2nd Quarter Accounts (Un-Audited)
for the period ended December 31, 2013

Perseverance - hallmarks our glorious past and drives our promising future

Sui Northern Gas Pipelines Limited

Contents

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. Alamuddin Bullo	Director
Mr. Muhammad Arif Habib	Director
Mr. Muhammad Azam Khan	Director
Mr. Raza Mansha	Director
Qazi Mohammad Saleem 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. Raza Mansha	Member

FINANCE COMMITTEE

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

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

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Directors' Review

The Board of Directors presents the un-audited financial statements for the 2nd quarter and half year ended December 31, 2013 of the Company. During the period under review, the Company incurred a net loss of Rs 1,925 million as against loss of Rs 575 million during the corresponding period of last year. The loss per share for the period was Rs 3.04 as against loss per share of Re 0.91 for the period ended December 31, 2012.

Your Company continued to focus on controlling Unaccounted for Gas (UFG) and for the period under review, the UFG of the Company reduced from 10.93% in 2012-13 to 10.61% in the ensuing period. Disallowance of UFG over and above the benchmark also reduced from Rs 6,691 million to Rs 6,442 million. Your Company however maintains that OGRA has to recognize the factors beyond Company's control and ensure provision of unencumbered 17.5% return to the Company. While the management of the Company is fully committed in reducing the UFG losses to a manageable position, it has taken up the matter with OGRA and maintains that unless and until and factual flaws in the determination of UFG benchmark are not addressed, the same will continue to affect the financial viability of the Company.

DEVELOPMENT PROJECTS

The Company commissioned 1,426 KM distribution lines during 2nd quarter of FY 2012-13 while work on 7 KM transmission lines and 2,459 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

Management of your Company has drawn a detailed plan for addressing the increasing disallowances. More particularly a 3 year UFG reduction program is being implemented with full zeal. Your Company is also actively following up other avenues of profitability including pipeline construction work from E&P companies like MOL, OGDCL,OMV. In recognition of SNGPL services and expertise in pipeline business, these organizations have assured that in future SNGPL shall be invited for submission of proposals for undertaking any of their up-coming projects.

ACKNOWLEDGEMENTS

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

On behalf of the Board

Amer Tufail
Managing Director/CEO

Muhammad Saeed Mehdi
Chairman-BOD

Lahore.
January 19, 2016

Auditors' Report to the Members
on Review of Interim Financial Information

INTRODUCTION

We have reviewed the accompanying condensed interim balance sheet of Sui Northern Gas Pipelines Limited ("the Company") as at December 31, 2013 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with explanatory notes forming part thereof, for the half year then ended (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended December 31, 2013 and 2012 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2013.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information for the half year ended December 31, 2013 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

EMPHASIS OF MATTER

We draw attention to note 10.1 to the attached condensed interim financial information which explains that the settlement of amounts receivable from and payable to certain government owned and other entities is dependent upon the resolution of inter-corporate circular debt by the Government of Pakistan. Our conclusion is not qualified in respect of this matter.

A.F. Ferguson & Co.
Chartered Accountants

Engagement Partner: Amer Raza Mir

Lahore
January 19, 2016

Condensed Interim Balance Sheet

As at December 31, 2013 (Un-Audited)

	Note	Un-Audited December 2013	Audited Restated June 2013
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital			
1,500,000,000 (June 30, 2013: 1,500,000,000) ordinary shares of Rs 10 each		15,000,000	15,000,000
Issued, subscribed and paid up share capital			
634,216,665 (June 30, 2013: 634,216,665) ordinary shares of Rs 10 each		6,342,167	6,342,167
Revenue reserves		1,765,449	3,690,445
Shareholders' equity		8,107,616	10,032,612
NON-CURRENT LIABILITIES			
Long term financing:			
Secured	4	3,750,000	5,000,000
Unsecured	5	1,029,266	1,103,835
Security deposits		26,588,570	22,369,143
Deferred credit		32,325,396	33,118,345
Deferred taxation		1,292,296	2,677,154
Employee benefits		5,352,217	5,048,980
		70,337,745	69,317,457
CURRENT LIABILITIES			
Trade and other payables	6	76,765,447	66,835,752
Sales tax payable		1,802,483	-
Interest and mark-up accrued on loans and other payables		15,601,322	14,178,059
Short-term borrowings -secured		997,164	1,000,000
Current portion of long term financing	7	2,907,846	2,836,006
		98,074,262	84,849,817
CONTINGENCIES AND COMMITMENTS	8		
		176,519,623	164,199,886

The annexed notes from 1 to 25 form an integral part of the condensed interim financial information.

