

SUI SOUTHERN GAS COMPANY LIMITED

ANNUAL REPORT 1997

Contents

Company Information
Notice of Meeting
Chairman's Review
Report of the Directors
Auditors' Report to the Members
Accounts for the year ended 30 June 1997
Balance Sheet
Profit and Loss Account
Cash Flow Statement
Notes to the Accounts
Accounts of Subsidiary Companies
Ten Years at a Glance
Pattern of Shareholdings

Company Information

Board of Directors	Dr. Gulfaraz Ahmad	<i>Chairman</i>
	Mr. K. A. Ansari	<i>Managing Director</i>
	Mr. M. T. K. Sherwani	
	Mr. Abdus Sattar	
	Mr. Razi-ur-Rahman Khan	
	Mr. Shahid Akbar	
	Mr. Muhammad Saleera Khan	
	Syed Abbas Hussain	
	Mr. Zafar Mehmood	
	Mr. Ramzan Noor Mahomed Merchant	
	Mr. Behram Hasan	
	Mr. H. Masood Sohail	
	Mr. Muhammad Faruque	
	Mr. Javeed Hameed	

Company Secretary	Mr. M. Inam-us-Samad
--------------------------	----------------------

Auditors	M/s. Ford, Rhodes, Robson, Morrow Chartered Accountants
-----------------	--

Registered Office	State Life Building No. 3, Dr. Ziauddin Ahmed Road, Karachi - 75530 Pakistan Ph: 5688566 & 5689319 Fax: 021 - 5689323
--------------------------	--

Notice of Meeting

Notice is hereby given that 43rd Annual General Meeting of Sui Southern Gas Company Limited will be

held at Holiday Inn, Crowne Plaza, Karachi on Tuesday, 30th December, 1997 at 9.00 a.m. to transact the following business:

Ordinary Business

1. To confirm the Minutes of the 42nd Annual General Meeting of the Company held on 30 December 1996.
2. To receive and adopt the Report of the Directors and the Audited Accounts of the Company for the year ended 30 June 1997.
3. To appoint Auditors for the year 1997 - 98 and fix their remuneration. The Company has received notices from certain members under Section 253 of the Companies Ordinance, 1984 proposing the names of Messrs A.F. Ferguson & Company, Chartered Accountants, and Messrs Sidat, Hyder, Qamar, Maqbool & Company, Chartered Accountants for appointment as Auditors of the Company for the year ending 30 June, 1998 in place of retiring auditors.

The retiring auditors Messrs Ford, Rhodes, Robson, Morrow, Chartered Accountants, being eligible also offer themselves for re-appointment.

4. Any other Ordinary Business of the Company with the permission of the Chairman.

Special Business

5. Bonus Issue

To approve capitalisation of a sum of Rs. 601,783, 660 set-aside out of the profit of the Company as on 30 June 1997 for issuance of bonus shares in the proportion of one share for every 6.67 shares held (15%) and to consider and if thought fit, to pass the following Special Resolutions with or without amendment (s).

"RESOLVED THAT a sum of Rs. 601,783,660 out of profit as on 30 June 1997 be capitalised and applied to the issue of 60,178,366 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 at close of business on 19 December 1997 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 (including Rs. 88,275 related to 1996 bonus issue) paid to any Welfare / Charitable Institution approved for donation under the Income Tax Ordinance, such as Shaukat Khartum Memorial Hospital, Edhi Welfare Centre or the Kidney Centre."

"FURTHER RESOLVED THAT the Managing Director of the Company be and is hereby authorised and empowered to give effect to the foregoing 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. Increase in Authorised Capital

To enable the Company to increase its paid up capital from time to time, the Directors have recommended to increase the authorised share capital from Rs. 5,000 million to Rs. 10,000 million.

Following special resolutions are proposed to be moved and adopted to enable the Authorised Capital to be increased and to amend the Memorandum & Articles of Association of the Company.

"RESOLVED THAT the Authorised Capital of the Company be and is hereby increased from Rs. 5,000,000,000/- (Rupees five thousand million) to Rs. 10,000,000,000/- (Rupees ten thousand million) by creation of 500,000,000 (five hundred million) new shares of Rs. 10/- each."

"FURTHER RESOLVED THAT the Memorandum of Association of the Company be and is hereby altered by substituting for the figures and words "Rs. 5,000 million divided into 500 million shares" appearing in clause V the figures, words and bracket "Rs. 10,000 million (Rupees ten thousand million) divided into 1,000 million shares."

"FURTHER RESOLVED THAT the Articles of Association of the Company be and are hereby altered by substituting for the figures words and brackets "Rs. 5,000,000,000 (Rupees five thousand million) divided into 500,000,000 shares" appearing in Article 4, the figures words and bracket "Rs. 10,000,000,000 (Rupees ten thousand million) divided into 1,000,000,000 shares."

"FURTHER RESOLVED THAT Managing Director be and is hereby authorised to give effect to the foregoing resolutions and to do or cause to be done all acts deeds and things that may be necessary or required for increasing the Authorised Capital of the Company."

7. Issue of Global Depository Receipts

To consider, and if thought fit pass the following resolutions in respect of proposed issue of Global Depository Receipts (GDRs) by the Company.

"RESOLVED THAT the Company raise finance for ongoing capital projects and financial restructuring through issue of offshore equity commonly known as GDRs in the sum of US \$ 50 million (US Dollars Fifty million only) with green shoe option of US \$ 10 million (US Dollars ten million)."

"FURTHER RESOLVED THAT the Board of Directors of the Company is empowered to take all necessary actions for issuance of GDRs including but not restricted to appointment of lead managers, financial and legal advisors, trustees, depositories, registration of GDRs at international stock exchanges, determining issue price, receiving subscriptions and complying with local and international statutory and regulatory requirements. The Board is also authorised to issue underlying ordinary shares of SSGC against the GDRs and appropriate the balance receipts towards shares premium account."

Notes:

i) The Share Transfer Books of the Company will remain closed from 20 December, 1997 to 30 December, 1997 (both days inclusive). Transfers received in order at the Registered Office of the Company at the close of business hours on 19 December, 1997 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) No gift will be distributed at the Meeting being prohibited by the Corporate Law Authority. Refreshment would be served only to the members who are personally present at the Meeting.

Statement under Section 160 of the Companies Ordinance, 198,~

1. The Directors are of the opinion that the reserves of the Company justify the capitalisation of a sum of Rs. 601,783,660 for issue of Bonus Shares.

2. The increase in the Authorised Capital of the Company is required to cover issue of Bonus Shares (i.e. 15%) and issue of Global Depository Receipts (GDRs) and to make provision for future increase in the paid-up capital of the Company.

Accordingly the Memorandum and the Articles of Association of the Company are also sought to be amended to reflect the increase in the amount of the Authorised Capital appearing therein.

3. The Board of Directors have proposed to issue GDRs to the tune of US \$ 50 million (with option of further US \$ 10 million in case of over subscription) to raise funds required for various SSGC projects, and for financial restructuring.

Chairman's Review

On behalf of the Board of Directors and myself, it gives me great pleasure to welcome you to the 43rd Annual General Meeting of Sui Southern Gas Company Ltd. and to present to you a financial and operational view of its affairs together with the audited financial statements relating to the financial year ended June 30, 1997.

The importance of natural gas in the economic development of any country cannot be overlooked. The environmental and economic benefits of using natural gas are such that many countries are seeking to mobilize resources to produce, trade and use it particularly as a substitute for fuel oil and coal in power generation. Natural gas is expected to expand its share of primary energy in the world being a clean burning, efficient and abundant fuel. Distribution of the world's total estimated proven gas reserves of 141,000 BCM is highly uneven. More than two-thirds of the global reserves are in two regions; Middle East, with 32 percent (45,000 BCM); and the former Soviet Union, with 40 percent (57,000 BCM). This uneven global distribution of gas resources has important implications for gas trade, because major gas consuming countries lack sufficient indigenous gas reserves to meet projected growth in consumption. International and cross-border trade in natural gas (LNG or pipelines) will get an impetus.

Pakistan is energy deficient. In 1996, 38.75 million tons oil equivalent of energy were consumed, with Oil (indigenous and imported) being 42.54% of the energy mix followed by gas (all indigenous) at 36.3%. The average natural gas consumption in 1996 was 1,655 MMCFD. The Power sector was the largest consumer (33%), followed by fertilizer industry (25%), general industry (20%), households (18%) and commercial sector (4%). Currently there is no fertilizer factory on the SSGC system. The unconstrained demand for gas in the country is in the range of 2,600 MMCFD and is likely to grow to 4,400 MMCFD by year 2010. This makes a strong case for gas imports and that too from more than one source.

Keeping in view the foregoing, the Ministry of Petroleum & Natural Resources has already initiated

actions for import of gas. The Ministry is simultaneously attending to the need of exploring the yet under explored regions of the Country through grant of concessions to local and international companies.

The Board

Some changes took place in composition of Board during calendar year 1997. I would like to record my thanks to Mr. Z. A. Ansari, who retired from the post of Managing Director on 23 March, 1997 after many years of distinguished service.

I am pleased to welcome Mr. K. A. Ansari, who took over the charge of M.D.'s office on 24 March, 1997. Mr. K. A. Ansari has the experience of several years in different Divisions / Departments of the Company at various levels. The skills and experience he brings with him will be invaluable in meeting the challenges ahead.

The other changes in the Board which took place after the last AGM held on December 30, 1996 are: Messrs Zafar Mehmood, Syed Abbas Hussain and Muhammad Saleem Khan joined the Board in place of Messrs M. Javed Ashraf Hussain, Khawaja Muhammad Tariq and M. Iqbal Kazi. Mr. Javeed Hameed, MD - SNGPL also joined the Company's Board on 10 May, 1997 against the pending nomination of Mr. M. Saleem Sandhoo who subsequently retired from SNGPL.

The Board places on record its appreciation of the valuable services rendered by the outgoing directors had extends a warm welcome to the incoming directors.

A detailed review of the operations of the Company during the year under report follows:

Finance and Accounts

The financial year 1996-97 was no doubt unique in many respects, specially due to change of Government in mid term and resulting changes in corporate policies to conserve Company resources and profitability. By the grace of Allah the Company braced the new environment boldly and has posted higher profit for the year. Sales registered an increase of 13.4% whereas operating expenditure was controlled registering an increase of only 9.5%.

Gas Sales

The volumetric gas sales during the year ended June 30, 1997 increased by 723,624 HM3 (2,569 MMCF) rising to 49,287,379 HM3 (174,940 MMCF). In terms of value, the net sales increased by 17.3% both because of mid-year price increase and also lower incidence of Gas Development Surcharge. The sale to industrial (excluding power sector), commercial and domestic categories increased by 6.8%, 8.9% and 10.4% respectively. The gas tariff was adjusted upwards in January, 1997 whereas excise duty of 10% was imposed on retail sale to customers with effect from 22 October, 1996.

Profit

The profit before tax has reduced by about Rs.184 million mainly due to impact of financial charges on loans taken by Company for its expansion projects charged to profit and loss account this year on commissioning of the Projects. The operating expenditure has been successfully contained and the same increased by 9.5% only. The rationalization of LPG Division operations converted the loss of Rs.33 million in the last year into a gain of Rs.19 million. The profit of Meter Manufacturing

Division increased to Rs.185 million. All these factors combined resulted in the profit before tax figure of Rs.857 million. Due to reduction in Corporate Tax rates announced in Federal Budget 1997-98, Company's cumulative deferred tax liability has been reduced. This has resulted in lesser provision for tax and increase in profit after tax of the financial year under review.

Operations

The gas supply network operated during the year without any disruption. During the year 112,474 new connections were given comprising of 146 industrial, 1,783 commercial and 110,545 domestic consumers. The total number of consumers at year end stood at 1,273,029. Distribution Pipelines laid during the year comprised of 1,528 Km mains and 405 Km service lines.

The Company operated gas purification plant at the Sui Gas Field where 181,438 MMCF volume of gas was purified of which 56 percent was delivered to SNGPL and the balance to SSGC system. Additional 115,997 MMCF was purchased from the Pirkoh, Badin, Kadanwari, Sad-Hundi, Marl and Kandhkot Gas fields. The Compressor utilization was kept at minimum according to operational requirement saving fuel cost.

The Purification Plant erection and construction suffered during the year mainly due to conditions not conducive to normal workings. The management on its part is trying its level best to commission at the earliest additional purification capacity of 240 MMCFD to enable purchase of relatively cheaper gas ex-Sui Gas Field.

LPG Operation

The Company rationalised its LPG operation by closing down several depots, which were found uneconomical to operate and curtailing purchase of LPG of import source from local market at higher prices which led company to earn some profit. Thus the loss of Rs. 33 million of previous year was successfully converted into pre-tax profit of Rs.19 million. During the year 16,596 metric tons of LPG was sold of which purchases from market was only 1,938 metric tons compared to total sales of 1995-96 of 29,578 metric tons including 10,261 metric tons of outside purchases.

Meter Manufacturing Plant

The Meter Manufacturing Plant performance exceeded the annual capacity of 300,000 meters and produced a total of 336,000 meters, down by 15,000 units compared to 1996. However profit for the year increased to Rs.185 million. The turn around was achieved by reducing the input cost through substitution of imported parts.

Major Ongoing Projects

The Asian Development Bank loan of US\$ 178 million originally expiring on 30 June, 1996 was extended by 2 years upto 30 June, 1998 with enhanced project scope to cover the Quetta Pipeline Capacity Expansion Project Phase II. This project comprises laying of 187 Km of Transmission Pipeline and Loops and 30 Km Distribution Mains to increase the Quetta Pipeline Capacity from existing 60 MMCFD to 100 MMCFD to enable supply of gas to a private power plant and also cater to general load increase. The work on pipeline from Pak Steel to the upcoming fertilizer plant & ICI Plant is nearing completion.

