

D I R E C T O R S ' R E P O R T

The Directors of Sui Northern Gas Pipelines Limited (SNGPL) present their report and the Audited Financial Statements of the Company for the financial year ended June 30, 2006. In consonance with best practices, the Directors believe in sharing the Company's increased profitability with its shareholders, thereby recommending the following appropriations:

ACCOUNTS	Rupees in (000)
Profit before taxation	5,119,060
Provision for taxation	1,396,816
Profit after taxation	3,722,244
Add: Unappropriated profit brought forward	1,786,900
Profit available for appropriation	5,509,144
Appropriation	
Proposed dividend @ Rs. 3.00 per share	1,497,560
Proposed Bonus Shares @ 10% of the shares held i.e (1/10)	499,187
	1,996,747
Balance carried forward	3,512,397

The earnings per share for the year ended June 30, 2006 is Rs 7.46 as per computation below:

	Rupees in thousand	
Profit after taxation	3,722,244	3,722,244
Ordinary shares in issue	Numbers	499,186,672
Earning per share	Rupees	7.46

A general view of the performance of the Company and its various activities during F.Y. 2005-06 are enumerated below:

FINANCIAL REVIEW

The Company earned Rs 5,119,060 thousand pre tax profit, which is 20.12% higher than the last year. The Revenue from sales was Rs 105,851,114 thousand during the year, which is 26.95% higher than the previous year. This year the Company has taken a tax refund of Rs 882,183 thousand from the tax authority on different accounts. Company's current ratio has also improved from 1.22 to 1.31. Furthermore, the Company has tried its best to optimize utilization of all its available resources to the maximum level resulting in improvement of the inventory turnover ratio from 228.85 to 232.24 whereas the fixed assets turnover ratio has also considerably improved from 2.09 to 2.48. The Company has taken effective measures to recover its receivables. The number of days sales in receivable account has been reduced from 52 to 43 days. All ratios and financial results are very positive and will certainly attribute to build up the stakeholders' confidence.

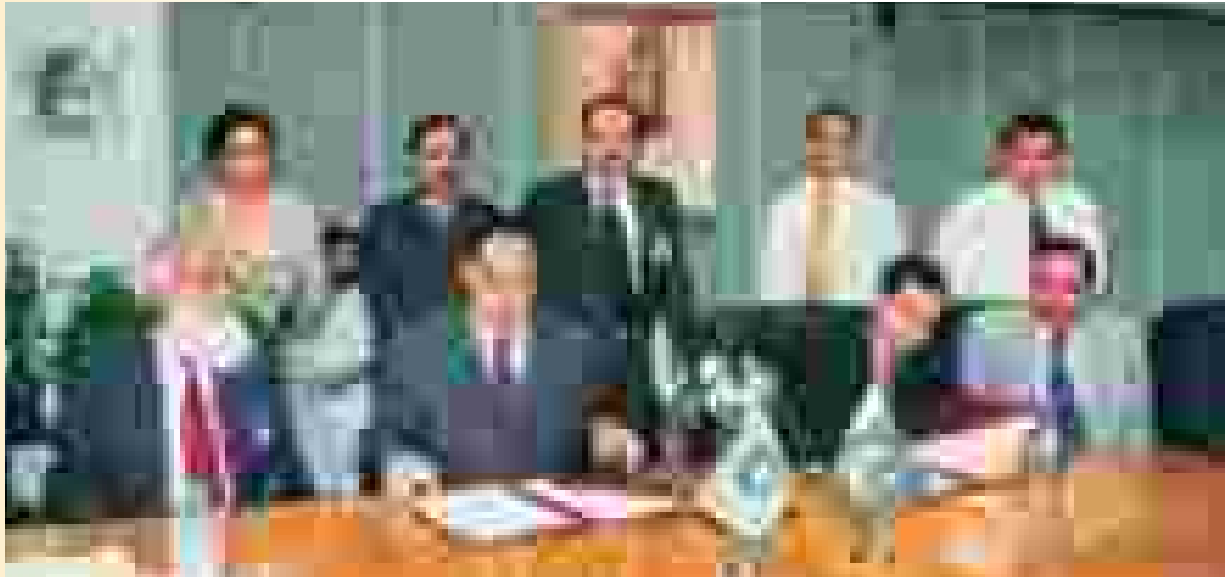
BUSINESS GROWTH AND CONSUMER CARE

The total gas sales for the year under report, is 571,481 MMCF showing an increase of 6.40% over the previous year. The sector-wise break-up of gas sales indicates 32% gas sales to the Power Sector, 9% Fertilizer, 2% Cement, 34% General Industries and 23% to the Domestic and Commercial sectors.

211,130 new customers were added, raising the total to 2,688,965. The Company is committed to make natural gas available to maximum prospective consumers subject to its financial position, technical capabilities and availability of natural gas.

The Company has taken several steps for the facilitation of consumers; salient features are highlighted below:

- Timely delivery of gas bills.
- Meter reading through Hand-Held Units (HHU).



AGREEMENT WITH NADRA FOR PAYMENT OF GAS BILLS THROUGH POINT OF SALES (POS) CENTRES.

- Issuance of computerized duplicate bills.
- Payment of bills through Credit Cards.
- Gas bills displayed on web are acceptable for payment by the banks.
- Establishment of cash points at Company premises for receipt of bills and Security deposits.
- Advance payment plan.
- Emergency complaint centers operating round the clock, Universal Access Number (UAN)-119.
- Industrial Facilitation Centers.
- On going up-gradation of Transmission and Distribution network, to facilitate maximum consumers.

