

1st Quarter Accounts (Un-Audited)
for the period ended September 30, 2014

**When Hard Times Hit;
We Work Harder.**



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

Mr. Muhammad Saeed Mehdi	Chairman
Mr. Mohammad Arif Hameed	Managing Director
Mr. Abid Saeed	Director
Mr. Ahmad Aqeel	Director
Mirza Mahmood Ahmad	Director
Mr. Manzoor Ahmed	Director
Mian Misbah-ur-Rehman	Director
Mr. Muhammad Arif Habib	Director
Mr. Mustafa Ahmad Khan	Director
Mr. Nauman Wazir	Director
Mr. Muhammad Raeesuddin Paracha	Director
Mr. Raza Mansha	Director
Mr. Rizwanullah Khan	Director
Mr. Shoaib Warsi	Director

COMMITTEES OF THE BOARD OF DIRECTORS

AUDIT COMMITTEE

Mr. Manzoor Ahmed	Chairman
Mr. Ahmad Aqeel	Member
Mr. Muhammad Arif Habib	Member
Mr. Nauman Wazir	Member
Mr. Muahammad Raeesuddin Paracha	Member
Mr. Raza Mansha	Member
Mr. Rizwanullah Khan	Member

FINANCE / PROCUREMENT COMMITTEE

Mirza Mahmood Ahmad	Chairman
Mr. Mohammad Arif Hameed	Managing Director
Mr. Ahmad Aqeel	Member
Mian Misbah-ur-Rehman	Member
Mr. Mustafa Ahmad Khan	Member
Mr. Muahammad Raeesuddin Paracha	Member
Mr. Shoaib Warsi	Member

HR & NOMINATION COMMITTEE

Mr. Abid Saeed	Chairman
Mr. Mohammad Arif Hameed	Managing Director
Mr. Ahmad Aqeel	Member
Mirza Mahmood Ahmad	Member
Mr. Nauman Wazir	Member
Mr. Raza Mansha	Member
Mr. Shoaib Warsi	Member

UNACCOUNTED FOR GAS (UFG) CONTROL COMMITTEE

Mr. Muhammad Arif Habib	Chairman
Mr. Ahmad Aqeel	Member
Mirza Mahmood Ahmad	Member
Mr. Mustafa Ahmad Khan	Member
Mr. Nauman Wazir	Member
Mr. Rizwanullah Khan	Member

RISK MANAGEMENT COMMITTEE

Mr. Ahmad Aqeel	Chairman
Mr. Abid Saeed	Member
Mirza Mahmood Ahmad	Member
Mian Misbah-ur-Rehman	Member
Mr. Mustafa Ahmad Khan	Member
Mr. Raza Mansha	Member
Mr. Rizwanullah Khan	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

SHARES REGISTRAR

Central Depository Company of Pakistan Limited
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Opposite Lahore Gym Khana,
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Tel: +92-42-35789378-87
Fax: +92-42-35789340
Website: www.cdcPakistan.com

LEGAL ADVISORS

M/s. Surrudge & 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, 2014. The gas sales for the period under review were 114,448 MMCF as against 136,011 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 819 million against a loss of Rs 883 million for the corresponding period. The loss per share for the period was Rs 1.29 as against loss per share of Rs 1.39 for the period ended September 30, 2013. The loss is mainly attributable to the arbitrary Unaccounted for Gas (UFG) benchmark of 4.5% by the Regulator namely, Oil and Gas Regulatory Authority (OGRA) without keeping in view the ground realities in which your company is constrained to operate.

Your Company continued to strive to control UFG and for the period under review, the volumetric loss reduced from 17.5 BCF in 2013-14 to 14.6 BCF. Your Company is committed to bring down UFG to an acceptable level and is continuously taking number of steps in addressing the situation, however your Company maintains that the benchmark in respect of UFG has unilaterally been imposed by OGRA without recognizing the factors beyond Company's control. Accordingly, the Regulator has failed to ensure provision of 17.5% return to the Company. The Management of the Company is making all out efforts to reduce the UFG losses and it has taken up the matter with OGRA and maintains that until and unless a fair UFG benchmark based on an independent study is not allowed, the financial results of the Company will continue to suffer adversely.

