

**1st Quarter Accounts (Un-Audited)  
for the period ended September 30, 2013**



**Perseverance - hallmarks our glorious past and  
drives our promising future**



**Sui Northern Gas Pipelines Limited**



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## Our Vision & Mission

### VISION

To be the leading integrated natural gas provider in the region seeking to improve the quality of life of our customers and achieve maximum benefit for our stakeholders by providing an uninterrupted and environment friendly energy resource.

### MISSION

A commitment to deliver natural gas to all doorsteps in our chosen areas through continuous expansion of our network, by optimally employing technological, human and organizational resources, best practices and high ethical standards.



# Corporate Information

## BOARD OF DIRECTORS

Mian Misbah-ur-Rehman	Chairman
Mr. Mohammad Arif Hameed	Managing Director
Mirza Mahmood Ahmad	Director
Mr. Manzoor Ahmed	Director
Mr. Nessar Ahmed	Director
Mr. Shabbir Ahmed	Director
Mr. Ahmad Aqeel	Director
Mr. Abdul Samad Dawood	Director
Mr. Muhammad Arif Habib	Director
Mr. Muhammad Azam Khan	Director
Mr. Raza Mansha	Director
Qazi Mohammad Saleem Siddiqui	Director
Mr. Shahid Aziz Siddiqui	Director
Mr. Zuhair Siddiqui	Director

## COMMITTEES OF THE BOARD OF DIRECTORS

### AUDIT COMMITTEE

Mr. Nessar Ahmed	Chairman
Mirza Mahmood Ahmad	Member
Mr. Ahmad Aqeel	Member
Mr. Muhammad Arif Habib	Member
Mr. Abdul Samad Dawood	Member
Mr. Raza Mansha	Member
Mr. Shahid Aziz Siddiqui	Member

### FINANCE COMMITTEE

Mr. Muhammad Azam Khan	Chairman
Mr. Mohammad Arif Hameed	Managing Director
Mr. Shabbir Ahmed	Member
Mr. Ahmad Aqeel	Member
Mr. Shahid Aziz Siddiqui	Member
Mr. Zuhair Siddiqui	Member

### HUMAN RESOURCE COMMITTEE

Mirza Mahmood Ahmad	Chairman
Mr. Mohammad Arif Hameed	Managing Director
Mr. Ahmad Aqeel	Member
Mr. Raza Mansha	Member
Qazi Mohammad Saleem Siddiqui	Member
Mr. Zuhair Siddiqui	Member

### UNACCOUNTED FOR GAS (UFG)

#### CONTROL COMMITTEE

Mr. Muhammad Arif Habib	Chairman
Mirza Mahmood Ahmad	Member
Mr. Nessar Ahmed	Member
Mr. Shabbir Ahmed	Member
Mr. Ahmad Aqeel	Member
Mr. Abdul Samad Dawood	Member

### CHIEF FINANCIAL OFFICER

Mrs. Uzma Adil Khan

### COMPANY SECRETARY / SECRETARY TO SUB COMMITTEES OF THE BOARD

Miss Wajiha Anwar

### AUDITORS

A.F. Ferguson & Co.  
Chartered Accountants

### SHARE REGISTRAR

M/s Central Depository Company of Pakistan Limited  
2nd Floor, 307-Upper Mall,  
Opposite Lahore Gym Khana,  
Near Mian Mir Bridge, Lahore-54000  
Tel: +92-42-35789378-87  
Fax: +92-42-35789340  
Website: www.cdcpakistan.com

### LEGAL ADVISORS

M/s. Surrige & Beecheno  
M/s. Salim Baig & Associates

### REGISTERED OFFICE

Gas House,  
21-Kashmir Road,  
P.O. Box No. 56, Lahore-54000, Pakistan.  
Tel: +92-42-99201451-60, 99201490-99  
Fax: +92-42-99201302, 99201369  
Website: www.sngpl.com.pk

## Directors' Review

The Board of Directors of SNGPL presents the un-audited financial statements for the 1st Quarter ended September 30, 2013. The gas sales for the period under review were 136,011 MMCF as against 148,455 MMCF during the corresponding period in the last year. During the period under review, the Company has incurred a loss after tax amounting to Rs 883 million against a profit of Rs 32 million for the corresponding period. The loss per share for the period was Rs 1.39 as against earnings per share of Re 0.05 for the period ended September 30, 2012. The loss is mainly attributable to the unrealistic UFG benchmark of 4.5% by OGRA without taking into consideration the ground realities and changed circumstances in which your Company is operating.

