current liabilities</b>		<b>50,071,723</b>	<b>33,455,815</b>
<b>Net current assets</b>		<b>54,009</b>	<b>2,823,353</b>
<b>Total assets less current liabilities</b>		<b>37,558,257</b>	<b>38,247,023</b>
<b>Equity and non-current liabilities</b>			
<b>Share capital and reserves</b>			
Authorised share capital		10,000,000	10,000,000
Issued, subscribed and paid-up capital		6,711,743	6,711,743
Reserves		2,619,662	2,467,662
Surplus on remeasurement of available for sale securities		74,386	143,866
Unappropriated profit		228,490	991,789
<b>Total equity</b>		<b>9,634,281</b>	<b>10,315,060</b>
<b>Non-current liabilities</b>			
Long term financing	12	15,074,747	15,582,621
Long term deposits		2,680,014	2,578,888
Deferred tax		4,981,422	4,854,329
Employee benefits		1,175,579	1,096,194
Deferred credit	13	4,012,214	3,819,931
<b>Total non-current liabilities</b>		<b>27,923,976</b>	<b>27,931,963</b>
<b>Total equity and non-current liabilities</b>		<b>37,558,257</b>	<b>38,247,023</b>
<b>Contingencies and commitments</b>	14		

The annexed notes from 1 to 21 form an integral part of this unconsolidated condensed interim financial information.



**Salim Abbas Jilani**  
Chairman



**Umair Khan**  
Managing Director

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

For the six months period ended 31 December 2008

	Note	<u>Six months period ended</u>		<u>Quarter ended</u>	
		<u>31 December 2008</u>	31 December 2007	<u>31 December 2008</u>	31 December 2007
(Rupees in '000)					
Sales		<b>58,586,169</b>	40,316,874	<b>28,265,430</b>	19,931,337
Sales tax		<b>(7,090,230)</b>	(4,557,982)	<b>(3,416,440)</b>	(2,255,898)
		<b>51,495,939</b>	35,758,892	<b>24,848,990</b>	17,675,439
Gas development surcharge		<b>1,793,934</b>	(1,802,954)	<b>1,932,538</b>	(713,172)
Net sales		<b>53,289,873</b>	33,955,938	<b>26,781,528</b>	16,962,267
Cost of gas		<b>(48,678,139)</b>	(31,000,537)	<b>(24,588,205)</b>	(15,576,339)
Gross profit		<b>4,611,734</b>	2,955,401	<b>2,193,323</b>	1,385,928
Transmission, distribution and selling costs		<b>(3,281,926)</b>	(2,656,997)	<b>(1,688,740)</b>	(1,382,911)
Administrative expenses		<b>(651,589)</b>	(599,390)	<b>(260,927)</b>	(328,779)
Other operating expenses	15	<b>(1,576,308)</b>	(118,555)	<b>(635,146)</b>	(77,936)
		<b>(5,509,823)</b>	(3,374,942)	<b>(2,584,813)</b>	(1,789,626)
		<b>(898,089)</b>	(419,541)	<b>(391,490)</b>	(403,698)
Other operating income	16	<b>1,842,635</b>	1,724,450	<b>786,545</b>	894,314
Operating profit before finance cost		<b>944,546</b>	1,304,909	<b>395,055</b>	490,616
Other non-operating income	17	<b>1,467,774</b>	924,617	<b>1,053,038</b>	548,668
Finance cost	18	<b>(2,057,558)</b>	(1,245,775)	<b>(1,226,353)</b>	(636,048)
Profit before taxation		<b>354,762</b>	983,751	<b>221,740</b>	403,236
Taxation	19	<b>(127,093)</b>	(643,134)	<b>(80,183)</b>	(348,695)
Profit for the period		<b>227,669</b>	340,617	<b>141,557</b>	54,541
(Rupees)					
Basic and diluted earnings per share		<b>0.34</b>	0.51	<b>0.21</b>	0.08

The annexed notes from 1 to 21 form an integral part of this unconsolidated condensed interim financial information.

*Srinivas*

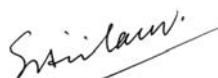
*Srinivas*

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

For the six months period ended 31 December 2008

	Issued, subscribed and paid-up capital	Capital reserves	Revenue reserves	Surplus on remeasurement of available for sale securities	Unappro- priated profit	Total
	(Rupees in '000)					
<b>Balance at 01 July 2007</b>	6,711,743	234,868	2,253,794	223,189	315,309	9,738,903
<b>Changes in equity for the six months period ended 31 December 2007</b>						
Net deficit on remeasurement of available for sale securities	-	-	-	(6,189)	-	(6,189)
Profit for the period	-	-	-	-	340,617	340,617
Total recognised income and expenses for the period	-	-	-	(6,189)	340,617	334,428
Transfer from revenue reserve to unappropriated profit	-	-	(21,000)	-	21,000	-
Final dividend at Rs. 0.5 per share for the year ended 30 June 2007	-	-	-	-	(335,587)	(335,587)
<b>Balance at 31 December 2007</b>	<u>6,711,743</u>	<u>234,868</u>	<u>2,232,794</u>	<u>217,000</u>	<u>341,339</u>	<u>9,737,744</u>
<b>Balance at 01 July 2008</b>	6,711,743	234,868	2,232,794	143,866	991,789	10,315,060
<b>Changes in equity for the six months period ended 31 December 2008</b>						
Net deficit on remeasurement of available for sale securities	-	-	-	(69,480)	-	(69,480)
Profit for the period	-	-	-	-	227,669	227,669
Total recognised income and expenses for the period	-	-	-	(69,480)	227,669	158,189
Transfer from unappropriated profit to revenue reserves	-	-	152,000	-	(152,000)	-
Final dividend at Rs. 1.25 per share for the year ended 30 June 2008	-	-	-	-	(838,968)	(838,968)
<b>Balance at 31 December 2008</b>	<u>6,711,743</u>	<u>234,868</u>	<u>2,384,794</u>	<u>74,386</u>	<u>228,490</u>	<u>9,634,281</u>

The annexed notes from 1 to 21 form an integral part of this unconsolidated condensed interim financial information.



**Salim Abbas Jilani**  
Chairman



**Umair Khan**  
Managing Director

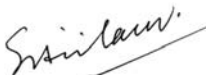


# UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

for the six months period ended 31 December 2008

	<b>31 December 2008</b>	31 December 2007
	(Rupees in '000)	
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Profit before taxation	354,762	983,751
<b>Adjustments for:</b>		
Depreciation	1,223,806	1,012,052
Amortization of intangibles	27,330	25,168
Finance cost	2,057,558	1,245,775
Amortization of transaction cost	2,452	9,019
Provision against impaired debts	169,177	90,826
Provision for compensated absences	9,122	-
Provision for employee benefits	79,385	55,549
Recognition of income against deferred credit	(139,830)	(117,809)
Dividend income	(7,963)	(6,271)
Profit / interest on term deposits	(1,108,625)	(608,810)
Income from net investment in finance lease	(107,899)	(121,160)
Loss on vehicles	-	5,725
Gain on sale of property, plant and equipment	(7,177)	(3,298)
	2,552,098	2,570,517
<b>(Increase) / decrease in operating assets:</b>		
Stores and spares	(728,221)	(239,130)
Stock-in-trade	41,081	(94,341)
Customers' installation work-in-progress	(80,216)	(47,548)
Trade debts	(8,958,327)	(2,792,568)
Loans and advances	(96,024)	(142,205)
Trade deposits and short term prepayments	99,737	(49,176)
Other receivables	(6,733,847)	1,354,782
Long term loans and advances to staff – net	(16,857)	959
<b>Increase / (decrease) in operating liabilities:</b>		
Increase in trade and other payables	14,317,944	252,505
Service charges received from new customers	332,113	230,317
Security deposits received	101,126	132,120
Employee benefits paid	(23,369)	(8,515)
Cash generated from operation	807,238	1,167,717
Financial charges paid	(1,225,056)	(810,541)
Income tax paid	(234,001)	(161,128)
Net cash (used in) / from operating activities	(651,819)	196,048
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure	(3,304,884)	(2,622,603)
Proceeds from sale of property, plant and equipment	11,213	5,887
Lease rental from investment in finance lease	174,437	179,391
Dividend received	7,963	6,271
Profit / interest received on bank deposits	767,782	610,775
Net cash (used in) investing activities	(2,343,489)	(1,820,279)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from local currency loans	550,129	10,200,573
Repayment of long term financings	(179,544)	(10,650,247)
Dividend paid	(177,665)	(567)
Net cash from / (used in) financing activities	192,920	(450,241)
Net decrease in cash and cash equivalents	(2,802,388)	(2,074,472)
Cash and cash equivalents at beginning of the period	4,356,300	4,267,639
Cash and cash equivalents at end of the period	1,553,912	2,193,167
<b>Cash and cash equivalents comprises:</b>		
Cash and bank balances	1,553,912	5,045,955
Short term borrowings	-	(2,852,788)
	1,553,912	2,193,167

The annexed notes from 1 to 21 form an integral part of this unconsolidated condensed interim financial information.

  
**Salim Abbas Jilani**  
Chairman

  
**Umair Khan**  
Managing Director

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

For the six months period ended 31 December 2008

## 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

This unconsolidated condensed interim financial information (interim financial information) is prepared in accordance with the requirements of the approved Accounting Standards as applicable in Pakistan for interim financial reporting. This unconsolidated condensed interim financial information does not include all of the information required for full annual financial statements, and should be read in conjunction with the financial statements of the Company as at and for the year ended 30 June 2008.

This unconsolidated condensed interim financial information is being submitted to the shareholders as required by Listing regulations of Karachi, Lahore and Islamabad Stock Exchanges and Section 245 of the Companies Ordinance, 1984.

## 3. Significant accounting policies

The significant accounting policies applied for the preparation of this unconsolidated condensed interim financial information are the same as those applied in preparation of the annual audited financial statements of the Company as at and for the year ended 30 June 2008.

## 4. Accounting estimates and judgements

The preparation of unconsolidated condensed interim financial information in conformity with approved accounting standards as applicable in Pakistan requires management to make estimates, assumptions and use judgements that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgements 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 judgements made by management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the financial statements as at and for the year ended 30 June 2008 except for the following:

### Gas development surcharge (17% guaranteed return)

The Unaccounted for Gas (UFG) upto 31 December 2008 is estimated to be around 8.02 percent. The management considers that UFG has been affected by earthquake in Ziarat and adjoining areas, riots in Karachi during 22nd November 2008 to 2nd December 2008 and 2 days less billed in November 2008 where UFG for that month increased to 15.37 percent and on annual basis UFG for the year ending 30 June 2009 is to be reduced to around 7 percent. The final 17 percent guaranteed return is subject to final determination by Oil and Gas Regulatory Authority based on the annual financial statements. Accordingly, while determining 17 percent guaranteed return UFG upto 7 percent has been considered.

