



SUI SOUTHERN GAS COMPANY LIMITED
CONSOLIDATED CONDENSED
INTERIM FINANCIAL STATEMENTS
(UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED
31 MARCH 2012

SUI SOUTHERN GAS COMPANY LIMITED


CONSOLIDATED CONDENSED INTERIM BALANCE SHEET


as at 31 March 2012

		(Un-audited) 31 March 2012	(Audited) 30 June 2011
ASSETS	Note	(Rupees in '000)	
Non-current assets			
Property, plant and equipment	6	64,796,262	59,644,339
Intangible assets		51,071	15,973
Long term investments	7	81,407	82,238
Net investment in finance lease		827,566	921,744
Long term loans and advances		133,413	118,380
Long-term deposits		3,250	3,250
Total non-current assets		65,892,969	60,785,924
Current assets			
Stores, spares and loose tools		2,288,803	2,262,564
Stock-in-trade		669,382	702,720
Current maturity of net investment in finance lease		118,795	118,795
Customers' installation work-in-progress		190,870	174,620
Trade debts	8	67,817,825	49,182,342
Loans and advances		217,166	110,837
Trade deposits and short term prepayments		104,520	209,841
Interest accrued		3,391,171	3,473,681
Other receivables	9	25,875,431	19,750,254
Taxation - net		1,516,155	2,306,105
Cash and bank balances		2,674,009	1,084,933
Total current assets		104,864,127	79,376,692
Total assets		170,757,096	140,162,616

		(Un-audited) 31 March 2012	(Audited) 30 June 2011
	Note	(Rupees in '000)	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital:			
1,000,000,000 ordinary shares of Rs. 10 each		10,000,000	10,000,000
Issued, subscribed and paid-up capital		8,809,163	8,389,679
Reserves		4,907,401	3,107,401
Surplus on re-measurement of available for sale securities		67,779	68,610
Unappropriated profit		3,886,128	6,209,480
		17,670,471	17,775,170
Surplus on revaluation of fixed assets		10,251,947	10,251,946
LIABILITIES			
Non-current liabilities			
Long term finance	10	14,061,814	14,471,126
Long term deposits		4,314,833	4,062,376
Deferred tax		7,469,986	7,651,284
Employee benefits		2,085,337	1,825,246
Deferred credit	11	5,342,279	5,518,634
Long term advances		1,332,783	1,296,513
Total non-current liabilities		34,607,032	34,825,179
Current liabilities			
Current portion of long term finance		3,466,176	4,272,259
Short term borrowings - secured	12	9,374,160	-
Trade and other payables	13	80,549,765	62,215,241
Interest and mark-up accrued		14,837,545	10,822,821
Total current liabilities		108,227,646	77,310,321
Total liabilities		142,834,678	112,135,500
Contingencies and commitments	14		
Total equity and liabilities		170,757,096	140,162,616

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


Salim Abbas Jilani
Chairman


Azim Iqbal Siddiqui
Managing Director


SUI SOUTHERN GAS COMPANY LIMITED


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

For the nine months period ended 31 March 2012

		Nine months period ended		Three months period ended	
		31 March 2012	31 March 2011	31 March 2012	31 March 2011
Note		(Rupees in '000)			
Sales		109,978,679	94,808,420	41,061,724	29,589,104
Gas infrastructure development cess		(1,530,050)	-	(1,530,050)	-
Sales tax		(13,440,367)	(11,999,796)	(5,006,616)	(3,732,291)
		95,008,262	82,808,624	34,525,058	25,856,813
Gas development surcharge		598,195	2,901,610	(1,766,585)	1,487,784
Net sales		95,606,457	85,710,234	32,758,473	27,344,597
Cost of sales	15	(93,967,198)	(84,935,832)	(32,742,426)	(27,662,799)
Gross profit / (loss)		1,639,259	774,402	16,047	(318,202)
Administrative and selling expenses		(2,282,844)	(2,275,132)	(836,577)	(760,256)
Other operating expenses	16	(1,079,692)	(1,241,689)	(398,643)	(525,263)
		(3,362,536)	(3,516,821)	(1,235,220)	(1,285,519)
		(1,723,277)	(2,742,419)	(1,219,173)	(1,603,721)
Other operating income	17	2,293,149	2,767,726	760,676	757,924
Operating profit / (loss)		569,872	25,307	(458,497)	(845,797)
Other non-operating income	18	8,043,117	7,494,534	3,117,534	2,703,087
Finance cost	19	(5,476,620)	(4,087,257)	(1,880,461)	(1,676,862)
Profit before taxation		3,136,369	3,432,584	778,576	180,428
Taxation	20	(1,142,817)	(1,201,881)	(289,227)	(62,844)
Profit for the period		1,993,552	2,230,703	489,349	117,584
			(Restated)		(Restated)
Basic / diluted earnings per share (Rupees)		2.26	2.53	0.56	0.13

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


Salim Abbas Jilani
Chairman


Azim Iqbal Siddiqui
Managing Director


SUI SOUTHERN GAS COMPANY LIMITED


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

For the nine months period ended 31 March 2012

	Nine months period ended		Three months period ended	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
	(Rupees in '000)			
Net profit for the period	1,993,552	2,230,703	489,349	117,584
Other comprehensive income				
Unrealised (loss) / gain on re-measurement of available for sale securities	(831)	(10,507)	11,915	(20,177)
Total comprehensive income for the period	1,992,721	2,220,196	501,264	97,407