DEVELOPMENT PROJECTS

The Company commissioned 72 KM distribution lines during 1st Quarter of FY 2014-15 while work on 114 KM transmission lines and 378 KM distribution lines is in progress. Gas facility was extended to various localities / towns and industrial units across Punjab and Khyber Pukhtunkhwa. 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 is 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. Work on this project is on full swing.

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.

Government of Pakistan, due to the ongoing energy crisis, is aggressively pursuing the import of LNG into the country to meet the shortfall in gas supplies and have advised to proceed with augmentation of our transmission system. In compliance with directive of Government of Pakistan to plan infrastructure for the receipt of 400 MMCFD LNG in addition to already available / anticipated indigenous gases, Company has, planned to augment its system downstream Sawan. According to the plan, 42" dia x 111 KM pipeline would be laid between Sawan-Qadirpur segment along with installation of 5000 HP compression at AC1(X) Bhong at the estimated capital cost of Rs.18,543 million. The execution on this project is likely to be commenced shortly.



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

(Amer Tufail)

Managing Director/CEO

(Muhammad Saeed Mehdi)

Chairman-BOD

Lahore.

February 11, 2016

Condensed Interim Balance Sheet

As at September 30, 2014

	Note	Un-Audited	Audited
		September 2014	June 2014
(Rupees in thousand)			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital			
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, 2014: 634,216,665) ordinary shares of Rs 10 each		6,342,167	6,342,167
Revenue reserves		(1,093,049)	(274,130)
Shareholders' equity		5,249,118	6,068,037
NON-CURRENT LIABILITIES			
Long term financing:			
Secured	4	6,500,000	5,500,000
Unsecured	5	895,048	932,097
Security deposits		30,070,041	29,782,655
Deferred credit		30,827,741	31,168,532
Deferred taxation		-	107,968
Employee benefits		6,706,186	6,469,389
		74,999,016	73,960,641
CURRENT LIABILITIES			
Trade and other payables	6	66,682,410	65,833,495
Sales tax payable		6,061,781	5,737,380
Interest and mark-up accrued on loans and other payables		17,082,949	16,570,251
Short term borrowings-secured		994,574	977,143
Current portion of long term financing	7	2,884,871	2,843,991
		93,706,585	91,962,260
CONTINGENCIES AND COMMITMENTS	8		
		173,954,719	171,990,938

The annexed notes from 1 to 24 form an integral part of the condensed interim financial information.




(Amer Tufail)

Managing Director/CEO



	Note	Un-Audited	Audited
		September 2014	June 2014
(Rupees in thousand)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	102,765,857	104,543,542
Intangible assets		57,075	58,061
Long term investment		4,900	4,900
Long term loans		333,618	320,492
Deferred taxation		491,061	-
Employee benefits		1,935,242	1,898,278
Long term deposits and prepayments		7,864	6,966
		105,595,617	106,832,239
CURRENT ASSETS			
Stores and spares		2,224,558	2,875,132
Stock in trade- gas in pipelines		1,048,137	947,899
Trade debts	10	58,537,025	56,571,635
Loans and advances	11	2,898,846	1,011,144
Trade deposits and short term prepayments	12	352,919	232,634
Accrued interest		5,298	18,495
Other receivables	13	42,811	42,699
Taxation-net		2,853,983	2,979,083
Cash and bank balances	14	395,525	479,978
		68,359,102	65,158,699
		173,954,719	171,990,938


(Muhammad Saeed Mehdi)
 Chairman-BOD

Condensed Interim Profit & Loss Account (Un-Audited)