The Management of Company is making concerted efforts to control UFG losses, however, factors beyond the control of the Company are hampering Company's efforts to control this menace. These factors include, but are not limited to, lopsided change in bulk retail ratio due to continuous decline in gas supplies, supply of gas to uneconomical areas due to socio economic priorities, deterioration of law and order in the troubled areas of the Company's area of operation and increase in gas theft.

The Management of your Company is fully committed in addressing the situation and is taking number of steps in reducing UFG of the Company and considers that in addition to the reduction of UFG, inherent flaws in UFG benchmarking needs to be addressed for which Company has sensitized Government of Pakistan and OGRA.

### DEVELOPMENT PROJECTS

The Company commissioned 494 KM distribution lines during 1st Quarter of FY 2012-13 while work on 13 KM transmission lines and 935 KM distribution lines is in progress. Thus gas facility was extended to various localities / towns and industrial units across Punjab and Khyber Pakhtunkhwa. In order to transport future indigenous and imported gases from downstream of Sawan to specified delivery points / consumption centers, sizeable augmentation of pipeline network downstream of Sawan would be required. As an advance action plan of the augmentation project, laying of 42" dia x 21.92 KM loop line segment along with existing 24" dia x 131 KM Sawan - Qadirpur natural gas pipeline from valve assembly SV4 (Rehmat Injection point) near Subhanpur to valve assembly SV5 near Lakhu Lanjari at the cost of Rs 1.863 billion was approved. This project has now entered into its execution stage. Pipeline construction activity is likely to be commenced shortly.

This project is of very unique nature as Company is undertaking the construction of 42" dia pipeline for the very first time in its history. Previously, SNGPL had developed its expertise up to 36" dia pipeline and after the laying of 42" dia pipeline Company's expertise would be extended up to 42" dia pipeline which will enhance its credentials in the market.

The Company is also pursuing to undertake supply of Synthetic Natural Gas (LPG-Air Mix) as replacement of natural gas to help ease the prevailing energy crisis in the country. Government of Pakistan is pursuing number of opportunities for bringing additional gases; into the system these include but are not limited to Iran-Pakistan (IP) Gas pipeline project, Turkmenistan-Afghanistan-Pakistan-India (TAPI) gas pipeline project, import of LNG and it is hoped that the Company would be able to get additional gas supply in the years ahead. The Company is an economical energy transporter in the Country.



## FUTURE PROSPECTS

Your Company is fully committed in addressing the deteriorating financial health of the organization and is confident that with the concerted efforts, it will be able to improve the situation.

## ACKNOWLEDGEMENT

The Directors place on record their thanks to the employees, Government of Pakistan, Ministry of Petroleum and Natural Resources, Oil and Gas Regulatory Authority and other Government and Non-Government Institutions, related to the Company, for their sustained support during the period under review.

On behalf of the Board

A blue ink signature of Amer Tufail, consisting of a stylized 'A' followed by a wavy line.

**Amer Tufail**

Managing Director/CEO

Lahore.

January 19, 2016

A blue ink signature of Muhammad Saeed Mehdi, featuring a stylized 'M' and 'S'.

**Muhammad Saeed Mehdi**

Chairman-BOD

# Balance Sheet

As at September 30, 2013

Note	Un-audited	Audited Restated	
	September 2013	June 2013	
(Rupees in thousand)			
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorised share capital</b>			
	1,500,000,000 ordinary shares of Rs 10 each	15,000,000	15,000,000
<b>Issued, subscribed and paid up share capital</b>			
	634,216,665 (June 30, 2013: 634,216,665) ordinary shares of Rs 10 each	6,342,167	6,342,167
	Revenue reserves	2,807,125	3,690,445
	<b>Shareholders' equity</b>	9,149,292	10,032,612
<b>NON-CURRENT LIABILITIES</b>			
	Long term financing:		
	Secured	5,000,000	5,000,000
	Unsecured	1,117,119	1,103,835
	Security deposits	23,438,099	22,369,143
	Deferred credit	32,792,439	33,118,345
	Deferred taxation	2,018,990	2,677,154
	Employee benefits	3,735,030	5,048,980
		68,101,677	69,317,457
<b>CURRENT LIABILITIES</b>			
	Trade and other payables	72,822,601	66,835,752
	Sales tax payable	870,457	-
	Interest and mark-up accrued on loans and other payables	15,084,764	14,178,059
	Short term borrowings-secured	994,102	1,000,000
	Current portion of long term financing	2,836,006	2,836,006
		92,607,930	84,849,817
	<b>CONTINGENCIES AND COMMITMENTS</b>	8	
		169,858,899	164,199,886

The annexed notes from 1 to 24 form an integral part of these financial statements.