Enterprise Automation Using Enterprise Resource Planning (ERP):

SNGPL has successfully set its foot in the realm of Enterprise Resource Planning (ERP), by implementing the Uniform System of Accounts using the Oracle Financials E-Business Suite to fulfill the requirements of the Regulatory Authority. This is another achievement by the Company, which is continuously taking up innovative projects and leading them towards their successful completion. With the successful implementation of Oracle Financials, we hope to incorporate and integrate the additional modules of Oracle E-Business suite, like Human Resource and Inventory etc with it, and have a systemized automated ERP system, that is the hallmark of every successful IT enabled organization in the current information era. The Company obtained the following benefits with its implementation:

- a. The complete automation of our financial accounting system leading to a unified and uniform view of the accounts across the Company;
- b. Delegation of responsibilities at the required level of departmental hierarchy;
- c. Fulfillment of regulatory requirements;
- d. The generation of financial reports prescribed as mandatory by the Regulatory Authority.

Business Process Re-engineering (BPR) Plan

In addition to implementing a corporate IT infrastructure of over 2000 nodes, we have embarked upon a comprehensive BPR plan. A number of steps have been taken in this regard:

- A pilot study has been conducted to determine the scope of work for automating the inventory management system and challenge the efficiency of our supply chain. Improvement opportunities have been highlighted in the existing system, as well as the evolution needs of the associated operational management system that could lead to significant benefits to the overall mission of SNGPL as well as our duties to our stakeholders.
- We have finalized the tools, the choice of the technology and of the methodology for BPR initiation.
- We have initiated the documentation of relevant business process using the latest state-of-the-art software tool.

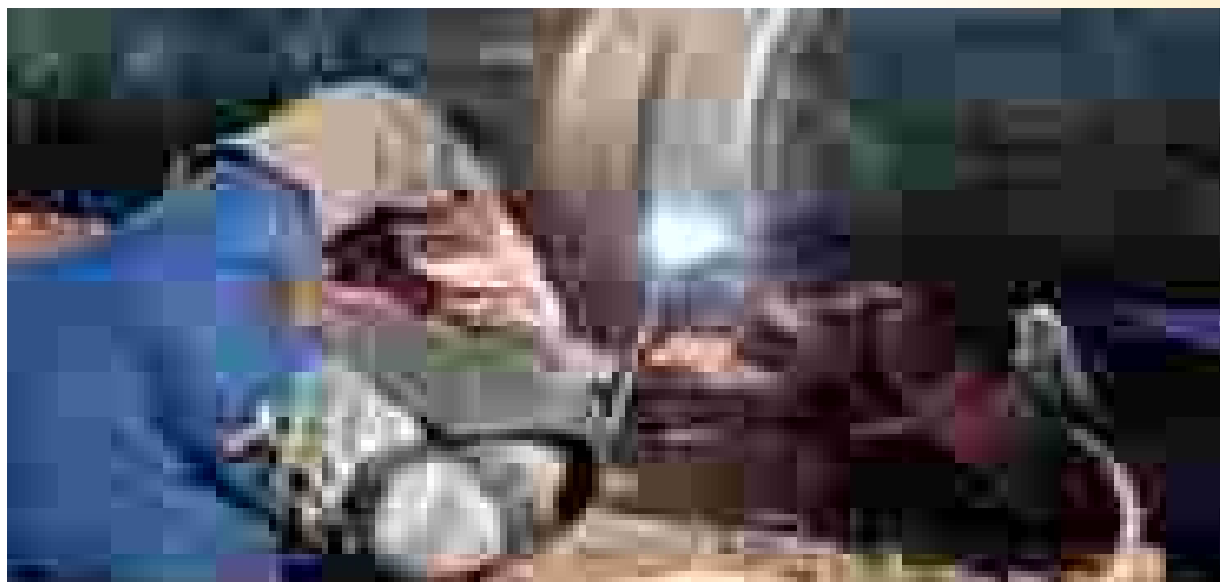
We are now ready to face our most crucial challenge; the re-engineering of existing processes and their implementation.

PRINCIPAL ACTIVITIES

Sui Northern Gas Pipelines Limited is a dynamic fast-developing organization, both in technical as well as in the corporate sector.

Transmission Lines

Basically an operational outfit, the Company handles the entire operation of a lengthy network of high-pressure gas lines comprising 6,195 KM in length, varying from 6" to 36" of diameter in accordance with the Mineral Gas Safety Rules, Oil & Gas Regulatory Authority (OGRA) Regulations and International Gas Transmission Industry's standards.