Amer Tufail
Managing Director/CEO

	Note	Un-Audited December 2013	Audited Restated June 2013
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	97,946,968	98,397,094
Intangible assets		14,183	12,448
Long term investment		4,900	4,900
Long term loans		238,822	258,638
Employee benefits		2,347,288	2,240,928
Long term deposits and prepayments		7,304	6,461
		100,559,465	100,920,469
CURRENT ASSETS			
Stores and spare parts		2,662,761	2,208,471
Stock-in-trade - gas in pipelines		1,000,996	1,075,236
Trade debts	10	67,402,426	54,462,227
Loans and advances	11	1,151,737	384,285
Trade deposits and short term prepayments	12	283,411	115,998
Accrued interest		13,467	12,894
Other receivables	13	105,349	323,908
Sales tax recoverable		-	334,697
Taxation - net		3,056,600	3,394,335
Cash and bank balances	14	283,411	967,366
		75,960,158	63,279,417
		176,519,623	164,199,886

Muhammad Saeed Mehdi
Chairman-BOD

Condensed Interim Profit & Loss Account

For the half year ended December 31, 2013 (Un-audited)

	Note	Quarter ended		Half year ended	
		Un-Audited December 2013	Un-Audited December 2012	Un-Audited December 2013	Un-Audited December 2012
		(Rupees in thousand)			
Gas sales		53,287,116	57,186,812	110,795,229	119,440,638
Add/ (Less): Differential margin/ (Gas development surcharge)		4,060,629	(2,233,133)	3,013,484	(9,470,574)
		57,347,745	54,953,679	113,808,713	109,970,064
Cost of gas sold	15	56,732,110	55,858,867	113,677,544	111,485,614
Gross profit/ (loss)		615,635	(905,188)	131,169	(1,515,550)
Other income	16	2,132,129	3,710,311	4,608,520	7,203,758
		2,747,764	2,805,123	4,739,689	5,688,208
Less:					
Selling cost		1,935,507	1,264,465	3,257,346	2,392,697
Administrative expenses		803,817	866,977	1,567,791	1,623,878
Other operating expenses	17	490,662	326,206	704,619	285,144
		3,229,986	2,457,648	5,529,756	4,301,719
Operating (loss)/ profit		(482,222)	347,475	(790,067)	1,386,489
Less: Finance cost	18	1,012,644	1,280,905	1,960,777	2,271,407
Loss before taxation		(1,494,866)	(933,430)	(2,750,844)	(884,918)
Taxation	19	(453,190)	(326,700)	(825,848)	(309,722)
Loss for the period		(1,041,676)	(606,730)	(1,924,996)	(575,196)
Loss per share - basic and diluted (Rs)		(1.64)	(0.96)	(3.04)	(0.91)

The annexed notes from 1 to 25 form an integral part of the condensed interim financial information.

Amer Tufail
Managing Director/CEO

Muhammad Saeed Mehdi
Chairman-BOD

Condensed Interim Statement of Comprehensive Income

For the half year ended December 31, 2013 (Un-audited)

	Quarter ended		Half year ended	
	Un-Audited December 2013	Un-Audited December 2012	Un-Audited December 2013	Un-Audited December 2012
	(Rupees in thousand)			
Loss for the period	(1,041,676)	(606,730)	(1,924,996)	(575,196)
Other comprehensive income for the year:				
Items that will not be reclassified to profit and loss	-	-	-	-
Items that may be reclassified subsequently to profit and loss	-	-	-	-
	-	-	-	-
Total comprehensive loss for the period	(1,041,676)	(606,730)	(1,924,996)	(575,196)

The annexed notes from 1 to 25 form an integral part of the condensed interim financial information.

