

## 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. Saeed Ullah Shah	
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

#### Auditors

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

#### Finance Committee

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

#### Legal Advisor

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

#### 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. Nasir Mahmood Khosa	Member
Mr. Shahid Aziz Siddiqui	Member

#### Registered Office

SSGC House  
ST - 4/B, Block 14,  
Sir Shah Muhammad Suleman Road,  
Gulshan-e-Iqbal,  
Karachi. 75300  
**Ph:** 92-21-902-1000  
**Fax:** 92-21-9231-1702

#### Chief Financial Officer

Mr. S. Shahid H. Jafri

#### Website

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

#### Company Secretary

Mr. Yusuf J. Ansari

#### E-mail

[info@ssgc.com.pk](mailto:info@ssgc.com.pk)

## 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 third quarter and nine months ended 31 March 2009.

### REVIEW OF OPERATIONS

Gas sales volume in the nine months to 31 March 2009 increased to 287.5 bcf versus 277.1 bcf in the corresponding period of FY 2007-08. By value it increased by 41% to Rs.77.6 billion. The average unit sales price increased by 37% to Rs.285.09 per mmbtu as compared to Rs.208.28 of last year. 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 well-head purchase price increased by 43% and stood at Rs. 247.01 per mmbtu.

In the nine months period, your Company extended 210 new industrial connections, 1,386 commercial and 82,673 domestic. Gas Distribution System was extended by 1,755 km while another 353 km of distribution lines were laid under rehabilitation projects to curtail line losses. With increased emphasis on domestic connections, especially in new towns and villages, the Company's resources are overstretched leading to additional UFG and recoveries are also posing a serious challenge.

In the nine months period, the meter manufacturing plant produced 499,710 meters versus 403,050, an increase of 24%. Sales to SNGPL increased by 35% to 358,400 meters. The profit of the plant decreased to Rs.47 million as compared to Rs.53 million of corresponding period due to rising cost and decreased margins.

Operating cost (excluding LNG, ISGSL & IDF cost) per MCF was Rs. 14.3 versus Rs. 11.8 of corresponding period last year. However, as percentage to revenue the operating cost reduced to 5% compared to 5.9% in the corresponding period.

Royalty income from JJVL for the nine months stood at Rs.1,360 million as compared to Rs.1,599 million of the corresponding period of last year. Financial charges receivable and payable both registered increase mainly due to circular debt phenomenon in the energy sector which has impacted the Company severely. The Government is being continuously urged to facilitate and provide relief to the Company and the Company was a beneficiary as overdues were received from WAPDA which were used to pay off OGDC. However, as on 22 April, 2009 dues of over Rs. 29 billion are outstanding against KESC, WAPDA, SNGPL, sales tax refunds and gas development surcharge refunds.

All in all the Company posted a pre-tax profit of Rs.603 million as compared to Rs.938 million for the corresponding period, a decrease of Rs.335 million (36%). 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 UFG. The earth quake in Balochistan and severe drop in temperature in the region resulted in increase in theft / leakage of gas in the 2nd & 3rd quarters. UFG was 8.26% compared with 7.93% for the corresponding period and OGRA effective target of 5.15%. An adjustment of Rs. 1,362 million has been made in the profit & loss account on the basis of full year 7% estimated UFG as referred to in Note 4.1 to the accounts. Meanwhile the issue has been raised with OGRA to provide urgent relief in the UFG benchmark. However, downward trend in UFG has set in from March onwards.


The Company strongly took-up the matter of anomaly in levy of minimum tax which led to its withdrawal. The incidence of corporate tax is thus reduced to standard 35% in the current year. The net profit after tax for the nine months period therefore stands at Rs. 392 million compared with Rs. 319 million for the same period last year. (EPS Rs. 0.58)

### REINSTATEMENT OF WORKERS

The Company was engaged in prolonged litigation against reinstating a large number of temporary trainees/ temporary assignees who were inducted during the period between 1996 and 1998 and relieved later on. Finally the Government has come up with an Ordinance giving such sacked workers a claim to their old jobs. The Company has complied with the legal provisions of the Ordinance and reinstatement of such temporary persons is in progress. The Government has been requested to fund the cost of extra hands. A separate cell has been formed in the HR Department to hire, train and deploy all such old workers who have submitted their joining reports.

### DEVELOPMENT PROJECTS

The capital expenditure was Rs. 5.0 billion as compared to Rs. 4.2 billion for the previous corresponding period and addition to assets were Rs. 4.2 billion versus Rs. 2.7 billion last year. The capex is proceeding as per plan and higher level of capitalization of upto Rs. 7 billion is likely to be achieved by the year end which should also favourably impact PAT.

  
**Salim Abbas Jilani**  
Chairman


  
**Umair Khan**  
Managing Director

## UNCONSOLIDATED CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

As at 31 March 2009

	Note	31 March 2009 (un-audited)	30 June 2008 (audited)
		(Rupees in thousand)	
<b>Non-current assets</b>			
Property, plant and equipment	6	37,214,271	33,807,564
Intangible assets		55,713	69,573
Long-term investments	7	97,249	157,495
Net investment in finance lease		1,170,202	1,274,442
Long-term loans and advances		121,491	111,346
Long-term deposits		3,250	3,250
<b>Total non-current assets</b>		<b>38,662,176</b>	<b>35,423,670</b>
<b>Current assets</b>			
Stores, spares and loose tools		1,814,455	1,155,042
Stock-in-trade		452,991	512,383
Current portion of net investment in finance lease		122,374	118,334
Customers' installation work-in-progress		95,758	168,241
Trade debts	8	28,802,976	20,045,028
Loans and advances		147,935	115,990
Trade deposits and short term prepayments		127,484	267,422
Interest accrued		821,641	198,326
Other receivables	9	20,968,970	9,342,102
Taxation - net		84,939	-
Cash and bank balances		1,406,244	4,356,300
<b>Total current assets</b>		<b>54,845,767</b>	<b>36,279,168</b>
<b>Current liabilities</b>			
Current portion of long term financing		3,838,714	376,509
Trade and other payables	10	47,762,290	30,824,628
Interest and mark-up accrued		3,763,850	2,038,106
Short term borrowings		798,330	-
Taxation - net		-	216,572
<b>Total current liabilities</b>		<b>56,163,184</b>	<b>33,455,815</b>
<b>Net current (liabilities) / assets</b>		<b>(1,317,417)</b>	<b>2,823,353</b>
<b>Total assets less current liabilities</b>		<b>37,344,759</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		83,620	143,866
Unappropriated profit		392,540	991,789
<b>Total equity</b>		<b>9,807,565</b>	<b>10,315,060</b>
<b>Non-current liabilities</b>			
Long term financing	11	14,461,443	15,582,621
Long term deposits		2,747,124	2,578,888
Deferred tax		5,065,254	4,854,329
Employee benefits		1,214,404	1,096,194
Deferred credit	12	4,048,969	3,819,931
<b>Total non-current liabilities</b>		<b>27,537,194</b>	<b>27,931,963</b>
<b>Total equity and non-current liabilities</b>		<b>37,344,759</b>	<b>38,247,023</b>
<b>Contingencies and commitments</b>	13		

The annexed notes from 1 to 20 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 nine months period ended 31 March 2009

		Nine months period ended		Quarter ended	
	Note	31 March 2009	31 March 2008	31 March 2009	31 March 2008
		(Rupees in thousand)			
Sales		88,341,597	62,206,905	29,755,428	21,890,031
Sales tax		(10,706,283)	(7,024,432)	(3,616,053)	(2,466,450)
		77,635,314	55,182,473	26,139,375	19,423,581
Gas development surcharge		2,597,263	(1,375,156)	803,329	427,798
Net sales		80,232,577	53,807,317	26,942,704	19,851,379
Cost of gas		(73,597,549)	(49,726,173)	(24,919,410)	(18,725,636)
Gross profit		6,635,028	4,081,144	2,023,294	1,125,743
Transmission, distribution and selling costs		(4,782,702)	(4,058,470)	(1,500,776)	(1,401,523)
Administrative expenses		(1,242,813)	(973,038)	(591,224)	(373,698)
Other operating expenses	14	(1,679,684)	(278,142)	(103,376)	(159,587)
		(7,705,199)	(5,309,650)	(2,195,376)	(1,934,808)
		(1,070,171)	(1,228,506)	(172,082)	(809,065)
Other operating income	15	2,510,856	2,687,437	668,221	962,987
Operating profit before finance cost		1,440,685	1,458,931	496,139	153,922
Other non-operating income	16	2,567,558	1,385,967	1,099,784	461,350
Finance cost	17	(3,405,599)	(1,906,788)	(1,348,041)	(661,013)
<b>Profit before taxation</b>		<b>602,644</b>	<b>938,110</b>	<b>247,882</b>	<b>(45,741)</b>
Taxation	18	(210,925)	(618,890)	(83,832)	24,244
<b>Profit for the period</b>		<b>391,719</b>	<b>319,220</b>	<b>164,050</b>	<b>(21,497)</b>
		(Rupees)			
<b>Basic and diluted earnings per share</b>		<b>0.58</b>	<b>0.48</b>	<b>0.24</b>	<b>(0.03)</b>

The annexed notes from 1 to 20 form an integral part of this unconsolidated condensed interim financial information.