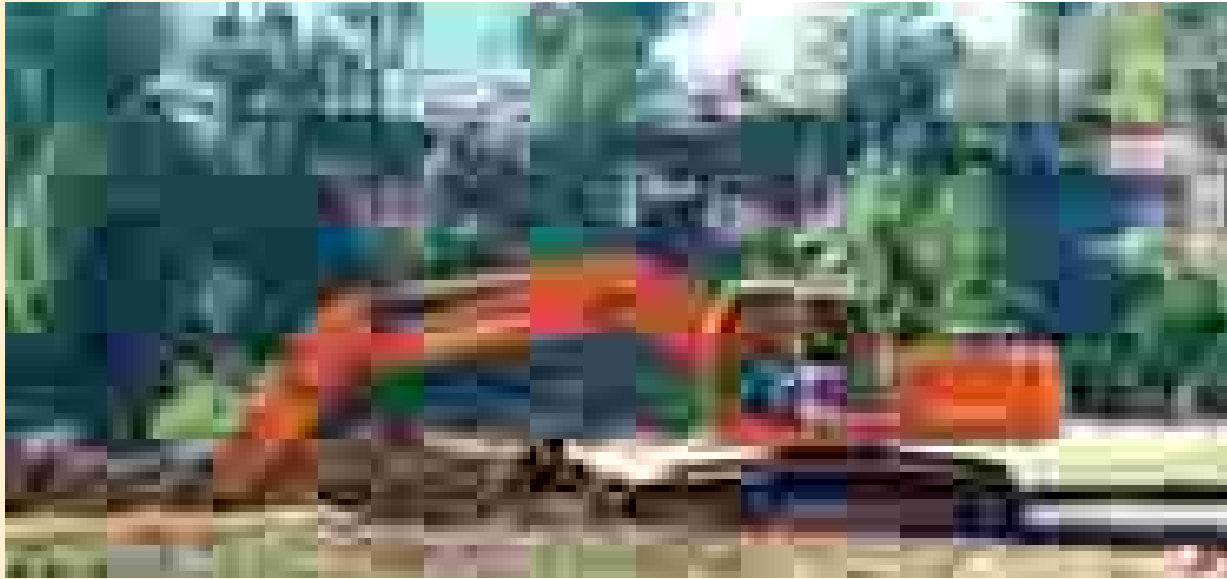


DEDICATED EFFORTS - 12" DIA LINE BEING ENJOINED FOR MURREE GAS SUPPLY PROJECT

Distribution Network

The Company's business strategy is to maximize sale of gas by entering into new areas through development/expansion of its infrastructure. In accordance with the policy of Government of Pakistan, the Company has focused on country's economic revival by out reaching industries for gas supply. During the last fiscal year, the Company has provided a record number of 531 industrial gas connections resulting in displacement of imported liquid fuels to save precious foreign exchange.

The share of natural gas in Pakistan's energy supply mix has increased from 41% to 51%, whereas that of oil has decreased from 43% to 29% during the last three years. The Company has its gas distribution network in 831 different towns and villages of Punjab and NWFP. As on June 30, 2006, the total length of distribution network of SNGPL stands at 46,964 Kms.



MOVING FORCES - WORK IN PROGRESS - MURREE GAS SUPPLY LINE

Corrosion Control

The Management of the Company is fully cognizant of the fact that the buried pipelines network is the most valuable asset of the Company. The Management's thrust has been to increase the protection level and the longevity of these pipelines. The corrosion control department has taken a variety of new initiatives to improve their cathodic protection levels and provided allied facilities. At the core of this endeavor is the program to shift from conventional ways of corrosion monitoring, to modern practices being adopted world wide. Quality assurance process is continuously carried out to safeguard the Company's assets.

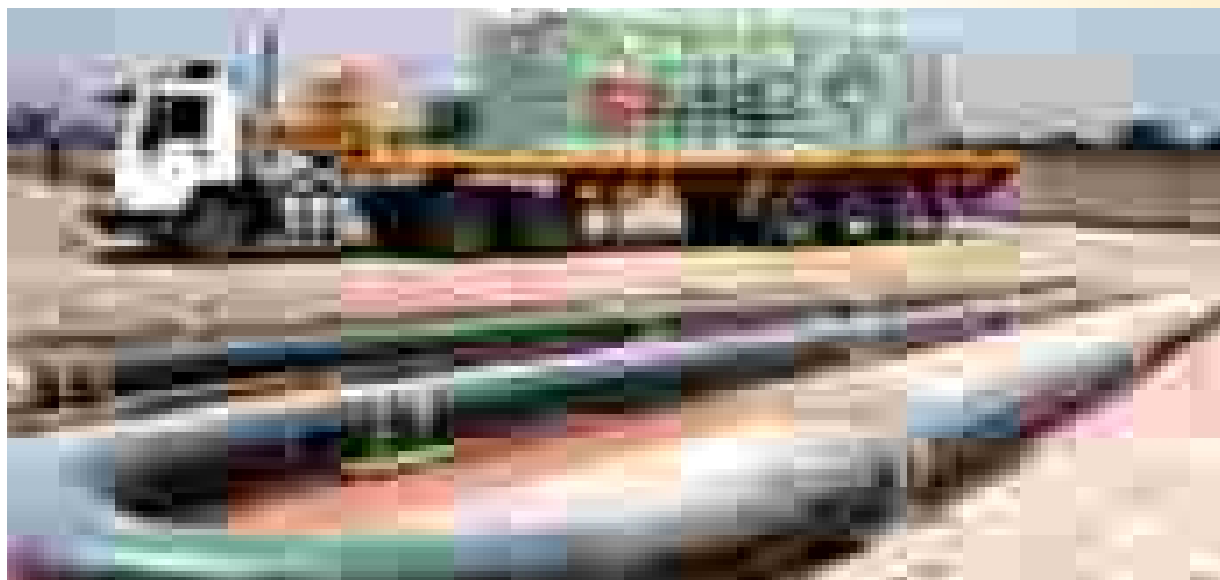
Projects

SNGPL, as contractor, carried out construction of pipelines 8" dia, 20 Km Badar Gas Field to Qadirpur Field. Similarly an EPC (Engineering, Procurement & Construction) contract was successfully executed for M/s. MOL Pakistan in the shape of 10" dia, 8.75 Km Makori – Kharrapa gas pipeline.



LILLA TOWN GAS SUPPLY INAUGURATION BY THE PRESIDENT

During the year, the Company successfully completed various mega projects like gas supply to Murree, Kot Radha Kishan, Lilla town (through CNG) and many other projects in different regions of Punjab and NWFP.



