

## Sui Southern Gas Company Limited

### Annual Report 1999

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#### COMPANY INFORMATION

<b>Board of Directors</b>	Mr. Aitzaz Shahbaz                      Chairman Mr. Aslam Faroo   Managing Director Mr. Munir Ahmed Mr. Abdus Sattar Mr. Ramzan Noor Mohammed Merchant Mr. Muhammad Faruque Mr. H. Masood Sohail Mr. Behram Hasan Mr. Ashiq Ali Mr. Rasool Bakhsh Baloch
<b>Company Secretary</b>	Mr. M. Inam-us-Samad
<b>Auditors</b>	M/s. A. F. Ferguson & Co. Chartered Accountants
<b>Registered Office</b>	State Life Building, No. 3, Dr. Ziauddin Ahmed Road Karachi- 75530 Pakistan Ph: 5688566 and 5689319 Fax: 021 - 5683580
<b>Web Site</b>	<a href="http://www.ssgc.com.pk">http://www.ssgc.com.pk</a>
<b>E-mail</b>	<a href="http://ssgc.com.pk">http://ssgc.com.pk</a> <a href="mailto:info@ssgc.com.pk">info@ssgc.com.pk</a>

#### NOTICE OF MEETING

Notice is hereby given that the 45th Annual General Meeting of Sui Southern Gas Company Limited will be held in the auditorium of Finance & Trade Centre Building, Shahrah-e-Faisal, Karachi on Wednesday 29 December 1999 at 10.00 a.m. to transact the following business:

##### Ordinary Business

1. To confirm the Minutes of the 44th Annual General Meeting of the Company held on 15 February 1999.

2. To receive and adopt the Report of the Directors and the Audited Accounts of the Company for the year ended 30 June 1999.

3. To appoint Auditors for the year 1999 - 2000 and fix their remuneration.

4. Any other ordinary business with the permission of the Chair.

#### **Special Business**

#### **5. Bonus Issue**

To approve capitalisation of a sum of Rs. 761,256,330 set-aside out of the profit of the Company as on 30 June 1999 for issuance of bonus shares in the proportion of one share for every 6.67 shares held (15%) and to consider and if though fit, to pass the following Special Resolutions with or without amendment (s).

"That a sum of Rs. 761,256,330 out of profit as on 30 June 1999 be capitalised and applied to the issue of 76,125,633 ordinary shares of Rs. 10 each allotted as fully paid Bonus Shares to the members of the Company whose names appear on the register of Members as at close of business on 21 December 1999 in the proportion of one share for every 6.67 shares held (i.e. 15%)".

"Further Resolved That the members' fractional entitlement to Bonus Shares may be consolidated in the form of Share Certificates which may be disposed of in the Stock Market and the proceeds paid to any welfare / charitable institution approved for donation under the Income Tax Ordinance".

"That the Managing Director of the Company be and is hereby authorised and empowered to give effect to these Resolutions and to do or cause to be done all acts, deeds and things that may be necessary or required for issue, allotment and distribution of Bonus Shares".

#### **6. Privatisation of LPG and Meter Manufacturing Divisions**

To approve the sale of the assets related to the LPG Division of the Company and to consider and, if deemed appropriate, to pass the following resolution with or without amendment (s).

"Resolved that the Company may sell the assets related to the LPG Division of the Company on such terms and in such manner as the directors of the Company, in their absolute discretion, deem fit".

To approve the sale of the assets related to the Meter Manufacturing Division of the Company and to consider and, if deemed appropriate, to pass the following resolution with or without amendment (s).

"Resolved that the Company may sell the assets related to the Meter Manufacturing Division of the Company on such terms and in such manner as the directors of the Company, in their absolute discretion, deem fit".

To consider and, if deemed appropriate, pass the following resolution with or without amendment (s).

"Resolved that the directors of the Company may take all such actions as are necessary in order to effect the sale of the assets related to the LPG and Meter Manufacturing Divisions of the Company including the obtaining of no objection certificates from any lenders / creditors of the Company".

**By Order of the Board**

Karachi  
27 November 1999

**M. Inam-us-Samad**  
**Secretary**

#### **Notes:**

i) The Share Transfer Books of the Company will remain closed from 22 December 1999 to 29 December 1999 (both days inclusive). Transfers received in order at the Registered Office of the Company at the close of business hours on 21 December 1999 will be treated in time

for the purpose of eligibility to Bonus Shares.

ii) A member entitled to attend and vote at this meeting may appoint another member as his / her Proxy to attend, speak and vote on his / her behalf at the Meeting. Proxies, in order to be valid, must be received at the Registered Office of the Company not later than 48 hours before the Meeting. The Proxy must be a member of the Company, except that a Corporation being member of the Company may appoint as its proxy one of its directors, officers or authorised representative though not a member of the Company.

iii) Shareholders are requested to notify the Company of any change in their address immediately.

iv) CDC shareholders are requested to bring their National Identity Card, Account Number and Participants' ID Number, while attending the meeting, for identification.

#### **Statement under Section 160 of the Companies Ordinance, 1984**

i) The Directors feel that the reserves of the Company justify the capitalisation of a sum of Rs. 761,256,330 for issuance of Bonus Shares.

ii) For a host of reasons the Government has changed its management philosophies and resolved to sell and privatise several enterprises under its control and where it holds majority shares. Accordingly Sui Southern Gas Company Limited is also a candidate for privatisation since quite some time. As the privatisation of the Company as a whole entails significant technical, managerial and legislative infrastructure support, the Government has decided to rapidly go ahead with divestment of the non-core business units of the SSGC first. The Directors have therefore resolved in their Board Meeting held on 27th November, 1999, to dispose off the two units viz Meter Manufacturing Plant and LPG Bottling and Distribution Business through the Privatisation Commission after seeking necessary consent of the shareholders.

### **BOARD OF DIRECTORS**

Mr. Aitzaz Shahbaz  
Chairman

Mr. Aslam Farook  
Chief Executive/Managing Director

Mr. Munir Ahmed

Mr. Abdus Sattar

Mr. Ramzan Noor Mohammed Merchant

Mr. Muhammad Faruque

Mr. H. Masood Sohail

Mr. Behram Hasan

Mr. Ashiq Ali

Mr. Rasool Bakhsh Baloch

Mr. M. Inam-us-Samad  
Company Secretary

### **CHAIRMAN'S REVIEW**

On behalf of the Board of Directors and myself I welcome the respected shareholders to the 45th Annual General Meeting of the Company. In accordance with the time honoured tradition I take the opportunity to present a review of Company's operations and prospects as well as a commentary on the financial results for the year ending 30.06.1999. Your Company has witnessed a happy growth in sales of 5% and profitability

has improved by 42%, being the cumulative effect of increased sale, reduction in gas purchase price, increase in asset base and decrease in financial charges (the later two factors have a beneficial impact on the profits under the current gas pricing formula). A major accomplishment of the year was the resolution of Inter-Corporate Debt problem which has now been substantially reduced. The new policy guideline and emphasis of the Government is to achieve maximum foreign exchange saving by substituting gas for imported fuels. For this purpose the Government has also directed that newly discovered gas fields be developed and to achieve this end we have been asked to negotiate and finalize quickly the Gas Purchase and Sales Agreements with the concession holders.

#### **BOARD OF DIRECTORS**

The following changes have taken place in the Board of Directors from the date of the last Annual Report:

Mr. Jawaid Inam, Mr. Razi-ur-Rehman Khan, Mr. M. Saleem Khan and Mr. Ali Ahmed Baloch resigned from the Board during the year. They were replaced by Mr. Samir Ahmed (Representing NIT), Mr. Mubashir Ahmed Zafar (Secretary Commerce, Government of Balochistan) and Mr. Imtiaz Kazi (Secretary Industries and Mineral Development, Government of Sindh). Near the end of the year these three directors also relinquished their position having been transferred from their parent departments. I have the privilege to thank all the outgoing directors for their contribution.

#### **FINANCE AND ACCOUNTS**

The Audited Accounts for the year 1998-99 together with Auditors' Report thereon is before you. There is a marked improvement in gas sales, profit and balance sheet ratios. The Company achieved remarkable economy in operating expenditure holding it to the level of the year 97-98 despite 10% increase in staff costs. This was supplemented by savings in financial charges payable to banks. The Company has accounted for both late payment charge payable to suppliers and receivable from consumers (KESC / WAPDA) due to delays in payment of their respective bills. However the matter has been referred to the Government for their help for a final settlement of the issue.

#### **GAS SALES / PURCHASE**

Gas sales volumes registered an increase of 4.7% over the previous year rising to 177,153 MMCF. The sale to power sector increased by 3.6%, Pakistan Steel by 3.6% and other industries by 8.5%. Sale to the newly connected Fauji Jordan Fertilizer Company Limited, at subsidized rates for fertilizer feed stock, was 6,549 MMCF representing 3.7% of the volume. Value-wise the sales registered a growth of 4.6%, exclusive of excise duty, as compared to last year.

Purchase volumes increased by 4.3% whereas in terms of value the cost of gas declined by 19.7%. This is largely attributed to depressed international oil prices as the local gas price is linked to these prices. The recent increase in international price will mean higher cost price of gas in the coming year.

#### **OPERATIONS**

The Company operated the gas purification plant at the Sui Gas field under demanding conditions and utilization capacity achieved was 83%. Of the purified gas 42% was taken into the SSGC system and balance was delivered into the Sui Northern system. The purification cost attributable to SSGC intakes constitutes cost of gas for the Company while the balance cost is recovered from Sui Northern. Gas is also purchased from Pirkoh, Badin and Kadanwari Gas fields and small volumes from Kandhkot, Marl and Qadirpur Gas fields.

#### **GAS DISTRIBUTION NET WORK AND PROJECTS CAPEX**

The activity of extending gas distribution network and giving new connections continued during the year. A total of 82,040 new connections comprising of 126 industrial, 1,580 commercial and 80,334 domestic connections were given compared to 140,1,657 and 93,832 connections given in the previous year in respective categories. The total number of consumers thus stood at 1.450 million as on 30.06.1999 in 621 towns and villages in Sindh and Balochistan. During the year 579 kilometers of new mains and service pipelines were laid and another 170 kilometers were rehabilitated / replaced.

Work was completed during the year on the last 82 k.m transmission pipeline loop of the Quetta Pipeline Capacity Expansion Project. The leftover items of the two Gas Purification banks at the Sui

Gas field were also completed. The boilers installation work is now in progress. The foreign currency loan of Asian Development Bank, a part of which was utilized for these projects, closed in January, 1999 at US dollars 169 million gross. The new state of the art ten story Head Office Building at Gulshan-e-Iqbal, Karachi is fast nearing completion.

## **LPG, METER PLANT**

The two businesses of LPG distribution and Meter Manufacturing have performed steadily and registered operating profits. The LPG bottling and distribution business earned Rs. 37.6 million on a sale of 19,708 tons of LPG in 1998-99. This compares to Rs. 59.5 million profits earned on sale of 18,622 tons in the previous year. Profit declined due to increase in bulk prices ex refineries and oil fields without compensating increase in sale price, both of which are controlled by the Government.

The Company manufactured 293,000 gas meters of G - 4 and G - 1.6 categories in 1998-99 as compared to 231,800 meters manufactured in the previous year. A total of 114,400 meters were issued for own consumption (1997-98: 109,550) and meters sold to Sui Northern and others numbered 176,000 earning a profit before tax of Rs. 97 million in 1998-99 as compared to Rs. 53 million for the previous year.

## **PRIVATIZATION**

The Privatization Commission has constituted a Co-ordination Committee for expediting the privatization of Oil and Gas Sector. This Committee decided to privatize and sell off the LPG & Meter business of SSGC in the first phase, being non-core business. The directors have therefore decided that approval of shareholders be obtained for the disposal of these two businesses by passing an Extra Ordinary Resolution to this effect at this meeting.

## **NEW GAS SUPPLY SOURCES**

The prospects of new and increased gas supply sources are getting better. This will ensure continuous availability of gas to the Company and the end users for the long term in increased volume. The Company has already signed a Gas Sale and Purchase Contract with OMV (Pakistan) and Joint Venture Partners for purchase of 87 MMCFD gas Ex Miano Gas field. The gas will be available at Kadanwari Gas field take off point in 21 months after the agreement is signed by the Government and conditions precedent are met.

The Company is progressing gas purchase contracts for supply of about 300 MMCFD gas from the newly discovered fields of Zamzama, Bhit, Savan, Hassan and Zargoan. Under an interim agreement signed with the Badin Joint Venture, the Company has already started receiving extra volumes of 50 MMCFD gas from the Badin II concession fields and another 14 MMCFD is being received from OGDC's Daru Gas field. The new available gas will be relatively higher in cost but at the same time it will fill the demand supply gap and compensate for the volume short-falls of the fast depleting old gas fields.

## **PERSONNEL AND INDUSTRIAL RELATION**

The Company signed two years agreement with the CBA in January 1999 for period upto 31.12.1999. Referendum was held in August, 1999 for selection of the CBA for the coming two years term which will conclude in December, 2001.

## **ACKNOWLEDGEMENT**

The Board and the Company management wish to place on record their thanks and appreciation for the continued guidance and support received from the Secretary and officials of the Ministry of Petroleum and Natural Resources, other Federal Ministries, Government of Sindh and Government of Balochistan. The support and guidance of Asian Development Bank is highly valued and acknowledged as also that of local banks and financial institutions. The officers and staff have given their best performance for which we are all proud.

Karachi  
27 November 1999

**(Aitzaz Shahbaz)**  
**Chairman**

## **REPORT OF THE DIRECTORS**

I am happy to present this 45th Annual Report of the Company together with audited accounts for the year ended on 30.06.1999. Despite difficult economic conditions persisting throughout F.Y. 1998-99 it is indeed satisfying to note that the Company has posted enviable level of profit after tax which is higher by 46% over the previous year. The profit earned during the year and appropriation thereof recommended by the Directors is as follows:

*(Rupees in thousand)***Accounts**

Profit before tax	
As shown in Profit and Loss Account	1,464,770
Less: Provision for taxation	
Current	123,117
Deferred	388,906
	-----
	512,023
	-----
Profit after taxation	952,747
Add: Unappropriated profit brought forward	366
	-----
Profit available for appropriation	953,113

**Appropriations**

Transfer to:	
General Reserve	191,000
Reserve for issue of Bonus shares	761,256
	-----
	952,256
	-----
Un-appropriated profit carried forward	857
	=====

**Earning per Share**

The after tax earning per share for the year 1998-99 works out to Rs. 1.88 per share on the outstanding shares at year end. This is higher by Rs. 0.47 over previous year even after the bonus issue made in February, 1999.