It gives me immense pleasure to report that the planned work on these projects is progressing satisfactorily. Some components such as Kadanwari-Nawabshah-Karachi Pipeline, Gas Distribution System expansion and Sui Purification Plant revamp components are also expected to be completed by the end of this fiscal year, whereas work on Indus Right Bank Pipeline loop from Dadu to Karchat has already been completed in August 1997. The completion of this pipeline has added the much desirable flexibility in the transmission system to ensure uninterrupted supply to all consumption load centres.

Import of Gas

Turkmenistan-Afghanistan-Pakistan Pipeline System (TAPPS)

A consortium comprising UNOCAL of USA and Delta Oil of Saudi Arabia have proposed the export of gas from Turkmenistan to Pakistan via Afghanistan. During the May 1997 special ECO Summit in Ashgabat, a protocol to promote Turkmenistan-Afghanistan-Pakistan Pipeline System (TAPPS) was signed between the President of Turkmenistan, Prime Minister of Pakistan and the Chief Executives of UNOCAL and Delta Oil. This was followed by July 1997 meeting between the Petroleum Ministers of Pakistan and Turkmenistan in Islamabad, which led to the signing of a Joint Agreement binding the two governments and consortium members (UNOCAL & Delta). The agreement has a time bound plan with construction work to commence by end 1998. Pakistan is expected to receive 1.0 BCFD of Turkmenistan gas by 2001/2002, with deliveries increasing to 1.5 BCFD by 2006.

Iran-Pakistan Pipeline

Iran has over 600 TCF of gas reserves and being a neighbouring country is a natural choice for import of gas. As a result of work undertaken by multinational companies a feasibility report for the project has been completed. This project envisages supply of gas from South Pars Field which is currently being developed by Iran. The 42 inch diameter pipeline originates at Assaluyeh in Iran and terminates at Multan in Pakistan and enroute traverses through Bander Abbas (Iran) and Khuzdar (Pakistan). This is a more central route, which has multiple delivery points to best match demand centres and reduces the need for future investment requirements to upgrade the existing Pakistan pipeline network. The Assaluyeh-Multan pipeline is about 2,150 km long. Pre-feasibility study for this project was initiated as a consequence of the Expression of Interest (EOI) invited by the governments of the Islamic Republic of Iran and Islamic Republic of Pakistan in September, 1995.

Privatization

The privatization of your Company is on the priority list of the present Government. Prime Minister of Pakistan has issued directives to Privatization Commission to privatize SSGC in next year. Natural Gas Regulatory Authority Ordinance, 1997 which is a pre-requisite for privatization of the two gas companies has been promulgated on 20th October 1997

Borrowings and Inter Corporate Dues

A situation of great concern is the ever increasing dues of SSGC's gas supply bill to KESC and WAPDA. The two organizations paid Rs. 1,088 million and Rs. 2,122 million only during the year against gas bills of Rs.2,330 million and Rs. 3,714 million falling due in the same period. KESC requested for and was granted an extension of the Demand Promissory Notes issued by them which matured on 24.6.1997 in the sum of Rs. 1,000 million. Quarterly mark-up on these DPNS Rs.180 million was however realised. Under the circumstances the Company had no option but to withhold some of the Government dues (GOP share of Badin and Kadanwari gas field where from raw gas was purchased, debt servicing of foreign loans relented by GOP to SSGC, excise duty) and also the gas supply bills of OGDC and Pirkoh Gas Co. Ltd.

This issue is under active consideration of GOP and I am quite hopeful that it will be resolved shortly.

Term Finance Certificates (TFCs)

Rating of 'AA' was maintained in respect of these TFCs by Pakistan Credit Rating Agency (Private) Limited on its annual review in June 1997, which is a matter of pride and satisfaction for your Company.

Global Depository Receipts (GDRs)

A GDR is essentially a certificate, which evidences the ownership of the Issuer's ordinary shares. In other words, GDRs are backed by the shares of the company. A GDR is different from other straight equity offerings such as IPOs and placements only from the perspective of trading and settlement. Unlike other forms of straight equity offerings which will be traded and settled within Pakistan, GDRs will be traded and settled at a designated venue outside Pakistan. Other than this difference, GDRs, IPOs and placements are essentially similar, and are structured and executed in a similar fashion.

As reported last year SSGC is in the process of issue of US \$ 50 million GDRs. It is expected that GOP authorization will be received shortly and SSGC will raise GDRs early next year. The successful issue will enable SSGC to improve its financial ratios required under its Loan Agreement with ADB and overcome liquidity problem.

Computerization Advancement

As you were informed last year, the Company is placing utmost emphasis on the computerization and using of modern techniques in its day to day operations. Electronic hand held devices are in use on test basis for capturing data from domestic gas meters, Financial Package on Oracle has been installed and put in operation. Some feeder systems are however under development.

A revolution in the working of Stock Exchanges has been brought in by the Central Depository Company (CDC) in Pakistan. The core service of CDC is efficient delivery, settlement and transfer of securities transactions through computerized Book Entry system. The investors will be freed from physical handling of certificates and paper work, while eliminating the chances of manual errors of omission and commission, reducing costs and risks, efficient and reliable means to settle securities transactions.

CDC has declared SSGC eligible for Central Depository System w.e.f. 12 November 1997 and you would have experienced the electronic share transfers and Book Closure. The system will help reduce the paper work and visiting Shares Department of the Company.

Staff training and development

Realizing that human resource development is a pivotal determinant of success, the Company continued its effort towards development and training of employees at all levels, both within and outside the organization for facing the challenges of an increasingly competitive, mechanized & automotive business environment.

Personnel and Industrial Relations

A Peace Agreement was concluded with the CBA in August 1997 for 2 years period ending on 31.12.1997. The delay was mainly caused by the absence of any designated CBA for arriving at settlement.

Over the past few years the Company had offered Project Term employment to about 4,096 Management Trainees and Workers. On completion of various Projects it was no more possible to absorb and offer permanent employment to all these staff for obvious cost repercussions and organisation discipline. The management therefore had to take a difficult decision to release such temporary staff in gradual manner and rationalize its human resources deployment.

Acknowledgment

The Directors record their thanks and gratitude to the officials of Ministry of Petroleum and Natural Resources, Directorate General of Gas, Government of Sindh, Government of Balochistan and Asian Development Bank for their continued support and guidance. The credit facilities extended by native and foreign banks also demonstrate their faith and support for the Company, which is gratefully acknowledged. Appreciation is also due to the Managing Director and officers of the Company who have braved the eventful year with great patience and hard work.

The Board wishes to express its deepest appreciation for the hard work and efforts put in by the management and staff at all levels and the co-operation and support of all its customers and the shareholders for their continued support.

Thank you very much.

Dr. Gulfaraz Ahmad
Chairman

Karachi: 31, October, 1997

Report of the Directors

The Directors have pleasure in presenting this 43rd Annual Report of the Company together with Audited Accounts for the year ended on 30 June 1997. The profit earned during the year under review and appropriation recommended thereof is tabulated below.

(Rupees in thousand)

Accounts

Profit before tax	856,936
As shown by Profit and Loss Account	

Less: Provision for taxation	
Current	77,853
Deferred	103,688
	181,541

Profit after tax	675,395
Adding thereto Un-appropriated profit brought forward from F.Y. 1995-96	450

Profit available for appropriation	675,845
------------------------------------	---------

Appropriations

Transfer to:	
General Reserve	74,000
Reserve for issue of Bonus shares	601,784
	675,784

Un-appropriated profit carried forward	61
	=====

Earning per share (EPS)

The after tax earning per share for the year 1996-97, works out at Rs. 1.68 per share reflecting an improvement of 9% over 1995-96 earning of Rs. 1.54 per share. The increase is a net effect of

several factors including, in the main, incidence of lower corporate tax compared to previous year.

Directors

Since the date of last Annual Report the following changes have taken place on the Company's Board.

a) Mr. Z. A. Artsad, Managing Director, superannuated on 23rd March 1997 and the undersigned was appointed in his place.

b) Mr. M. Iqbal Kazi, Khawaja Muhammad Tariq, Mr. M. Javed Ashraf Hussain representing the Government as senior officers of the Government Departments and Corporations resigned and were replaced by Mr. Muhammad Saleem Khan, Syed Abbas Hussain, Mr. Zafar Mehmood and Mr. Javeed Hameed.

The present directors wish to record their appreciation for the guidance and co-operation extended by the outgoing directors.

Devaluation of Pak Rupee

The recent devaluation of Pak Rupee vis-a-vis Dollar in October 1997 will add over Rs. 48 million to the Company's loan repayment obligations besides having an impact on cost of raw gas, financial charges and on the operating expenses due to general inflationary trends.

Auditors

Company's present auditors Messrs. Ford, Rhodes, Robson, Morrow, Chartered Accountants will be retiring at the conclusion of the Annual General Meeting and being eligible, they have offered themselves for re-appointment as Auditors for the ensuing year.

Pattern of Shareholdings

The statement showing the pattern of shareholdings in the Company as on 30 June 1997 is annexed to this report.

Karachi: 31, October, 1997

On behalf of the Board

K.A. Ansari

Managing Director

Auditors' Report to the Members

We have audited the annexed balance sheet of SUI SOUTHERN GAS COMPANY LIMITED as at 30 June 1997 and 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 forming parts thereof 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, except for the Company's accounting policy regarding depreciation on construction equipments and vehicles as disclosed in Note 2.4 b (ii) to the accounts with which we concur;

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 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 30 June 1997 and of the profit and the cash flow statement 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.

Ford, Rhodes, Robson, Morrow

Chartered Accountants

Karachi: 31, October, 1997

Balance Sheet as at 30 June 1997

	Notes	1997 (Rupees in thousand)	1996
Share capital and reserves			
Share capital - Authorised			
500,000,000 ordinary shares of Rs. 10 each		5,000,000	5,000,000
		=====	=====
Issued, subscribed and paid-up capital			
401,189,107 ordinary shares of Rs. 10 each	3	4,011,891	3,488,601
Reserves	4	2,016,142	1,863,648
Accumulated profit		61	450
		-----	-----
		6,028,094	5,352,699
Redeemable capital	5	500,000	500,000
Deferred credit	6	1,183,210	1,058,035
Long term loans	7	6,038,178	6,910,231
Obligations under finance lease	8	671,191	1,259,653
Deferred liabilities	9	2,301,275	2,211,674
Long term deposits	10	871,093	734,473
Current liabilities			
Current maturity of - long term loans	7	2,061,807	1,323,414
- lease obligations	8	641,831	573,138
Short term loans	11	1,332,745	-
Creditors, accrued and other liabilities	13	6,973,738	3,389,447

		-----	-----
Contingencies and commitments	14	11,010,121	5,285,999
		-----	-----
		28,603,162	23,312,764
		=====	=====
Quetta pipeline project of the Government of Pakistan			
Unspent balance of the project fund	40	21,975	2,847
		=====	=====
Government owned assets held on trust by the Company	41	331,298	331,298
		=====	=====
Fixed assets - tangible			
Operating fixed assets	15	4,647,185	13,722,595
Capital work-in-progress	16	3,183,193	2,062,056
Stores and spares held for capital projects	17	1,805,375	1,361,451
		-----	-----
		19,635,753	17,146,102
Long term investments	18	73,835	73,962
Long term deposits	19	72,941	62,616
Long term loans and advances	20	103,320	71,898
Current assets			
Stores, spares and loose tools			
Stock-in-trade	21	667,383	982,020
Consumers' installation work-in-progress	22	231,936	193,205
Trade debts	23	28,794	32,450
Loans and advances due for repayment within one year	24	5,596,810	2,418,029
Short term loans, advances, deposits and prepayments	20 25	67,044 255,921	64,025 262,585
Notes receivable	26	1,000,000	1,000,000
Other receivable	27	668,411	557,702
Cash and bank balances	28	201,014	448,170
		-----	-----
		8,717,313	5,958,186
		-----	-----
		28,603,162	23,312,764
		=====	=====

The annexed notes form an integral part of these accounts.

**Profit and Loss Account
for the year ended 30 June 1997**

Notes	1997	1996
	(Rupees in thousand)	

Sales		14,790,290	13,042,183
Less: Gas development surcharge		214,071	620,639
		-----	-----
Net sales		14,576,219	12,421,544
Cost of raw gas	29	9,664,523	7,953,310
		-----	-----
Gross profit		4,911,696	4,468,234
Meter rentals		160,642	93,170
Late payment surcharge		143,153	92,983
Recognition of income against deferred credit		85,378	75,034
Sale of gas condensate		96,758	128,759
		-----	-----
		5,397,627	4,858,180
Purification, transmission and distribution cost	30	2,375,369	2,168,341
Depreciation	15.3	1,393,704	1,171,449
		-----	-----
		3,769,073	3,339,790
		-----	-----
		1,628,554	1,518,390
Recoveries from SNGPL	31	389,729	353,083
		-----	-----
		2,018,283	1,871,473
LPG bottling division profit / (loss)	32	18,616	(33,014)
Meter manufacturing division profit	33	184,731	70,344
		-----	-----
Operating profit		2,221,630	1,908,803
Other income	34	265,535	180,356
		-----	-----
		2,487,165	2,089,159
		-----	-----
Financial charges	35	1,585,127	993,258
Contribution to workers' profit participation fund		45,102	54,795
		-----	-----
		1,630,229	1,048,053
		-----	-----
Profit before taxation		856,936	1,041,106
Provision for taxation	36	181,541	503,755
		-----	-----
Profit after taxation		675,395	537,351
Accumulated profit brought forward		450	389
		-----	-----
Profit available for appropriation		675,845	537,740
		-----	-----
Appropriations			
Transferred to: General Reserve		74,000	14,000
Reserve for issue of Bonus Shares		601,784	523,290
		-----	-----
		675,784	537,290
		-----	-----
Accumulated profit carried forward		61	450

The annexed notes form an integral part of these accounts.

