



Sui Northern Gas Pipelines Limited

1st Quarter Accounts (Un-Audited)
For the period ended September 30, 2015



**WE STRUGGLE TODAY
FOR A BETTER TOMORROW**

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Our Vision & Mission

Vision Statement

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 Statement

A commitment to deliver natural gas to all door steps 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. Amjad Latif	Managing Director
Mr. Ahmad Aqeel	Director
Mr. Arshad Mirza	Director
Mirza Mahmood Ahmad	Director
Mr. Manzoor Ahmed	Director
Mian Misbah-ur-Rehman	Director
Mr. Muhammad Arif Habib	Director
Mr. Mustafa Ahmad Khan	Director
Ms. Nargis Ghaloo	Director
Mr. Nauman Wazir	Director
Mr. Raza Mansha	Director
Mr. Rizwanullah Khan	Director
Mr. Shahid Yousaf	Director

COMMITTEES OF THE BOARD OF DIRECTORS

AUDIT COMMITTEE

Mr. Manzoor Ahmed	Chairman
Mr. Ahmad Aqeel	Member
Mr. Muhammad Arif Habib	Member
Ms. Nargis Ghaloo	Member
Mr. Nauman Wazir	Member
Mr. Raza Mansha	Member
Mr. Rizwanullah Khan	Member

FINANCE / PROCUREMENT COMMITTEE

Mirza Mahmood Ahmad	Chairman
Mr. Amjad Latif	Managing Director
Mr. Ahmad Aqeel	Member
Mr. Arshad Mirza	Member
Mian Misbah-ur-Rehman	Member
Mr. Mustafa Ahmad Khan	Member
Ms. Nargis Ghaloo	Member

HR & NOMINATION COMMITTEE

Mr. Muhammad Saeed Mehdi	Chairman
Mr. Amjad Latif	Managing Director
Mr. Ahmad Aqeel	Member
Mirza Mahmood Ahmad	Member
Mr. Manzoor Ahmed	Member
Mr. Nauman Wazir	Member
Mr. Raza Mansha	Member
Mr. Shahid Yousaf	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
Ms. Nargis Ghaloo	Member
Mr. Nauman Wazir	Member
Mr. Shahid Yousaf	Member

RISK MANAGEMENT COMMITTEE

Mr. Ahmad Aqeel	Chairman
Mr. Arshad Mirza	Member
Mirza Mahmood Ahmad	Member
Mr. Manzoor Ahmed	Member
Mr. Mustafa Ahmad Khan	Member
Mr. Raza Mansha	Member
Mr. Rizwanullah Khan	Member

CHIEF FINANCIAL OFFICER

Mr. Saghir-ul-Hassan Khan

COMPANY SECRETARY / SECRETARY TO SUB COMMITTEES OF THE BOARD

Miss Wajiha Anwar

AUDITORS

A.F. Ferguson & Co.
Chartered Accountants

SHARES REGISTRAR

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Fax: [+92-42] 35789340
Website: www.cdcpk.com

LEGAL ADVISORS

M/s. Surridge & 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
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Website: www.sngpl.com.pk

DIRECTORS' REVIEW

The Board of Directors presents the un-audited financial statements for the 1st Quarter ended September 30, 2015. During the period under review, your Company has incurred a loss after tax amounting to Rs 543 million against a loss of Rs 819 million for the corresponding period. The loss per share for the period was Re. 0.86 as against loss per share of Rs 1.29 for the period ended September 30, 2014. Reduction in loss is a result of your Company's continuous efforts in managing UFG and taking all other steps to increase profitability of the Company.

While your Company is taking all the steps required to improve the situation, unrealistic UFG benchmark coupled with increased financial charges payable to gas creditors as a result of delay in increase in gas sales prices is adversely impacting the operational performance of the Company. The UFG reduction program embarked by your Company two years ago is yielding results and it is expected that your Company will be able to come out of loss making situation during the ensuing year.

We assure you that your Company will leave no stone unturned in its efforts to reduce the UFG losses as well as to bring efficiency in other aspects of its operation. However, Company maintains that the regulator is required to review the UFG benchmark and segregate factors within and beyond Company's control. Remaining completely oblivious to the ground realities in which the Company is bound to operate must be accounted for in determining the factors beyond its control and arriving at a fair UFG benchmark. While your Company is making its all out efforts to reduce the UFG losses, the fact of the matter is that until and unless a fair UFG benchmark based on an independent study is not adopted by OGRA, the Company will continue to suffer unnecessarily on this account.