**Directors**

The following changes have taken place in the of Board of Directors from the date of last Annual Report:

Mr. Jawaid Inam, Mr. Razi-ur-Rehman Khan, Mr. M. Saleem Khan and Mr. All Ahmed Baloch resigned from the Board during the year. They were replaced by Mr. Samir Ahmed (Representing NIT), Mr. Mubashir Ahmed Zafar (Secretary Commerce, Government of Balochistan) and Mr. Imtiaz Kazi (Secretary Industries and Mineral Development, Government of Sindh). At the tail end of the year, the last named three gentlemen were transferred from their parent departments and consequently the directorship of the Company. These vacancies are therefor to be filled up by new nominations.

**Debt Defaults**

All loan installment payments of the Company are upto date and there is no default on account of same.

**Auditors**

The present auditors M/s. A.F. Ferguson & Co., Chartered Accountants, retire and being eligible, have offered themselves for reappointment for next year.

**Pattern of Shareholdings**

The statement showing the pattern of shareholdings in the Company as on 30 June, 1999 is annexed to this report.

**Computer and Y2K**

The Company is well prepared to face the Y2K thresh-hold for which it employed a lot of state of the art machinery and computerized equipment. The Oracle Package has been introduced and functioning in the financial applications.

**On behalf of the Board**

Karachi  
27 November 1999

**Aslam Farook**  
**Managing Director**

## AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of SUI SOUTHERN GAS COMPANY LIMITED as at June 30, 1999 and the related Profit and Loss Account and Cash Flow Statement, together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and, after due verification thereof, we report that:

a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

b) in our opinion:

i) the Balance Sheet and Profit and Loss Account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

ii) the expenditure incurred during the year was for the purpose of the Company's business; and

iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

c) in our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, Profit and Loss Account and Cash Flow Statement, together with the notes forming part thereof, give the information required by the Companies Ordinance, 1984 in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 1999 and of the profit and the cash flows for the year then ended; and

d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

Karachi  
27 November 1999

**A.F. Ferguson & Co.**  
**Chartered Accountants**

## BALANCE SHEET AS AT 30 JUNE 1999

	<i>Notes</i>	<i>1999</i>	<i>1998</i>
		<i>(Rupees in thousand)</i>	
<b>Share capital and reserves</b>			
Share capital - Authorised 1,000,000,000 ordinary shares of Rs. 10 each		10,000,000	10,000,000
Issued, subscribed and paid-up capital 507,504,220 (1998: 461,367,473) ordinary shares of Rs. 10 each	3	5,075,042	4,613,675
Reserves	4	2,556,614	2,065,725
Unappropriated profit		857	366
		-----	-----
		7,632,513	6,679,766
<b>Redeemable capital</b>	5	3,099,192	2,384,031
<b>Long term loans</b>	6	4,950,497	5,600,009
<b>Liabilities against assets subject to finance leases</b>	7	608,653	746,883
<b>Deferred credit</b>	8	1,333,449	1,273,712
<b>Deferred liabilities</b>	9	2,993,764	2,623,956
<b>Long term deposits</b>	10	1,116,725	981,019
<b>Current liabilities</b>			
Current portion of - redeemable capital	5	409,886	469,518

- long term loans	6	881,204	1,205,775
- liabilities against assets subject to finance leases	7	184,337	643,244
Short term loans		--	1,384,940
Creditors, accrued and other liabilities	12	7,909,937	12,370,374
		-----	-----
		9,385,364	16,073,851
<b>Contingencies and commitments</b>	13	-----	-----
		31,120,157	36,363,227
		=====	=====
<b>Government owned assets held on trust by the Company</b>	42	105,965	105,965
		=====	=====
<b>Tangible fixed assets</b>			
Operating assets	14	18,142,977	18,693,746
Capital work-in-progress	15	2,881,233	3,231,064
		-----	-----
		21,024,210	21,924,810
<b>Long term investments</b>	16	72,196	73,891
<b>Long term deposits</b>	17	90,851	120,761
<b>Long term loans</b>	18	152,394	130,280
<b>Current assets</b>			
Stores, spares and loose tools	19	714,098	660,070
Stock-in-trade	20	146,701	204,443
Consumers' installation work-in-progress	21	21,335	24,477
Trade debts	22	5,239,312	10,530,270
Trade deposits and short term prepayments	23	30,339	46,871
Note receivable	24	1,000,000	1,000,000
Loans and advances	25	97,724	90,689
Other receivables	26	922,447	619,467
Taxation recoverable		89,173	171,579
Cash and bank balances	27	1,519,377	765,619
		-----	-----
		9,780,506	14,113,485
		-----	-----
		31,120,157	36,363,227
		=====	=====

**AUDITORS REPORT ANNEXED**

The annexed notes form an integral part of these accounts.

**Aslam Farook**  
Chief Executive

**Aitzaz Shahbaz**  
Chairman

**PROFIT AND LOSS ACCOUNT**  
**for the year ended 30 June 1999**

	<i>Notes</i>	<i>1999</i>	<i>1998</i>
		<i>(Rupees in thousand)</i>	
Gas sales		16,349,577	15,623,084
Differential margin (GDS) - prior years		--	420,741
		-----	-----
		16,349,577	16,043,825
Gas development surcharge		(2,294,004)	(210,000)
		-----	-----
Net sales		14,055,573	15,833,825
Cost of gas	28	8,107,634	10,097,969
		-----	-----
Gross profit		5,947,939	5,735,856
Meter rentals		185,131	173,233
Late payment surcharge		158,303	156,228

Recognition of income against deferred credit	8	102,721	94,598
Sale of gas condensate		90,798	104,762
		6,484,892	6,264,677
Transmission and distribution cost	30	1,922,252	1,928,955
Depreciation	14.3	1,849,358	1,753,537
		3,771,610	3,682,492
		2,713,282	2,582,185
LPG bottling division profit	31	37,634	59,521
Meter manufacturing division profit	32	97,303	52,709
		2,848,219	2,694,415
Operating profit		1,311,457	1,165,916
Other income	33		
		4,159,676	3,860,331
Other charges	34	79,510	54,650
		4,080,166	3,805,681
Financial charges	35	2,615,396	2,779,313
		1,464,770	1,026,368
<b>Profit before taxation</b>			
Taxation	36	512,023	374,696
		952,747	651,672
<b>Profit after taxation</b>			
Unappropriated profit brought forward		366	61
		953,113	651,733
Profit available for appropriation			
Appropriations			
Transferred to: General Reserves		191,000	190,000
Reserve for issue of Bonus Shares		761,256	461,367
		952,256	651,367
		857	366
Unappropriated profit carried forward			
Earnings per share (Rs.)	43	1.88	1.41

The annexed notes form an integral part of these accounts.

**Aslam Farook**  
Chief Executive

**Aitzaz Shahbaz**  
Chairman

## CASH FLOW STATEMENT for the year ended 30 June 1999

	<i>Notes</i>	<i>1999</i>	<i>1998</i>
		<i>(Rupees in thousand)</i>	
<b>Cash flow from operating activities</b>			
Profit before taxation		1,464,770	1,026,368
Add / (less): Adjustments for non cash items			
Depreciation		2,231,135	1,836,937
Financial charges	35	2,615,396	2,779,313
Provision for doubtful debts		82,636	267,765
Provision for stores and spares		--	30,373
Recognition of income against deferred credit		(102,721)	(94,598)
Dividend income		(260)	(600)
Interest income from KESC and WAPDA	33	(840,202)	(812,908)
Provision against investments - net	34	1,695	(56)
Profit on disposal of fixed assets		(14,536)	(9,975)

Net cash generated from operations		5,437,913	5,022,619
Service charges received from new consumers	8	162,458	185,100
Security deposits received - net		135,706	109,926
Long term loans		(22,114)	(26,960)
Long term deposits		29,910	(47,820)
Changes in working capital			
Stores and spares		(54,028)	17,298
Stock-in-trade		57,742	27,493
Consumers' installation work-in-progress		3,142	4,317
Trade debts		4,892,523	(4,388,317)
Loans and advances		(7,035)	(23,645)
Trade deposits and prepayments		16,532	209,050
Other receivables - net		(302,980)	97,741
Creditors, accrued and other liabilities - net		(4,919,100)	3,595,789
		(313,204)	(460,274)
Gratuity paid		(19,098)	(20,708)
Taxes paid		(40,711)	(126,420)
Net cash generated from operating activities		5,370,860	4,635,463
<b>Gash flow from investing activities</b>			
Fixed capital expenditure		(1,214,995)	(2,696,690)
Proceeds from sales of fixed assets		16,473	12,453
Net cash outflow from investing activities		(1,198,522)	(2,684,237)
<b>Cash flow from financing activities</b>			
Redeemable capital less repayments		655,529	(1,186,322)
Long term loans less repayments		(487,348)	334,499
Proceeds from sale and lease back transactions		50,065	736,422
Payment of liabilities against assets subject to finance leases		(647,202)	(659,317)
Short term loans less repayments		(1,384,940)	52,195
Financial charges paid		(1,604,944)	(1,305,857)
Dividend received		260	600
Net cash outflow from financing activities		(3,418,580)	(2,027,780)
Net increase/(decrease) in cash and cash equivalents		753,758	(76,554)
Cash and cash equivalents at the beginning of the year		765,619	201,014
Cash and bank balance received on acquisition of GOP assets		--	641,159
Cash and cash equivalents at the end of the year		1,519,377	765,619

The annexed notes form an integral part of these accounts.

**Aslam Farook**  
Chief Executive

**Aitzaz Shahbaz**  
Chairman

## NOTES TO THE ACCOUNTS for the year ended 30 June 1999

### 1. The Company and its operations

Sui Southern Gas Company Limited is a public limited company incorporated in Pakistan and is listed on the Karachi, Lahore and Islamabad Stock Exchanges. The Company is engaged in:

- purification of natural gas ex-Sui Field and its transmission along with gas from Pirkoh, Sari Hundi, Badin, Kandhkot, Mari and Kadanwari gas fields
- distribution of natural gas in Sindh and Balochistan provinces
- trading in liquefied petroleum gas (LPG)
- manufacturing and sale of gas meters
- construction contracts for laying of pipelines

## 2. Summary of significant accounting policies

### 2.1 Accounting convention

These accounts have been prepared under the historical cost convention, except that certain exchange elements referred to in note 2.4 (a) have been incorporated in the cost of the relevant assets.

### 2.2 Staff retirement benefits

The Company operates:

#### a) approved funded pension and gratuity schemes for all employees

Brief particulars of these schemes are as follows;

##### for executives

Monthly contributions are made to these schemes on the basis of actuarial recommendations at the rate 10.08 per cent per annum of basic salaries for pension and 8.33 per cent per annum of basic salaries for gratuity. Actuarial valuation of the scheme is carried out once in every three years and the latest valuations were carried out as at 30 June 1998. The fair value of the schemes' assets and liabilities for past services of the employees at the latest valuation date were Rs. 1781449 million and Rs. 9.124 million respectively for the pension scheme and Rs. 286.003 million and Rs. 462,332 million respectively for the gratuity scheme. The future contribution rates of these schemes include an allowance for the deficit and surplus. Attained Age Normal Actuarial Cost Method using the following significant assumptions is used for valuation of these schemes:

- Expected rate of increase in salary level 11 per cent per annum.
- Expected rate of return 18.04 per cent per annum.

##### for non-executives:

Monthly contributions are made to these schemes on the basis of actuarial recommendations at the rate of 10.93 per cent per annum of basic salaries for pension and 8.33 per cent per annum of basic salaries for gratuity. Actuarial valuation of the schemes is carried out once in every three years and the latest valuations were carried out as at 30 June 1998. The fair value of the schemes' assets and liabilities for the past services of the employees at the latest valuation date were Rs. 90.701 million and Rs. 4.640 million respectively for the pension scheme and Rs. 275.170 million and Rs. 447.290 million respectively for the gratuity scheme. The future contribution rates of these schemes include an allowance for the deficit and surplus. Attained Age Normal Actuarial Cost Method using the following significant assumptions is used for valuation of these schemes:

- Expected rate of increase in salary level 12 per cent per annum
- Expected rate of return 18.04 per cent per annum

#### b) approved contributory provident funds for all employees

Retirement benefits are payable to staff on completion of prescribed qualifying period of service under these schemes. During the year an amount of Rs. 98.228 million (1998 · Rs. 86.568 million) has been charged in respect of staff retirement benefits.

### 2.3 Taxation

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any, or one-half percent of turnover, whichever is higher.

The company accounts for deferred taxation on all material timing differences using the liability method. However, deferred tax is not provided if it can be established with reasonable probability that these timing differences will not reverse in the foreseeable future.

### 2.4 Tangible fixed assets

#### a) Cost

Tangible fixed assets are stated at cost less accumulated depreciation except freehold and leasehold land and capital work-in-progress which are stated at cost. Cost in relation to certain fixed assets signifies historical cost, net exchange differences and cost of borrowings as referred to in note 2.4 (d).

#### **b) Depreciation**

Under a loan agreement signed with the Asian Development Bank, the company is required to make a minimum provision for depreciation at the rate of 6% per annum of the gross value of its operating assets.

#### **i) Purification plant, compressors and transmission lines**

These assets are depreciated on straight-line method on the basis of lower of estimated useful lives of relevant assets and the time the reserves of the related gas fields are likely to be depleted. The depreciation for these assets is charged from the dates these projects are commissioned while no depreciation is charged in the year the assets is disposed of.

#### **ii) Other assets**

Depreciation on remaining assets is also calculated using the straight-line method with the exception of assets of meter manufacturing division which are depreciated on reducing balance method.

Full year's depreciation is charged in the year of addition while no depreciation is charged in the year the asset is disposed of except for assets sold to employees under service rules where depreciation is charged until the date of employee's retirement.

#### **c) Repairs and maintenance**

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalised and the assets so replaced, if any, are retired. Gains and losses on disposal of fixed assets are taken to profit and loss account.

#### **d) Borrowing costs**

Borrowing costs incurred on long term finances obtained for acquisition of assets are capitalised upto the date of commissioning of respective assets. All other mark-up, interest and other related charges are included in income currently.

