



Sui Northern Gas Pipelines Limited

3rd Quarter Accounts (Un-Audited)  
For the period ended March 31, 2016



**WE STRUGGLE TODAY  
FOR A BETTER TOMORROW**

# CONTENTS

<i>Corporate Information</i>	<b>2</b>
<i>Directors' Review</i>	<b>3</b>
<i>Condensed Interim Balance Sheet</i>	<b>6</b>
<i>Condensed Interim Profit and Loss Account</i>	<b>8</b>
<i>Condensed Interim Statement of Comprehensive Income</i>	<b>9</b>
<i>Condensed Interim Cash Flow Statement</i>	<b>10</b>
<i>Condensed Interim Statement of Changes in Equity</i>	<b>11</b>
<i>Notes to the Condensed Interim financial information</i>	<b>12</b>

# 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

Central Depository Company of Pakistan Limited  
2nd Floor, 307-Upper Mall,  
Opposite Lahore Gym Khana,  
Near Mian Mir Bridge, Lahore-54000  
Tel: [+92-42] 35789378-87  
Fax: [+92-42] 35789340  
Website: www.cdc-pakistan.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  
Fax: [+92-42] 99201302, 99201369  
Website: www.sngpl.com.pk



## DIRECTORS' REVIEW

The Board of Directors is pleased to present the un-audited financial statements for the 3<sup>rd</sup> quarter and nine months ended March 31, 2016 of the Company. During the period under review, the Company has earned an after tax profit of Rs 1.31 million as against loss of Rs 1,842.07 million during the corresponding period of last year. Your Company has been able to break the sequence of losses it has been incurring for the last few years. Radical improvement in the operational results of the Company are attributable to number of operational and financial measures, your Company is taking to address the situation. Some of the significant factors contributing towards the reduction of loss and marginal profitability of the Company includes, but is not limited to:

- ✓ Reduction in Unaccounted for Gas (UFG), which reduced from 10.52 % to 9.73% (indigenous gas) in comparison with corresponding period of last year. Disallowance of UFG over and above the UFG benchmark imposed by the Oil and Gas Regulatory Authority (OGRA) also reduced from Rs 8,202 million during corresponding period to Rs 6,492 million during the ensuing period.
- ✓ Capitalization of RLNG related assets of Rs 8,935 million during the period under review;
- ✓ Improved recoveries directly impacting reduction in disallowance of provision for doubtful debts during the ensuing period to Rs 1,737 million as compared to Rs 2,504 million during the corresponding period of last year.

While your Company managed to improve the situation significantly as set out above, delay in increase in gas sale prices by the Regulator resulted in increased financial charges to the Company as payments to gas creditors could not be affected on a timely basis. During the period, financial charges increased to Rs 3,646 million as compared to Rs 2,859 million increased during the corresponding period.

During the period, work on phase II of the augmentation of transmission network to receive 1200 MMCFD of RLNG into the network has started picking up the pace, procurement activities are by and large complete, financial close is in advance stage and deliveries against orders placed are already in line with the schedule. Progress on Phase I of the project is also satisfactory and your Company successfully commissioned approximately 81 KM of 42 inch dia line of approximately Rs 6,168 million during this period. OGRA has already approved both phases of the project.

Efforts of your Company are highly commendable especially keeping in view the fact that such results are achieved in the presence of unilateral and totally unrealistic UFG benchmark of 4.5% set by OGRA and continued excessive financial cost being incurred by the Company on late payments to its gas creditors in the absence of long overdue increase in gas sale prices.

Despite the fact that the Company has improved on many fronts, we maintain that the Company is not getting due reward for its diligent efforts mainly due to continuous failure on the part of OGRA to give due urgency to finalization of UFG benchmark based on independent study as well as due to consistent non increase in already overdue increase in gas sale prices.

## DEVELOPMENT PROJECTS

The Company commissioned 115 KM transmission lines and 1,444 KM distribution lines during 3<sup>rd</sup> 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 would be required.

As part of augmentation of transmission network to receive RLNG 42" dia x 111 KM pipeline is being laid between Sawan-Qadirpur segment alongwith 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. Pipeline construction works are nearing completion.

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 pipelines and 25,000 HP Compression downstream Qadirpur up to 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. Pipeline construction activities on 1<sup>st</sup> segment of this project i.e. 42" dia x 70 KM segment between Qadirpur and Bhong has also been commenced.