Amer Tufail
Managing Director/CEO

Muhammad Saeed Mehdi
Chairman-BOD

Condensed Interim Cash Flow Statement
For the half year ended December 31, 2013 (Un-audited)

	Note	Half year ended Un-Audited December 2013	December 2012
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	20	1,162,290	8,845,222
Finance cost paid		(522,334)	(802,013)
Income tax paid		(221,277)	(1,062,772)
Employee benefits / contributions paid		(525,427)	(311,227)
Security deposits received		4,219,428	1,012,495
Receipts against government grants and consumer contributions		149,024	608,815
Decrease in loans to employees		35,850	32,443
(Increase) / Decrease in long term deposits and prepayments		(843)	7,084
Net cash generated from operating activities		4,296,711	8,330,047
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions in property, plant and equipment		(3,932,859)	(4,864,002)
Purchase of intangible assets		(5,914)	(1,415)
Proceeds from sale of property, plant and equipment		22,768	12,102
Profit received on bank deposits		214,112	253,318
Net cash used in investing activities		(3,701,893)	(4,599,997)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term finances - unsecured		10,160	100,004
Repayment of long term finances - unsecured		(32,854)	(32,854)
Repayment of long term financing - secured		(1,250,000)	(1,250,000)
Dividend paid		(3,243)	(2,328)
Net cash used in financing activities		(1,275,937)	(1,185,178)
Net (decrease) / increase in cash and cash equivalents		(681,119)	2,544,872
Cash and cash equivalents at the beginning of the period		(32,634)	125,264
Cash and cash equivalents at the end of the period	20.2	(713,753)	2,670,136

The annexed notes from 1 to 25 form an integral part of the condensed interim financial information.

Amer Tufail
Managing Director/CEO

Muhammad Saeed Mehdi
Chairman-BOD

Condensed Interim Statement of Changes in Equity
For the half year ended December 31, 2013 (Un-audited)

	Note	Share capital	Revenue reserves: General reserves	Revenue reserves: Dividend equalization reserve	Revenue reserves: Unappropriated profit	Revenue reserves: Total	Total share holders' equity
		(Rupees in thousand)					
Balance as at July 1, 2012 (Audited) (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	3.1.1	-	-	-	1,474,968	1,474,968	1,474,968
Net impact		-	-	-	-	-	-
Balance as at July 1, 2012 (Restated)		5,765,606	4,127,682	480,000	10,850,492	15,458,174	21,223,780
Loss for the half year ended December 31, 2012		-	-	-	(575,196)	(575,196)	(575,196)
Other comprehensive income for the half year ended December 31, 2012		-	-	-	-	-	-
Balance as at December 31, 2012 (Un-Audited)		5,765,606	4,127,682	480,000	10,275,296	14,882,978	20,648,584
Loss for the half year ended June 30, 2013		-	-	-	(9,173,893)	(9,173,893)	(9,173,893)
Other comprehensive loss for the half year ended 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)
Bonus shares @ 10% for the year ended June 30, 2012		576,561	-	-	(576,561)	(576,561)	-
Final dividend @ Rs 2.50 per share for the year ended 30 June 2012		-	-	-	(1,441,402)	(1,441,402)	(1,441,402)
Balance as at July 1, 2013 (Audited)		6,342,167	4,127,682	480,000	(917,237)	3,690,445	10,032,612
Loss for the half year ended December 31, 2013		-	-	-	(1,924,996)	(1,924,996)	(1,924,996)
Other comprehensive income for the half year ended December 31, 2013		-	-	-	-	-	-
Balance as at December 31, 2013 (Un-Audited)		6,342,167	4,127,682	480,000	(2,842,233)	1,765,449	8,107,616

The annexed notes from 1 to 25 form an integral part of the condensed interim financial information.

Amer Tufail
Managing Director/CEO

Muhammad Saeed Mehdi
Chairman-BOD

Selected Notes to the Condensed Interim Financial Information
For the half year ended December 31, 2013 (Un-audited)

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 This interim financial information is presented in Pak Rupee, which is the Company's functional and presentation currency.