### **2.5 Investments**

Long-term investments are stated at cost less provision for diminution in value. In arriving at the provision in respect of any diminution in the value of long-term investment consideration is given only if there is a permanent impairment in the value of any investment.

### **2.6 Stores, spares and loose tools**

These are valued at moving average cost. Stock of stationery and goods in transit are valued at cost to balance sheet date. Stores of LPG are valued at average cost.

### **2.7 Stock-in-trade**

#### **Meter manufacturing division**

Components are valued at lower of moving average cost and net realisable value. Work-in-process is stated at moving average cost of components and material only. Finished goods are stated at the lower of cost determined on average basis and net realisable value and includes appropriate portion of labour and production overheads. Components in transit are stated at cost incurred to balance sheet date.

#### **LPG bottling division**

Cost of LPG is stated at the lower of cost determined on first-in first-out (FIFO) basis and net realisable value. Cost signifies material cost and includes excise duty thereon.

#### **Gas in pipelines**

Stock of gas in transmission pipelines is valued at the lower of cost, determined on first-in first-out (FIFO) basis, and net realisable value and includes appropriate portion of purification cost.

### **2.8 Foreign currencies**

Transactions in foreign currencies are accounted for in rupees at the rates prevailing on the date of transaction. Assets and liabilities in foreign currencies are translated into Pak rupees at the rates of exchange prevailing on the balance sheet date, except where loans are covered under exchange risk coverage scheme of the Government of Pakistan in which case the rates contracted for are used. All other exchange differences are included in income currently.

### **2.9 Trade debts**

Debts considered irrecoverable are written-off and provision is made for debts considered doubtful.

### 2.10 Liabilities against assets subject to finance leases

Finance charge under the lease agreement is allocated to periods during the lease term so as to produce a constant periodic rate of financial cost on the remaining balance of principal liability for each period.

### 2.11 Revenue recognition

(a) Revenue from gas sales is recognised on the basis of gas supplied to consumers at rates fixed by the Government from time to time. In case of domestic consumers, accruals are made to account for the estimated gas supplied between the date of last meter reading and the year end.

(b) Revenue from liquefied petroleum gas (LPG) is recognised upon despatch of cylinders to customers.

(c) Meter rentals are recognised monthly on the basis of specified rates for various categories of consumers.

(d) Revenue from sale of meters is recognised upon despatch to customers.

(e) Recognition of income against deferred credit is computed over the useful life of the related assets i.e. service connections and gas mains.

(f) Dividend income on equity investments is recognised on receipt basis.

(g) Profit on investments in securities and term deposits is recognised on accrual basis.

(h) Revenue from sale of gas condensate is recognised upon despatch to customers.

(i) The company is operating on a guaranteed minimum return before taxation of 17% of net average operating fixed assets for the year exclusive of financial charges and other non operating income, under the provision of Asian Development Bank Loan 1138-Pak. As a result any deficit on account of this is recoverable from Government of Pakistan and is accounted for against the revenue for the year.

	<i>1999</i>	<i>1998</i>
	<i>(Rupees in thousand)</i>	
<b>3. Issued, subscribed and paid-up capital</b>		
Ordinary shares of Rs. 10 each		
219,566,554 fully paid in cash	2,195,666	2,195,666
Ordinary shares of Rs. 10 each issued as fully paid bonus shares		
241,800,919 Balance at 1 July	2,418,009	1,816,225
46,136,747 Issued during the year	461,367	601,764
-----	-----	-----
287,937,666	2,879,376	2,418,009
-----	-----	-----
507,504,220	5,075,042	4,613,675
=====	=====	=====
<b>4. Reserves</b>		
<b>Capital</b>		
<b>Restructuring of share capital due to merger</b>	146,868	146,868
<b>Fixed assets replacement</b>	88,000	88,000
<b>Reserve for issue of bonus shares</b>		
Transferred during the year	761,256	461,367
Utilized during the year	(461,367)	(601,784)
-----	-----	-----
Balance at 30 June	761,256	461,367
-----	-----	-----
	996,124	696,235

### Revenue

<b>Dividend equalisation</b>		36,000	36,000
<b>Special reserve</b>	(Note 4.1 )	416,141	416,141
<b>General</b>			
Balance at 1 July		917,349	727,349
Transferred during the year		191,000	190,000
		-----	-----
Balance at 30 June		1,108,349	917,349
		-----	-----
		1,560,490	1,369,490
		-----	-----
		2,556,614	2,065,725
		=====	=====

4.1 This represents accumulated balance generated by the price increase of Rs. 4.10 per MCF granted to the Company by the Government in January 1987 retrospectively from 1 July 1985 to enable the Company to meet the Asian Development Bank (ADB) covenant of debt / equity which alongwith other financial covenants is specified in loan agreements signed with ADB. These agreements are guaranteed by the Government of Pakistan.

#### 5. Redeemable Capital - (Non-participatory)

##### Long term finances utilised under mark-up arrangements

<i>Financier</i>	<i>Installment payable</i>	<i>Repayment period</i>	<i>Mark-up not due</i>	<i>1999</i>	<i>1998</i>
				<i>(Rupees in thousand)</i>	
<b>Secured</b>					
5.1	Muslim Commercial Bank Ltd.	half-yearly	1993-2001	1,129	66,661
5.2	Muslim Commercial Bank Ltd.	half-yearly	1994-2002	17,147	65,112
5.3	Muslim Commercial Bank Ltd.	half-yearly	1997-2004	68,062	137,500
					162,500
5.4		half-yearly	1991-2001	466	3,000
5.5		at Maturity	1999-2000	83,503	400,000
5.6		yearly	1999-2000	261,810	920,000
				-----	-----
				1,532,278	257,908
<b>Unsecured</b>					
5.7	Consumer Financing	monthly	1998-2001	300	1,629
5.8	GOP Loan on Acquisition of Assets	yearly	1998-2012		1,597,396
5.9	Cash Development Loans	half-yearly			171,978
				-----	-----
				1,771,003	2,262,040
<b>Term Finance Certificates - Secured</b>					
5.1	Term Finance Certificates	half-yearly	1996-2000	242,089	205,797
				-----	-----
				3,509,078	2,853,549
Less: Current portion - shown under current liabilities					
Long term finance: utilised under mark-up arrangement - Secured					
				232,418	46,230
					26,850
					295,484
					150,618
				-----	-----
				409,886	469,518
				-----	-----
				3,099,192	2,384,031
				=====	=====

Long term finances mentioned under notes 5.1 to 5.4 are secured by the hypothecation of the Company's stores and spares, stock-in-trade, and book debts. In addition finance mentioned under note 5.3 is further secured by first pari passu charge on specified items of plant and machinery. Finances mentioned under notes 5.5 and 5.6 are secured by first pari passu charge on specified items of plant and machinery.

##### GOP loan on acquisition of assets

This represents the outstanding balance of purchase consideration payable to the Government of Pakistan (GOP) on transfer of Quetta Pipeline Transmission Project during the year 1997-98. The loan

is repayable in 15 yearly installments by the year 2012. It carries a mark-up of 17.51 per cent per annum which is subject to revision by the GOP on yearly basis.

#### Cash Development Loans

These loans carry mark-up at 10 per cent per annum and are repayable over a period of 12 years with a grace period of 2 years.

#### Term Finance Certificates

Liability against term finance certificates is secured by a pari passu charge on all present and future moveable assets at specified locations, construction spread camps and gas pipelines except for stock-in-trade and stores and spares.

6. Long term loans	Installment payable	Interest rate per annum	Repayment period	1999 (Rupees in thousand)	1998
<b>Foreign currency loans-unsecured</b>					
<b>Loans for Asian Development Bank</b>					
181-Pak	half-yearly	8.5	1979-1998	--	209,00
187-Pak	half-yearly	8.5	1979-1999	--	95,841
470-Pak	half-yearly	10.0	1984-2000	206,402	358,723
565-Pak	half-yearly	10.1	1984-2001	280,515	337,268
653-Pak	half-yearly	14.0	1990-1999	14,466	41,270
836-Pak	half-yearly	14.5	1994-2005	396,821	443,177
1138-Pak	half-yearly	14.5	1996-2005	4,410,376	4,745,619
				-----	-----
				5,308,580	6,230,998
<b>Loan form international Bank for Reconstruction and Development</b>					
2552-Pak	half-yearly	14.0	1991-2005	38,680	44,206
3107-Pak	half-yearly	14.0	1995-2009	85,747	93,914
3107-Pak - supplementary	half-yearly	14.0	1995-2009	233,342	255,456
				-----	-----
				357,669	393,576
Export Import Bank of Japan	half-yearly	14.0	1995-2009	165,452	181,210
				-----	-----
				5,831,701	6,805,784
				881,204	1,205,775
				-----	-----
				4,950,497	5,600,009
				=====	=====

#### 7. Liabilities against assets subject to finance leases

These represent gas distribution systems, equipment and vehicles leased from various leasing companies. Finance charge for these leases range from 19.75 per cent to 24.54 per cent per annum. An additional charge of Re. 1 per Rs. 1,000 is also leviable on overdue rentals for certain leases.

The company intends to exercise its option to purchase the leased assets for Rs. 84.994 million (1998: Rs. 113.138 million) upon completion of respective lease periods.

The amount of future payments and the period in which they will become due are as follows:

Year to:	1999 (Rupees in thousand)	1998
30 June 1999	--	823,930
30 June 2000	309,132	291,991
30 June 2001	268,133	250,992
30 June 2002	234,919	218,960
30 June 2003	289,876	281,419
30 June 2004	5,131	--
	-----	-----

		1,107,191	1,867,292
Less: Financial charge not due		314,201	477,165
		-----	-----
		792,990	1,390,127
Less: Current portion shown :under current liabilities		184,337	643,244
		-----	-----
		608,653	746,883
		=====	=====
<b>8. Deferred Credit</b>			
Balance at 1 July		1,273,712	1,183,210
Additions during the year	(Note 8.1)	162,458	185,100
		-----	-----
		1,436,170	1,368,310
Transferred to profit and loss account		(102,721)	(94,598)
		-----	-----
Balance at 30 June		1,333,449	1,273,712
		=====	=====

8.1 These represent amounts received from consumers towards the cost of service lines and gas mains.

**1999**                      **1998**  
**(Rupees in thousand)**

**9. Deferred liabilities**

**Provision for deferred taxation**

Deferred liability arising due to accelerated tax depreciation allowances		3,019,911	2,610,037
Deferred debit arising in respect of:			
Provision for doubtful debts		(108,607)	(81,337)
Provision for staff gratuity		(40,614)	(46,916)
		-----	-----
		(149,221)	(128,253)
		-----	-----
		2,870,690	2,481,784
<b>Provision for staff gratuity</b>		123,074	142,172
		-----	-----
		2,993,764	2,623,956
		=====	=====

**10. Long-term deposits**

Deposits from:			
Gas consumers	(Note 10.1)	876,651	752,181
Gas contractors	(Note 10.2)	7,389	7,784
LPG dealers	(Note 10.2)	232,685	221,054
		-----	-----
		1,116,725	981,019
		=====	=====

10.1 Consumers' deposits represent gas supply deposits based on an estimate of 3 months consumption of gas sales to industrial and commercial consumers while deposits from domestic consumers are based on the rates fixed by the Government of Pakistan. These deposits are repayable / adjustable on disconnection of gas supply. Interest at the rate of 5 per cent per annum is payable by the Company on deposits from industrial and commercial consumers. No interest is payable on deposits received from domestic consumers.

10.2 These represent security deposits received from contractors and LPG dealers on their appointment as approved contractors and dealers of LPG cylinders and ancillary equipment respectively. These deposits are interest free and are refundable on cancellation of appointment or return of cylinders and ancillary equipment.

**11. Short-term running finances utilised under mark-up arrangements**

The facilities for short term running finance available from various banks amount to Rs. 300 million at

30 June 1999 (1998: Rs. 789 million). The mark-up rates on these facilities range from 15 per cent to 16 per cent per annum. The purchase prices are payable on various dates by April, 2000. The arrangements are secured by hypothecation of stores and spares and gas sales receivables.

	<i>1999</i>	<i>1998</i>
	<i>(Rupees in thousand)</i>	
<b>12. Creditors, accrued and other liabilities</b>		
Creditors	3,436,415	9,457,187
Bills payable	33,248	55,632
Accrued liabilities	199,865	252,948
Gas development surcharge	1,994,004	34,610
Central excise duty on gas bills	224,564	239,934
Advances received from consumers	174,067	187,067
Accrued financial charges (Note 12.1)	1,641,006	1,970,737
Advance from PARCO for sharing Right of Way (Note 12.2)	18,087	18,087
Land acquisition cost payable to the Government/owners	5,631	5,631
Deposits / retention money	55,507	52,083
Workers' profit participation fund (Note 12.3)	77,216	53,749
Unclaimed dividends	1,750	1,764
Others	48,577	40,945
	-----	-----
	7,909,937	12,370,374
 <b>12.1 Accrued financial charges</b>		
<b>Mark-up on:</b>		
Secured redeemable capital	23,481	5,511
Unsecured redeemable capital	--	426,130
Short-term loans	--	7,742
Short-term running finance under mark-up arrangements	--	944
	-----	-----
	23,481	440,327
 <b>Interest and other charges on:</b>		
Unsecured loans	1,115,462	1,142,597
Deposits from consumers	20,518	17,442
Late payment of gas development surcharge	275,232	148,627
	-----	-----
	1,411,212	1,308,666
Accrued profit on term finance certificates	199,295	208,581
Accrued finance charge on liabilities against assets subject to finance leases	7,018	13,163
	-----	-----
	1,641,006	1,970,737
	=====	=====

12.2 This amount was received by Sui Gas Transmission Company Ltd. (now SSGCL) from Pak Arab Refinery Ltd. (PARCO) in accordance with an agreement dated 12 October 1988. It represents consideration for 50 per cent share of PARCO in the Indus Right Bank Pipeline Common Right of Way and is the full settlement of PARCO's total liability for its share irrespective of the final amount of compensation payable to the land owners by SSGCL. The final liability of SSGCL has not been estimated as the amount of compensation due to land owners has not been determined by the authorities so far. As a consequence the Company has classified the amount received from PARCO as an advance.