**Amer Tufail**

Managing Director/CEO



	Note	Un-audited	Audited Restated
		September 2013	June 2013
(Rupees in thousand)			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	96,344,989	98,397,094
Intangible assets		11,670	12,448
Long term investment		4,900	4,900
Long term loans		242,741	258,638
Employee benefits		875,525	2,240,928
Long term deposits and prepayments		6,414	6,461
		97,486,239	100,920,469
<b>CURRENT ASSETS</b>			
Stores and spares		2,424,028	2,208,471
Stock in trade- gas in pipelines		968,095	1,075,236
Trade debts	10	61,198,303	54,462,227
Loans and advances	11	1,463,271	384,285
Trade deposits and short term prepayments	12	347,205	115,998
Accrued interest		5,539	12,894
Other receivables	13	316,371	323,908
Sales tax recoverable		-	334,697
Taxation-net		3,177,448	3,394,335
Cash and bank balances	14	2,472,400	967,366
		72,372,660	63,279,417
		169,858,899	164,199,886

  
**Muhammad Saeed Mehdi**  
 Chairman-BOD

## Profit & Loss Account (Un-Audited)

For the period ended September 30, 2013

	Note	Quarter ended September 30	
		2013	2012
		(Rupees in thousand)	
Gas sales		57,508,113	62,253,826
Less: Gas development surcharge		(1,047,145)	(7,237,441)
<b>Cost of gas sold</b>	<b>15</b>	<b>56,460,968</b>	<b>55,016,385</b>
		56,945,434	55,626,747
<b>Gross loss</b>		<b>(484,466)</b>	<b>(610,362)</b>
Other operating income	16	2,476,391	3,539,231
		1,991,925	2,928,869
Less:			
Selling cost		1,321,839	1,128,232
Administrative expenses		763,974	756,901
Other operating expenses	17	213,957	4,722
		2,299,770	1,889,855
<b>Operating (loss)/profit</b>		<b>(307,845)</b>	<b>1,039,014</b>
Less: Finance cost	18	948,133	990,502
<b>(Loss)/profit before taxation</b>		<b>(1,255,978)</b>	<b>48,512</b>
Taxation	19	(372,658)	16,978
<b>(Loss)/profit for the period</b>		<b>(883,320)</b>	<b>31,534</b>
(Loss)/earnings per share - basic and diluted (Rs)		(1.39)	0.05

The annexed notes from 1 to 24 form an integral part of these financial statements.



**Amer Tufail**  
Managing Director/CEO



**Muhammad Saeed Mehdi**  
Chairman-BOD



## Statement of Comprehensive Income (Un-Audited)

For the period ended September 30, 2013

	Quarter ended September 30	
	2013	2012
	(Rupees in thousand)	
(Loss)/profit for the period	(883,320)	31,534
Other comprehensive income for the period	-	-
Total comprehensive (loss)/income for the period	(883,320)	31,534

The annexed notes from 1 to 24 form an integral part of these financial statements.

**Amer Tufail**  
Managing Director/CEO

**Muhammad Saeed Mehdi**  
Chairman-BOD

# Cash Flow Statement (Un-Audited)

For the period ended September 30, 2013

	Note	Quarter ended September 30	
		2013	2012
<b>(Rupees in thousand)</b>			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	20	907,205	3,067,831
Finance cost paid		(30,078)	(107,700)
Income taxes paid		(68,622)	(327,704)
Employee benefits paid/contributions paid		(309,698)	(170,698)
Security deposits received		1,068,957	492,690
Receipts against government grants and consumer contributions		90,627	123,086
Long term loans to employees		22,998	14,575
Long term deposits and prepayments		47	4,974
<b>Net cash inflow from operating activities</b>		<b>1,681,436</b>	<b>3,097,054</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure on property, plant and equipment		(276,518)	(1,426,039)
Capital expenditure on intangible assets		(3,423)	-
Proceeds from sale of property, plant and equipment		7,255	42
Return on bank deposits		102,520	123,738
<b>Net cash used in investing activities</b>		<b>(170,166)</b>	<b>(1,302,259)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from long term financing- unsecured		8,300	100,004
Repayment of long term financing- unsecured		(6,367)	(6,369)
Dividend paid		(2,271)	(2,116)
<b>Net cash (used in)/from financing activities</b>		<b>(338)</b>	<b>91,519</b>
<b>Net increase in cash and cash equivalents</b>		<b>1,510,932</b>	<b>1,886,314</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>(32,634)</b>	<b>125,264</b>
<b>Cash and cash equivalents at the end of the period</b>	20.2	<b>1,478,298</b>	<b>2,011,578</b>

The annexed notes from 1 to 24 form an integral part of these financial statements.