  
**Salim Abbas Jilani**  
Chairman

  
**Umair Khan**  
Managing Director




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

For the nine months period ended 31 March 2009

	Issued, subscribed and paid-up capital	Capital reserves	Revenue reserves	Surplus on remeasurement of available for sale securities	Unappropri- ated profit	Total
	(Rupees in thousand)					
<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 nine months period ended 31 March 2008</b>						
Net deficit on remeasurement of available for sale securities	-	-	-	(5,468)	-	(5,468)
Profit for the period	-	-	-	-	319,120	319,120
Total recognised income and expenses for the period	-	-	-	(5,468)	319,120	313,652
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 March 2008</b>	<u>6,711,743</u>	<u>234,868</u>	<u>2,232,794</u>	<u>217,721</u>	<u>319,842</u>	<u>9,716,968</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 nine months period ended 31 March 2009</b>						
Net deficit on remeasurement of available-for-sale securities	-	-	-	(60,246)	-	(60,246)
Profit for the period	-	-	-	-	391,719	391,719
Total recognised income and expenses for the period	-	-	-	(60,246)	391,719	331,473
Transfer from unappropriated profit to revenue reserve	-	-	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 March 2009</b>	<u>6,711,743</u>	<u>234,868</u>	<u>2,384,794</u>	<u>83,620</u>	<u>392,540</u>	<u>9,807,565</u>

The annexed notes from 1 to 20 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 nine months period ended 31 March 2009

	31 March 2009	31 March 2008
	(Rupees in thousand)	
<b>CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Profit before taxation	602,644	938,010
Adjustments for:		
Depreciation	1,875,273	1,531,269
Amortization of intangibles	41,208	39,175
Finance cost	3,405,599	1,906,788
Amortization of transaction cost	3,678	10,047
Provision against impaired debts	241,738	148,815
Provision for compensated absences	13,682	15,098
Provision for employee benefits	118,210	83,324
Recognition of income against deferred credit	(193,385)	(178,277)
Dividend income	(7,963)	(6,271)
Profit / interest on term deposits / unpaid balances	(1,971,888)	(875,575)
Income from net investment in finance lease	(162,204)	(174,953)
Loss of vehicles	-	5,725
(Gain) / loss on sale of property, plant & equipment	7,592	(3,298)
	3,974,184	3,439,877
<b>(Increase) / decrease in operating assets :</b>		
Stores and spares	(659,413)	(5,777)
Stock-in-trade	59,392	(96,174)
Customers' installation work-in-progress	72,483	(75,360)
Trade debts	(8,999,686)	(2,609,296)
Loans and advances	(31,945)	(89,493)
Trade deposits and short term prepayments	139,938	(53,463)
Other receivables	(11,626,868)	(68,553)
Long term deposits	(10,145)	(200)
<b>Increase / (decrease) in operating liabilities:</b>		
Increase in trade and other payables	16,430,061	2,741,718
Service charges received from new customers	422,423	312,927
Security deposits received	168,236	200,830
Employee benefits paid	(23,369)	(8,781)
Cash generated from operation	(84,709)	3,688,255
Financial charges paid	(1,976,257)	(1,279,536)
Income tax paid	(301,511)	(262,514)
Net cash (used in) / from operating activities	(2,362,477)	2,146,205
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital expenditure	(5,035,519)	(4,188,408)
Proceeds from sale of property, plant & equipment	15,001	9,175
Lease rental from investment in finance lease	262,404	262,743
Dividend received	7,963	6,271
Profit / interest received on bank deposits	1,348,573	879,697
Net cash (used in) investing activities	(3,401,578)	(3,030,522)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from local currency loans	2,462,349	11,549,068
Repayment of long term financing	(125,000)	(11,327,729)
Dividend paid	(321,680)	(329,942)
Net cash from / (used in) financing activities	2,015,669	(108,603)
Net decrease in cash and cash equivalents	(3,748,386)	(992,920)
Cash and cash equivalents at beginning of the period	4,356,300	4,267,639
Cash and cash equivalents at end of the period	607,914	3,274,719
<b>Cash and cash equivalents comprises :</b>		
Cash and bank balances	1,406,244	3,274,719
Short term borrowings	(798,330)	-
	607,914	3,274,719

The annexed notes from 1 to 20 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 nine months period ended 31 March 2009

**1. Status and nature of business**

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

**2. Basis of preparation**

This unconsolidated condensed interim financial information is prepared in accordance with the requirements of the International Accounting Standard 34 "Interim Financial Reporting" 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 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 condensed unconsolidated 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 that disclosed in note 4.1 below.

**4.1 Gas development surcharge (17% guaranteed return)**

Upto 30 September 2008, the Unaccounted for Gas (UFG) has been considered based on actual pattern upto the reporting period for the purpose of determination of 17% guaranteed return. During the reporting of 2nd quarter results, the management decided that the UFG should be considered on annualized basis instead of actual pattern. Accordingly, annual UFG for the year ending 30 June 2009 at 7% has been estimated and considered for the purpose of determination of 17% guaranteed return. The actual UFG upto 31 March 2009 is 8.26%.

Had actual UFG been considered for the purpose of determination of 17% guaranteed return on actual pattern, the Gas Development Surcharge (17% guaranteed return) would have been lower by Rs. 976.136 million and profit for the nine months period ended 31 March 2009 would have been lower by Rs. 613.836 million i.e. net loss of Rs. 222.117 million. However, annual financial statements for the period ended 30 June 2009 will be prepared taken into account the actual UFG disallowance.

**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.

	Note	31 March 2009 (un-audited)	30 June 2008 (audited)
(Rupees in thousand)			
<b>6. Property, plant and equipment</b>			
Operating assets	6.1	31,949,597	29,802,140
Capital work-in-progress	6.2	5,264,674	4,005,424
		<b>37,214,271</b>	<b>33,807,564</b>

**6.1 Additions to and disposal of fixed assets**

Details of additions to and disposal of operating fixed assets during the nine months period ended 31 March 2009 are as follows:

	Cost of additions / transfers	Written down value of (disposals / transfers)
(Rupees in thousand)		
<b>Owned</b>		
Buildings on leasehold land	106,194	-
Gas transmission & distribution pipeline system	3,401,972	(17,159)
Plant, machinery and other equipment	528,410	(361)
Motor vehicles	117,301	(5,073)
	<b>4,153,877</b>	<b>(22,593)</b>

		Cost of additions / transfers	Written down value of (disposals / transfers)
		(Rupees in thousand)	
<b>6.2 Capital work-in-progress</b>			
<b>Projects:</b>			
- Gas distribution system		4,290,220	(2,744,956)
- Cost of buildings under construction		89,420	(105,641)
- Gas infrastructure rehabilitation and expansion project		546,660	(657,595)
- Roads, pavements and related infrastructure		15,440	-
- Stores held for capital projects		193,662	(714,279)
Others		587,049	(645,685)
		<b>5,722,451</b>	<b>(4,868,156)</b>
	Note	31 March 2009 (un-audited)	30 June 2008 (audited)
		(Rupees in thousand)	
<b>7. Long-term investments</b>			
Investment in related parties		68,267	96,171
Other investments		28,982	61,324
		<b>97,249</b>	<b>157,495</b>
<b>8. Trade debts</b>			
Considered good - secured		7,015,332	5,408,402
Considered good - unsecured		21,787,644	14,636,626
	8.1	<b>28,802,976</b>	<b>20,045,028</b>
Considered doubtful		1,943,231	1,701,493
		30,746,207	21,746,521
Provision against impaired debts		(1,943,231)	(1,701,493)
		<b>28,802,976</b>	<b>20,045,028</b>
<b>8.1</b>	Trade receivable in respect of Karachi Electric Supply Company Limited (KESC) and Jamshoro Power Company Limited (JPCL) have aggregated to Rs. 16,987 million as at 31 March 2009 (30 June 2008: Rs. 12,526 million), which include overdue amounts of Rs. 12,476 million (30 June 2008: Rs. 5,894 million). Receivable from Sui Northern Gas Pipelines Limited (SNGPL) against uniform cost of gas and lease rental is classified under other receivables and amounts to Rs. 9,128 million (30 June 2008: Rs. 3,214 million) which includes overdue uniform cost of gas invoices of Rs. 3,966 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. 819 million in total.		
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 being undertaken by the Government of Pakistan (GoP) in this regard, is confident of realizing the entire aforementioned receivables shortly. Accordingly, while estimating the provision for impairment, amounts receivable from KESC, JPCL and SNGPL in respect of gas bills/uniform cost of gas and accrued interest has not been considered.			
<b>9. Other receivables - considered good</b>			
Gas development surcharge receivable from GoP		3,818,409	974,722
Receivable from Sui Northern Gas Pipeline Limited (SNGPL) - a related party	9.1	9,234,803	3,272,399
Receivable from Jamshoro Joint Venture Limited (JJVL)		380,847	485,810
Sales tax receivable		6,980,099	3,950,889
Receivable from staff pension fund - non executives		159,948	134,506
Receivable from staff gratuity fund - executives		3	26,447
Receivable from staff provident fund - executives		-	6
Balance receivable for sale of gas condensate		126,376	157,125
Insurance claim receivable		155	10,913
Claim receivable		757	757
Miscellaneous receivable	9.2	269,058	330,013
		<b>20,970,455</b>	<b>9,343,587</b>
Provision against impaired receivables		(1,485)	(1,485)
		<b>20,968,970</b>	<b>9,342,102</b>
<b>9.1</b>	This includes lease rental receivable and recoverable against lease service cost and contingent rent amounting to Rs. 106.345 million (30 June 2008: Rs. 58.494 million) and Rs. 9,128.342 million (30 June 2008: Rs. 3,213.794 million) receivable under the uniform cost of gas agreement with Sui Northern Gas Pipelines Limited (SNGPL).		
<b>9.2</b>	This includes Rs. 244,501 million (30 June 2008: Rs. 300,925 million) recoverable from GoP under deferred tariff adjustment.		

