



Golden Jubilee

SUI SOUTHERN GAS COMPANY LTD



M E S S A G E S

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General Pervez Musharraf

President of Pakistan

It is a matter of great pleasure for me to congratulate the Sui Southern Gas Company (SSGC), its management and staff on the occasion of its Golden Jubilee celebration. Any nation's progress in this day and age is dependent on its ability to harness its resources, both natural and man-made to drive the engine of growth.

As Pakistan's model gas utility company, I am pleased to note that SSGC has certainly played a key role in industrial, infrastructural and socio-economic development in the provinces of Sindh and Balochistan. I am also pleased to note that SSGC has embarked on an ambitious 5-year expansion programme to bring natural gas to the far-flung areas of Pakistan. In recent years, the company has also invested substantially in technology, to improve its operational systems and customer service capabilities.

Nature has bestowed upon our country resources in terms of human capital, mineral wealth, vast tracts of arable land and a strong cultural heritage. Natural gas too has also been a gift of nature, a vital fuel source and a catalyst of growth for the country. It is common knowledge that nearly half of the energy produced in Pakistan comes from natural gas. Natural gas has benefitted industry, brought convenience to households and at the same time contributed positively to the eco-system.

On the occasion of your Golden Jubilee, I wish SSGC greater progress in the forthcoming 50 years and I look forward to SSGC contributing towards the socio-economic development of Pakistan.

Amanullah Khan Jadoon

Federal Minister, Petroleum & Natural Resources



SSGC's Golden Jubilee is not only a landmark event for an institution that comes under my Ministry, but it is also a landmark event for the provinces of Sindh and Balochistan - indeed for Pakistan itself. Having worked very closely with the organization over the last year, and having visited several of its installations, I can very well appreciate what makes SSGC a model utility organization. It is one of Pakistan's most technology enabled companies and it uses technology in a highly astute and pragmatic manner to improve the company's operational efficiency and deliver enviable results.

SSGC's engineers and trained technical staff, operate a sophisticated transmission and distribution system, backed by a state-of-the-art monitoring and vigilance system and its support departments service over 1.75 million customers including over 21,000 industrial and commercial users, with speed, alacrity and a smile.

Over 928 towns and villages in Sindh and Balochistan are covered by SSGC's network, and the benefits go largely to the people residing

in these areas. The company's 5-year programme will surely contribute towards extending the benefits of natural gas in the two provinces and at the same time save valuable

Continued on page 11

Aitzaz Shahbaz

Chairman SSGC

Message

It is with a profound sense of satisfaction and appreciation that I join the management and staff of SSGC in celebrating our Golden Jubilee. The Company, during the past five decades, has come a long way from its modest beginnings as SGTC. The foundations of SGTC were based on the pioneering spirit of the founders and the early staff. From a few hundred employees to the current strength of more than five thousand, the people at SSGC continue to be the driving force behind the Company's achievements.

I am pleased to note that dedication and commitment runs strong in the rank and file of the Company. It is the management's continuing endeavour to provide full empowerment to the employees, as well as adequate resources for uplift of facilities and assets of the Company, even in the remotest areas of our operations.

Our good housekeeping policy is reinforcing the new image of the company and is promoting a renewed spirit of ownership and pride in our performance. It is also the cornerstone of the management's new outlook that satisfied employees best deliver quality service for "Customer Satisfaction".

We are indeed thankful to Almighty Allah for having blessed Pakistan with the bounty of natural gas, and for having provided all of us the opportunity to serve in the nation's leading public utility company. Let us join hands and resolve to serve SSGC and the nation with dedication, commitment and continuing enthusiasm and keep the pioneering spirit of the founders alive with a passion. Let us provide "Service With a Smile" to all our customers and endeavour to meet the vision of being a "Model Utility", Pakistan's "Most IT-enabled company" and the "Best Public Sector Corporation". We must have continued focus on our Mission and pursue our strategic objectives with unparalleled zeal, to provide our customers affordable energy in a sustainable, safe and environmental-friendly manner, ensuring Energy Sovereignty, Security and Sustainability for the next 50 years. May Allah guide us and support us in our endeavours.

Munawar Baseer Ahmad

Managing Director, SSGC

Message

I am indeed very happy to offer my heartiest congratulations to the entire management and staff of Sui Southern Gas Company on the occasion of its Golden Jubilee celebrations.

It is a well-known fact, that SSGC has played a pioneering role in infrastructure development, for the transmission and distribution of natural gas in the provinces of Sindh and Balochistan. The availability of natural gas, a gift of nature, has indeed provided a great impetus to commerce and industry in this area, particularly in Karachi, which is the country's industrial hub. It has at the same time raised the standard of living of the people of the two provinces. I have keenly followed the progress of the company and have little doubt, that SSGC does not only have a strong track record but it also holds strong promise for the future. What is even more reassuring is that SSGC's success is not merely restricted to any particular area but it has demonstrated impressive performance across all functions. Whether it is gas transmission and distribution, customer service, development of human resource, induction of new technologies and upgrading of IT infrastructure, we have indeed progressed in a very consistent manner.

In the coming years, we shall see new developments taking place and new projects taking shape at SSGC, among them a vital project related to the import of LNG. Alongside, we shall see expansion in gas distribution under the GIREP II programme. Natural Gas will therefore continue to play an emphatic role in the development of SSGC franchise areas in Sindh and Balochistan and the overall development of the country.

‘...discovery of natural gas impacted the common man in a very big way.’



How do you view Pakistan's long-term energy strategy?

It is only recently that the industry got together to prepare a long-term energy plan. This plan has been developed through participation of the Petroleum Institute of Pakistan and the Oil & Gas companies. Study groups were formed that worked on it in collaboration with the Ministry of Petroleum & Natural Resources. So, while the information on oil and gas was available with us from the time of Pakistan's creation, for thermal, coal and nuclear energy, we had to get information from the Planning

Commission.

What the Plan has shown essentially is that over the next 15 years, we are looking up to the year 2020, there will be a very large deficit in our energy resource. We cannot rely on oil alone as it is a very expensive product and its price is also very unpredictable. Therefore, we have to become as self-sufficient as possible in one of three ways. One is by developing our gas resources, two, by developing hydroelectricity, which means dams and water reservoirs and the third is coal as we have

Continued on page 11

‘...I see SSGC as living up to its vision of being a model utility company.’



What are your thoughts as SSGC celebrates its Golden Jubilee?

Since the time the company was established in 1954, it has come a very long way and we have been able to provide gas in the far reaches of Sindh and Balochistan. There have been other finds subsequently but the Sui field continues to remain the largest find that this country has ever been blessed with. Over the years, through the endeavours and hard work of the employees, the company has matured into, I am pleased to say, a billion dollar company that has an extensive capability

and expertise in the area of gas operations, both in transmission and distribution. I personally see this as an immense opportunity both for the Company and also for Pakistan as we are very uniquely placed in the current geo-political scenario as well as the world environment since the requirements for energy are increasing rapidly. We believe that with our expertise, our capabilities and our credibility, we can extend our services across the country and even to neighbouring countries as a result of which Pakistan could

Continued on page 10



Mr. Shaukat Aziz

Prime Minister of Pakistan

I am pleased to offer my heartiest congratulations on the 50th Anniversary of Sui Southern Gas Company (SSGC). Over the years, SSGC has shown commendable growth and proficiency, which earned it respect in the country.

Among the objectives that the present government has set for itself, an accelerated GDP growth rate at 8% or more is vital. A sustained growth at that level would ensure that the benefits of economic development trickle down to the masses. Among the key contributors to an accelerated growth rate in business and industry is a strong infrastructure and sustained availability of affordable supplies of clean fuel and energy.

In the last five years, Pakistan's manufacturing sector, particularly large manufacturing, has demonstrated robust growth. We now have to ensure that not only does it continue to maintain an aggressive growth rate but also that agriculture and the services sector too develop at a faster pace. This calls for investments in all these sectors as well as infrastructure and energy sources development.

I am glad that SSGC has maintained a strong performance in recent years. The doubling of its capacity in the last five years and undertaking projects to re-double it in the next five years are testimony to the robustness of the company. I am sure our people have the capacity and ability to meet the challenges, which are being faced by the nation including those in the energy sector. I wish the Company all success in its future projects.

Ahmad Waqar

Federal Secretary, Ministry of Petroleum & Natural Resources

It is with great personal satisfaction that I commend and congratulate the Sui Southern Gas Company (SSGC) on the occasion of their Golden Jubilee. Fifty years is by no means a short period in the life of any organization. SSGC has not only carried forward the traditions set by its predecessor SGTC, but has also blazed new trails in the energy sector.

SSGC's transmission and distribution network now stretches across nearly 28,000 kms of pipelines and ensures uninterrupted supply of gas to over 1.75 million customers in Sindh and Balochistan. Within its own franchise areas, SSGC has progressively extended its reach to 928 towns and villages. Another 100 more are expected to be added within the next year as part of the company's 5-year, Rs. 46 billion investment plan. That bears enough testimony to the drive, skill and proficiency of the company and its technical teams who manage the supply of gas to the remotest areas in Sindh and Balochistan over very difficult terrain.

SSGC played a major role in the conception, development and commissioning of an LPG manufacturing plant in the private sector at Jamshoro on BOO basis. The project is adding about 450 metric tonnes or

Continued on page 11



5 Decades of SSGC: A Saga of Success



Fifty years ago, in 1954, a unique feat of engineering was accomplished in Pakistan, when engineers and technicians of Sui Gas Transmission Company commissioned Asia's first 16 inch diameter, 558 km long pipeline. The pipeline was part of a vision to harness natural gas, discovered in the far reaches of Balochistan, in a town called Sui, and bring it all the way to Pakistan's capital city to feed the budding industrial hub of Karachi.