Had actual UFG for the six months period ended 31 December 2008 been considered for the purpose of determination of 17% guaranteed return, net current assets would have been reduce by Rs. 327.689 million and profit for the six months period ended 31 December 2008 and equity as at 31 December 2008 would have been lower by same amount.

## 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 30 June 2008.

	<b>31 December 2008 (un-audited)</b>	30 June 2008 (audited)
	(Rupees in '000)	
<b>6. Property, plant and equipment</b>		
Operating assets	<b>30,825,248</b>	29,802,140
Capital work-in-progress	<b>5,142,609</b>	4,005,424
	<b><u>35,967,857</u></b>	<u>33,807,564</u>

Details of addition to and disposal of property, plant and equipment during the six months period ended 31 December 2008 are as follows:

	<b>Cost of additions/ transfers</b>	<b>Written down value of (disposals/ transfers)</b>
	(Rupees in '000)	
<b>Operating assets</b>		
<b>Owned</b>		
Buildings on leasehold land	<b>54,267</b>	-
Gas transmission and distribution pipeline system	<b>1,851,557</b>	(551)
Plant, machinery and other equipment	<b>329,710</b>	(140)
Motor vehicles	<b>85,944</b>	(3,345)
	<b><u>2,321,478</u></b>	<u>(4,036)</u>
<b>Capital work in progress</b>		
Projects:		
- Gas distribution system	<b>2,697,449</b>	(1,338,367)
- Cost of buildings under construction	<b>53,171</b>	(54,267)
- Gas infrastructure rehabilitation and expansion project	<b>545,989</b>	(550,960)
- Roads, pavements and related infrastructure	<b>15,321</b>	-
- Stores held for capital projects	<b>497,553</b>	(714,279)
Others	<b>363,459</b>	(377,884)
	<b><u>4,172,942</u></b>	<u>(3,035,757)</u>

	<b>31 December 2008 (un-audited)</b>	30 June 2008 (audited)
	(Rupees in '000)	
<b>7. Long-term investments</b>		
Investments in related parties	<b>49,957</b>	96,171
Other investments	<b>38,058</b>	61,324
	<b><u>88,015</u></b>	<u>157,495</u>

The Karachi Stock Exchange (Guarantee) Limited (KSE) placed a "Floor Mechanism" on the market value of securities based on the closing prices of securities prevailing with effect from 27 August 2008. Under this mechanism, the prices of individual security could vary within the normal circuit breaker limit subject to lower floor price level. As a result of this, the market volume significantly declined. On 15 December 2008, the Floor Mechanism was removed. However, market remained inactive during this period even at period end due to low trading volumes. The Securities and Exchange Commission of Pakistan through its circular No. Enf/D-III/Misc/1/2008 dated 29 January 2009 has advised that the market prices quoted on the stock exchange on 31 December 2008 may be used as fair value of securities as of that date for the purpose of preparation of financial statements for the period ended 31 December 2008. Accordingly, equity securities have been valued at the market prices as quoted on the stock exchange on 31 December 2008.

**8. Net investment in finance lease**

Not later than one year  
 Later than one year and not later than five years  
 Later than five years

31 December 2008		
Gross investment in finance lease	Finance income for future periods	Net investment in finance lease
----- (Rupees in '000) -----		
329,470	207,096	122,374
1,133,252	648,072	485,180
1,286,844	523,261	763,583
2,420,096	1,171,333	1,248,763
<u>2,749,566</u>	<u>1,378,429</u>	<u>1,371,137</u>

Not later than one year  
 Later than one year and not later than five years  
 Later than five years

30 June 2008		
Gross investment in finance lease	Finance income for future periods	Net investment in finance lease
----- (Rupees in '000) -----		
330,098	211,764	118,334
1,141,676	668,339	473,337
1,381,643	580,538	801,105
2,523,319	1,248,877	1,274,442
<u>2,853,417</u>	<u>1,460,641</u>	<u>1,392,776</u>

**8.1** As disclosed in note 3.1 to the annual financial statements for the year ended 30 June 2008, during the year ended 30 June 2008 the Company reviewed various pipeline rental agreements executed in previous years and determined that four pipeline rental agreements relating to certain gas transmission pipelines contain embedded leases and are to be recognized as leases in terms of IFRIC-4. In accordance with the requirements of IAS 17 "Leases", these pipeline rental arrangements were recognized as finance lease. Therefore, the comparatives have been restated in this interim financial information. The effect of these changes are as follows:

	Six months period ended		Quarter ended	
	31 December 2008	31 December 2007	31 December 2008	31 December 2007
(Un-audited) (Rupees in '000)				
<b>Effect on Profit and Loss Account</b>				
<b>Decrease / (increase) in the transmission, distribution and selling costs in respect of:</b>				
Recoveries of service cost from lessees	101,115	95,942	50,630	50,156
Depreciation on operating assets	66,538	58,231	33,656	28,445
	<u>167,653</u>	<u>154,173</u>	<u>84,286</u>	<u>78,601</u>
<b>Decrease in other operating income in respect of:</b>				
Income from gas transportation	(283,870)	(286,408)	(142,464)	(150,955)
Contingent rental income - Sui Northern Gas Pipeline Limited	8,318	11,075	3,880	5,191
	<u>(275,552)</u>	<u>(275,333)</u>	<u>(138,584)</u>	<u>(145,764)</u>
<b>Increase in other non-operating income</b>				
	107,899	121,160	54,298	67,163
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

	Note	31 December 2008 (un-audited) (Rupees in '000)	30 June 2008 (audited)
<b>9. Trade debts</b>			
Considered good - secured		6,323,175	5,408,402
Considered good - unsecured		22,511,003	14,636,626
	9.1	<b>28,834,178</b>	20,045,028
Considered doubtful		1,870,670	1,701,493
		<b>30,704,848</b>	21,746,521
Provision against impaired debts		(1,870,670)	(1,701,493)
		<b>28,834,178</b>	20,045,028

- 9.1** Trade receivable in respect of Karachi Electric Supply Company Limited (KESC) and Jamshoro Power Company Limited (JPCL) and Sui Northern Gas Pipelines Limited (SNGPL) in respect of sale of gas meters have aggregated to Rs. 17,860 million as at 31 December 2008 (30 June 2008: Rs. 12,526 million), which includes overdue amounts of Rs. 11,831 million (30 June 2008: Rs. 5,894 million). Receivable from SNGPL against uniform cost of gas and lease rental is classified under other receivables and amounts to Rs. 6,809 million (30 June 2008: Rs. 3,214 million) refer note no. 10.1, which includes overdue uniform cost of gas invoices of Rs. 4,888 million (30 June 2008: Rs. 1,455 million). Interest accrued in respect of overdue balances of KESC, JPCL and SNGPL are classified in accrued Interest and amount to Rs. 489 million in total. As at 31 December 2008, amounts of Rs. 23,960 million (included in trade creditors) is payable to Oil and Gas Development Company Limited, Pakistan Petroleum Limited and Government Holding (Private) Limited in respect of gas purchases along with interest of Rs. 2,829 million on their balances.

The Company does not consider the aforementioned trade debts, other receivables and accrued interest thereon as doubtful, as these have been largely accumulated due to existing circular debt situation. The Company, based on measures (settlement through inter company circular debts) being undertaken by the Government of Pakistan (GoP) in this regard, is confident of realizing the entire aforementioned receivables shortly.

**10. Other receivables - considered good**

Gas development surcharge receivable from GoP		2,996,271	974,722
Receivable from Sui Northern Gas Pipeline Limited (SNGPL)- a related party	10.1	6,809,079	3,272,399
Receivable from Jamshoro Joint Venture Limited (JJVL)		627,766	485,810
Sales tax receivable		5,087,870	3,950,889
Receivable from staff pension fund - non executives		151,582	134,506
Receivable from staff gratuity fund - executives		-	26,447
Receivable from staff provident fund - executives		-	6
Balance receivable for sale of gas condensate		112,493	157,125
Insurance claim receivable		-	10,913
Claim receivable		757	757
Miscellaneous receivables	10.2	291,616	330,013
		<b>16,077,434</b>	9,343,587
Provision against impaired receivables		(1,485)	(1,485)
		<b>16,075,949</b>	9,342,102

- 10.1** This includes lease rental receivable and recoverable against lease service cost and contingent rent amounting to Rs.100.757 million (30 June 2008: Rs. 58.494 million) and Rs. 6,708.322 million (30 June 2008: Rs. 3,213.794 million) receivable under the uniform cost of gas agreement with Sui Northern Gas Pipelines Limited (SNGPL).

- 10.2** This includes Rs. 263.309 million (30 June 2008: Rs. 300.925 million) recoverable from GoP under deferred tariff adjustment.

	Note	31 December 2008 (un-audited) (Rupees in '000)	30 June 2008 (audited)
<b>11. Trade and other payables</b>			
Creditors for:			
- gas		39,801,544	25,606,746
- supplies		276,793	206,928
		<b>40,078,337</b>	25,813,674
Amount received from customers / Government of Pakistan for laying of mains, etc.		3,436,564	3,076,777
Accrued liabilities		697,380	1,200,156
Provision for compensated absences - non-executives		102,862	93,740
Payable to staff pension fund – executives		-	952
Payable to gratuity fund - non executives		-	22,417
Payable to provident fund - non executives		82	5
Workers' profit participation fund		18,814	125,408
Deposits / retention money		173,584	166,132
Bills payable		75,147	91,293
Advance for sharing right of way		18,088	18,088
Unclaimed dividend	11.1	695,071	33,768
Withholding tax payable		70,143	48,145
Unclaimed term finance certificate redemption profit Inter State Gas System (Private) Limited (ISGSL)		1,975	2,178
		3,095	6,026
Others	11.2	418,486	125,869
		<b>45,789,628</b>	30,824,628

**11.1** This includes an amount of Rs. 507 million payable to Government of Pakistan. The dividend was declared in annual general meeting held on 30 October 2008. During the month of November 2008, the Company approached to Ministry of Petroleum and Natural Resources for its adjustments with the amount receivable on account of gas development surcharge. The authorization / response is yet to be received.