		Note	31 March 2009 (un-audited)	30 June 2008 (audited)
			(Rupees in thousand)	
<b>10. Trade and other payables</b>				
Creditors for:				
- gas			42,318,437	25,606,746
-supplies			93,559	206,928
			<b>42,411,996</b>	<b>25,813,674</b>
Amount received from customers/ Government of Pakistan for laying of mains etc.			3,427,450	3,076,777
Accrued liabilities			839,754	1,200,156
Provision for compensated absences - non executives			107,422	93,740
Payable to pension fund - executives			-	952
Payable to gratuity fund - non executives			-	22,417
Payable to provident fund - non executives			31	5
Workers' profit participation fund			32,064	125,408
Deposits / retention money			186,713	166,132
Bills payable			-	91,293
Advance for sharing right of way			18,088	18,088
Unclaimed dividend			551,056	33,768
Withholding tax payable			53,939	48,145
Unclaimed term finance certificate redemption profit			1,975	2,178
Inter State Gas System (Private) Limited (ISGSL)			2,219	6,026
Others			129,583	125,869
			<b>47,762,290</b>	<b>30,824,628</b>
<b>11. Long term financing</b>				
<b>Secured</b>				
- Loans from banking companies and financial institutions				
Local currency loans	11.1		6,500,050	6,833,400
- Other loans				
Musharaka arrangements	11.2		7,285,119	8,506,442
			<b>13,785,169</b>	<b>15,339,842</b>
<b>Unsecured</b>				
Consumer financing	11.3		170,074	186,580
Government of Sindh loan	11.4		506,200	56,199
			<b>14,461,443</b>	<b>15,582,621</b>
<b>11.1 Local currency loans</b>				
	<b>Installment payable</b>	<b>Repayment period</b>	<b>Mark-up rate</b>	
UBL - term loan-I	half-yearly	2005-2009	1% above last 6 months T-Bill auction cut-off rate	11.1.1
				125,000
CCB - term loan	quarterly	2010-2013	0.2% above 3 months average KIBOR	11.1.2
				1,000,000
UBL - term loan-II	quarterly	2009	0.2% above 3 months average KIBOR	11.1.2
				1,500,000
MCB - term loan - I	quarterly	2010-2012	0.2% above 3 months average KIBOR	11.1.2
				2,000,000
MCB - term loan - II	quarterly	2010-2011	0.2% above 3 months average KIBOR	11.1.2
				1,333,400
MCB - term loan - III	quarterly	2010-2011	0.2% above 3 months average KIBOR	11.1.2
				1,000,000
HBL - term loan	on maturity	2010	2% above 3 months average KIBOR	11.1.3
				500,000
Faysal Bank Limited - term loan	quarterly	2011-2013	2% above 3 months average KIBOR	11.1.3
				1,500,000
				<b>8,958,400</b>
				7,083,400
Less: Current portion shown under current liabilities of:				
UBL - term loan-I			(125,000)	(250,000)
UBL - term loan-II			(1,500,000)	-
MCB - term loan - I			(500,000)	-
MCB - term loan - III			(333,350)	-
			<b>(2,458,350)</b>	<b>(250,000)</b>
			<b>6,500,050</b>	<b>6,833,400</b>

**11.1.1** All moveable fixed assets comprising of present and future machinery, equipment and other moveable property situated at the customer headquarter locations at Quetta, Sibi, Rohri, Dadu, Shikarpur, Nawabshah, Hyderabad and Karachi Terminal, Sui Gas Field, Khadeji Base Camp and Construction Spread camps comprising of compressor stations, transmission pipelines, distribution pipelines and pipelines construction machinery and equipment.

**11.1.2** The loan is secured by a first pari passu fixed charge created by way of hypothecation over moveable fixed assets of the Company comprising compressor stations, transmission pipelines, distribution pipelines and pipelines construction machinery and equipment.

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

<b>11.2 Musharaka arrangements - secured</b>	<b>Installment payable</b>	<b>Repayment period</b>	<b>Mark-up rate</b>	<b>Note</b>	<b>31 March 2009 (un-audited)</b>	<b>30 June 2008 (audited)</b>
(Rupees in thousand)						
<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	11.2.1	897,465	896,831
Meezan Bank Limited (the "Investor's Agent")	quarterly	2009 - 2012	0.80% above 3 months average KIBOR	11.2.1	1,994,605	1,993,360
Bank Islami Pakistan Limited (the "Trustee")	quarterly	2010 - 2012	0.20% above 3 months average KIBOR	11.2.1	4,694,412	4,693,295
<b>Islamic Finance under diminishing musharaka</b>						
Meezan Bank Limited	Two Installments	2009 & 2010	0.45% above 3 months average KIBOR	11.2.2	998,637	997,956
					<b>8,585,119</b>	<b>8,581,442</b>
Less: Current portion shown under current liabilities						
Dubai Islamic Bank (the "Investor's Agent")					(300,000)	(75,000)
Meezan Bank Limited (the "Investor's Agent")					(500,000)	-
Meezan Bank Limited					(500,000)	-
					<b>(1,300,000)</b>	<b>(75,000)</b>
					<b>7,285,119</b>	<b>8,506,442</b>

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

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

### 11.3 Consumer financing

Consumer financing	11.3.1	243,027	230,678
Less: Current portion shown under current liabilities		(72,953)	(44,098)
		<b>170,074</b>	<b>186,580</b>

**11.3.1** 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 installments through credits in the monthly gas bills of the customers.

### 11.4 Government of Sindh loan

Government of Sindh loan -I	11.4.1	63,611	63,610
Government of Sindh loan-II Tranche - I	11.4.2	450,000	-
		<b>513,611</b>	<b>63,610</b>
Less: Current portion shown under current liabilities			
Government of Sindh loan -I		(7,411)	(7,411)
		<b>506,200</b>	<b>56,199</b>

**11.4.1** 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 installments with grace period of 2 years commencing from 30 June 2007.

**11.4.2** An unsecured development loan amounting Rs. 450 million has been availed from Government of Sindh for supply of gas to various districts and areas of Sindh. The facility carries mark-up at 4 percent per annum. The loan together with mark-up shall be repaid in 10 equal yearly installments with grace period of 2 years commencing from 10 July 2011.