The discovery of natural gas was a blessing for a young nation, looking for a cheap source of energy, to fuel its industrial progress and social development. Natural gas thus emerged not only as the cheaper fuel source for industrial and domestic customers, but also one that was indubitably cleaner and more environmental friendly.

The Early Years (1954 – 1964):

The very last joint on the Sui-Karachi pipeline was welded on 18th April, 1955. Supply of natural gas thus commenced to the industrial sector. Soon, distribution expanded and the domestic sector too had access to piped gas. The next major pipeline was laid in 1958 connecting Sui with Multan. Two years later KESC converted its power generation units to natural gas. Other industrial customers followed suit.

As the first wave of industrialization gathered momentum around 1960, demand for natural gas rose steadily. From 10,824 mmcf in 1958, gas production and sales rose to 24,956 mmcf, i.e. nearly 2.5 times, within 6 years, resulting in annual

savings of up to Rs.300 million. Expansion in pipeline network as well as purification capacity became the top priority of SGTC and that called for major investments upfront. Yet, the rewards were substantial. A consequence of growing business was the need to elevate

resource development thus became a major focus of attention.

Growing Demand for Natural Gas (1965-1974):

In 1965, additional gas compressor capacity of 1500 hp was installed in Nawabshah followed by 3 such units at Rohri in 1968, increasing maximum pipeline throughput to 140 mmcf. Gas Purification Banks 6 & 7 soon followed, and in 1971 a new phase of pipeline protective coating was initiated for optimum maintenance of the company's pipeline.

As gas sales in Karachi alone crossed 90 mmcf, a new 5-Year high-pressure pipeline project, the IRBP, was conceived. This project was also considered imperative, as projects such as the Pakistan Steel Mills were expected to come on-stream. A Project & Construction (P & C) Department was established in 1973 to undertake the IRBP project. Fortunately, the two phases of the IRBP project were accomplished with flying colours.

The Break-Through Years (1975-1984)



Supplement in Dawn published on November 9, 1955 to mark the commencement of gas supply from Sui to Karachi. This supplement was presented to MD, SSGC by Mr. B.A. Rizvi in January, 2005.

the skill levels of the people within the organization particularly due to the departure of expatriate workforce. Human

In the first phase, in June 1975, the Indus Right Bank Project was completed, connecting Karachi with Sari Singhi Fields

40 miles away. In the second phase an 18" dia, 500 km pipeline, commissioned on 14th March connected Karachi with Sui. The difficult terrain on the Indus right bank tested the proficiency and skill of the company's engineers and technicians to the hilt.

Another major breakthrough came in 1976, when the company embarked upon the Karachi-Multan Oil Products Pipeline for PARCO which was completed satisfactorily in 1980.

Silver Jubilee

In 1979 SSGC celebrated its Silver Jubilee. By then, the combined transmission capacity on free-flow basis had grown to 270 mmcf and gas purification capacity to 157,400 mmcf. This saved the country the equivalent of Rs. 2 billion in foreign exchange annually.

Expanded Distribution of Gas

Another major landmark of the decade was the laying of the 12-inch dia, IRB pipeline linking Shikarpur to Quetta. The decision to extend distribution to Quetta was taken by the federal government in 1980, to counter the sense of deprivation in Balochistan and drive economic progress. En route the 400 km pipeline connected the towns of Jacobabad, Jhatpat, Dera Murad Jamali, Belpat, Dhadar, Temple Dera, Sibi, Mach Kolpur, Darwaza and Sariab.

The project was inaugurated by the then President General Ziaul Haq on January 6, 1983. Meanwhile demand for gas continued to grow. OGDC discovered gas at Pirkoh, 35 miles north of Sui. The Pirkoh Field was integrated with the company's network adding 40 mmcf to the system. The foreign exchange component of the project cost was borne by ADB.

By end of FY 1984-85, the company was supplying gas to 557,643 consumers, consisting of 1,109 industrial, 9,740 commercial and 502, 245 domestic users through 513 km of pipeline. Period of Consolidation (1985-1994)

By 1982-1983 the company was purifying 212,206 mmcf gas at the Sui Purification Plant for itself & SNGPL. However, in view of impending shortfalls, the company signed a supply agreement with Pakistan Petroleum Limited (PPL) and installed a standby purification bank of 120 mmcf in 1984-85. In addition, compression facilities were also installed at Rohri and Nawabshah in 1987. Also, in 1986 the company initiated the Badin Block Gas

Continued on page 9

Engineering Services Division

The Engineering Services Division is a combination of various departments. At the core is the Planning and Development Department, which deals with the forecasting of gas demand, beside estimation and preparation of long-term demand and supply forecasts, which forms the basis of expansion of SSGC's main transmission system. Once these values are confirmed, the additional transmission system is planned. The department also carries out engineering design, prepares construction plans, coordinates the procurement of materials and delivers all this, along with permissions from various agencies, for the construction of pipelines.

pressure transmission pipelines were constructed in 2003-4 while plans are being finalised to construct about 500 kilometers of new pipelines. This is a part of the investment programme for the next five years which is being carried out by the Planning & Development department at a cost of approximately Rs. 20 billion. As a result, the gas transmission and distribution capacity of the SSGC system would increase from the present 1100 mmcf/d to nearly 1700 mmcf/d.

The Planning & Development department is completely in-house, while some activities are outsourced, such as pipeline inspection. In addition



The CAD (Computer Aided Design) department prepares all designs. Its simulation section uses sophisticated computer software for designing the pipeline system and integrating new lines with existing lines.

Contract negotiations are undertaken with gas producers. Once the contracts are confirmed, they become part of SSGC's purchase agreement with the producers. A number of studies are also carried out for expansion and use of new material and other related subjects. There is a continuous endeavour to remain updated in construction practices, design practices, etc.

The Project & Construction department carries out the actual construction of pipelines. Over 100 kilometers of high

engineering design particularly along various rivers, is carried out by outside agencies. A core team is maintained by the department but most of the crews and workers are hired on contract. Since this is not a permanent activity and varies from year to year, therefore maintaining a large work force is not viable.

The Construction department supervises various construction activities. With the expected increase in construction projects in the coming years, more construction equipment would also be acquired by the department but since these machines are very expensive, optimization is always kept in view.

The Services department takes care of all the air conditioning and power generation systems



in the company. SSGC has in-house power generation capacity of 10 megawatts out of which 1 megawatt is produced in the head office building, along with one thousand tons of air-conditioning.

The department has its own microwave system which connects all offices in the company's franchise areas covering Sindh and Balochistan. It also provides access to the Sui Northern system and the Ministry of Petroleum & Natural resources in Islamabad. It is also now being used by the company's IT department for data transfer between all locations. A complete LAN and WAN system is also in place and is assisted by the services department.

The SCADA (Supervisory Control and Data Acquisition) system monitors gas flows from the producers right up to the main customers. It is possible to know at any given time as to how much gas is coming into the system and how much is going out, so that it is ensured that the system is never out of gas or has surplus gas. It is not good to have surplus gas in the system and when this happens, the company's major customers are requested to increase their consumption.

The Services covers the measurement of all gas purchased from the producers right up to its sale gas to industrial customers. The department maintains all the industrial meters that are upgraded as and when required. All industrial, commercial and domestic meters are also repaired by the department. Every time a meter is removed for repairs from a customer's

premises, it is not reinstalled unless it has been checked in the workshop, duly tested and checked for optimal performance.

The gas quality department monitors the quality of gas being supplied. Previously, billing was done on value basis but now it is carried out on heat basis.

Measurement is done on the basis of value as well as heat and this is multiplied to calculate the heat content of the gas.

In wake of recent bomb blasts on pipelines, various alarm systems have been installed so that a warning signal is activated when someone tries to damage the line. A number of stations on the pipeline networks govern particular sections of the system.

The department also has a meter manufacturing facility where over 300,000 domestic meters are produced every year and supplied to SSGC and Sui Northern. However, the current demand for industrial meters in the country does not make local manufacturing viable.

The R&D Department looks at various technical issues. Technology is advancing at a fast pace and there is a need to keep pace with all new developments. There are certain problems that are of a local nature and there is a need to find solutions to those. At present, a number of these systems are being renovated. If two types of meters that are still in service are to be evaluated, then it must be determined as to which is the better meter, more accurate, has a longer life and is more economical in use.

Interview

S. Hassan Nawab
Senior General Manager
Management Services Division



What are the roles and functions of your Division?

The Management Services (MS) Division covers six departments - Corporate Communications, Privatization and Corporate Planning, Health, Safety and Environment, Regulatory Affairs, Administrative Services and Training.

The head office determines the administrative policies of the entire Company though each regional office is self-sufficient as they have their own administrative staff. Various administrative functions are regionally managed and are decentralized. The Administration department controls the head office and makes policies for the whole Company. Certain decisions do come to the head office, while others are initiated at the regional level but culminate at the head office.

Corporate Communications

This is a very important and strategic function and revolves around the Company's image management. It works under a Corporate Communications policy, which is approved by the Board of Directors. A regular monitoring of the Company's image is carried out on a regular basis through reports that appear in the newspapers. Any adverse report is immediately responded to. Information about events that occur in the Company is communicated to the public through press releases. Within the Company, a newsletter - *The*

Flame - is published on a monthly basis and carries news about all the important happenings of the month. It is not only circulated within the Company but also outside. The Company participates in a lot of campaigns, such as the Winter Safety campaign which is launched in the colder parts of the Company's franchise areas during the winter months. A number of accidents have taken place because there is lack of awareness of safe practices among the people regarding use of gas. The Company's long-term objective is that awareness about safe use of gas should become part of its service mandate so that nobody should die because of ignorance of practices. The Company has installed Prepaid meters in some areas recently. It also offers various new options for bill payment and all this needs to be publicized quite regularly. The Corporate Communications Department (CCD) manages such campaigns. The department also develops the Company's promotional materials such as corporate videos, brochures and leaflets and works closely with advertising agencies to develop the Company's media campaigns. It also provides comprehensive briefings to the media on certain projects and events.