DEVELOPMENT PROJECTS

The Company commissioned 247 KM distribution lines during 1st quarter of FY 2015-16. 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 is required. As an advance action plan, Company has already undertaken the project of 42" dia x 21.92 KM long pipeline between Sawan-Qadirpur segment.

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 is being 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. Work on the Engineering and Procurement activities have been completed. At present pipeline construction works are on full swing. After the completion of this project Company would be able to receive additional 400 MMCFD RLNG into its system.

In order to comply with Government of Pakistan Plan for bridging 1.2 BCFD LNG into SNGPL's System, Company has planned another system augmentation project i.e. 16" – 42" dia x 762 KM pipeline and 25,000 HP Compression downstream Qadirpur upto Lahore under the phase-2 of LNG infrastructure development project. The estimates cost of this



Project is Rs 58 Billion. Engineering and procurement activities of this project have already been initiated.

Government of Pakistan has allocated 600 MMCFD RLNG to three power plants of total 3600 MW capacity which are to be installed near Bhikki District Sheikhpura, Balloki District Kasur, and Haveli Bahadur Shah District Jhang. SNGPL has planned to lay spur pipelines for supplying RLNG to these power plants. Engineering and material procurement activities for these spur pipelines have also been initiated.

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.

BUSINESS DEVELOPMENT / CONTRACT JOB

The Company is engaged in various pipeline construction projects of national and multinational companies. SNGPL is undertaking pipelines Engineering and Construction job of MOL Pakistan's flow line / trunk line and Fiber Optic Cable in District Kohat / Hangu for different gas fields of MOL Pakistan like Maramzai, Manzalai, MamiKheil and Makori for the last ten years. MOL Pakistan has played a very vital role in strengthening the gas input supplies. MOL Pakistan is presently working on three more wells which are likely to be commissioned soon and project of pipelines lying from / to the well are likely to be awarded to SNGPL which would be the hallmark of quality / time consciousness of our work. Besides this, MOL Pakistan has further desired to enter into five year contractual relationship with SNGPL and has suggested signing blanket service order in this respect. Their future projects include Tolanj-1, Mamikheil-2, Maramzai-2, Manzalai-11, Mardankheil-1, Manzali-12, Mardankheil-South etc.

Recently, MOL Pakistan has awarded a new job of value Rs 385 million to SNGPL that involves laying of 12" / 10" dia flowlines for well heads, currently works on the project are in progress. The completion of this project will not only inject 40 MMCFD gas into SNGPL's System but would be quite instrumental in reducing the energy deficiency in the country.

ACKNOWLEDGEMENTS

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

On behalf of the Board



Amjad Latif
Managing Director / CEO



Muhammad Saeed Mehdi
Chairman – BOD

Lahore
Dated: April 19, 2016

Condensed Interim Balance Sheet (Un-Audited)

As at September 30, 2015

	Note	Un-audited September 30, 2015 (Rupees in thousand)	Audited June 30, 2015
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, 2015; 634,216,665) ordinary shares of Rs 10 each		6,342,167	6,342,167
Revenue reserves		(3,312,287)	(2,768,849)
Shareholders' equity		3,029,880	3,573,318
NON-CURRENT LIABILITIES			
Long term financing:			
Secured	4	15,000,000	13,500,000
Unsecured	5	687,990	718,778
Security deposits		32,171,812	32,452,229
Deferred credit		31,822,773	32,142,949
Employee benefits		9,233,193	9,748,887
		88,915,768	88,562,843
CURRENT LIABILITIES			
Trade and other payables	6	104,228,104	90,847,016
Sales tax payable		9,635,492	6,687,760
Interest and mark-up accrued on loans and other payables		20,362,076	19,043,308
Short term borrowings-secured		995,210	142,203
Current portion of long term financing	7	2,954,998	2,920,820
		138,175,880	119,641,107
CONTINGENCIES AND COMMITMENTS	8	-	-
		230,121,528	211,777,268