11.5 The Company has un-availed short term running facilities as at 31 March 2009 from the following banks:

Name of Bank	Un-availed limit (Rupees in thousand)	Mark-up @ 1 month KIBOR +	Expiry date of facility
Bank of Tokyo Mitsubishi	51,323	0.50%	June 30, 2009
Bank Al Habib Limited	900,000	1%	September 30, 2009
Duetsche Bank AG	250,000	1.75%	July 31, 2009
Habib Bank Limited	1,500,000	3%	November 15, 2011
Allied Bank Limited	600,000	3%	November 30, 2009
Bank Al Falah Limited	500,000	2%	February 28, 2010
United Bank Limited	1,000,000	3%	April 5, 2009
MCB Bank Limited	1,000,000	3%	December 31, 2009
HSBC	347	3%	November 7, 2010

	Note	31 March 2009 (un-audited)	30 June 2008 (audited)
(Rupees in thousand)			
<b>12. Deferred credit</b>			
<b>- Government contributions / grants</b>			
Balance at 1 July		1,444,501	962,988
Additions during the period		134,048	562,397
		1,578,549	1,525,385
Transferred to profit and loss account		(49,098)	(80,884)
		1,529,451	1,444,501
<b>- Contribution from customers</b>			
Balance at 1 July		2,375,430	2,013,917
Additions during the period		288,374	461,656
		2,663,804	2,475,573
Transferred to profit and loss account		(144,286)	(100,143)
		2,519,518	2,375,430
		4,048,969	3,819,931

### 13 Contingencies and commitments

There has been no significant change in contingencies since preceding annual published financial statements except for the matter stated as under :

13.1 Claims against the Company not acknowledged as debt	13.9	505,565	608,234
13.2 Commitments for capital and other expenditure		3,238,810	2,932,197
13.3 Guarantees issued on behalf of the Company		17,110	16,450

13.4 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). Loans outstanding at the nine months period ended was Rs. 16.171 million (30 June 2008: Rs. 17.800 million).

13.5 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. 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 hearings 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 individuals who were appointed during the period from 1 November 1993 to 30 November 1996 (both days inclusive) and were dismissed, removed or terminated 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 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 is confident that in the case of such reinstatements the amount required to cover their cost would be provided by the Government.

13.6 On 22 December 2008, the Additional Collector (Adjudication) Sales Tax 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 to 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 unconsolidated interim financial information.



- 13.7** 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 is filling an appeal against the order before the appellate tribunal for Customs, Sales Tax and Federal Excise 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.
- 13.8** During the nine months period ended 31 March 2009 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 Aga 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 is filling an Appeal against the said order before appellate tribunal for Customs, Sales Tax and Federal Excise Karachi. No provision has been made in this interim financial statement as Company is confident that the decision of the appeal will be in its favour
- 13.9** The management is confident that ultimately these claims (note 13.1) would not be payable.

	Nine months period ended		Quarter ended	
	31 March 2009	31 March 2008	31 March 2009	31 March 2008
	(Rupees in thousand)			
<b>14. Other operating expenses</b>				
Auditors' remuneration	1,289	1,455	375	359
Workers' profit participation fund	31,774	49,375	13,046	(2,407)
Sports expenses	12,837	16,206	4,901	6,328
Corporate social responsibility	15,416	7,202	7,642	2,993
Net loss on gas distribution Gwadar operation	14,349	8,653	4,581	3,053
Exchange loss on payment of gas purchases	1,338,506	189,526	79,493	149,261
Loss of vehicles	-	5,725	-	-
Provision for liquidity damages	265,513	-	(6,662)	-
	<u>1,679,684</u>	<u>278,142</u>	<u>103,376</u>	<u>159,587</u>
<b>15. Other operating income</b>				
<b>- Income from other than financial assets</b>				
Meter rentals	423,452	350,128	143,593	89,896
Recognition of income against deferred credit	193,385	178,277	53,555	60,468
Sale of gas condensate	400,406	433,236	89,981	209,532
Income from gas transportation - JJVL	37,199	29,319	11,570	9,144
Royalty income from JJVL	1,359,989	1,598,609	362,594	571,301
Meter manufacturing profit - net	46,637	52,909	6,427	10,362
Recoveries from customers	21,590	4,250	3,788	760
Miscellaneous	16,271	21,154	(6,896)	3,044
	<u>2,498,929</u>	<u>2,667,882</u>	<u>664,612</u>	<u>954,507</u>
<b>- Income from investment in debts, loans, advances and receivables from related party</b>				
Income from gas transportation-SNGPL	11,927	19,555	3,609	8,480
	<u>2,510,856</u>	<u>2,687,437</u>	<u>668,221</u>	<u>962,987</u>

	Nine months period ended		Quarter ended	
	31 March 2009	31 March 2008	31 March 2009	31 March 2008
(Rupees in thousand)				
<b>16. Other non-operating income</b>				
<b>Income from financial assets</b>				
Late payment surcharge	425,503	328,933	182,216	140,557
Income from net investment in finance lease-Other customers	37,890	43,816	12,867	10,081
Interest / profit on bank deposits	176,311	130,035	64,258	40,688
Interest on staff loans	1,672	1,976	523	649
Interest income from KESC	1,106,511	732,556	475,522	217,695
Interest income from JJVL	94,190	11,008	49,078	7,733
Interest income from SNGPL	173,500	-	106,936	-
Interest income from JPCL - WAPDA	419,704	-	166,946	-
Dividend income	647	235	-	235
	<b>2,435,928</b>	<b>1,248,559</b>	<b>1,058,346</b>	<b>417,638</b>
<b>Income from investment in debts, loans, advances and receivables from related party</b>				
Dividend income - SNGPL	7,316	6,271	-	-
Income from net investment in finance lease-SNGPL	119,361	125,083	39,787	41,694
OGDCL	4,953	6,054	1,651	2,018
	<b>131,630</b>	<b>137,408</b>	<b>41,438</b>	<b>43,712</b>
	<b>2,567,558</b>	<b>1,385,967</b>	<b>1,099,784</b>	<b>461,350</b>

16.1. 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.

<b>17. Finance cost</b>				
Mark-up on				
Redeemable capital	964,800	358,861	337,211	201,044
Local currency financing	805,424	802,510	294,324	170,955
Short term financing	162,066	46,982	64,788	24,127
Customers' deposits	57,349	49,878	20,173	16,992
Workers' profit participation fund	1,066	10	-	-
Interest on delayed payment to gas suppliers	1,705,610	662,364	768,627	247,155
Financial charges capitalized	(296,402)	(14,992)	(142,335)	-
Others	5,686	1,175	5,253	740
	<b>3,405,599</b>	<b>1,906,788</b>	<b>1,348,041</b>	<b>661,013</b>
<b>18. Taxation</b>				
Current	-	290,551	-	104,033
Deferred	210,925	328,339	83,832	(19,747)
Prior year	-	-	-	(108,530)
	<b>210,925</b>	<b>618,890</b>	<b>83,832</b>	<b>(24,244)</b>

## 19 Transactions with related parties

The related parties comprise of subsidiary companies, associated companies, joint venture companies, state controlled entities, staff retirement benefit 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 finalised and notified by Ministry of Petroleum & Natural Resources and Oil and Gas Regulatory Authority and the prices and other conditions are not influenced by the Company (comparable uncontrolled price method).

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

Note	Nine months period ended		Quarter ended	
	31 March 2009	31 March 2008	31 March 2009	31 March 2008
(Rupees in thousand)				
<b>Sui Northern Gas Pipeline Limited</b>				
- Lease rental	170,988	173,682	56,996	57,894
- Recovery of lease service cost	125,895	154,277	41,965	38,196
- Contingent rent in respect of finance lease	11,927	19,554	3,609	8,480
- Sale of gas meters	725,174	507,331	222,758	182,227
- Gas purchases	86,954	54,895	33,135	26,908
- Cost of gas levelisation	(21,144,202)	(7,971,339)	(7,862,065)	(3,260,882)
<b>Oil and Gas Development Company Limited</b>				
- Lease rental	11,428	8,353	3,809	-
- Recovery of lease service cost	18,020	10,931	6,007	-
- Gas purchases	18,091,634	5,436,142	6,549,446	-
<b>Pakistan Petroleum Limited</b>				
- Gas purchases	2,725,879	5,472,290	-	1,810,087
<b>Pakistan State Oil Company Limited</b>				
- Purchase of oil and lubricants	9,733	34,568	-	12,845
<b>Inter State Gas System (Private) Limited</b>				
- Reimbursement of expenses on the basis of joint venture agreement	22,432	75,900	8,458	26,900
<b>Attock Refinery Limited</b>				
- Sales of gas condensate	152,189	175,758	-	-
<b>Mari Gas Company Limited</b>				
- Gas purchases	5,980	4,586	2,407	3,495
<b>State Life Insurance Corporation Limited</b>				
- Rent of premisses	1,978	2,139	792	99
<b>National Insurance Company Limited</b>				
- Insurance coverage	49,936	24,294	1,805	8,475
<b>Liaquat National Hospital</b>				
- Medical services	16,187	6,347	5,420	6,347

		Nine months period ended		Quarter ended	
	Note	31 March 2009	31 March 2008	31 March 2009	31 March 2008
(Rupees in thousand)					
<b>Staff retirement benefit plans</b>					
- Contribution to provident fund	19.2	71,093	63,794	23,660	21,340
- Contribution to pension fund	19.2	(11,894)	(31,515)	(3,830)	(11,427)
- Contribution to gratuity fund	19.2	79,968	(15,720)	27,065	(4,610)
<b>Government Holding (Private) Limited</b>					
- Gas purchases		1,507,738	4,165,710	-	1,557,091
<b>Petroleum Institute of Pakistan</b>					
- Subscription		420	593	1	-
<b>Siemens Pakistan Engineering Ltd</b>					
- Supplies and maintenance		674	-	-	-
<b>PERAC Research and Development Foundation</b>					
- Energy conservation study charges		109	334	67	150
<b>Fauji Fertilizer Company Limited</b>					
- Gas sales		953,100	-	455,582	-
<b>Oil and Gas Regulatory Authority</b>					
- Regulatory fee		21,838	59,465	200	-
<b>Remuneration o Key management personnel</b>					
(executive staff)	19.3	46,222	23,953	16,820	6,315

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

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

19.3 Remuneration to the executive officers of the Company and loans and advances to them are determined in accordance with the terms of their employment.