The CCD is also involved in the management of Corporate Social responsibility, which in itself is a very interesting and

dominant function in the sense that it is the Company's responsibility to help in alleviating poverty or lack of health facilities or lack of educational facilities in such areas of the Company where it has undertaken gas supply projects. The Company has set up a budget for protection of Juniper forests in Ziarat where LPG was supplied at subsidized rates when the pipeline was being laid there. The Company has also undertaken a tree plantation programme and some 100,000 trees are being planted in its franchise areas in Sindh and Balochistan, to green Pakistan and to help improve the climate. The Company has also undertaken beautification of parks, roundabouts and roads so that they add to the beauty of the area and also reflects SSGC's civic sense. Recently a beach cleaning campaign involving school children was conducted in collaboration with the WWF.

SSGC is also planning to restore some of the old heritage buildings in areas where it serves. The Quaid e Azam's Residency in Ziarat and the Makli Tombs near Thatta are the first ones to be taken up under this project and will be

restored to their old beauty and grandeur. All details about these structures will also be documented for future reference.

Privatisation & Corporate Planning

This department has a very important role to play as, on a long-term basis, it is desirable that the Company's operations are privatized so that the government's share is reduced. The board of directors has already become almost semi-autonomous and professionals have been inducted who are giving guidelines and policies. The government wants to restructure this sector and eventually privatize it. Consultants have been engaged for this purpose who have presented their initial reports which recommend that the Company should be restructured by unbundling the distribution functions from the transmission functions and the distribution functions should be privatized and run by private companies. A summary has also already been sent to the Federal cabinet.

Health, Safety & Environment

Natural gas itself is an environment-friendly fuel and

Continued on page 12

Sui Southern Gas Company

VISION

To be a model utility, providing quality service by maintaining a high level of ethical and professional standards and through the optimum use of resources.

MISSION STATEMENT

To meet the energy requirements of customers through reliable, environment-friendly and sustainable supply of natural gas, while conducting company business professionally, efficiently, ethically and with responsibility to all our stakeholders, community and the nation.

QUALITY POLICY

Sui Southern Gas Company will continuously endeavour to better satisfy the needs of customers and stakeholders, and will promote innovation, creativity and pursuit of excellence by employees for providing quality service, in all areas of company operations.

HSE POLICY

SSGC is committed to the Health and Safety of its employees, preservation of environment and continual improvement of HSE performance by reducing potential hazards, preventing pollution, conserving resources and adhering to applicable laws and regulations, in all its activities relating to the transmission and distribution of natural gas.

Interview

Azim Iqbal Actg. Senior General Manager Customer Services Division

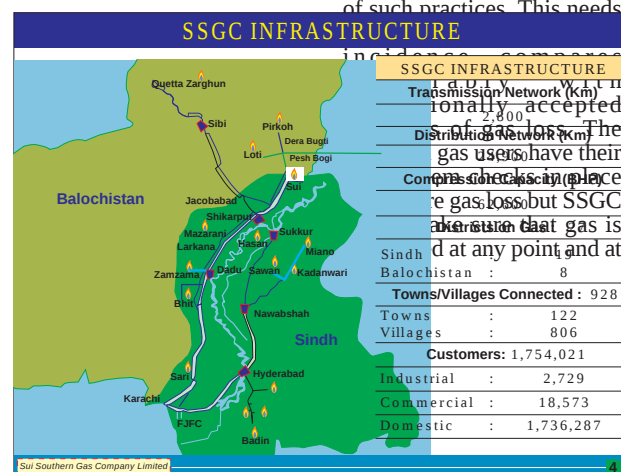


The Customer Services Division at SSGC focuses on facilitating customers & providing better service to them. The main departments within the Division are Customer Relations, Sales, Surveillance & Monitoring and Procurement. Billing is the largest function within the Customer Relations department. SSGC has to bill 1.75 million customers every month and has to therefore read all those meters on a monthly basis. It also has to ensure that the bills are processed and delivered on time to all customers. The customers are provided 14 clear days to pay their bills. Billing is done in a staggered manner so that all customers don't receive their bills at the same time. If that happens, there will be a big rush at the banks and other bill payment points. Most people normally rush to pay their bills on the last day.

Hand-held units are now being used for meter reading which makes the job more efficient and increases accuracy. The new Bill Printing System installed in collaboration with IBM is a major step in using the latest computerized technology for speedy and accurate bill printing. The CS department also handles complaints from customers, registering them at the 119 Help Desk and resolving any issues. The Help Desk operates round the clock on a 24/7/365 basis in Karachi as well as in several towns and villages of Sindh and Balochistan. The 119 Help Desk also provides information to customers regarding availability of bill payment options, information about new initiatives such as Pre-paid meters, etc. Subsequently, this function will be shifted to Call Centres that SSGC is setting up. All billing zones of SSGC have

also been brought on-line and each Zone has been allotted a specific number so that customers can pay their bills wherever they like by quoting their Billing Zone number. For instance, a bill from Karachi can be paid in Mirpurkhas and even its duplicate copy can be obtained from there. The CS department also attends to other customer needs. For example, in case of a leak at a customer facility or home when there is no gas in the line, 119 Helpdesk attends to the problem within 30 minutes. The Sales department is responsible for requirements as shifting of meters and new

applicants of new gas connections. For that purpose, they have to contact the SSGC or visit the Business Unit of one of its Customer Facilitation Centres that have been set up in all the large cities of Sindh and Balochistan. The Surveillance & Monitoring department controls gas theft, especially with reference to the commercial use of gas. The department attends to problems caused by tampering of gas lines or gas meters at commercial and industrial premises. At present about 7 per cent of gas in the system is unaccounted for, as a result of such practices. This needs



connections. The procedure required in doing this has been made very easy for domestic customers. Once a house has been constructed and the internal gas lines have been laid by an SSGC-approved contractor, the Company provides gas supply from the nearest mains in minimum possible time. More information is required from commercial and industrial



Customers at CFC

HUMAN RESOURCE DEVELOPMENT (GTI)

As per the company's Vision and Mission, it was the Company's responsibility to respond to the growing needs of downstream gas industry with high quality, cost-effective training. The employees needed to have competence and to improve their skills in order to meet future requirements of the Company. It was to meet these needs that the Gas Training Institute was established in January 2001 in a bungalow located at the Karachi Terminal.

The GTI is headed by a General Manager, who is supported by a Chief Manager and Deputy Chief Manager, while the faculty comprises senior SSGC staff who impart training to participants in various subjects. The training methodology is based on classroom sessions, field trips and hands-on training on various pieces of equipment. Course participants are also provided an opportunity to evaluate themselves while faculty members in turn evaluate them.

The Institute has a number of classrooms with different seating configurations, as well as a computer lab, a library containing 650 books and backup in the form of audio and video references. There are plans to house the GTI in its own building that will have a separate workshop for course participants. To date, more than 5,500 SSGC employees have completed training in various disciplines. The Institute also offers courses to employees of other companies. These courses include Fundamentals of Gas Turbine, Cathodic Icing, GIS, Stapling and Hot Tapping. The latter process involves boring



Gas Training Institute

holes in the pipeline while gas is flowing through it. Welding is also carried out on the pipe in the same manner.

From time to time, the GTI also invites foreign experts to conduct courses and share their technical know-how with course participants. In due course, GTI will also be offering courses to the general public in certain categories. A Helpdesk is also being set up at GTI to assist SSGC employees who have any queries so that an immediate

solution can be provided after conducting search on the Internet or referring to an expert. The Helpdesk would also be made available to employees of other companies in future and will be like an information warehouse. It is GTI's aim to provide training of the highest order based on international standards and it is in contact with other institutions of repute in this regard.

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GTI class in progress

Training: A vital function at SSGC

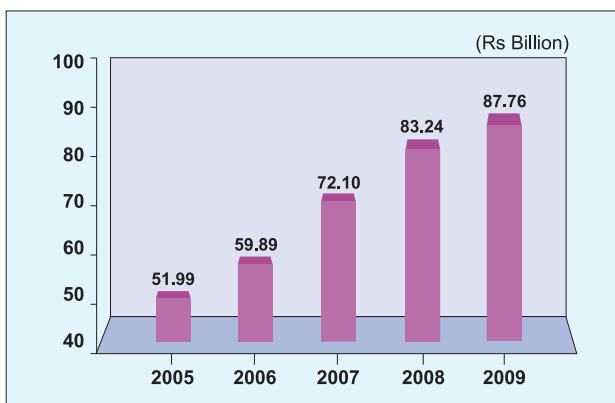
The MS Division looks after employee training. SSGC established the Gas Training Institute in 2001 to conduct specialized training courses for the gas sector which no other institution provides. GTI offers almost 200 courses and almost 1,000 persons attend these courses every year.

Courses range from compressor overhaul, turbine overhaul, GIS, CIS and Cathodic Protection to general management courses, commercial skills, speaking skills, computer programmes, MS Word, MS Excel, Financial skills for non-financial executives, etc. These courses make it possible for the Company's own manpower to be trained at a much lower cost. Recently, nominees from other companies have also started participating in courses at GTI.

This is an achievement for the Company because they pay money to attend the courses. Some of these are high technology courses and are particularly valuable for the non-SSGC personnel.