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



Amjad Latif
Managing Director / CEO



	Note	Un-audited September 30, 2015 (Rupees in thousand)	Audited June 30, 2015
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	115,161,270	114,476,508
Intangible assets		40,891	47,470
Long term investment		4,900	4,900
Long term loans		345,322	360,591
Deferred taxation		1,355,439	1,858,993
Long term deposits and prepayments		6,389	6,395
		116,914,211	116,754,857
CURRENT ASSETS			
Stores and spares		2,550,692	2,761,800
Stock in trade - gas in pipelines		890,218	1,030,463
Trade debts	10	74,900,395	64,621,985
Loans and advances	11	1,820,182	911,452
Trade deposits and short term prepayments	12	311,009	118,913
Accrued interest		15,521	14,100
Other receivables	13	27,905,682	22,253,229
Taxation-net		3,926,323	2,755,272
Cash and bank balances	14	887,295	555,197
		113,207,317	95,022,411
		230,121,528	211,777,268



Muhammad Saeed Mehdi
Chairman – BOD

Condensed Interim Profit and Loss Account

for the Quarter Ended September 30, 2015 (Un-Audited)

	Note	Quarter ended	
		September 30, 2015	September 30, 2014
		(Rupees in thousand)	
Gas sales		59,693,240	49,185,632
Add: Differential margin		5,659,299	1,272,182
		65,352,539	50,457,814
Less: Cost of gas sales	15	64,798,791	50,310,876
Gross profit		553,748	146,938
Add: Other Operating Income	16	2,264,225	2,389,566
		2,817,973	2,536,504
Less:			
Selling cost		1,445,621	1,952,565
Administrative expenses		983,932	840,347
Other operating expenses	17	54,901	196,099
		2,484,454	2,989,011
Operating profit/ (Loss)		333,519	(452,507)
Less: Finance cost	18	1,109,882	717,469
Loss before taxation		(776,363)	(1,169,976)
Taxation	19	(232,925)	(351,057)
Loss for the period		(543,438)	(818,919)
Loss per share - basic and diluted (Rs)		(0.86)	(1.29)

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



Amjad Latif
Managing Director / CEO



Muhammad Saeed Mehdi
Chairman – BOD



Condensed Interim Statement of Comprehensive Income

for the Quarter Ended September 30, 2015 (Un-Audited)

	Quarter ended	
	September 30, 2015	September 30 2014
Loss for the period	(543,438)	(818,919)
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	(543,438)	(818,919)

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



Amjad Latif
Managing Director / CEO



Muhammad Saeed Mehdi
Chairman – BOD

Condensed Interim Cash Flow Statement

for the Quarter Ended September 30, 2015 (Un-Audited)

	Note	Quarter ended	
		September 30, 2015 (Rupees in thousand)	September 30, 2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from/ (used in) operations	20	2,589,288	(517,849)
Finance cost paid		(8,884)	(194,572)
Income taxes paid		(434,574)	(122,873)
Employee benefits paid/contributions paid		(1,153,783)	(212,623)
Security deposits received		(280,417)	287,386
Receipts against government grants and consumer contributions		153,747	88,256
Long term loans to employees		25,317	(19,505)
Long term deposits and prepayments		6	(898)
Net cash inflow from/ (Used in) operating activities		890,700	(692,678)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(3,009,786)	(530,691)
Capital expenditure on Intangible assets		-	(7,201)
Proceeds from sale of property, plant and equipment		29,088	16,064
Return on bank deposits		75,575	119,165
Net cash used in investing activities		(2,905,123)	(402,663)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing - unsecured		(6,368)	(6,368)
Proceeds from long term financing - secured		1,500,000	1,000,000
Dividend paid		(118)	(175)
Net cash inflow from financing activities		1,493,514	993,457
Net (decrease)/ increase in cash and cash equivalents		(520,909)	(101,884)
Cash and cash equivalents at the beginning of the period		412,994	(497,165)
Cash and cash equivalents at the end of the period	20.2	(107,915)	(599,049)

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



Amjad Latif
Managing Director / CEO



Muhammad Saeed Mehdi
Chairman – BOD



Condensed Interim Statement of Changes in Equity

for the Period Ended September 30, 2015 (Un-Audited)