**11.2** This includes a provision of Rs. 272.175 million which has been made against the claim for alternative fuel costs, liquidated damages, interest on the amount of the claim and cost of the arbitration as a result of decision of Arbitrator.

## 12. Long term financing

### Secured

- Loans from banking companies and financial institutions

Local currency loans	12.1	7,333,400	6,833,400
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- Other loans

Musharaka arrangements	12.2	7,525,561	8,506,442
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		<b>14,858,961</b>	15,339,842
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### Unsecured

Consumer financing	12.3	159,587	186,580
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Government of Sindh loan	12.4	56,199	56,199
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		215,786	242,779
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		<b>15,074,747</b>	15,582,621
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				Note	31 December 2008 (un-audited) (Rupees in '000)	30 June 2008 (audited)	
<b>12.1</b>	<b>Local currency loans</b>						
		<b>Instalment payable</b>	<b>Repayment period</b>	<b>Mark-up rate</b>			
	United Bank Limited - term loan	half-yearly	2005-2009	1% above last 6 months T-Bill auction cut-off rate average KIBOR	12.1.1	125,000	250,000
	Crescent Commercial Bank- term loan	quarterly	2010-2013	0.2% above 3 months average KIBOR	12.1.1	1,000,000	1,000,000
	United Bank Limited - term loan- II	on maturity	2010	0.2% above 3 months average KIBOR	12.1.1	1,500,000	1,500,000
	MCB Bank Limited- term loan- I	quarterly	2010-2012	0.2% above 3 months average KIBOR	12.1.1	2,000,000	2,000,000
	MCB Bank Limited- term loan- II	quarterly	2010-2011	0.2% above 3 months average KIBOR	12.1.1	1,333,400	1,333,400
	MCB Bank Limited- term loan- III	quarterly	2010-2011	0.2% above 3 months average KIBOR	12.1.1	1,000,000	1,000,000
	Habib Bank Limited	on maturity	2010	2% above 3 months average KIBOR	12.1.2	500,000	-
						<b>7,458,400</b>	<b>7,083,400</b>
	Less: Current portion shown under current liabilities of United Bank Limited - term loan					<b>(125,000)</b>	<b>(250,000)</b>
						<b>7,333,400</b>	<b>6,833,400</b>

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

**12.1.2** This loan is 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.

## 12.2 Musharaka arrangements - secured

	<b>Instalment Payable</b>	<b>Repayment Period</b>	<b>Mark-up rate</b>			
<b>Islamic Sukuk bonds under musharaka agreements</b>						
Dubai Islamic Bank (the "Investor's Agent")	quarterly	2009-2012	0.40% above 3 months average KIBOR	12.2.1	897,254	896,831
Meezan Bank Limited (the "Investor's Agent")	quarterly	2009-2012	0.80% above 3 months average KIBOR	12.2.1	1,994,190	1,993,360
Bank Islami Pakistan Limited (the "Trustee")	quarterly	2010-2012	0.20% above 3 months average KIBOR	12.2.1	4,694,040	4,693,295
<b>Islamic Finance under diminishing musharaka</b>						
Meezan Bank Limited	Two Instalments	2009 & 2010	0.45% above 3 months average KIBOR	12.2.1	998,410	997,956
					<b>8,583,894</b>	<b>8,581,442</b>
Less: Current portion shown under current liabilities						
Dubai Islamic Bank (the "Investor's Agent")					<b>(225,000)</b>	<b>(75,000)</b>
Meezan Bank Limited (the "Investor's Agent")					<b>(333,333)</b>	<b>-</b>
Meezan Bank Limited					<b>(500,000)</b>	<b>-</b>
					<b>(1,058,333)</b>	<b>(75,000)</b>
					<b>7,525,561</b>	<b>8,506,442</b>

**12.2.1** 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.

	Note	31 December 2008 (un-audited) (Rupees in '000)	30 June 2008 (audited)
<b>12.3 Consumer financing</b>			
Consumer financing	12.3.1	<b>226,263</b>	230,678
Less: Current portion shown under current liabilities		<b>(66,676)</b>	(44,098)
		<b>159,587</b>	186,580

**12.3.1** This represents contributions received from certain industrial customers for the laying of distribution mains for supply of gas to their premises. These balances carry mark-up at 25% of 3 year 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 instalments through credits in the monthly gas bills of the consumers.

**12.4 Government of Sindh loan**

Government of Sindh loan	12.4.1	<b>63,610</b>	63,610
Less: Current portion shown under current liabilities		<b>(7,411)</b>	(7,411)
		<b>56,199</b>	56,199

**12.4.1** An unsecured development loan from Government of Sindh has been availed for supply of gas to various districts and areas of Sindh. The facility carries mark-up at 2 percent per annum. The loan together with mark-up shall be repaid in 12 yearly instalments with grace period of 2 years commencing from 30 June 2007.

**12.5** The Company has un-availed short term running facilities as at 31 December 2008 from the following banks:

Name of Bank	Mark-up rate	Un-availed limit (Rupees in '000)	Expiry date of facility
Bank of Tokyo Mitsubishi	1 Month KIBOR + 0.5%	450,000	30 June 2009
Bank Al Habib Limited	1 Month KIBOR + 1%	900,000	30 September 2009
Duetsche Bank AG	1 Month KIBOR + 2%	250,000	31 July 2009
Habib Bank Limited	1 Month KIBOR + 3%	1,500,000	15 November 2011
Allied Bank Limited	1 Month KIBOR + 3%	600,000	30 November 2009
Bank Al Falah Limited	1 Month KIBOR + 3%	500,000	28 February 2009
United Bank Limited	1 Month KIBOR + 3%	1,000,000	05 April 2009
MCB Bank Limited	1 Month KIBOR + 3%	1,000,000	31 December 2009
The Hongkong Shanghai Banking Corporation	1 Month KIBOR + 3.5%	400,000	07 November 2010



	Note	31 December 2008 (un-audited) (Rupees in '000)	30 June 2008 (audited)
<b>13. Deferred credit</b>			
<b>- Government contributions / grants</b>			
Balance at 1 July		1,444,501	962,988
Additions during the period		123,695	562,397
		<b>1,568,196</b>	1,525,385
Transferred to profit and loss account		(42,752)	(80,884)
		<b>1,525,444</b>	1,444,501
<b>- Contribution from customers</b>			
Balance at 1 July		2,375,430	2,013,917
Additions during the period		208,418	461,656
Transferred to profit and loss account		(97,078)	(100,143)
		<b>2,486,770</b>	2,375,430
		<b>4,012,214</b>	3,819,931

#### 14. Contingencies and commitments

There have been no change in the status of contingencies and commitments as stated in the annual financial statements for the year ended 30 June 2008 except for the following:

14.1	Claims against the Company not acknowledged as debt	14.9	507,565	608,234
14.2	Commitments for capital and other expenditure		2,884,808	2,932,197
14.3	Guarantees issued on behalf of the Company		19,460	16,450

14.4 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 Company's stock of pipes, gas meters, regulators, etc. valuing Rs.75 million (30 June 2008: Rs.75 million) and Company's investment in shares having a face value of Rs.0.5 million (30 June 2008: Rs.0.5 million). Loan outstanding at the year end was Rs.16.197 million (30 June 2008: Rs.17.80 million).

14.5 The Company is in litigation against certain temporary assignees who were relieved in the previous years. The Federal Services Tribunal (FST) had initially ordered the Company to absorb these assignees. The Company preferred to file an appeal before the Honourable Supreme Court of Pakistan against the orders of the FST, which was dismissed by the Honourable Supreme Court. The Company then filed two Review Petitions before the Honourable Supreme Court against the rejection of the Company's appeal. In addition the Federation of Pakistan has also filed four Civil Miscellaneous Applications (CMAs) and three Review Petitions against the said order.

During an interim hearing held in May 2007 and September 2007 Honourable Supreme Court ordered SSGCL to absorb 109 and 551 individuals respectively which was complied with by SSGCL. Supreme Court further ordered that the pending CMAs and Review Petitions pertaining to the issue filed by SSGCL, Federation of Pakistan and Temporary Assignees will be kept for hearing at any date fixed by Supreme Court.

Further, President of Pakistan on 14 February 2009 promulgated the Sacked Employees (Reinstatement) Ordinance 2009, ("the Ordinance") for providing relief to persons who were appointed during the period from 1 November 1993 to 30 November 1996 (both days inclusive) and were dismissed, removed or terminated or given forced golden hand shake from service from 1 November 1996 to 31 December 1998 (both days inclusive). Some of the Company's employees who were dismissed, removed or terminated or given forced golden hand shake during the aforementioned period may be affected by the Ordinance. The financial effect, if any, on their reinstatement has not yet been quantified. The management considers that in case reinstatement of some employees either the amount would be recovered through special fund to be established by the Government or through 17 percent guaranteed return formula.

- 14.6** On 22 December 2008 the Additional Collector (Adjudication) Sales Tax and Federal Excise passed an order declaring the Company responsible for non-payment of central excise duty on the gas charges billed to WAPDA and KESC during the period 1998-99. The alleged non-payment of central excise is Rs. 543.960 million along with additional duty and penalty amounting Rs. 50 million. The Company has filed an appeal against the said order before Collector of Customs, Sales Tax and Federal Excise (Appeal) Karachi, and is confident to get the decision in its favour. Accordingly no provision has been made in this interim financial information.
- 14.7** The additional Collector (Adjudication) Sales Tax and Federal Excise passed an order against the Company with a demand of Rs. 311.397 million in respect of sales tax on disposal of fixed assets, incorrect adjustment against exempt supplies, non payment of sales tax on transportation charges, late payment surcharge and service connection charges along with default surcharge and penalty at the rate of 5% of the total amount of tax involved. The Company has filed an appeal against the order before the Collector of Customs, Sales Tax and Federal Excise (Appeal) Karachi. No provision has been made in this interim financial information as Company is confident that the decision of the appeal will be in its favour.
- 14.8** During the six months period ended 31 December 2008, 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 which will be calculated at the time of payment of the liability. The Company has filled an Appeal against the said order before Collector of Customs, Sales Tax and Federal Excise (Appeal) Karachi. No provision has been made in this interim financial information as Company is confident that the decision of the appeal will be in its favour.
- 14.9** The management is confident that ultimately these claims (note 14.1) would not be payable.