In the long-term, GTI will collaborate with foreign gas training institutes as well. SSGC is also working to develop modern workshops at the Karachi Terminal which will be provided with latest equipment and software to provide latest high technology training to its personnel and save the cost of foreign training. A number of training videos, especially in high technology disciplines, have also been acquired to train larger batches locally rather than sending one or two people abroad. The main focus is on high technology.

SALES REVENUE - NET OF GST



SSGC - Corporate Social Responsibility

SSGC's Corporate Social Responsibility initiative is driven by its concern for society and the desire to improve the quality of life of people residing in its franchise areas. The objectives of its CSR policy focusing on education, health, environment and social projects are to:

- 1 Be seen as a responsible corporate citizen promoting social justice, environment educational and humanitarian causes;
- 1 Support institutions that undertake such programs that fall within the framework of the company's objectives;
- 1 Fund programs in a financially transparent manner;
- 1 Support non-profit institutions which participate



Ancient Juniper tree in Ziarat

in such projects;

- 1 Focus on providing financial

support to poorer localities, poor and needy students and NGO's running schools or welfare centers in remote areas.

Environment:

Juniper Forest in Ziarat

The world's oldest Juniper Forest in the Ziarat area in Balochistan is threatened as trees are being cut down for timber and firewood. SSGC intends to do what it can to save this precious national asset. The company has already launched a campaign for creating public awareness among the local population for conservation of the area's ancient & costly Juniper forests.

The company's pipeline to Ziarat now provides natural gas as alternate fuel to the local population and has replaced LPG cylinders and gas stoves provided to the residents as an interim measure.

Preservation of Mangrove Forests:

SSGC's gas pipeline in the coastal villages of Kakapir at Sandspit, provides alternate fuel to local villagers previously cutting down endangered mangrove forests. Working with WWF-Pakistan in 2004, the company created awareness among the local population. SSGC also participated in beach cleaning projects at Hawkesbay and Sandspit in collaboration

with WWF-Pakistan.

NED University & UET:

SSGC provided financial support for the establishment of a Petroleum, Oil and Gas Engineering Faculty in NED University. The Petroleum Engineering Institute had prepared a programme for producing Petroleum Engineering graduates required by oil and gas companies. SSGC also provided support to the University of Engineering & Technology in Lahore to strengthen its existing Petroleum Engineering Department and for expanding it to include downstream Oil and Gas disciplines. UET has been providing valuable services to the industry for over three decades.

Community Support Center at Garhi Khairo:

The company sponsored social welfare projects for the local community in Garhi Khairo in the form of a school, a child welfare centre, financial support to needy students, development of skills of unemployed youth, setting up handicraft and household cottage units for women, educating adults and providing free legal aid and free medical facilities.

Tree Plantation: Quetta & Al-Hijra

A major tree plantation

initiative has been undertaken by SSGC for tree plantation in Balochistan. 100,000 trees shall be planted in year 2005, of which 50,000 will be planted in the Quetta area on land allocated by the provincial government, 10,000 at Al-Hijra School and the rest in the vicinity or within the premises of SSGC's HQ's and Regional Offices.

Ilmathon

SSGC supported The Citizen Foundation's walk as a Lead Partner in 2005 by making a substantial contribution. TCF runs 180 schools across Pakistan imparting education to over 22,000 students.

Tsunami Relief

SSGC launched a major initiative in January 2005 for providing relief to the Tsunami affected people in Asia. The company allocated Rs.1 Million urgently for purchase of relief goods and also urged other corporate partners to donate in cash or kind at any of SSGC's

Relief Centres. Employees donated a day's salary amounting to Rs.4.9 million which was deposited in the President's Relief Fund through the Petroleum Ministry. Several companies and individuals cooperated with SSGC raising the total value of its Tsunami Relief contribution to Rs.12 million.

Balochistan Emergency Flood Relief

As it did in 2004, SSGC responded immediately to the flooding disaster in the coastal areas of Balochistan and provided emergency relief in the shape of tents, foodstuff and clothing to the affected people in February 2005, with the assistance of Pakistan Navy units operating in the area.

Parks & Roundabouts

The company also has definite plans in 2005 for upgrading roundabouts and parks in Regional Cities. A major project is being finalized for Quetta.



President of Pakistan, General Pervez Musharraf, unveiling plaque at inauguration of Ziarat Natural Gas Pipeline Project.



SSGC Tsunami Relief Initiative



SSGC has partly financed Oil & Gas department at NED University



SSGC provides aid to rain affectees



SSGC Cyclist Imran Shariff wins Stage 5 of the 12th Tour de Pakistan International Cycle Race



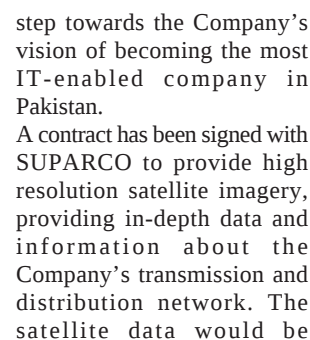
Road beautification near SSGC Head Office

Technology at your doorstep

Introducing Prepaid Gas Meters

A man in a white lab coat is seated at a desk in a laboratory, working on a computer. He is looking at the screen, which displays a software interface. The desk is cluttered with various items, including a mouse and some papers. In the background, another person is partially visible, also working at a computer. The overall environment appears to be a research or clinical setting.

The Company is also implementing a world-class Customer Information System (CIS) that will automate its Customer Care and Billing functions. Implementation of CIS is the first-ever and one of its kind project in the region. After CIS implementation, the way of doing business at the Company would greatly improve. Functions like Customer Self-Service including online complaints and inquiries and bill payments will facilitate the customers. The Company initiative in implementing the CIS solution has set trends for other gas, water and electric utilities within and outside Pakistan. CIS implementation is a vital



1 1 1

Can I check the balance available after charging?

What is the life of the card?
Card can be used multiple times unless the balance is fully utilized.

[illegible]

Sports Promotion - Imbibing a Competitive Spirit



Governor Dr. Ishratul Ibad inaugurating the 12th Tour de Pakistan International Cycle Race from Karachi to Peshawar on March 11, 2005. Mr. Qamar Mansoor, Provincial Minister for Sports, Mr. Munawar Baseer Ahmad, MD, SSGC and SVP Pakistan Cycling Federation and Mr. Idrees Khwaja, Secretary General ride alongside.

SSGC was the first company to revamp its sports policy in line with the National Sports Policy of the Government as part of its drive to promote sporting activities in the country. Under the policy, all sports facilities are being expanded, revamped and improved, new teams have been formed and promising talent is being mustered from within employees, as well as induction from local and regional clubs and associations. The Company endeavours to support and produce top-class sportspersons at the provincial

and national levels. It is expected that SSGC sportsmen will be the vanguards and flag-bearers of the Company on a corporate national basis. SSGC has attracted top class sportsmen and is facilitating them to attain national honours while representing the Company and Pakistan at national and international events. The Company was pleased to attract Sohail Abbas, the world-renowned penalty corner specialist for the SSGC Hockey team, along with Shabbir Ahmed Khan and Mudassir

Abbas, both holding Pakistan Junior colours. The Company has also been able to acquire

affiliation of its hockey team with the Pakistan Hockey Federation, and participated in the National Hockey Championship for the first time and played the Quarter Finals in March 2004. During the year, SSGC sponsored the All Pakistan General Muhammad Musa Gold Cup Hockey Tournament in Quetta. The Company also sponsored the 12th Tour De-Pakistan Cycle Race from Karachi to Peshawar under the auspices of the Pakistan Cycling Federation (PCF) with which it has acquired affiliation. Two cyclists of the Company represented Pakistan for the first time in the Tour de Azerbaijan International Cycle Race in June 2004 and won special recognition for breaking the pack and leading in the final stage.



Notable Achievements in the Golden Jubilee Year

SSGC Making its Mark



Achievement of 1 Billion Landmark

Your Company takes pride in the achievement of a historic milestone of exceeding sale of over 1 billion cubic feet daily during the year.

Monumental Success in Stock Offer

The public stock offer of SSGC by the Privatization Commission created history and three new records were set, namely:
Highest number of applications received – 4 times;
Highest time of over subscription – by 15 times;
Highest value of the offer of stock in terms of PE ratio.

Ziarat Pipeline Completion

SSGC completed the 88 km x 8 inch diameter gas supply main from Bostan to Ziarat town in record time, within cost, in rough terrain, and under extreme weather conditions.

Launching of New Projects

Two new unique projects facilitated by gas supply from SSGC were launched with an investment of US \$ 130 million by:
i) DHA Cogen for Power/Desalination Plant for supply of 90 MW power and 3mgd fresh water;
ii) JJVL LPG extraction plant having a capacity of 400 tonnes of LPG/day on BOO basis.

First Time Export of Gas Meters

The Company started exporting gas meters, and shipments were made to Germany against the first trial order, opening up further avenues for export.

Rs.3 billion Financing Agreement

SSGC entered in a Rs. 3 billion loan agreement, largest to date through a consortium of five local banks to fund expansion projects at most competitive terms.



Launching World-Class CIS Solutions

The Company launched a new billing system project, based on a world-class Customer Information System (CIS) software to integrate sales, billing and customer services.

Research and Development Initiative

In a first of its kind R&D initiative, SSGC, Pakistan Science Foundation (PSF) and the Institute of Chemical Engineering & Technology (ICET)-University of Punjab launched a program for research and development on the disbondment of pipeline coating.

State-of-the-Art SCADA and New Gas Control System

SSGC commissioned a new online, state-of-the-art SCADA and gas control system for monitoring and control of the pipeline network and bulk customer and compressor stations.