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


Salim Abbas Jilani
Chairman


Azim Iqbal Siddiqui
Managing Director


SUI SOUTHERN GAS COMPANY LIMITED


CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

For the nine months period ended 31 March 2012

		(Un-audited)	
		31 March 2012	31 March 2011
		(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES	Note		
Profit before taxation		3,136,369	3,432,583
Adjustments for non-cash and other items	21	8,610,418	7,085,389
Working capital changes	22	(6,747,572)	(430,380)
Financial charges paid		(1,753,275)	(1,712,725)
Income taxes paid		(534,164)	(1,665,437)
Net cash from operating activities		2,711,776	6,709,430
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(7,534,357)	(6,949,501)
Proceeds from sale of property, plant and equipment		4,055	6,348
Lease rental from net investment in finance lease		235,392	246,090
Short term loan to subsidiary company		2,793	4,773
Investment in a subsidiary company		(7,292,117)	(6,692,290)
Dividend received			
Net cash used in investing activities			
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from local currency loans		2,000,000	8,068,061
Repayments of local currency loans		(3,201,671)	(8,114,025)
Consumer finance received		63,975	-
Repayment of consumer finance		(82,386)	-
Dividend paid		(1,984,661)	(930,960)
Net cash used in financing activities		(3,204,743)	(976,924)
Net decrease in cash and cash equivalents		(7,785,084)	(959,784)
Cash and cash equivalents at beginning of the period		1,084,933	(3,099,782)
Cash and cash equivalents at end of the period		(6,700,151)	(4,059,566)
Cash and cash equivalent comprises:			
Cash and bank balances		2,674,009	812,102
Short term borrowings		(9,374,160)	(4,871,668)
		(6,700,151)	(4,059,566)

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


Salim Abbas Jilani
Chairman


Azim Iqbal Siddiqui
Managing Director


SUI SOUTHERN GAS COMPANY LIMITED


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

For the nine months period ended 31 March 2012

	Issued, subscribed and paid-up capital	Capital reserves	Revenue reserves	Surplus on re-measure- ment of available for sale securities	Unappro- priated profit	Total
	(Rupees in '000)					
Balance as at 01 July 2010	6,711,743	234,868	2,872,533	83,489	4,169,785	14,072,418
Transactions with owners						
Bonus shares (1 share for every 4 shares)	1,677,936	-	-	-	(1,677,936)	-
Final dividend for the year ended 30 June 2010 at Rs.1.5 per share	-	-	-	-	(1,006,759)	(1,006,759)
Total comprehensive income for the period ended 31 March 2011						
Profit for the period	-	-	-	-	2,230,703	2,230,703
Unrealized loss on re-measurement of available for sale securities	-	-	-	(10,507)	-	(10,507)
Total comprehensive income for the period	-	-	-	(10,507)	2,230,703	2,220,196
Balance as at 31 March 2011	8,389,679	234,868	2,872,533	72,982	3,715,793	15,285,855
Balance as at 01 July 2011	8,389,679	234,868	2,872,533	68,610	6,209,480	17,775,170
Transactions with owners						
Final dividend for the year ended 30 June 2011 at Rs. 2.5 per share	-	-	-	-	(2,097,420)	(2,097,420)
Bonus shares (1 share for every 20 shares)	419,484	-	-	-	(419,484)	-
Total comprehensive income for the period ended 31 March 2012						
Profit for the period	-	-	-	-	1,993,552	1,993,552
Unrealized loss on re-measurement of available for sale securities	-	-	-	(831)	-	(831)
Total comprehensive income for the period	-	-	-	(831)	1,993,552	1,992,721
Transferred to revenue reserve	-	-	1,800,000	-	(1,800,000)	-
Balance as at 31 March 2012	8,809,163	234,868	4,672,533	67,779	3,886,128	17,670,471

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


Salim Abbas Jilani
Chairman


Azim Iqbal Siddiqui
Managing Director

SUI SOUTHERN GAS COMPANY LIMITED

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

For the nine months period ended 31 March 2012

1. The group and its operations

The "Group" consists of:

Holding Company

- Sui Southern Gas Company Limited

	Percentage Holding 31 March 2012	31 March 2011
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Subsidiary Companies

- Sui Southern Gas Provident Fund Trust Company (Private) Limited

- SSGC LPG (Private) Limited

	%	%
	100	100
	100	100

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

Sui Southern Gas Company Limited

Sui Southern Gas Company Limited ("the Holding Company") is a public limited Company incorporated in Pakistan and is listed on the Karachi, Lahore and Islamabad Stock Exchanges. The main activity of the 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.

Sui Southern Gas Provident Fund Trust Company (Private) Limited

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

SSGC LPG (Private) Limited

SSGC LPG (Private) Limited ("the Subsidiary Company") is incorporated in Pakistan and is a wholly owned subsidiary of Sui Southern Gas Company Limited. The Subsidiary Company has acquired the assets including Liquefied Petroleum Gas (LPG) import terminal, storage and bottling plant through Sind High Court auction during October 2011. The main activity of the Subsidiary Company is the supply of LPG in Sindh and Balochistan.

1.1 Basis of consolidation

The consolidated financial statements include the financial statements of the Holding Company and its subsidiary companies together "the Group".

The financial statements of the subsidiary companies are prepared for the same reporting year as the Holding Company for the purpose of consolidation, using consistent accounting policies.

The assets, liabilities, income and expenses of subsidiary companies have been consolidated on a line by line basis.