SUPPLY OF GAS THROUGH CNG - TO LILLAH TOWN

The Company has planned to undertake the project of gas supply to various Southern Districts of NWFP (with estimated cost of Rs.2.1 billion) viz. Hangu, Karak, Lakki, Bannu, Dera Ismail Khan, Tank and Southern Districts of Punjab (with estimated cost of Rs.3.7 billion) viz. Hasilpur, Chishtian Mandi, Bahawalnagar, Burewala, Pakpattan, Haroonabad, Duniapur, Karorpakka, Vehari, Tiba Sultan, Khairpur Tammawali, Yazman, Minchinabad and Fort Abbas through construction of Transmission lines of 315 Km and 115 Km, respectively and Distribution supply mains of 460 Kms.

HUMAN RESOURCE DEVELOPMENT

The Company's employment policies include a commitment to merit, transparency and equal opportunities, regardless of gender, race, colour, ethnic origin, disability or any other form of discrimination.



SNGTI - CONCENTRATING ON SKILL DEVELOPMENT

The importance of employee development and training is well recognized and the Company ensures that all employees actively participate in training programmes for their skill development and up gradation.

A purpose built in-house training institute (SNGTI) has been established, where structured training on core and soft skills, is being regularly imparted. This activity in turn has resulted in paradigm shift from old personnel management concepts, to observance of global best practices in HR management within the Company.

The Company has also institutionalized employees' participation and consultation on corporate issues at all levels. This approach facilitates development of new ideas and concepts that add value to the business, promotes team building and corporate commitment.

HEALTH, SAFETY & ENVIRONMENT (HSE)

With a view to implement HSE management across the Company's network spread out in the provinces of Punjab and NWFP, the Company has been divided into 23 HSE administrative areas, where the Focal Points are responsible for all aspects of HSE Policy. They are supported by HSE site committees and HSE procedures like Work Permit, Accident Reporting, Environmental Protection and Monitoring, Firefighting, First Aid, Emergency Planning and Persistent Training.

INTERNAL CONTROL ENVIRONMENT AND INTERNAL AUDIT

The Directors acknowledge their overall responsibility for the Company's system of internal control and in reviewing its effectiveness, whilst the role of Executive Management is to implement the policies approved by the Board. It implements an internal control system designed to facilitate effective and efficient operations of the Company. It aims at enabling the Management to respond appropriately to significant risks in achieving the Company's business objectives. It should be noted that the system is designed to manage rather than to eliminate the risk of failure to achieve the Company's objectives, and can only provide reasonable and not absolute assurance against material mis-appropriation or loss. The Company's internal audit functions operate on a centralized basis. Detailed reports from regions are submitted directly to the Head of Internal Audit who, in turn, reports functionally to the Audit Committee of Directors and administratively to the Chief Executive of the Company. The Internal Audit department carries out regular reviews and reports on these to the executive management and Audit Committee.

Internal audit policies are duly approved by the Audit Committee of Directors on behalf of the Board of Directors, in line with the guidelines laid down by the Securities and Exchange Commission of Pakistan (SECP).

CREDIT RATING

For the year 2005 the Pakistan Credit Rating Agency (PACRA) has maintained the long-term and short-term entity ratings of the Company at AA- (Double A Minus) and A1+ (A One Plus), respectively. The ratings denote a very low expectation of credit risk, and a very strong capacity for timely payment of financial commitments.

The ratings reflect the Company's low financial and business risk, primarily emanating from the GOP-guaranteed return. The ratings also recognize the Company's improving internal cash generation and financial coverage ratios, and the exceptionally strong liquidity.

SOCIAL CITIZENSHIP

Earthquake Relief operation

The earthquake that struck Pakistan on October 8, 2005 has been described as the worst of its kind, which the history of this part of the world has ever witnessed during the last 100 years. In keeping with its tradition and also realizing that duty to the nation cause comes first, SNGPL spontaneously responded to the needs of earth-quake stricken people of Azad Jammu & Kashmir and NWFP. It lost no time in announcing a package of Rs 20 million from Company's resources and over Rs 5 million was contributed by its executives and employee in cash and kind. The Company also contributed Rs 6 million for the supply of LPG cylinders for the affectees.

The Company made available its earth moving equipment such as cranes, excavator, trailers, crane-mounted trucks and vehicles for carrying out relief and rehabilitation operations in the quake –stricken areas. Relief camps were set

up at Head Office, Regional and Sub Offices of the Company. More than thirty trucks containing relief goods including 350 tents, 1,100 blankets and 2,000 packets of eatables alone were handed over to Pakistan Army Camp at Lahore.



JOINING FORCES - ALL HELPED IN THE EARTHQUAKE RELIEF OPERATION

Sponsoring Chair at UET on Gas Engineering

The Company has provided a recurring annual grant of Rs. 2.5million to the University of Engineering and Technology (UET) for the functioning of the chair on gas engineering. This chair primarily is a commitment of the Company for serving the national cause of imparting higher education and research facilities to young scholars.

CRISIS MANAGEMENT

There were six major ruptures of main pipelines ranging from 16"dia to 30"dia in Balochistan during the year due to sabotage activities. All these incidents were satisfactorily handled and the gas supply was restored within shortest possible time.

The Management effectively carried out peak winter load management, without major curtailment of supply of gas to industrial consumers.