	Share Capital	Revenue Reserves			Total	Total Share holders' Equity
		General Reserve	Dividend Equalization Reserve	Un-appropriated loss		
(Rupees in thousand)						
Balance as at July 01, 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 July 01, 2014 to September 30, 2014	-	-	-	-	-	-
Balance as at September 30, 2014 (Un-audited)	6,342,167	4,127,682	480,000	(5,700,731)	(1,093,049)	5,249,118
Loss for the period from October 01, 2014 to June 30, 2015	-	-	-	(1,675,581)	(1,675,581)	(1,675,581)
Other comprehensive loss for the period from October 01, 2014 to June 30, 2015	-	-	-	(219)	(219)	(219)
Balance as at July 01, 2015 (Audited)	6,342,167	4,127,682	480,000	(7,376,531)	(2,768,849)	3,573,318
Loss for the period from July 01, 2015 to September 30, 2015	-	-	-	(543,438)	(543,438)	(543,438)
Other comprehensive July 01, 2015 to September 30, 2015	-	-	-	-	-	-
Balance as at September 30, 2015 (Un-audited)	6,342,167	4,127,682	480,000	(7,919,969)	(3,312,287)	3,029,880

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



Amjad Latif
Managing Director / CEO



Muhammad Saeed Mehdi
Chairman – BOD

Notes to the Condensed Interim Financial Information

for the Period Ended September 30, 2015 (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 These financial statements are 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 the members in accordance with 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 It 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 have been followed.
- 2.3 This condensed interim financial information does not include all the information required for annual financial statements and therefore, should be read in conjunction with the annual financial statements of the Company for the year ended 30 June 2015.

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 the preceding annual published financial statements of the company for the year ended June 30, 2015.
- 3.2 Judgments and estimates used by the management in the preparation of this condensed interim financial information are same as those applied to the annual financial statements for the year ended June 30, 2015.



	Note	Un-audited September 30, 2015 (Rupees in thousand)	Audited June 30, 2015
4. LONG TERM FINANCING - SECURED			
From banking companies			
Local currency - Syndicate term finance	4.1	1,750,000	1,750,000
Local currency - Syndicate term finance	4.2	6,279,661	5,288,136
		8,029,661	7,038,136
Other loans			
Islamic finance under Musharaka arrangement	4.3	750,000	750,000
Islamic finance under Musharaka arrangement	4.3	5,500,000	5,500,000
Islamic finance under Musharaka arrangement	4.3	3,220,339	2,711,864
		17,500,000	16,000,000
Less: Current portion shown under current liabilities	7	2,500,000	2,500,000
		15,000,000	13,500,000

4.1	Lender	Mark-up rate	No.of installments	Maturity Date
	Askari bank Limited (Investment Agent)	Six month KIBOR+ 1.25% p.a.	8 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.

4.2	Lender	Mark-up rate	No.of installments	Maturity Date
	Bank Alfalah Limited (Lead Bank)	Six month KIBOR+ 0.50% p.a.	10 half yearly installments	May 19, 2022

The loan is secured by a first parri passu created by way of hypothecation over moveable fixed assets of the company (excluding land and building) to the extent of Rs 15,600,000 thousand.

4.3 Islamic finance under Musharaka arrangement

	Lender	Mark-up rate	No.of installments	Maturity Date
	Askari Bank Limited (Investment Agent)	Six month KIBOR+ 1.25% p.a.	8 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 4,615,384 thousand, in respect of assets held under musharaka arrangement.

Islamic finance under Musharaka arrangement

Lender	Mark-up rate	No.of installments	Maturity Date
Albaraka Bank (Pakistan) Limited (Investment Agent)	Six month KIBOR+ 0.55% p.a.	8 half yearly installments	June 30, 2020

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 Rs 7,333,333 thousand, in respect of assets held under musharaka arrangement.

Islamic finance under Musharaka arrangement

Lender	Mark-up rate	No.of installments	Maturity Date
Bank Alfalah Limited (Lead Bank)	Six month KIBOR+ 0.50% p.a.	10 half yearly installments	May 19, 2022

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 8,000,000 thousand.