Material intra-group balances and transactions have been eliminated.

2. Basis for preparation

- 2.1 The consolidated condensed interim financial information has been prepared in accordance with the requirements of International Accounting Standard 34, "Interim Financial Reporting" as applicable in Pakistan and the provisions and directives of the Companies Ordinance, 1984 and directives issued by the Securities and Exchange Commission of Pakistan (SECP). In case where the requirements differ, the provisions of and directives issued under the Companies Ordinance, 1984 have been followed. This Consolidated condensed interim financial information does not include all of the information required for the full annual financial statements and should be read in conjunction with the Consolidated financial statements of the Holding Company for the year ended 30 June 2011.
- 2.2 This consolidated condensed interim financial information is un-audited and are being submitted to shareholders in accordance with Section 245 of the Companies Ordinance, 1984.
- 2.3 The comparative balance sheet presented in the condensed interim financial information has been extracted from the audited financial statements of the Company for the year ended 30 June 2011, whereas the comparative condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity are stated from the unaudited condensed interim financial information for the nine months period ended 31 March 2011.

3. Significant accounting policies

The significant accounting policies and methods of computation applied for the preparation of this consolidated condensed interim financial information are the same as those applied in preparation of the annual Consolidated audited financial statements of the Company for the year ended 30 June 2011.

4. Accounting estimates and judgments

The preparation of financial statements in conformity with the approved accounting standards, as applicable in Pakistan requires the management to make estimates, assumptions and use judgments that affect the application of policies and the reported amounts of assets and liabilities and income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty including the matter as disclosed in note 2.4 were the same as those that applied to the financial statements for the year ended 30 June 2011.

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 2011.

6. Property, plant and equipment

Operating assets

Capital work-in-progress

(Un-audited)	(Audited)
31 March	30 June
2012	2011
(Rupees in '000)	

57,580,451	53,980,664
7,215,811	5,663,675
<u>64,796,262</u>	<u>59,644,339</u>

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

		(Un-audited)			
		31 March 2012		31 March 2011	
		(Rupees in '000)			
		Cost of additions/ transfers	Written down value of (transfers/ disposals)	Cost of additions/ transfers	Written down value of (transfers/ disposals)
Operating assets - owned					
Gas transmission and distribution system		3,665,920	(472)	4,685,513	-
Buildings on leasehold land		45,277	-	314,270	-
Plant, machinery and other equipment		290,323	(182)	288,301	-
Assets of SSGC LPG (Private) Limited		2,207,822	-	-	-
Others		105,101	(3,740)	47,675	(8,179)
		6,314,443	(4,394)	5,335,759	(8,179)
		Capital expenditure incurred	Transfer to operating assets	Capital expenditure incurred	Transfer to operating assets
Capital work-in-progress:					
Gas transmission and distribution system		5,228,597	(3,665,920)	6,950,709	(4,685,513)
Cost of building under construction		36,350	(45,277)	238,364	(314,270)
Plant, machinery and other equipment		288,709	(290,323)	185,214	(288,301)
Others		105,101	(105,101)	64,750	(64,750)
		5,658,757	(4,106,621)	7,439,037	(5,352,834)
		(Un-audited)		(Audited)	
		31 March		30 June	
		2012		2011	
Note		(Rupees in '000)			
Long term investments					
	Investment in related parties	51,342		46,737	
	Other investments	30,065		35,501	
		81,407		82,238	
Trade debts					
	Considered good				
	- secured	12,936,555		10,457,189	
	- unsecured	54,881,270		38,725,153	
	8.1	67,817,825		49,182,342	
	Considered doubtful	3,071,818		2,797,394	
		70,889,643		51,979,736	
	Provision against doubtful debts	(3,071,818)		(2,797,394)	
		67,817,825		49,182,342	

- 8.1** Trade debts include Rs. 39,930 million (30 June 2011: Rs. 29,159 million) unsecured receivables from Karachi Electric Supply Company Limited (KESC). Out of this, Rs. 37,306 million are over due. As per the interim financial information of KESC for the six months ended 31 December 2011, its accumulated losses have reached to Rs. 88,732 million, and its current liabilities exceeded current assets by Rs. 53,602 million. Despite such adverse financial position of KESC, management is confident that the entire amount will be recovered, as KESC is engaged in providing electric power to the entire region of Karachi and its cash flows are likely to improve significantly in the near term. Further, management is proactively engaged in negotiating a gas sales agreement, which will include recovery of the above amount.

Trade debts include Rs. 7,213 million (30 June 2011 Rs. 4,214 million) unsecured receivable from Pakistan Steel Mills Corporation Private Limited (PSML). Out of this, Rs. 6,624 million are over due. The overdue amount represents part invoice of January 2011 and full invoices for February 2011 to March 2012. Management is confident that the entire amount will be recovered because PSML is a Government owned entity and is continuously supported by the Government of Pakistan.

Aggregate trade debts due from Karachi Electric Supply Company Limited (KESC), Jamshoro Power Company Limited (JPCL) and Sui Northern Gas Pipelines Limited (SNGPL) amounted to Rs. 49,055 million as at 31, March 2012 (30 June 2011: Rs. 34,995 million). These include overdue amounts of Rs. 41,760 million (30 June 2011: Rs. 28,145 million). Receivable from SNGPL against uniform cost of gas and lease rental is classified under other receivables and amounts to Rs. 7,954 million (30 June 2011: Rs. 4,039 million). Interest accrued amounting to Rs. 4,310 million (30 June 2011: Rs. 4,160 million) in respect of overdue balances of KESC, JPCL and SNGPL is classified in accrued interest.