Cash Flow Statement
for the year ended 30 June 1997

	1997	1996
	(Rupees in thousand)	
Cash flow from operating activities		
Profit before taxation	856,936	1,041,106
Add: Depreciation charged to profit & loss	1,426,547	1,209,570
Financial charges charged to profit & loss	1,585,127	993,258
Provision for doubtful debts	58,491	29,161
Less: Recognition of income against deferred credit	(85,378)	(75,034)
Non operating income	(238,880)	(159,726)
	-----	-----
Operating profit before change in operating assets	3,602,843	3,038,335
Service charges from new consumers	210,553	189,729
Security deposits from consumers and contractors	136,620	107,172
(Increase) / decrease in operating assets:		
Stores, stocks and consumers' installation work-in-progress	279,562	106,225
Trade debts	(3,237,272)	122,045
Short term loans, advances, deposits, prepayments, notes and other receivable	(65,144)	(1,276,496)
Payment of staff retirement benefits	(14,087)	(19,158)
Payment of loans and advances to staff	(34,441)	(26,695)
Increase in long term deposits for operation	(10,325)	(25,208)
Increase / (decrease) in creditors, accrued and other liabilities	3,050,283	421,569
Income tax paid	(116,755)	(179,846)
	-----	-----
Cash generated from operating activities	3,801,837	2,457,672
Cash flow from investing activities		
Proceed from sale of fixed assets	78,602	67,674
Acquisition of assets and capital outlay - net	(3,976,930)	(4,298,522)
Financial charges capitalised	374,735	397,752
	-----	-----
Net cash utilised in investing activities	(3,523,593)	(3,833,096)
Cash flow from financing activities		
Subscription for right shares	-	2,119
Subscription for Redeemable capital	-	500,000
Interest received on term deposits	40,538	46,683
Interest received on DPN of KESC	180,000	-
Dividend income	600	-
Income on settlement of immovable property	-	64,891
Long term loans	902,053	2,175,222
Funds received subject to finance lease	63,258	1,525,236
Short term loans	1,332,745	-
Short term finance under mark-up arrangements	-	(471,072)

Repayment of long term loans	(1,137,752)	(663,300)
Financial charges paid during the year	(1,323,805)	(1,333,377)
Payments against finance Pease	(583,027)	(461,908)
Dividend paid	(10)	(4)
	-----	-----
Net cash from financing activities	(525,400)	1,384,490
	-----	-----
Net increase / (decrease) in Cash and Bank balances	(247,156)	9,066
Cash and Bank balances at the beginning of the year	448,170	439,104
	-----	-----
Cash and Bank balances at the end of the year	201,014	448,170
	=====	=====

Notes to the Accounts for the year ended 30 June 1997

1. General

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

1.1 Nature of business

The main business activities of the Company are:

- purification of natural gas ex-Sui Field and its transmission alongwith Pirkoh, Sari Hunall, Badin, Kandhkot, Marl and Kadanwari natural gas
- distribution of natural gas in Sindh and Balochistan
- sale of liquefied petroleum gas (LPG)
- manufacturing and sale of gas meters
- construction contracts for laying of pipelines

1.2 Transfer of government finance projects to Company

Under the directives of the Government of Pakistan, the government financed projects have been transferred to the Company. Consequently, the Quetta Natural Gas Distribution Project was transferred to the Company with effect from July 1, 1989. The operating results of this project for the year 1992-93 were included in the financial statements for that year. The remaining government financed projects i.e. Mirpurkhas Gas Distribution Project, Sanghar Gas Distribution Project and Naudero Gas Distribution Project have been included in the Company's operation during the year 1993-94 on the pattern of Quetta Natural Gas Distribution Project. Thereafter these projects became part of the company's operations.

2. Summary of significant accounting policies

2.1 Accounting convention

These accounts have been prepared on the basis of historical cost convention.

2.2 Staff retirement benefits

The Company operates funded pension and gratuity schemes for all employees. These schemes are administered by trustees and are funded on the basis of actuarial advice.

The above retirement benefits are payable to the staff on completion of prescribed qualifying service under these schemes.

A recognized provident fund scheme is in operation covering all employees. Equal contributions are made by the Company and the employees.

2.3 Taxation

The charge for current taxation is based on taxable income. The Company accounts for deferred taxation, using the, liability method, on all major timing differences.

2.4 Operating fixed assets

a. Cost

Operating 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, including capital work-in-progress, signifies historical cost, net exchange differences referred to in Note 2.8, interest and other financial charges on borrowings for financing projects until the construction thereof is completed.

b. Depreciation

Under a loan agreement signed with Asian Development Bank, the Company is required to make a minimum provision for depreciation @ 6% of the gross value of its fixed assets.

i) Purification plant, compressors and transmission lines

These assets are depreciated on straight line method and are depreciated over the time the reserves of the related gas fields are likely to be depleted.

ii) Other assets

Depreciation on remaining assets is also worked out on straight line method and charged to revenue with the exception of meter manufacturing division assets which are depreciated on reducing balance method. Full year's depreciation is charged on additions and no depreciation is charged on assets deleted during the year. Depreciation on major purification, compression and transmission line projects is charged from the dates these projects are commissioned.

Previously, construction equipments and vehicles acquired for the purpose of construction and installation of new assets or carrying out external projects were being depreciated on the basis of usage and depreciation was not charged to income but either capitalised or charged to the cost of project as the case may be. In order to maintain the uniformity in the accounting policy of providing depreciation on construction equipments and vehicles, the policy has been changed during the year from usage basis to depreciation charge for the full year. Had the policy not been changed the depreciation charge would have been lower and the profit for the year higher by Rs. 2.774 million.

c. Assets subject to finance lease

The Company accounts for fixed assets obtained under finance lease by recording the assets and related liability. The amounts are determined on the basis of discounted value of minimum lease payments. Financial charges are allocated to accounting period in manner so as to provide a constant periodic rate on outstanding liability.

d. Exchange differences

The net exchange differences relating ADB unsecured loans which are not covered under GOP's Exchange Risk Coverage Scheme have been charged to Profit and Loss Account as provided under revised IAS 23.

e. Repairs and maintenance

Repairs and maintenance are charged to income as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired. Gains and losses on disposal of fixed assets, if any, are included in income currently.

2.5 Investments

Investments in the shares of listed companies are stated at the lower of cost or market value. Investments in the shares of unlisted companies and other securities are stated at cost.

2.6 Stores, spares and loose tools

These are valued at the moving average cost. Provision is made for the items considered obsolete. Stock of medicines, 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 first-in first-out (FIFO) basis and net realisable value. Components in transit are stated at cost to balance sheet date. Cost in relation to finished goods includes appropriate labour and overheads.

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.

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 certain long term foreign currency loans which are covered under exchange risk coverage scheme of the Government of Pakistan. Translation losses and gains on the year end balances of those foreign currency loans which are not covered under the Government scheme and exchange differences on repayment of these loans during the year are charged to income currently as stated in note 2.4 (d).

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 Revenue recognition

- a. Revenue from gas operations are recognized on the basis of actual meter reading 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 recognized upon dispatch of cylinders to dealers and consumers which generally coincides with physical delivery and acceptance.
- c. Meter rentals are recognized monthly on the basis of specified rates for various categories of consumers.
- d. Revenue from sale of meters is recognized upon dispatch to consumers which generally coincides with physical delivery and acceptance.
- e. Recognition of income against deferred credit is computed over the useful life of the related assets i.e. service connections and gas mains, the cost thereof being capitalised upon completion of work.
- f. Dividend income on equity investments is recognized on receipt basis.
- g. Profit on investments in securities and term deposits is recognized on accrual basis at stipulated rates and for the period these are held at the balance sheet date on the assumption that such investments will be held till maturity.
- h. Profit and loss on external contracts if undertaken by the Company is recognized on the completion of the contracts. During the period of contract, all billing and costs are carried forward.

1997 1996
(Rupees in thousand)

3. Issued, subscribed and paid-up capital

Number of
ordinary shares
of Rs. 10 each

219,566,554	Fully paid in cash	2,195,666	2,195,666
81,622,553	Issued as fully paid bonus shares	1,816,225	1,292,935
-----		-----	-----
401,189,107		4,011,891	3,488,601
=====	The above may be reclassified as follows:	=====	=====

Fully paid in cash

30,281,986	Formerly Sui Gas Transmission Co. Ltd. (restructured share capital)	302,820	302,820
3,687,500	Formerly Karachi Gas Company Ltd.	36,875	36,875
212,478	Formerly Indus Gas Company Ltd. (restructured share capital)	2,125	2,125
185,384,590	Sui Southern Gas Company Ltd.	1,853,846	1,853,846
-----		-----	-----
219,566,554		2,195,666	2,195,666

Issued as fully paid bonus shares

8,777,133	Formerly Southern Gas Company Ltd.	87,771	87,771
1,312,500	Formerly Karachi Gas Company Ltd.	13,125	13,125
670,122	Formerly Indus Gas Company Ltd. (restructured share capital)	6,701	6,701
170,862,798	Sui Southern Gas Company Ltd.	1,708,628	1,185,338
-----		-----	-----
181,622,553		1,816,225	1,292,935
-----		-----	-----
401,189,107		4,011,891	3,488,601
=====		=====	=====

1997 1996
(Rupees in thousand)

4. Reserves

Capital

Restructuring of share capital due to merger	146,868	146,868
Fixed assets replacement	88,000	88,000
	-----	-----
Reserve for issue of bonus shares	234,868	234,868
Balance brought forward	523,290	455,035

Transferred during the year	601,764	523,290
Utilized during the year	(523,290)	(455,035)
	-----	-----
	601,784	523,290
	-----	-----
	836,652	758,158

Revenue

Dividend equalization		36,000	36,000
General		727,349	653,349
Special reserve	(Note 4.1)	416,141	416,141
		-----	-----
		1,179,490	1,105,490
		-----	-----
		2,016,142	1,863,648
		=====	=====

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 July 1, 1985 to enable the Company to meet the Asian Development Bank (ADB) covenant of debt/equity which alongwith other financial covenants specified in loan agreement signed with ADB are guaranteed by Government of Pakistan.

5. Redeemable Capital

Term Finance Certificates - Secured (Non-participatory)

The Company issued Term Finance Certificates in October 1995 to raise funds for its expansion projects. The certificates are issued in sets of 10 each with a face value of Rs. 5,000 and Rs. 100,000 and accompanied by a Certificate of Holding. The TFCs are redeemable in 10 half yearly instalments commencing from April 1996 with final instalment of principal and profit payable on 18 October 2000. The average rate of return on investment works out at 18.85%. The TFCs have been secured by a pari passu charge on all the present and future machinery, equipment and other movable property at SSGC's plant at Sui Gas Field, HQ3 Hyderabad and in SSGC's Compressors Stations at Sui Gas Field, HQ1 Rohri, HQ2 Nawabshah, HQ Dadu, HQ Shikarpur and on construction spread camps and all SSGC's pipelines (excluding current assets i.e. stores, stock and trade receivable).

1997 1996
(Rupees in thousand)

6. Deferred credit

Balance as on 1 July		1,058,035	943,340
Additions during the year	(Note 6.1)	210,553	189,729
		-----	-----
		1,268,588	1,133,069
Recognition of income against deferred credit during the year		(85,378)	(75,034)
		-----	-----
		1,183,210	1,058,035
		=====	=====

6.1 Represents recoveries from consumers towards the cost of service lines and gas mains.

7. Long term loans

Foreign currency loans - unsecured

(Note 7.1)

ADB Loan 181-Pak		209,316	293,660
ADB Loan 187-Pak		107,151	109,754
ADB Loan 470-Pak		402,217	407,033
ADB Loan 565-Pak		366,406	361,030
ADB Loan 653-Pak		65,468	87,309
ADB Loan 836-Pak		485,221	523,358
ADB Loan 4-Pak(C)		-	12,542
ADB Loan 1138-Pak		4,163,722	3,690,180
IBRD Loan 2552-Pak		52,494	55,257
IBRD Loan 3107-Pak		102,080	110,246
IBRD Loan 3107-Pak - Supplementary		277,670	299,883
Export Import Bank of Japan		222,611	240,420
		-----	-----
		6,454,356	6,190,672

Local currency loans

Banking companies - secured	(Note 7.2)	674,606	828,346
Investment companies - secured	(Note 7.2)	664,810	929,810
Cash development loan - unsecured	(Note 7.3)	306,213	284,817
		-----	-----
		1,645,629	2,042,973
		-----	-----
		8,099,985	8,233,645

Current maturity shown under current liabilities

Foreign currency loans		990,367	809,366
Local currency loans		1,071,440	514,048
		-----	-----
		2,061,807	1,323,414
		-----	-----
		6,038,178	6,910,231
		=====	=====

7.1 Foreign currency loans - unsecured**Loans from Asian Development Bank (ADB)**

The first four of these loans were made available by the Government of Pakistan (GOP) in the form of project loans from the Asian Development Bank to cover the foreign exchange component of phase II of the Indus Right Bank Pipeline (IRBP), IRBP Compression Project and Pirkoh Gas Field Integration Project. These loans carry interest at the rate of 8.5% to 10.1% per annum. ADB loans 653-Pak, 836-Pak and 4-Pak(C) have been lent directly to the Company for Gas Purification and Compression Project and IRBP Capacity Expansion Project on the Guarantee of the GOP. Rate of interest on these ADB loans ranges from 6% to 10.5% per annum together with a Government guarantee fee of 0.5% per annum. Additionally an Exchange Risk Coverage fee is paid to the GOP on loan 653-Pak at the rate of 3% per annum and on loans 836-Pak and 4-Pak(C) at variable rates (minimum 5 %) in a way that the fee and interest paid to the ADB together do not exceed 14% per annum. All ADB loans are repayable in half yearly instalments by the year 1998-2005. Agreement for loan 1138-Pak was executed on 1 June, 1992 for US \$178 million for Sui Southern Gas System Rehabilitation and Expansion Project. Loan drawn up to 30 June, 1997 amounted to US \$ 143.195 million. The loan is guaranteed by the Government of Pakistan for which a fee of 0.5 % per annum is applicable on the amount drawn and outstanding. The interest rate payable to ADB is variable. Exchange risk coverage fee

payable to GOP is 14% per annum less the rate of interest payable to ADB. Commitment fee is 0.75% on the undisbursed amount of loan from time to time. The loan is repayable in 20 instalments by the year 2005.