Note	Six months period ended		Quarter Ended	
	31 December 2008	31 December 2007	31 December 2008	31 December 2007
	(Un-audited)			
	(Rupees in '000)			
<b>15. Other operating expenses</b>				
Auditors' remuneration	914	1,096	484	796
Workers' profit participation fund	18,728	51,782	11,727	21,229
Sports expenses	7,936	9,878	4,043	4,341
Corporate social responsibility	7,774	4,209	1,342	2,936
Net loss on gas distribution Gwadar operation	9,768	5,600	5,510	2,644
Exchange loss on payment of gas purchases	1,259,013	40,265	339,865	40,265
Loss of vehicles	-	5,725	-	5,725
Provision for liquidated damages 11.2	272,175	-	272,175	-
	<u>1,576,308</u>	<u>118,555</u>	<u>635,146</u>	<u>77,936</u>

Six months period ended		Quarter Ended	
31 December 2008	31 December 2007	31 December 2008	31 December 2007

(Un-audited)  
(Rupees in '000)

## 16. Other operating income

### Income from other than financial assets

Meter rentals	279,859	260,232	140,266	131,816
Recognition of income against deferred credit	139,830	117,809	72,040	61,204
Sale of gas condensate	310,425	223,704	97,284	129,778
Income from gas transportation	25,629	20,175	12,974	9,865
Royalty income	997,395	1,027,308	427,632	528,907
Meter manufacturing profit - net	40,210	42,547	6,942	18,733
Recoveries from customers	17,802	3,490	11,047	2,077
Miscellaneous	23,167	18,110	14,480	6,743
	<b>1,834,317</b>	<b>1,713,375</b>	<b>782,665</b>	<b>889,123</b>

### Income from investment in debts, loans, advances and receivables from related party

Income from gas transportation - SNGPL	8,318	11,075	3,880	5,191
	<b>1,842,635</b>	<b>1,724,450</b>	<b>786,545</b>	<b>894,314</b>

## 17. Other non-operating income

### Income from financial assets

Late payment surcharge	243,287	188,376	164,561	101,783
Income from net investment in finance lease - Other customers	25,023	33,735	12,860	23,450
Return on:				
- term deposits and profit and loss bank accounts	112,053	89,347	75,812	57,465
- staff loans	1,149	1,327	571	807
Interest on delayed payments				
- KESC	630,989	514,861	398,607	312,571
- Jamshoro Joint Venture Limited	45,112	3,275	31,904	2,608
- SNGPL	66,564	-	66,564	-
- WAPDA	252,758	-	252,758	-
Dividend income	647	-	647	-
	<b>1,377,582</b>	<b>830,921</b>	<b>1,004,284</b>	<b>498,684</b>

### Income from investment in debts, loans, advances and receivables from related party

Dividend income - Sui Northern Gas Pipeline Limited	7,316	6,271	7,316	6,271
Income from net investment in finance lease - SNGPL	79,574	83,389	39,787	41,695
- OGDCL	3,302	4,036	1,651	2,018
	<b>90,192</b>	<b>93,696</b>	<b>48,754</b>	<b>49,984</b>
	<b>1,467,774</b>	<b>924,617</b>	<b>1,053,038</b>	<b>548,668</b>

- 17.1 The comparative figures have been re-classified from other operating income in order to give more appropriate presentation and disclosure, in accordance with changes in accounting policy (Refer note no. 8.1).

	Six months period ended		Quarter Ended	
	31 December 2008	31 December 2007	31 December 2008	31 December 2007
	(Un-audited)			
	(Rupees in '000)			
<b>18. Finance cost</b>				
Mark-up on				
Redeemable capital	627,589	157,817	349,206	157,460
Local currency financing	511,100	631,555	260,814	244,134
Short term financing	97,278	22,855	44,818	19,106
Consumers' deposits	37,176	32,886	19,696	17,117
Workers' profit participation fund	1,066	10	1,066	-
Discount on gas bills	26	-	26	-
Interest on delayed payment to gas suppliers	936,983	415,209	704,601	212,919
Financial charges capitalized	(154,067)	(14,992)	(154,067)	(14,992)
Others	407	435	193	304
	<u>2,057,558</u>	<u>1,245,775</u>	<u>1,226,353</u>	<u>636,048</u>

**19. Taxation**

Current	-	186,518	-	145,533
Deferred	127,093	348,086	80,183	94,632
Prior year	-	108,530	-	108,530
	<u>127,093</u>	<u>643,134</u>	<u>80,183</u>	<u>348,695</u>

**20. Transactions with related parties**

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

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

Note	Six months period ended		Quarter Ended	
	31 December 2008	31 December 2007	31 December 2008	31 December 2007
	(Un-audited)			
	(Rupees in '000)			
<b>Sui Northern Gas Pipeline Limited</b>				
- Lease rental	113,994	115,788	56,997	57,894
- Recovery of lease service cost	83,931	116,081	41,965	77,885
- Contingent rent in respect of finance lease	8,318	11,075	3,880	5,191
- Sale of gas meters	502,416	325,105	222,869	151,020
- Gas purchases	53,820	27,987	29,787	17,540
- Cost of gas levelisation	13,282,136	4,710,457	6,684,488	2,304,916

	Note	Six months period ended		Quarter Ended	
		31 December 2008	31 December 2007	31 December 2008	31 December 2007
<b>(Un-audited)</b> (Rupees in '000)					
<b>Oil and Gas Development Company Limited</b>					
- Lease rental		7,620	8,354	3,810	4,177
- Recovery of lease service cost		12,013	10,931	6,006	5,466
- Gas purchases		11,542,188	5,436,142	5,900,912	2,066,515
<b>Inter State Gas System (Private) Limited</b>					
- Reimbursement of expenses on the basis of joint venture agreement		13,974	49,022	4,102	31,301
<b>Mari Gas Company Limited</b>					
- Gas purchases		3,573	1,092	2,124	1,092
<b>State Life Insurance Corporation Limited</b>					
- Rent of premises		1,186	2,040	1,050	1,900
<b>National Insurance Company Limited</b>					
- Insurance coverage		48,130	15,819	41,116	15,819
<b>Liaquat National Hospital</b>					
- Medical services		10,766	-	6,586	-
<b>Ministry of Petroleum and Natural Resources</b>					
- Infrastructure development fee		-	50,000	-	50,000
<b>Staff retirement benefit plans</b>					
- Contribution to provident fund	20.2	49,872	42,500	31,484	23,020
- Contribution to pension fund	20.2	(8,711)	(20,100)	(13,130)	-
- Contribution to gratuity fund	20.2	17,868	(11,100)	17,868	-
<b>Fauji Fertilizer Company Limited</b>					
- Gas sales		745,145	-	745,145	-
<b>Petroleum Institute of Pakistan</b>					
- Subscription		420	593	178	593
<b>Siemens Pakistan Engineering Limited</b>					
- Supplies and maintenance		674	-	42	-
<b>Perac Research and Development Foundation</b>					
- Energy conservation study charges		42	184	-	184
<b>Remuneration to key management personnel</b>					
(executive staff)	20.3	29,402	17,638	13,517	8,845

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

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

	<b>31 December 2008 (un-audited)</b>	30 June 2008 (audited)
	(Rupees in '000)	
<b>Sui Northern Gas Pipeline Limited</b>		
- Sale of gas meters	<u>100,107</u>	<u>18,006</u>
- Gas purchases	<u>(14,044)</u>	<u>(8,977)</u>
<b>Oil and Gas Development Company Limited</b>		
- Gas purchases	<u>(13,871,496)</u>	<u>(7,194,976)</u>
<b>Mari Gas Company Limited</b>		
- Gas purchases	<u>(945)</u>	<u>(908)</u>
<b>Fauji Fertilizer Company Limited</b>		
- Gas sales	<u>253,547</u>	<u>-</u>

**21. General**

- 21.1** This unconsolidated condensed interim financial information was authorised for issue on 27 February 2009 by the Board of Directors of the Company.
- 21.2** Figures have been rounded off to the nearest thousand rupees unless otherwise stated.



**Salim Abbas Jilani**  
Chairman



**Umair Khan**  
Managing Director

Karachi  
27 February 2009

# CONSOLIDATED CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

As at 31 December 2008

		<b>31 December 2008 (un-audited)</b>	30 June 2008 (audited)
	<i>Note</i>	(Rupees in '000)	
<b>Non-current assets</b>			
Property, plant and equipment	6	<b>35,967,857</b>	33,807,564
Intangible assets		<b>68,160</b>	69,573
Long term investments	7	<b>82,915</b>	152,395
Share of investment in jointly controlled entity	8	<b>5,100</b>	5,100
Net Investment in finance lease	9	<b>1,248,763</b>	1,274,442
Long term loans and advances		<b>128,203</b>	111,346
Long term deposits		<b>3,250</b>	3,250
<b>Total non-current assets</b>		<b>37,504,248</b>	<b>35,423,670</b>
<b>Current assets</b>			
Stores, spares and loose tools		<b>1,883,263</b>	1,155,042
Stock-in-trade		<b>471,302</b>	512,383
Current maturity of net investment in finance lease		<b>122,374</b>	118,334
Customers' installation work-in-progress		<b>248,457</b>	168,241
Trade debts	10	<b>28,834,178</b>	20,045,028
Loans and advances		<b>212,014</b>	115,990
Trade deposits and short term prepayments		<b>167,685</b>	267,422
Interest accrued		<b>539,169</b>	198,326
Other receivables	11	<b>16,075,949</b>	9,342,102
Taxation - net		<b>17,429</b>	-
Cash and bank balances		<b>1,553,912</b>	4,356,300
<b>Total current assets</b>		<b>50,125,732</b>	<b>36,279,168</b>
<b>Current liabilities</b>			
Current portion of long term financing		<b>1,257,420</b>	376,509
Trade and other payables	12	<b>45,789,628</b>	30,824,628
Interest and mark-up accrued		<b>3,024,675</b>	2,038,106
Taxation - net		<b>-</b>	216,572
<b>Total current liabilities</b>		<b>50,071,723</b>	<b>33,455,815</b>
<b>Net current assets</b>		<b>54,009</b>	<b>2,823,353</b>
<b>Total assets less current liabilities</b>		<b>37,558,257</b>	<b>38,247,023</b>
<b>Equity and non-current liabilities</b>			
<b>Share capital and reserves</b>			
Authorised share capital		<b>10,000,000</b>	10,000,000
Issued, subscribed and paid-up capital		<b>6,711,743</b>	6,711,743
Reserves		<b>2,619,662</b>	2,467,662
Surplus on remeasurement of available for sale securities		<b>74,386</b>	143,866
Unappropriated profit		<b>228,490</b>	991,789
<b>Total equity</b>		<b>9,634,281</b>	10,315,060
<b>Non-current liabilities</b>			
Long term financing	13	<b>15,074,747</b>	15,582,621
Long term deposits		<b>2,680,014</b>	2,578,888
Deferred tax		<b>4,981,422</b>	4,854,329
Employee benefits		<b>1,175,579</b>	1,096,194
Deferred credit	14	<b>4,012,214</b>	3,819,931
<b>Total non-current liabilities</b>		<b>27,923,976</b>	27,931,963
<b>Total equity and non-current liabilities</b>		<b>37,558,257</b>	<b>38,247,023</b>
<b>Contingencies and commitments</b>	15		

The annexed notes from 1 to 22 form an integral part of this consolidated condensed interim financial information.