2 BASIS OF PREPARATION

2.1 This condensed interim financial information is unaudited and is being submitted to shareholders, as required under 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 This condensed interim financial information has 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. This condensed interim financial information has been reviewed by the auditors of the Company as required by the Code of Corporate Governance.

2.3 The condensed interim financial information 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)	-
Impact on Statement of Changes in Equity		
- 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)	-

Furthermore, the following standards are effective from current period but do not have a material impact on the Company's interim financial information:

- IFRS 7, Financial Instruments: Disclosure
- IFRS 10, Consolidated financial information
- IFRS 12, Disclosures of interest in other entities
- IFRS 13, Fair value measurements
- IAS 32, Financial instruments: Presentation
- IAS 27, Separate financial statements
- IAS 28, Associates and joint ventures
- Annual improvements 2011; IFRS 1, 'First time adoption'. IAS 1, 'Financial statement presentation'. IAS 16, 'Property plant and equipment'. IAS 32, 'Financial instruments; Presentation'. IAS 34, 'Interim financial reporting'

3.1.2 Standards, amendments and interpretations to existing standards applicable to the Company not yet effective

The following amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after their respective effective dates:

Standards or interpretation:	**Effective date (accounting periods beginning on or after)**
- IFRS 9, 'Financial Instruments'	January 01, 2015
- IFRIC 21, An interpretation of IAS 37, 'Provisions, contingent liabilities and contingent assets'	January 01, 2014
- Amendment to IAS 36, 'Impairment of assets' on recoverable amount disclosures'	January 01, 2014
- IAS 32, 'Financial instruments: Presentation, on offsetting Financial assets and financial liabilities'	January 01, 2014

3.1.3 Standards, amendments and interpretations to published standards effective in the current period not relevant to the Company

There are certain standards, amendments to the approved accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after July 1, 2013 but are considered not to be relevant or to have any significant effect on the Company's operations and are, therefore, not detailed in this condensed interim financial information.

3.2 Judgments and estimates made by the management in the preparation of the condensed interim financial information are the same as those applied in preparation of preceding annual published financial statements of the Company for the year ended June 30, 2013.

3.3 Income tax expense is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year.

	Note	Un-audited December 2013	Audited June 2013
		(Rupees in thousand)	
4 LONG TERM FINANCING - SECURED			
From banking companies:			
Local currency - Syndicate term finance	4.1	4,000,000	5,250,000
		4,000,000	5,250,000
Other loans:			
Islamic finance under musharaka arrangement	4.2	2,250,000	2,250,000
		6,250,000	7,500,000
Less: Current portion shown under current liabilities		(2,500,000)	(2,500,000)
		3,750,000	5,000,000

4.1 Local currency - Syndicate term finance

Lender	Mark-up rate	No. of outstanding installments	Maturity date
Askari Bank Limited (Investment agent)	Six month KIBOR + 1.25% per annum	5 half yearly installments	June 30, 2016

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 Rs 10,769,231 thousand (2013: Rs 10,823,789 thousand).

4.2 Islamic finance under musharaka arrangement

Lender	Mark-up rate	No. of outstanding installments	Maturity date
Askari Bank Limited (Investment agent)	Six month KIBOR + 1.25% per annum	5 half yearly installments	June 30, 2016

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 Rs 4,560,827 thousand (June 30, 2013: Rs 4,560,827 thousand), in respect of assets held under musharaka arrangement.

		Note	Un-audited December 2013	Audited June 2013
			(Rupees in thousand)	
5	**LONG TERM FINANCING - UNSECURED**			
	Other loans - Local currency		1,437,112	1,439,841
	Less: Current portion shown under current liabilities	7	(407,846)	(336,006)
			1,029,266	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).