5. LONG TERM FINANCING - UNSECURED

	Note	Un-audited September 30, 2015 (Rupees in thousand)	Audited June 30, 2015
Other loans - Local currency		1,142,988	1,139,598
Less: Current portion shown under current liabilities	7	454,998	420,820
		687,990	718,778

5.1 These loans carry mark-up at variable rates which range from 1.50% per annum to 11.18% per annum (June 30, 2015: 1.50% per annum to 11.18% per annum).



Note	Un-audited September 30, 2015 (Rupees in thousand)	Audited June 30, 2015
6. TRADE AND OTHER PAYABLES		
Creditors for:		
Gas	91,935,322	79,089,424
Supplies	1,732,430	1,400,263
Accrued liabilities	4,490,174	7,829,726
Provident fund	66,919	55,487
Gas infrastructure development cess payable 6.1	3,725,491	246,865
Interest free deposits repayable on demand	189,696	136,491
Earnest money received from contractors	36,212	36,823
Mobilization and other advances	1,468,045	1,468,004
Due to customers	91,422	91,422
Workers' profit participation fund	418,155	418,155
Unclaimed dividend	74,238	74,356
	104,228,104	90,847,016

6.1 The Honorable Islamabad High Court vide its decision dated January 31, 2013, declared Gas Infrastructure Development Cess Act (GIDC), 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 74,513,318 thousand (2015: Rs 69,653,277 thousand) is recoverable from consumers and payable to Government of Pakistan. This condensed interim financial information 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.

	Un-audited September 30, 2015 (Rupees in thousand)	Audited June 30, 2015
7. CURRENT PORTION OF LONG TERM FINANCING		
Long term financing - secured	2,500,000	2,500,000
Long term financing - unsecured	454,998	420,820
	2,954,998	2,920,820

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, 2015, except for the matter stated below:

During the financial years 2010-12, the company had entered into gas supply agreements (GSA) with M/s Saif Power Limited, Sapphire Electric and Orient Power (hereinafter referred to as "the claimants") for the supply of a daily contracted quantity of gas during a firm delivery period in a given year i.e. from March 1 to November 30 each year. During certain periods of the year, the company could not supply the contracted quantity of gas to the claimants due to certain force majeure events such as ruptures in pipelines and other sabotage / terrorism activities in certain gas wells. Such force majeure events were rejected by the claimants contesting that they did not fall under the definition of "force majeure" as per the GSAs. The case was referred to the London Court of International Arbitration vide separate arbitration proceedings for each of the claimants. The arbitrator has decided these cases in favor of the claimants vide its decision dated March 9, 2016. While the Company intends to take up the matter legally, the financial impact of this adverse decision on Company's financial position cannot be fully ascertained as the same has not yet been taken up in the Revenue Requirements of the Company with Oil and Gas Regulatory Authority. The financial impact if any, on the operations of the Company will be determined once OGRA makes a final determination on the matter. The total claim of all the claimants including ancillary costs is Rs 736,405 thousand (June 30, 2015: Nil).

	Un-audited September 30, 2015 (Rupees in thousand)	Audited June 30, 2015
8.2 Commitments:		
a) Capital Commitments		
Property, plant and equipment	3,810,041	1,834,993
Intangible assets	24,964	24,998
Stores and spares	7,687,773	7,733,850
	11,522,778	9,593,841
b) Other Commitments		
Others	1,947,558	805,794



	Note	Un-audited September 30, 2015 (Rupees in thousand)	Audited June 30, 2015
9. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets			
Tangible			
Opening book value		92,092,283	83,881,031
Additions during the period/year		2,534,206	17,943,570
		94,626,489	101,824,601
Book value of property, plant and equipment disposed off during the period / year		-	(3,475)
Depreciation charged during the period / year		(2,584,833)	(9,728,843)
		(2,584,833)	(9,732,318)
Closing book value		92,041,656	92,092,283
Capital work in progress	9.1	23,119,614	22,384,225
		115,161,270	114,476,508
9.1 Capital work in progress			
Transmission system		7,092,400	4,667,314
Distribution system		4,404,446	5,317,831
Stores and spares including in transit Rs 660,841 thousand (June 2015: Rs 760,399 thousand)		11,332,196	12,083,769
Advances for land and other capital expenditure		290,572	315,311
		23,119,614	22,384,225
10. TRADE DEBTS			
Considered good:			
Secured		41,181,680	35,623,762
Unsecured	10.1	33,885,447	29,189,876
Accrued gas sales		(166,732)	(191,653)
		74,900,395	64,621,985
Considered doubtful		18,034,612	17,317,579
		92,935,007	81,939,564
Less: Provision for doubtful debts		(18,034,612)	(17,317,579)
		74,900,395	64,621,985