**Salim Abbas Jilani**  
Chairman



**Umair Khan**  
Managing Director

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

For the six months period ended 31 December 2008

	Note	<u>Six months period ended</u>		<u>Quarter ended</u>	
		<u>31 December 2008</u>	31 December 2007	<u>31 December 2008</u>	31 December 2007
(Rupees in '000)					
Sales		<b>58,586,169</b>	40,316,874	<b>28,265,430</b>	19,931,337
Sales tax		<b>(7,090,230)</b>	(4,557,982)	<b>(3,416,440)</b>	(2,255,898)
		<b>51,495,939</b>	35,758,892	<b>24,848,990</b>	17,675,439
Gas development surcharge		<b>1,793,934</b>	(1,802,954)	<b>1,932,538</b>	(713,172)
Net sales		<b>53,289,873</b>	33,955,938	<b>26,781,528</b>	16,962,267
Cost of gas		<b>(48,678,139)</b>	(31,000,537)	<b>(24,588,205)</b>	(15,576,339)
Gross profit		<b>4,611,734</b>	2,955,401	<b>2,193,323</b>	1,385,928
Transmission, distribution and selling costs		<b>(3,281,926)</b>	(2,656,997)	<b>(1,688,740)</b>	(1,382,911)
Administrative expenses		<b>(651,589)</b>	(599,390)	<b>(260,927)</b>	(328,779)
Other operating expenses	16	<b>(1,576,308)</b>	(118,555)	<b>(635,146)</b>	(77,936)
		<b>(5,509,823)</b>	(3,374,942)	<b>(2,584,813)</b>	(1,789,626)
		<b>(898,089)</b>	(419,541)	<b>(391,490)</b>	(403,698)
Other operating income	17	<b>1,842,635</b>	1,724,450	<b>786,545</b>	894,314
Operating profit before finance cost		<b>944,546</b>	1,304,909	<b>395,055</b>	490,616
Other non-operating income	18	<b>1,467,774</b>	924,617	<b>1,053,038</b>	548,668
Finance cost	19	<b>(2,057,558)</b>	(1,245,775)	<b>(1,226,353)</b>	(636,048)
Profit before taxation		<b>354,762</b>	983,751	<b>221,740</b>	403,236
Taxation	20	<b>(127,093)</b>	(643,134)	<b>(80,183)</b>	(348,695)
Profit for the period		<b>227,669</b>	340,617	<b>141,557</b>	54,541
(Rupees)					
Basic and diluted earnings per share		<b>0.34</b>	0.51	<b>0.21</b>	0.08

The annexed notes from 1 to 22 form an integral part of this consolidated condensed interim financial information.

  
**Salim Abbas Jilani**  
Chairman

  
**Umair Khan**  
Managing Director



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

For the six months period ended 31 December 2008

	Issued, subscribed and paid-up capital	Capital reserves	Revenue reserves	Surplus on remeasurement of available for sale securities	Unappropriated profit	Total
	(Rupees in '000)					
<b>Balance at 01 July 2007</b>	6,711,743	234,868	2,253,794	223,189	315,309	9,738,903
<b>Changes in equity for the six months period ended 31 December 2007</b>						
Net deficit on remeasurement of available for sale securities	-	-	-	(6,189)	-	(6,189)
Profit for the period	-	-	-	-	340,617	340,617
Total recognised income and expenses for the period	-	-	-	(6,189)	340,617	334,428
Transfer from revenue reserve to unappropriated profit	-	-	(21,000)	-	21,000	-
Final dividend at Rs. 0.5 per share for the year ended 30 June 2007	-	-	-	-	(335,587)	(335,587)
<b>Balance at 31 December 2007</b>	<u>6,711,743</u>	<u>234,868</u>	<u>2,232,794</u>	<u>217,000</u>	<u>341,339</u>	<u>9,737,744</u>
<b>Balance at 01 July 2008</b>	6,711,743	234,868	2,232,794	143,866	991,789	10,315,060
<b>Changes in equity for the six months period ended 31 December 2008</b>						
Net deficit on remeasurement of available for sale securities	-	-	-	(69,480)	-	(69,480)
Profit for the period	-	-	-	-	227,669	227,669
Total recognised income and expenses for the period	-	-	-	(69,480)	227,669	158,189
Transfer from unappropriated profit to revenue reserves	-	-	152,000	-	(152,000)	-
Final dividend at Rs. 1.25 per share for the year ended 30 June 2008	-	-	-	-	(838,968)	(838,968)
<b>Balance at 31 December 2008</b>	<u>6,711,743</u>	<u>234,868</u>	<u>2,384,794</u>	<u>74,386</u>	<u>228,490</u>	<u>9,634,281</u>

The annexed notes from 1 to 22 form an integral part of this consolidated condensed interim financial information.



**Salim Abbas Jilani**  
Chairman



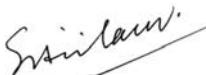
**Umair Khan**  
Managing Director

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

For the six months period ended 31 December 2008

	<b>31 December 2008</b>	31 December 2007
	(Rupees in '000)	
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Profit before taxation	354,762	983,751
<b>Adjustments for:</b>		
Depreciation	1,223,806	1,012,052
Amortization of intangibles	27,330	25,168
Finance cost	2,057,558	1,245,775
Amortization of transaction cost	2,452	9,019
Provision against impaired debts	169,177	90,826
Provision for compensated absences	9,122	-
Provision for employee benefits	79,385	55,549
Recognition of income against deferred credit	(139,830)	(117,809)
Dividend income	(7,963)	(6,271)
Profit / interest on term deposits	(1,108,625)	(608,810)
Income from net investment in finance lease	(107,899)	(121,160)
Loss on vehicles	-	5,725
Gain on sale of property, plant and equipment	(7,177)	(3,298)
	2,552,098	2,570,517
<b>(Increase) / decrease in operating assets:</b>		
Stores and spares	(728,221)	(239,130)
Stock-in-trade	41,081	(94,341)
Customers' installation work-in-progress	(80,216)	(47,548)
Trade debts	(8,958,327)	(2,792,568)
Loans and advances	(96,024)	(142,205)
Trade deposits and short term prepayments	99,737	(49,176)
Other receivables	(6,733,847)	1,354,782
Long term loans and advances to staff – net	(16,857)	959
<b>Increase / (decrease) in operating liabilities:</b>		
Increase in trade and other payables	14,317,944	252,505
Service charges received from new customers	332,113	230,317
Security deposits received	101,126	132,120
Employee benefits paid	(23,369)	(8,515)
Cash generated from operation	807,238	1,167,717
Financial charges paid	(1,225,056)	(810,541)
Income tax paid	(234,001)	(161,128)
Net cash (used in) / from operating activities	(651,819)	196,048
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure	(3,304,884)	(2,622,603)
Proceeds from sale of property, plant and equipment	11,213	5,887
Lease rental from investment in finance lease	174,437	179,391
Dividend received	7,963	6,271
Profit / interest received on bank deposits	767,782	610,775
Net cash (used in) investing activities	(2,343,489)	(1,820,279)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from local currency loans	550,129	10,200,573
Repayment of long term financings	(179,544)	(10,650,247)
Dividend paid	(177,665)	(567)
Net cash from / (used in) financing activities	192,920	(450,241)
Net decrease in cash and cash equivalents	(2,802,388)	(2,074,472)
Cash and cash equivalents at beginning of the period	4,356,300	4,267,639
Cash and cash equivalents at end of the period	1,553,912	2,193,167
<b>Cash and cash equivalents comprises:</b>		
Cash and bank balances	1,553,912	5,045,955
Short term borrowings	-	(2,852,788)
	1,553,912	2,193,167

The annexed notes from 1 to 22 form an integral part of this consolidated condensed interim financial information.

  
**Salim Abbas Jilani**  
Chairman

  
**Umair Khan**  
Managing Director

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

For the six months period ended 31 December 2008

## 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.

### 1.1 Basis of consolidation

The group consists of:

- Sui Southern Gas Company Limited (SSGCL)
- Sui Southern Gas Provident Fund Trust (Pvt) Limited

The consolidated condensed interim financial statements include the financial statements of SSGCL - Holding Company and its subsidiary company - "The Group".

The assets and liabilities of subsidiary company have been consolidated on a line-by-line basis and the carrying value of investments held by the Holding Company is eliminated against the subsidiary's share holder's equity in the consolidated financial statements.

Intra-group balances and transactions have been eliminated.

## 2. Basis of preparation

This consolidated condensed interim financial information (interim financial information) is prepared in accordance with the requirements of the approved Accounting Standards as applicable in Pakistan for interim financial reporting. This consolidated condensed interim financial information does not include all of the information required for full annual financial statements, and should be read in conjunction with the financial statements of the Company as at and for the year ended 30 June 2008.

This consolidated condensed interim financial information is being submitted to the shareholders as required by Listing regulations of Karachi, Lahore and Islamabad Stock Exchanges and Section 245 of the Companies Ordinance, 1984.

## 3. Significant accounting policies

The significant accounting policies applied for the preparation of this consolidated condensed interim financial information are the same as those applied in preparation of the annual audited financial statements of the Company as at and for the year ended 30 June 2008.

## 4. Accounting estimates and judgements

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 judgements that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgements 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 judgements made by management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the financial statements as at and for the year ended 30 June 2008 except for the following:

### Gas development surcharge (17% guaranteed return)

The Unaccounted for Gas (UFG) upto 31 December 2008 is estimated to be around 8.02 percent. The management considers that UFG has been affected by earthquake in Ziarat and adjoining areas, riots in Karachi during 22nd November 2008 to 2nd December 2008 and 2 days less billed in November 2008 where UFG for that month increased to 15.37 percent and on annual basis UFG for the year ending 30 June 2009 is to be reduced to around 7 percent. The final 17 percent

guaranteed return is subject to final determination by Oil and Gas Regulatory Authority based on the annual financial statements. Accordingly, while determining 17 percent guaranteed return UFG upto 7 percent has been considered.