	<i>1999</i>	<i>1998</i>
	<i>(Rupees in thousand)</i>	
<b>12.3 Workers' profit participation fund</b>		
Balance at 1 July	53,749	45,102
Allocation for the (Note 34)	77,216	54,019
Interest on funds utilised in the Co.'s business (Note 35)	2,330	1,788
	-----	-----
	133,295	100,909

Less: Amount paid to the fund	7,430	10,689
Amount deposited with the Government	48,649	36,471
	-----	-----
	56,079	47,160
	-----	-----
Balance at 30 June	77,216	53,749
	=====	=====

### 13. Contingencies and commitments

13.1 Claims against the Company not acknowledged as debt	101,551	56,762
	=====	=====
13.2 Aggregate commitments for capital and other expenditure	176,182	46,544
	=====	=====
13.3 Claims against the Company pending adjudication	58,938	58,938
	=====	=====

13.4 Demand finance given to the Company's employees by banks for purchase of cars and scooters secured by hypothecation of stock of gas meters. Company's investment in shares having a face value of Rs. 3.029 million (1998: Rs. 3.029 million), term deposits of Rs. 0.500 million (1998: Rs. 0.500 million) and guarantee by the Company. The amount of loans outstanding at the year end

	45,141	33,663
	=====	=====

13.5 The Collectorate of Central Excise has raised a demand against the Company amounting to Rs. 75.944 million in respect of delayed payment of excise duty on gas bills of KESC and WAPDA. The management has strongly disputed this demand and has filed an appeal before the Customs, Excise and Sales Tax Appellate Tribunal where it is currently pending. As the management is confident that the matter will be finally settled in favour of the Company, no provision has been made in these accounts in respect of the above mentioned demand.

	75,944	--
	=====	=====

13.6 Water and Power Development Authority (WAPDA) has made a claim of Rs. 253.118 million against the Company in respect of short supply of gas to Jamshoro Power Station of the Authority. The claim represents the differential between the minimum quantity required to be supplied under the agreement and the actual quantity supplied during the period February 1998 to June 1999 calculated at the specified rates. In its claim for this shortfall WAPDA has contended that the short supply was made without obtaining the consent of the Authority as provided under article VIII of the agreement. As the management is confident that the matter will be finally settled in favour of the Company, no provision has been made in these accounts in respect of the above mentioned claim.

	253,118	--
	=====	=====

### 14. Operating assets

(Rupees in thousands)

	<i>Cost at 1 July 1998</i>	<i>Additions/ (deletions)/ adjustments*</i>	<i>Cost at 30 June 1999</i>	<i>Accumulated depreciation at 1 July 1998</i>	<i>Charge for the year/depreciation on deletions/ adjustments*</i>	<i>Accumulated depreciation on 30 June 1999</i>	<i>Book value 30 June 1999</i>
<b>Owned</b>							
Gas purification and transmission	(Note 14.1)	17,225,126	583,856	17,817,694	6,226,783	1,628,456	7,864,529
							9,953,165

		(20,042)				(19,464)		
		28,754*				28,754*		
Gas distribution	(Note 14.2)							
Gas distribution - Karachi		4,152,748	500,519	5,219,589	1,535,631	250,799	1,881,890	3,337,699
			(8,247)			(8,225)		
			574,569*			103,685*		
Gas distribution - Sindh (Other areas)		2,304,313	236,093	3,226,071	704,404	161,563	980,582	2,245,489
			(2,335)			(2,335)		
			688,000*			116,950*		
Gas distribution - Balochistan		1,492,450	311,189	1,952,306	239,099	98,554	360,945	1,591,361
			(2,333)			(1,358)		
			151,000*			24,650*		
Meter manufacturing division		149,612	1,145	215,994	81,251	13,606	115,869	100,125
			(763)			(654)		
			66,000*			21,666*		
LPG bottling division		284,048	9,778	292,677	175,900	17,981	192,732	99,945
			(1,149)			(1,149)		
		8,383,171	1,058,724	10,906,637	2,736,285	542,503	3,532,018	7,374,619
			(14,827)			(13,721)		
			1,479,569*			266,951*		
		25,608,297	1,642,580	28,724,331	8,963,068	2,170,959	11,396,547	17,327,784
			(34,869)			(33,185)		
			1,508,323*			295,705		
<b>Leased</b>								
Gas purification & transmission		90,603	--	60,487	53,998	12,425	36,937	23,550
			(890)			(637)		
			(29,226)*			(28,849)*		
Gas distribution		2,298,740	50,000	935,171	331,408	57,793	143,916	791,255
			(1,413,569)			(245,285)		
Meter manufacturing division		66,000	--	--	21,666	--	--	--
			(66,000)*			(21,666)*		
LPG bottling division		468	--	940	222	235	552	388
			472*			95*		
		2,455,811	50,000	996,598	407,294	70,453	181,405	815,193
			(890)			(637)		
			(1,508,323)*			(295,705)*		
1999:		28,064,108	1,692,580	29,720,929	9,370,362	2,241,412	11,577,952	18,142,977
			(35,759)			(33,822)		
			--*			--*		
1998:		22,189,126	5,916,803	28,064,108	7,541,941	1,858,420	9,370,362	18,693,746
			(27,643)			(25,165)		
			(14,178)*			(4,834)*		

#### 14.1 Operating assets-purification and transmission

(Rupees in thousands)

	Cost at 1 July 1998	Additions/ (deletions)/ adjustments*	Cost at 30 June 1999	Accumulated depreciation at 1 July 1998	Charge for the year/depreciation on deletions/ adjustments*	Accumulated depreciation on 30 June 1999	Book value 30 June 1999	
<b>Owned</b>								
Freehold land	47,817	--	47,817	--	--	--	47,817	--
Leasehold land	18,058	28,815	46,873	--	--	--	46,873	--

Buildings on freehold land	352,086	--	352,986	81,729	8,795	90,524	261,562	2.5
Building on leasehold land	265,806	33,682	299,488	6,645	7,487	14,132	285,356	2.5
purification plant	1,830,561	83,184 (767)	1,912,978	256,867	338,930 (767)	595,030	1,317,948	**
Gas transmission pipelines	11,563,763	400,135	11,963,898	3,721,961	989,424	4,711,385	7,252,513	**
Compressor	1,612,096	--	1,612,096	1,137,930	145,648	1,283,578	328,518	**
Telecommunication	553,852	25,015 (1,799)	577,068	262,889	45,494 (1,799)	306,584	270,484	10 & 20
Plant and machinery	122,706	1,625 (431)	123,900	54,604	10,750 (431)	64,923	58,977	10
Tools and equipment	80,853	1,511 (756)	81,608	66,987	12,404 (756)	78,635	2,973	33.33
Motor vehicles	156,967	3,940 (5,040)	184,621	139,412	13,839 (4,713)	177,092	7,529	20
Furniture and equipment	172,821	28,754 * 5,739 (4,343)	174,217	118,948	28,754 * 22,368 (4,303)	137,013	37,204	20
Construction equipment	447,740	210 (6,906)	441,044	378,811	33,517 (6,695)	405,633	35,411	20
	-----	-----	-----	-----	-----	-----	-----	
	17,225,126	583,856 (20,042) 28,754 *	17,817,694	6,226,783	1,628,456 (19,464) 28,754 *	7,864,529	9,953,165	
<b>Leased</b>								
Motor vehicles	90,603	-- (890) (29,226)*	60,487	53,998	12,425 (637) (28,849)*	36,937	23,550	20
	-----	-----	-----	-----	-----	-----	-----	
1999:	17,315,729	583,856 (20,932) (472) *	17,878,181	6,280,781	1,640,881 (20,101) (95) *	7,901,466	9,976,715	
	-----	-----	-----	-----	-----	-----	-----	
1998:	12,775,943	4,566,251 (19,818) (6,647)*	17,315,729	5,006,359	1,291,807 (17,385) --	6,280,781	11,034,948	
	=====	=====	=====	=====	=====	=====	=====	

\*\* Depreciation is being charged as stated in note 2.4[b(i)]

#### 4.2 Operating assets - distribution

	<i>(Rupees in thousands)</i>						
	<i>Cost at 1 July 1998</i>	<i>Additions/ (deletions)/ adjustments*</i>	<i>Cost at 30 June 1999</i>	<i>Accumulated depreciation at 1 July 1998</i>	<i>Charge for the year/depreciation on deletions/ adjustments*</i>	<i>Accumulated depreciation on 30 June 1999</i>	<i>Book value 30 June 1999</i>
<b>Owned</b>							
Freehold land	352	--	9,859	--	--	--	9,859
		9,507 *					
Leasehold land	18,257	--	8,750	--	--	--	8,750
		(9,507)*					
Buildings on freehold land		975	44,677	10,643	2,138	12,781	31,896

Buildings on leasehold land	85,436	14,877 (153)	100,160	31,325	4,709 (147)	35,887	64,273	5 & 10
Gas distribution system, related facilities and equipment	7,265,124	1,013,312 (6,449)	9,685,556	1,999,835	468,991 (5,802)	2,708,309	6,977,309	3 to 20
Telecommunication	5,422	1,413,569 *	5,422	4,852	245,285 *	5,174	248	10 & 20
Plant and machinery	367,426	2,873 (2,135)	434,164	210,666	33,608 (2,038)	263,902	170,262	10 to 40
Roads, pavements and related infrastructures	7,779	66,000*	7,779	4,142	21,666*	4,420	3,359	5 & 10
Tools and equipment	27,098	2,129	29,227	25,028	1,900	26,928	2,299	10 & 33.33
Motor vehicles	170,503	71 (4,055)	166,519	163,291	2,046 (4,055)	161,282	5,237	25
Furniture and equipment	84,616	16,616 (1,311)	99,923	56,928	13,307 (955)	69,280	30,643	10 & 20
Cylinders, regulators and valves	189,315	7,871 (724)	196,462	110,893	12,800 (724)	128,969	67,493	10
Computer and ancillary equipment	18,992	--	18,992	13,535	2,404	15,939	3,053	20
Supervisory control and data acquisition system	99,147	--	99,147	99,147	--	99,147	--	15
	8,383,171	1,058,724 (14,827)	10,906,637	2,736,285	542,503 (13,721)	3,532,018	7,374,619	
		1,479,569*			266,951*			
<b>Leased</b>								
Gas distribution system	2,243,569	50,000 (1,413,569)*	880,000	297,786	44,000 (245,285)*	96,501	783,499	5
Motor vehicles	55,639	--	56,111	33,844	14,028	47,967	8,144	20 & 25
Plant and machinery	66,000	472 * --	--	21,666	95 * --	--	--	10
		(66,000)*			(21,666)*			
	2,365,208	50,000	936,111	353,296	58,028	144,468	791,643	
		(1,479,097)*			(266,858)*			
1999:	10,748,379	1,108,724 (14,827)	11,842,748	3,089,581	600,531 (13,721)	3,676,486	8,166,262	
		472 *			95 *			
1998:	9,413,183	1,350,552 (7,825)	10,748,379	2,535,582	566,613 (7,780)	3,089,581	7,658,798	
		(7,531)*			(4,834)*			

\*\*Depreciation is being charged as stated in note 2.4 [b(i)]

**1999**                      **1998**  
**(Rupees in thousand)**

**14.3 The depreciation for the year has been****allocated as follows**

Profit and loss account		1,849,358	1,753,537
Meter manufacturing:			
Profit and loss account	(Note 32)	6,019	6,574
Gas meters components produced		7,587	5,948
LPG bottling division		18,216	18,250
Cost of gas	(Note 29)	349,955	52,628
Capital work-in-progress		10,277	21,483
		-----	-----
		2,241,412	1,858,420
		=====	=====

14.4 Additions to fixed assets include Rs. 117.477 million (1998: Rs. 224.935 million) in respect of borrowing cost.

**14.5 Disposal of fixed assets:**

All the assets having book value in excess of Rs. 5,000 were sold through public auction except the following:

<i>Particulars</i>	<i>Cost</i>	<i>Accumulated depreciation</i>	<i>Book value</i>	<i>Proceeds</i>	<i>Mode of disposal</i>	<i>Name of purchaser</i>
Motor vehicle	651	587	64	64	as per service rules of the Company	Mr. K. A. Ansari Ex-Executive
Furniture and equipment	95	67	28	28	- do -	- do -
Motor vehicle	520	520	--	39	- do -	Mr. M. S. Syed Ex-Executive
Furniture and equipment	85	85	--	6	- do -	- do-
Motor vehicle	391	336	55	59	- do -	Mr. Shaukat Channah Ex-Executive
Furniture and equipment	57	39	18	18	- do -	- do-
Motor vehicle	445	304	141	141	- do -	Mr. Ashfaq A. S. Munshi Ex-Executive
Motor vehicle	445	334	111	111	- do -	Mr. Arif Hydri Ex-Executive
Furniture and equipment	22	12	10	10	- do -	- do -
	-----	-----	-----	-----		
	2,711	2,284	427	476		
	=====	=====	=====	=====		

**1999**                      **1998**  
**(Rupees in thousand)**

**15. Capital work-in-progress**

## Projects:

IRBP Compression Project	24,441	24,441
SSGC Rehabilitation and Expansion Project	530,109	430,524
Cost of buildings under construction	552,051	365,683
Gas distribution system	308,622	470,367
LPG Extraction Plant	13,433	13,210
Advance for common pool assets	62,572	50,686
QPL Capacity Expansion Project	7,203	242,684

Purification Plant Expansion Project		203,265	190,315
Others		6,422	921
Stores and spares held for capital projects	(Note 15.1)	1,136,326	1,399,940
Advances for land acquisition		36,789	42,293
		-----	-----
		2,881,233	3,231,064
		=====	=====

**15.1 Stores and spares held for capital projects**

Purification and transmission		585,479	648,787
Gas distribution		536,194	727,543
LPG bottling division		14,653	23,610
		-----	-----
		1,136,326	1,399,940
		=====	=====

*percent holding  
(if over 10%)*      *1999  
(Rupees in thousand)*      *1998*

**16. Long term investments****Joint stock companies:****Listed**

Sui Northern Gas Pipelines Limited 1,249,399 (1998: 1,249,399) ordinary shares of Rs. 10 each fully paid, market value Rs. 10.370 million (1998: Rs. 11.057 million)		4,739	4,739
Pakistan Refinery Limited 200,000 (1998: 200,000) ordinary shares of Rs. 10 each fully paid, market value Rs. 4.860 million (1998: Rs. 4.400 million)		1,037	1,037
Pakistan Chrome Mines Limited 55,592 (1998: 55,592) ordinary shares of Rs. 10 each fully paid, market value Rs. 0.311 million (1998: 0.311 million)	10.59	383	383
Harnai Wollen Mills Limited 200 (1998: 200) ordinary shares of Rs. 10 each fully paid, market value Rs. 0.001 million (1998: Rs. 0.002 million)		2	2
		6,161	6,161
Less: Provision for diminution in value of listed investments		73	73
		-----	-----
		6,088	6,088