Loans from International Bank for Reconstruction and Development (IBRD)

The World Bank has extended, through the GOP, a part of its Energy Sector Loan-I, (Loan 2552-Pak) for Supervisory Control and Data Acquisition System (SCADA Project) and again a part of its Energy Sector Loan-II, (Loan 3107-Pak) for capital procurements. Interest is paid to the GOP at the rate of 14% per annum inclusive of the exchange risk fee. The loans are repayable in half yearly instalments by the year 2004 and 2005 respectively.

In addition to above, the World Bank extended a supplementary loan of US \$ 10.8 million for Gas Purification Plant First Facility Project. Interest at the rate of 14% per annum is payable to the Government while repayment is to be made in 20 half yearly installments by the year 2005.

Export Import Bank of Japan

The loan in the sum of US \$ 10.5 million equivalent was disbursed in January 1993 through GOP mainly for Quetta Pipeline Capacity Expansion Project. The funds were placed in Sui Southern Gas Company Ltd. Special account with National Bank of Pakistan at Tokyo against which upto the date of Balance Sheet payments have aggregated to US \$10.422 million. A composite rate of 14% per annum is payable to Government of Pakistan as interest and exchange risk fee. The loan is repayable in half yearly instalments by the year 2005. The loan has since closed at US \$10.422 million in July 1997 and the balance amount has been refunded.

7.2 Loans from local banks and investment companies - secured

These represent loans from Financial Institutions against an originally sanctioned amount of Rs. 1,608.810 million (1996: Rs. 1,873.810 million) as follows:

Financial Institutions	Loan			Maturity / Last instalment	Annual rate of mark-up
	Sanctioned/ disbursed	Amount outstanding 30-6-97	30-6-96		
Banking Companies					
(Rupees in thousand)					
ABN-Amro Bank N.V.	120,000	120,000	120,000	15-03-1998	Variable
ANZ Grindlays Bank plc	200,000	80,000	160,000	29-05-1998	16.50%
Standard Chartered Bank	130,000	104,000	104,000	31-01-1998	Variable
Muslim Commercial Bank Limited	315,000	295,105	322,179	17-10-2004	13 to 16.5%
United Bank Limited	15,000	6,000	7,500	05-06-2001	12.41%
Emirates Bank International Ltd.	114,000	57,000	85,500	26-12-1997	17.50%
Askari Commercial Bank Limited	50,000	12,501	29,167	31-03-1998	Variable
	-----	-----	-----		
	944,000	674,606	828,346		
Investment Companies					
Pak Kuwait Inv. Co. (Pvt) Limited	664,810	664,810	664,810	24-12-1997	16.75%
Citicorp Investment Bank (Pak) Ltd.	-	-	265,000		
	-----	-----	-----		
	664,810	664,810	929,810		
	=====	=====	=====		

The first five of the above mentioned loans and the loan from Pak Kuwait Investment

Company (Pvt.) Ltd. are secured by hypothecation charge over movable fixed assets of the Company, whereas MCB has an additional mortgage charge of Rs. 10 million over the Company's land at Larkana and Hyderabad. The UBL, Emirates Bank and Askari Commercial Bank loans are secured by hypothecation charge over stores stock and gas sales receivables. The variable rates of markup for ABN Amro Bank is 3% above 3 years FIB (minimum 17%), Askari Commercial Bank is 2% above 10 years FIB (minimum 17%) and Standard Chartered Bank is 2% above SBP discount rate (minimum 17%).

7.3 Cash Development Loan - unsecured

The loan has been made available to the Company by the GOP for supply of gas to new towns through Peoples Programme and Annual Development Programme. The loan made available through Peoples Programme of Rs. 236.131 million (1996: Rs. 214.735 million) carries a mark-up @ 10% per annum and is repayable over a period of 12 years with a grace period of 2 years. Loans provided through Annual Development Programme of Rs. 70.082 million (1996: Rs. 70.082 million) carries a mark-up @ 15.44% per annum which is subject to revision by the GOP on year to year basis. This loan is repayable in 20 annual equal instalments with a grace period of 5 years by the year 2010. This is subject to confirmation by the GOP finally.

8. Obligations under finance lease

These represent gas distribution system, equipment and vehicles leased from various leasing companies.

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

	1997	1996
	(Rupees in thousand)	
Year to:		
June 30 1997	-	848,697
June 30 1998	818,917	800,478
June 30 1999	633,891	622,943
June 30 2000	78,974	60,535
June 30 2001	38,017	15,588
June 30 2002	1,855	-
	-----	-----
	1,571,654	2,348,241
Less: Financial Charges allocated to future period	258,632	515,450
	-----	-----
	1,313,022	1,832,791
Less: Current maturity shown under current liabilities	641,831	573,138
	-----	-----
	671,191	1,259,653
	=====	=====

8.1 The rates of financing used as discounting factor range between 17% to 21.56% per annum. Certain leases are subject to additional charge of Rs. 1/1000 per day for over due rentals.

8.2 The Company intends to exercise its option to purchase the leased assets for Rs. 66.277 million (1996: Rs. 57.200 million) upon completion of the leased period.

	1997	1996
	(Rupees in thousand)	
9. Deferred liabilities		
Taxation:		
The tax effect of the timing differences relating to:		
Accelerated tax depreciation allowance	2,261,319	2,152,821
Provision for doubtful debts	69,174	54,406
Provision for gratuity	53,750	63,708
	-----	-----
	122,924	118,114
	-----	-----
Staff retirement benefits	2,138,395	2,034,707
Gratuity	162,880	176,967
	-----	-----
	2,301,275	2,211,674
	=====	=====
10. Long term deposits		
Deposits from:		
Gas consumers	(Note 10.1) 644,730	517,485
Gas contractors	(Note 10.2) 7,944	6,736
LPG dealers	(Note 10.2) 218,419	210,252
	-----	-----
	871,093	734,473
	=====	=====

10.1 Consumers' deposits represent gas supply deposits based on estimate of 3 months consumption of gas sales to industrial and commercial consumers and for domestic consumers at the rates fixed by the Government. These are repayable/adjustable on disconnection of gas supply. Interest is payable at the rate of 5% per annum on deposits amounting to Rs. 315.138 million (1996: Rs. 267.034 million) from industrial and commercial consumers.

10.2 These represent security deposits received from contractors and LPG dealers on appointment as approved contractors and dealers of LPG cylinders and ancillary equipment respectively. No interest is payable on these deposits and these are refundable on cancellation of appointment or return of cylinders and ancillary equipment.

11. Short term loans

The Company has availed short term loans from Pak Kuwait Investment Company (Pvt.) Ltd. through swap funds arranged by Standard Chartered Bank, ANZ Grindlays Bank and Citibank NA for which the rate of markup is 17.5% to 19.4%. These loans are secured by hypothecation charge over movable fixed assets of the company in favour of the respective banks and their guarantees in favour of Pak Kuwait Investment Company (Pvt.) Ltd.

12. Short term finance under mark-up arrangements

The Company has availed running finance facility and short term finance under mark-up arrangements from various commercial banks as given in the table below.

The running finance extended by commercial banks is secured against hypothecation of stores stock and gas sales receivable.

(Rupees in thousand)

Banks	Running finance/ bills discounting facilities	Amount outstanding	
		1997	1996
ANZ Grindlays Bank plc	100,000	-	-
American Express Bank Ltd. (bill discounting)	60,000	-	-
American Express Bank Ltd. (running finance)	90,000	-	-
Bank of America	75,000	-	-
Citi Bank N. (running finance)	272,000	-	-
	-----	-----	-----
	597,000	-	-
	=====	=====	=====

Note: Some of the above Sanctioned limits have been curtailed under State Bank of Pakistan restrictions.

1997 1996
(Rupees in thousand)

13. Creditors, accrued and other liabilities

Creditors	(Note 13.1)	4,266,884	1,785,625
Bills payable		65,654	211,990
Accrued liabilities		292,043	238,073
Gas development surcharge		455,351	241,281
Central excise duty on gas bills		421,457	-
Advances received from consumers		189,436	195,745
Amount received from PPL for acquisition of assets		-	839
Advance from PARCO for sharing Right Of Way	(Note 13.2)	18,087	18,087
Accrued interest on Term Finance Certificates		37,853	25,329
Accrued interest, commitment charges, exchange risk coverage fee and Government guarantee fee on long term (ADB) unsecured loans		764,202	370,303
Accrued interest, exchange risk fee and commitment charges on IBRD unsecured loans		21,976	19,784
Accrued interest on EXIMP Bank and CDL unsecured loans		66,691	34,593
Accrued interest on secured loans overdrafts and lease finance		44,295	29,243
Accrued interest on late payment of gas development surcharge		46,509	11,573
Accrued interest on deposits from consumers		18,153	14,753
Accrued interest on late payment of gas bills		51,806	11,890
Land acquisition cost payable to Government / owners		5,631	5,631
Deposits / retention money		23,979	19,210
Workers' profit participation fund	(Note 13.3)	45,102	54,798

Unclaimed dividend	1,764	1,774
Gas transmission charges payable to QPL Project	110,279	46,387
Others	26,586	52,539
	-----	-----
	6,973,738	3,389,447
	=====	=====

1997 1996
(Rupees in thousand)

13.1 Include amounts due to the following
in respect of gas purchases:

Pakistan Petroleum Limited	145,471	84,556
Pirkoh Gas Company (Pvt) Limited	1,143,754	184,888
Oil 8, Gas Development Corporation	18,117	16,554
Union Texas (Pakistan) Inc. and other concerns in Badin Concession	1,705,873	918,652
LASMO Oil Pakistan Limited	1,156,717	367,315
Marl Gas Company Limited	369	3,282
	-----	-----
	4,170,301	1,575,247
Others for supply of materials and services	96,583	210,378
	-----	-----
	4,266,884	1,785,625
	=====	=====

13.2 Represents amount received from Pak Arab Refinery Company Ltd. (PARCO) in accordance with agreement dated 12 October 1988 entered into with former SGTC (now SSGCL). The PARCO paid to SSGCL a sum of Rs.18.087 million as consideration for a 50% share in the IRBP Common Right Of Way (ROW), this amount is in full settlement of PARCO's total liability for its half share irrespective of the final amount of compensation payable to the land owners by SSGCL, who originally acquired the land for the purpose of laying its Indus Right Bank Pipeline (IRBP). The amount of compensation due for a large area of land has not yet been determined by the relevant authorities. As a consequence the ultimate liability of SSGCL cannot be estimated, until which time PARCO's share of consideration is reflected in accounts as an advance.

13.3 Workers' profit participation fund

Balance at the beginning of the year	54,798	43,603
Interest on fund utilized in Company's business	2,461	2,981
	57,259	46,584
Less: Amount paid to trustees of fund	7,398	6,692
Amount deposited under workers' welfare fund	49,861	39,889
	57,259	46,581
	-	3
Allocation for the year	45,102	54,795
	-----	-----
Balance at the end of the year	45,102	54,798

14. Contingencies and commitments

14.1 Claims against the Company not acknowledged as debt approximately	5,976	5,978
	=====	=====
14.2 Aggregate commitments for capital and other expenditure contracted for but remaining to be executed approximately	146,670	151,340
	=====	=====
14.3 Letters of credit and guarantees issued by banks	400,499	512,853
	=====	=====
14.4 Claims against the Company pending adjudication	6,000	6,000
	=====	=====
14.5 Demand Finance given to Company's employees by a bank 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 (1996: Rs. 3.029 million) term deposit of Rs 0.500 million (1996: Rs. 0.500 million) and guarantee of the Company. The amount of loans outstanding at the year end	39,502	35,951
	=====	=====
14.6 Commitment for purchase of shares in Civic Centres Company (Pvt.) Limited	-	100,000
	=====	=====

15. Operating fixed assets - Tangible

(Rupees in thousand)

		Cost at 1 July 1996	Additions/ (Deletions)/ Adjustments*	Cost at 30 June 1997	Accumulated depreciation at 30 June 1997	Book Value at 30 June 1997	Depreciation for the Year
Owned							
Gas purification and transmission	(Note 15.1)	12,390,162	371,898 (70,033)	12,692,027	4,970,340	7,721,687	970,699
Gas distribution	(Note 15.2)						
Gas distribution - Karachi		3,031,100	1,131,146 (15,676) (4,702)*	4,141,868	1,327,563	2,814,305	229,486
Gas distribution - Sindh		1,619,184	657,906	2,266,470	591,492	1,674,978	120,658

(Other areas)		(250)				
		(10,370)*				
Gas distribution - Balochistan	584,580	224,254 (1,103)*	807,731	140,265	667,466	43,378
Meter manufacturing division	119,530	26,131	145,661	73,655	72,006	10,180
LPG bottling division	262,225	20,449 (4,185) (15,397)*	263,092	157,872	105,220	17,190
	5,616,619	2,059,886 (20,111) (31,572)*	7,624,822	2,290,847	5,333,975	420,892
	18,006,781	2,431,784 (90,144) (31,572)*	20,316,849	7,261,187	13,055,662	1,391,591
Leased						
Gas purification and transmission	38,686	45,230	83,916	36,019	47,897	16,780
Gas distribution	1,704,593	18,028 (260)	1,722,361	227,996	1,494,365	95,876
Meter manufacturing division	66,000	-	66,000	16,739	49,261	5,473
	1,809,279	63,258 (260)	1,872,277	280,754	1,591,523	118,129
	19,816,060	2,495,042 (90,404) (31,572)*	22,189,126	7,541,941	14,647,185	1,509,720
1996:	16,516,017	3,368,254 (63,158) (5,053)*	19,816,060	6,093,465	13,722,595	1,289,395

Note: Own assets amounting to Rs. 43.955 million (1996: Rs. 9.932 million) have been sold and leased back.