		Note	Un-audited December 2013	Audited Restated June 2013
6	**TRADE AND OTHER PAYABLES**		(Rupees in thousand)	
	Creditors for:			
	Gas		46,128,907	37,129,896
	Supplies		1,045,107	802,446
	Accrued liabilities		3,119,192	4,728,371
	Provident fund		16,999	49,884
	Gas infrastructure development cess payable	6.1	6,286,481	-
	Interest-free deposits repayable on demand		89,083	86,813
	Earnest money received from contractors		28,881	25,302
	Mobilization and other advances		1,136,228	1,177,618
	Advance from customers		766,234	65,729
	Due to customers		129,092	34,866
	Gas development surcharge		17,524,738	22,237,222
	Workers' Profit Participation Fund		418,155	418,012
	Unclaimed dividend		76,350	79,593
			76,765,447	66,835,752

6.1 During the year ended June 30, 2013, the Honorable Islamabad High Court vide its decision dated January 31, 2013, declared Gas Infrastructure Development Cess Act, 2011 as Ultra Vires to the Constitution and directed the Company to adjust the amount already received on this account in the future bills of the petitioners. However, the Honorable Islamabad High Court vide its decision dated March 18, 2013, directed that neither the appellant shall recover the disputed amount from the respondents, nor the amount which has become payable to the respondents on the basis of impugned judgment shall be paid back to the respondents.

In September 2014, a GIDC Ordinance was issued by President of Pakistan, pursuant to which, on directions of OGRA, the Company charged GIDC from its consumers with effect from September 2014. The Ordinance was superseded by GIDC Act 2015 passed by Parliament of Pakistan. The Act ratified the preceding GIDC Act 2011 and Ordinance 2014 and its provisions.

Furthermore, GIDC amounting to Rs 14,262,619 thousand as at December 31, 2013 is recoverable from consumers and payable to Government of Pakistan. These financial statements do not reflect the said amounts since the provisions of the GIDC Act require the Company to pay GIDC as and when the same is collected from consumers. Consequently, the same will be shown as payable as and when the balance is collected from consumers.

Selected Notes to the Condensed Interim Financial Information

For the half year ended December 31, 2013 (Un-audited)

	Note	Un-audited December 2013	Audited June 2013
		(Rupees in thousand)	
7 CURRENT PORTION OF LONG TERM FINANCING			
Long term financing - secured	4	2,500,000	2,500,000
Long term financing - unsecured	5	407,846	336,006
		2,907,846	2,836,006

8 CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

There is no significant change in contingencies from the preceding audited financial statements of the Company for the year ended June 30, 2013, except for the matter stated below:

As at June 30, 2012, the Company had contested the UFG Benchmark and the treatment of LPS imposed by OGRA in the Honorable Lahore High Court with regards to financial years 2010-11 and 2011-12. Subsequently on February 15, 2013, the Honorable Lahore High Court dismissed the petition filed by the Company and OGRA vide its Final Revenue Requirement (FRR) Order dated November 05, 2015, incorporated the adverse impact of the above decision resulting in an increase in Gas Development Surcharge (GDS) for the year ended June 30, 2013 by Rs 12,743,000 thousand. Furthermore, OGRA vide its FRR for the year 2013-14 adopted the same benchmarks and parameters as laid down in its FRR order for the year 2012-13. The Company filed review petitions against FRR Orders for both the financial years 2012-13 and 2013-14 with OGRA. OGRA is yet to adjudicate on the review petitions filed by the Company.

	Un-audited December 2013	Audited June 2013
	(Rupees in thousand)	
8.2 Commitments:		
a) Capital Commitments		
Property, plant and equipment	675,988	412,182
Intangible assets	31,147	29,983
Stores and spares	6,432,361	2,522,804
	7,139,496	2,964,969
b) Other Commitments	653,306	688,862