#### 19.4 Amount (due to) / receivable from related parties


The details of amount (due to) / receivable from related parties not disclosed elsewhere in this interim financial information are as follows:

	31 March 2009 (un-audited)	30 June 2008 (audited)
(Rupees in thousand)		
<b>Sui Northern Gas Pipeline Limited</b>		
- Sale of gas meters	57,467	18,006
- Gas purchases	(12,793)	(8,977)
<b>Oil and Gas Development Company Limited</b>		
- Gas purchases	(13,421,974)	(7,194,976)
<b>Mari Gas Company Limited</b>		
- Gas purchases	(1,679)	(908)
<b>Fauji Fertilizer Company Limited</b>		
- Gas sales	216,310	-

#### 20 General

20.1 This unconsolidated condensed interim financial information was authorised for issue on 29 April 2009 by the Board of Directors of the Company.

20.2 Figures have been rounded off to the nearest thousand rupees unless other wise stated.

  
**Salim Abbas Jilani**  
Chairman


  
**Umair Khan**  
Managing Director

## CONSOLIDATED CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)

As at 31 March 2009

	Note	31 March 2009 (un-audited)	30 June 2008 (audited)
		(Rupees in thousand)	
<b>Non-current assets</b>			
Property, plant and equipment	6	37,214,271	33,807,564
Intangible assets		55,713	69,573
Long-term investments	7	92,149	152,395
Share of investment in jointly controlled entity	8	5,100	5,100
Net investment in finance lease		1,170,202	1,274,442
Long-term loans and advances		121,491	111,346
Long-term deposits		3,250	3,250
<b>Total non-current assets</b>		<b>38,662,176</b>	<b>35,423,670</b>
<b>Current assets</b>			
Stores, spares and loose tools		1,814,455	1,155,042
Stock-in-trade		452,991	512,383
Current portion of net investment in finance lease		122,374	118,334
Customers' installation work-in-progress		95,758	168,241
Trade debts	9	28,802,976	20,045,028
Loans and advances		147,935	115,990
Trade deposits and short term prepayments		127,484	267,422
Interest accrued		821,641	198,326
Other receivables	10	20,968,970	9,342,102
Taxation - net		84,939	-
Cash and bank balances		1,406,244	4,356,300
<b>Total current assets</b>		<b>54,845,767</b>	<b>36,279,168</b>
<b>Current liabilities</b>			
Current portion of long term financing		3,838,714	376,509
Trade and other payables	11	47,762,290	30,824,628
Interest and mark-up accrued		3,763,850	2,038,106
Short term borrowings		798,330	-
Taxation - net		-	216,572
<b>Total current liabilities</b>		<b>56,163,184</b>	<b>33,455,815</b>
<b>Net current (liabilities) / assets</b>		<b>(1,317,417)</b>	<b>2,823,353</b>
<b>Total assets less current liabilities</b>		<b>37,344,759</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		83,620	143,866
Unappropriated profit		392,540	991,789
<b>Total equity</b>		<b>9,807,565</b>	<b>10,315,060</b>
<b>Non-current liabilities</b>			
Long term financing	12	14,461,443	15,582,621
Long term deposits		2,747,124	2,578,888
Deferred tax		5,065,254	4,854,329
Employee benefits		1,214,404	1,096,194
Deferred credit	13	4,048,969	3,819,931
<b>Total non-current liabilities</b>		<b>27,537,194</b>	<b>27,931,963</b>
<b>Total equity and non-current liabilities</b>		<b>37,344,759</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 consolidated condensed interim financial information.

  
**Salim Abbas Jilani**  
Chairman


  
**Umair Khan**  
Managing Director

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

For the nine months period ended 31 March 2009

		Nine months period ended		Quarter ended	
	Note	31 March 2009	31 March 2008	31 March 2009	31 March 2008
		(Rupees in thousand)			
Sales		88,341,597	62,206,905	29,755,428	21,890,031
Sales tax		(10,706,283)	(7,024,432)	(3,616,053)	(2,466,450)
		77,635,314	55,182,473	26,139,375	19,423,581
Gas development surcharge		2,597,263	(1,375,156)	803,329	427,798
Net sales		80,232,577	53,807,317	26,942,704	19,851,379
Cost of gas		(73,597,549)	(49,726,173)	(24,919,410)	(18,725,636)
Gross profit		6,635,028	4,081,144	2,023,294	1,125,743
Transmission, distribution and selling costs		(4,782,702)	(4,058,470)	(1,500,776)	(1,401,523)
Administrative expenses		(1,242,813)	(973,038)	(591,224)	(373,698)
Other operating expenses	15	(1,679,684)	(278,142)	(103,376)	(159,587)
		(7,705,199)	(5,309,650)	(2,195,376)	(1,934,808)
		(1,070,171)	(1,228,506)	(172,082)	(809,065)
Other operating income	16	2,510,856	2,687,437	668,221	962,987
Operating profit before finance cost		1,440,685	1,458,931	496,139	153,922
Other non-operating income	17	2,567,558	1,385,967	1,099,784	461,350
Finance cost	18	(3,405,599)	(1,906,788)	(1,348,041)	(661,013)
<b>Profit before taxation</b>		<b>602,644</b>	<b>938,110</b>	<b>247,882</b>	<b>(45,741)</b>
Taxation	19	(210,925)	(618,890)	(83,832)	24,244
<b>Profit for the period</b>		<b>391,719</b>	<b>319,220</b>	<b>164,050</b>	<b>(21,497)</b>
		(Rupees)			
<b>Basic and diluted earnings per share</b>		<b>0.58</b>	<b>0.48</b>	<b>0.24</b>	<b>(0.03)</b>

The annexed notes from 1 to 21 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 nine months period ended 31 March 2009

	Issued, subscribed and paid-up capital	Capital reserves	Revenue reserves	Surplus on remeasurement of available for sale securities	Unappropri- ated profit	Total
	(Rupees in thousand)					
<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 nine months period ended 31 March 2008</b>						
Net deficit on remeasurement of available for sale securities	-	-	-	(5,468)	-	(5,468)
Profit for the period	-	-	-	-	319,120	319,120
Total recognised income and expenses for the period	-	-	-	(5,468)	319,120	313,652
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 March 2008</b>	<u>6,711,743</u>	<u>234,868</u>	<u>2,232,794</u>	<u>217,721</u>	<u>319,842</u>	<u>9,716,968</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 nine months period ended 31 March 2009</b>						
Net deficit on remeasurement of available-for-sale securities	-	-	-	(60,246)	-	(60,246)
Profit for the period	-	-	-	-	391,719	391,719
Total recognised income and expenses for the period	-	-	-	(60,246)	391,719	331,473
Transfer from unappropriated profit to revenue reserve	-	-	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 March 2009</b>	<u>6,711,743</u>	<u>234,868</u>	<u>2,384,794</u>	<u>83,620</u>	<u>392,540</u>	<u>9,807,565</u>

The annexed notes from 1 to 21 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 nine months period ended 31 March 2009