Aggregate amount of market value in respect of listed companies' shares is Rs. 15.542 million (1998: Rs. 15.770 million)

**Unlisted**

Pakistan Tourism Development Corporation 5,000 (1998:5,000 ) ordinary shares of Rs. 10 each (less than 10 percent equity in the investee company's equity) [Chief executive: Mr. Abdul Ghaffar Muhammad] value based on net assets as at 30 June 1998 Rs. 0.047 million (1997: Rs. 0.051 million)		50	50
United Bank Limited 294,417 (1998: 294,417) ordinary shares of Rs. 10 each (less than 10 percent equity in the investee company's equity) [Chief Executive Mr. Zubyr Soomro] Value based on net assets as at 31 December 1998 Rs. 0.768 million (1997: Rs. (36.822) million)		2,751	2,751
		2,801	2,801
Less: Provision for diminution in value of unlisted investments		1,695	--
		-----	-----
		1,106	2,801

**Subsidiary and associated undertakings**

Civic Centre Company (Pvt.) Limited 6,500,001 (1998: 6,500,001) ordinary shares of Rs. 10 each (value based on net assets as at 30 June 1998 Rs. 72.531 million (1997: Rs. 71.801 million)	14.5	65,000	65,000
Last audited accounts 30 June 1998			
Advance to Inter State Gas System (Pvt.) Limited for 51 ordinary share of Rs. 10 each	51	1	1
Sui Southern Gas Provident Fund Trust Company (Pvt.) Ltd. 100 (1998: 100) ordinary shares of Rs. 10 each Values based on net assets as at 30 June 1999 Rs. 0.014 million) (1998: Rs. 0.013 million)	100	1	1
		-----	-----
		65,002	65,002
		-----	-----
		72,196	73,891
		=====	=====

**1999**                      **1998**  
**(Rupees in thousand)**

**17. Long term deposits**

Deposits against finance leases		84,994	113,138
Deposits against rental premises		1,197	2,711
Others		4,660	4,912
		-----	-----
		90,851	120,761
		=====	=====

**18. Long term loans - Considered good - secured**

Executives		105,134	92,564
Other employees		69,726	59,905
		-----	-----
		174,860	152,469

## Less: Recoverable within one year

Executives		11,986	10,812
Other employees		10,480	11,377
		-----	-----
		22,466	22,189
		-----	-----
		152,394	130,280
		=====	=====

## Outstanding for period

exceeding three years		52,850	26,447
less than three years		99,544	103,833
		-----	-----
		152,394	130,280
		=====	=====

18.1 These represent house building and transport loans given to employees as per their terms of employment. The loans are repayable in monthly installments over a period of four to twelve years and are subject to interest ranging from 5% to 10% per annum. These loans are secured against balances due on account of retirement benefits and deposits of title deeds.

18.2 The maximum aggregate amounts due from the chief executive and executives in respect of loan at the end of any month during the year were Rs. 0.788 million and Rs. 105.361 million (1998: Rs. nil and Rs. 92.564 million) respectively.

**19. Stores, spare and loose tools**

In hand			
Stores (including in transit Rs. 41.748 million; 1998: Rs. 35.801 million )		1,245,712	1,531,598
Spares (including in transit Rs. 44.999 million; 1998: Rs. 15.958 million)		626,574	559,044
Loose tools		1,947	1,819

	1,874,233	2,092,461
Less: Stores and spares held for capital project (Note 15.1)	1,136,326	1,399,940
Provision for slow moving and obsolete stores	23,809	32,451
	1,160,135	1,432,391
	714,098	660,070

**1999**                      **1998**  
**(Rupees in thousand)**

The stores, spares and loose tools may be re-classified operation wise as under:

Gas purification and transmission	596,136	529,222
Gas distribution	112,007	125,208
Other operating divisions	5,955	5,640
	714,098	660,070

**20. Stock-in-trade**

**Gas meters**

Components	76,858	127,714
Work-in-process	29,123	22,460
Finished meters	9,517	8,220
	115,498	158,394

**Gas**

LPG stock	2,064	2,503
Gas in pipelines	29,139	43,546
	31,203	46,049
	146,701	204,443

**21. Consumers' installation work-in-progress - at cost**

This represents cost of work carried out by the Company on behalf of the consumers at their premises.

Upon completion of work, the cost thereof is transferred to transmission and distribution cost and recoveries from such consumers are shown as deduction therefrom as reflected in note 30,

**22. Trade debts**

Considered good

Secured	1,202,234	1,053,539
Unsecured	4,037,078	9,476,731
	5,239,312	10,530,270

Considered doubtful

Less: Provision for doubtful debts	4,054,091	4,773,841
	405,409	477,384
	--	--
	5,239,312	10,530,270

**23. Trade deposits and short term prepayments - considered good**

Advances for goods and services - unsecured	24,305	17,236
Trade deposits	3,215	17,005
Prepayments	2,819	12,630
	30,339	46,871

**24. Note receivable**

In accordance with the instructions of the Ministry of Finance the Company has accepted a Demand Promissory Note amounting to Rs. 1,000 million from KESC against its gas sales receivable. The Note carries mark-up at 18% per annum which was duly received / adjusted through scheme of intercorporate debt adjustment implemented during the year as per the directives of Government of Pakistan.

**1999**                      **1998**  
**(Rupees in thousand)**

**25. Loans and advances**

Current portion of long - term loans

Executives	11,986	10,812
Other employees	107480	11,377

	22,466	22,189
--	--------	--------

Advances to:

Executives	28,377	305,991
Other employees	46,881	37,901

	75,258	68,500
--	--------	--------

	97,724	90,689
--	--------	--------

The maximum aggregate amounts due from the chief executive and executives in respect of advances at the end of any month during the year were Rs. 0.022 million and Rs. 36.736 million (1998: Rs. nil and Rs. 30.599 million ) respectively.

**26. Other receivables**

Interest accrued on fixed deposits	33,872	34,999
Insurance claims receivable	1,611	1,570
Claims receivable	758	758
Recoverable from Sui Northern Gas Pipelines Ltd.	142,911	39,456
Recoverable from Government of Pakistan under exchange risk coverage scheme	648,422	407,338
Octroi recoverable	--	35,805
Recoverable from Privatisation Commission	8,659	14,213
Recoverable from ADP Projects	987	987
Accrued sales	64,541	66,768
Receivable on account of sale of gas condensate	16,684	13,746
Others	4,002	3,827

	922,447	619,467
--	---------	---------

**27. Cash and bank balances**

With banks		
On deposit account	1,374,943	572,789
On current account	140,866	191,198

	1,515,809	763,987
--	-----------	---------

Cash in hand	3,568	1,632
--------------	-------	-------

	1,519,377	765,619
--	-----------	---------

**28. Cost of gas**

<b>1999</b>		<b>1998</b>	
<i>Volume in MCF</i>	<i>Value in thousands</i>	<i>Volume in MCF</i>	<i>Value in thousands</i>

		<i>of rupees</i>		<i>of rupees</i>	
Gas in pipelines at 1 July		809,343	43,546	857,703	43,323
Gas purchases:					
Pakistan Petroleum Limited		95,873,555	1,478,555	80,981,773	1,949,144
Pirkoh Gas Company (Pvt.) Limited		21,854,569	875,280	26,065,100	120,296.10
Oil and Gas Development Crop.		--	--	1,216,656	68,668
Union Texas (Pakistan) Inc. and other concerns in Badin concession		53,852,763	2,997,023	55,423,735	4,019,596
LASMO Oil Pakistan Limited		25,432,490	2,285,256	24,966,184	2,583,822
Marl Gas Company Limited		210,703	2,065	190,506	1,869
Sui Northern Gas Pipelines Limited		116,611	7,400	--	--
		-----	-----	-----	-----
Gas purification charges-Ex-Sui field	(Note 29)	197,340,691	7,645,579	188,843,954	9,826,060
			539,519		391,222
		-----	-----	-----	-----
		198,150,034	8,228,644	189,701,657	10,260,605
		-----	-----	-----	-----
Less: Consumed internally (including domestic use)		4,569,988	91,871	4,071,004	119,090
Gas in pipelines at 30 June		738,316	29,139	809,343	43,546
		-----	-----	-----	-----
		5,308,304	121,010	4,880,347	162,636
		-----	-----	-----	-----
		192,841,730	8,107,634	184,821,310	10,097,969
		=====	=====	=====	=====

**1999                      1998**  
**(Rupees in thousand)**

**29. Gas purification cost**

Operating cost	(Note 29.1)	689,709	615,242
Financial charges		153,944	45,976
Depreciation	(Note 14.3)	349,955	52,628
		-----	-----
		1,193,608	713,846

**Less: Recovery from SNGPL based on gas offtakes as per cost sharing agreement dated 18 July 1984**

Cost charged by the Company to SNGPL			
Operating cost		3,549,561	295,029
Financial Charges		125,362	28,693
Depreciation		197,965	25,405
		-----	-----
		678,283	349,127

Cost charged by SNGPL to the Company

Operating cost		602	586
Financial charges		9,175	15,536
Depreciation		14,417	10,381
		-----	-----
		24,194	26,503
		-----	-----
		654,089	322,624
		-----	-----
		539,519	391,222
		=====	=====

**1999                      1998**  
**(Rupees in thousand)**

**29.1 Operating cost**

Salaries, wages and benefits		180,390	152,382
Gas consumed internally		45,861	67,004

Stores, spares and supplies consumed	136,144	101,749
Electricity	181	199
Rent, rates and taxes	355	1,120
Cost of services provided by Pakistan Petroleum Limited	254,785	252,282
Travelling	52,625	34,023
Insurance and royalty	9,504	5,967
Repairs and maintenance	13,590	18,841
Legal and professional charges	185	28
Cost allocated from transmission and distribution costs	68,867	65,154
Others	18,081	12,304
	-----	-----
	780,568	711,053
Less: Cost allocated to transmission system	7,370	12,989
Recoveries from others	83,489	82,822
	-----	-----
	90,859	95,811
	-----	-----
	689,709	615,242
	=====	=====

**30. Transmission and distribution cost**

Salaries, wages and benefits	1,589,607	1,479,327
Gas consumed internally	46,010	52,086
Stores, spares and supplies consumed	129,518	139,393
Provision for obsolete stores and spares	--	30,373
Obsolete spares written off	--	2,924
Material and labour used on consumers' installation	16,078	18,890
Electricity	32,763	28,754
Rent, rates and taxes	37,196	48,907
Cost of services provided by Pakistan Petroleum Limited	28,052	36,793
Travelling	33,175	32,995
Insurance and royalty	34,777	35,207
Postage and revenue stamps	22,959	19,867
Repairs and maintenance	129,663	148,978
Legal and professional charges	29,580	30,417
Security expenses	21,936	20,270
Gas bills collection charges	23,250	30,868
Gas transportation charges	--	4,426
Provision for doubtful debts	82,636	36,858
Bad debts written off	--	15,919
Others (Note 30.1)	82,497	59,083
	-----	-----
	2,339,697	2,272,335
Less: Recoveries /Allocated to: Gas distribution system	261,720	208,338
Purification cost	68,867	65,154
Meter manufacturing division	14,711	17,668
LPG Bottling division	13,245	14,399
Installation cost recovered from consumers	31,132	28,279
Recoveries from others	27,770	9,542
	-----	-----
	417,445	343,380
	-----	-----
	1,922,252	1,928,955
	=====	=====

**1999**                      **1998**  
*(Rupees in thousand)*

**30.1 Transmission and distribution cost - Others**

Advertisement	6,838	5,226
Communication	9,650	9,955

Subscriptions	2,862	9,150
Freight and handling	3,017	1,975
Bank charges	4,754	8,704
Water charges	5,520	4,718
Miscellaneous	49,856	19,355
	-----	-----
	82,497	59,083
	=====	=====

**31. LPG bottling division**

Sales	288,205	272,396
Cost of sales		
Opening stock	2,289	2,503
Cost of gas purchased	108,732	142,432
Excise duty	1,547	1,402
Transportation	20,631	22,443
Octroi	215	152
	-----	-----
	167,328	135,018
Less: Closing stock	2,064	2,503
	-----	-----
	165,264	132,515
Direct operating cost	39,509	30,220
Depreciation	17,494	17,294
	-----	-----
	222,267	180,029
	-----	-----
Gross profit	65,938	92,367
Operating expenses		
Salaries, wages and benefits	130,831	14,080
Rent, rates and taxes	1701	1,218
Insurance	97	64
Motor running and up-keep expenses	1,006	872
Depreciation	7221	956
Other expenses	13,886	16,328
	-----	-----
	28,964	33,518
	-----	-----
Operating profit	36,974	58,849
Other income	660	672
	-----	-----
	37,634	59,521
	=====	=====

**32. Meter manufacturing division profit**

Gross sales of gas meters		
Company's consumption	199,939	220,923
Outside sales	443,474	251,603
	-----	-----
	643,413	472,526
Less: Sales tax	85,988	60,152
	-----	-----
Net sales	557,425	412,374
Cost of sales		
Opening stock	8,220	6,163
Material consumed	401,527	306,755
Direct labour	22,130	18,103
Overheads	28,886	27,935
Depreciation	6,019	6,574
Packing cost	5,300	2,506
	-----	-----
	472,082	368,036
Less: Closing stock	9,517	8,220
	-----	-----

(Note 14.3)

	462,565	359,816
Operating profit	94,860	52,558
Other income	2,443	151
	97,303	52,709

**1999**                      **1998**  
**(Rupees in thousand)**

**33. Other income**

Profit / interest on term deposits	145,266	84,213
Interest on Demand Promissory Note of KESC	180,000	180,000
Interest income from KESC and WAPDA (inclusive of provision of Rs. 154.611 million written back)	840,202	812,908
Interest on staff loans	2,635	2,309
Rentals and service charges recovered	4,219	4,596
Profit on disposal of fixed assets	14,536	9,975
Recoveries from consumers	18,231	17,865
Dividend income	260	600
Income from sale of tender documents	507	656
Liquidated damages recovered	1,539	13,889
Others	104,062	38,905
	1,311,457	1,165,916

**34. Other charges**

Auditors' remuneration		
Statutory audit	450	300
Special audit	50	256
Out of pocket expenses	99	75
	599	631
Provision for diminution in value of investments	1,695	--
Workers' profit participation fund (Note 12.3)	77,216	54,019
	79,510	54,650

**35. Financial charges**

Interest, commitment charges, exchange risk coverage fee and Government guarantee fee on foreign loans	918,139	791,157
Mark-up on redeemable capital	401,956	496,559
Mark-up on short-term loans and running finance	128,850	361,987
Financial charges on liabilities against assets subject to finance leases	145,544	112,472
Profit on Term Finance Certificates	82,787	81,462
Interest on:		
Workers' profit participation fund	2,330	1,788
Consumers' deposits	19,385	16,871
Gas development surcharge	126,604	102,119
Late payment of gas bills	788,396	812,908
Others	1,405	1,990
	2,615,396	2,779,313

**36. Taxation**

For the year - Current	136,040	82,177
- Deferred	388,906	343,389

For prior years	(12,923)	1,459
Reversal of tax provision made for bonus shares issued	--	(52,329)
	-----	-----
	512,023	374,696
	=====	=====

### 37. Remuneration of Chief Executive, Directors and Executives

	<i>(Rupees in thousand)</i>			
	1999		1998	
	<i>Chief Executive</i>	<i>Executives</i>	<i>Chief Executive</i>	<i>Executives</i>
Managerial remuneration	638	185,381	305	103,393
Housing	311	83,019	229	41,461
Servant	47	9,250	58	5,746
Entertainment	18	12,323	18	6,412
Utilities	179	7,379	85	5,104
Retirement benefits	98	34,263	92	22,883
	-----	-----	-----	-----
	1,291	331,615	787	184,999
	=====	=====	=====	=====
Number	1	910	1	480
	=====	=====	=====	=====

In addition the Chief Executive and certain executives were also provided with free use of Company cars and certain household items in accordance with their entitlements. All executives were also provided with free medical facilities.