**Amer Tufail**  
Managing Director/CEO



**Muhammad Saeed Mehdi**  
Chairman-BOD



## Statement of Changes in Equity (Un-Audited)

For the period ended September 30, 2013

Note	Share capital	General reserve	Revenue reserves		Total	Total share holders' equity
			Dividend equalization reserve	Unappropriated profit		
(Rupees in thousand)						
<b>Balance as at 01 July 2012 (Audited)</b> (As previously reported)	5,765,606	4,127,682	480,000	10,850,492	15,458,174	21,223,780
Effect of retrospective change in accounting policy	3.1.1	-	-	(1,474,968)	(1,474,968)	(1,474,968)
Tariff adjustment with respect to Remeasurement of IAS-19 by OGRA-Cumulative effect	3.1.1	-	-	1,474,968	1,474,968	1,474,968
	-	-	-	-	-	-
<b>Balance as at 01 July 2012 (Audited)-restated</b>	5,765,606	4,127,682	480,000	10,850,492	15,458,174	21,223,780
Net profit for the period from July 01, 2012 to September 30, 2012	-	-	-	31,534	31,534	31,534
Other comprehensive income/ (expense) for the period from July 01, 2012 to September 30, 2012	-	-	-	-	-	-
<b>Balance as at 30 September 2012 (Un-audited)</b>	5,765,606	4,127,682	480,000	10,882,026	15,489,708	21,255,314
Bonus shares @10% for the year ended 30 June 2012	576,561	-	-	(576,561)	(576,561)	-
Final dividend for the year ended 30 June 2012 @ Rupees 2.50 per share	-	-	-	(1,441,402)	(1,441,402)	(1,441,402)
Net loss for the period from October 01, 2012 to June 30, 2013	-	-	-	(9,780,623)	(9,780,623)	(9,780,623)
Other comprehensive loss for the period October 01, 2012 to June 30, 2013 -restated	-	-	-	(2,302,896)	(2,302,896)	(2,302,896)
Tariff adjustment with respect to Remeasurement of IAS-19 by OGRA-Impact for the year ended June 30, 2013	3.1.1	-	-	2,302,219	2,302,219	2,302,219
Net impact	-	-	-	(677)	(677)	(677)
<b>Balance as at 01 July 2013 (Audited)-Restated</b>	6,342,167	4,127,682	480,000	(917,237)	3,690,445	10,032,612
Net loss for the period from July 01, 2013 to September 30, 2013	-	-	-	(883,320)	(883,320)	(883,320)
Other comprehensive income/(expense) for the period from July 01, 2013 to September 30, 2013	-	-	-	-	-	-
<b>Balance as at 30 September 2013 (Un-audited)</b>	6,342,167	4,127,682	480,000	(1,800,557)	2,807,125	9,149,292

The annexed notes from 1 to 24 form an integral part of these financial statements.

  
**Amer Tufail**  
Managing Director/CEO

  
**Muhammad Saeed Mehdi**  
Chairman-BOD

# Notes to the Accounts (Un-Audited)

For the period ended September 30, 2013

## 1 THE COMPANY AND ITS OPERATIONS

1.1 Sui Northern Gas Pipelines Limited (the Company) is a public limited Company incorporated in Pakistan under the Companies Act, 1913 (now Companies Ordinance, 1984) and is listed on the Karachi, Lahore and Islamabad Stock Exchanges (now merged as Pakistan Stock Exchange Limited). The registered office of the Company is situated at 21-Kashmir Road, Lahore. The principal activity of the Company is the purchase, transmission, distribution and supply of natural gas.

1.2 These financial statements are presented in Pak Rupee, which is the Company's functional and presentation currency.

## 2 BASIS OF PREPARATION

2.1 These financial statements have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 "Interim Financial Reporting" and are un audited and are being submitted to the shareholders as required by section 245 of the Companies Ordinance, 1984 and the Listing Regulations of the Karachi, Lahore and Islamabad Stock Exchanges (now merged as Pakistan Stock Exchange Limited).

2.2 These financial statements have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34, "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 take precedence.

2.3 These financial statements should be read in conjunction with annual audited financial statements for the year ended June 30, 2013.