	31 March 2009	31 March 2008
	(Rupees in thousand)	
<b>CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Profit before taxation	602,644	938,010
Adjustments for:		
Depreciation	1,875,273	1,531,269
Amortization of intangibles	41,208	39,175
Finance cost	3,405,599	1,906,788
Amortization of transaction cost	3,678	10,047
Provision against impaired debts	241,738	148,815
Provision for compensated absences	13,682	15,098
Provision for employee benefits	118,210	83,324
Recognition of income against deferred credit	(193,385)	(178,277)
Dividend income	(7,963)	(6,271)
Profit / interest on term deposits / unpaid balances	(1,971,888)	(875,575)
Income from net investment in finance lease	(162,204)	(174,953)
Loss of vehicles	-	5,725
(Gain) / loss on sale of property, plant & equipment	7,592	(3,298)
	3,974,184	3,439,877
<b>(Increase) / decrease in operating assets :</b>		
Stores and spares	(659,413)	(5,777)
Stock-in-trade	59,392	(96,174)
Customers' installation work-in-progress	72,483	(75,360)
Trade debts	(8,999,686)	(2,609,296)
Loans and advances	(31,945)	(89,493)
Trade deposits and short term prepayments	139,938	(53,463)
Other receivables	(11,626,868)	(68,553)
Long term deposits	(10,145)	(200)
<b>Increase / (decrease) in operating liabilities:</b>		
Increase in trade and other payables	16,430,061	2,741,718
Service charges received from new customers	422,423	312,927
Security deposits received	168,236	200,830
Employee benefits paid	(23,369)	(8,781)
Cash generated from operation	(84,709)	3,688,255
Financial charges paid	(1,976,257)	(1,279,536)
Income tax paid	(301,511)	(262,514)
Net cash (used in) / from operating activities	(2,362,477)	2,146,205
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital expenditure	(5,035,519)	(4,188,408)
Proceeds from sale of property, plant & equipment	15,001	9,175
Lease rental from investment in finance lease	262,404	262,743
Dividend received	7,963	6,271
Profit / interest received on bank deposits	1,348,573	879,697
Net cash (used in) investing activities	(3,401,578)	(3,030,522)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from local currency loans	2,462,349	11,549,068
Repayment of long term financing	(125,000)	(11,327,729)
Dividend paid	(321,680)	(329,942)
Net cash from / (used in) financing activities	2,015,669	(108,603)
Net decrease in cash and cash equivalents	(3,748,386)	(992,920)
Cash and cash equivalents at beginning of the period	4,356,300	4,267,639
Cash and cash equivalents at end of the period	607,914	3,274,719
<b>Cash and cash equivalents comprises :</b>		
Cash and bank balances	1,406,244	3,274,719
Short term borrowings	(798,330)	-
	607,914	3,274,719

The annexed notes from 1 to 21 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 INFORMATION (UN-AUDITED)

For the nine months period ended 31 March 2009

### 1. Status and nature of business

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

### 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 is prepared in accordance with the requirements of the International Accounting Standard 34 "Interim Financial Reporting" 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 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 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 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 condensed consolidated 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 that disclosed in note 4.1 below.

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

Upto 30 September 2008, the Unaccounted for Gas (UFG) has been considered based on actual pattern upto the reporting period for the purpose of determination of 17% guaranteed return. During the reporting of 2nd quarter results, the management decided that the UFG should be considered on annualized basis instead of actual pattern. Accordingly, annual UFG for the year ending 30 June 2009 at 7% has been estimated and considered for the purpose of determination of 17% guaranteed return. The actual UFG upto 31 March 2009 is 8.26%.

Had actual UFG been considered for the purpose of determination of 17% guaranteed return on actual pattern, the Gas Development Surcharge (17% guaranteed return) would have been lower by Rs. 976.136 million and profit for the nine months period ended 31 March 2009 would have been lower by Rs. 613.836 million i.e. net loss of Rs. 222.117 million. However, annual financial statements for the period ended 30 June 2009 will be prepared taken into account the actual UFG disallowance.

### 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.

	Note	31 March 2009 (un-audited)	30 June 2008 (audited)
(Rupees in thousand)			
<b>6. Property, plant and equipment</b>			
Operating assets	6.1	31,949,597	29,802,140
Capital work-in-progress	6.2	5,264,674	4,005,424
		<b>37,214,271</b>	<b>33,807,564</b>

### 6.1 Additions to and disposal of fixed assets

Details of additions to and disposal of operating fixed assets during the nine months period ended 31 March 2009 are as follows:

	Cost of additions / transfers	Written down value of (disposals / transfers)
(Rupees in thousand)		
<b>Owned</b>		
Buildings on leasehold land	106,194	-
Gas transmission & distribution pipeline system	3,401,972	(17,159)
Plant, machinery and other equipment	528,410	(361)
Motor vehicles	117,301	(5,073)
	<b>4,153,877</b>	<b>(22,593)</b>

		Cost of additions / transfers	Written down value of (disposals / transfers)
		(Rupees in thousand)	
<b>6.2 Capital work-in-progress</b>			
<b>Projects:</b>			
- Gas distribution system		4,290,220	(2,744,956)
- Cost of buildings under construction		89,420	(105,641)
- Gas infrastructure rehabilitation and expansion project		546,660	(657,595)
- Roads, pavements and related infrastructure		15,440	-
- Stores held for capital projects		193,662	(714,279)
Others		587,049	(645,685)
		<b>5,722,451</b>	<b>(4,868,156)</b>
	Note	31 March 2009 (un-audited)	30 June 2008 (audited)
		(Rupees in thousand)	
<b>7. Long-term investments</b>			
Investment in related parties		63,167	91,071
Other investments		28,982	61,324
		<b>92,149</b>	<b>152,395</b>
<b>8. Share of investment in jointly controlled entity</b>			
Inter State Gas Systems (Private) Limited 510,000 ordinary shares of Rs. 10 each	8.1	<b>5,100</b>	5,100
<b>8.1</b>	This represents a 51% (30 June 2008: 51%) interest of SSGCL share in Inter State Gas Systems (Private) Limited (the jointly controlled entity).		
<b>9. Trade debts</b>			
Considered good - secured		7,015,332	5,408,402
Considered good - unsecured		21,787,644	14,636,626
	9.1	<b>28,802,976</b>	20,045,028
Considered doubtful		1,943,231	1,701,493
		<b>30,746,207</b>	21,746,521
Provision against impaired debts		(1,943,231)	(1,701,493)
		<b>28,802,976</b>	20,045,028
<b>9.1</b>	Trade receivable in respect of Karachi Electric Supply Company Limited (KESC) and Jamshoro Power Company Limited (JPCL) have aggregated to Rs. 16,987 million as at 31 March 2009 (30 June 2008: Rs. 12,526 million), which include overdue amounts of Rs. 12,476 million (30 June 2008: Rs. 5,894 million). Receivable from Sui Northern Gas Pipelines Limited (SNGPL) against uniform cost of gas and lease rental is classified under other receivables and amounts to Rs. 9,128 million (30 June 2008: Rs. 3,214 million) which includes overdue uniform cost of gas invoices of Rs. 3,966 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. 819 million in total.		
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 being undertaken by the Government of Pakistan (GoP) in this regard, is confident of realizing the entire aforementioned receivables shortly. Accordingly, while estimating the provision for impairment, amounts receivable from KESC, JPCL and SNGPL in respect of gas bills/uniform cost of gas and accrued interest has not been considered.			
<b>10. Other receivables - considered good</b>			
Gas development surcharge receivable from GoP		3,818,409	974,722
Receivable from Sui Northern Gas Pipeline Limited (SNGPL) - a related party	10.1	<b>9,234,803</b>	3,272,399
Receivable from Jamshoro Joint Venture Limited (JJVL)		380,847	485,810
Sales tax receivable		6,980,099	3,950,889
Receivable from staff pension fund - non executives		159,948	134,506
Receivable from staff gratuity fund - executives		3	26,447
Receivable from staff provident fund - executives		-	6
Balance receivable for sale of gas condensate		126,376	157,125
Insurance claim receivable		155	10,913
Claim receivable		757	757
Miscellaneous receivable	10.2	<b>269,058</b>	330,013
		<b>20,970,455</b>	9,343,587
Provision against impaired receivables		(1,485)	(1,485)
		<b>20,968,970</b>	9,342,102
<b>10.1</b>	This includes lease rental receivable and recoverable against lease service cost and contingent rent amounting to Rs. 106.345 million (30 June 2008: Rs. 58.494 million) and Rs. 9,128.342 million (30 June 2008: Rs. 3,213.794 million) receivable under the uniform cost of gas agreement with Sui Northern Gas Pipelines Limited (SNGPL).		
<b>10.2</b>	This includes Rs. 244.501 million (30 June 2008: Rs. 300.925 million) recoverable from GoP under deferred tariff adjustment.		