#### Remuneration of directors

Aggregate amount. charged in these accounts for fee to 14 directors was Rs. 32,000  
(1998: Rs. 23,000 to 16 directors)

### 38. Total number of employees

Total number of employees as at 30 June 1999 was 5,386 (1998: 5,506 )

### 39. Capacity and actual performance

#### 39.1 Natural gas purification and transmission

	1999		1998	
	<i>MMCF</i>	<i>HM3</i>	<i>MMCF</i>	<i>HM3</i>
<b>i) Joint purification operation (SSGCL &amp; SNGPL purification Banks 6 to 13)</b>				
<b>Capacity</b> - Annual rated capacity **	300,395	84,632,837	247,980	69,865,513
- Reduction in capacity due to scheduled annual overhauls	27,450	7,733,722	19,800	5,578,422
	-----	-----	-----	-----
	272,945	76,899,115	228,180	64,287,091
	=====	=====	=====	=====
<b>Utilisation</b> (Gas purified was shared jointly with SNGPL)	225,881	63,639,374	188,814	53,196,173
	=====	=====	=====	=====
<b>Capacity utilisation factor</b>	82.76%		82.75%	
<b>ii) SSGCL transmission operations</b>				
<b>Capacity</b> - Annual rated capacity at 100% load factor with compression	255,500	71,984,187	255,500	71,984,187
	=====	=====	=====	=====
<b>Utilisation</b> Volume of gas transmitted	194,049	54,671,074	187,171	52,733,272
	=====	=====	=====	=====

**Capacity utilisation factor**

75.95%

73.25%

\*\* Rated capacity of purification banks based on purified gas instead of raw gas as reported earlier.

**39.2 Natural gas distribution**

The company has no control over the rate of utilisation of its capacity as the use of available capacity is dependent on off-takes by the consumers and supply of gas by producers.

**39.3 Meter manufacturing division**

The meter manufacturing division has produced and assembled 293,000 meters (1998: 231,800 meters) against an annual capacity of 310,000 meters. Actual capacity utilised was lower than the installed capacity by 5.48%.

**39.4 Liquefied petroleum gas bottling division**

The installed filling capacity of LPG bottling plant is 90 metric tons (1998:90 metric tons) per day on single shift basis against which the actual average daily supply remained 53.90 metric tons (1998:51.02 metric tons).

**40. Associated undertakings**

The term "associated undertaking" has been deemed not to include those companies in which the Federal Government holds directly or indirectly over 10 per cent shares.

**41. Financial assets and liabilities**

	<i>(Rupees in thousands)</i>						
	<i>Interest bearing</i>			<i>Non Interest bearing</i>			<i>Total</i>
	<i>Maturity upto one year</i>	<i>Maturity after one year</i>	<i>Sub total</i>	<i>Maturity upto one year</i>	<i>Maturity after one year</i>	<i>Sub total</i>	
<b>Financial assets</b>							
Investment	--	--	--	--	72,194	72,194	72,194
Loans to employees	11,986	93,148	105,134	10,480	59,246	69,726	174,860
Long term deposits	--	--	--	3,215	90,851	94,066	94,066
Trade debtors	--	--	--	5,239,312	--	5,239,312	5,239,312
Other receivable	--	--	--	922,447	--	922,447	922,447
Cash and bank	1,374,943	--	1,374,943	144,434	--	144,434	1,519,377
Note receivable	1,000,000	--	1,000,000	--	--	--	1,000,000
							----- 9,022,256 =====
<b>Financial liabilities</b>							
Long term deposits	--	414,694	414,694	--	702,031	--	1,116,725
Redeemable capital	409,886	3,099,192	3,509,078	--	--	--	3,509,078
Loans and liabilities	881,204	4,950,497	5,831,701	--	--	--	5,831,701
Short term finance	--	--	--	--	--	--	--
Liabilities against assets subject to finance leases	184,337	608,653	792,990	--	--	--	792,990
Creditors	--	--	--	7,416,003	--	7,416,003	7,416,003
							----- 18,666,497 =====

**41.1 Concentration of credit risk**

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties failed completely to perform as contracted. Out of total financial assets of Rs. 9,022.256 million the financial assets which are subject to credit risk amounted to Rs. 9,018.688 million. The company believes that it is not exposed to major concentration of credit risk. To manage exposure to credit risk, the company applies credit limits to its customers and also obtains collaterals.

**41.2 Foreign exchange risk management**

Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings. Loans exposed to foreign currency risks are generally covered through forward foreign exchange contracts.

**41.3 Fair value of financial assets and liabilities**

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair

values.

**42. Government owned held on trust by the company**

This represents Government financed gas distribution projects which are held on trust on behalf of the Government of Pakistan and are not reflected in the Company's financial statements.

*(Rupees in thousand)*

<i>Description</i>	<i>Naudero</i>	<i>Sanghar</i>	<i>Mirpurkhas</i>	<i>Total</i>
<b>Receipt for GOP Projects:</b>				
GOP funds for construction of projects	14,102	36,218	56,286	106,606
Interest income on GOP Funds	1,192	1,018	--	2,210
Accumulated profit/(loss) on acquisition	(453)	49	(2,447)	(2,851)
	-----	-----	-----	-----
	14,841	37,285	53,839	105,955
	=====	=====	=====	=====
1998	14,841	37,285	53,839	105,965
	=====	=====	=====	=====
<b>Assets acquired upto date of adoption:</b>				
Telecommunication	--	3	--	3
Gas distribution system	9,278	43878	51,887	105,043
Plant and machinery	--	168	--	168
Tools and equipment	--	--	68	68
Office furniture	--	11	29	40
Office equipment	--	--	1	1
Transport vehicles	--	642	--	642
	-----	-----	-----	-----
	9,278	44,702	51,985	105,965
	=====	=====	=====	=====
1998	9,278	44,702	51,985	105,965
	=====	=====	=====	=====

*1999                      1998*  
*(Rupees in thousand)*

**43. Earnings per share**

Profit after taxation	952,747	651,672
	=====	=====

Number of shares

Number of ordinary shares issued and subscribed at the end of the year	507,504,220	461,367,473
	=====	=====

(Rupees)

Earnings per share	1.88	1.41
	=====	=====

**44. Corresponding figures**

Corresponding figures have been rearranged and reclassified where necessary, for the purpose of comparison.

**Aslam Farook**  
Chief Executive

**Aitzaz Shahbaz**  
Chairman

**SUBSIDIARY COMPANY**  
**Sui Southern Gas Provident Fund Trust Company (Private) Limited**

**DIRECTORS' REPORT TO MEMBERS**

The Directors of Sui Southern Gas Provident Fund Trust Company (Private) Limited are pleased to present the 44th Annual Report alongwith Auditors Report for the year ended June 30, 1999.

**Accounts**

The Company, as mentioned in statement pursuant to section 237 of the Companies Ordinance is a wholly owned subsidiary of SSGCL and was formed to facilitate administration of employees' retirement funds. The original share capital invested, has earned profits over a period of time which has been allowed to remain with the company.

**Auditors**

The present Auditors Messrs A.F. Ferguson & Co. Chartered Accountants retire and being eligible have offered themselves for reappointment.

**on behalf of the Board**

Karachi  
30 November 1999

**Aslam Farook**  
**Chief Executive**

**Statement pursuant to Section 237 of the Companies Ordinance, 1984**

a) Sui Southern Gas Provident Fund Trust Company (Private) Limited is a wholly owned subsidiary company.

b) The subsidiary company did not have profit or loss from the date of its incorporation to 30 June 1999 except for interest amounting to Rs. 2,09! received on PLS account and Rs.11,622 interest realised on Defence Savings Certificates (DSCs). An amount of Rs. 12,700 again reinvested in DSCs out of the interest realised.

c) There has been no change in the Company's interest in the above subsidiary between 30 June 1998 to 30 June 1999.

d) The audited accounts for the year ended 30 June 1999 are as under:

**Balance Sheet as at 30 June 1999**

	<i>1999</i>	<i>1998</i>
	<i>(Rupees)</i>	
Capital		
Authorised, issued and fully paid-up	1,000	1,000
100 shares of Rs. 10 each issued for cash	13,713	11,866
unappropriated profit	-----	-----
	14,713	12,866
	=====	=====
Investment in Defence Saving Certificates - at cost	12,700	12,700
Accrued interest on D.S.C.	1,842	--
Recoverable from SSGC	100	--
Cash with bank on PLS account	71	166
	-----	-----
	14,713	12,866
	=====	=====

**SUBSIDIARY COMPANY****Sui Southern Gas Provident Fund Trust Company (Private) Limited****Profit and Loss Account for the year ended 30 June 1999**

	<i>Note</i>	<i>1999</i>	<i>1998</i>
		<i>(Rupees)</i>	
Income on Defence Savings Certificates	1	1,842	2,130

Interest on PLS account	5	--
Profit for the year	1,847	2,130
Unappropriated profit brought forward	11,868	9,736
Unappropriated profit carried forward	13,713	11,866

**Note:**

1. Income on Defence Savings Certificates is accrued on the basis of completed years upto 30 June in accordance with their rules of issue.

**Aslam Farook**  
Chief Executive

**Anees A. Ansari**  
Director

**Auditor's Report to the Members**

We have audited the annexed Balance Sheet of SUI SOUTHERN GAS PROVIDENT FUND TRUST COMPANY (PRIVATE) LIMITED as at June 30, 1999 and the related Profit and Loss Account together with the note forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and, after due verification thereof, we report that:

a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance 1984;

b) in our opinion:

i) the Balance Sheet and Profit and Loss Account together with the note thereon have been drawn up in conformity with Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

ii) the investments made during the year were in accordance with the objects of the Company;

c) in our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet and Profit and Loss Account, together with the note forming part thereof, give the information required by the Companies Ordinance, 1984 in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 1999 and of the profit for the year then ended; and

d) in our opinion, no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Karachi  
30 November 1999

**A.F. Ferguson & Co.**  
Chartered Accountants

**SUBSIDIARY COMPANY**

**Inter State Gas Systems (Private) Limited**

**DIRECTORS' REPORT**

The Directors of Inter State Gas System (Private) Limited have pleasure in presenting Annual Report together with the Audited Accounts of the Company and the Auditors Report thereon for the Financial Year ended 30 June 1999.

**Directors**

Since the date of last Annual General Meeting, the following changes have taken place on the Company Board.

a) Mr. Aitzaz Shahbaz, Chairman, SSGCL, joined the Board and was elected Chairman vice Dr. Gulfaraz Ahmed, Secretary, Ministry of Petroleum & Natural Resources who relinquished the Directorship in the Company due to change of Policy.

b) Mr. Javaid Inam resigned and has been replaced by Mr. Raja Abdul Wahid.

**Accounts**

The Company has been formed with the primary object of facilitating import of gas which has not yet materialised. As such the Company is non- Operational and no Profit and Loss Account is prepared. Statutory and legal expenditure being incurred is funded by the shareholder companies and placed in Deferred Expenditure Account.

**Auditors**

The present auditors M/s. Tanzeem & Company, Chartered Accounts retire and, being eligible, have offered themselves for re-appointment, for next year.

**Pattern of Shareholding**

The shareholding of the Company is comprised of:

M/s. Sui Southern Gas Company Limited	51%
M/s. Sui Northern Gas Pipelines Limited	49%

**By Order of the Board**

**Munir Ahmed**  
Chief Executive

27 November 1999

**Statement pursuant to Section 237 of the Companies Ordinance, 1984**

a) Inter State Gas Systems (Private) Limited is a subsidiary of the Company in which SSGC's investment is Rs. 510 (51%).

b) The subsidiary company has not commenced its operation hence no profit or loss to report.

c) The balance sheet, Cash Flow Statement of the subsidiary company and Audit Report thereon are as under:

**Balance Sheet as at 30 June 1999**

	<i>Notes</i>	<i>1999</i>	<i>1998</i>
		<i>(Rupees in thousand)</i>	
<b>Share Capital</b>			
<b>Share Capital - Authorised</b>			
1,000,000 ordinary shares of Rs. 10 each		10,000,000	10,000,000
<b>Issued, subscribed and paid-up capital</b>			
100 shares of Rs. 10 each fully paid in cash	3	1,000	1,000
<b>Current liabilities</b>			
Payable to holding company (Sui Southern Gas Co. Ltd.)		957,240	927,240
Accrued Expenses		10,000	15,000
		967,240	942,240
		968,240	943,240
<b>Property and assets</b>			
<b>Deferred cost</b>	4	967,240	942,240
<b>Current assets</b>			
Cash at bank		1,000	1,000
		968,240	943,240

See our Annexed Report

The annexed notes form an integral part of these accounts.