## 3 ACCOUNTING POLICIES AND ESTIMATES

3.1 The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding annual published financial statements of the Company for the year ended June 30, 2013 except as described below:

### 3.1.1 Standards, amendments and interpretations to published standards effective in current year

During the current period, the Company changed its accounting policy in respect of post retirement defined benefit plans. The new policy is in accordance with the requirements of IAS 19 (revised), "Employee Benefit". According to the new policy, on remeasurements, actuarial gains and losses result from increases or decreases in the present value of the defined benefit obligation because of changes in actuarial assumptions and experience adjustments, the return on plan assets excluding amounts included in net interest on the net defined benefit liability (asset), are recognised in the balance sheet immediately, with a charge or credit to Other Comprehensive Income (OCI) in the periods in which they occur.

The standard replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit asset or liability and the discount rate, measured at the beginning of the year. There is no change to the method of determining the discount rate, this continues to reflect the yield on high-quality corporate bonds. This has increased the income statement charge as the discount rate applied to assets is lower than the expected return on assets. This has no effect on Total Comprehensive Income as the increased charge in profit or loss is offset by the credit in Other Comprehensive Income.

The Other Comprehensive Loss resulting from remeasurement of employee benefit funds has been claimed from Oil and Gas Regulatory Authority (OGRA). OGRA has allowed adjustment of the same vide tariff determination in its FRR Order and consequently, it will have immaterial impact on the Total Comprehensive Loss and retained earnings of the Company.

The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors" and comparative figures have been restated. The effect of the change in accounting policy on the current and prior period financial statements have been summarised below:



Effect on Balance Sheet	June 2013	June 2012
	(Rupees in thousand)	
(Decrease)/increase in employees benefits (Asset)	(503,726)	875,246
Increase in employees benefits (Liabilities)	1,621,984	2,350,214
Decrease in Gas Development Surcharge	(2,125,033)	(1,474,968)
Decrease in unappropriated profit	(677)	-
<b>Impact on Statement of Changes in Equity</b>		
- Cumulative effect from prior years	-	1,474,968
- Impact for the year ended June 30	(2,125,710)	-
- Reclassification of recognized actuarial gain from Profit and Loss Account to Other Comprehensive Income	(177,186)	-
- Tariff adjustment with respect to Remeasurement of IAS-19 by OGRA-Cumulative effect from Prior year	-	(1,474,968)
- Tariff adjustment with respect to Remeasurement of IAS-19 by OGRA-Impact for the year ended June 30	2,125,033	-
- Tariff adjustment with respect to Remeasurement of IAS-19 by OGRA-Reclassification of recognized actuarial gain from Profit and Loss Account to Other Comprehensive Income	177,186	-
	(677)	-

**3.2** Judgments and estimates used by the management in the preparation of these financial statements are same as those applied to the annual financial statements for the year ended June 30, 2013.

	Note	Un-audited September 2013	Audited June 2013
		(Rupees in thousand)	
<b>4 LONG TERM FINANCING - SECURED</b>			
From banking companies:			
Local currency-Syndicate term finance	4.1	5,250,000	5,250,000
		5,250,000	5,250,000
Other loans:			
Islamic finance under musharaka arrangement	4.2	2,250,000	2,250,000
		7,500,000	7,500,000
Less: Current portion shown under current liabilities	7	(2,500,000)	(2,500,000)
		5,000,000	5,000,000

**4.1 Local currency - Syndicate term finance**

Lender	Mark-up rate	No. of installments outstanding	Maturity date
Askari Bank Limited (Investment agent)	Six month KIBOR+ 1.25% p.a.	6 half yearly installments	30-Jun-16

This loan is secured by first parri passu created by way of hypothecation over all the present and future moveable fixed assets of the Company (excluding land and building) to the extent of PKR 10,769,231 thousand.

# Notes to the Accounts (Un-Audited)

For the period ended September 30, 2013

## 4.2 Islamic finance under musharaka arrangement

Lender	Mark-up rate	No. of installments outstanding	Maturity date
Askari Bank Limited (Investment agent)	Six month KIBOR+ 1.25% p.a.	6 half year installments	30-Jun-16

Assets under musharaka agreement are secured by a first parri passu created by way of hypothecation over movable fixed assets of the Company (excluding land and building) to the extent of PKR 4,615,385 thousand, in respect of assets held under musharaka arrangement.

	Note	Un-audited	Audited
		September 2013	June 2013
(Rupees in thousand)			
<b>5 LONG TERM FINANCING- UNSECURED</b>			
Other loans - Local currency		1,453,125	1,439,841
Less: Current portion shown under current liabilities	7	(336,006)	(336,006)
		1,117,119	1,103,835

5.1 These loans carry mark-up at variable rates which range from 1.50% per annum to 15.00% per annum (June 30, 2013: 1.50% per annum to 15.00% per annum).