Had actual UFG for the six months period ended 31 December 2008 been considered for the purpose of determination of 17% guaranteed return, net current assets would have been reduce by Rs. 327.689 million and profit for the six months period ended 31 December 2008 and equity as at 31 December 2008 would have been lower by same amount.

## 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 30 June 2008.

## 6. Property, plant and equipment

	<b>31 December 2008 (un-audited)</b>	30 June 2008 (audited)
	(Rupees in '000)	
Operating assets	<b>30,825,248</b>	29,802,140
Capital work-in-progress	<b>5,142,609</b>	4,005,424
	<b><u>35,967,857</u></b>	<u>33,807,564</u>

Details of addition to and disposal of property, plant and equipment during the six months period ended 31 December 2008 are as follows:

	<b>Cost of additions/ transfers</b>	<b>Written down value of (disposals/ transfers)</b>
	(Rupees in '000)	
<b>Operating assets</b>		
<b>Owned</b>		
Buildings on leasehold land	<b>54,267</b>	-
Gas transmission and distribution pipeline system	<b>1,851,557</b>	(551)
Plant, machinery and other equipment	<b>329,710</b>	(140)
Motor vehicles	<b>85,944</b>	(3,345)
	<b><u>2,321,478</u></b>	<u>(4,036)</u>
<b>Capital work in progress</b>		
Projects:		
- Gas distribution system	<b>2,697,449</b>	(1,338,367)
- Cost of buildings under construction	<b>53,171</b>	(54,267)
- Gas infrastructure rehabilitation and expansion project	<b>545,989</b>	(550,960)
- Roads, pavements and related infrastructure	<b>15,321</b>	-
- Stores held for capital projects	<b>497,553</b>	(714,279)
Others	<b>363,459</b>	(377,884)
	<b><u>4,172,942</u></b>	<u>(3,035,757)</u>
	<b>31 December 2008 (un-audited)</b>	30 June 2008 (audited)
	(Rupees in '000)	

## 7. Long-term investments

Investments in related parties	<b>44,857</b>	91,071
Other investments	<b>38,058</b>	61,324
	<b><u>82,915</u></b>	<u>152,395</u>

The Karachi Stock Exchange (Guarantee) Limited (KSE) placed a "Floor Mechanism" on the market value of securities based on the closing prices of securities prevailing with effect from 27 August 2008. Under this mechanism, the prices of individual security could vary within the normal circuit breaker limit subject to lower floor price level. As a result of this, the market volume significantly

declined. On 15 December 2008, the Floor Mechanism was removed. However, market remained inactive during this period even at period end due to low trading volumes. The Securities and Exchange Commission of Pakistan through its circular No. Enf/D-III/Misc/1/2008 dated 29 January 2009 has advised that the market prices quoted on the stock exchange on 31 December 2008 may be used as fair value of securities as of that date for the purpose of preparation of financial statements for the period ended 31 December 2008. Accordingly, equity securities have been valued at the market prices as quoted on the stock exchange on 31 December 2008.

## 8. Share of investment in jointly controlled entity

	Note	31 December 2008 (un-audited) (Rupees in '000)	30 June 2008 (audited)
Inter State Gas System (Private) Limited 510,000 ordinary shares of Rs. 10 each	8.1	<u>5,100</u>	<u>5,100</u>
8.1	This represents a 51% (June 2008: 51%) interest of SSGCL share in Inter State Systems (Private) Limited (the jointly controlled entity).		

	31 December 2008		
	Gross investment in finance lease ----- (Rupees in '000)	Finance income for future periods (Rupees in '000)	Net investment in finance lease ----- (Rupees in '000)
Not later than one year	329,470	207,096	122,374
Later than one year and not later than five years	1,133,252	648,072	485,180
Later than five years	1,286,844	523,261	763,583
	<u>2,420,096</u>	<u>1,171,333</u>	<u>1,248,763</u>
	<u>2,749,566</u>	<u>1,378,429</u>	<u>1,371,137</u>
	30 June 2008		
	Gross investment in finance lease ----- (Rupees in '000)	Finance income for future periods (Rupees in '000)	Net investment in finance lease ----- (Rupees in '000)
Not later than one year	330,098	211,764	118,334
Later than one year and not later than five years	1,141,676	668,339	473,337
Later than five years	1,381,643	580,538	801,105
	2,523,319	1,248,877	1,274,442
	<u>2,853,417</u>	<u>1,460,641</u>	<u>1,392,776</u>

- 9.1 As disclosed in note 3.1 to the annual financial statements for the year ended 30 June 2008, during the year ended 30 June 2008 the Company reviewed various pipeline rental agreements executed in previous years and determined that four pipeline rental agreements relating to certain gas transmission pipelines contain embedded leases and are to be recognized as leases in terms of IFRIC-4. In accordance with the requirements of IAS 17 "Leases", these pipeline rental arrangements were recognized as finance lease. Therefore, the comparatives have been restated in this interim financial information. The effect of these changes are as follows:

	Six months period ended		Quarter ended	
	31 December 2008	31 December 2007	31 December 2008	31 December 2007
			(Un-audited) (Rupees in '000)	
<b>Effect on Profit and Loss Account Decrease / (increase) in the transmission, distribution and selling costs in respect of:</b>				
Recoveries of service cost from lessees	101,115	95,942	50,630	50,156
Depreciation on operating assets	66,538	58,231	33,656	28,445
	<b>167,653</b>	<b>154,173</b>	<b>84,286</b>	<b>78,601</b>
<b>Decrease in other operating income in respect of:</b>				
Income from gas transportation	(283,870)	(286,408)	(142,464)	(150,955)
Contingent rental income - Sui Northern Gas Pipeline Limited	8,318	11,075	3,880	5,191
	<b>(275,552)</b>	<b>(275,333)</b>	<b>(138,584)</b>	<b>(145,764)</b>
<b>Increase in other non-operating income</b>	<b>107,899</b>	<b>121,160</b>	<b>54,298</b>	<b>67,163</b>
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Note      **31 December 2008**      30 June 2008  
(un-audited)      (audited)  
(Rupees in '000)

#### 10. Trade debts

Considered good - secured		<b>6,323,175</b>	5,408,402
Considered good - unsecured		<b>22,511,003</b>	14,636,626
	10.1	<b>28,834,178</b>	20,045,028
Considered doubtful		<b>1,870,670</b>	1,701,493
		<b>30,704,848</b>	21,746,521
Provision against impaired debts		<b>(1,870,670)</b>	(1,701,493)
		<b>28,834,178</b>	20,045,028

**10.1** Trade receivable in respect of Karachi Electric Supply Company Limited (KESC) and Jamshoro Power Company Limited (JPCL) and Sui Northern Gas Pipelines Limited (SNGPL) in respect of sale of gas meters have aggregated to Rs. 17,860 million as at 31 December 2008 (30 June 2008: Rs. 12,526 million), which includes overdue amounts of Rs. 11,831 million (30 June 2008: Rs. 5,894 million). Receivable from SNGPL against uniform cost of gas and lease rental is classified under other receivables and amounts to Rs. 6,809 million (30 June 2008: Rs. 3,214 million) refer note no. 10.1, which includes overdue uniform cost of gas invoices of Rs. 4,888 million (30 June 2008: Rs. 1,455 million). Interest accrued in respect of overdue balances of KESC, JPCL and SNGPL are classified in accrued interest and amount to Rs. 489 million in total. As at 31 December 2008, amounts of Rs. 23,960 million (included in trade creditors) is payable to Oil and Gas Development Company Limited, Pakistan Petroleum Limited and Government Holding (Private) Limited in respect of gas purchases along with interest of Rs. 2,829 million on their balances.

The Company does not consider the aforementioned trade debts, other receivables and accrued interest thereon as doubtful, as these have been largely accumulated due to existing circular debt situation. The Company, based on measures (settlement through inter company circular debts) being undertaken by the Government of Pakistan (GoP) in this regard, is confident of realizing the entire aforementioned receivables shortly.

## 11. Other receivables - considered good

	Note	31 December 2008 (un-audited) (Rupees in '000)	30 June 2008 (audited)
Gas development surcharge receivable from GoP		2,996,271	974,722
Receivable from Sui Northern Gas Pipeline Limited (SNGPL)- a related party	11.1	6,809,079	3,272,399
Receivable from Jamshoro Joint Venture Limited (JJVL)		627,766	485,810
Sales tax receivable		5,087,870	3,950,889
Receivable from staff pension fund - non executives		151,582	134,506
Receivable from staff gratuity fund - executives		-	26,447
Receivable from staff provident fund - executives		-	6
Balance receivable for sale of gas condensate		112,493	157,125
Insurance claim receivable		-	10,913
Claim receivable		757	757
Miscellaneous receivables	11.2	291,616	330,013
		<b>16,077,434</b>	<b>9,343,587</b>
Provision against impaired receivables		<b>(1,485)</b>	<b>(1,485)</b>
		<b>16,075,949</b>	<b>9,342,102</b>

**11.1** This includes lease rental receivable and recoverable against lease service cost and contingent rent amounting to Rs.100.757 million (30 June 2008: Rs. 58.494 million) and Rs. 6,708.322 million (30 June 2008: Rs. 3,213.794 million) receivable under the uniform cost of gas agreement with Sui Northern Gas Pipelines Limited (SNGPL).

**11.2** This includes Rs. 263.309 million (30 June 2008: Rs. 300.925 million) recoverable from GoP under deferred tariff adjustment.

## 12. Trade and other payables

Creditors for:

- gas		39,801,544	25,606,746
- supplies		276,793	206,928
		<b>40,078,337</b>	<b>25,813,674</b>
Amount received from customers / Government of Pakistan for laying of mains, etc.		3,436,564	3,076,777
Accrued liabilities		697,380	1,200,156
Provision for compensated absences - non-executives		102,862	93,740
Payable to staff pension fund – executives		-	952
Payable to gratuity fund - non executives		-	22,417
Payable to provident fund - non executives		82	5
Workers' profit participation fund		18,814	125,408
Deposits / retention money		173,584	166,132
Bills payable		75,147	91,293
Advance for sharing right of way		18,088	18,088
Unclaimed dividend	12.1	695,071	33,768
Withholding tax payable		70,143	48,145
Unclaimed term finance certificate redemption profit		1,975	2,178
Inter State Gas System (Private) Limited (ISGSL)		3,095	6,026
Others	12.2	418,486	125,869
		<b>45,789,628</b>	<b>30,824,628</b>

**12.1** This includes an amount of Rs. 507 million payable to Government of Pakistan. The dividend was declared in annual general meeting held on 30 October 2008. During the month of November 2008, the Company approached to Ministry of Petroleum and Natural Resources for its adjustments with the amount receivable on account of gas development surcharge. The authorization / response is yet to be received.