For the period ended September 30, 2014

	Note	Quarter ended September 30	
		Un-Audited 2014	Un-Audited 2013
(Rupees in thousand)			
GAS SALES		49,185,632	57,508,113
Add/(Less):Differential margin/(Gas development surcharge)		1,272,182	(1,047,145)
LESS: COST OF GAS SALES	15	50,457,814	56,460,968
		50,310,876	56,945,434
GROSS PROFIT/(LOSS)		146,938	(484,466)
Other operating income	16	2,389,566	2,476,391
		2,536,504	1,991,925
LESS:			
Selling cost		1,952,565	1,321,839
Administrative expenses		840,347	763,974
Other operating expenses	17	196,099	213,957
		2,989,011	2,299,770
Operating loss		(452,507)	(307,845)
Finance cost	18	717,469	948,133
LOSS BEFORE TAXATION		(1,169,976)	(1,255,978)
TAXATION	19	(351,057)	(372,658)
LOSS FOR THE PERIOD		(818,919)	(883,320)
LOSS PER SHARE - BASIC AND DILUTED (Rs)		(1.29)	(1.39)

The annexed notes from 1 to 24 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 (Un-Audited)

For the period ended September 30, 2014

	Quarter ended September 30	
	Un-Audited 2014	Un-Audited 2013
	(Rupees in thousand)	
Loss for the period	(819,919)	(883,320)
Other comprehensive income for the period:		
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	(819,919)	(883,320)

The annexed notes from 1 to 24 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 (Un-Audited)

For the period ended September 30, 2014

	Note	UN-AUDITED	
		Sep 2014	Sep 2013
(Rupees in thousand)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	20	(517,849)	907,205
Finance cost paid		(194,572)	(30,078)
Income taxes paid		(122,873)	(68,622)
Employee benefits paid/contributions paid		(212,623)	(309,698)
Security deposits received		287,386	1,068,957
Receipts against government grants and consumer contributions		88,256	90,627
Long term loans to employees		(19,505)	22,998
Long term deposits and prepayments		(898)	47
Net cash (used in) / genrated from operating activities		(692,678)	1,681,436
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(530,691)	(276,518)
Capital expenditure on Intangible assets		(7,201)	(3,423)
Proceeds from sale of property, plant and equipment		16,064	7,255
Return on bank deposits		119,165	102,520
Net cash used in investing activities		(402,663)	(170,166)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from long term financing- unsecured		-	8,300
Repayment of long term financing- unsecured		(6,368)	(6,367)
Proceeds from long term financing- secured		1,000,000	-
Dividend paid		(175)	(2,271)
Net cash from/(used in) financing activities		993,457	(338)
Net (decrease) / increase in cash and cash equivalents		(101,884)	1,510,932
Cash and cash equivalents at the beginning of the period		(497,165)	(32,634)
Cash and cash equivalents at the end of the period	20.2	(599,049)	1,478,298

The annexed notes from 1 to 24 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 (Un-Audited)

For the period ended September 30, 2014

	Share capital	General reserve	Revenue reserves		Total	Total share holders' equity
			Dividend equalization reserve	Unappropriated profit		
(Rupees in thousand)						
Balance as at 01 July 2013 (Audited)	6,342,167	4,127,682	480,000	(917,237)	3,690,445	10,032,612
Loss for the period from July 01, 2013 to September 30, 2013	-	-	-	(883,320)	(883,320)	(883,320)
Other comprehensive income July 01, 2013 to September 30, 2013	-	-	-	-	-	-
Balance as at 30 September 2013 (Un-audited)	6,342,167	4,127,682	480,000	(1,800,557)	2,807,125	9,149,292
Loss for the period from October 01, 2013 to June 30, 2014	-	-	-	(3,081,255)	(3,081,255)	(3,081,255)
Other comprehensive income for the period from October 01, 2013 to June 30, 2014	-	-	-	-	-	-
Balance as at 01 July 2014 (Audited)	6,342,167	4,127,682	480,000	(4,881,812)	(274,130)	6,068,037
Loss for the period from July 01, 2014 to September 30, 2014	-	-	-	(818,919)	(818,919)	(818,919)
Other comprehensive income for the period from July 01, 2014 to September 30, 2014	-	-	-	-	-	-
Balance as at 30 September 2014 (Un-audited)	6,342,167	4,127,682	480,000	(5,700,731)	(1,093,049)	5,249,118

The annexed notes from 1 to 24 form an integral part of the condensed interim financial information.