Satellite Imagery for Integration of CIS and GIS

SSGC launched a new programme to integrate hi-resolution satellite data obtained under contract from SUPARCO with demographic and customer information for a comprehensive on-line Customer Information System.

Environment Excellence Award 2004

SSGC has been awarded the 2004 Environment Excellence Award for its proactive measures for the preservation of the environment by the National Forum for Environment & Health (NFEH).

Excellence Award by WWF

The Company was awarded a special excellence award by World Wildlife Foundation (WWF) for its special awareness and support programmes for safety and environment protection.

fuelling

national progress

5 Decades of SSGC

Continued from page 1

Fields Integration Project which was completed in 1989. This involved laying down of a 135 km 18-inch dia high pressure pipeline for transmission of up to 100 mmcf/d, including offtakes for consumption en route, to connect the Badin Block with HQ-3 at Jamshoro, near Hyderabad, on the Indus Left Bank.

The Birth of SSGC:

On 30th March 1989, the government decided to merge SGTC and Southern Gas Company Ltd (SGCL), the latter comprising Karachi Gas Company and Indus Gas Company, to form the Sui Southern Gas Company Limited (SSGC).

This was designed to integrate the gas purification, transmission and distribution functions and achieve greater efficiencies and a higher level of service to all categories of customers.

The Gas Meter Plant

In 1975, the company set up a gas meter manufacturing plant in Karachi under license from Schlumberger Industries of France. The plant performed creditably and met all production targets. In 1988-89 it produced 103,800 units against an installed capacity of 120,000 units and earned revenues of Rs10.5 million. In 1991, the company produced 60,000 units of the larger-capacity, Gallus 2000 – G4 meters. Production was subsequently increased to 300,000, allowing the company to meet SNGPL's requirement of meters as well.

SREP

In 1992, a multipurpose, System Rehabilitation and Expansion Project was initiated to augment the infrastructure and to meet gas needs of customers over the next 15 years. In addition to integrating 140 mmcf/d of gas from the Kadanwari field, which came on-stream in 1994, SREP expanded the company's purification and distribution facilities and made the system safer and more efficient. By 1993, SSGC was transmitting gas from Sui, Pirkoh, Badin and Sari/Hundi



through its high pressure pipelines to its consumer load centres. The average capacity utilization of the transmission network based on compression was 92.58% and based on free-flow 100%. This was achieved by utilizing advanced technology in the form of computer simulation to monitor the entire SSGC system and raise its operational standards to an optimum level.

Developing Manpower

Along with steps to elevate its technical capability SSGC set up a Gas Training Institute (GTI) for in-house training of its engineers and technicians in disciplines related to gas technology. Two major contracts were also signed with British Gas plc and Nova Corporation for training employees over a 12-month period in the UK & Canada.

Setting Course for the Future (1995-2004 & Beyond):

This decade saw continued expansion in SSGC's network. In 1996 a 4-year plan was completed for extending distribution of gas to 48 towns in Sindh & Balochistan. Later, on the directives of the Government, the plan was enlarged to cover 424 towns and villages.

The total customer base reached 1.17 million in FY1995-1996, including 17,000 commercial / industrial customers. This phenomenal increase was the result of a 20% average annual growth rate over 5 years. Karachi remained the largest market and consumer load centre.

The SSGC network was expanded further between 1996 & 1998 with the installation of a 120 mmcf/d Purification Bank at Sui, completion of the 61 km IRBP Shikarpur-Larkana loop line and 120 km IRBP Dadu-Karchat loop line, revamping

of compressor stations at Dadu and Shikarpur, laying of a 399 km Kadanwari-Nawabshah-Karachi pipeline and commencement of the 218 km Quetta pipeline expansion project. Additionally, installation and upgrading of the Telecom System were also taken at hand.

Opening of the New Corporate Office

In the year 2000, the SSGC head office moved into a modern, custom-designed, 9-storey building on Sir Shah Muhammad Suleman Road. Designed by architect Habib Fida Ali the building accommodates the entire head office & customer service operations in comfortable and congenial surroundings.

Doubling Network Capacity

SSGC's network capacity doubled from 600 mmcf/d in 2000 to 1200 mmcf/d in July, 2003. Of that 960 mmcf/d gas from the major existing fields of Sui, Badin, Miano & Kadanwari and the new fields of Sawan, Zamzama & Bhit was loaded into the SSGC network and 240 mmcf/d fed into SNGPL.

LPG Extraction Plant

Gas from the Badin Block has significant quantities of propane & butane which could be separated to obtain 350 tons of Liquefied Petroleum Gas (LPG) per day. SSGC therefore initiated a project in 2003, which resulted in the setting up of the JJVL LPG Extraction Plant in Jamshoro near Hyderabad.

Fast-expanding Network and Customer Base

By FY 2003 transmission and distribution lines expanded to 23,416 km delivering natural gas to over 300 cities, towns & villages including some hitherto unlikely places like Mastung, Dhakhar, Kadanwari and Golarchi.

Moving Ahead: SSGC's 5 Year Expansion Plan

In FY 2004 SSGC started implementation of a 5-year, Rs. 40 billion Expansion Plan designed to further strengthen its transmission & distribution capability and preserve its status as a model utility company, the plan, on completion, will increase the transmission system capacity to 1700 mmcf/d and add 600 new towns/villages

to the SSGC system. The customer base is expected to grow to 2.1 million and asset base to Rs. 37.5 billion, as SSGC prepares to lead the way in fuelling national progress.

Technology Implementation

SSGC has adopted state-of-the-art technology such as the Oracle-III enabled Enterprise Information System, ERP, SCADA on-line network monitoring system & ERS, advanced-technology bill printing and payment systems, advanced Customer Information System (CIS) and Geographical Information System (GIS) to optimize its operations and reinforce its claim as being the most technology enabled company in Pakistan.

Health, Safety & Environment

The company has adopted clear policy guidelines in the Health, Safety & Environment areas. Also, as part of its Corporate Social Responsibility, it has initiated several projects focusing on education, health and environmental conservation, the latter by protecting forests and planting hundreds of thousands of trees in Sindh & Balochistan every year.

Natural gas surpassed oil as Pakistan's leading energy fuel in FY 2003. Today it contributes more than 50% to the total energy mix in terms of tons of oil equivalent (TOE). By FY 2010 this will rise to 55% partly by bringing recently discovered gas fields on-stream and partly via LNG import. SSGC is working on implementing an integrated LNG project for setting up a terminal for import, storage and re-gasification. This is expected to commence operation in 3-4 years, and will complement the proposed trans-country pipelines being undertaking by ISGSL, a subsidiary of SSGC.



SSGC - Providing Natural Gas for a Cleaner Environment

Munawar Baseer Ahmad

Continued from page 1

earn substantial amounts of foreign exchange. One of the key opportunities is the upcoming project of gas import pipelines. We are confident that once the project matures regarding one or more of the pipelines, SSGC would be a key player. And, we are already gearing up for that.

We are constructing the single largest pipeline in Karachi, in the Bin Qasim area, which is of 42 inches dia. The proposed pipelines from Iran, Qatar or Turkmenistan, we expect, will range in size from 42 to 52 or maybe 56 inches. We have the demonstrated capability to undertake such large projects. It is on the basis of our strengths and capabilities that we have achieved the landmark of becoming a billion dollar company. We see the number multiply over the next fifty years, making SSGC one of Pakistan's most efficient and modern utilities and putting us on target to achieve energy security, sovereignty and sustainability.

What are the new initiatives that SSGC is taking to serve its customers?

Our focus has primarily been and will always be on Customer Service. Whether it is the KESC or some other very large customer that pays us billions of rupees a month or a small customer in a low income or middle income locality – our level of service is the same. Our motto is 'Service with a Smile'. We have ensured that our people are fully trained and familiar with this concept and able to provide service with a smile to our customers. In Karachi alone we have set up more than 10 Customer Facilitation Centres (CFCs). The strategy is to bring our customer service – service with a smile – to the doorstep of the customer. In the industrial areas of Korangi and SITE, we have set up CFCs along with Business Facilitation Centres. In other areas of Karachi such as Defence, Nazimabad or even

Hub Chowki too we have CFCs. This is a single-window operation providing on-line information and data to the customers.

We strongly believe in empowering our employees. We also believe that unless we have satisfied employees, we cannot provide good customer



Mr. Munawar Baseer Ahmad, Managing Director, SSGC, receiving President General Pervez Musharraf at the inauguration of the JJVL Plant at Jamshoro, Hyderabad.

service. In this regard, we have undertaken extensive human resource development programmes for our employees, giving them management responsibilities and sending them for training courses both locally and overseas.

The training we provide to our employees has increased from a per capita of 3 hours per year to 26 hours: a nine-fold increase. We are already reaping the benefits of this in IT, Finance department, Office Planning and Regulatory Affairs. Our people have started making their mark in all areas of operation. We are doing everything to provide better facilities to our employees and have upgraded our medical services, besides entertainment, recreation and sports facilities. We are providing the same environment to employees across all offices – whether it is the head office or offices in remote locations like Sibi, Pishin or Larkana.

The office interiors and exteriors are being upgraded, the same furniture is being provided and the same level of automation - computers and

office equipment - is being ensured. Overall, we have set a uniform standard across the Company in housekeeping terms and employees, whether they are posted in Karachi or at any other location, get the same environment. This automatically uplifts their motivation level and gives them

ourselves certain strategic objectives that I told my management we were going to pursue. We are still using those strategic objectives as our milestones, goalposts, if you will, and one of them was to make SSGC the most-IT-enabled company in Pakistan. I can say that we are well on our way. In fact it will not be wrong in saying that we already are the most IT-enabled company. I have no hesitation in comparing ourselves with leading MNCs and some of the banks. Our level of IT implementation is indeed the best in Pakistan. Our Customer Information software, which is under implementation, is being provided by SPL of the United States. We now have the world's leading technology from IBM for our bill printing processes. We have GIS software and are using satellite communication to integrate all our networks including transmission networks and the customer information system. Apart from that, we are well on our way on ERP implementation based on Oracle financial software. Our teams have travelled extensively to Singapore, Hong Kong and Australia and met with industry experts of Oracle and other major companies who were actually surprised that there is a company in Pakistan which is at the same level as they are.