15.1 The following is a statement of operating fixed assets of purification and transmission section:

(Rupees in thousand)						
Cost at 1 July 1997	Additions/ (Deletions)/ Adjustments*	Cost at 30 June 1997	Accumulated depreciation at 30 June 1997	Book Value at 30 June 1997	Depreciation For the Year	Rate %

Owned

Freehold land	***	39,767	8,050	47,817	-	47,817	-	-
Leasehold land	***	6,610	-	6,610	-	6,610	-	-
Building on freehold land		240,033	63,112	303,145	73,177	229,968	7,459	2.50
Purification plant	***	300,953	-	274,396	218,202	56,194	15,709	**
			(26,557)					
Gas transmission pipelines		8,939,353	159,656	9,099,009	2,826,264	6,272,745	632,196	**
Compressors		1,612,096	-	1,612,096	992,282	619,814	145,648	**
Telecommunications		431,866	16,721	447,096	220,019	227,077	36,565	10
			(1,491)					
Plant and machinery		79,626	8,175	86,705	44,590	42,115	7,756	10
			(1,096)					
Tools and equipment		50,278	29,318	75,464	49,786	25,678	19,862	33.33
			(4,132)					
Motor vehicles		184,939	3,453	165,399	121,403	43,996	12,210	20 & 25
			(22,993)					
Furniture and equipment		122,391	28,701	150,591	99,147	51,444	26,105	20
			(501)					
Construction equipment and vehicles		382,250	54,712	423,699	325,470	98,229	67,189	20
			(13,263)					
		12,390,162	371,898	12,692,027	4,970,340	7,721,687	970,699	
			(70,033)					
Leased								
Motor vehicles		38,686	45,230	83,916	36,019	47,897	16,780	20
		12,428,848	417,128	12,775,943	5,006,359	7,769,584	987,479	
			(70,033)					
		=====	=====	=====	=====	=====	=====	
1996:		10,747,997	1,731,120	12,428,848	4,060,322	8,368,526	860,069	
			(50,269)					
		=====	=====	=====	=====	=====	=====	

** The depreciation is being charged on straight line method as stated in Note 2.4 [b(i)].

*** Subject to determination of final cost by the authorities.

*** Consist of Purification Banks 1 to 5 effected by fire broken out in November 1990.

15.2 The following is a statement of operating fixed assets of distribution section:

	Cost at 1 July 1996	Additions/ (Deletions)/ Adjustments*	Cost at 30 June 1997	Accumulated depreciation at 30 June 1997	Book Value at 30 June 1997	Depreciation For the year	Rate %
--	---------------------------	--	----------------------------	---	----------------------------------	---------------------------------	-----------

Owned

Freehold land	352	-	352	-	352	-	-
Leasehold land	16,419	159 (250)	16,328	-	16,328	-	-
Buildings on freehold land	13,074	23,118 2,669*	38,861	8,562	30,299	1,841	5
Buildings on leasehold land	77,720	6,184 (2,413)*	81,491	27,333	54,158	3,811	5 to 10
Plant and machinery	304,353	51,513 (1,110)	354,756	185,937	168,819	34,867	10 to 40
Roads, pavements and related infrastructure	4,956	277 (256)*	4,977	3,666	1,311	137	5
Gas distribution system, related facilities and equipments	4,608,969	1,935,131 (76)*	6,544,024	1,627,142	4,916,882	317,393	3 to 20
Furniture, fittings and office equipments	56,451	17,545 (372)	73,624	44,752	28,872	10,579	10to 20
Computer and ancillary equipment	29,020	4,131 (9,458)	23,693	14,763	8,930	3,541	20
Telecommunication system	5,270	152	5,422	4,422	1,000	460	10to 20
Cylinders, regulators and valves	182,937	18,267 (1,217) (15,162)*	184,825	105,289	79,536	11,128	10
Appliances, loose tools and equipments	23,122	2,828 (9)	25,941	23,044	2,897	2,267	10to33.3
Motor Vehicles	194,829	581 (7,695) (16,334)*	171,381	149,295	22,086	19,995	25
Supervisory control and data acquisition system	99,147	-	99,147	96,642	2,505	14,873	15
	5,616,619	2,059,886 (20,111) (31,572)*	7,624,822	2,290,847	5,333,975	420,892	
Leased							
Gas distribution	1,704,593	18,028 (260)	1,722,361	227,996	1,494,365	95,876	5 & 20
Meter manufacturing division: Plant and machinery	66,000	-	66,000	16,739	49,261	5,473	10
	1,770,593	17,768	1,788,361	244,735	1,643,626	101,349	

	7,387,212	2,077,914 (20,371) (31,572)*	9,413,183	2,535,582	6,877,601	522,241
1996:	5,768,020	1,637,134 (12,889) (5,053)*	7,387,212	2,033,143	5,354,069	429,326

1997 1996
(Rupees in thousand)

15.3 The depreciation charge for the year has been allocated as follows:

Profit and loss account	1,393,704	1,171,449
Meter manufacturing:		
Profit and loss account	6,865	4,725
Gas meters components produced	8,788	11,217
LPG bottling division	17,190	22,179
Capital work-in-progress	83,173	79,825
	1,509,720	1,289,395

15.4 Under an agreement dated 18 July 1984 between the Company and Sui Northern Gas Pipelines Limited (SNGPL), certain purification banks owned by the Company have been designated to SNGPL. Similarly, under another agreement dated 12 October 1988 between the Company and Pak Arab Refinery Limited (PARCO), 50% share in the IRBP common Right Of Way has been designated to PARCO as referred in Note 13.2.

15.5. Disposal of fixed assets

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

(Rupees in thousand)

Particulars	Cost	Book value	Proceeds	Mode of disposal	Name of purchaser
Motor vehicle	521	191	191	Under service rules of Company	Mr. Javed Hussain Ex-executive
Furniture and equipment	146	23	23	-do-	-do-
Motor vehicle	775	352	352	-do-	Mr. Zamir Alam Ansari Ex-executive
Furniture and equipment	73	23	23	-do-	-do-
Motor vehicle	391	166	166	-do-	Mr. S.K. Qutubuddin Ex-executive
Furniture and equipment	21	-	2	-do-	-do-

Motor vehicle	322	234	234	-do-	Mr. Syed Ishtiaq Hussain Rizvi Ex-executive
Furniture and equipment	24	23	23	-do-	-do-
Motor vehicle	256	67	67	-do-	Mr. Zahoor Ahmed Ex-executive
Furniture and equipment	24	21	21	-do-	-do-
	-----	-----	-----		
	2,553	1,100	1,102		
	=====	=====	=====		

1997 1996
(Rupees in thousand)

16. Capital work-in-progress

This comprises of:

- IRBP Capacity Expansion Project		496	468
IRBP Compression Project	(Note 16.1)	24,441	24,441
SSGC Rehabilitation and Expansion Project		1,502,904	552,154
Cost of buildings under construction		211,651	119,201
Gas distribution system		345,736	534,016
LPG bottling division		2,970	192
LPG Extraction Plant		12,041	12,041
Advance for common pool assets		83,653	24,389
QPL Capacity Expansion Project		63,581	16,364
Purification Plant Expansion Project	(Note 16.2)	902,462	765,847
Relaying of 16" line at Sui		15,059	-
Others		18,199	12,943
		-----	-----
		3,183,193	2,062,056
		=====	=====

16.1 This represents the cost of compressors which were not utilised on the project. However, the management plans to dispose / utilise the same.

16.2 These include assets purchased during 1995-96 under finance lease amounting to Rs. 162 million (1996: Rs. 162 million).

16.3 Assets amounting Rs. nil (1996: Rs. 933.569 million) have been capitalised as leased assets and Rs. 2,431.784 million (1996: Rs. 2,355.018 million) as owned assets.

17. Stores and spares held for capital projects

Purification and transmission		854,394	721,249
Gas distribution		924,676	625,282
LPG bottling division		26,305	14,920
		-----	-----
		1,805,375	1,361,451
		=====	=====

1997 1996

(Rupees in thousand)

18. Long term investments**Subsidiary and associated undertaking**

Civic Centres Company (Pvt.) Limited 6,500,001 ordinary shares of Rs. 10 each (value based on net assets as at 30 June 1996 Rs. 70.200 million (1995: Rs. 67.275 million) Chief Executive Mr. Sabir P. Chohan

65,000 65,000

Inter State Gas Systems (Pvt.) Limited

51 ordinary shares of Rs. 10 each

Chief Executive Mr. Abdus Sattar

1 -

Sui Southern Gas Provident Fund Trust Company (Pvt.)Ltd.

100 ordinary shares of Rs. 10 each Chief Executive

Mr. K. A. Ansari (value based on net assets as at 30 June 1997: Rs. 0.011 million) (1996: Rs. 0.009 million)

1 1

65,002 65,001**Quoted**

Sui Northern Gas Pipelines Limited

1,086,434 ordinary shares of Rs. 10 each

4,739 4,739

Pakistan Refinery Limited

200,000 ordinary shares of Rs. 10 each

1,037 1,037

Pakistan Chrome Mines Limited

55,592 ordinary shares of Rs. 10 each

322 383

Harnai Woollen Mills Limited

200 ordinary shares of Rs. 10 each

3 3

6,101 6,162

Less: Provision for diminution in value of investments

2 2

Market value Rs. 42.719 million

(1996 :Rs. 45.097 million)

6,099 6,160

Un-quoted

Pakistan Tourism Development Corporation

5,000 ordinary shares of Rs. 10 each

Chief Executive Mr. Hameed Ahmed Qureshi

(value based on net assets as at 30 June 1996

Rs.0.051 million)(1995: Rs. 0.048 million)

50 50

United Bank Limited

294,417 ordinary shares of Rs. 10 each

Chief Executive Mr. Zubyr Soomro

(value based on net assets as at 31 December

1996 Rs. 2.684 million) (1995: Rs. 5.712 million)

2,684 2,751

2,734 2,801-----
73,835 73,962

=====

Holding in each of the above companies is less than 10 percent of its equity except for Pakistan Chrome Mines Limited where the holding is approximately 10.59 percent, Civic Centres Company (Pvt.) Limited where the holding is approximately 14.5 percent, Inter State Gas Systems (Pvt.) Limited where the holding is 51 percent and Sui Southern Gas Provident Fund Trust Company (Private) Limited which is a wholly owned subsidiary.

1997 1996
(Rupees in thousand)

19. Long term deposits

Deposits against finance lease	66,277	57,200
Deposits against rental premises	2,711	2,070
Others	3,953	3,346
	-----	-----
	72,941	62,616
	=====	=====

20. Long term loans and advances - Considered good - secured

Loans	(Note 20.1)		
Executives		72,106	45,889
Other employees		48,728	38,121
		-----	-----
		120,834	84,010
Advances			
Executives		16,604	16,064
Other employees		32,926	35,849
		-----	-----
		49,530	51,913
		-----	-----
		170,364	135,923
Less: Recoverable within one year shown under current assets		67,044	64,025
		-----	-----
		103,320	71,898
		=====	=====

The above comprises:

Loans outstanding for period exceeding three years	62,736	37,679
Others	40,584	34,219
	-----	-----
	103,320	71,898
	=====	=====

20.1 Represents house building and transport loans repayable in monthly installments over four to twelve years. Interest is charged @ 5% to 10% per annum. These loans are secured against balances due on account of retirement benefits and deposit of title deeds.

20.2 The maximum aggregate amount due from executives in respect of loan at the end

of any month during the year was Rs. 42.488 million (1996: Rs. 45.889 million).

20.3 The maximum amount outstanding from the Chief Executive of the Company at the end of any month during the year was Rs. 0.562 million (1996:Rs.0.008 million).

	1997	1996
	(Rupees in thousand)	
21. Stores, spares and loose tools		
In hand		
Stores	1,067,727	1,598,828
Spares	1,309,424	616,060
Loose tools	2,558	1,629
	-----	-----
	2,379,709	2,216,517
In transit		
Stores	52,946	98,850
Spares	42,181	30,182
	-----	-----
	95,127	129,032
	-----	-----
	2,474,836	2,345,549
Less: Stores and spares held for capital projects	(Note 17) 1,805,375	1,361,451
Provision for obsolescence	2,078	2,078
	-----	-----
	1,807,453	1,363,529
	-----	-----
	667,383	982,020
	=====	=====
The stores, spares and loose tools may be re-classified operation wise as under:		
Gas Purification and transmission	495,079	697,053
Gas distribution	166,909	278,923
Other operating divisions	5,395	6,044
	-----	-----
	667,383	982,020
	=====	=====
22. Stock-in-trade		
In bond		
Components	162,890	124,390
Work-in-process	17,271	29,959
Finished meters	6,163	6,212
	-----	-----
	186,324	160,561
In hand		
Stock of gas (LPG)	2,289	4,592
Gas in pipelines	43,323	28,052
	-----	-----
	45,612	32,644
	-----	-----
	231,936	193,205

=====

23. Consumers' installation work-in-progress - at cost

Represents works carried out by the Company on behalf of the consumers within the premises of the latter. Upon completion of work the cost thereof is transferred to purification, and recoveries from such consumers are shown as deduction as reflected in Note 30.

1997 1996
(Rupees in thousand)

24. Trade debts

Considered good		
Secured	901,842	747,314
Un-secured	4,694,968	1,670,715
	-----	-----
	5,596,810	2,418,029
Considered doubtful	209,619	151,128
Less: Provision for doubtful debts	209,619	151,128
	-----	-----
	5,596,810	2,418,029
	=====	=====

25. Short term loans, advances, deposits and prepayments

Short term loans -		
considered g (Note 25.1)	30,000	30,000
Advances - considered good		
For goods and services - unsecured	109,920	141,731
Trade deposits	83,885	32,174
Prepayments	32,116	58,680
	-----	-----
	255,921	262,585
	=====	=====

25.1 This represents a loan of Rs. 30 million advanced to Messrs Saindak Metals Limited between April and June 1996 on the recommendation of Ministry of Petroleum and Natural Resources. The loan has finally been recovered in July 1997 without markup which has been waived by the Company's Board.