10.1 Included in trade debts are amounts receivable from Government owned power generation companies and independent power producers of Rs 28,645,099 thousand (2015: Rs 14,421,249 thousand) along with interest of Rs 11,775,464 thousand (2015: Rs 14,737,619 thousand) on delayed payments. While trade and other payables referred to in note 6 include an amount of Rs 58,311,206 thousand (2015: Rs 56,444,185 thousand) 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 13,977,810 thousand (2015: Rs 13,346,497 thousand). Further, an amount of Rs 27,804,910 thousand (2015: Rs 22,145,610 thousand) is receivable from Government of Pakistan on account of differential margin and an amount of Rs 4,101,732 thousand (2015: Rs 4,101,732 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 30, 2015	Audited June 30, 2015
	(Rupees in thousand)	
11. LOANS AND ADVANCES		
Loans to employees - considered good	100,929	101,895
Advances - considered good:		
Other employees	605,327	733,247
Suppliers and Contractor	1,113,926	76,310
Advances to suppliers and contractors considered doubtful	3,227	3,227
Less: Provision for doubtful receivables	(3,227)	(3,227)
	-	-
	1,820,182	911,452
12. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS		
Trade deposits and prepayments	227,920	46,985
Less: Provision for doubtful deposits	(22,290)	(22,290)
	205,630	24,695
Current portion of long term prepayments	105,379	94,218
	311,009	118,913
13. OTHER RECEIVABLES		
Excise duty receivable	108,945	108,945
Less: Provision for doubtful recoverable	(108,945)	(108,945)
	-	-
Differential margin recoverable	27,804,910	22,145,610
Due from customers	65,916	65,916
Current account with SSGC	16,189	16,082
Others	18,667	25,621
	27,905,682	22,253,229



		Un-audited September 30, 2015	Audited June 30, 2015
		(Rupees in thousand)	
14. CASH AND BANK BALANCES			
Deposit accounts		495,746	371,746
Current accounts		347,721	181,860
		843,467	553,606
Cash in hand		43,828	1,591
		887,295	555,197
		Quarter ended	
	Note	Un-audited September 30, 2015	Un-audited September 30, 2014
		(Rupees in thousand)	
15. COST OF GAS SALES			
Opening stock of gas in pipelines		1,030,463	947,899
Gas purchases:			
Southern system		21,840,490	25,773,781
Northern system		11,176,360	10,838,128
RLNG		16,757,824	-
Cost equalization adjustment	15.1	10,900,658	10,100,618
		60,675,332	46,712,527
		61,705,795	47,660,426
Less: Gas internally consumed		327,905	380,869
Closing stock of gas in pipelines		890,218	1,048,137
		1,218,123	1,429,006
Distribution cost		4,311,119	4,079,456
		64,798,791	50,310,876

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 10,900,658 thousand (September 2014: Rs 10,100,618 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 this condensed interim financial information.

	Quarter ended	
	Un-audited September 30, 2015	Un-audited September 30, 2014
	(Rupees in thousand)	
16. OTHER OPERATING INCOME		
Income from financial assets		
Interest income on late payment of gas bills:		
- Late payment surcharge	783,609	838,220
- Government owned and other power generation companies	158,958	306,036
- Others	-	15,263
Gain on initial recognition of financial liabilities at fair value	2,395	1,844
Interest on staff loans and advances	13,770	21,825
Return on bank deposit	76,996	105,968
	1,035,728	1,289,156
Income from assets other than financial assets		
Net gain on sale of fixed assets	29,088	15,854
Meter rentals and service income	412,622	381,178
Amortization of deferred credit	471,528	427,203
Insurance claim	282	367
	913,520	824,602
Others		
Sale of tender documents	538	311
Sale of scrap	-	27,718
Liquidated damages recovered	5,290	89,809
Bad debt recoveries	884	1,351
Urgent fee	308,172	155,255
Miscellaneous	93	1,364
	314,977	275,808
	2,264,225	2,389,566
17. OTHER OPERATING EXPENSES		
Exchange loss on gas purchase	54,649	161,523
Loss on initial recognition of financial assets at fair value	252	14,576
Donations	-	20,000
	54,901	196,099