**Statement of changes in financial position (Cash Flow Statement)  
for the year ended June 30, 1999**

**Cash from operating activities**

Increase / (decrease) in liabilities		
Payable to holding company (SSGCL)	30,000	--
Audit fees payable	(5,000)	--
	-----	-----
Net cash from operating activities	25,000	--

**Cash Flow from investing activities**

Increase in deferred cost	(25,000)	--
---------------------------	----------	----

**Cash from financing activities**

Net increase/(decrease) in cash and bank equivalent	--	--
Cash at bank at the beginning of the year	1,000	1,000
	-----	-----

Cash at bank at the end of the year	1,000	1,000
	=====	=====

**Munir Ahmed**  
Chief Executive

**Aslam Farook**  
Director

**Notes to the Accounts for the year ended June 30, 1999**

**1. Nature and status of Business**

The company was incorporated on August 4, 1996 in Pakistan under the Companies Ordinance, 1984 as a private limited company. The principal activity of the company upon commencement of business is import of gas.

**2. Significant Accounting Policies**

**2.1 Accounting convention**

These accounts have been prepared under the historical cost convention.

**2.2 Preliminary expenses**

These expenses will be written off upon commencement of operation.

**2.3 Pre-operating expenses**

These expenses will be amortized in future years by charge to profit and loss account after commencement of commercial operations.

**3. Issued, Subscribed and Paid-up Capital**

100 Ordinary shares of Rs. 10 each. 51 ordinary shares of the company representing 51% of the paid-up capital are held by the holding company (Sui Southern Gas Company Limited).

	<i>1999</i>	<i>1998</i>
	<i>Rupees</i>	
<b>4. Deferred Cost</b>		
Incorporation expenses	97,921	97,921
Deferred cost	4.1 869,319	844,319
	-----	-----
	967,240	942,240
	=====	=====

**4.1 Deferred Cost**

	<i>Balance as</i>	<i>Expenses</i>	<i>Balance as</i>
	<i>at 01-07-98</i>	<i>incurred</i>	<i>on 30-06-99</i>
		<i>During the Year</i>	
Legal and professional charges	201,278	25,000	226,278
Consultation fees	17,437	--	17,437
Travelling and boarding charges	625,604	--	625,604
	-----	-----	-----
	844,319	25,000	869,319
	=====	=====	=====

5. Audit fees Rs. 10,000 (1998: Rs. 10,000).

6. The company has not commenced its operation hence no profit or loss to report.

7. Corresponding figures have been re-stated wherever necessary, for the purpose of comparison.

**Munir Ahmed**  
Chief Executive

**Aslam Farook**  
Director

### Auditors Report to the Members

We have audited the annexed balance sheet of INTER STATE GAS SYSTEMS (PRIVATE) LIMITED, as at June 30, 1999 and the statement of changes in financial position (Cash Flow Statement) together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and, after due verification thereof, we report that:

a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance 1984;

b) in our opinion:

i) the balance sheet has been drawn up in conformity with Companies Ordinance, the 1984 and is in agreement with the books of account and are further in accordance with accounting policies consistently applied;

ii) the expenditure incurred during the year was for the purpose of the Company's business; and

iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet and the statement of changes the (Cash flow Statement) together with the notes forming part thereof, give the information required by the Companies Ordinance, 1984 in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 1999.

d) in our opinion, no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Karachi  
27 November 1999

**Tanzeem & Company**  
Chartered Accountants

### TEN YEARS AT A GLANCE 30 JUNE 1990 TO 1999

	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99
<b>General</b>										
Mains - Transmission (km) - Cumulative	1,294	1,522	1,522	1,557	1,713	2,420	2,486	2,486	2,682	2,764
Mains & services-Distribution (km) -Additions	464	642	1,002	1,519	1,637	2,130	1,852	1,933	1,050	829
New connections	32,732	41,160	66,173	94,534	96,573	97,476	98,941	112,474	95,629	82,040
Gas sales (MMCF)	115,192	131,805	143,888	164,877	159,360	151,430	172,371	174,940	169,214	177,153
LPG sales (M.Tons)	16,869	20,055	17,398	14,390	20,946	26,478	29,578	16,596	18,622	19,708
Gas meters produced / assembled	103,050	125,300	238,230	300,300	336,700	247,500	351,000	336,000	231,800	293,000

### Balance Sheet - Summary

(Rupees in million)

Paid - up share capital	449.4	449.4	674.1	674.1	1,685.3	3,031.4	3,488.6	4,011.9	4,613.7	5,075.0
Reserves and accumulated profit	919.9	987.9	8523.0	1,205.4	1,528.9	1,781.8	1,864.1	2,016.2	2,066.1	2,557.5
Redeemable capital	--	--	--	--	--	--	500.0	2,043.1	2,853.5	3,509.1
Deferred credit	452.3	4903.0	578.7	736.6	836.3	943.3	1,058.0	1,183.2	1,273.7	1,333.4
Deferred liabilities -Taxation	788.9	949.3	1,094.0	1,233.8	1,499.4	1,650.3	2,034.7	2,138.4	2,481.8	2,870.7
Deferred liabilities - Gratuity	55.3	99.7	120.7	149.4	167.9	196.1	177.0	162.9	142.2	123.1
Obligation under finance lease	--	--	--	--	121.4	769.5	1,832.8	1,313.0	1,390.1	793.0

## Long term loans outstanding:

Foreign	2,227.5	2,330.3	2,471.4	3,000.2	4,003.1	5,563.7	6,190.7	6,454.4	6,805.8	5,831.7
Local	78.5	213.4	243.6	260.0	671.4	1,156.4	2,042.9	--	--	--
Long term deposits	293.5	320.0	348.2	429.2	508.0	627.3	734.5	871.1	981.0	1,116.7
	5,265.3	5,840.3	6,383.0	7,688.7	11,021.7	15,719.8	19,923.3	20,194.2	22,607.9	23,210.2

## Represented by:

Fixed assets	4,662.0	5,022.0	5,767.2	7,216.0	10,752.1	14,073.3	17,146.1	19,635.8	21,924.8	21,024.2
Other assets (net)	603.3	818.3	615.8	472.7	269.6	1,646.5	2,777.2	558.4	683.1	2,186.0
	5,265.3	5,840.3	6,383.0	7,688.7	11,021.7	15,719.8	19,923.3	20,194.2	22,607.9	23,210.2

**Profit and Loss - Summary****Income**

Sales	5,075.3	6,095.4	7,401.7	8,438.0	9,195.0	9,557.7	13,042.2	14,790.3	15,623.1	16,349.6
Less: Gas development surcharge	2,389.6	2,271.3	3,199.1	2,814.6	2,606.2	1,241.8	620.7	214.1	(210.8)	2,294.0
Net sales	2,685.7	3,824.1	4,202.6	5,623.4	6,588.8	8,315.9	12,421.5	14,576.2	15,833.9	14,055.6
Cost of raw gas	1,810.4	2,522.5	2,466.3	3,362.8	3,841.7	4,549.6	7,953.3	10,007.4	10,098.0	8,107.6
Gross profit	875.3	1,301.6	1,736.3	2,260.6	2,747.1	3,766.3	4,468.2	4,568.8	5,735.9	5,948.0
Meter rentals	26.8	45.2	48.5	56.9	63.7	71.4	93.1	160.6	173.2	185.1
Late payment surcharge	32.0	34.5	39.9	53.3	64.7	76.0	93.0	143.2	156.2	158.3
Recognition of income against deferred credit	28.8	32.2	38.6	48.9	56.5	65.3	75.0	85.4	94.6	102.7
LPG bottling division profit / (loss)	3.5	2.0	0.9	(11.9)	(16.0)	(41.5)	(33.0)	18.6	59.5	37.6
Meter manufacturing division profit	13.7	10.3	27.4	29.7	27.9	16.0	70.3	184.7	527.0	97.3
Recoveries from SNGPL	136.5	155.7	129.0	141.5	240.4	288.5	353.1	*	*	*
Other income and sale of gas condensate	85.7	84.0	51.7	122.5	144.1	215.8	309.1	384.9	1,270.7	1,402.3
"A"	1,202.3	1,665.5	2,072.3	2,701.5	3,328.4	4,457.8	5,428.8	5,546.2	7,542.8	7,931.3

**Expenditure**

Purification transmission and distribution cost	552.4	748.9	871.7	1,244.2	1,513.6	1,901.6	2,168.3	1,700.4	1,928.9	1,922.2
Depreciation	214.6	351.3	436.7	523.8	642.3	904.2	1,171.4	13,662	1,753.5	1,849.4
Financial charges	191.5	232.5	292.4	325.0	351.2	779.7	993.2	1,576.9	2,779.3	2,615.4
Workers' (profit) participation fund / others	12.2	16.6	23.6	30.4	41.1	43.6	54.8	45.8	54.7	79.5
"B"	970.7	1,349.3	1,624.4	2,123.4	2,548.2	3,629.1	4,387.7	4,689.3	6,516.4	6,466.5

**Profit**

Profit before taxation	(A-B)	231.6	316.2	447.9	578.1	780.2	828.7	1,041.1	856.9	1,026.4	1,464.8
Provision for taxation		119.2	192.0	224.0	225.1	288.1	238.8	503.8	181.5	374.7	512.0
Profit after taxation		112.4	124.2	223.9	353.0	492.1	589.9	537.3	675.4	651.7	952.8

**Dividend**

Cash dividend	22.5%	12.5%	20%	--	--	--	--	--	--	--
Bonus shares	--	50%	--	25%	20%	15%	15%	15%	10%	15%

**Rate of Corporate tax**

	44%	44% **	44% **	42% **	39% **	36% **	36% **	33% **	33% **	33%
--	-----	--------	--------	--------	--------	--------	--------	--------	--------	-----

\* Adjusted against purification charges shown under cost of raw gas.

\*\* Excluding turnover and corporate assets taxes.

**GAS SALES CLASSIFIED BREAKDOWN 1998-99**

Category	Sale in Million of Cubic Feet					Consumers as at 30 June 1999 Number				
	Karachi	Sindh (Interior)	Balochistan	Total	%	Karachi	Sindh (Interior)	Balochistan	Total	%
Power Stations	21,164	19,040	5,194	45,398	25.6	6	3	2	11	--
Cement Plants	3,189	2,736	--	5,925	3.4	3	3	--	6	--
Pakistan Steel	14,049	--	--	14,049	7.9	1	--	--	1	--
Fertilizer	10,666	--	--	10,666	6.0	2	--	--	2	--
Textiles	16,308	1,149	--	17,457	9.9	431	22	--	453	--
Chemical, Refineries & Pharmaceuticals	6,649	102	--	6,571	3.7	172	4	--	176	--
Glass & Ceramics	1,446	1,161	--	2,607	1.5	34	70	--	104	--
Iron & Steel	2,276	92	--	2,368	1.3	94	8	--	102	--
Oil & Soap	855	803	--	1,658	0.9	59	16	--	75	--
Metallurgy	1,476	--	--	1,476	0.8	141	--	--	141	--
C.N.G. Stations	105	--	--	105	0.1	5	--	--	5	--
Other industries	12,056	2,681	189	14,926	8.4	831	103	85	1,019	0.1
Industrial	90,059	27,764	5,383	123,206	69.5	1,779	229	87	2,095	0.1
Commercial	4,418	1,213	486	6,117	3.5	12,688	9,390	1,953	18,571	1.3
Domestic	31,113	10,515	6,202	47,830	27.0	1,027,393	295,607	106,453	1,429,453	98.6
Total	125,590	39,492	12,071	177,153	100.0	1,041,860	299,766	108,493	1,450,119	100.0

## GAS SALES - TEN YEARS OF PROGRESS

	NUMBER OF CONSUMERS AS AT 30 JUNE				SALES IN MILLION OF CUBIC FEET			
	INDUSTRIAL		COMMERCIAL		DOMESTICS		TOTAL	
	Consumers	Sales	Consumers	Sales	Consumers	Sales	Consumers	Sales
<b>1990</b>								
Karachi	1,119	66,968	8,159	2,809	537,036	18,468	546,314	88,245
Sindh (Interior)	193	22,241	2,626	625	114,330	3,837	117,149	26,703
Balochistan	8	346	1,316	280	37,847	2,942	39,171	3,568
Total	1,320	89,555	12,101	3,714	689,213	25,247	702,634	118,516
<b>1991</b>								
Karachi	1,177	71,644	8,548	3,040	569,868	17,949	579,593	92,633
Sindh (Interior)	194	34,101	2,672	660	118,900	4,147	121,766	38,908
Balochistan	11	3,111	1,377	323	40,378	3,239	41,766	6,673
Total	1,382	108,856	12,597	4,023	729,146	25,335	743,125	138,214
<b>1992</b>								
Karachi	1,242	71,252	7,962	3,297	613,549	19,955	622,753	94,504
Sindh (Interior)	195	45,046	2,671	703	127,259	3,635	130,125	49,384
Balochistan	12	5,614	1,515	315	45,751	3,977	47,278	9,906
Total	1,449	121,912	12,148	4,315	786,559	27,567	800,158	153,794
<b>1993</b>								
Karachi	1,380	73,486	10,351	3,478	672,974	21,191	684,705	98,155
Sindh (Interior)	196	50,667	2,722	787	140,825	4,742	143,743	56,196
Balochistan	12	6,226	1,677	348	53,117	3,952	54,806	10,526
Total	1,588	130,379	14,750	4,613	866,916	29,885	883,254	164,877
<b>1994</b>								
Karachi	1,336	71,503	10,407	3,668	737,922	22,737	749,665	97,908
Sindh (Interior)	190	43,086	2,854	821	177,501	6,768	180,545	50,675
Balochistan	14	5,732	1,630	360	57,983	4,685	59,627	10,777
Total	1,540	120,321	14,891	4,849	973,406	34,190	989,837	159,360
<b>1995</b>								
Karachi	1,516	71,861	10,390	3,559	796,597	25,126	808,503	100,546
Sindh (Interior)	196	33,025	3,100	982	196,794	7,431	200,090	41,438
Balochistan	20	4,700	1,660	362	68,879	4,384	70,559	9,446