26. Notes receivable

In accordance with the instructions of Ministry of Finance, the Company's Board agreed to accommodate KESC by accepting its Demand Promissory Notes (DPNs) in the sum of Rs.1,000 million. 20 DPNs of Rs. 50 million each were issued to the Company by KESC under an agreement dated 25 June 1996 representing principal sum due and another 4 DPNs of Rs. 45 million each, representing markup @ 18% p.a., were issued, maturing at quarterly intervals. Whereas the DPNs for markup were paid by KESC regularly, it sought an extension of one year for the Rs. 1,000 million DPNs matured on 24th June 1997. The Board of Directors of the company after due deliberation decided to grant extension of existing terms and conditions for only one quarter at a time. KESC has not yet delivered the DPNs.

1997 **1996**
(Rupees in thousand)

27. Other receivable

Interest accrued on fixed deposits	7,086	8,962
Insurance claims receivable	869	301
Claims receivable	758	758
Recoverable from SNGPL	117,069	100,107
Recoverable from Government of Pakistan under exchange risk coverage scheme	343,402	284,225
Octroi	27,723	28,996
Attock Refinery Limited	12,190	-
Recoverable from Privatisation Commission	8,659	6,584
Recoverable from ADP Projects	1,017	987
Recoverable against lease finance	-	25,000
Accrued sales	69,741	58,053
Advance payment of corporate taxes - (net)	76,466	37,564
Others	3,431	6,165
	-----	-----
	668,411	557,702
	=====	=====

28. Cash and bank balances

With banks		
On deposit account	119,607	345,605
On current account	79,959	98,743
	-----	-----
	199,566	444,348
Cash in hand	1,448	3,822
	-----	-----
	201,014	448,170
	=====	=====

29. Cost of raw gas

	1997		1996	
	Volume in HM3	Value in thousand of rupees	Volume in HM3	Value in thousand of rupees
Gas in pipelines as at 1 July	229,454	28,052	224,661	27,392
Gas purchases:				
Pakistan Petroleum Limited	22,268,293	1,919,376	18,675,507	1,183,312
Pirkoh Gas Company (Pvt.) Ltd	8,660,384	11,357,347	9,135,952	1,137,378
Oil & Gas Development Corp.	288,937	54,298	379,130	48,906
Union Texas (Pakistan) Inc. & other concerns in Badin concession	15,853,850	3,865,582	17,634,047	3,479,501
LASMO Oil Pakistan Limited	7,800,167	2,611,372	8,437,929	2,204,210
Marl Gas Company Limited	49,178	(1,222)	39,122	1,140
	-----	-----	-----	-----
	54,920,809	9,806,753	54,301,687	8,054,447
	-----	-----	-----	-----
	55,150,263	9,834,805	54,526,348	8,081,839

Less: Gas Consumed internally (including domestic use)	1,322,867	126,959	1,384,180	100,477
Gas in pipelines as at 30 June	241,648	43,323	229,454	28,052
	-----	-----	-----	-----
	1,564,515	170,282	1,613,634	128,529
	-----	-----	-----	-----
	53,585,748	9,664,523	52,912,714	7,953,310
	=====	=====	=====	=====

1997 1996
(Rupees in thousand)

30. Purification, transmission and distribution cost

Salaries, wages, pension and staff welfare		1,564,778	1,380,497
Gas consumed internally		126,959	100,477
Stores, spares and supplies consumed		300,824	301,059
Obsolete spares written off		24,367	-
Material used on consumers' installation		29,512	20,966
Electricity		24,766	19,754
Rent, rates and taxes		30,400	21,378
Cost of services provided by Pakistan Petroleum Ltd.		277,700	278,513
Travelling		67,540	71,950
Insurance and royalty		39,928	37,620
Postage and revenue stamps		14,602	15,227
Repairs and maintenance		131,112	112,624
Legal and professional charges		6,560	7,806
Auditors' remuneration	(Note 30.1)	693	350
Security expenses		16,565	14,292
Donations	(Note 30.2)	1,644	19,473
Gas bills collection charges		17,597	15,829
Gas transportation charges		100,576	102,000
Others	(Note 30.3)	159,000	107,196
		-----	-----
Less:		2,935,123	2,627,011

Allocated to:

Gas distribution system		437,169	347,858
Transmission system		85,506	78,301
Meter manufacturing division		2,340	2,131
Installation cost recovered from consumers		34,739	30,380
		-----	-----
		559,754	458,670
		-----	-----
		2,375,369	2,168,341
		=====	=====

30.1 Auditors' remuneration

For statutory audit		250	220
For special audits		28	65
For ancillary assignments		350	-
Out of pocket expenses		65	65
		-----	-----
		693	350

=====

30.2 Donations do not include any donee in which any director or his spouse had any interest.

30.3 Purification, transmission and distribution cost - Others

Advertisement	4,581	8,026
Communication	12,529	12,425
Provision for doubtful debts	58,491	29,161
Bad debts written off	367	-
Subscriptions	4,143	260
Freight and handling	3,986	1,438
Apprenticeship / training	11,875	2,975
Electricity duty for Sui field	15,512	11,524
Excise duty on loans	14,985	10,021
Fee and stamp duties on instruments	9,636	7,246
Bank charges	3,605	7,670
Water charges	4,165	4,060
Miscellaneous	15,125	12,390
	-----	-----
	159,000	107,196
	=====	=====

31. Recoveries from Sui Northern Gas Pipelines Limited (SNGPL)

Represents gas purification and related charges including cost of Sui field joint services recovered from SNGPL in accordance with the cost sharing agreement dated 18 July 1984, effective from 1st July 1983.

	1997	1996
	(Rupees in thousand)	
These comprise:		
Cost charged by the Company to SNGPL		
Operating cost	373,043	342,457
Depreciation	8,509	15,435
Financial charges	37,575	24,012
	-----	-----
	419,127	381,904
Cost charged by SNGPL to the Company		
Operating cost	632	523
Depreciation	16,046	14,282
Financial charges	12,720	14,016
	-----	-----
	29,398	28,821
	-----	-----
	389,729	353,083
	=====	=====

32. LPG bottling division profit/(loss)

Sales	226,679	288,510
Cost of sales		
Opening stock	4,592	3,952
Cost of gas purchased	110,117	224,179
Excise duty	883	910
Transportation	23,790	24,719
Octroi	178	406

		-----	-----
		139,560	254,166
Less: Closing stock		2,289	4,592
		-----	-----
		137,271	249,574
Direct operating costs	(Note 32.1)	33,624	34,064
Depreciation		16,278	20,975
		-----	-----
		187,173	304,613
		-----	-----
Gross profit / (loss)		39,506	(16,103)
Operating expenses			
Salaries, wages and benefits		16,986	11,834
Rent, rates and taxes		1,017	603
Insurance		334	252
Motor running and up-keep expenses		861	1,011
Depreciation		912	1,204
Other expenses		3,429	3,531
		-----	-----
		23,539	18,435
		-----	-----
Operating profit (loss)		15,967	(34,538)
Other income		2,649	1,524
		-----	-----
		18,616	(33,014)
		=====	=====

32.1 Includes salaries, wages and benefits Rs. 25.486 million (1996: Rs. 25.631 million).

Notes to the Accounts for the year ended 30 June 1997

1997 1996
(Rupees in thousand)

33. Meter manufacturing division profit

Gross sales of gas meters			
Company's consumption	(Note 33.1)	411,691	288,485
Outside sales		373,902	368,582
		-----	-----
		785,593	657,067
Less: Sales tax		115,133	85,704
		-----	-----
Net sales		670,460	571,363
Cost of sales			
Opening stock		6,211	17,209
Material consumed		436,525	445,292
Direct labour		21,204	20,428
Overheads		16,879	17,026
Depreciation		6,865	4,725

Packing cost	5,063	3,933
	-----	-----
	492,747	508,613
Less: Closing stock	6,163	6,211
	-----	-----
	486,584	502,402
	-----	-----
Operating profit	183,876	68,961
Other income	855	1,383
	-----	-----
	184,731	70,344
	=====	=====

33.1 These are valued at selling prices normally invoiced to customers.

34. Other income

Profit / interest on term deposits	40,538	46,683
Interest on DPN of KESC	180,000	-
Interest on staff loans	1,405	849
Rentals and service charges recovered	1,697	1,807
Profit on disposal of fixed assets	17,870	51,477
Recoveries from consumers	10,249	12,036
Dividend income	600	-
Income from sale of tender documents	1,381	966
Income from settlement of immovable property	-	61,566
Liquidity damages recovered	3,041	-
Others	8,754	4,972
	-----	-----
	265,535	180,356
	=====	=====

1997 1996
(Rupees in thousand)

35. Financial charges

Interest, commitment charges, exchange risk coverage fee and Government guarantee fee on foreign loans	(Note 35.1)	834,639	630,021
Interest and mark-up on long term local loans		182,508	156,680
Mark-up on short term local loans and running finance		115,803	40,482
Rental on leased assets		233,006	104,974
Interest on Term Finance Certificates		70,959	43,171
Interest on:			
Workers' (profit) participation fund		2,461	2,981
Consumers' deposits		14,816	13,084
Gas development surcharge		34,936	(15,512)
QPL (O & M) Funds		52,678	-
Late payment of gas bills		39,916	11,890
Others		3,405	5,487
		-----	-----
		1,585,127	993,258
		=====	=====

35.1 This includes Rs. 102.039 million (1996: 1.647 million) exchange differences charged as per note 2.4(d).

35.2 The above does not include Rs. 374.735 million (1996: Rs. 397.752 million) capitalised during the year

36. Provision for taxation

For the year:

Current	(Note 36.1)	77,853	67,051
Deferred		103,688	384,375
For issue of Bonus Shares		-	52,329
		-----	-----
		181,541	503,755
		=====	=====

36.1 The tax for current year is based on turnover under Section 80 (D) of Income Tax Ordinance, 1979.

37. Remuneration of Directors, Chief Executive and Executives

	(Rupees in thousand)					
	1996-97			1995-96		
	Directors	Chief Executive	Executives	Directors	Chief Executive	Executives
Managerial remuneration	-	500	91,019	-	294	84,466
Housing	-	189	31,450	-	215	30,773
Servant	-	44	5,345	-	36	4,906
Entertainment	-	19	5,728	-	27	5,305
Utilities	-	209	2,452	-	335	2,272
Retirement benefits	-	95	20,340	-	52	19,151
Fees	14	-	-	14	-	-
	-----	-----	-----	-----	-----	-----
	14	1,056*	156,334	14	959*	146,873
	=====	=====	=====	=====	=====	=====
Number	14	1**	401	14	1	401
	=====	=====	=====	=====	=====	=====

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

** Mr. Jared Hussain held the office upto 13th November 1996, Mr. Zamir Alam Ansari from 14th November 1996 to 22nd March 1997 and Mr. Khurshid Akhter Ansari assumed the office with effect from 23rd March 1997.

38. Capacity and actual performance

38.1 Natural gas purification and transmission

	1997		1996	
	MMCF	HM3	MMCF	HM3
i) Joint purification operation				
(SSGCL & SNGPL Purification Bank 6 to 11)				
Capacity - Annual rated capacity	240,900	67,870,805	241,560	68,056,752
- Reduction in capacity due to scheduled annual overhauls	19,800	5,578,422	43,920	12,373,955
	-----	-----	-----	-----
	221,100	62,292,383	197,640	55,682,797
Utilization	=====	=====	=====	=====
(Gas purified was shared jointly with SNGPL)	181,438	51,118,070	164,975	46,479,760
	=====	=====	=====	=====
Capacity utilization factor		82.06%	83.47%	
ii) SSGCL transmission operations				
Capacity - Annual rated capacity at 100% load factor				
with compression	222,650	62,729,077	223,260	62,900,938
Utilization	=====	=====	=====	=====
Volume of gas transmitted	193,599	54,544,292	191,526	53,960,248
	=====	=====	=====	=====
Capacity utilization factor		86.95%	85.79%	

for the year ended 30 June 1997

38.2 Natural gas distribution

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

38.3 Meter manufacturing division

The manufacturing division has produced and assembled 336,000 meters (1996: 351,000 meters) against an annual capacity of 300,000 meters. Actual capacity utilized was higher than the installed capacity by 12%.

38.4 Liquefied petroleum gas bottling division

The installed filling capacity of LPG bottling plant is 90 metric tons (1996:90 metric tons) a day on single shift basis against which the actual average daily supply amounted to 45.47 metric tons (1996:81.03 metric tons).

39. 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 percent shares.

40. Quetta pipeline project of the Government of Pakistan

The Company has been appointed as Executing Agent by the Government of Pakistan for

designing and constructing a gas pipeline from Shikarpur to Quetta, which was commissioned in January 1983. The Project is owned by the Government and all assets and liabilities relating thereto are on Government account. The Company has maintained independent set of books of account which are subject to independent audit under the term of Agency Agreement between the Company and Government of Pakistan and is operating separate bank relating to this project. A summary of the project account is as follows:

	1997	1996
	(Rupees in thousand)	
Finance provided by:		
Government of Pakistan	499,043	499,043
Interest and sundry income	118,970	113,751
Sundry creditors and bills payable	169	149
	-----	-----
	618,182	612,943
Applied as follows:		
Fixed capital expenditure	579,212	578,959
Stores and spares	2,061	2,099
Advances, deposits and other receivable	14,934	29,038
	-----	-----
	596,207	610,096
	-----	-----
Balance	21,975	2,847
	=====	=====
Represented by:		
Fixed deposits 30 days (NBP)	20,000	-
Cash at bank on current account	1,975	2,847
	-----	-----
	21,975	2,847
	=====	=====

Operations and maintenance of Quetta Pipeline

The Pipeline was commissioned in January 1983 and the Government of Pakistan has entrusted the responsibility of operating the pipeline to the Company. Independent set of books of account and separate bank accounts have been maintained to record transactions relating to the operation of this pipeline. Accounting transactions relating to the in the Company's accounts.