REGULATORY REPORTING

The Company was granted a licence in the year 2003, to operate within specified areas and to undertake the business of gas transmission and distribution. Although a fixed return of 17.5% has been prescribed under World Bank loan covenants, yet the Regulator has been authorized to prescribe prices to allow the final revenue, to the licensee, after certain adjustments. In this regard the Regulator has reduced the total return of 17.5% by Rs 1,103 million for certain expenses including UFG being over and above the prescribed target of 5.85%. These deductions resulted in reduction of our EPS by Rupee 1.46 for the financial year 2005-06.

PLANS FOR FUTURE PERIODS

The Company is planning to take up Project-IX (573 Km, 12"~ 36" dia, pipelines). The project will be executed in two phases. The Phase-I (Advance Action Plan P-IX) includes the construction of 140 Km, 24" diameter Gurguri – Kohat – Nowshera line.

The basic objective of Project-IX is to absorb additional gas available from existing and new sources viz Gurguri, Salsabeel, Haseeb and gas sources of Potohar region and enhancement of capacity down stream of Multan to alleviate the acute shortage of natural gas and improve pressure drop position, through system up-gradation with loopline and Compression facilities enhancement.

This Project will revolutionize the economic scenario of NWFP by making the province self sufficient in terms of its energy requirements. This mega project will increase the asset base of the Company thus bringing profit to all the shareholders.

POST BALANCE SHEET EVENTS

The Directors have not received, as at September 29, 2006, being the date on which these financial statements were approved, any information concerning significant conditions in existence at the balance sheet date, which have not been reflected in the financial statements as presented.

CORPORATE GOVERNANCE

The principles of Corporate Governance adopted by the Directors are set out in detail in the section on Corporate Governance in this Annual Report.

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The Board of Directors hereby declares that for the year ended June 30, 2006:

- a) The financial statements, together with the notes thereon have been drawn up in conformity with the Fourth Schedule to the Companies Ordinance, 1984. These statements present fairly the Company's state of affairs, result of its operations, cash flows and changes in equity.
- b) Proper Books of Accounts of the Company have been maintained.
- c) Appropriate accounting policies have been consistently applied in preparation of financial statements, except for those stated specifically and accounting estimates are based on reasonable and prudent judgment.
- d) The International Accounting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements and any departure, therefrom, has been adequately disclosed.
- e) The system of internal control is sound in design and has been effectively implemented and monitored.
- f) There is no significant doubt upon the Company's ability to continue as a going concern.
- g) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations, except for those included in the Company's Statement of Compliance with the Code of Corporate Governance.
- h) Key operating and financial data for the last six years in summarized form is annexed.
- i) Project-IX (P9) Advance Action Plan shall soon be started. The basic objective of Project-IX is to absorb additional gas available from existing and new sources viz Gurguri, Rhodo and Zamzama and gas sources of Potohar region through system up-gradation with loopline and Compression facilities enhancement.
- j) Value of investment in employees retirement funds based on audited accounts for the year ended June 30, 2005 are as follows:

Rupees in thousand

SN Senior Staff Pension Fund

SN Junior Staff Pension Fund

SN Executive Staff Gratuity Fund

SN Non-Executive Staff Gratuity Fund

Trustees Provident Fund

k) Un-audited value of investment in employees retirement funds created by the Company during F.Y. 2004-05 are given as under:

SN Executive Staff, Medical Treatment

SN Non-Executive Staff Medical Treatment

SN Executive Staff Free Gas

SN Non-Executive Staff Free Gas

SN Executive Staff Compensated Absences Fund

SN Non-Executive Staff Compensated Absences Fund

l) No trading of shares by CEO, Directors, Company Secretary, CFO, their spouses and minor children has been carried out, other than the transaction disclosed as per statute. The number of shares, if any, held by them is annexed.

PATTERN OF SHARE HOLDING

The Pattern of share holding as at June 30, 2006 is annexed.

AUDITORS

The present joint auditors M/s. Ford Rhodes Sidat Hyder & Co., Chartered Accountants and M/s. Riaz Ahmed and Co., Chartered Accountants, are retiring and being eligible, offer themselves for re-appointment.

IMPLEMENTATION OF TRANSFER PRICING POLICY

The Transfer Pricing Policy has been adopted by the Company.

GOING CONCERN

The Board of Directors has satisfied that itself the Company has adequate resources to continue in operation for the foreseeable future. The Company's Financial Statements have accordingly been prepared on a 'going concern' basis.

ACKNOWLEDGEMENTS

Every year is a demanding year. Financial Year 2005-06 in this respect was no exception. It is therefore most heartening to acknowledge that we have in the business, skilled and loyal staff and quality management, to cope with any challenge and opportunity. To every member of the staff and management, we offer our sincere thanks for their dedication and commitment over the past year.

We also place on record our acknowledgement and thanks for the continued guidance and support extended by the Government of Pakistan, Ministry of Petroleum & Natural Resources, Oil & Gas Regulatory Authority (OGRA), our valued customers and all other parties associated with us, in making the year a great success.