Total	1,732	109,586	15,150	4,903	1,062,270	36,941	1,079,152	151,430
<b>1996</b>								
Karachi	1,585	78,423	10,478	3,482	851,829	27,532	863,892	109,437
Sindh (Interior)	227	40,910	3,271	1,051	226,269	9,788	229,767	51,749
Balochistan	68	4,633	1,768	449	81,181	6,103	83,017	11,185
Total	1,880	123,966	15,517	4,982	1,159,279	43,423	1,176,676	172,371
<b>1997</b>								
Karachi	1,674	77,967	11,248	3,878	911,635	30,259	924,557	112,104
Sindh (Interior)	227	37,456	3,574	1,122	253,451	10,650	257,252	49,228
Balochistan	70	6,216	1,867	445	89,283	6,937	91,220	13,608
Total	1,971	121,639	16,689	5,455	1,254,369	47,846	1,273,029	174,940
<b>1998</b>								
Karachi	1,706	76,983	11,869	3,878	975,806	31,848	989,381	112,709
Sindh (Interior)	231	32,525	3,809	1,156	281,047	11,105	285,087	44,786
Balochistan	78	4,132	1,891	474	95,910	7,113	97,879	11,719
Total	2,015	113,640	17,569	5,508	1,352,763	50,066	1,372,347	169,214
<b>1999</b>								
Karachi	1,779	90,059	12,688	4,418	1,027,393	31,113	1,041,860	125,590
Sindh (Interior)	229	27,764	3,930	1,213	295,607	10,515	299,766	39,492
Balochistan	87	5,383	1,953	486	106,453	6,202	108,493	12,071
Total	2,095	123,206	18,571	6,117	1,429,453	47,830	1,450,119	177,153

#### GAS SALES PATTERN 1998-99

<b>Karachi</b>						
Industrial	1,779	0.17	90,059	71.71	8,788,453	79.08
Commercial	12,688	1.22	4,418	3.52	522,416	4.70
Domestic	1,027,393	98.61	31,113	24.77	1,802,957	16.22
Total	1,041,860	100.00	125,590	100.00	11,113,826	100.00
<b>Sindh (Interior)</b>						
Industrial	229	0.08	27,764	70.30	3,520,423	83.00
Commercial	3,930	1.31	1,213	3.07	142,394	3.36
Domestic	295,607	98.61	10,515	26.63	578,616	13.64
Total	299,766	100.00	39,492	100.00	4,241,433	100.00
<b>Balochistan</b>						
Industrial	87	0.08	5,383	44.59	551,726	55.49
Commercial	1,953	1.80	486	4.03	59,080	5.94
Domestic	106,453	98.12	6,202	51.38	383,512	38.57
Total	108,493	100.00	12,071	100.00	994,318	100.00
<b>Total</b>						
Industrial	2,095	0.14	123,206	69.55	12,860,602	78.66
Commercial	18,571	1.28	6,117	3.45	723,890	4.43
Domestic	1,429,453	98.58	47,830	27.00	2,765,085	16.91
Total	1,450,119	100.00	177,153	100.00	16,349,577	100.00

#### SERVICE CALLS ANALYSIS 1998-99

		<i>Industrial/Commercial/Domestic</i>	
		<i>Calls</i>	<i>Percentage</i>
<b>A. Genuine</b>	(leakage, high gas bills and meters/appliances defects)		
	Karachi	101,243	31.7

Sindh (Interior)	23,133	7.2
Balochistan	8,438	2.6
<b>Total (A)</b>	132,814	41.5
<b>B. Non-genuine</b> (fictitious and miscellaneous)		
Karachi	170,765	53.4
Sindh (Interior)	10,112	3.2
Balochistan	6,111	1.9
<b>Total (B)</b>	186,988	58.5
<b>Total (A+B)</b>	319,802	100.0

DIAMETER	AS AT 01-07-1998 KILOMETRES	INCREASE DURING F.Y. 1998-99 KILOMETRES				AS AT 30-06-1999 KILOMETRES							
		KARACHI	SINDH (INTERIOR)	BALOCHISTAN	TOTAL	KARACHI	SINDH (INTERIOR)	BALOCHISTAN	TOTAL				
<b>MM</b>	<b>INCHES</b>												
<b>MAINS</b>													
<b>Steel Pipe</b>													
12 (1/2)		--	--	--	1	--	--	--	--	--	1	--	1
20		1,397	42	2	1,441	--	--	--	--	1,397	42	2	1,441
25	1	2,740	2,238	551	5,529	26	*(76)	7	(43)	2,766	2,162	558	5,486
38		1	50	--	51	--	--	--	--	1	50	--	51
50	2	1464	1,490	919	3,873	7	*(34)	35	8	1,471	1,456	954	3,881
75	3	--	15	--	15	--	--	--	--	--	15	--	15
100	4	560	724	409	1,693	2	*(8)	13	7	562	716	422	1,700
150	6	304	374	120	798		1		1	304	375	120	799
200	8	127	147	158	432	7	10		28	134	157	169	460
250	10	15	33	6	54	--	--	--	--	15	33	6	54
300	12	81	3	--	84	--	--	--	--	81	3	--	84
400	16	87	--	19	106	--	--	--	--	87	--	19	106
450	18	--	--	28	28	--	--	--	--	--	--	28	28
500	20	47	--	--	47	--	--	--	--	47	--	--	47
600	24	39	--	--	39	--	--	--	--	39	--	--	39
750	30	12	--	--	12	--	--	--	--	12	--	--	12
		6,874	5,117	2,212	14,203	42	(107)	66	1	6,916	5,010	2,278	14,204
<b>Polyethylene Pipe</b>													
20		--	1	--	1	--	--	--	--	--	1	--	1
40		248	410	23	681	142	118	4	264	390	528	27	945
63		374	318	123	815	60	83	100	243	434	401	223	1,058
90		--	7	--	7	--	--	--	--	--	7	--	7
125		48	90	26	164	19	25	27	71	67	115	53	235
		670	826	172	1,668	221	226	131	578	891	1,052	303	2,246
<b>Total Mains</b>		7,544	5,943	2,384	15,871	263	119	197	579	7,807	6,062	2,581	16,450
<b>SERVICES</b>													
<b>Steel Pipe</b>		1,964	1,588	644	4,196	72	25	53	150	2,036	1,613	697	4,346
<b>Polyethylene Pipe</b>		107	72	5	184	28	39	33	100	135	111	38	284
		2,071	1,660	649	4,380	100	64	86	250	2,171	1,724	735	4,630
<b>Total Network</b>		9,615	7,603	3,033	20,251	363	183	283	829	9,978	7,786	3,316	21,080

**TOWN-WISE DETAIL OF CONSUMERS AS AT 30 JUNE 1999**

Towns	Industrial	Commercial	Domestic	Total
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<b>Karachi</b>	<b>1,779</b>	<b>12,688</b>	<b>1,027,393</b>	<b>1,041,860</b>
<b>Sindh (Interior):</b>				
Badah	--	1	563	564
Badin	--	19	2,361	2,380
Bandhi	--	7	633	640
Bhan Saeedabad	--	3	421	424
Boobak	--	--	112	112
Dadu	--	41	4,785	4,826
Daharki	--	27	2,016	2,043
Daur	--	9	1,257	1,266
Dhabaji	3	2	475	480
Dokri	--	5	512	517
Gambat	--	16	1,967	1,983
Gari Yasin	--	26	3,281	3,307
Ghotki	--	27	2,438	2,465
Hala & Bhit Shah	--	26	3,051	3,077
Hyderabad	140	1,417	86,874	88,431
Jacobabad	2	74	5,892	5,968
Jhatpat	--	2	545	547
Kambar	--	28	2,485	2,513
Kandhkot	--	17	1,749	1,766
Karampur	--	3	498	501
Khairpur	--	111	7,326	7,437
Khairpur Nathan Shah	--	14	1,229	1,243
Khora	--	5	151	156
Kot Diji	--	8	684	692
Kotri / Jamshoro	37	73	6,967	7,077
Kumb	--	3	147	150
Lakhi Ghulam Shah	--	--	313	313
Larkana	2	178	14,719	14,899
Madeji	--	2	277	279
Matiary	--	7	608	615
Matli	--	17	2,094	2,111
Mehar	--	32	2,303	2,335
Mehrab Pur	--	16	2,454	2,470
Miro Khan	--	4	353	357
Mirpur Mathelo	--	22	1,564	1,586
Mirpurkhas	1	141	13,030	13,172
Moro	--	57	4,369	4,426
Nasarpur / Palijani	1	6	710	717
Naudero	--	10	1,433	1,433
Naushero Feroz	--	40	840	880
Nawabshah	1	224	11,014	11,239
Nooriabad	1	--	--	1
Padidan	--	3	918	921
Pano Aqil	1	18	2,725	2,744
Phulji	--	--	252	252
Piaro Goth	--	1	235	236
Pirjo Goth	1	32	3,335	3,368
Qazi Ahmed	--	--	3,584	3,584
Radhan	--	7	477	484
Ranipur	1	31	2,468	2,497
Rato Dero	--	30	1,808	1,838
Rehmania Nagar	--	12	668	680
Rohri	2	49	4,603	4,654
Rustum	--	1	401	402
Sakrand	--	18	1,459	1,477
Sanghar	--	94	4,554	4,648
Sehwan Sharif	--	15	1,083	1,098
Serhari	--	1	1,007	1,008
Setharja	--	3	220	223
Shahdad Kot	--	32	2,968	3,000
Shahdadpur	--	58	4,551	4,609
Shikarpur	9	128	8,633	8,770
Sinjhor	--	--	4,092	4,093

Sukkur	23	386	23,721	24,130
Tando Adam	1	114	6,240	6,355
Tando Allahyar	--	35	6,205	6,240
Tando Jam	1	14	2,961	2,976
Tendo Mohammed Khan	--	27	2,826	2,853
Tharri Mohabat	--	6	217	223
Thatta	2	42	3,417	3,461
Therri	--	3	790	793
Thul	--	18	1,530	1,548
Warah	--	32	2,746	2,778
Wazirabad	--	--	415	415
	-----	-----	-----	-----
	229	3,930	295,607	299,766

**Balochistan:**

Belpat	--	--	134	134
Bhag	--	3	428	431
Bostan	--	1	365	366
Dera Allah Yar	--	7	1,426	1,433
Dera. Bugti	--	2	435	437
Dhadar	--	5	481	486
D. M. Jamali	--	6	1,303	1,309
Huramzai	--	--	2,004	2,004
Kolpur	--	--	166	166
Kuchlak	--	20	3,332	3,352
Lehri	--	1	257	258
Mach	--	15	719	734
Mastung	--	17	1,967	1,984
Pirkoh	--	--	152	152
Pishin	--	59	2,318	2,377
Pringabad	--	--	360	360
Quetta	87	1,745	85,519	87,351
Sibi	--	51	2,956	3,007
Sui Field	--	--	173	173
Usta Mohammed	--	17	1,617	1,634
Yaro	--	4	341	345
	-----	-----	-----	-----
	87	1,953	106,453	108,493
	-----	-----	-----	-----
	2,095	18,571	1,429,453	1,450,119
	=====	=====	=====	=====

**PATTERN OF SHAREHOLDINGS AS AT 30 JUNE 1999**

<i>No. of shareholders</i>	<i>Share holdings</i>		<i>Total shares held</i>
	<i>From</i>	<i>To</i>	
2,833	1	100	97,379
2,311	101	500	552,798
1,136	501	1,000	825,070
2,340	1,001	5,000	5,179,612
405	5,001	10,000	2,794,937
95	10,001	15,000	1,141,699
56	15,001	20,000	925,316
34	20,001	25,000	756,212
14	25,001	30,000	381,171
13	30,001	35,000	412,355
11	35,001	40,000	414,801
3	40,001	45,000	125,831
6	45,001	50,000	285,990
2	50,001	55,000	106,417
4	55,001	60,000	234,696
3	60,001	65,000	191,831
1	65,001	70,000	65,127
1	70,001	75,000	71,282

2	75,001	80,000	151,181
1	80,001	85,000	83,646
1	85,001	90,000	89,259
1	100,001	105,000	101,519
2	115,001	120,000	234,753
1	130,001	135,000	134,750
1	135,001	140,000	139,686
1	150,001	155,000	151,776
2	155,001	160,000	315,637
1	180,001	185,000	183,399
1	200,001	205,000	203,332
1	230,001	235,000	232,127
1	320,001	325,000	322,718
1	340,001	345,000	343,763
1	390,001	395,000	391,784
1	520,001	525,000	521,692
1	775,001	780,000	776,836
1	860,001	865,000	864,147
1	1,350,001	1,355,000	1,351,062
1	1,620,001	1,625,000	1,623,918
1	2,335,001	2,340,000	2,339,270
1	6,300,001	6,305,000	6,303,534
1	7,310,001	7,315,000	7,313,265
4	9,975,001	above	468,768,642
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9,298			507,504,220
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#### Categories of Shareholders as at 30 June 1999

<i>Categories of shareholders</i>	<i>Number of shareholders</i>	<i>Shares held</i>	<i>Percentage</i>
President of the Islamic Republic of Pakistan	1	357,442,435	70.43
Individuals	9,179	14,456,156	2.85
Investment Companies	18	39,202,587	7.72
Insurance Companies	18	34,226,975	6.74
Joint Stock Companies	32	1,296,153	0.26
Financial Institutions	21	1,468,322	0.29
Modaraba Companies	17	200,245	0.04
Foreign Shareholders	4	252,554	0.05
Others:			
Central Depository Company	1	58,904,045	11.61
Administrator of Abandoned Properties	1	39,285	0.01
Associations, Foundations, Societies, Institutions and Nazir of the High Court	6	15,463	--
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	9,298	507,504,220	100.00
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#### Categories of Account holders and Sub Account holders as per Central Depository Register as at 30 June 1999

<i>Categories of shareholders</i>	<i>Number of shareholders</i>	<i>Shares held</i>	<i>Percentage</i>
Individuals	1,250	10,363,284	2.05
Investment Companies	42	30,434,689	6.00
Insurance Companies	2	287,540	0.06
Joint Stock Companies	3	143,913	0.03
Financial Institutions	12	7,597,716	1.50
Modaraba Companies	10	501,638	0.09
Foreign Shareholders	14	9,575,265	1.88
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	1,333	58,904,045	11.61

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