		Note	31 March 2009 (un-audited)	30 June 2008 (audited)
			(Rupees in thousand)	
<b>11. Trade and other payables</b>				
Creditors for:				
- gas			42,318,437	25,606,746
-supplies			93,559	206,928
			<b>42,411,996</b>	<b>25,813,674</b>
Amount received from customers/ Government of Pakistan for laying of mains etc.			3,427,450	3,076,777
Accrued liabilities			839,754	1,200,156
Provision for compensated absences - non executives			107,422	93,740
Payable to pension fund - executives			-	952
Payable to gratuity fund - non executives			-	22,417
Payable to provident fund - non executives			31	5
Workers' profit participation fund			32,064	125,408
Deposits / retention money			186,713	166,132
Bills payable			-	91,293
Advance for sharing right of way			18,088	18,088
Unclaimed dividend			551,056	33,768
Withholding tax payable			53,939	48,145
Unclaimed term finance certificate redemption profit			1,975	2,178
Inter State Gas System (Private) Limited (ISGSL)			2,219	6,026
Others			129,583	125,869
			<b>47,762,290</b>	<b>30,824,628</b>
<b>12. Long term financing</b>				
<b>Secured</b>				
- Loans from banking companies and financial institutions				
Local currency loans	12.1		6,500,050	6,833,400
- Other loans				
Musharaka arrangements	12.2		7,285,119	8,506,442
			<b>13,785,169</b>	<b>15,339,842</b>
<b>Unsecured</b>				
Consumer financing	12.3		170,074	186,580
Government of Sindh loan	12.4		506,200	56,199
			<b>14,461,443</b>	<b>15,582,621</b>
<b>12.1 Local currency loans</b>				
	<b>Installment payable</b>	<b>Repayment period</b>	<b>Mark-up rate</b>	
UBL - term loan-I	half-yearly	2005-2009	1% above last 6 months T-Bill auction cut-off rate	12.1.1
CCB - term loan	quarterly	2010-2013	0.2% above 3 months average KIBOR	12.1.2
UBL - term loan-II	quarterly	2009	0.2% above 3 months average KIBOR	12.1.2
MCB - term loan - I	quarterly	2010-2012	0.2% above 3 months average KIBOR	12.1.2
MCB - term loan - II	quarterly	2010-2011	0.2% above 3 months average KIBOR	12.1.2
MCB - term loan - III	quarterly	2010-2011	0.2% above 3 months average KIBOR	12.1.2
HBL - term loan	on maturity	2010	2% above 3 months average KIBOR	12.1.3
Faysal Bank Limited - term loan	quarterly	2011-2013	2% above 3 months average KIBOR	12.1.3
			<b>8,958,400</b>	<b>7,083,400</b>
Less: Current portion shown under current liabilities of:				
UBL - term loan-I			(125,000)	(250,000)
UBL - term loan-II			(1,500,000)	-
MCB - term loan - I			(500,000)	-
MCB - term loan - III			(333,350)	-
			<b>(2,458,350)</b>	<b>(250,000)</b>
			<b>6,500,050</b>	<b>6,833,400</b>

**12.1.1** All moveable fixed assets comprising of present and future machinery, equipment and other moveable property situated at the customer headquarter locations at Quetta, Sibi, Rohri, Dadu, Shikarpur, Nawabshah, Hyderabad and Karachi Terminal, Sui Gas Field, Khadeji Base Camp and Construction Spread camps comprising of compressor stations, transmission pipelines, distribution pipelines and pipelines construction machinery and equipment.

**12.1.2** The loan is secured by a first pari passu fixed charge created by way of hypothecation over moveable fixed assets of the Company comprising compressor stations, transmission pipelines, distribution pipelines and pipelines construction machinery and equipment.

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

12.2	Musharaka arrangements - secured	Installment payable	Repayment period	Mark-up rate	Note	31 March 2009 (un-audited)	30 June 2008 (audited)
						(Rupees in thousand)	
	Islamic Sukuk bonds under musharaka agreements						
	Dubai Islamic Bank (the "Investor's Agent")	quarterly	2009 - 2012	0.40% above 3 months average KIBOR	12.2.1	897,465	896,831
	Meezan Bank Limited ( the "Investor's Agent")	quarterly	2009 - 2012	0.80% above 3 months average KIBOR	12.2.1	1,994,605	1,993,360
	Bank Islami Pakistan Limited (the "Trustee")	quarterly	2010 - 2012	0.20% above 3 months average KIBOR	12.2.1	4,694,412	4,693,295
	Islamic Finance under diminishing musharaka						
	Meezan Bank Limited	Two Installments	2009 & 2010	0.45% above 3 months average KIBOR	12.2.2	998,637	997,956
						8,585,119	8,581,442
	Less: Current portion shown under current liabilities						
	Dubai Islamic Bank (the "Investor's Agent")					(300,000)	(75,000)
	Meezan Bank Limited ( the "Investor's Agent")					(500,000)	-
	Meezan Bank Limited					(500,000)	-
						(1,300,000)	(75,000)
						7,285,119	8,506,442

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

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

### 12.3 Consumer financing

Consumer financing	12.3.1	243,027	230,678
Less: Current portion shown under current liabilities		(72,953)	(44,098)
		170,074	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 installments through credits in the monthly gas bills of the customers.

### 12.4 Government of Sindh loan

Government of Sindh loan -I	12.4.1	63,611	63,610
Government of Sindh loan-II Tranche - I	12.4.2	450,000	-
		513,611	63,610
Less: Current portion shown under current liabilities		(7,411)	(7,411)
Government of Sindh loan -I		506,200	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 installments with grace period of 2 years commencing from 30 June 2007.

**12.4.2** An unsecured development loan amounting Rs. 450 million has been availed from Government of Sindh for supply of gas to various districts and areas of Sindh. The facility carries mark-up at 4 percent per annum. The loan together with mark-up shall be repaid in 10 equal yearly installments with grace period of 2 years commencing from 10 July 2011.

12.5 The Company has un-availed short term running facilities as at 31 March 2009 from the following banks:

Name of Bank	Un-availed limit (Rupees in thousand)	Mark-up @ 1 month KIBOR +	Expiry date of facility
Bank of Tokyo Mitsubishi	51,323	0.50%	June 30, 2009
Bank Al Habib Limited	900,000	1%	September 30, 2009
Duetsche Bank AG	250,000	1.75%	July 31, 2009
Habib Bank Limited	1,500,000	3%	November 15, 2011
Allied Bank Limited	600,000	3%	November 30, 2009
Bank Al Falah Limited	500,000	2%	February 28, 2010
United Bank Limited	1,000,000	3%	April 5, 2009
MCB Bank Limited	1,000,000	3%	December 31, 2009
HSBC	347	3%	November 7, 2010

	Note	31 March 2009 (un-audited)	30 June 2008 (audited)
(Rupees in thousand)			
<b>13. Deferred credit</b>			
- Government contributions / grants			
Balance at 1 July		1,444,501	962,988
Additions during the period		134,048	562,397
		1,578,549	1,525,385
Transferred to profit and loss account		(49,098)	(80,884)
		1,529,451	1,444,501
- Contribution from customers			
Balance at 1 July		2,375,430	2,013,917
Additions during the period		288,374	461,656
		2,663,804	2,475,573
Transferred to profit and loss account		(144,286)	(100,143)
		2,519,518	2,375,430
		4,048,969	3,819,931

#### 14 Contingencies and commitments

There has been no significant change in contingencies since preceding annual published financial statements except for the matter stated as under :

14.1 Claims against the Company not acknowledged as debt	14.9	505,565	608,234
14.2 Commitments for capital and other expenditure		3,238,810	2,932,197
14.3 Guarantees issued on behalf of the Company		17,110	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). Loans outstanding at the nine months period ended was Rs. 16.171 million (30 June 2008: Rs. 17.800 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. 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 hearings 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 individuals who were appointed during the period from 1 November 1993 to 30 November 1996 (both days inclusive) and were dismissed, removed or terminated 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 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 is confident that in the case of such reinstatements the amount required to cover their cost would be provided by the Government.

14.6 On 22 December 2008, the Additional Collector (Adjudication) Sales Tax 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 to 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 unconsolidated 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 is filling an appeal against the order before the appellate tribunal for Customs, Sales Tax and Federal Excise 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 nine months period ended 31 March 2009 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 Aga 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 is filling an Appeal against the said order before appellate tribunal for Customs, Sales Tax and Federal Excise Karachi. No provision has been made in this interim financial statement 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.