On behalf of the Bo



Lahore
September 29, 2006

P A T T E R N O F S H A R E H O L D I N G

A S A T J U N E 3 0 , 2 0 0 6

No. of Share Holders	*Name of Shareholders	Shareholding		Total Number of Shares Held	Percentage
		From	To		
3,680		1	100	179,989	0.04
3,325		101	500	883,904	0.18
4,881		501	1000	3,023,847	0.61
2,336		1001	5000	4,965,776	0.99
315		5001	10000	2,293,335	0.46
116		10001	15000	1,479,460	0.30
40		15001	20000	710,578	0.14
31		20001	25000	716,267	0.14
7		25001	30000	198,656	0.04
16		30001	35000	516,242	0.10
16		35001	40000	610,401	0.12
6		40001	45000	254,380	0.05
10		45001	50000	469,450	0.09
10		50001	55000	519,303	0.10
1	Trustee Nestle Milk Pak Limited	55001	60000	60,000	0.01
5		60001	65000	308,541	0.06
3		65001	70000	198,086	0.04
6		70001	75000	441,514	0.09
2		75001	80000	154,491	0.03
1	United Bank Limited	80001	85000	84,400	0.02
1	The Deputy Administrator Abandoned Properties	85001	90000	89,827	0.02
4		90001	95000	374,353	0.07
1	Ch. Yawar Asad	95001	100000	100,000	0.02
1	First Dawood Investment Bank	100001	105000	102,625	0.02
1	Atlas Bank Limited	105001	110000	107,400	0.02
3		110001	115000	341,941	0.07
1	Frainy	120001	125000	121,644	0.02
2		125001	130000	258,313	0.05
1	Millennium Securities & Investment Pvt. Ltd.	135001	140000	136,942	0.03
1	Habib Bank AG Zurich. London	145001	150000	150,000	0.03
4		150001	155000	610,102	0.12
1	CDC-Trustee AKD Index Tracker Fund	155001	160000	159,000	0.03
1	International Gen. INS. Co. of Pak Ltd. CFS.	190001	195000	190,700	0.04
3		220001	225000	669,250	0.13
1	Investment Corporation of Pakistan	255001	260000	257,796	0.05
1	Mr. Rustom F. Cowasjee	275001	280000	277,613	0.06
2		285001	290000	576,104	0.12
1	Escorts Investment Bank Ltd.	300001	305000	302,300	0.06

No. of Share Holders	*Name of Shareholders	Shareholding		Total Number of Shares Held	Percentage
		From	To		
1	CDC Trustee NAFA Cash Fund	345001	350000	350,000	0.07
1	CDC Trustee AKD opportunity Fund	355001	360000	358,300	0.07
1	Prudential Discount & Guarantee House Ltd.	370001	375000	373,080	0.07
1	National Bank of Pakistan (Formerly NDFC)	380001	385000	383,340	0.08
1	State Street Bank and Trust Co.	390001	395000	393,631	0.08
1	Ishrat Nasim Anwar & Muhammad Akmal Khan	395001	400000	400,000	0.08
2		400001	405000	807,500	0.16
1	Golden Arrow Selected Stocks Fund Ltd.	425001	430000	428,300	0.09
1	CDC Trustee United Growth and Income Fund	445001	450000	449,000	0.09
1	Silvat Akhtar	550001	555000	550,800	0.11
1	EFU Life Assurance Ltd.	555001	560000	559,500	0.11
1	Investors Bank & Trust Co.	590001	595000	590,748	0.12
2		595001	600000	1,195,390	0.24
3		600001	605000	1,810,100	0.36
1	Pakistan Kuwait Investment Co.(Pvt) Ltd.	655001	660000	657,800	0.13
1	UniEM Fernost (586-5)	995001	1000000	1,000,000	0.20
1	Mohammad Hussain	1455001	1460000	1,456,400	0.29
1	Sui Southern Gas Company Limited	1900001	1905000	1,900,178	0.38
1	CDCTrustee PICIC Investment Fund	1955001	1960000	1,958,504	0.39
1	Askari Commercial bank Limited	2200001	2205000	2,200,020	0.44
1	National Bank of Pakistan	5345001	5350000	5,345,969	1.07
1	Dawood Foundation	5595001	5600000	5,599,445	1.12
1	Pakistan Insurance Corporation	6845001	6850000	6,846,285	1.37
1	Dawood Lawrencepur Limited	7565001	7570000	7,566,700	1.52
1	CDCTrustee PICIC Growth Fund	7830001	7835000	7,830,460	1.57
1	Central Insurance Co. Ltd.	11515001	11520000	11,519,987	2.31
1	State Life Insurance Corp. of Pakistan	15635001	15640000	15,635,411	3.13
1	Dawood Corporation (Pvt) Ltd.	15945001	15950000	15,950,000	3.20
1	National Bank of Pakistan, Trustee Deptt.	29235001	29240000	29,235,822	5.86
1	Pakistan Industrial Development Corp. (Pvt) Ltd.	30035001	30040000	30,038,992	6.02
1	MCB Bank Ltd. Treasury	44385001	44390000	44,389,607	8.89
1	Dawood Hercules Chemicals Limited	98790001	98795000	98,793,500	19.79
1	The President Islamic Republic of Pakistan	179715001	179720000	179,717,373	36.00
14,874	Total			499,186,672	100.00

*Name of the shareholders have been specified where shares are held by a single shareholder.