Government of Pakistan (GOP) 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 Bahardar 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 in to 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 flow lines for Mardankheil-1 well head, 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 March 31, 2016

	Note	Un-audited March 31, 2016 (Rupees in thousand)	Audited June 30, 2015
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorised share capital</b> 1,500,000,000 ordinary shares of Rs 10 each		15,000,000	15,000,000
<b>Issued, subscribed and paid up share capital</b> 634,216,665 (June 30, 2015; 634,216,665) ordinary shares of Rs 10 each		6,342,167	6,342,167
Revenue reserves		(2,767,539)	(2,768,849)
<b>Shareholders' equity</b>		<b>3,574,628</b>	<b>3,573,318</b>
<b>NON-CURRENT LIABILITIES</b>			
<b>Long term financing:</b>			
Secured	4	22,512,500	13,500,000
Unsecured	5	492,323	718,778
Security deposits		34,618,972	32,452,229
Deferred credit		34,321,339	32,142,949
Employee benefits		8,422,051	9,748,887
		<b>100,367,185</b>	<b>88,562,843</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	6	102,988,321	90,847,016
Sales tax payable		5,056,787	6,687,760
Interest and mark-up accrued on loans and other payables		22,375,349	19,043,308
Short term borrowings-secured		991,520	142,203
Current portion of long term financing	7	2,538,965	2,920,820
		<b>133,950,942</b>	<b>119,641,107</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	8	-	-
		<b>237,892,755</b>	<b>211,777,268</b>

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



**Amjad Latif**  
Managing Director / CEO



	Note	Un-audited March 31, 2016 (Rupees in thousand)	Audited June 30, 2015
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	123,877,715	114,476,508
Intangible assets		31,496	47,470
Long term investment		4,900	4,900
Long term loans		395,379	360,591
Deferred taxation		1,619,609	1,858,993
Long term deposits and prepayments		8,558	6,395
		125,937,657	116,754,857
<b>CURRENT ASSETS</b>			
Stores and spares		4,027,055	2,761,800
Stock in trade - gas in pipelines		1,147,264	1,030,463
Trade debts	10	58,647,167	64,621,985
Loans and advances	11	4,084,710	911,452
Trade deposits and short term prepayments	12	158,045	118,913
Accrued interest		9,113	14,100
Other receivables	13	39,739,622	22,253,229
Taxation-net		3,087,705	2,755,272
Cash and bank balances	14	1,054,417	555,197
		111,955,098	95,022,411
		237,892,755	211,777,268



**Muhammad Saeed Mehdi**  
Chairman – BOD

# Condensed Interim Profit and Loss Account

for the Quarter and Nine Months Ended March 31, 2016 (Un-Audited)

	Note	Quarter ended		Nine months ended	
		March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
<b>(Rupees in thousand)</b>					
<b>Gas sales</b>		49,829,345	41,273,119	162,310,834	136,142,604
<b>Add: Differential margin</b>		10,257,713	7,588,811	17,451,186	13,366,526
		60,087,058	48,861,930	179,762,020	149,509,130
<b>Cost of gas sales</b>	15	58,075,009	49,025,494	174,186,743	148,615,556
<b>Gross profit / (loss)</b>		2,012,049	(163,564)	5,575,277	893,574
<b>Other Operating Income</b>	16	2,581,827	3,356,711	6,933,072	8,438,220
		4,593,876	3,193,147	12,508,349	9,331,794
<b>Operating expenses:</b>					
Selling cost		1,758,575	1,519,230	5,099,730	6,030,144
Administrative expenses		1,308,317	948,194	3,552,513	2,714,916
Other operating expenses	17	(993)	(30,079)	187,356	271,323
		3,065,899	2,437,345	8,839,599	9,016,383
<b>Operating profit</b>		1,527,977	755,802	3,668,750	315,411
Finance cost	18	1,197,272	1,267,330	3,646,425	2,858,662
<b>Profit/ (loss) before taxation</b>		330,705	(511,528)	22,325	(2,543,251)
<b>Taxation</b>	19	113,928	(91,337)	21,015	(701,177)
<b>Profit/ (loss) for the period</b>		216,777	(420,191)	1,310	(1,842,074)
<b>Earnings/ (loss) per share - basic and diluted (Rs)</b>		0.34	(0.66)	0.002	(2.90)

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



**Amjad Latif**  
Managing Director / CEO



**Muhammad Saeed Mehdi**  
Chairman – BOD



# Condensed Interim Statement of Comprehensive Income

for the Quarter and Nine Months Ended March 31, 2016 (Un-Audited)