(Amer Tufail)
Managing Director/CEO


(Muhammad Saeed Mehdi)
Chairman-BOD

Notes to the Condensed Interim Financial Information (Un-Audited)

For the period ended September 30, 2014

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 Karachi, Lahore and Islamabad Stock Exchanges (now merged as the 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 interim financial information has 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 the Pakistan Stock Exchange Limited).
- 2.2 This interim financial information have 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 This interim financial information should be read in conjunction with annual audited financial statements for the year ended June 30, 2014.

3 ACCOUNTING POLICIES AND ESTIMATES

- 3.1 The accounting policies adopted for the preparation of this interim financial information are the same as those applied in the preparation of the preceding annual published financial statements of the Company for the year ended June 30, 2014.
- 3.2 Judgments and estimates used by the management in the preparation of this interim financial information are same as those applied to the annual financial statements for the year ended June 30, 2014.

		Un-Audited September 2014	Audited June 2014
(Rupees in thousand)			
4	LONG TERM FINANCING - SECURED		
	From banking companies		
	Local currency-Syndicate term finance	4.1	3,500,000
			3,500,000
	Other loans:		
	Islamic finance under musharaka arrangement	4.2	1,500,000
	Islamic finance under musharaka arrangement	4.2	4,000,000
			9,000,000
	Less: Current portion shown under current liabilities	7	(2,500,000)
			6,500,000
			5,500,000

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.	4 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.



4.2 Islamic finance under musharaka arrangement

Lender	Mark-up rate	No. of installments outstanding	Maturity date
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Askari Bank Limited (Investment agent)	Six month KIBOR+ 1.25% p.a.	4 half year installments	30-Jun-16
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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.

Lender	Mark-up rate	No. of installments outstanding	Maturity date
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Albaraka Bank (Pakistan) Limited (Investment agent)	Six month KIBOR+ 0.55% p.a.	8 Half yearly installments	30-Jun-20
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Assets under musharaka agreement are secured by a ranking charge created by way of hypothecation over movable fixed assets of the Company (excluding land and building) to the extent of PKR 7,333,334 thousand, in respect of assets held under musharaka arrangement.

	Note	Un-Audited	Audited
		September 2014	June 2014
5 LONG TERM FINANCING- UNSECURED			
(Rupees in thousand)			
Other loans - Local currency:		1,279,919	1,276,088
Less: Current portion shown under current liabilities		(384,871)	(343,991)
		895,048	932,097
5.1	These loans carry mark-up at variable rates which range from 1.50% per annum to 13.14% per annum (June 30, 2014: 1.50% per annum to 15.00% per annum).		
6 TRADE AND OTHER PAYABLES			
Creditors for:			
Gas		52,786,720	49,012,962
Supplies		736,436	1,503,033
Accrued liabilities		4,913,737	6,496,072
Gas infrastructure development cess payable	6.1	2,835,198	2,099,077
Interest free deposits repayable on demand		98,365	101,627
Earnest money received from contractors		34,918	34,762
Mobilization and other advances		1,399,121	1,435,690
Due to customers		87,121	87,121
Gas development surcharge		3,297,766	4,569,948
Workers' profit participation fund		418,155	418,155
Unclaimed dividend		74,873	75,048
		66,682,410	65,833,495

Notes to the Condensed Interim Financial Information (Un-Audited)

For the period ended September 30, 2014

- 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.