	Note	Un-audited December 2013	Audited June 2013
		(Rupees in thousand)	
9 PROPERTY, PLANT AND EQUIPMENT			
Opening book value		79,535,830	78,788,091
Additions during the period	9.1	5,423,915	9,371,572
		84,959,745	88,159,663
Disposals during the period (at book value)	9.2	1,978	2,929
Depreciation charged during the period		4,443,243	8,620,904
		4,445,221	8,623,833
Closing book value		80,514,524	79,535,830
Capital work-in-progress	9.3	17,432,444	18,861,264
		97,946,968	98,397,094
9.1 Additions during the period			
Freehold land		19,824	59,407
Building on freehold land		9,813	82,704
Transmission system		201,745	303,700
Distribution system		3,558,853	4,475,626
Consumer meter and town border stations		1,297,223	3,466,455
Telecommunication system and facilities		15,036	70,633
Compressor stations and equipment		57,322	48,628
Plant and machinery		87,418	489,196
Computers and ancillary equipment		34,042	67,303
Furniture and equipment		45,214	27,222
Tools and accessories		18,801	12,806
Transport vehicles		78,624	267,892
		5,423,915	9,371,572
9.2 Disposals during the period			
Transport vehicles		1,978	2,929
		1,978	2,929
9.3 Capital work-in-progress			
Transmission system		1,275,857	801,730
Distribution system		6,399,724	9,387,397
Stores and spares including in-transit Rs 701,979 thousand (June 2013: Rs 391,367 thousand)		9,411,045	8,315,858
Advances for land and other capital expenditure		345,818	356,279
		17,432,444	18,861,264

	Note	Un-audited December 2013	Audited June 2013
		(Rupees in thousand)	
10 TRADE DEBTS			
Considered good:			
Secured		24,537,028	21,786,477
Unsecured	10.1	43,297,487	32,845,653
Accrued gas sales		(432,089)	(169,903)
		67,402,426	54,462,227
Considered doubtful		11,220,967	9,174,932
		78,623,393	63,637,159
Less: Provision for doubtful debts		(11,220,967)	(9,174,932)
		67,402,426	54,462,227

10.1 Included in trade debts are amounts receivable from Government owned power generation companies and independent power producers of Rs 26,094,477 thousand (June 2013: 14,476,098 thousand) along with interest of Rs12,444,706 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 31,250,448 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 10,041,543 thousand (June 2013: Rs 8,977,114 thousand) and Government of Pakistan on account of Gas Development Surcharge of Rs 17,524,738 thousand (June 2013: Rs 22,237,222 thousand) along with the interest on delayed payments of Rs 2,851,334 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 December 2013	Audited June 2013
	(Rupees in thousand)	
11 LOANS AND ADVANCES		
Loans due from employees - considered good	86,505	90,070
Advances - considered good:		
Employees	812,687	50,695
Suppliers and contractors	252,545	243,520
	1,151,737	384,285
Advances to suppliers and contractors - Considered doubtful	3,227	3,227
Less: Provision for doubtful receivables	(3,227)	(3,227)
	-	-
	1,151,737	384,285

	Un-audited December 2013	Audited June 2013
	(Rupees in thousand)	
12 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS		
Deposits and prepayments - Considered good	210,891	46,720
Deposits and prepayments - Considered doubtful	22,290	22,290
	233,181	69,010
Less: Provision for doubtful receivables	(22,290)	(22,290)
	210,891	46,720
Current portion of long term prepayments	72,520	69,278
	283,411	115,998
13 OTHER RECEIVABLES		
Other receivables - Considered good:		
Due from customers	57,209	267,555
Current account with Sui Southern Gas Company Limited	15,581	15,351
Others	32,559	41,002
	105,349	323,908
Other receivables - Considered Doubtful:		
Excise duty recoverable	108,945	108,945
Less: Provision for doubtful recoverable	(108,945)	(108,945)
	-	-
	105,349	323,908
14 CASH AND BANK BALANCES		
Cash at banks:		
Deposit accounts	209,498	185,074
Current accounts	62,121	780,611
	271,619	965,685
Cash in hand	11,792	1,681
	283,411	967,366

	Quarter ended		Half year ended	
	Un-Audited December 2013	Un-Audited December 2012	Un-Audited December 2013	Un-Audited December 2012
	(Rupees in thousand)			
15 COST OF GAS SOLD				
Opening stock of gas in pipelines	968,095	814,695	1,075,236	848,671
Gas purchases:				
Southern system	31,272,442	32,230,974	62,702,981	64,664,805
Northern system	12,231,613	11,048,095	24,508,065	21,955,910
Cost equalization adjustment	9,725,419	9,546,335	19,294,693	18,565,264
	53,229,474	52,825,404	106,505,739	105,185,979
	54,197,569	53,640,099	107,580,975	106,034,650
Less: Gas internally consumed	553,040	624,460	1,099,344	1,224,923
Closing stock of gas in pipelines	1,000,996	945,291	1,000,996	945,291
	(1,554,036)	(1,569,751)	(2,100,340)	(2,170,214)
Distribution cost	4,088,577	3,788,519	8,196,909	7,621,178
	56,732,110	55,858,867	113,677,544	111,485,614

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 19,294,693 thousand (December 2012: Rs 18,565,264 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 condensed interim financial statements.