	Quarter ended		Nine months ended	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
	(Rupees in thousand)			
Profit / (Loss) for the period	216,777	(420,191)	1,310	(1,842,074)
<b>Other comprehensive income for the period:</b>				
Items that will not be reclassified to profit and loss	-	-	-	-
Items that may be reclassified subsequently to profit and loss	-	-	-	-
	-	-	-	-
Total comprehensive income / (Loss) for the period	216,777	(420,191)	1,310	(1,842,074)

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



**Amjad Latif**  
Managing Director / CEO



**Muhammad Saeed Mehdi**  
Chairman – BOD

# Condensed Interim Cash Flow Statement

for the Nine Months Ended March 31, 2016 (Un-Audited)

	Note	March 31, 2016 (Rupees in thousand)	March 31, 2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash generated from operations</b>	20	6,372,605	7,798,747
Finance cost paid		(1,216,460)	(1,492,483)
Income taxes paid		(114,066)	(349,154)
Employee benefits paid/contributions paid		(3,241,098)	(1,579,398)
Security deposits received		2,166,743	1,548,158
Receipts against government grants and consumer contributions		3,643,218	342,204
Long term loans to employees		(82,406)	(93,769)
Long term deposits and prepayments		(2,163)	748
<b>Net cash inflow from operating activities</b>		<b>7,526,373</b>	<b>6,175,053</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure on property, plant and equipment		(16,493,352)	(6,926,752)
Capital expenditure on Intangible assets		(3,764)	(7,201)
Proceeds from sale of property, plant and equipment		31,508	19,886
Return on bank deposits		206,855	303,695
<b>Net cash used in investing activities</b>		<b>(16,258,753)</b>	<b>(6,610,372)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of long term financing - unsecured		(67,440)	(80,460)
Proceeds from long term financing - secured		9,700,000	1,500,000
Repayment of long term financing - secured		(1,250,000)	(1,250,000)
Dividend paid		(277)	(370)
<b>Net cash inflow from financing activities</b>		<b>8,382,283</b>	<b>169,170</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(350,097)</b>	<b>(266,149)</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>412,994</b>	<b>(497,165)</b>
<b>Cash and cash equivalents at the end of the period</b>	20.2	<b>62,897</b>	<b>(763,314)</b>

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



**Amjad Latif**  
Managing Director / CEO



**Muhammad Saeed Mehdi**  
Chairman – BOD



# Condensed Interim Statement of Changes in Equity

for the Nine Months Ended March 31, 2016 (Un-Audited)

	Share Capital	Revenue Reserves			Total	Total Share holders' Equity
		General Reserve	Dividend Equalization Reserve	Un-appropriated Profit		
<b>(Rupees in thousand)</b>						
<b>Balance as at July 01, 2014 (Audited)</b>	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 March 31, 2015	-	-	-	(1,842,074)	(1,842,074)	(1,842,074)
Other comprehensive income July 01, 2014 to March 31, 2015	-	-	-	-	-	-
<b>Balance as at March 31, 2015 (Un-audited)</b>	6,342,167	4,127,682	480,000	(6,723,886)	(2,116,204)	4,225,963
Loss for the period from April 01, 2015 to June 30, 2015	-	-	-	(652,426)	(652,426)	(652,426)
Other comprehensive loss for the period from April 01, 2015 to June 30, 2015	-	-	-	(219)	(219)	(219)
<b>Balance as at July 01, 2015 (Audited)</b>	6,342,167	4,127,682	480,000	(7,376,531)	(2,768,849)	3,573,318
Profit for the period from July 01, 2015 to March 31, 2016	-	-	-	1,310	1,310	1,310
Other comprehensive income July 01, 2015 to March 31, 2016	-	-	-	-	-	-
<b>Balance as at March 31, 2016 (Un-audited)</b>	6,342,167	4,127,682	480,000	(7,375,221)	(2,767,539)	3,574,628

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



**Amjad Latif**  
Managing Director / CEO



**Muhammad Saeed Mehdi**  
Chairman – BOD

# Notes to the Condensed Interim Financial Information

for the Quarter and Nine Months Ended March 31, 2016 (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). 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).
- 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 March 31, 2016 (Rupees in thousand)	Audited June 30, 2015
<b>4. LONG TERM FINANCING - SECURED</b>			
<b>From banking companies</b>			
Local currency - Syndicate term finance	4.1	875,000	1,750,000
Local currency - Syndicate term finance	4.2	11,700,000	5,288,136
		12,575,000	7,038,136
<b>Other loans</b>			
Islamic finance under Musharaka arrangement	4.3	375,000	750,000
Islamic finance under Musharaka arrangement	4.3	5,500,000	5,500,000
Islamic finance under Musharaka arrangement	4.3	6,000,000	2,711,864
		24,450,000	16,000,000
Less: Current portion shown under current liabilities	7	1,937,500	2,500,000
		22,512,500	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.