18. Included in finance cost is an amount of Rs 751,463 thousand (September 2014 : Rs 224,099 thousand) in respect of late payment surcharge on account of overdue payables for gas purchases and GDS as referred to in note 10.1



	Note	Quarter ended	
		Un-audited September 30, 2015 (Rupees in thousand)	Un-audited September 30, 2014
19. TAXATION			
Current period:			
Current tax		302,070	247,973
Deferred tax		503,552	(599,030)
		805,622	(351,057)
Prior period:			
Current tax		(1,038,547)	-
		(232,925)	(351,057)
20. CASH GENERATED FROM OPERATIONS			
Loss before taxation		(776,363)	(1,169,976)
Adjustment for non-cash charges and other items:			
Depreciation - Own assets		2,584,833	2,345,901
Amortization of intangible assets		6,579	8,187
Employee benefits		605,806	374,721
Amortisation of deferred credit		(471,528)	(427,203)
Finance cost		1,109,882	717,469
Return on bank deposits		(76,996)	(105,968)
Gain on sale of fixed assets		(29,088)	(15,854)
Provision for doubtful debts		717,033	1,299,655
Loss on initial recognition of financial assets at fair value		251	14,576
Gain on initial recognition of financial liabilities at fair value		(2,395)	(1,844)
Amortisation of difference between initial and maturity amount		(9,333)	(8,197)
Working capital changes	20.1	(1,069,393)	(3,549,316)
		2,589,288	(517,849)

	Quarter ended	
	Un-audited September 30, 2015 (Rupees in thousand)	Un-audited September 30, 2014
20.1 Working capital changes		
(Increase) / decrease in current assets:		
Stores and spares parts	211,109	650,575
Stock-in-trade - gas in pipelines	140,245	(100,238)
Trade debts	(10,995,443)	(3,265,045)
Loans and advances	(909,694)	(1,887,702)
Trade deposits and prepayments	(192,094)	(120,285)
Other receivables	(5,652,454)	(112)
	(17,398,331)	(4,722,807)
Increase in current liabilities:		
Trade and other payables	16,328,938	1,173,491
	(1,069,393)	(3,549,316)
	Un-audited September 30, 2015 (Rupees in thousand)	Un-audited September 30, 2014
20.2 Cash and cash equivalents		
Cash and bank balances	887,295	395,525
Short term running finance	(995,210)	(994,574)
	(107,915)	(599,049)

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, 2015 has been incorporated in the accounts for the period ended September 30, 2015 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 Rs 2,794,077 thousand (September 2014: Rs 3,038,970 thousand).



		Quarter ended	
		Un-audited September 30, 2015 (Rupees in thousand)	Un-audited September 30, 2014
22	TRANSACTIONS WITH ASSOCIATES AND RELATED PARTIES		
	Relationship with a group	Nature of Transactions	
i	Related parties by virtue of common directorship and Govt. of Pakistan holdings		
		Gas sales	5,524,794
		Purchase of materials	346,301
		Purchase of gas	34,912,344
		Service charges	26,795
		Profit received on bank deposits	21,036
		Transportation charges	150,252
		Transmission charges	591
		Insurance expenses	66,894
		Insurance claims received	8,653
ii	Post employment benefit plans		
		Contribution to defined contribution plans	137,711
		Contribution to defined benefit plans	638,087
iii	Key management personnel		
		Salaries and other employee benefit	3,778,657

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

	Un-audited September 30, 2015 (Rupees in thousand)	Audited June 30, 2015
Period End Balance		
Receivable from related parties	21,249,575	23,244,576
Payable to related parties	58,562,194	56,448,307

23. DATE OF AUTHORISATION FOR ISSUE

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

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 purpose of comparison. However no significant re-arrangements have been made.



Amjad Latif
Managing Director / CEO



Muhammad Saeed Mehdi
Chairman – BOD

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