C A T E G O R I E S O F S H A R E H O L D I N G

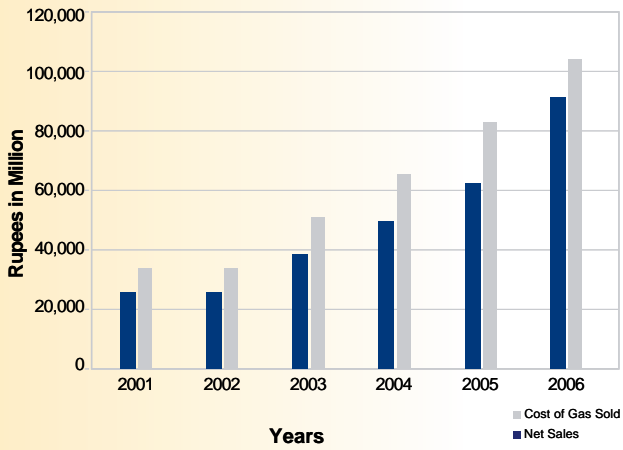
A S A T J U N E 3 0 , 2 0 0 6

Sr. #	Categories of Shareholders	No. of Shareholders	Shares Held	Percentage of Total Capital
1	Associated Companies, Undertaking and Related Parties			
	Pakistan Industrial Development Corporation (Pvt) Limited	1	30,038,992	6.02
	Central Insurance Company Limited	1	11,519,987	2.31
	Dawood Lawrencepur Limited	1	7,566,700	1.52
	Askari Commercial Bank Limited	1	2,200,020	0.44
	Sui Southern Gas Company Limited	1	1,900,178	0.38
	PICIC	1	39,600	0.01
	Habib Bank Limited	1	300	0.00
	Bank Al Habib Limited	1	1,890	0.00
	Atlas Bank Limited	1	112,400	0.02
	The Dawood Foundation	1	5,599,445	1.12
2	NIT and ICP			
	National Bank of Pakistan Trustee Department	1	29,235,822	5.86
	National Investment Trust Limited	1	129,030	0.03
	Investment Corporation of Pakistan	1	257,796	0.05
3	Directors, CEO and their spouses and minor children			
	Mr. Altaf M. Saleem (Chairman)	1	760	0.00
	Mr. A. Rashid Lone (Managing Director)	1	100	0.00
	Mr. Hussain Dawood (Director)	1	1,456,400	0.29
	Mrs. Kulsum Dawood (Director's spouse)	1	600,100	0.12
	Mr. Shahzada Dawood (Director)	1	605,000	0.12
	Mr. S. M. Asghar (Director)	1	5,100	0.00
	Mian Raza Mansha (Director)	1	100	0.00
4	Executives	14	9,285	0.00
5	Public Sector Companies and Corporations	-	-	-
6	Banks, Development Financial Institutions, Non-Banking Financial Institutions, Insurance Companies, Modarabas and Mutual Funds			
	Banks, Development Financial Institutions, Non-Banking Financial Institutions,	77	49,921,743	10.00
	Insurance Companies,	12	24,135,219	4.83
	Modarabas and Mutual Funds	31	11,958,736	2.40
7	Share Holders holding 10% or more voting interest in the Company			
	THE PRESIDENT ISLAMIC REPUBLIC OF PAKISTAN	1	179,717,373	36.00
	DAWOOD HERCULES CHEMICALS LIMITED	1	98,793,500	19.79
8	General Public			
	Resident	13,945	19,114,911	3.83
	Non Resident	669	842,429	0.17
9	Others			
	The Deputy Administrator Abandoned Properties, Foundations, Societies and Institutions etc.	104	23,423,756	4.69
	TOTAL	14,874	499,186,672	100.00