As at 31 March 2012, an amount of Rs. 55,380 million (30 June 2011: Rs. 41,756 million) is payable to OGDCL, Pakistan Petroleum Limited and Government Holding (Private) Limited in respect of gas purchases along with interest of Rs. 14,365 million (30 June 2011: Rs. 10,459 million) on their balances.

		(Un-audited) 31 March 2012	(Audited) 30 June 2011
9. Other receivables - considered good	Note	(Rupees in '000)	
Gas development surcharge receivable from Government of Pakistan (GoP)	9.1	10,545,179	9,703,340
Receivable from staff pension fund - non executives		82,733	82,733
Balance receivable for sale of gas condensate		81,929	19,222
Receivable from SNGPL - a related party	9.2	7,955,891	4,103,105
Receivable from Jamshoro Joint Venture Limited (JJVL)		2,722,466	1,888,135
Workers' Profit Participation Fund		-	8,137
Insurance claim receivable		-	144
Sales tax receivable		4,426,464	3,840,241
Claims receivable		-	757
Pipeline rentals		12,020	22,178
Miscellaneous	9.3	50,234	83,747
		<u>25,876,916</u>	<u>19,751,739</u>
Provision against other receivables		<u>(1,485)</u>	<u>(1,485)</u>
		<u>25,875,431</u>	<u>19,750,254</u>

9.1 This includes Rs. 216 million (30 June 2011: Rs. 216 million) recoverable from the GoP on account of remission of gas receivables from people of Ziarat under instructions from GoP.

9.2 This includes lease rental receivable and recoverable against lease service cost and contingent rent amounting to Rs. 76 million (30 June 2011: Rs. 66 million) and Rs. 7,878 million (30 June 2011: Rs. 4,039 million) receivable under the uniform cost of gas agreement with SNGPL.

9.3 This includes unamortised balance of Rs. 19 million (30 June 2011: Rs. 75 million) on account of deferred tariff adjustment.

		(Un-audited) 31 March 2012	(Audited) 30 June 2011
10. Long-term finance	Note	(Rupees in '000)	
Secured			
Loans from banking companies	10.1	11,228,122	11,525,342
Unsecured			
Consumer financing	10.4	180,628	192,720
Government of Sindh loan	10.6	2,653,064	2,753,064
		<u>2,833,692</u>	<u>2,945,784</u>
		<u>14,061,814</u>	<u>14,471,126</u>

					(Un-audited) 31 March 2012	(Audited) 30 June 2011
10.1 Loans from banking companies					(Rupees in '000)	
	Installment payable	Repayment period	Mark-up per annum (above 3 months Kibor)	Note		
Meezan Bank Limited	on maturity	2011	0.45%		-	500,000
Dubai Islamic Bank Pakistan Limited	quarterly	2009-2012	0.40%		-	225,000
Meezan Bank Limited	quarterly	2009-2012	0.80%	10.2	166,670	666,672
Samba Bank Limited	quarterly	2010-2012	0.20%	10.2	300,000	600,000
Bank Islami Pakistan Ltd.	quarterly	2010-2012	0.20%	10.2	1,410,000	2,820,000
Faysal Bank Limited	quarterly	2011-2013	1.00%	10.2	533,334	800,000
Standard Chartered Bank (Pakistan) Limited	quarterly	2012-2015	1.00%	10.2	2,000,000	2,000,000
Askari Bank Limited	quarterly	2013-2015	1.00%	10.2	1,000,000	1,000,000
Meezan Bank Limited	quarterly	2013-2015	1.00%	10.2	3,000,000	3,000,000
Bank Alfalah Limited	quarterly	2013-2016	1.00%	10.2	1,000,000	1,000,000
Allied Bank Limited	quarterly	2013-2016	1.00%	10.2	1,000,000	1,000,000
Askari Bank Limited	quarterly	2013-2016	1.00%	10.2	500,000	500,000
Bank Al-Habib Limited	quarterly	2013-2016	1.00%	10.2	500,000	500,000
Allied Bank Limited	quarterly	2013-2016	1.00%	10.2	1,000,000	1,000,000
United Bank Limited	quarterly	2015-2017	0.75%	10.3	2,000,000	-
Unamortised transaction cost					(9,974)	(14,658)
					14,400,030	15,597,014
Less: Current portion shown under current liabilities					(3,171,908)	(4,071,672)
					11,228,122	11,525,342

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

10.3 This loan is secured by ranking charge created by way of hypothecation over all the present and future movable fixed assets of the Company comprising of compressor stations, transmission pipelines, distribution pipelines and pipelines construction machinery and equipment.

		(Un-audited) 31 March 2012	(Audited) 30 June 2011
10.4 Consumer financing		(Rupees in '000)	
	Note		
Consumer financing	10.5	277,030	295,442
Less: Current portion shown under current liabilities		(96,402)	(102,722)
		180,628	192,720

- 10.5 These represent contributions received from certain industrial customers for the laying of distribution mains for supply of gas to their premises. These balances carry mark-up at 25% of (3 years average ask side KIBOR less 2% per annum) for laying of distribution mains. Principal and interest are adjustable in 48 equal installments through credits in the monthly gas bills of the consumers.