- 12.2 This includes a provision of Rs. 272.178 million which has been made against the claim for alternative fuel costs, liquidated damages, interest on the amount of the claim and cost of the arbitration as a result of decision of Arbitrator.

	Note	31 December 2008 (un-audited) (Rupees in '000)	30 June 2008 (audited)
<b>13. Long term financing</b>			
<b>Secured</b>			
- Loans from banking companies and financial institutions			
Local currency loans	13.1	7,333,400	6,833,400
- Other loans			
Musharaka arrangements	13.2	7,525,561	8,506,442
		<b>14,858,961</b>	<b>15,339,842</b>
<b>Unsecured</b>			
Consumer financing	13.3	159,587	186,580
Government of Sindh loan	13.4	56,199	56,199
		<b>215,786</b>	<b>242,779</b>
		<b>15,074,747</b>	<b>15,582,621</b>

Note    31 December  
2008    30 June  
(un-audited)    2008  
(audited)  
(Rupees in '000)

**13.1 Local currency loans**

	Instalment payable	Repayment period	Mark-up rate	Note	31 December 2008 (un-audited)	30 June 2008 (audited)
United Bank Limited - term loan	half-yearly	2005-2009	1% above last 6 months T-Bill auction cut-off rate average KIBOR	13.1.1	125,000	250,000
Crescent Commercial Bank- term loan	quarterly	2010-2013	0.2% above 3 months average KIBOR	13.1.1	1,000,000	1,000,000
United Bank Limited - term loan- II	on maturity	2010	0.2% above 3 months average KIBOR	13.1.1	1,500,000	1,500,000
MCB Bank Limited- term loan- I	quarterly	2010-2012	0.2% above 3 months average KIBOR	13.1.1	2,000,000	2,000,000
MCB Bank Limited- term loan- II	quarterly	2010-2011	0.2% above 3 months average KIBOR	13.1.1	1,333,400	1,333,400
MCB Bank Limited- term loan- III	quarterly	2010-2011	0.2% above 3 months average KIBOR	13.1.1	1,000,000	1,000,000
Habib Bank Limited	on maturity	2010	2% above 3 months average KIBOR	13.1.2	500,000	-
					<b>7,458,400</b>	<b>7,083,400</b>
Less: Current portion shown under current liabilities of United Bank Limited - term loan					<b>(125,000)</b>	<b>(250,000)</b>
					<b>7,333,400</b>	<b>6,833,400</b>

- 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 compressor stations, transmission pipelines, distribution pipelines and pipelines construction machinery and equipment.

- 13.1.2 This loan is 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.



				Note	31 December 2008 (un-audited)	30 June 2008 (audited)
<b>13.2 Musharaka arrangements - secured</b>						
	<b>Instalment payable</b>	<b>Repayment period</b>	<b>Mark-up rate</b>			
<b>Islamic Sukuk bonds under musharaka agreements</b>						
Dubai Islamic Bank (the "Investor's Agent")	quarterly	2009-2012	0.40% above 3 months average KIBOR	13.2.1	897,254	896,831
Meezan Bank Limited (the "Investor's Agent")	quarterly	2009-2012	0.80% above 3 months average KIBOR	13.2.1	1,994,190	1,993,360
Bank Islami Pakistan Limited (the "Trustee")	quarterly	2010-2012	0.20% above 3 months average KIBOR	13.2.1	4,694,040	4,693,295
<b>Islamic Finance under diminishing musharaka</b>						
Meezan Bank Limited	two instalments	2009 & 2010	0.45% above 3 months average KIBOR	13.2.1	998,410	997,956
					<b>8,583,894</b>	<b>8,581,442</b>
Less: Current portion shown under current liabilities						
Dubai Islamic Bank (the "Investor's Agent")					(225,000)	(75,000)
Meezan Bank Limited (the "Investor's Agent")					(333,333)	-
Meezan Bank Limited					(500,000)	-
					<b>(1,058,333)</b>	<b>(75,000)</b>
					<b>7,525,561</b>	<b>8,506,442</b>

**13.2.1** 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.

	Note	31 December 2008 (un-audited)	30 June 2008 (audited)
<b>13.3 Consumer financing</b>			
Consumer financing	13.3.1	226,263	230,678
Less: Current portion shown under current liabilities		(66,676)	(44,098)
		<b>159,587</b>	<b>186,580</b>
<b>13.3.1</b> 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 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 instalments through credits in the monthly gas bills of the consumers.			
<b>13.4 Government of Sindh loan</b>			
Government of Sindh loan	13.4.1	63,610	63,610
Less: Current portion shown under current liabilities		(7,411)	(7,411)
		<b>56,199</b>	<b>56,199</b>

**13.4.1** An unsecured development loan from Government of Sindh has been availed for supply of gas to various districts and areas of Sindh. The facility carries mark-up at 2 percent per annum. The loan together with mark-up shall be repaid in 12 yearly instalments with grace period of 2 years commencing from 30 June 2007.

- 13.5 The Company has un-availed short term running facilities as at 31 December 2008 from the following banks:

Name of Bank	Mark-up rate	Un-availed limit (Rupees in '000)	Expiry date of facility
Bank of Tokyo Mitsubishi	1 Month KIBOR + 0.5%	450,000	30 June 2009
Bank Al Habib Limited	1 Month KIBOR + 1%	900,000	30 September 2009
Duetsche Bank AG	1 Month KIBOR + 2%	250,000	31 July 2009
Habib Bank Limited	1 Month KIBOR + 3%	1,500,000	15 November 2011
Allied Bank Limited	1 Month KIBOR + 3%	600,000	30 November 2009
Bank Al Falah Limited	1 Month KIBOR + 3%	500,000	28 February 2009
United Bank Limited	1 Month KIBOR + 3%	1,000,000	05 April 2009
MCB Bank Limited	1 Month KIBOR + 3%	1,000,000	31 December 2009
The Hongkong Shanghai Banking Corporation	1 Month KIBOR + 3.5%	400,000	07 November 2010

Note      **31 December 2008**      30 June 2008  
**(un-audited)**      (audited)  
(Rupees in '000)

#### 14. Deferred credit

##### - Government contributions / grants

Balance at 1 July	1,444,501	962,988
Additions during the period	123,695	562,397
	<b>1,568,196</b>	1,525,385
Transferred to profit and loss account	(42,752)	(80,884)
	<b>1,525,444</b>	1,444,501

##### - Contribution from customers

Balance at 1 July	2,375,430	2,013,917
Additions during the period	208,418	461,656
Transferred to profit and loss account	(97,078)	(100,143)
	<b>2,486,770</b>	2,375,430
	<b>4,012,214</b>	3,819,931

#### 15. Contingencies and commitments

There have been no change in the status of contingencies and commitments as stated in the annual financial statements for the year ended 30 June 2008 except for the following:

15.1	Claims against the Company not acknowledged as debt	15.9	507,565	608,234
15.2	Commitments for capital and other expenditure		2,884,808	2,932,197
15.3	Guarantees issued on behalf of the Company		19,460	16,450

- 15.4 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 Company's stock of pipes, gas meters, regulators, etc. valuing Rs.75 million (30 June 2008: Rs.75 million) and Company's investment in shares having a face value of Rs.0.5 million (30 June 2008: Rs.0.5 million). Loan outstanding at the year end was Rs.16.197 million (30 June 2008: Rs.17.80 million).

- 15.5** The Company is in litigation against certain temporary assignees who were relieved in the previous years. The Federal Services Tribunal (FST) had initially ordered the Company to absorb these assignees. The Company preferred to file an appeal before the Honourable Supreme Court of Pakistan against the orders of the FST, which was dismissed by the Honourable Supreme Court. The Company then filed two Review Petitions before the Honourable Supreme Court against the rejection of the Company's appeal. In addition the Federation of Pakistan has also filed four Civil Miscellaneous Applications (CMAs) and three Review Petitions against the said order.

During an interim hearing held in May 2007 and September 2007 Honourable Supreme Court ordered SSGCL to absorb 109 and 551 individuals respectively which was complied with by SSGCL. Supreme Court further ordered that the pending CMAs and Review Petitions pertaining to the issue filed by SSGCL, Federation of Pakistan and Temporary Assignees will be kept for hearing at any date fixed by Supreme Court.

Further, President of Pakistan on 14 February 2009 promulgated the Sacked Employees (Reinstatement) Ordinance 2009, ("the Ordinance") for providing relief to persons who were appointed during the period from 1 November 1993 to 30 November 1996 (both days inclusive) and were dismissed, removed or terminated or given forced golden hand shake from service from 1 November 1996 to 31 December 1998 (both days inclusive). Some of the Company's employees who were dismissed, removed or terminated or given forced golden hand shake during the aforementioned period may be affected by the Ordinance. The financial effect, if any, on their reinstatement has not yet been quantified. The management considers that in case reinstatement of some employees either the amount would be recovered through special fund to be established by the Government or through 17 percent guaranteed return formula.

- 15.6** On 22 December 2008 the Additional Collector (Adjudication) Sales Tax and Federal Excise passed an order declaring the Company responsible for non-payment of central excise duty on the gas charges billed to WAPDA and KESC during the period 1998-99. The alleged non-payment of central excise is Rs. 543.960 million along with additional duty and penalty amounting Rs. 50 million. The Company has filed an appeal against the said order before Collector of Customs, Sales Tax and Federal Excise (Appeal) Karachi, and is confident to get the decision in its favour. Accordingly no provision has been made in this interim financial information.

- 15.7** The additional Collector (Adjudication) Sales Tax and Federal Excise passed an order against the Company with a demand of Rs. 311.397 million in respect of sales tax on disposal of fixed assets, incorrect adjustment against exempt supplies, non payment of sales tax on transportation charges, late payment surcharge and service connection charges along with default surcharge and penalty at the rate of 5% of the total amount of tax involved. The Company has filed an appeal against the order before the Collector of Customs, Sales Tax and Federal Excise (Appeal) Karachi. No provision has been made in this interim financial information as Company is confident that the decision of the appeal will be in its favour.