	Un-audited	Audited Restated
	September 2013	June 2013
(Rupees in thousand)		
<b>6 TRADE AND OTHER PAYABLES</b>		
Creditors for:		
Gas	44,551,928	37,129,896
Supplies	1,314,607	802,446
Accrued liabilities	2,830,060	4,778,255
Interest free deposits repayable on demand	88,469	86,813
Earnest money received from contractors	27,363	25,302
Mobilization and other advances	1,406,477	1,177,618
Advances from customers	88,129	65,729
Due to customers	34,866	34,866
Gas development surcharge	21,985,368	22,237,222
Workers' profit participation fund	418,012	418,012
Unclaimed dividend	77,322	79,593
	72,822,601	66,835,752



	Note	Un-audited September 2013 (Rupees in thousand)	Audited June 2013
<b>7 CURRENT PORTION OF LONG TERM FINANCING</b>			
Long term financing - secured	4	2,500,000	2,500,000
Long term financing - unsecured	5	336,006	336,006
		2,836,006	2,836,006
<b>8 CONTINGENCIES AND COMMITMENTS</b>			
<b>8.1 Contingencies</b>			
There has been no significant change in contingencies since the date of preceding financial statements of the Company for the year ended June 30, 2013.			
<b>8.2 Commitments:</b>			
<b>a) Capital commitments</b>			
Property, plant and equipment		256,712	412,182
Intangible assets		31,423	29,983
Stores and spares		4,921,540	2,522,804
		5,209,675	2,964,969
<b>b) Other commitments</b>		481,345	688,862
<b>9 PROPERTY, PLANT AND EQUIPMENT</b>			
<b>Operating fixed assets</b>			
<b>Tangible</b>			
<b>Opening book value</b>		79,535,830	78,788,091
Additions during the period/year		3,991,431	9,371,572
		83,527,261	88,159,663
Book value of property, plant and equipment disposed off during the period/year		-	(2,929)
Depreciation charged during the period/year		(2,358,309)	(8,620,904)
		(2,358,309)	(8,623,833)
<b>Closing book value</b>		81,168,952	79,535,830
<b>Capital work in progress</b>		15,176,037	18,861,264
		96,344,989	98,397,094

## Notes to the Accounts (Un-Audited)

For the period ended September 30, 2013

	Note	Un-audited September 2013	Audited June 2013
		(Rupees in thousand)	
<b>9.1 Capital work-in-progress</b>			
Transmission system		1,053,756	801,730
Distribution system		5,006,656	9,387,397
Stores and spares including in transit Rs 368,885 thousand (June 2013: Rs 391,367 thousand)		8,757,297	8,315,858
Advances for land and other capital expenditure		358,328	356,279
		15,176,037	18,861,264
<b>10 TRADE DEBTS</b>			
Considered good:			
Secured		24,537,028	21,786,477
Unsecured	10.1	36,813,631	32,845,653
Accrued gas sales		(152,356)	(169,903)
		61,198,303	54,462,227
Considered doubtful		9,928,304	9,174,932
		71,126,607	63,637,159
Less: Provision for doubtful debts		(9,928,304)	(9,174,932)
		61,198,303	54,462,227

**10.1** Included in trade debts are amounts receivable from Government owned power generation companies and independent power producers of Rs 18,981,361 thousand (June 2013: 14,476,098 thousand) along with interest of Rs 11,727,459 thousand (June 2013: Rs 11,072,774 thousand) on delayed payments. While trade and other payables referred to in note 6 include an amount of Rs 28,892,072 thousand (June 2013: Rs 23,136,913 thousand) due to Pakistan Petroleum Limited, Sui Southern Gas Company Limited, Oil and Gas Development Company Limited and Government Holdings (Private) Limited on account of gas purchases along with interest of delayed payment of Rs 9,998,908 thousand (June 2013: Rs 8,977,114 thousand) and Government of Pakistan on account of Gas Development Surcharge of Rs 21,985,368 thousand (June 2013: Rs 22,237,222 thousand) along with the interest on delayed payments of Rs 2,450,521 thousand (June 2013: Rs 2,046,670 thousand). The settlement of these amounts is dependent upon the resolution of inter-corporate circular debt by the Government of Pakistan.