An order on the subject matter was also passed by the Peshawar High Court vide its judgment dated June 13, 2013 whereby the Court declared the GIDC Act 2011 as ultra vires to the Constitution. An appeal was filed in the Supreme Court of Pakistan, which by its order dated December 30, 2013 suspended the judgment of Peshawar High Court. On December 31, 2013, OGRA issued a notification directing levy of GIDC at revised rates.

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. However, a special Committee has been constituted by the Parliament to decide on previous arrears of GIDC due from customers and to make recommendations for removal of any anomalies in the GIDC Act. The Committee is yet to submit its report on the matter. Subsequently, a number of consumers of the Company contested have obtained stay order from various Courts against recovery of GIDC.

Furthermore, GIDC amounting to Rs 45,108,880 thousand as at September 30, 2014 (June 30, 2014: Rs 39,799,830 thousand) 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.

	Note	Un-Audited	Audited
		September 2014	June 2014
(Rupees in thousand)			
7			
Long term financing - secured	4	2,500,000	2,500,000
Long term financing - unsecured	5	384,871	343,991
		2,884,871	2,843,991

8 CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

There has been no significant change in contingencies since the date of preceding financial statements of the company for the year ended June 30, 2014.



	Un-Audited September 2014	Audited June 2014
	(Rupees in thousand)	
8.2 Commitments:		
a) Capital commitments		
Property, plant and equipment	675,988	388,419
Intangible assets	31,147	24,299
Stores and Spares	6,432,361	2,632,237
	7,139,496	3,044,955
b) Other commitments	653,306	554,825
9 PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets		
Tangible		
Opening book value	83,881,031	79,535,830
Additions during the period/year	1,387,304	13,260,038
	85,268,335	92,795,868
Book value of property, plant and equipment disposed off during the period/year	(210)	(8,294)
Depreciation charged during the period/year	(2,345,901)	(8,906,543)
	(2,346,111)	(8,914,837)
Closing book value	82,922,224	83,881,031
Capital work in progress	19,843,633	20,662,511
	102,765,857	104,543,542

Notes to the Condensed Interim Financial Information (Un-Audited)

For the period ended September 30, 2014

	Un-Audited September 2014	Audited June 2014
	(Rupees in thousand)	
9.1 Capital work-in-progress		
Transmission system	3,395,290	1,866,298
Distribution system	6,353,871	7,658,437
Stores and spares including in transit Rs 664,248 thousand (June 2014: Rs 1,160,318 thousand)	9,772,702	10,873,578
Advances for land and other capital expenditure	321,770	264,198
	19,843,633	20,662,511
10 TRADE DEBTS		
Considered good:		
Secured	29,337,456	28,912,782
Unsecured	29,370,239	27,840,730
Accrued gas sales	(170,670)	(181,877)
	58,537,025	56,571,635
Considered doubtful	14,370,882	13,071,227
	72,907,907	69,642,862
Less: Provision made for doubtful debts	(14,370,882)	(13,071,227)
	58,537,025	56,571,635

10.1 Included in trade debts are amounts receivable from Government owned power generation companies and independent power producers of Rs 16,902,829 thousand (2014: Rs 19,391,135 thousand) along with interest of Rs 13,979,793 thousand (2014: Rs 13,524,205 thousand) on delayed payments. While trade and other payables referred to in note 6 include an amount of Rs 39,365,610 thousand (2014: Rs 33,673,595) due to Pakistan Petroleum Limited, Sui Southern Gas Company Limited, Oil and Gas Development Company Limited and Government Holding (Private) Limited on account of gas purchases along with interest on delayed payments of Rs 11,241,064 thousand (2014: 10,883,965 thousand). Further, an amount of Rs 3,293,697 thousand (2014: 4,569,948 thousand) is payable to Government of Pakistan on account of Gas Development Surcharge (GDS) and an amount of Rs 4,101,598 thousand (2014: Rs 4,235,007 thousand) is payable to Government of Pakistan on account of interest on delayed payment of Gas Development Surcharge (GDS). The settlement of these amounts is dependent upon the resolution of inter-corporate circular debt by the Government of Pakistan.