- 15.8** During the six months period ended 31 December 2008, 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 which will be calculated at the time of payment of the liability. The Company has filled an Appeal against the said order before Collector of Customs, Sales Tax and Federal Excise (Appeal) Karachi. No provision has been made in this interim financial information as Company is confident that the decision of the appeal will be in its favour.

15.9 The management is confident that ultimately these claims (note 15.1) would not be payable.

	Note	Six months period ended		Quarter Ended	
		31 December 2008	31 December 2007	31 December 2008	31 December 2007
<b>(Un-audited)</b>					
(Rupees in '000)					
<b>16. Other operating expenses</b>					
Auditors' remuneration		914	1,096	484	796
Workers' profit participation fund		18,728	51,782	11,727	21,229
Sports expenses		7,936	9,878	4,043	4,341
Corporate social responsibility		7,774	4,209	1,342	2,936
Net loss on gas distribution Gwadar operation		9,768	5,600	5,510	2,644
Exchange loss on payment of gas purchases		1,259,013	40,265	339,865	40,265
Loss of vehicles		-	5,725	-	5,725
Provision for liquidated damages	12.2	272,175	-	272,175	-
		<u>1,576,308</u>	<u>118,555</u>	<u>635,146</u>	<u>77,936</u>
<b>17. Other operating income</b>					
<b>Income from other than financial assets</b>					
Meter rentals		279,859	260,232	140,266	131,816
Recognition of income against deferred credit		139,830	117,809	72,040	61,204
Sale of gas condensate		310,425	223,704	97,284	129,778
Income from gas transportation		25,629	20,175	12,974	9,865
Royalty income		997,395	1,027,308	427,632	528,907
Meter manufacturing profit - net		40,210	42,547	6,942	18,733
Recoveries from customers		17,802	3,490	11,047	2,077
Miscellaneous		23,167	18,110	14,480	6,743
		<u>1,834,317</u>	<u>1,713,375</u>	<u>782,665</u>	<u>889,123</u>
<b>Income from investment in debts, loans, advances and receivables from related party</b>					
Income from gas transportation - SNGPL		8,318	11,075	3,880	5,191
		<u>1,842,635</u>	<u>1,724,450</u>	<u>786,545</u>	<u>894,314</u>

Six months period ended		Quarter Ended	
31 December 2008	31 December 2007	31 December 2008	31 December 2007

(Un-audited)  
(Rupees in '000)

## 18. Other non-operating income

### Income from financial assets

Late payment surcharge	243,287	188,376	164,561	101,783
Income from net investment in finance lease - Other customers	25,023	33,735	12,860	23,450
Return on:				
- term deposits and profit and loss bank accounts	112,053	89,347	75,812	57,465
- staff loans	1,149	1,327	571	807
Interest on delayed payments				
- KESC	630,989	514,861	398,607	312,571
- Jamshoro Joint Venture Limited	45,112	3,275	31,904	2,608
- SNGPL	66,564	-	66,564	-
- WAPDA	252,758	-	252,758	-
Dividend income	647	-	647	-
	<u>1,377,582</u>	<u>830,921</u>	<u>1,004,284</u>	<u>498,684</u>

### Income from investment in debts, loans, advances and receivables from related party

Dividend income - Sui Northern Gas Pipeline Limited	7,316	6,271	7,316	6,271
Income from net investment in finance lease - SNGPL	79,574	83,389	39,787	41,695
- OGDCL	3,302	4,036	1,651	2,018
	<u>90,192</u>	<u>93,696</u>	<u>48,754</u>	<u>49,984</u>
	<u>1,467,774</u>	<u>924,617</u>	<u>1,053,038</u>	<u>548,668</u>

18.1 The comparative figures have been re-classified from other operating income in order to give more appropriate presentation and disclosure, in accordance with changes in accounting policy (Refer note no. 8.1).

## 19. Finance cost

Mark-up on				
Redeemable capital	627,589	157,817	349,206	157,460
Local currency financing	511,100	631,555	260,814	244,134
Short term financing	97,278	22,855	44,818	19,106
Consumers' deposits	37,176	32,886	19,696	17,117
Workers' profit participation fund	1,066	10	1,066	-
Discount on gas bills	26	-	26	-
Interest on delayed payment to gas suppliers	936,983	415,209	704,601	212,919
Financial charges capitalized	(154,067)	(14,992)	(154,067)	(14,992)
Others	407	435	193	304
	<u>2,057,558</u>	<u>1,245,775</u>	<u>1,226,353</u>	<u>636,048</u>

<b>Six months period ended</b>		<b>Quarter Ended</b>	
<b>31 December</b>	31 December	<b>31 December</b>	31 December
<b>2008</b>	2007	<b>2008</b>	2007

**(Un-audited)**  
(Rupees in '000)

## 20. Taxation

Current	-	186,518	-	145,533
Deferred	<b>127,093</b>	348,086	<b>80,183</b>	94,632
Prior year	-	108,530	-	108,530
	<b>127,093</b>	<b>643,134</b>	<b>80,183</b>	<b>348,695</b>

## 21. Transactions with related parties

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

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

Note	<b>Six months period ended</b>		<b>Quarter Ended</b>	
	<b>31 December</b>	31 December	<b>31 December</b>	31 December
	<b>2008</b>	2007	<b>2008</b>	2007

**(Un-audited)**  
(Rupees in '000)

<b>Sui Northern Gas Pipeline Limited</b>				
- Lease rental	<b>113,994</b>	115,788	<b>56,997</b>	57,894
- Recovery of lease service cost	<b>83,931</b>	116,081	<b>41,965</b>	77,885
- Contingent rent in respect of finance lease	<b>8,318</b>	11,075	<b>3,880</b>	5,191
- Sale of gas meters	<b>502,416</b>	325,105	<b>222,869</b>	151,020
- Gas purchases	<b>53,820</b>	27,987	<b>29,787</b>	17,540
- Cost of gas levelisation	<b>13,282,136</b>	4,710,457	<b>6,684,488</b>	2,304,916
<b>Oil and Gas Development Company Limited</b>				
- Lease rental	<b>7,620</b>	8,354	<b>3,810</b>	4,177
- Recovery of lease service cost	<b>12,013</b>	10,931	<b>6,006</b>	5,466
- Gas purchases	<b>11,542,188</b>	5,436,142	<b>5,900,912</b>	2,066,515
<b>Inter State Gas System (Private) Limited</b>				
- Reimbursement of expenses on the basis of joint venture agreement	<b>13,974</b>	49,022	<b>4,102</b>	31,301
<b>Mari Gas Company Limited</b>				
- Gas purchases	<b>3,573</b>	1,092	<b>2,124</b>	1,092
<b>State Life Insurance Corporation Limited</b>				
- Rent of premises	<b>1,186</b>	2,040	<b>1,050</b>	1,900

	Note	Six months period ended		Quarter Ended	
		31 December 2008	31 December 2007	31 December 2008	31 December 2007
<b>(Un-audited)</b> (Rupees in '000)					
<b>National Insurance Company Limited</b>					
- Insurance coverage		48,130	15,819	41,116	15,819
<b>Liaquat National Hospital</b>					
- Medical services		10,766	-	6,586	-
<b>Ministry of Petroleum and Natural Resources</b>					
- Infrastructure development fee		-	50,000	-	50,000
<b>Staff retirement benefit plans</b>					
- Contribution to provident fund	21.2	49,872	42,500	31,484	23,020
- Contribution to pension fund	21.2	(8,711)	(20,100)	(13,130)	-
- Contribution to gratuity fund	21.2	17,868	(11,100)	17,868	-
<b>Fauji Fertilizer Company Limited</b>					
- Gas sales		745,145	-	745,145	-
<b>Petroleum Institute of Pakistan</b>					
- Subscription		420	593	178	593
<b>Siemens Pakistan Engineering Limited</b>					
- Supplies and maintenance		674	-	42	-
<b>Perac Research and Development Foundation</b>					
- Energy conservation study charges		42	184	-	184
<b>Remuneration to key management personnel</b>					
(executive staff)	21.3	29,402	17,638	13,517	8,845

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

**21.4** Amount (due to) / receivable from related parties

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

	<b>31 December 2008 (un-audited)</b>	30 June 2008 (audited)
	(Rupees in '000)	
<b>Sui Northern Gas Pipeline Limited</b>		
- Sale of gas meters	<u>100,107</u>	<u>18,006</u>
- Gas purchases	<u>(14,044)</u>	<u>(8,977)</u>
<b>Oil and Gas Development Company Limited</b>		
- Gas purchases	<u>(13,871,496)</u>	<u>(7,194,976)</u>
<b>Mari Gas Company Limited</b>		
- Gas purchases	<u>(945)</u>	<u>(908)</u>
<b>Fauji Fertilizer Company Limited</b>		
- Gas sales	<u>253,547</u>	<u>-</u>

**22. General**

**22.1** This consolidated condensed interim financial information was authorised for issue on 27 February 2009 by the Board of Directors of the Company.

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



**Salim Abbas Jilani**  
Chairman



**Umair Khan**  
Managing Director

Karachi  
27 February 2009



## KEY DATA

◆	FRANCHISE AREA	SINDH AND BALOCHISTAN	
		<b>FOR THE HALF YEAR ENDED</b>	
		<b>31 DEC. 2008</b>	31 DEC. 2007
◆	NATURAL GAS SALES VOLUME (MMCF)	<u><b>193,278</b></u>	<u>180,872</u>
◆	NUMBER OF CUSTOMERS (CUMULATIVE)		
	INDUSTRIAL	<b>3,649</b>	3,308
	COMMERCIAL	<b>22,835</b>	21,573
	DOMESTIC	<b>2,089,303</b>	1,947,415
		<b>2,115,787</b>	1,972,296
◆	GAS METERS MANUFACTURED (NOS.) (SSGC MEETS 100% REQUIREMENT OF DOMESTIC GAS METERS IN PAKISTAN)	<u><b>341,850</b></u>	<u>259,750</u>
◆	TRANSMISSION NETWORK - CUMULATIVE (KM)		
	DIAMETER		
	12"	<b>344</b>	344
	16"	<b>558</b>	558
	18"	<b>933</b>	933
	20"	<b>871</b>	852
	24"	<b>624</b>	594
	30"	<b>9</b>	9
		<b>3,339</b>	3,290
◆	DISTRIBUTION NETWORK - CUMULATIVE (KM)		
	MAINS (1" - 30" DIAMETER)	<b>26,094</b>	24,283
	SERVICES	<b>6,909</b>	6,545
		<b>33,003</b>	30,828