		(Un-audited) 31 March 2012	(Audited) 30 June 2011
10.6	Government of Sindh loan	(Rupees in '000)	
	Note		
	Government of Sindh loan - I	40,929	40,929
	Government of Sindh loan - II	810,000	810,000
	Government of Sindh loan - III	1,000,000	1,000,000
	Government of Sindh loan - IV	1,000,000	1,000,000
	Government grant	(1,031,755)	(1,031,755)
		1,778,245	1,778,245
	Government grant	1,031,755	1,031,755
		2,850,929	2,850,929
	Less: Current portion shown under current liabilities	(197,865)	(97,865)
		2,653,064	2,753,064

- 10.7 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% per annum. The loan together with mark-up shall be repaid in 10 yearly installments with grace period of 2 years commencing from the year ended 30 June 2007.

- 10.8 An unsecured development loan from Government of Sindh has been availed for supply of gas to various districts and areas of Sindh. These facilities carry mark-up at 4% per annum. The loans (II, III and IV) together with mark-up shall be repaid in 10 yearly installments with grace period of 2 years commencing from the year ending 30 June 2011, 30 June 2012 and 30 June 2013 respectively. The loan has been stated at fair value (refer note 11.9).

- 10.9 This represents the benefit of lower interest rate on Government of Sindh Loan II, III & IV, and is calculated as difference between the proceeds received in respect of Government of Sindh Loan II amounting to Rs. 900 million, Government of Sindh Loan III amounting to Rs. 1,000 million and Government of Sindh Loan IV amounting to Rs. 1,000 million, and their initial fair values amounting to Rs. 582 million, Rs. 661 million and Rs. 625 million respectively. These are calculated at KIBOR prevailing at year end. This benefit is treated as Government grant and would be amortised over the estimated useful life of related assets when constructed.

	(Un-audited) 31 March 2012	(Audited) 30 June 2011
	(Rupees in '000)	
11. Deferred credit		
Government contributions / grants		
Opening balance	3,255,458	2,511,308
Additions / adjustments during the period / year	122,348	909,273
Transferred to profit and loss account	(144,324)	(165,123)
Closing balance	3,233,482	3,255,458
Contribution from customers		
Opening balance	2,263,176	2,478,078
Refunds during the period / year	-	(3,454)
Transferred to profit and loss account	(154,379)	(211,448)
Closing balance	2,108,797	2,263,176
	<u>5,342,279</u>	<u>5,518,634</u>
12. Short term borrowings - secured		
These represent facilities for short term running finance / short term money market loan available from various banks amounting to Rs. 11,806 million (30 June 2011: Rs. 10,025 million) and carry mark-up ranging from 0.10% to 0.80% (30, June 2011: 0.20% to 0.75%) above the average one month KIBOR. The facilities are secured by first pari passu first joint supplemental hypothecation and ranking charge over present and future stock in trade and book debts of the Company.		
13. Trade and other payables		
Creditors for:		
- gas	73,325,086	56,717,262
- supplies	543,061	216,412
	<u>73,868,147</u>	<u>56,933,674</u>
Amount received from customers for laying of mains, etc.	2,190,293	2,173,502
Accrued liabilities	1,800,838	2,303,474
Provision for compensated absences - non executives	103,239	103,239
Workers' Profit Participation Fund	170,777	-
Deposits / retention money	203,131	239,618
Bills payable	95,937	106,687
Advance for sharing right of way	18,088	18,088
Unclaimed dividend	205,290	92,531
Withholding tax payable	181,404	73,089
Gas infrastructure development cess	1,530,229	-
Unclaimed term finance certificate redemption profit	1,800	1,800
Inter State Gas System (Private) Limited (ISGSL)	9,780	4,939
Others	170,812	164,600
	<u>80,549,765</u>	<u>62,215,241</u>

14. Contingencies and commitments

- 14.1 There has been no change in the status of other contingencies as disclosed in note 17 of annual audited financial statements of the Company for the year ended 30 June 2011, except for the following:

	(Un-audited) 31 March 2012	(Audited) 30 June 2011
	(Rupees in '000)	
14.2 Claims against the Company not acknowledged as debt	318,467	318,467
14.3 Commitments for capital expenditure	3,271,365	1,161,687
14.4 Letters of credit	1,013,558	550,416
14.5 Guarantees issued on behalf of the Company	1,787,823	1,788,023

- 14.6 Demand finance facilities have been given to the Company's employees by certain banks for the purchase of vehicles against the Company's guarantee and hypothecation of the Company's stock of pipes, gas meters, regulators, etc. valuing Rs. 75 million (30 June 2011: Rs. 75 million) and the Company's investment in shares having a face value of Rs. 0.5 million (June 30 2011: Rs. 0.5 million). Loan outstanding at the year end was Rs. 4.166. million (30 June 2011: Rs. 6.503 million).

- 14.7 Jamshoro Power Company Limited (JPCL) (formerly WAPDA) has lodged a claim against the Company amounting to Rs. 712.689 million (30 June 2011: Rs. 590 million) for short supply of gas under the provisions of an agreement dated 10 April 1995 between the Company and JPCL. The Company has not accepted the claim and has filed a counter claim due to JPCL's failure to uplift minimum quantities during certain other periods. Provision against this liability has not been made as the Company is confident that ultimately the resolution of the claim lodged would be in its favor.