	Un-Audited September 2014	Audited June 2014
	(Rupees in thousand)	
11 LOANS AND ADVANCES		
Loans to employees - considered good	93,068	93,068
Advances - considered good:		
Other employees	963,669	726,394
Suppliers and Contractor	1,842,109	191,682
	2,898,846	1,011,144
Advances to suppliers and contractors - considered doubtful	3,227	3,227
Less: Provision for doubtful receivables	(3,227)	(3,227)
	-	-
	2,898,846	1,011,144
12 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS		
Trade deposits and short term prepayments	235,830	123,253
Less: Provision for doubtful deposits	(22,290)	(22,290)
	213,540	100,963
Current portion of long term prepayments	139,379	131,671
	352,919	232,634
13 OTHER RECEIVABLES		
Excise duty recoverable	108,945	108,945
Less: Provision for doubtful recoverable	(108,945)	(108,945)
	-	-
Due from customers	6,986	6,986
Current account with SSGC	15,828	15,717
Others	19,997	19,996
	42,811	42,699
14 CASH AND BANK BALANCES		
Deposit accounts	204,582	177,705
Currents account	169,621	300,631
	374,203	478,336
Cash in hand	21,322	1,642
	395,525	479,978

Notes to the Condensed Interim Financial Information (Un-Audited)

For the period ended September 30, 2014

	Note	Quarter ended	
		Un-Audited	Un-Audited
		September 2014	September 2013
(Rupees in thousand)			
15 COST OF GAS SALES			
Opening stock of gas in pipelines		947,899	1,075,236
Gas purchases:			
Southern system		25,773,781	31,430,539
Northern system		10,838,128	12,276,452
Cost equalization adjustment	15.1	10,100,618	9,569,274
		46,712,527	53,276,265
		47,660,426	54,351,501
Less: Gas internally consumed		380,869	546,304
Closing stock of gas in pipelines		1,048,137	968,095
		1,429,006	1,514,399
Distribution Cost		4,079,456	4,108,332
		50,310,876	56,945,434

- 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 10,100,618 thousand (September 2013: Rs 9,569,274 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 information.

		Quarter ended	
		Un-Audited	Un-Audited
		September 2014	September 2013
(Rupees in thousand)			
16 OTHER OPERATING INCOME			
Income from financial assets			
Interest income on late payment of gas bills:			
Late payment surcharge		838,220	833,361
Government owned and other power generation Companies		306,036	700,365
Others		15,263	17,201
Gain on initial recognition of financial liabilities at fair value		1,844	1,555
Interest on staff loans and advances		21,825	11,056
Return on bank deposit		105,968	95,165
		1,289,156	1,658,703
Income from assets other than financial assets			
Net gain on sale of fixed assets		15,854	7,256
Meter Rentals and service income		381,178	380,178
Amortization of deferred Credit		427,203	414,979
Insurance claim		367	1,074
		824,602	803,487



	Quarter ended	
	Un-Audited	Un-Audited
	September 2014	September 2013
	(Rupees in thousand)	
Others		
Sale of tender documents	311	1,692
Sale of scrap	27,718	3,136
Liquidated damages recovered	89,809	6,425
Bad debt recoveries	1,351	2,081
Urgent Fee	155,255	-
Miscellaneous	1,364	867
	275,808	14,201
	2,389,566	2,476,391

17 OTHER OPERATING EXPENSES

Exchange loss on gas purchases	161,523	213,702
Loss on initial recognition of financial assets at fair value	14,576	255
Donations	20,000	-
	196,099	213,957

- 18 Included in finance cost is an amount of Rs 224,099 thousand (September 2013: Rs 503,077 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 2014	September 2013
	(Rupees in thousand)	
19 TAXATION		
Current period:		
Current tax	247,973	285,509
Deferred tax	(599,030)	(658,167)
	(351,057)	(372,658)
Prior period:		
Current tax	-	-
	(351,057)	(372,658)