	Quarter ended		Half year ended	
	Un-Audited December 2013	Un-Audited December 2012	Un-Audited December 2013	Un-Audited December 2012
	(Rupees in thousand)			
16 OTHER INCOME				
Income from financial assets				
Interest income on late payment of gas bills:				
- Late payment surcharge	709,930	748,246	1,543,291	1,431,142
- Government owned and other power generation companies	338,373	1,710,217	1,038,738	3,209,100
- Others	-	5,631	17,201	82,495
Interest on staff loans and advances	11,273	10,018	22,329	19,914
Gain on initial recognition of financial liabilities at fair value	1,555	-	3,110	-
Return on bank deposits	119,520	119,940	214,685	243,361
	1,180,651	2,594,052	2,839,354	4,986,012
Income from assets other than financial assets				
Net gain on sale of fixed assets	13,524	12,060	20,780	12,102
Net gain on coating of pipelines for SSGCL	-	5,313	-	5,313
Meter rentals and service income	366,386	336,650	746,564	669,975
Amortization of deferred credit	523,884	590,585	938,863	1,163,671
Insurance claim	1,145	401	2,219	560
	904,939	945,009	1,708,426	1,851,621

	Quarter ended		Half year ended	
	Un-Audited December 2013	Un-Audited December 2012	Un-Audited December 2013	Un-Audited December 2012
	(Rupees in thousand)			
Others				
Sale of tender documents	533	382	2,225	737
Sale of scrap	24	525	3,160	525
Credit balances written back	15,098	-	15,098	-
Liquidated damages recovered	25,599	4,458	32,024	19,481
Gain on construction contracts	-	162,523	-	337,230
Bad debt recoveries	4,582	3,049	6,663	7,720
Miscellaneous	703	313	1,570	432
	46,539	171,250	60,740	366,125
	2,132,129	3,710,311	4,608,520	7,203,758

17 OTHER OPERATING EXPENSES

Workers' Profit Participation Fund	-	(2,553)	-	-
Exchange loss on gas purchases	459,732	323,370	673,434	277,586
Loss on initial recognition of financial assets at fair value	2,245	3,389	2,500	5,523
Donations	-	2,000	-	2,035
Loss on construction contracts	28,685	-	28,685	-
	490,662	326,206	704,619	285,144

18 FINANCE COST

Included in finance cost is an amount of Rs 1,064,374 thousand (December 2012: Rs 1,078,965 thousand) in respect of late payment surcharge on account of overdue payables for gas purchases and Gas Development Surcharge as referred to in note 10.1.

	Quarter ended		Half year ended	
	Un-Audited December 2013	Un-Audited December 2012	Un-Audited December 2013	Un-Audited December 2012
	(Rupees in thousand)			

19 TAXATION

Current Tax:				
Current year	273,503	276,454	559,012	553,202
Prior year	-	-	-	-
	273,503	276,454	559,012	553,202
Deferred Tax	(726,693)	(603,154)	(1,384,860)	(862,924)
	(453,190)	(326,700)	(825,848)	(309,722)

Selected Notes to the Condensed Interim Financial Information

For the half year ended December 31, 2013 (Un-audited)