41. Government owned assets held on trust by the Company

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

(Rupees in thousand)

Description	QNGDP	Naudero	Sanghar	Mirpurkhas	Total
-------------	-------	---------	---------	------------	-------

Receipts for GOP projects:

GOP Funds for construction of projects	186,781	14,102	36,218	56,286	293,387
Interest income on GOP Funds	-	1,192	1,018	-	2,210
GOP grants for working capital	4,000	-	-	-	4,000
Accumulated profit / (loss) on acquisition	36,524	(453)	49	(2,447)	33,673
Assets disposed off	(1,972)*	-	-	-	(1,972)
	-----	-----	-----	-----	-----
	225,333	14,841	53,839	37,285	331,298
	=====	=====	=====	=====	=====
1996:	225,333	14,841	37,285	53,839	331,298
	=====	=====	=====	=====	=====

Assets acquired upto date of adoption:

Lease hold land	1,930	-	-	-	1,930
Office building and road pavement	99	-	-	-	99
Telecommunication	368	-	3	-	371
Gas distribution system	220,431	9,278	43,878	51,887	325,474
	(563)*	-	-	-	(563)
Plant and machinery	1,246	-	168	-	1,414
Tools and equipment	738	-	-	68	806
Office furniture	178	-	11	29	218
Office equipments	118	-	-	1	119
Transport vehicles	2,197	-	642	-	2,839
	(1,409)*	-	-	-	(1,409)
	-----	-----	-----	-----	-----
	225,333	9,278	44,702	51,985	31,298
	=====	=====	=====	=====	=====
1996:	225,333	9,278	44,702	51,985	331,298
	=====	=====	=====	=====	=====

42. Comparative figures

Prior years' figures have been rearranged, where necessary, for the purpose of comparison.

Subsidiary Company**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 1997 except for interest amounting to Rs. 2,086 received on PLS account and Rs. 7,650 interest accrued on Defence Saving Certificates.

c) There has been no change in the Company's interest in the above subsidiary between 30 June 1996 to 30 June 1997.

d) The audited accounts for the year ended 30 June 1997 are as under.

Sui Southern Gas Provident Fund Trust Company (Private) Limited**Balance Sheet as at 30 June 1997**

	1997	1996
	(Rupees)	
Capital		
Authorized, issued and fully paid-up		
100 shares of Rs.10 each issued for cash	1,000	1,000
Profit and loss account		
Profit on PLS account	2,086	2,086
Interest on Defence Saving Certificates	7,650	5,850
	-----	-----
	10,736	8,936
Investment in Defence Saving Certificates	3,000	3,000
Accrued interest on D.S.C.	7,650	5,850
Cash with bank on PLS account	86	86
	-----	-----
	10,736	8,936
	=====	=====

Auditors' Report to the Members

We have audited the annexed balance sheet of SUI SOUTHERN GAS PROVIDENT FUND TRUST COMPANY (PRIVATE) LIMITED as at 30 June 1997 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 purpose 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 has been drawn up in conformity with Companies Ordinance, 1984 and is in agreement with the books of account and is 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 was 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 gives the information required by the Companies Ordinance, 1984 in the manner so required and respectively gives a true and fair view of the state of the Company's affairs as at 30 June 1997;

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

Karachi: 31 October, 1997

Ford, Rhodes, Robson, Morrow
Chartered Accountants

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:

Inter State Gas Systems (Private) Limited

Balance Sheet as at 30 June 1997

Share Capital	Notes	Rupees
Share capital -Authorised		
1,000,000 ordinary shares of Rs. 10 each		10,000,000
		=====
Issued, subscribed and paid-up capital		
100 ordinary shares of Rs. 10 each	3	1,000
Current Liabilities		
Payable to holding company (Sui Southern Gas Company Ltd.)		942,240

		943,240
		=====
Property and Assets		
Deferred cost		
Preliminary expenses		97,921
Pre operating expenses		844,319
Current assets		
Cash at bank		1,000

		943,240
		=====

See our Annexed Report

The annexed notes form an integral part of these accounts.

Inter State Gas Systems (Private) Limited

Statement of changes in financial position (Cash Flow Statement)
for the period from August 4, 1996 to June 30, 1997

	Rupees
Cash from operating activities	
Payable to holding company (SSGCL)	942,240
Deferred cost	(942,240)
Net cash from operating activities	-
Cash from financing activities	
Share subscription received	1,000

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

Inter State Gas Systems (Private) Limited

Notes to the Accounts for the period from August 4, 1996 to June 30, 1997

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).

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

Auditors' Report to the Members

We have audited the annexed balance sheet of INTER STATE GAS SYSTEMS (PRIVATE)LIMITED as at June 30, 1997 and statement of changes in financial position together with the notes forming part thereof, for the period from August 04, 1996 to June 30, 1997, we state that we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose 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, 1984 and is in agreement with the books of account and is further in accordance with the accounting policies as stated in notes to the accounts.

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

iii) the business conducted, investments made and the expenditure incurred during the period was 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 statement of changes in financial position 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, 1997, and the changes in financial position for the period from August 04, 1996 to June 30, 1997; and

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

Karachi: 31 October, 1997

Tanzeem and Company
Chartered Accountants

Ten Years at a Glance, 30 June 1988 to 1997

1987-88 1988-89 1989-90

General	Mains - Transmission (km) - Cumulative	1,229	1,229	1,294
	Mains & services-Distribution (kin) - Additions	478	264	464
	New connections	32,224	28,765	32,732
	Gas sales (MMCF)	97,636	102,468	115,192
	LPG sales (M.Tons)	16,762	16,588	16,869
	Gas meters produced / assembled	101,870	103,800	103,050
Balance Sheet - Summary	Paid - up share capital	517.3	449.4	449.4
	Reserves and accumulated profit	699.1	908.6	919.9
	Redeemable capital	-	-	-
	Deferred credit	343	383.8	452.3
	Deferred liabilities - Taxation	589.9	674.5	788.9
	Deferred liabilities - Gratuity	29.3	35.7	55.3
	Obligation under finance lease	--	-	-
	Long term loans outstanding:			
	Foreign	1,593.10	2,033.5	2,227.5
	Local	103.6	89.1	78.5
	Long term deposits	252.6	271.5	293.5
		-----	-----	-----
		4,127.9	4,846.1	5,265.3
		=====	=====	=====
	Represented by:			
	Fixed assets	3,280.9	3,895.6	4,662.0
	Other assets (net)	847.0	950.5	603.3
		-----	-----	-----
		4,127.9	4,846.1	5,265.3
		=====	=====	=====
Profit and Loss - Summary				
Income	Sales	4,119.2	4,436.7	5,075.3
	Less: Gas development surcharge	1,888.6	2,352.7	2,389.6
		-----	-----	-----
	Net sales	2,230.6	2,084.0	2,685.7
	Cost of raw gas	1,260.5	1,073.5	1,810.4
		-----	-----	-----
	Gross profit	970.1	1,010.5	875.3
	Meter rentals	23.5	24.8	26.8
	Late payment surcharge	16.5	20.9	32.0
	Recognition of income against deferred credit	20.4	23.7	28.8
	LPG bottling division profit / (loss)	11.3	6.2	3.5
	Meter manufacturing division profit	0.8	10.5	13.7
	Recoveries from SNGPL	86.4	109.6	136.5
	Other income and sale of gas condensate	70.5	107.8	85.7
		-----	-----	-----
	"A"	1,199.5	1,314.0	1,202.3
		-----	-----	-----
Expenditure	Purification, transmission and distribution cost	380.1	440.6	552.4
	Depreciation	185	203.5	214.6
	Financial charges	209.6	193.7	191.5
	Workers' (profit) participation fund	21.5	23.8	12.2
		-----	-----	-----
	"B"	796.2	861.6	970.7

Profit	Profit before taxation (A-B)	403.3	452.4	231.6
	Provision for taxation	222.6	209.7	119.2
	Profit after taxation	180.7	242.7	112.4
Dividend	Cash dividend			
	SGC	22.50%	-	-
	SGTC	17.50%	-	-
	SSGC	-	22.50%	22.50%
	Bonus shares			
	SSGC	-	116.7%*	-
Rate of Corporate tax		44%	44%	44%

* Issued to the Shareholders of former SGC.

1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97
1,522	1,522	1,557	1,713	2,420	2,486	2,486
642	1,002	1,519	1,637	2,130	1,852	1,933
41,160	66,173	94,534	96,573	97,476	98,941	112,474
131,805	143,888	164,877	159,360	151,430	172,371	174,940
20,055	17,398	14,390	20,946	26,478	29,578	16,596
125,300	238,230	300,300	336,700	247,500	351,000	336,000
=====	=====	=====	=====	=====	=====	=====
(Rupees in million)						
449.40	674.10	674.10	1,685.30	3,031.40	3,488.60	4,011.90
987.9	852.3	1,205.40	1,528.90	1,781.80	1,864.10	2,016.20
-	-	-	-	-	500.00	500.00
490.30	578.70	736.60	836.30	943.30	1,058.00	1,183.20
949.30	1,094.00	1,233.80	1,499.40	1,650.30	2,034.70	2,138.40
99.70	120.70	149.40	167.90	196.10	177.00	162.90
-	-	-	121.40	769.50	1,832.80	1,313.00
2,330.30	2,471.40	3,000.20	4,003.10	5,563.70	6,190.70	6,454.40
213.40	243.60	260.00	671.40	1,156.40	2,042.90	1,645.60
320.00	348.20	429.20	508.00	627.30	734.50	871.10
-----	-----	-----	-----	-----	-----	-----
5,840.30	6,383.00	7,688.70	11,021.70	15,719.80	19,923.30	20,296.70
=====	=====	=====	=====	=====	=====	=====
5,022.00	5,767.20	7,216.00	10,752.10	14,073.30	17,146.10	19,635.80
818.30	615.80	472.70	269.60	1,646.50	2,777.20	660.90
-----	-----	-----	-----	-----	-----	-----
5,840.30	6,383.00	7,688.70	11,021.70	15,719.80	19,923.30	20,296.70
=====	=====	=====	=====	=====	=====	=====
6,095.40	7,401.70	8,438.00	9,195.00	9,557.70	13,042.20	14,790.30
2,271.30	3,199.10	2,814.60	2,606.20	1,241.80	620.70	214.10
-----	-----	-----	-----	-----	-----	-----
3,824.10	4,202.60	5,623.40	6,588.80	8,315.90	12,421.50	14,576.20
2,522.50	2,466.30	3,362.80	3,841.70	4,549.60	7,953.30	9,664.50
-----	-----	-----	-----	-----	-----	-----
1,301.60	1,736.30	2,260.60	2,747.10	3,766.30	4,468.20	4,911.70
45.20	48.50	56.90	63.70	71.40	93.10	160.60

34.50	39.90	53.30	64.70	76.00	93.00	143.10
32.20	38.60	48.90	56.50	65.30	75.00	85.40
2.00	0.90	(11.9)	(16.0)	(41.5)	(33.0)	18.60
10.30	27.40	29.70	27.90	16.00	70.30	184.70
155.70	129.00	141.50	240.40	288.50	353.10	389.70
84.00	51.70	122.50	144.10	215.80	309.10	362.30
-----	-----	-----	-----	-----	-----	-----
1,665.50	2,072.30	2,701.50	3,328.40	4,457.80	5,428.80	6,256.10
-----	-----	-----	-----	-----	-----	-----
748.90	871.70	1,244.20	1,513.60	1,901.60	2,168.30	2,375.30
351.30	436.70	523.80	642.30	904.20	1,171.40	1,393.70
232.50	292.40	325.00	351.20	779.70	993.20	1,585.10
16.60	23.60	30.40	41.10	43.60	54.80	45.10
-----	-----	-----	-----	-----	-----	-----
1,349.30	1,624.40	2,123.40	2,548.20	3,629.10	4,387.70	5,399.20
-----	-----	-----	-----	-----	-----	-----
316.20	447.90	578.10	780.20	828.70	1,041.10	856.90
192.00	224.00	225.10	288.10	238.80	503.80	181.50
-----	-----	-----	-----	-----	-----	-----
124.20	223.90	353.00	492.10	589.90	537.30	675.40
=====	=====	=====	=====	=====	=====	=====
-	-	-	-	-	-	-
-	-	-	-	-	-	-
12.50%	20%	-	-	-	-	-
-----	-----	-----	-----	-----	-----	-----
50%	-	25%	20%	15%	15%	15%
-----	-----	-----	-----	-----	-----	-----
44%**	44%**	42%**	39%**	36%**	36%**	33%**
=====	=====	=====	=====	=====	=====	=====

**Excluding turnover and corporate assets taxes.

Gas Sales - Classified Breakdown 1996-97

Category	Sales in Thousand of Cubic Metres					Consumers as at 30 June 1997 Number				
	Karachi	Sindh (Interior)	Balochistan	Total	%	Karachi	Sindh (Interior)	Balochistan	Total	%
Power Stations	653,617	853,075	170,978	1,677,670	34.0	5	3	1	9	-
Cement Plants	133,549	72,447	-	205,996	4.2	2	2	-	4	-
Pakistan Steel	387,736	-	-	387,736	7.9	1	-	-	1	-
Textile	407,957	28,766	-	436,723	8.9	470	20	-	490	0.1
Chemicals, Refineries &										
Pharmaceuticals	205,726	2,141	-	207,867	4.2	175	3	-	178	-
Glass & Ceramics	51,727	30,851	-	82,578	1.7	41	64	-	105	-
Iron & Steel	66,237	3,606	-	69,843	1.4	106	8	-	114	-
Oil & Soap	27,977	18,397	-	46,374	0.9	64	16	-	80	-
Metallurgy	38,429	-	-	38,429	0.8	150	-	-	150	-
Other Industries	223,675	45,989	4,163	273,827	5.5	660	111	69	840	0.1

Industrial	2,196,630	1,055,272	175,141	3,427,043	69.5	1,674	227	70	1,971	0.2
Commercial	109,278	31,602	12,806	153,686	3.1	11,248	3,574	1,867	16,689	1.3
Domestic	852,512	300,061	195,436	1,348,009	27.4	911,635	253,451	89,283	1,254,369	98.5
Total	3,18,420	1,386,935	383,383	4,928,738	100.0	924,557	257,252	91,200	1,273,029	100.0