- 14.8 During the year ended 30 June 2011, the Company took the option of using the amnesty offered during the budget by means of SRO 648(I)/2011 dated 25 June 2011 which had exempted the whole amount of default surcharge and penalties subject to the condition that the outstanding principal amount of sales tax or federal excise duty was paid by 30 June 2011. As a result, the Company paid the Federal Excise Duty (FED) amounting to Rs. 874 million in respect of show cause notices issued by the Additional Collector (Adjudication) Sales Tax and Federal Excise requiring it to pay FED along with default surcharge (to be calculated at the time of final payment) on the amount of royalty charged to JJVL. The FED has been accounted for as a receivable as the Company considered that this amount is recoverable from JJVL under the agreement. JJVL has disputed this amount and suggested for arbitration to which the management has agreed. Further, based on legal opinion, no provision has been made against the amount as the Company is confident that it will be able to recover the entire amount as per the agreement with JJVL. In addition, JJVL has also disputed calibration / measurement of gas supplied in prior periods and

claimed that the Company has made excess billing of Rs. 239.21 million. Management considers that the claim made by JJVL is not justified as the billings were based on meter installed in JJVL's premises and meter calibrations were agreed with JJVL. The management has replied to JJVL in detail but to date no response has been received in this respect, therefore, the management is confident that this amount will be recoverable.

	Nine months period ended		Three months period ended	
	31 March	31 March	31 March	31 March
	2012	2011	2012	2011
(Rupees in '000)				
15. Cost of sales				
Cost of gas	86,305,715	78,233,757	30,003,941	25,175,899
Transmission and distribution costs	7,661,483	6,702,075	2,738,485	2,486,900
	<u>93,967,198</u>	<u>84,935,832</u>	<u>32,742,426</u>	<u>27,662,799</u>
16. Other operating expenses				
Auditors' remuneration	2,651	2,512	-	1,237
Workers' Profit Participation Fund	170,777	182,009	44,827	10,215
Sports expenses	14,949	13,019	6,717	5,726
Corporate social responsibility	23,286	25,239	858	598
Exchange loss on payment of gas purchases	567,737	-	175,781	-
Loss on sale of property, plant and equipment	340	1,831	(698)	425
Provision against impaired stores and spares	30,424	17,079	11,324	7,062
Provision against financial income	257,191	1,000,000	148,690	500,000
Others	12,337	-	11,144	-
	<u>1,079,692</u>	<u>1,241,689</u>	<u>398,643</u>	<u>525,263</u>

	Nine months period ended		Three months period ended	
	31 March	31 March	31 March	31 March
	2012	2011	2012	2011
(Rupees in '000)				
17. Other operating income				
Income from other than financial assets				
Meter rentals	479,519	456,439	161,830	153,691
Recognition of income against deferred credit	288,502	275,113	97,471	95,226
Income from new service connections	204,265	229,683	65,896	86,439
Gas shrinkage charged to JJVL	1,177,964	1,624,544	390,347	384,531
Income from gas transportation	20,075	28,424	6,595	7,506
Income from LPG air mix distribution - net	59,862	37,036	18,804	13,397
Advertising income	5,244	3,630	1,121	1,067
Income from sale of tender documents	1,121	1,047	597	1,047
Scrap sales	1,408	3,693	211	2,387
Exchange gain on payment of gas purchases	-	55,356	-	(7,665)
Miscellaneous	49,606	46,648	16,821	18,679
	<u>2,287,566</u>	<u>2,761,613</u>	<u>759,693</u>	<u>756,305</u>
Income from investment in debts, loans, advances and receivables from a related party				
Contingent rental income - SNGPL	5,583	6,113	983	1,619
	<u>2,293,149</u>	<u>2,767,726</u>	<u>760,676</u>	<u>757,924</u>

(Un-audited)				
	Nine months period ended		Three months period ended	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
(Rupees in '000)				
18. Other non-operating income				
Income from financial assets				
Late payment surcharge	1,717,119	1,175,697	730,823	473,111
Income from net investment in finance lease Return on:	47,377	41,310	14,534	13,741
- Profit and loss bank accounts	166,501	58,007	44,370	23,457
- staff loans	240	760	89	233
	1,931,237	1,275,774	789,816	510,542
Interest income on late payment of gas bills from				
- KESC	3,799,516	2,569,347	1,390,624	963,096
- JJVL	52,899	46,675	25,926	25,569
- Water & Power Development Authority (WAPDA)	197,057	732,395	40,096	210,328
- SNGPL - Related Party	142,794	428,881	52,651	218,006
	4,192,266	3,777,298	1,509,297	1,416,999
Dividend income	703	593	-	474
	6,124,206	5,053,665	2,299,113	1,928,015
Income from investment in debts, loans, advances and receivables from related parties				
Dividend income - SNGPL	2,090	4,180	-	-
Income from net investment in finance lease:	-	-	-	-
- SNGPL	91,977	100,701	30,939	34,484
- OGDCL	1,860	2,751	551	-
	95,927	107,632	31,490	34,484
Other				
Sale of gas condensate	130,010	203,302	80,787	47,500
Royalty income from JJVL	1,573,265	1,988,619	629,694	664,816
Meter manufacturing division profit - net	119,709	141,316	76,450	28,272
	1,822,984	2,333,237	786,931	740,588
	8,043,117	7,494,534	3,117,534	2,703,087