	Note	Un-audited March 31, 2016 (Rupees in thousand)	Audited June 30, 2015
<b>5. LONG TERM FINANCING - UNSECURED</b>			
Other loans - Local currency		1,093,788	1,139,598
Less: Current portion shown under current liabilities	7	601,465	420,820
		492,323	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 March 31, 2016 (Rupees in thousand)	Audited June 30, 2015
<b>6. TRADE AND OTHER PAYABLES</b>			
<b>Creditors for:</b>			
Gas		92,501,839	79,089,424
Supplies		2,180,601	1,400,263
Accrued liabilities		4,920,186	7,829,726
Provident fund		98,129	55,487
Gas infrastructure development cess payable	6.1	-	246,865
Interest free deposits repayable on demand		169,227	136,491
Earnest money received from contractors		38,936	36,823
Mobilization and other advances		1,694,172	1,468,004
Advance from customers		800,400	-
Due to customers		91,422	91,422
Workers' profit participation fund		419,330	418,155
Unclaimed dividend		74,079	74,356
		<b>102,988,321</b>	<b>90,847,016</b>

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 84,202,300 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.

	Note	Un-audited March 31, 2016 (Rupees in thousand)	Audited June 30, 2015
<b>7. CURRENT PORTION OF LONG TERM FINANCING</b>			
Long term financing - secured	4	1,937,500	2,500,000
Long term financing - unsecured	5	601,465	420,820
		2,538,965	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 755,494 thousand (June 30, 2015: Nil).

		Un-audited March 31, 2016 (Rupees in thousand)	Audited June 30, 2015
<b>8.2 Commitments:</b>			
a) <b>Capital Commitments</b>			
Property, plant and equipment		3,293,602	1,834,993
Intangible assets		25,596	24,998
Stores and spares		24,358,735	7,733,850
		27,677,933	9,593,841
b) <b>Other Commitments</b>			
Others		1,166,067	805,794



	Note	Un-audited March 31, 2016 (Rupees in thousand)	Audited June 30, 2015
<b>9. PROPERTY, PLANT AND EQUIPMENT</b>			
<b>Operating fixed assets</b>			
<b>Tangible</b>			
<b>Opening book value</b>		92,092,283	83,881,031
Additions during the period/year		17,451,306	17,943,570
		109,543,589	101,824,601
Book value of property, plant and equipment disposed off during the period/year		(132)	(3,475)
Depreciation charged during the period/year		(8,162,281)	(9,728,843)
		(8,162,413)	(9,732,318)
<b>Closing book value</b>		101,381,176	92,092,283
<b>Capital work in progress</b>	9.1	22,496,539	22,384,225
		123,877,715	114,476,508
<b>9.1 Capital work in progress</b>			
Transmission system		4,400,997	4,667,314
Distribution system		5,119,665	5,317,831
Stores and spares including in transit Rs 1,458,070 thousand (June 2015: Rs 760,399 thousand)		12,668,692	12,083,769
Advances for land and other capital expenditure		307,185	315,311
		22,496,539	22,384,225
<b>10. TRADE DEBTS</b>			
<b>Considered good:</b>			
Secured		36,258,060	35,623,762
Unsecured	10.1	23,080,768	29,189,876
Accrued gas sales		(691,661)	(191,653)
		58,647,167	64,621,985
Considered doubtful		19,768,968	17,317,579
		78,416,135	81,939,564
Less: Provision for doubtful debts		(19,768,968)	(17,317,579)
		58,647,167	64,621,985