All these projects are well on their way and we are closing in towards their integration. Once that is done, I have no doubt we will be the most IT-enabled company. We have already achieved a great deal - we have a completely automated messaging system, our CCTV system is hooked on to our network and I can even access it from my computer in the office or at home. Our SCADA system is hooked on to a computer network and the management has access to it. We can look at the SCADA system from our network through special access from a remote computer and even from

Would you like to elaborate on the fact that SSGC is the most IT-enabled company? The day I joined the Company on October 9, 2002, we set for

ourselves certain strategic objectives that I told my management we were going to pursue. We are still using those strategic objectives as our milestones, goalposts, if you will, and one of them was to make SSGC the most-IT-enabled company in Pakistan. I can say that we are well on our way. In fact it will not be wrong in saying that we already are the most IT-enabled company. I have no hesitation in comparing ourselves with leading MNCs and some of the banks. Our level of IT implementation is indeed the best in Pakistan. Our Customer Information software, which is under implementation, is being provided by SPL of the United States. We now have the world's leading technology from IBM for our bill printing processes. We have GIS software and are using satellite communication to integrate all our networks including transmission networks and the customer information system. Apart from that, we are well on our way on ERP implementation based on Oracle financial software. Our teams have travelled extensively to Singapore, Hong Kong and Australia and met with industry experts of Oracle and other major companies who were actually surprised that there is a company in Pakistan which is at the same level as they are.

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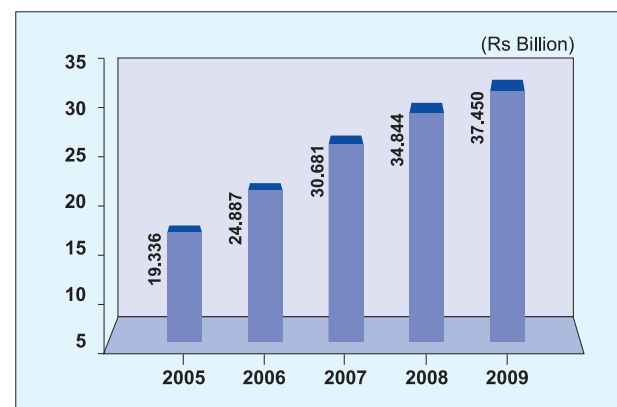
our homes and see how our compressor stations and other facilities are functioning. This in itself is something that I don't think any company has in Pakistan. We have thus succeeded in providing enabling power through information technology and the best facilities to our employees. **What have been SSGC's successes on the financial front?** SSGC has done remarkably well in the last three to four years. It was three years back that we started giving out dividends. That is now on an increasing trend. Unfortunately, our returns are still tied to a fixed formula on net assets which was dictated by the lending institutions many, many years back. That restricts our returns. Our current setback is that while we have brought efficiencies into our system, the

combination of activities, actions, efficiencies, high productivity as well as growth target which is asset-based. Whether it is one formula or the other, the Company is very uniquely placed to derive a high profit margin and provide excellent returns to its shareholders.

What has been SSGC's contribution towards Corporate Social Responsibility?

We have a special focus on CSR as it is one of SSGC's objectives to provide service to the community that would earn us recognition as a good corporate citizen. We have a corporate social responsibility policy based on which we have undertaken various projects for providing adult literacy to poor sections of society and in small towns and villages. We have also arranged special education

AVERAGE NET OPERATING ASSETS

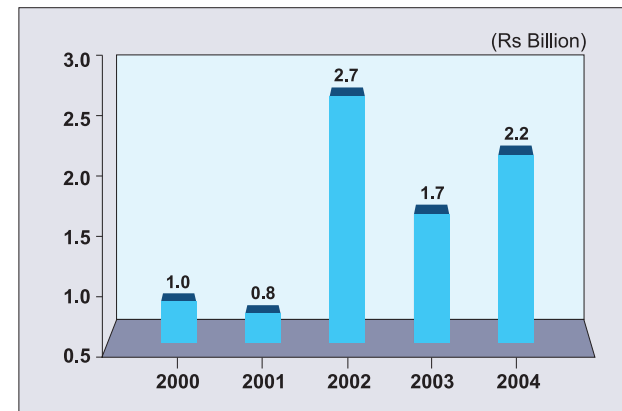


high returns that we have achieved are translated into GDS. The Government is a majority shareholder, holding close to 70% shares directly and another 15% to 18% through institutions. The Government and the shareholders get high returns on dividends or through a high GDS. We paid Rs2.2 billion to the Government this year in GDS and an additional Rs1.5 billion was our profit. It's a substantial amount and this formula may last another year or so. But as we look to the future we have put in place a

programmes for children. On the environmental side, we have undertaken beach cleaning in Karachi for protecting our mangrove forests along with various other activities. In the Ziarat area, we have provided natural gas to protect the four thousand years old Juniper forests which are unique in the world. We are also undertaking projects to provide civic services, such as cleaning up of areas around our office building and beautifying roundabouts in some of the industrial zones or commercial areas of the city which the Company is adopting.

fuelling national progress

CAPITAL EXPENDITURE



We have adopted parks in the smaller towns and remote areas because these are the places where we operate while other companies or large multinationals have their operations confined to cities like Karachi, Lahore or Islamabad. So, our focus is on moving out where we can have more outreach in our franchise areas. If you visit Larkana, Quetta or Ziarat you will see our projects coming up. We are helping the community in these areas by improving overall civic services and providing better education and adoption of schools.

In Karachi there was no Oil and Gas engineering teaching facility. So not only has SSGC contributed towards setting up of an Oil and Gas faculty at NED University, we have taken a lead in this effort. Whereas our contribution was only Rs5 million, we were supported by some very good friends. With help from PSO and PPL and private sector philanthropists we were able to attract four to five times more funds. This has enabled the NED to lay the foundation stone for the department and classes are expected to start from the current year. We hope that by providing the seed money and playing a lead role we would be able to get more cooperative support from the community and from other industries and businesses.

We undertook to sponsor the Ziarat Sports Festival in which

the President of Pakistan performed the inauguration. Again, I was very pleased that our appeal to the Oil and Gas sector companies and banks was very encouraging. The local authorities and the people of Ziarat are very happy that this festival has been revived after many years.

Where do you see SSGC five years from now?

I see SSGC as living up to its vision of being a model utility company, not only in Pakistan but also in the entire region. In Pakistan, I would not be wrong in saying that we are the best public sector utility and have received many accolades on that account. But we want to extend this reputation across our borders and achieve high standards that enable us to operate joint ventures and companies in partnership. Apart from that, we have a key role in ensuring energy security, sovereignty and sustainability not only for our areas of operation viz. Sindh and Balochistan but also for the entire country, since we are at the gateway. Karachi is indeed the gateway and whether we have import pipelines, LNG or LPG, we are a key player. And Inshallah, along with our management, our team and our workers, we are very confident that we will move ahead and continue to ensure that the country and its people are provided with energy, which is essential for economic growth.

Aitzaz Shahbaz

Continued from page 1

large amounts of indigenous coal although there are questions about its quality and utilization. Development of gas resources can be taken up immediately as we have the infrastructure. There are 22 Pakistani and foreign companies working in exploration. In the longer term, that is, beyond 2010 we can develop hydro-power and coal but that would require investment of several billion dollars. I would say that we should concentrate on gas for the next five years and, at the same time, start the process for hydro power and coal.

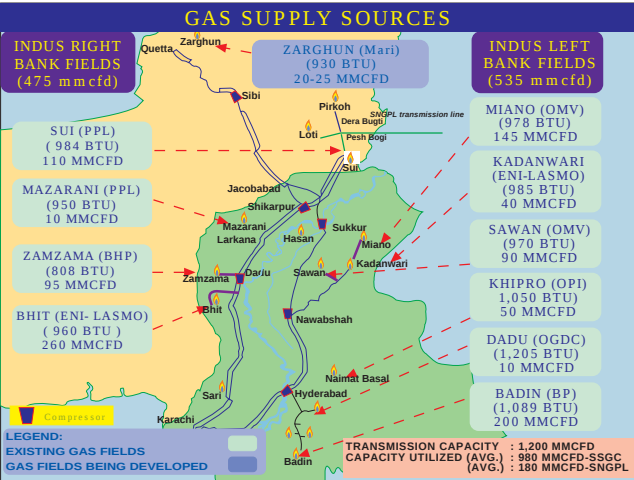
How would you describe the progress made by SSGC? We have made a lot of investment in IT, both in terms of hardware and software. To facilitate customers we now offer on-line bill payment facility. We have put a lot of focus on IT and are getting good results. We have done quite a lot of work in human development and employed hundreds of young people in finance, human resource, IT, engineering and other areas. Then we are building up our marketing. Some very seasoned people are now retiring after serving the Company for many years and people brought up in today's corporate culture are taking their place. We have been very active on the Social Responsibility front and have a very sizeable budget, with prime concentration on education. Under a structured programme, we have given donations to the NED Engineering University and the Aga Khan Hospital. At the other end of the spectrum, we are participating in schools projects and in adult literacy. The third area is environment. We have taken gas to Ziarat and this has contributed to the protection of ancient Juniper forests which is a national heritage. We are also taking care of smaller environmental issues, providing greenery along the road in front of our head office and the roundabout. We undertook

beach cleaning after the Tasman Spirit oil spill disaster.