(Un-audited)				
	Nine months period ended		Three months period ended	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
(Rupees in '000)				
19. Finance cost				
Mark-up on:				
- local currency finance	1,571,197	1,446,440	456,990	510,078
- short term finance	203,142	298,269	194,151	80,902
- consumers' deposits	111,512	91,197	34,514	30,263
- WPPF	-	25,579	-	25,579
- delayed payment on gas bills	3,882,176	2,584,070	1,334,682	1,215,889
- others	4,656	17,873	3,269	(6,616)
	5,772,683	4,463,428	2,023,606	1,856,095
Less: Finance cost capitalised during the period	(296,063)	(376,171)	(143,145)	(179,233)
	5,476,620	4,087,257	1,880,461	1,676,862
20. Taxation				
- Current	1,136,205	1,201,881	(59,162)	(68,645)
- Deferred	-	-	341,777	131,489
- Prior	6,612	-	6,612	-
	1,142,817	1,201,881	289,227	62,844

		(Un-audited) 31 March 2012	(Audited) 30 June 2011
	Note	(Rupees in '000)	
21. Adjustments for non-cash and other items			
Provisions	21.1	854,943	1,630,397
Depreciation		2,630,753	2,291,880
Amortization of intangibles		8,253	16,822
Finance cost		5,471,936	4,087,257
Amortization of transaction cost		4,684	3,693
Recognition of income against deferred credit		(288,502)	(504,796)
Dividend income		(2,793)	(4,773)
Late payment surcharge		(5,909,386)	(3,777,297)
Return on profit and loss bank accounts/loans		(166,741)	(58,768)
Income from net investment in finance lease		(141,214)	(144,762)
Loss on disposal of property plant and equipment		340	1,831
		<u>2,462,273</u>	<u>3,541,484</u>
Increase in long term advances			
Employee benefits (refund) / paid		36,270	-
Service charges received from new customers		(32,813)	-
Long term deposits received - net		112,148	483,796
Long term loans and advances to staff - net		252,457	441,854
Late payment surcharge and return on investments received		(121,362)	(14,838)
		<u>5,901,445</u>	<u>2,633,093</u>
		<u>8,610,418</u>	<u>7,085,389</u>
21.1 Provisions			
Provision against slow moving / obsolete stores			
Provision against doubtful debts		30,424	17,079
Provision for compensated absences		274,423	374,286
Provision for post retirement medical and free gas supply facilities		65,542	26,925
		227,363	212,107
Provision against impaired income		257,191	1,000,000
		<u>854,943</u>	<u>1,630,397</u>

	(Un-audited)	
	(Un-audited) 31 March 2012	(Audited) 30 June 2011
22. Working capital changes	(Rupees in '000)	
(Increase) / decrease in current assets		
Stores and spares	(56,662)	(593,084)
Stock-in-trade	33,338	(140,103)
Customers' installation work-in-progress	(16,250)	(34,858)
Trade debts	(18,909,908)	(7,329,874)
Loans and advances	-	(105,579)
Trade deposits and short term prepayments	105,321	(73,329)
Other receivables	(6,125,177)	(9,508,788)
	<u>(24,969,338)</u>	<u>(17,785,615)</u>
Increase in current liabilities		
Trade and other payables	18,221,766	17,355,235
	<u>(6,747,572)</u>	<u>(430,380)</u>

23. Transactions with related parties

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

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

		(Un-audited)			
		Nine months period ended		Three months period ended	
		31 March 2012	31 March 2011	31 March 2012	31 March 2011
Relationship		(Rupees in '000)			
Askari Bank Limited	Associate				
- Profit on investment		21,116	3,784	2,889	1,654
- Markup on short term finance		16,974	30,702	16,582	1,907
- Markup on local currency finance		154,512	61,333	47,968	35,653
Bank Al Habib Limited					
- Profit on investment		4,729	4,990	648	961
- Markup on short term finance		32,384	26,448	30,889	4,501
- Markup on local currency finance		62,337	17,616	18,528	5,390

		(Un-audited)			
		Nine months period ended		Three months period ended	
		31 March	31 March	31 March	31 March
		2012	2011	2012	2011
Relationship		(Rupees in '000)			
Habib Metropolitan Bank Limited	Associat				
- Profit on investment		2,346	2,562	311	644
- Markup on short term finance		16,974	4,341	16,974	2
- Markup on local currency finance		34,927	39,813	9,468	15,834
Fauji Fertilizer Company Limited	Associate				
- Sale of gas		5	5	-	-
Inter State Gas Systems (Private) Limited	Associate				
- Sharing of expenses		40,221	42,240	13,250	23,355
International Industries Limited	Associate				
- Line Pipe Purchases		497,308	1,200,049	76,771	152,594
- Sale of gas		696,496	540,904	252,587	173,519
Liaquat National Hospital	Associate				
- Medical services		36,181	27,852	4,907	8,859
- Gas sales		50,243	40,634	15,346	11,244
Minto & Mirza	Associate				
- Professional charges		3,450	7,400	-	-
Oil & Gas Development Company Ltd.	Associate				
- Principal portion of lease rental		7,293	6,477	2,158	(4,735)
- Gas purchases		22,023,835	23,403,309	9,108,043	6,710,609
Petroleum Institute of Pakistan	Associate				
- Subscription / contribution		434	1,800	-	1,000
Packages Limited	Associate				
- Gas sales		7,231	6,041	2,816	1,961
Pak Suzuki Motor Company Limited	Associate				
- Motor Vehicle Purchases		41,024	69,638	3,818	41,457
- Gas Sales		43,780	18,690	22,414	9,880