	Un-audited September 2013	Audited June 2013
	(Rupees in thousand)	
<b>11 LOANS AND ADVANCES</b>		
Loans to employees - considered good	90,071	90,070
Advances - considered good:		
Other employees	196,453	50,695
Suppliers and Contractor	1,176,747	243,520
Advances to suppliers and contractors - considered doubtful	3,227	3,227
Less: Provision for doubtful receivables	(3,227)	(3,227)
	-	-
	1,463,271	384,285
<b>12 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS</b>		
Trade deposits and short term prepayments	283,823	69,010
Less: Provision for doubtful deposits	(22,290)	(22,290)
	261,533	46,720
Current portion of long term prepayments	85,672	69,278
	347,205	115,998
<b>13 OTHER RECEIVABLES</b>		
Excise duty recoverable	108,945	108,945
Less: Provision for doubtful recoverable	(108,945)	(108,945)
	-	-
Due from customers	267,555	267,555
Current account with SSGC	15,440	15,351
Others	33,376	41,002
	316,371	323,908
<b>14 CASH AND BANK BALANCES</b>		
Deposit accounts	2,018,478	185,074
Current accounts	442,596	780,611
	2,461,074	965,685
Cash in hand	11,326	1,681
	2,472,400	967,366

## Notes to the Accounts (Un-Audited)

For the period ended September 30, 2013

	Note	Quarter ended	
		Un-audited	Un-audited
		September 2013	September 2012
(Rupees in thousand)			
<b>15 COST OF GAS SOLD</b>			
Opening stock of gas in pipelines		1,075,236	848,671
Gas purchases:			
Southern system		31,430,539	32,041,969
Northern system		12,276,452	11,299,677
Gas purchase adjustment	15.1	9,569,274	9,018,929
		53,276,265	52,360,575
		54,351,501	53,209,246
Less: Gas internally consumed		546,304	600,463
Closing stock of gas in pipelines		968,095	814,695
		1,514,399	1,415,158
Distribution Cost		4,108,332	3,832,659
		56,945,434	55,626,747

- 15.1** In accordance with the policy guidelines issued by Government of Pakistan under section 21 of the Oil and Gas Regulatory Authority Ordinance, 2002, the Company has entered into an agreement with Sui Southern Gas Company Limited (SSGCL) for uniform pricing of gas. Under this agreement, the Company with a higher weighted average cost of gas will raise a demand to the other Company of the amount necessary to equalize the cost of gas for both companies. As a consequence of this agreement SSGCL has raised a demand amounting to Rs 9,569,274 thousand (September 2012: Rs 9,018,929 thousand) as differential of cost for the equalization of cost of gas. It will have no effect on profit of the Company for the reason explained in Note 21 to the financial statements.

		Quarter ended	
		Un-audited	Un-audited
		September 2013	September 2012
(Rupees in thousand)			
<b>16 OTHER OPERATING INCOME</b>			
<b>Income from financial assets</b>			
Interest income on late payment of gas bills:			
- Late payment surcharge		833,361	682,896
- Government owned and other power generation Companies		700,365	1,498,883
- Others		17,201	76,864
Gain on initial recognition of financial liabilities at fair value		1,555	-
Interest on staff loans and advances		11,056	9,896
Return on bank deposit		95,165	123,421
		1,658,703	2,391,960
<b>Income from assets other than financial assets</b>			
Net gain on sale of fixed assets		7,256	42
Meter Rentals and service income		380,178	333,325
Amortization of deferred Credit		414,979	573,086
Insurance claim		1,074	159
		803,487	906,612



	Quarter ended	
	Un-audited	Un-audited
	September 2013	September 2012
	(Rupees in thousand)	
<b>Others</b>		
Sale of tender documents	1,692	355
Sale of scrap	3,136	-
Liquidated damages recovered	6,425	15,023
Gain on construction contracts	-	174,707
Bad debt recoveries	2,081	4,671
Exchange gains on gas purchases	-	45,784
Miscellaneous	867	119
	14,201	240,659
	2,476,391	3,539,231

#### 17 OTHER OPERATING EXPENSES

Workers' Profit Participation Fund	-	2,553
Exchange loss on gas purchases	213,702	-
Loss on initial recognition of financial assets at fair value	255	2,134
Donations	-	35
	213,957	4,722

- 18** Included in finance cost is an amount of Rs 503,077 thousand (September 2012: Rs 394,947 thousand) in respect of late payment surcharge on account of overdue payables for gas purchases and GDS as referred to in note 10.1.