What qualitative change do you see in SSGC's operations in the last 50 years? The qualitative change I would say is basically in our response time to customers' queries or complaints. We take pride in the fact that by and large we respond quite efficiently. Our staff at the Customer Facilitation Centres (CFCs) all over Sindh and Balochistan, attend to customers' queries regarding our services at the neighbourhood level. All in all, in service terms we compare favourably even with private sector companies.

Would you like to comment on the recent stoppages in gas supply in February? We will agree that we were able to contain the situation very well and manage the gas-load in a manner that most customers, industrial or domestic remained virtually unaffected. Even under normal circumstances if a malfunction occurs, our emergency teams rush to attend to them without loss of time and rectify the situation. We have a round-the-clock helpline to attend to customers' complaints. I have tested it myself as an anonymous caller and I must say it works well.

How do you think the discovery of natural gas has impacted the life of the common man in Pakistan? I think discovery of natural gas impacted the common man in a very big way. It has significantly improved the quality of life of our people. Gas is a clean, affordable fuel. You can judge this from the fact that people are always wanting more new connections. In the assemblies, the people's representatives too are pushing for gas to be made available in their areas. Had there been no natural gas in the country, economically we would have been in big, big trouble. Gas has substituted millions of tons of oil and if we calculate the value, it would amount to savings of billions of dollars. There was a point last year when we were saving



up to 500 million dollars that we would have otherwise spent on fuel oil used in power production and industry. Distribution of Sui gas started in 1955. So if you calculate the savings over all these years, it would amount to billions of dollars.

Do you think the country has utilized the full potential of its gas resources? No, there is opportunity to find more gas in Balochistan in the areas contiguous to Iran, where there are likely to be massive reserves of oil and gas. There have been many new gas finds in Sindh, in Sawan, Bhit and other places. But they are not as large as Sui, which is now depleting and in about 17 years it will be all gone. Even if we find more gas, consumption is going up. That is why the country needs a future energy strategy. We would also need to import gas and we are already working on various alternatives such as the Iran-Pakistan-India pipeline, the Turkmenistan-Afghanistan-Pakistan pipeline and the Qatar-Pakistan pipeline. We may need an import pipeline in the next five years or so and another in the next ten.

Do you see the SSGC customer profile changing, with more emphasis on commercial and industrial customers rather than domestic households? Yes and also the IPPs – the independent power producers - because they have a role in

the country's economic development and in running the industry. The best fuel for power production, from the technological and economic point of view is gas, because it is low cost. But this does not mean that the emphasis on the domestic customer will be lessened because natural gas covers only 18 to 20 per cent of the population of this country. It is all concentrated in big cities and a lot of the rural areas don't have gas.

What measures should the country take to ensure future economic progress? We should adopt the simplest approach and the government should not get into the nitty-gritty of things. We are moving in the right direction. There was a time, just 10 or 15 years ago, when the Oil and Gas industry was heavily regulated. When I was heading Shell, we had to go to the Ministry to even add a single pump at our filling stations. There has been considerable deregulation of the sector in the last 5 years or so ever since General Musharraf took over. And, this is just one sector. Significant improvements started in the Oil and Gas sector within the first three years of the Musharraf government through deregulation and better terms for gas producers. There were also improvements in the infrastructure through privatization, etc. The sector has been made very dynamic.



Federal Minister for Petroleum and Natural Resources inaugurating the new SCADA System at the Karachi Terminal of SSGC

Amanullah Khan Jadoon

Continued from page 1

foreign exchange. With the increase in availability, natural gas is destined to become the fuel of the future and SSGC is well placed to become an

efficient fuel supplier.

I would like to personally congratulate the management and all members of the staff, who I have the opportunity to meet from time to time and wish them all success. May God Almighty be with you!



Federal Minister for Petroleum and Natural Resources at the Karachi Terminal

Naseer Mengal

Continued from page 1

of living of the people of Pakistan. I have keenly followed the progress of the company and have little doubt, that SSGC does not only have a strong track record but it also holds strong promise for the future. What is even more reassuring is that SSGC's success is not merely restricted to any particular area but it has demonstrated impressive performance across all functions. Whether it is gas transmission and distribution, customer service, development of human resource, induction of new technologies and

upgrading of IT infrastructure, SSGC has indeed progressed in a very consistent manner over the last 50 years. In the coming years, I look forward to new projects taking shape at SSGC, particularly the import of LNG, as well as overall expansion of gas distribution under the GIREP II programme. The Government is not only keen but is taking all possible steps to ensure sustained availability of gas to the people of Pakistan. Within that frame, SSGC will continue to play an emphatic role in its franchise areas in Sindh and Balochistan.

Ahmad Waqar

Continued from page 1

45% to the existing production capacity of LPG in the country.

BHP Billiton – The RESOURCEFUL Company

BHP Billiton is the world's largest diversified resources company distinguished from other resource companies by the quality of its assets: inventory of growth projects; customer-focused marketing; diversification across countries,

commodities and markets; and Petroleum business. BHP Billiton Petroleum is a significant oil and gas exploration and production business. Principal activities are oil and natural gas production, exploration and development in

FAUJI FERTILIZER BIN QASIM LIMITED

Fauji Fertilizer Bin Qasim Limited - FFBL was incorporated in Pakistan as a public limited company on November 17, 1993 and commenced commercial production on January 01, 2000. The Company was planned as a manufacturing facility to produce Granular Urea and Di Ammonia Phosphate (DAP) both for the first time ever in Pakistan. The production was intended to reduce imports in the country and improve self-reliance in the field of fertilizers which sustain our agricultural growth. FFBL's corporate office is situated in Rawalpindi. Its products are marketed by FFC Marketing Division, which has a well-established and extensive marketing network throughout Pakistan. The fertilizer complex, completed with a total cost of US\$ 461 million, is located at Bin Qasim, an industrial zone on the outskirts of Karachi, close to the Arabian Sea. The total area of the plant site is

358 acres. FFBL has entered into the 10th glorious year of cordial business relationship with SSGC, the largest gas undertaking and a major energy company in Pakistan. Its gas supply agreement with SSGC was signed on 17th December 1995 for supply of 75 MMCFD gas and since then, the committed efforts of SSGC have helped FFBL to meet its production targets. In addition, FFBL is highly thankful to SSGC for making provisions in their gas projections of 2007, for supply of additional 10 MMCFD gas for their BMRE project. FFBL is SSGC's only customer in the fertilizer sector. FFBL pays tribute and felicitates SSGC on its Golden Jubilee celebrations and expresses its appreciation on its performance that has helped it to earn the reputation of being 'Pakistan's best public sector and model utility company'.

Australia, the United Kingdom, the United States, Algeria, Trinidad and Tobago, and Pakistan. BHP Billiton's Pakistan Asset, part of BHP Billiton Petroleum, has been active in Pakistan since 1994. The company operates the Zamzama production facility in Dadu district, Sindh province. BHP Billiton is the operator of the Zamzama field and has a 38.5% interest. . Our joint venture partners are Government Holdings (Pvt) Ltd (25%), PKP Exploration Ltd (18.75%), and ENI Pakistan (M) Ltd (17.75%). **Zamzama Gas Plant – Phase 1** Zamzama gas field is located some 280 km northwest of Karachi and covers an area of approximately 120 sq. km. Gas is currently being lifted from 5 wells and processed at the production facility. It is then supplied to Sui Southern compressor station via an eight kilometer pipeline. The total estimated proven plus probable recoverable reserves for

the Zamzama field are 2.2 trillion cubic feet of gas (gross), of which BHP Billiton's equity share is around 850 Bcf, making Zamzama fourth largest gas reserve of Pakistan. In March 2002, the Zamzama Joint Venture announced its intention to proceed with Phase-I of the full field development of Zamzama. First gas from Phase-I was produced in June 2003, some four months ahead of schedule. The facility also produces a stabilized condensate flow of 2000 barrels per day which is currently exported by road to Enar Petroleum Services, a private limited oil refinery in Karachi. In October 2004, a Condensate Sale and Purchase Agreement was signed with the Government of Pakistan according to which the Joint Venture will proceed with the construction of a new 40 kilometer, USD 4.5 Million pipeline linking the Zamzama plant to the Karachi-Multan crude oil pipeline.