	Nine months period ended		Quarter ended	
	31 March 2009	31 March 2008	31 March 2009	31 March 2008
	(Rupees in thousand)			
<b>15. Other operating expenses</b>				
Auditors' remuneration	1,289	1,455	375	359
Workers' profit participation fund	31,774	49,375	13,046	(2,407)
Sports expenses	12,837	16,206	4,901	6,328
Corporate social responsibility	15,416	7,202	7,642	2,993
Net loss on gas distribution Gwadar operation	14,349	8,653	4,581	3,053
Exchange loss on payment of gas purchases	1,338,506	189,526	79,493	149,261
Loss of vehicles	-	5,725	-	-
Provision for liquidity damages	265,513	-	(6,662)	-
	<u>1,679,684</u>	<u>278,142</u>	<u>103,376</u>	<u>159,587</u>
<b>16. Other operating income</b>				
<b>- Income from other than financial assets</b>				
Meter rentals	423,452	350,128	143,593	89,896
Recognition of income against deferred credit	193,385	178,277	53,555	60,468
Sale of gas condensate	400,406	433,236	89,981	209,532
Income from gas transportation - JJVL	37,199	29,319	11,570	9,144
Royalty income from JJVL	1,359,989	1,598,609	362,594	571,301
Meter manufacturing profit - net	46,637	52,909	6,427	10,362
Recoveries from customers	21,590	4,250	3,788	760
Miscellaneous	16,271	21,154	(6,896)	3,044
	<u>2,498,929</u>	<u>2,667,882</u>	<u>664,612</u>	<u>954,507</u>
<b>- Income from investment in debts, loans, advances and receivables from related party</b>				
Income from gas transportation-SNGPL	11,927	19,555	3,609	8,480
	<u>2,510,856</u>	<u>2,687,437</u>	<u>668,221</u>	<u>962,987</u>



	Nine months period ended		Quarter ended	
	31 March 2009	31 March 2008	31 March 2009	31 March 2008
(Rupees in thousand)				
<b>17. Other non-operating income</b>				
<b>Income from financial assets</b>				
Late payment surcharge	425,503	328,933	182,216	140,557
Income from net investment in finance lease-Other customers	37,890	43,816	12,867	10,081
Interest / profit on bank deposits	176,311	130,035	64,258	40,688
Interest on staff loans	1,672	1,976	523	649
Interest income from KESC	1,106,511	732,556	475,522	217,695
Interest income from JJVL	94,190	11,008	49,078	7,733
Interest income from SNGPL	173,500	-	106,936	-
Interest income from JPCL - WAPDA	419,704	-	166,946	-
Dividend income	647	235	-	235
	<b>2,435,928</b>	<b>1,248,559</b>	<b>1,058,346</b>	<b>417,638</b>
<b>Income from investment in debts, loans, advances and receivables from related party</b>				
Dividend income - SNGPL	7,316	6,271	-	-
Income from net investment in finance lease-SNGPL	119,361	125,083	39,787	41,694
OGDCL	4,953	6,054	1,651	2,018
	<b>131,630</b>	<b>137,408</b>	<b>41,438</b>	<b>43,712</b>
	<b>2,567,558</b>	<b>1,385,967</b>	<b>1,099,784</b>	<b>461,350</b>
<b>17.1.</b> 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.				
<b>18. Finance cost</b>				
Mark-up on				
Redeemable capital	964,800	358,861	337,211	201,044
Local currency financing	805,424	802,510	294,324	170,955
Short term financing	162,066	46,982	64,788	24,127
Customers' deposits	57,349	49,878	20,173	16,992
Workers' profit participation fund	1,066	10	-	-
Interest on delayed payment to gas suppliers	1,705,610	662,364	768,627	247,155
Financial charges capitalized	(296,402)	(14,992)	(142,335)	-
Others	5,686	1,175	5,253	740
	<b>3,405,599</b>	<b>1,906,788</b>	<b>1,348,041</b>	<b>661,013</b>
<b>19. Taxation</b>				
Current	-	290,551	-	104,033
Deferred	210,925	328,339	83,832	(19,747)
Prior year	-	-	-	(108,530)
	<b>210,925</b>	<b>618,890</b>	<b>83,832</b>	<b>(24,244)</b>

## 20 Transactions with related parties

The related parties comprise of subsidiary companies, associated companies, joint venture companies, state controlled entities, staff retirement benefit 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 finalised and notified by Ministry of Petroleum & Natural Resources and Oil and Gas Regulatory Authority and the prices and other conditions are not influenced by the Company (comparable uncontrolled price method).

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

Note	Nine months period ended		Quarter ended	
	31 March 2009	31 March 2008	31 March 2009	31 March 2008
(Rupees in thousand)				
<b>Sui Northern Gas Pipeline Limited</b>				
- Lease rental	170,988	173,682	56,996	57,894
- Recovery of lease service cost	125,895	154,277	41,965	38,196
- Contingent rent in respect of finance lease	11,927	19,554	3,609	8,480
- Sale of gas meters	725,174	507,331	222,758	182,227
- Gas purchases	86,954	54,895	33,135	26,908
- Cost of gas levelisation	(21,144,202)	(7,971,339)	(7,862,065)	(3,260,882)
<b>Oil and Gas Development Company Limited</b>				
- Lease rental	11,428	8,353	3,809	-
- Recovery of lease service cost	18,020	10,931	6,007	-
- Gas purchases	18,091,634	5,436,142	6,549,446	-
<b>Pakistan Petroleum Limited</b>				
- Gas purchases	2,725,879	5,472,290	-	1,810,087
<b>Pakistan State Oil Company Limited</b>				
- Purchase of oil and lubricants	9,733	34,568	-	12,845
<b>Inter State Gas System (Private) Limited</b>				
- Reimbursement of expenses on the basis of joint venture agreement	22,432	75,900	8,458	26,900
<b>Attock Refinery Limited</b>				
- Sales of gas condensate	152,189	175,758	-	-
<b>Mari Gas Company Limited</b>				
- Gas purchases	5,980	4,586	2,407	3,495
<b>State Life Insurance Corporation Limited</b>				
- Rent of premisses	1,978	2,139	792	99
<b>National Insurance Company Limited</b>				
- Insurance coverage	49,936	24,294	1,805	8,475
<b>Liaquat National Hospital</b>				
- Medical services	16,187	6,347	5,420	6,347

		Nine months period ended		Quarter ended	
	Note	31 March 2009	31 March 2008	31 March 2009	31 March 2008
(Rupees in thousand)					
<b>Staff retirement benefit plans</b>					
- Contribution to provident fund	20.2	71,093	63,794	23,660	21,340
- Contribution to pension fund	20.2	(11,894)	(31,515)	(3,830)	(11,427)
- Contribution to gratuity fund	20.2	79,968	(15,720)	27,065	(4,610)
<b>Government Holding (Private) Limited</b>					
- Gas purchases		1,507,738	4,165,710	-	1,557,091
<b>Petroleum Institute of Pakistan</b>					
- Subscription		420	593	1	-
<b>Siemens Pakistan Engineering Ltd</b>					
- Supplies and maintenance		674	-	-	-
<b>PERAC Research and Development Foundation</b>					
- Energy conservation study charges		109	334	67	150
<b>Fauji Fertilizer Company Limited</b>					
- Gas sales		953,100	-	455,582	-
<b>Oil and Gas Regulatory Authority</b>					
- Regulatory fee		21,838	59,465	200	-
<b>Remuneration o Key management personnel</b>					
(executive staff)	20.3	46,222	23,953	16,820	6,315

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

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

20.3 Remuneration to the executive officers of the Company and loans and advances to them are determined in accordance with the terms of their employment.

#### 20.4 Amount (due to) / receivable from related parties


The details of amount (due to) / receivable from related parties not disclosed elsewhere in this interim financial information are as follows:

	31 March 2009 (un-audited)	30 June 2008 (audited)
(Rupees in thousand)		
<b>Sui Northern Gas Pipeline Limited</b>		
- Sale of gas meters	57,467	18,006
- Gas purchases	(12,793)	(8,977)
<b>Oil and Gas Development Company Limited</b>		
- Gas purchases	(13,421,974)	(7,194,976)
<b>Mari Gas Company Limited</b>		
- Gas purchases	(1,679)	(908)
<b>Fauji Fertilizer Company Limited</b>		
- Gas sales	216,310	-

#### 21 General

21.1 This unconsolidated condensed interim financial information was authorised for issue on 29 April 2009 by the Board of Directors of the Company.

21.2 Figures have been rounded off to the nearest thousand rupees unless other wise stated.

  
**Salim Abbas Jilani**  
Chairman

  
**Umair Khan**  
Managing Director

## KEY DATA

### - FRANCHISE AREA

SINDH AND BALOCHISTAN

### NINE MONTHS PERIOD ENDED

31 March  
2009

31 March  
2008

### - NATURAL GAS SALES VOLUME (MMCF)

287,460

277,096

### - NUMBER OF CUSTOMERS (CUMULATIVE)

INDUSTRIAL  
COMMERCIAL  
DOMESTIC

3,686  
23,352  
2,124,566  
2,151,604

3,448  
22,192  
2,014,827  
2,040,467

### - GAS METERS MANUFACTURED (NOS.)

(SSGC MEETS 100% REQUIREMENT  
OF DOMESTIC GAS METERS IN  
PAKISTAN)

499,710

403,050

### - TRANSMISSION NETWORK - CUMULATIVE (KM)

DIAMETER

12"  
16"  
18"  
20"  
24"  
30"

344  
558  
933  
871  
624  
9  
3,339

344  
558  
933  
852  
594  
9  
3,290

### - DISTRIBUTION NETWORK - CUMULATIVE (KM)

MAINS (1" - 30" DIAMETER)  
SERVICES

26,598  
7,067  
33,665

24,776  
6,649  
31,425