10.1 Included in trade debts are amounts receivable from Government owned power generation companies and independent power producers of Rs 6,887,318 thousand (2015: Rs 14,421,249 thousand) along with interest of Rs 12,664,022 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 70,231,917 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 15,435,103 thousand (2015: Rs 13,346,497 thousand). Further, an amount of Rs 39,596,798 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 March 31, 2016	Audited June 30, 2015
	(Rupees in thousand)	
<b>11. LOANS AND ADVANCES</b>		
Loans to employees - considered good	146,088	101,895
<b>Advances - considered good:</b>		
Other employees	952,088	733,247
Suppliers and Contractor	2,986,534	76,310
Advances to suppliers and contractors - considered doubtful	3,227	3,227
Less: Provision for doubtful receivables	(3,227)	(3,227)
	-	-
	4,084,710	911,452
<b>12. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS</b>		
Trade deposits and short term prepayments	112,849	46,985
Less: Provision for doubtful deposits	(22,290)	(22,290)
	90,559	24,695
Current portion of long term prepayments	67,486	94,218
	158,045	118,913
<b>13. OTHER RECEIVABLES</b>		
Excise duty receivable	108,945	108,945
Less: Provision for doubtful recoverable	(108,945)	(108,945)
	-	-
Differential margin recoverable	39,596,798	22,145,610
Due from customers	65,916	65,916
Current account with SSGC	17,021	16,082
Others	59,887	25,621
	39,739,622	22,253,229



	Un-audited March 31, 2016	Audited June 30, 2015
	(Rupees in thousand)	
<b>14. CASH AND BANK BALANCES</b>		
Deposit accounts	528,097	371,746
Current accounts	511,633	181,860
	1,039,730	553,606
Cash in hand	14,687	1,591
	1,054,417	555,197

	Quarter ended		Nine months ended	
	Un-audited March 31, 2016	Un-audited March 31, 2015	Un-audited March 31, 2016	Un-audited March 31, 2015
	(Rupees in thousand)			
<b>15. COST OF GAS SALES</b>				
Opening stock of gas in pipelines	925,435	994,810	1,030,463	947,899
<b>Gas purchases:</b>				
Southern system	18,169,742	25,367,260	57,404,335	75,939,923
Northern system	16,299,883	10,869,080	39,920,815	32,768,390
RLNG	13,976,897	-	39,726,202	-
Cost equalization adjustment 15.1	4,786,571	8,994,466	23,846,959	28,635,118
	53,233,093	45,230,806	160,898,311	137,343,431
	54,158,528	46,225,616	161,928,774	138,291,330
Less: Gas internally consumed	259,215	334,744	900,653	1,083,260
Closing stock of gas in pipelines	1,147,264	1,060,074	1,147,264	1,060,074
	1,406,479	1,394,818	2,047,917	2,143,334
Distribution cost	5,322,960	4,194,696	14,305,886	12,467,560
	58,075,009	49,025,494	174,186,743	148,615,556

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 23,846,959 thousand (March 2015: Rs 28,635,118 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		Nine months ended	
	Un-audited March 31, 2016	Un-audited March 31, 2015	Un-audited March 31, 2016	Un-audited March 31, 2015
<b>(Rupees in thousand)</b>				
<b>16. OTHER OPERATING INCOME</b>				
<b>Income from financial assets</b>				
<b>Interest income on late payment of gas bills:</b>				
- Late payment surcharge	1,136,660	1,251,123	2,538,378	2,669,260
- Government owned and other power generation companies	299,710	1,020,973	804,050	1,517,967
- Others	(103,251)	(166,732)	79,528	164,056
Gain on initial recognition of financial liabilities at fair value	2,548	1,844	7,643	5,531
Interest on staff loans and advances	14,737	13,145	42,940	38,203
Return on bank deposit	54,075	78,732	201,868	291,692
	1,404,479	2,199,085	3,674,407	4,686,709
<b>Income from assets other than financial assets</b>				
Net gain on sale of fixed assets	1,596	1,441	31,376	17,541
Meter rentals and service income	511,714	409,613	1,114,140	1,249,118
Amortization of deferred credit	503,968	558,902	1,457,185	1,473,408
Insurance claim	528	867	1,097	1,246
	1,017,806	970,823	2,603,798	2,741,313
<b>Others</b>				
Sale of tender documents	629	871	2,373	1,790
Sale of scrap	1,642	-	40,910	29,400
Liquidated damages recovered	19,716	36,053	31,121	137,640
Gain on construction contracts	-	-	-	16,640
Bad debt recoveries	4,022	5,103	9,294	11,557
Urgent fee	133,330	144,185	570,202	810,345
Miscellaneous	203	591	967	2,826
	159,542	186,803	654,867	1,010,198
	2,581,827	3,356,711	6,933,072	8,438,220
<b>17. OTHER OPERATING EXPENSES</b>				
Workers' profit participation fund	1,175	-	1,175	-
Exchange loss on gas purchase	(6,833)	(33,203)	154,756	197,636
Loss on initial recognition of financial assets at fair value	4,665	3,124	31,425	53,687
Donations	-	-	-	20,000
	(993)	(30,079)	187,356	271,323