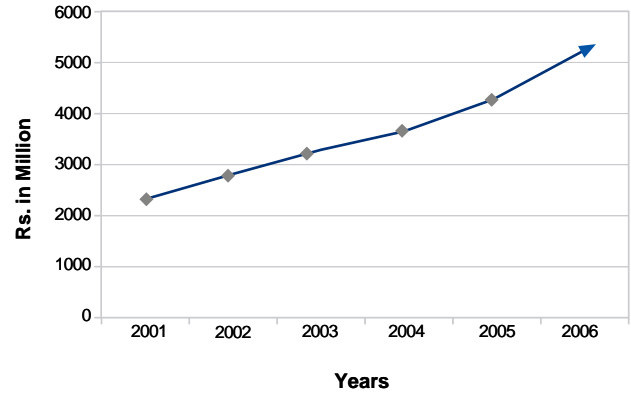
FINANCIAL HIGHLIGHTS

PARTICULARS	UNIT	2006	2005	2004	2003	2002	2001
PROFIT AND LOSS							
NET SALES	Rs. '000'	105,851,114	83,377,335	64,206,081	42,460,080	37,920,953	34,079,575
GROSS PROFIT	Rs. '000'	13,864,796	12,184,945	11,578,539	11,110,723	9,371,109	9,230,478
OPERATING PROFIT	Rs. '000'	4,817,164	4,639,190	4,423,803	4,510,262	3,913,603	3,724,206
PROFIT BEFORE TAXATION	Rs. '000'	5,119,060	4,261,477	3,664,377	3,207,067	2,764,239	2,329,323
PROFIT AFTER TAXATION	Rs. '000'	3,722,244	2,735,978	2,297,478	2,013,766	1,886,825	1,336,569
BALANCE SHEET							
SHARE CAPITAL	Rs. '000'	4,991,866	4,991,866	4,991,866	4,991,866	4,991,866	4,991,866
RESERVES	Rs. '000'	10,116,826	7,892,142	5,861,970	3,564,492	2,648,937	1,760,485
PROPERTY, PLANT AND EQUIPMENT	Rs. '000'	43,561,473	40,448,733	36,935,447	33,547,740	30,271,302	28,933,866
NET CURRENT ASSETS/LIABILITIES	Rs. '000'	7,631,418	4,355,950	4,820,489	1,997,660	2,588,962	901,921
LONG TERM/DEFERRED LIABILITIES	Rs. '000'	36,312,375	32,131,856	31,140,465	27,216,213	25,475,790	23,365,707
PROFITABILITY RATIOS							
GROSS PROFIT RATIO	%	12.85%	14.38%	18.01%	24.34%	22.31%	25.27%
NET PROFIT RATIO	%	3.45%	3.23%	3.57%	4.41%	4.49%	3.66%
RETURN ON SHARE HOLDERS EQUITY	%	27.32%	23.57%	23.67%	24.87%	26.22%	20.54%
RETURN ON CAPITAL EMPLOYED	%	9.53%	8.42%	7.78%	9.91%	9.92%	9.22%
RETURN ON TOTAL ASSETS	%	4.82%	4.21%	4.04%	4.26%	4.14%	3.09%
ASSET UTILIZATION							
INVENTORY TURNOVER RATIO	Times	232.24	228.85	228.81	185.23	199.53	219.85
DEBTOR TURNOVER RATIO	Times	7.52	7.08	6.95	5.09	4.67	4.98
TOTAL ASSET TURNOVER RATIO	Times	1.40	1.30	1.13	0.97	0.92	0.84
FIXED ASSET TURNOVER RATIO	Times	2.48	2.09	1.74	1.36	1.39	1.26
INVESTMENT							
EARNING PER SHARE (Basic)	Rs./Share	7.46	5.48	4.60	4.03	3.78	2.68
MARKET VALUE PER SHARE	Rs./Share	100.00	61.30	64.70	33.10	13.80	10.00
PRICE EARNING RATIO	Times	13.41	11.18	14.06	8.21	3.65	3.73
BREAK UP VALUE PER SHARE	Rs./Share	29.83	24.76	21.74	17.14	15.31	13.53
BONUS SHARES	%	10.00	-	-	-	-	-
DIVIDEND PER SHARE	Rs./Share	3.00	3.00	2.50	2.20	2.00	1.70
LEVERAGE							
DEBT EQUITY RATIO	%	40	49	54	63	66	68
INTEREST COVER RATIO	Times	5.34	5.04	4.78	3.09	2.98	2.62
DIVIDEND YIELD RATIO	%	3.00	4.89	3.86	6.65	14.49	17.00
DIVIDEND PAY OUT RATIO	%	40.23	54.74	54.32	54.54	52.91	63.49
CURRENT RATIO	Times	1.30	1.22	1.32	1.17	1.21	1.07
STATEMENT OF VALUE ADDED & HOW DISTRIBUTED							
EMPLOYEES AS REMUNERATION	Rs. '000'	3,259,121	2,894,444	2,914,930	2,813,123	2,626,823	2,316,750
GOVERNMENT AS TAXES (INCOME TAX & SALES TAX)	Rs. '000'	16,606,505	13,887,626	10,616,469	8,104,378	7,179,968	6,421,769
SHAREHOLDERS AS DIVIDEND (declared)	Rs. '000'	1,497,560	1,497,560	1,247,967	1,098,211	998,373	848,617
RETAINED WITHIN THE BUSINESS	Rs. '000'	5,509,144	1,786,900	548,482	16,810	1,255	1,803

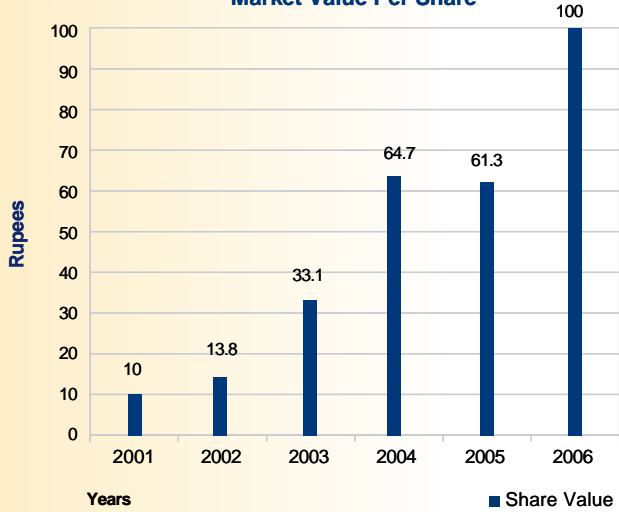
Revenue & Cost Analysis



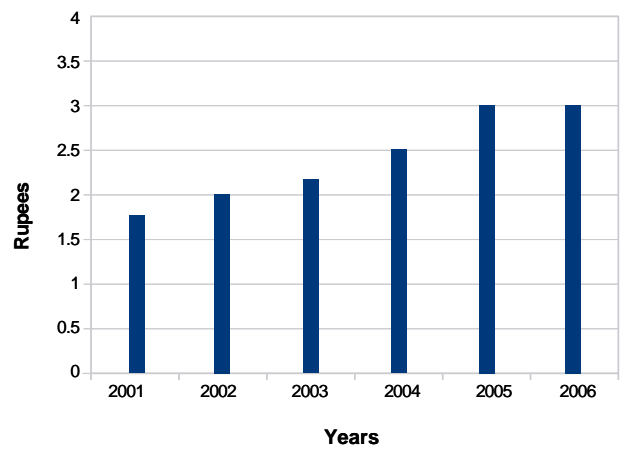
Earning Before Tax



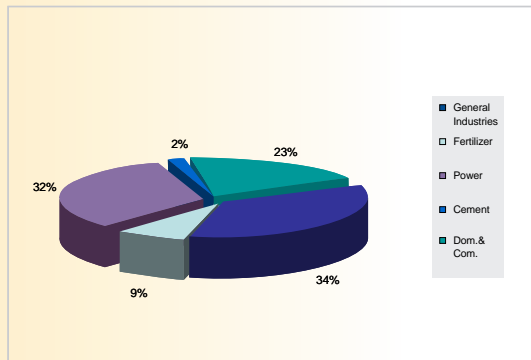
Market Value Per Share



Dividend Per Share



Break-Down of Gas Sales For 2005-2006



Area Wise Distribution Network