S.Hassan Nawab

Continued from page 3

is less polluting as compared to other fuels such as coal or oil. Still, it is important to pursue safety measures in the supply of natural gas because historically, people have died from gas created fires. Accidents have occurred within the Company as well because of certain unsafe practices. Therefore there is a need to strengthen the safety function and we are in the process of actually training our people under the International Standards Organization - ISO-140001 environmental management system certification and Operational Health & Safety System - OHSAS-18000. The Company is in the process of documenting hazardous practices and identifying risks so that it can issue a set of Standard Operating Procedures which would require that all safety hazards be documented. This will bring a major improvement in safety standards and will make

SSGC's safety standards comparable to any international gas utility company. The standards require that the Company should not damage the environment as a result of its operations. It is following these standards and is ensuring that there are no leakages that could damage the environment or that no hazardous or toxic materials are released into the atmosphere and the surrounding areas and effluent discharges and chemicals do not damage the habitat. As such, the function of the HSE department becomes very important and work is progressing to obtain the necessary certifications. When this is achieved in the next few months, it will be a major achievement for the Company. **Sports & Recreation** Promotion of sports is the responsibility of the Sports Section which is a part of the MS Division. The Company is making endeavours to induct the country's international stars in its hockey, cricket and football teams on professional terms. The Pakistan penalty

corner specialist Sohail Abbas is an employee of SSGC. The former Test cricketer, Sikandar Bakht is coaching the SSGC cricket team which is now doing reasonably well and should be graduating to first class level in about a year's time. The SSGC Cycling team has also been strengthened and is performing well in national cycling events. It recently attained first position in the Rawalpindi to Murree Cycle Race which was very tough as the race was an uphill one. The Company is also improving its indoor and outdoor facilities for employees and fitness centres are being provided at various Company locations so that employees can work out in their free time and lead a healthy lifestyle. Indoor sports tournaments are also being held to encourage active employee participation. The Company has a Sports Board which has been provided funds to implement the sports policy. Regulatory Affairs The Regulatory Affairs Department is an important part of the Management Services

Division. The SSGC operates under a 30 year license for the transmission, distribution and sale of natural gas, issued by the Oil & Gas Regulatory Authority (OGRA) in September 2002. The Regulatory Affairs Department is responsible for interaction with the regulators, which include the estimation of revenue requirements, submission of tariff petitions, and approval of all major capital expenditure projects and compliance of license conditions, handling of all queries, customers' complaints and other OGRA related matters. **Regulatory Affairs Department** is also working on long term tariff regime which is intended to replace the existing Return On Assets formula for the determination of gas tariffs and SSGC's net profit, through a more broad-based multi-year tariff formula, which will provide stability in gas prices and predictability to Company's revenue and profitability.

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Engineering Services Department

Continued from page 3

P&C - Milestones: Σ When the gas companies started functioning in 1954, all the engineering, design work and key manpower was from outside and there was no in-house expertise. The first major milestone was to have Pakistani nationals and this was achieved by 1966. Σ The first pipeline was sufficient until 1970. When planning was started for a second pipeline due to rising demand, the Planning and Construction department was set up. Σ It has, to date, constructed over 2,200 kilometers of transmission pipeline. It has also installed a number of compressor stations. Σ The pipeline capacity has doubled. Capacity of the first pipeline was 135 mmcf, while that of the second pipeline is roughly about 350 mmcf. Since then, gradual additions have been made to the system. Σ Until the 90s the capacity of

the Sui Southern Gas system was 600 mmcf. Between 1998 and 2002, under GIREP-I (Gas Infrastructure and Rehabilitation programme), this capacity increased from 600 to 1200 mmcf. Σ Of this, SSGC is using 1000 mmcf while 200 mmcf is given to SNGPL. Σ Under GIREP-II, initiated in 2003-4, the system capacity will again increase by 600 mmcf and become 1800 mmcf. Σ Latest tools are maintained by the P&C department and it keeps abreast with the latest advancements. Σ Ever since the department came into existence, it has not only saved costs substantially but has also undertaken functions that would not have been possible in the absence of the department's expertise and the company would have paid heavily for design and other services to the foreign companies. Σ SSGC's meter manufacturing facility is a significant milestone as it is meeting the country's total requirements in domestic gas meters. Σ In order to provide gas to a

large number of industrial, commercial and domestic customers, the company decided in the early 70s to have all fittings, pipes and materials to be produced in Pakistan. This has made it possible for SSGC to give a large number of connections to its customers. Σ When the gas industry started in 1954, gas appliances were imported and were very expensive. SSGC passed on know-how to local manufacturers to make these appliances in the country. Σ When commercial consumers in Pakistan converted the first time to the use of natural gas instead of coal, SSGC developed special gas burners and passed on the design to local manufacturers. Σ It helped develop industrial burners for the use of natural gas for conversion of furnaces to natural gas. Σ The Company also developed special gas burners for tandoors. Σ SSGC has made a pioneering contribution towards indigenization and making natural gas the fuel of choice. Σ The R&D department has been reconstituted to bring in new

efficiencies. Σ GIS (Geographical Information System) has been further improved. Until recently, all pipeline drawings were hand-made and had to be manually updated by retracing the whole drawing. Every time a tracing was done, some inaccuracy occurred. Now the drawings have been digitized and vectorised these drawings and will be geo-referenced. After this, they will be electronically stitched together becoming one continuous map. It will then be possible to specifically mark out all locations to determine the shortest route to get there. This will be of great help to emergency crews as well as the senior management who can access these locations on their computers. This will greatly improve service and every time new information is available, the record will be immediately updated. The data can also be used by other utilities such as the KESC, the Water and Sewerage Board, the Excise & Taxation Department, etc.

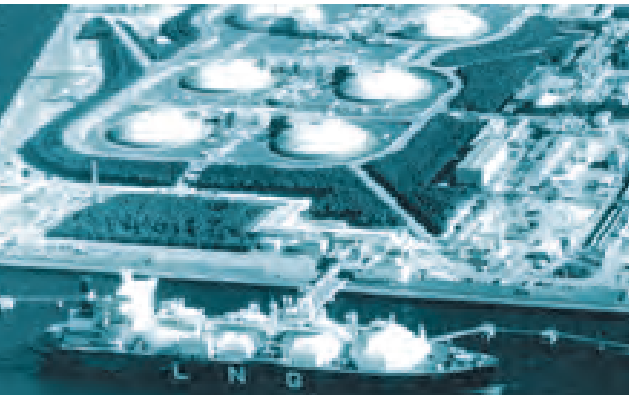
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Future Outlook and Plans

Catering to a Growing, Higher-Value Customer Base

Economic recovery witnessed in the country over the last few years has given the gas sector a boost as well. It is anticipated that the positive trend will continue in the foreseeable future. Hence, more positive pressure will be brought to bear on fuel and energy sources. The demand for natural gas has achieved robust growth in the last five years. For the next five, a year on year growth of over 30% is envisaged. GIREP-II is part of a 5-year, Rs. 43 billion Rolling Plan of which Rs. 8 billion is being spent in the current here on several designated areas including transmission and distribution. As a result of the expansion in transmission capacity on both the Indus Left Bank and Indus Right Bank Pipelines

(ILBP & IRBP), nearly 500 mmcf of additional gas will be fed into the system increasing the total network capacity to 1700 mmcf, in the first phase. This will cater to the increasing demand from large customers such as power plants, textile city and other emerging industries in the years ahead and also, during the course of the 5-year plan, connect 600 new towns and villages in Sindh & Balochistan to the SSGC network. Several remote areas will stand to benefit from this expansion, in line with the government's stated policy of extending the benefits of natural gas to areas hitherto overlooked. Rehabilitation and repair of the existing transmission and distribution lines also forms part of the

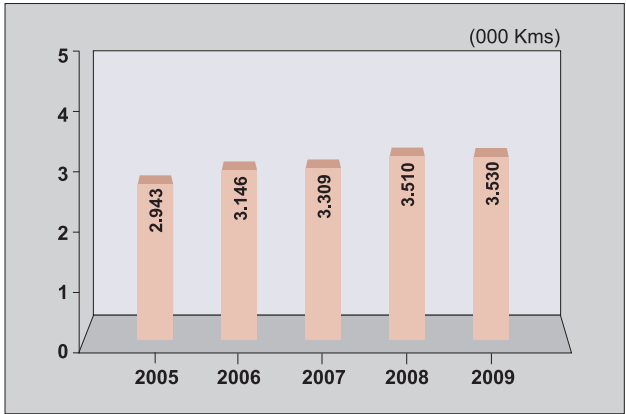


plan. At the conclusion of GIREP-II, SSGC's transmission network will expand from 2,786 kms in FY 2003-04 to 3,380 kms and the distribution network from 24,996 kms to 31,316 kms. Annual gas sales volume will grow 318 bcf to

512 bcf. The gas sales ratio between power/ industrial customers and domestic/commercial sectors will change from 80:20 to 85:15 and the overall customer base will grow from 1.7 million to 2.0 million.

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TRANSMISSION NETWORK



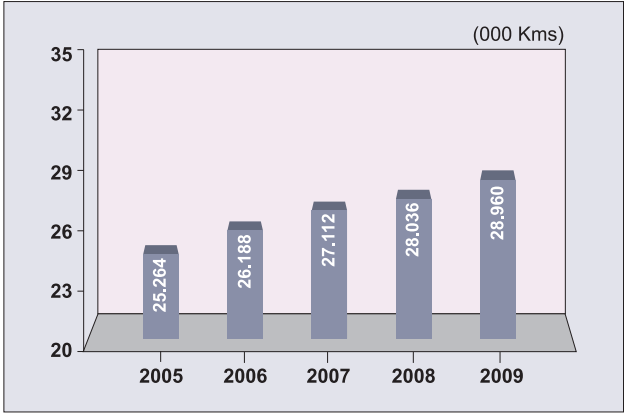
BHP Billiton

Continued from page 11

Phase II Development represents the commercialisation of unallocated reserves to enhance the overall value of the field. The project is now moving to Phase-II where an additional 680 Bcf of gas will be delivered to transmission company, SSGCL.

The current annual contracted quantity allocated to Zamzama gas field is 320 MMSCFD and Phase II, once on-stream in 2007, will further enhance this to 450 MMSCFD. The capital cost of Phase-II is estimated to be about USD 100 Million. Development of Phase-II is a step towards contributing to Pakistan's growing energy needs and will help reduce the country's fuel oil import bill by approximately

DISTRIBUTION NETWORK



USD 250 Million. The Zamzama field development will encourage the confidence of International E&P companies which may result in increased petroleum activity in Pakistan. **Committed to Social Development** As part of its commitment to sharing success, the company is working closely with its partners, customers and local communities to make a real contribution to

sustainable development in Pakistan. One of our driving operating values is that the communities with which we work value our citizenship. In the short period since its inception, our Community Development Programme has already begun to make a tangible difference in the areas of health, education, provision of basic infrastructure, and sustainable livelihood.