(Un-audited)					
		Nine months period ended		Three months period ended	
		31, March 2012	31, March 2011	31, March 2012	31, March 2011
	Relationship	(Rupees in '000)			
Pakistan Cables Limited	Associate				
- Gas Sales		44,911	37,870	15,950	12,388
Pakistan State Oil Company Limited	Associate				
- Purchase of fuel and lubricant		29,098	32,158	23,149	16,137
Quality Aviation (Pvt.) Limited	Associate				
- Travelling services		5,488	18,518	-	8,231
Remuneration of key management personnel					
- Executive staff	23.3	92,265	75,972	33,365	29,369
Sui Northern Gas Pipelines Limited	Associate				
- Principal portion of lease rental		46,573	48,594	16,474	16,318
- Sale of gas meters	23.1	1,140,559	885,985	542,345	224,747
- Gas Purchases		512,796	349,370	219,798	130,290
- Uniform cost of gas		19,495,964	18,736,719	4,549,883	5,717,101
- Dividend income		2,090	4,180	-	-
State Life Insurance Corporation Ltd.	Associate				
- Rent of premises		3,757	2,095	3,757	1,731
Staff retirement benefit plans					
- Contribution to provident fund	23.2	142,472	121,029	48,280	38,616
- Contribution to pension fund	23.2	239,603	-	72,067	-
- Contribution to gratuity fund	23.2	148,365	215,370	46,013	68,930
Thatta Cement Company Limited	Associate				
- Gas sales		78,329	99,150	4,962	38,313
U.G Foods Company (Private) Limited	Associate				
- Gas sales		10,269	7,226	3,668	1,803

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

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

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

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

The details of amount due with related parties not disclosed elsewhere in these financial statements are as follows:

		(Un-audited) 31 March 2012	(Audited) 30 June 2011
	Relationship	(Rupees in '000)	
Askari Bank Limited	Associate		
- Long term finance		(1,500,000)	(1,500,000)
- Short term finance		(625,000)	-
- Cash at bank		5,954	11,202
Bank Al Habib Limited	Associat		
- Long term finance		(560,066)	(620,132)
- Short term finance		(1,409,936)	-
- Cash at bank		-	88,933
Habib Metropolitan Bank Limited	Associat		
- Long term finance		(261,991)	(381,982)
- Cash at bank		-	-
Liaquat National Hospital	Associate		
- Gas sales		6,196	6,279
Oil and Gas Development Company Ltd.	Associate		
- Gas purchases		(31,640,341)	(26,583,482)
Packages Limited	Associate		
- Gas sales		917	6237
Sui Northern Gas Pipelines Limited	Associate		
- Lease rentals		76,363	65,987
- Sale of gas meters		123,115	25,662
- Cost of gas levelisation		5,767,758	4,037,499
U.G Foods Company (Private) Limited	Associate		
- Gas sales		1,308	827

24 Operating segments - segment revenue and results

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

	Segment Revenue		Segment Profit	
	31 March 2012	31 March 2011	31 March 2012	31 March 2011
	(Un-audited) (Rupees in '000)			
Gas transmission and distribution	95,008,262	82,808,624	(1,007,939)	(1,959,886)
Meter manufacturing	1,447,296	1,328,393	119,709	141,316
Total segment results	96,455,558	84,137,017	(888,230)	(1,818,570)
Reconciliation of segment's profit with the profit before tax of the company				
Unallocated - other expenses				
- Finance cost			(5,476,620)	(4,087,257)
- Selling expenses			(778,463)	(742,725)
- Other operating expenses			(1,079,692)	(1,241,689)
Unallocated - other income				
- Operating income			2,293,149	2,767,726
- Non-operating income			7,923,408	7,353,218
Profit before tax			1,993,552	2,230,703

Segment assets and liabilities

During the period, there were following significant increase in the assets and liabilities of transmission and distribution segment as compared to 30 June 2011:

	Increase Rupees in '000
Assets	
Property, plant and equipment	5,151,923
Trade debts	18,635,483
Other receivables	6,125,177
Liabilities	
Trade and other payables	18,334,524
Interest and mark-up accrued	4,014,724

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


25. General


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

26. Date of authorisation

This unconsolidated condensed interim financial information was authorised for issue on 25 April 2012 by the Board of Directors of the Company.

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


Salim Abbas Jilani
Chairman


Azim Iqbal Siddiqui
Managing Director

KEY DATA

FRANCHISE AREA	SINDH AND BALOCHISTAN	
	Nine months period ended 31 March	
	2012	2011
NATURAL GAS SALES VOLUME (MMCF)	265,416	268,019
NUMBER OF CUSTOMERS (CUMULATIVE)		
INDUSTRIAL	4,112	4,132
COMMERCIAL	24,478	25,698
DOMESTIC	2,428,343	2,338,902
TOTAL	<u>2,456,933</u>	<u>2,368,732</u>
GAS METERS MANUFACTURED (NOS.)		
(SSGC MEETS 100% REQUIREMENT OF DOMESTIC GAS METERS IN PAKISTAN)	<u>505,187</u>	<u>479,050</u>
TRANSMISSION NETWORK - CUMULATIVE (KM)		
DIAMETER		
12"	344	344
16"	558	558
18"	931	914
20"	871	871
24"	659	624
30"	9	9
	<u>3,372</u>	<u>3,320</u>
DISTRIBUTION NETWORK - CUMULATIVE (KM)		
MAINS (1" - 30" DIAMETER)	31,989	30,729
SERVICES	8,366	7,902
	<u>40,355</u>	<u>38,631</u>