Notes to the Condensed Interim Financial Information (Un-Audited)

For the period ended September 30, 2014

	Note	Un-Audited	Un-Audited
		September 2014	September 2013
(Rupees in thousand)			
20 CASH GENERATED FROM OPERATIONS			
Loss before taxation		(1,169,976)	(1,255,978)
Adjustment for non-cash charges and other items:			
Depreciation - Own assets		2,345,901	2,358,309
Amortization of intangible assets		8,187	4,202
Employee benefits		374,721	331,467
Amortisation of deferred credit		(427,203)	(414,979)
Finance cost		717,469	948,133
Return on bank deposits		(105,968)	(95,165)
Gain on sale of fixed assets		(15,854)	(7,256)
Provision for doubtful debts		1,299,655	753,373
Loss on initial recognition of financial assets at fair value		14,576	255
Gain on initial recognition of financial liabilities at fair value		(1,844)	(1,555)
Amortisation of difference between initial and maturity amount		(8,197)	(7,357)
Working capital changes	20.1	(3,549,316)	(1,706,244)
		(517,849)	907,205
20.1 Working capital changes			
(Increase) / decrease in current assets:			
Stores and spares parts		650,575	(215,556)
Stock-in-trade - gas in pipelines		(100,238)	107,141
Trade debts		(3,265,045)	(7,501,417)
Loans and advances		(1,887,702)	(1,078,985)
Trade deposits and prepayments		(120,285)	(231,208)
Other receivables		(112)	342,232
		(4,722,807)	(8,577,793)
Increase in current liabilities:			
Trade and other payables		1,173,491	6,871,549
		(3,549,316)	(1,706,244)
20.2 Cash and cash equivalents			
Cash and bank balances		395,525	2,472,400
Short term running finance		(994,574)	(994,102)
		(599,049)	1,478,298

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, 2014 has been incorporated in the accounts for the period ended September 30, 2014 on the basis of final revenue requirement for the financial year 2014-15.
- 21.2** The Company has also incorporated the effect of Unaccounted For Gas (UFG) amounting to Rupees 3,038,970 thousand (September 2013: Rupees 3,509,772 thousand).



22 TRANSACTIONS WITH ASSOCIATES AND RELATED PARTIES

Relationship with the Group	Nature of Transactions	Un-Audited	Un-Audited
		September 2014	September 2013
		(Rupees in thousand)	
i) Related parties by virtue of common directorship and Govt. of Pakistan holdings	Gas sales	4,064,660	6,196,811
	Purchase of materials	6,841	953,725
	Purchase of gas	36,269,061	39,695,835
	Service charges	16,837	20,889
	Profit received on bank deposits	37,951	26,630
	Transportation charges	104,121	270,641
	Transmission charges	470	219
	Insurance expenses	69,436	59,225
	Insurance claims received	6,195	32,986
	ii) Post employment benefit plans	Contribution to defined contribution plans	61,894
Contribution to defined benefit plans		412,456	361,152
iii) Key management personnel	Salaries and other employee benefit	404,836	446,568

- 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 2014	June 2014
(Rupees in thousand)		
Receivable from related parties	20,462,045	20,279,128
Payable to related parties	39,369,931	33,684,805

23 DATE OF AUTHORISATION FOR ISSUE


This condensed interim financial information was authorised for issue by the Board of Directors of the company on February 11, 2016.

24 CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim balance sheet and condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim profit and loss account, condensed interim statement of comprehensive income and condensed interim cash flow statement have been compared with the balances of comparable period of immediately preceding financial year.

Corresponding figures have been re-arranged, wherever necessary, for the purposes of comparison. However, no significant re-arrangements have been made.


(Amer Tufail)
Managing Director/CEO


(Muhammad Saeed Mehdi)
Chairman-BOD



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URS is a member of Registrar of Standards (Holdings) Ltd.



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