	Quarter ended	
	Un-audited	Un-audited
	September 2013	September 2012
	(Rupees in thousand)	
<b>19 TAXATION</b>		
Current period:		
Current tax	285,509	276,748
Deferred tax	(658,167)	(259,770)
	(372,658)	16,978

# Notes to the Accounts (Un-Audited)

For the period ended September 30, 2013

Note	Quarter ended	
	Un-audited	Un-audited
	September 2013	September 2012
	(Rupees in thousand)	
<b>20 CASH GENERATED FROM OPERATIONS</b>		
<b>(Loss)/profit before taxation</b>	(1,255,978)	48,512
Adjustment for non-cash charges and other items:		
Depreciation - Own assets	2,358,309	2,141,950
Amortization of intangible assets	4,202	32,273
Employee benefits	331,467	294,430
Amortisation of deferred credit	(414,979)	(573,086)
Finance cost	948,133	990,502
Return on bank deposits	(95,165)	(123,421)
Gain on sale of fixed assets	(7,256)	(42)
Provision for doubtful debts	753,373	599,515
Loss on initial recognition of financial assets at fair value	255	2,134
Gain on initial recognition of financial liabilities at fair value	(1,555)	-
Amortisation of difference between initial and maturity amount	(7,357)	(6,662)
Working capital changes	20.1 (1,706,244)	(338,274)
	907,205	3,067,831
<b>20.1 Working capital changes</b>		
(Increase) / decrease in current assets:		
Stores and spares parts	(215,556)	(160,658)
Stock-in-trade - gas in pipelines	107,141	33,976
Trade debts	(7,501,417)	(10,229,286)
Loans and advances	(1,078,985)	(385,872)
Trade deposits and prepayments	(231,208)	(264,797)
Other receivables	342,232	(63,562)
	(8,577,793)	(11,070,199)
Increase/(decrease) in current liabilities:		
Trade and other payables	6,871,549	10,731,925
	(1,706,244)	(338,274)
<b>20.2 Cash and cash equivalents</b>		
Cash and bank balances	2,472,400	2,866,752
Short term running finance	(994,102)	(855,174)
	1,478,298	2,011,578

## 21 INCORPORATION OF TARIFF REQUIREMENTS

**21.1** Under the provisions of the license for transmission and distribution of natural gas granted to the Company by Oil and Gas Regulatory Authority (OGRA), the Company is required to operate on an annual return of not less than 17.50% on the value of its fixed assets (net of deferred credit), before corporate income taxes, interest and other charges on debt after excluding interest, dividends and other non-operating income. Any deficit or surplus on account of this is recoverable from or payable to Government of Pakistan as differential margin or gas development surcharge respectively. The projected tariff from July 01, 2013 has been incorporated in the accounts for the period ended September 30, 2013 on the basis of estimated revenue requirement for the financial year 2013-14.

**21.2** The Company has also incorporated the effect of Unaccounted For Gas (UFG) amounting to Rupees 3,509,772 thousand (September 2012: Rupees 3,102,849 thousand).



## 22 TRANSACTIONS WITH ASSOCIATES AND RELATED PARTIES

Relationship with the Group	Nature of Transactions	Quarter ended	
		Un-audited	Un-audited
		September 2013	September 2012
		(Rupees in thousand)	
<b>i) Related parties by virtue of common directorship and Govt. of Pakistan holdings</b>	Gas sales	6,196,811	6,145,417
	Purchase of materials	953,725	361,387
	Purchase of gas	39,695,835	38,392,367
	Service charges	20,889	36,602
	Profit received on bank deposits	26,630	80,012
	Transportation charges	270,641	106,848
	Transmission charges	219	466
	Insurance expenses	59,225	52,868
	Insurance claims received	32,986	29,020
<b>ii) Post employment benefit plans</b>	Contribution to defined contribution plans	59,747	43,794
	Contribution to defined benefit plans	361,152	324,157
<b>iii) Key management personnel</b>	Salaries and other employee benefit	446,568	311,589

- Key management personnel comprises chief executive and any employee whose basic salary exceeds Rs 500,000 per annum.

PERIOD END BALANCES	Un-audited	Audited
	September 2013	June 2013
	(Rupees in thousand)	
Receivable from related parties	14,226,017	11,885,633
Payable to related parties	28,892,210	23,139,243

## 23 DATE OF AUTHORISATION

- i) These financial statements were authorised for issue by the Board of Directors of the Company on January 19, 2016.

## 24 CORRESPONDING FIGURES

- i) Corresponding figures have been re-classified wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison. However no significant reclassification has been made.
- ii) Figures for the year ended June 30, 2013 are audited.

  
**Amer Tufail**  
Managing Director/CEO

  
**Muhammad Saeed Mehdi**  
Chairman-BOD



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