	Note	Half year ended Un-Audited December 2013	Half year ended Un-Audited December 2012
		(Rupees in thousand)	
20 CASH GENERATED FROM OPERATIONS			
Loss before taxation		(2,750,844)	(884,918)
Adjustment for non-cash charges and other items:			
Depreciation on property, plant and equipment		4,443,243	4,241,560
Amortization of intangible assets		4,179	64,866
Amortization of deferred credit		(938,863)	(1,163,671)
Provision for employees' retirement benefits and other obligations		664,843	583,600
Gain on disposal of property, plant and equipment		(20,780)	(12,102)
Finance cost		1,960,777	2,271,407
Return on bank deposits		(214,685)	(243,361)
Provision for doubtful debts		2,046,035	1,297,073
Loss on initial recognition of financial assets at fair value		2,500	5,523
Gain on initial recognition of financial assets at fair value		(3,110)	-
Credit balances written back		(15,098)	-
Interest income due to the impact of IAS 39		(14,968)	(13,324)
Working capital changes	20.1	(4,000,939)	2,698,569
		1,162,290	8,845,222
20.1 Working capital changes			
(Increase) / decrease in current assets:			
Stores and spare parts		(454,290)	(26,393)
Stock-in-trade		74,240	(96,620)
Trade debts		(14,986,234)	(21,273,399)
Loans and advances		(771,017)	(173,950)
Other receivables		218,559	16,310
Trade deposits and short term prepayments		(167,413)	(133,891)
		(16,086,155)	(21,687,943)
Increase in current liabilities:			
Trade and other payables		12,085,216	24,386,512
		(4,000,939)	2,698,569
20.2 Cash and cash equivalents			
Cash and bank balances		283,411	3,421,782
Short term running finance		(997,164)	(751,646)
		(713,753)	2,670,136

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 tariff from July 01, 2013 has been incorporated in the accounts for the period ended December 31, 2013 on the basis of Final Revenue Requirement for the financial year 2013-14.

21.2 For the half year ended December 31, 2013, the Company has also incorporated the negative financial effect of Unaccounted For Gas (UFG) disallowance benchmark determined by OGRA amounting to Rs 6,442,187 thousand (December 2012: Rs 6,690,886 thousand).

21.3 The Company has already taken up the matter with the Economic Coordination Committee through Ministry of Petroleum for revision of UFG benchmark on account of certain factors beyond Company's control such as ratio of gas sold to bulk and retail consumers, provision of gas in law affected areas and pilferage by non-consumers. The ECC has already issued guidelines to OGRA for providing certain allowances to the Company and to conduct a detailed UFG Study on expeditious basis. The management is confident that after comprehensive UFG study by OGRA, the UFG benchmark would be revised resulting in reduction of UFG disallowance in future years.

22 TRANSACTIONS WITH ASSOCIATES AND RELATED PARTIES

22.1 Transactions during the period

	Half year ended	
	Un-Audited	Un-Audited
	December 2013	December 2012
	(Rupees in thousand)	
Gas sales	11,973,644	11,732,901
Purchase of materials	1,087,209	1,098,367
Purchase of gas	78,793,960	77,240,131
Service charges	50,077	35,109
Profit received on bank deposits	69,690	148,880
Contribution to defined contribution plans	118,824	182,357
Contribution to defined benefit plans	722,304	648,315
Insurance expenses	118,449	213,104
Insurance claims received	34,427	37,090
Transportation charges	411,635	222,368
Transmission charges	2,240	1,336
Key management personnel	735,865	722,592

22.2 Period end balances

	Un-audited	Audited
	December 2013	June 2013
	(Rupees in thousand)	
Receivable from related parties	18,677,241	11,885,633
Payable to related parties	31,283,861	23,139,243

Selected Notes to the Condensed Interim Financial Information
For the half year ended December 31, 2013 (Un-audited)

23 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on January 19, 2016 by the Board of Directors of the Company.

24 EVENTS AFTER BALANCE SHEET DATE

The Board of Directors of the Company in its meeting held on January 19, 2016 has proposed a cash dividend in respect of the half year ended December 31, 2013 of Rs Nil per share (2013: Nil per share), amounting to Rs Nil (2013: Nil) and Nil bonus share (2013: Nil). The condensed interim financial information do not include the effect of these appropriations which will be accounted for subsequent to the period end.

25 CORRESPONDING FIGURES

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.

Amer Tufail
Managing Director/CEO

Muhammad Saeed Mehdi
Chairman-BOD

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