Gas Sales - Ten Years of Progress

		NUMBER OF CONSUMERS AS AT 30 JUNE				SALES IN THOUSAND OF CUBIC METRES			
		INDUSTRIAL		COMMERCIAL		DOMESTIC		TOTAL	
		Consumers	Sales	Consumers	Sales	Consumers	Sales	Consumers	Sales
1	Karachi	1,029	1,621	7,359	75,495	487,965	467,686	496,083	2,164,267
9	Sindh (Interior)	192	471,150	2,628	20,542	105,521	94,827	108,341	586,519
8	Balochistan	5	10,162	1,075	6,800	28,837	59,277	29,917	76,239
8	Total	1,226	2,102,398	11,062	102,837	622,053	621,790	634,341	2,827,025
1	Karachi	1,079	1,703,666	7,727	78,771	508,219	494,046	517,025	2,276,483
9	Sindh (Interior)	195	478,759	2,626	18,836	109,284	107,920	112,105	605,515
8	Balochistan	6	11,064	2,626	8,118	34,409	74,252	35,621	93,434
9	Total	1,280	2,193,489	11,559	105,725	651,912	676,218	664,751	2,975,432
1	Karachi	1,119	1,886,759	8,159	79,131	537,036	520,313	546,314	2,486,203
9	Sindh (Interior)	193	626,606	2,626	17,610	114,330	108,093	117,149	752,309
9	Balochistan	8	9,758	1,316	7,888	37,847	82,885	39,171	100,531
0	Total	1,320	2,523,123	12,101	104,629	689,213	711,291	702,634	3,339,043
1	Karachi	1,177	2,018,498	8,548	85,653	569,868	505,667	579,593	2,609,818
9	Sindh (Interior)	194	960,751	2,672	18,601	118,900	116,842	121,766	1,096,194
9	Balochistan	11	87,662	1,337	9,090	40,378	91,243	41,766	187,995
1	Total	1,382	3,066,911	12,597	113,344	729,146	713,752	743,125	3,894,007
1	Karachi	1,242	2,007,441	7,962	92,882	613,549	562,222	622,753	2,662,545
9	Sindh (Interior)	195	1,269,130	2,671	19,797	127,259	102,411	130,125	1,391,338
9	Balochistan	12	158,168	1,515	8,875	45,751	112,047	47,278	279,090
2	Total	1,449	3,434,739	12,148	121,554	786,559	776,680	800,156	4,332,973
1	Karachi	1,380	2,070,386	10,351	97,993	672,974	597,039	684,705	2,765,418
9	Sindh (Interior)	196	1,427,475	2,722	22,160	140,825	133,611	143,743	1,583,246
9	Balochistan	12	175,427	1,677	9,803	53,117	111,322	54,806	296,552
3	Total	1,588	3,673,288	14,750	129,956	866,916	841,972	883,254	4,645,216
1	Karachi	1,336	2,014,521	10,407	103,332	737,922	640,580	749,665	2,758,433
9	Sindh (Interior)	190	1,213,888	2,854	23,128	177,501	190,688	180,545	1,427,704
9	Balochistan	14	161,506	1,630	10,134	57,983	132,008	59,627	303,648
4	Total	1,540	3,389,915	14,891	136,594	973,406	963,276	989,837	4,489,785
1	Karachi	1,516	2,024,589	10,390	100,261	796,597	707,901	808,503	2,832,751
9	Sindh (Interior)	196	930,446	3,100	27,662	196,794	209,367	200,090	1,167,475

9	Balochistan	20	132,418	1,660	10,219	68,879	123,498	70,559	266,135
5	Total	1,732	3,087,453	15,150	138,142	1,062,270	1,040,766	1,079,152	4,266,361
1	Karachi	1,585	2,209,484	10,478	98,092	851,829	775,686	863,892	3,083,262
9	Sindh (Interior)	227	1,152,574	3,271	29,617	226,269	275,771	229,767	1,457,962
9	Balochistan	68	130,534	1,768	12,638	81,181	171,951	83,017	315,123
6	Total	1,880	3,492,592	15,517	140,347	1,159,279	1,223,408	1,176,676	4,856,347
1	Karachi	1,674	2,196,630	11,248	109,278	911,635	852,512	924,557	3,158,420
9	Sindh (Interior)	227	1,055,272	3,574	31,602	253,451	300,061	257,252	1,386,935
9	Balochistan	70	175,141	1,867	12,806	89,283	195,436	91,220	383,383
7	Total	1,971	3,427,043	16,689	153,686	1,254,369	1,348,009	1,273,029	4,928,738

Gas Sales Pattern 1996-97

	Consumer		Volume		Value		
	Numbers	%	Thousand		Rupees in		
			cubic metres	%	thousand	%	
Karachi	1,674	0.18	2,196,630	69.55	7,440,775	78.55	Industrial
	11,248	1.22	109,278	3.46	429,221	4.53	Commercial
	911,635	98.60	852,512	26.99	1,602,457	16.92	Domestic
	924,557	100.00	3,158,420	100.00	9,472,453	100.00	Total
Sindh (Interior)	227	0.09	1,055,272	76.09	3,585,532	84.77	Industrial
	3,574	1.39	31,602	2.28	123,561	2.92	Commercial
	253,451	98.52	300,061	21.63	520,653	12.31	Domestic
	257,252	100.00	1,386,935	100.00	4,229,746	100.00	Total
Balochistan	70	0.08	175,141	45.68	593,422	54.54	Industrial
	1,867	2.05	12,806	3.34	51,748	4.75	Commercial
	89,283	97.87	195,436	50.98	442,921	40.71	Domestic
	91,220	100.00	383,383	100.00	1,088,091	100.00	Total
Total	1,971	0.16	3,427,043	69.53	11,619,729	78.56	Industrial
	16,689	1.31	153,686	3.12	604,530	4.09	Commercial
	1,254,369	98.53	1,348,009	27.35	2,566,031	17.35	Domestic
	1,273,029	100.00	4,928,738	100.00	14,790,290	100.00	Total

Service Calls Analysis 1996-97

A. Genuine	(leakage, high gas bills and meters/appliances defects)	(Industrial/Commercial/Domestic)	
		Calls	Percentage
	Karachi	54,373	28.9
	Sindh (Interior)	8,927	4.8
	Balochistan	3,400	1.8
	Total (A)	66,700	35.5

B. Non-genuine

(fictitious and miscellaneous)

Karachi	120,021	63.9
Sindh (Interior)	808	0.4
Balochistan	300	0.2
	-----	-----
Total (B)	121,129	64.50
	-----	-----
Total (A+B)	187,829	100.00
	=====	=====

Town-wise Detail of Consumers as at 30 June 1997

Towns	Industrial	Commercial	Domestic	Total
Karachi	1,674	11,248	911,635	924,557
Sindh (Interior):				
Dhabeji	3	1	215	219
Thatta	2	30	2,522	2,554
Kotri / Jamshoro	34	68	6,188	6,290
Hyderabad	138	1,395	80,131	81,664
Tando Adam	1	113	4,928	5,042
Shahdadpur	1	58	3,844	3,903
Nawabshah	2	190	13,286	13,478
Tando Allahyar	-	32	4,667	4,699
Nasarpur/Palijani	1	5	618	624
Nooriabad	1	-	-	1
Hala & Bhit Shah	-	19	2,276	2,295
Mirpurkhas	1	132	10,999	11,132
Sanghar	-	68	3,910	3,978
Tando Jam	1	11	2,339	2,351
Tando Mohammad Khan	-	19	2,480	2,499
Khairpur	-	103	7,321	7,424
Ranipur	-	22	2,025	2,047
Kot Diiji	-	5	480	485
Rohri	2	49	4,405	4,456
Sukkur	22	369	21,657	22,048
Shikarpur	10	112	7,977	8,099
Gari Yasin	-	22	2,224	2,246
Larkana	3	179	13,247	13,429
Badah	-	14	752	766
Naudero	-	13	1,280	1,293
Dadu	-	40	4,259	4,299
Piaro Goth	-	1	219	220
Bhan Saeedabad	-	3	382	385
Rehmania Nagar	-	10	594	604
Boobak	-	-	96	96
Phulji	-	-	223	223
Pano Aqil	1	18	2,227	2,246
Radhan	-	10	404	414
Tharri Uohabat	-	6	183	189
Uehar	-	26	1,915	1,941

Moro	-	44	3,925	3,969
Khairpur Nathan Shah	-	14	1,083	1,097
Gambat	-	13	1,841	1,854
Pirjo Goth	1	20	2,869	2,890
Karampur	-	3	444	447
Rato Dero	-	26	1,619	1,645
Kandhkot	-	13	1,489	1,502
Jacobabad	3	73	5,157	5,233
Jhatpat	-	2	540	542
Dokri	-	5	434	439
Rostum	-	1	377	378
Sehwan Sharif	-	10	872	882
Daharki	-	27	1,942	1,969
Wazirabad	-	-	122	122
Lakhi Ghulam Shah	-	-	263	263
Setharia	-	2	209	211
Naushero Feroz	-	11	1,100	1,111
Matli	-	6	1,791	1,797
Khora	-	5	127	132
Kumb	-	2	138	140
Padidan	-	3	292	295
Therri	-	3	147	150
Badin	-	13	1,338	1,351
Mir Pur Mathelo	-	16	1,238	1,254
Daur	-	5	789	794
Sakrand	-	14	1,245	1,259
Serhari	-	1	416	417
Qazi Ahmed	-	3	645	648
Uehrab Pur	-	16	2,220	2,236
Sinjhoru	-	-	1,301	1,301
Kambar	-	15	1,969	1,984
Madeji	-	2	223	225
Bandhi	-	7	450	457
Thul	-	11	1,255	1,266
Miro Khan	-	2	238	240
Shahdad Kot	-	34	1,941	1,975
Matiary	-	6	391	397
Warah	-	3	738	741
	-----	-----	-----	-----
	227	3,574	253,451	257,252
	=====	=====	=====	=====

Balochistan:

Quetta	69	1,700	74,957	76,726
Sibi	1	48	2,569	2,618
D.M. Jamali	-	6	1,104	1,110
Dhadar	-	6	450	456
Mach	-	16	680	696
Kolpur	-	-	151	151
Belpat	-	-	129	129
Pirkoh	-	-	152	152
Usta Mohammad	-	12	1,380	1,392

Bhag	-	3	379	382
Lehri	-	1	241	242
Dera Allah Yar	-	7	1,218	1,225
Pishin	-	45	1,830	1,875
Kuchlak	-	12	1,626	1,64
Yaru	-	2	294	296
Mastung	-	9	1,826	1,835
Bostan	-	-	297	297
	-----	-----	-----	-----
	70	1,867	89,283	91,220
	-----	-----	-----	-----
	1,971	16,689	1,254,369	1,273,029
	=====	=====	=====	=====

Pattern of Shareholdings as at 30 June 1997

No. of shareholders	Shareholdings		Total shares held
	From	To	
2,939	1	100	106,364
2,051	101	500	501,755
1,143	501	1,000	807,580
2,500	1,001	5,000	5,258,856
318	5,001	10,000	2,187,109
97	10,001	15,000	1,197,947
47	15,001	20,000	816,963
21	20,001	25,000	472,544
16	25,001	30,000	439,912
10	30,001	35,000	322,890
7	35,001	40,000	262,397
1	40,001	45,000	43,125
6	45,001	50,000	278,552
2	50,001	55,000	105,391
5	56,001	60,000	292,077
3	65,001	70,000	201,200
1	70,001	75,000	73,750
1	75,001	80,000	75,359
1	80,001	85,000	80,253
1	85,001	90,000	90,000
2	90,001	95,000	185,578
1	100,001	105,000	102,148
1	115,001	120,000	115,460
1	120,001	125,000	123,346
1	130,001	135,000	134,480
1	135,001	140,000	137,310
1	160,001	165,000	160,738
1	165,001	170,000	168,010
1	230,001	235,000	230,011
1	235,001	240,000	238,182
1	250,001	255,000	251,850
2	280,001	285,000	565,380

1	315,001	320,000	316,006
1	325,001	330,000	329,712
2	335,001	340,000	678,004
1	360,001	365,000	364,000
1	370,001	375,000	370,167
1	430,001	435,000	432,300
1	545,001	550,000	546,975
1	610,001	615,000	614,100
1	645,001	650,000	648,523
1	660,001	665,000	661,250
1	710,001	715,000	714,121
1	770,001	775,000	774,180
1	785,001	790,000	787,175
1	980,001	985,000	983,391
1	1,020,001	1,025,000	1,022,821
2	1,065,001	1,070,000	2,136,206
1	1,465,001	1,470,000	1,466,043
1	1,480,001	1,485,000	1,480,880
1	1,610,001	1,615,000	1,610,185
1	2,125,001	2,130,000	2,126,652
1	2,415,001	2,420,000	2,416,518
1	3,715,001	3,720,000	3,716,816
1	4,605,001	4,610,000	4,605,462
1	4,980,001	4,985,000	4,983,032
1	5,780,001	5,785,000	5,781,238
4	9,975,001	Above	345,596,832
-----			-----
	9,215		401,189,106
=====			=====

Categories of Shareholders as at 30 June 1997

Categories of shareholders	Number of shareholders	Shares held	Percentage
President of the Islamic Republic of Pakistan	1	282,563,191	70.43
Individuals	9,059	14,752,123	3.69
Investment Companies	21	50,583,548	12.60
Insurance Companies	19	27,516,286	6.86
Joint Stock Companies	37	1,163,477	0.29
Financial Institutions	24	1,591,462	0.40
Modaraba Companies	19	196,734	0.05
Foreign Shareholders	27	22,692,047	5.65
Others:			
Administrator of Abandoned Properties	1	31,056	0.01
Associations, Foundations, Societies, Institutions and Nazir of the High Court	7	99,182	0.02
-----			-----
	9,215	401,189,106	100.00
=====			=====