18. Included in finance cost is an amount of Rs 2,522,358 thousand (March 2015: Rs 1,602,860 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		Nine months ended	
	Un-audited March 31, 2016	Un-audited March 31, 2015	Un-audited March 31, 2016	Un-audited March 31, 2015
<b>(Rupees in thousand)</b>				
<b>19. TAXATION</b>				
<b>Current period:</b>				
Current tax	252,380	208,413	820,180	687,520
Deferred tax	(138,452)	(299,750)	239,382	(1,388,697)
	113,928	(91,337)	1,059,562	(701,177)
<b>Prior period:</b>				
Current tax	-	-	(1,038,547)	-
	113,928	(91,337)	21,015	(701,177)

	Note	Nine months ended	
		Un-audited March 31, 2016	Un-audited March 31, 2015
<b>(Rupees in thousand)</b>			
<b>20. CASH GENERATED FROM OPERATIONS</b>			
<b>Profit / (loss) before taxation</b>		22,325	(2,543,251)
<b>Adjustment for non-cash charges and other items:</b>			
Depreciation - Own assets		8,162,281	7,080,732
Amortization of intangible assets		19,738	18,420
Employee benefits		1,767,700	1,293,490
Amortisation of deferred credit		(1,457,185)	(1,473,408)
Finance cost		3,646,425	2,858,662
Return on bank deposits		(201,868)	(291,692)
Gain on sale of fixed assets		(31,376)	(17,541)
Provision for doubtful debts		2,451,389	3,938,262
Loss on initial recognition of financial assets at fair value		31,425	53,687
Gain on initial recognition of financial liabilities at fair value		(7,643)	(5,531)
Amortisation of difference between initial and maturity amount		(28,000)	(24,591)
Working capital changes	20.1	(8,002,606)	(3,088,492)
		6,372,605	7,798,747

	Nine months ended	
	Un-audited March 31, 2016 (Rupees in thousand)	Un-audited March 31, 2015
<b>20.1 Working capital changes</b>		
<b>(Increase) / decrease in current assets:</b>		
Stores and spares parts	(1,265,254)	593,186
Stock-in-trade - gas in pipelines	(116,801)	(112,175)
Trade debts	3,523,429	(3,214,888)
Loans and advances	(3,129,065)	(558,677)
Trade deposits and prepayments	(39,130)	46,835
Other receivables	(17,486,394)	(8,893,635)
	(18,513,215)	(12,139,354)
<b>Increase in current liabilities:</b>		
Trade and other payables	10,510,609	9,050,862
	(8,002,606)	(3,088,492)
	Un-audited March 31, 2016 (Rupees in thousand)	Un-audited March 31, 2015
<b>20.2 Cash and cash equivalents</b>		
Cash and bank balances	1,054,417	235,622
Short term running finance	(991,520)	(998,936)
	62,897	(763,314)

## 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 December 31, 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 6,492,190 thousand (March 2015: Rs 8,802,308 thousand).



		Un-audited March 31, 2016	Un-audited March 31, 2015
		(Rupees in thousand)	
<b>22</b>	<b>TRANSACTIONS WITH ASSOCIATES AND RELATED PARTIES</b>		
	<b>Relationship with a group</b>	<b>Nature of Transactions</b>	
<b>i</b>	<b>Related parties by virtue of common directorship and Govt. of Pakistan holdings</b>		
		Gas sales	13,780,805
		Purchase of materials	10,777,580
		Purchase of gas	106,562
		Service charges	86,356,585
		Profit received on bank deposits	105,128,406
		Transportation charges	59,185
		Transmission charges	45,610
		Insurance expenses	77,783
		Insurance claims received	385,588
			2,839
			211,089
			27,079
<b>ii</b>	<b>Post employment benefit plans</b>		
		Contribution to defined contribution plans	299,162
		Contribution to defined benefit plans	184,484
			1,914,262
			1,237,369
<b>iii</b>	<b>Key management personnel</b>		
		Salaries and other employee benefit	6,446,246
			1,204,161

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

	Un-audited March 31, 2016	Audited June 30, 2015
	(Rupees in thousand)	
<b>Period End Balance</b>		
Receivable from related parties	22,102,212	23,244,576
Payable to related parties	70,140,137	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

www.jamapunji.pk



سرمایہ کاری سمجھداری کے ساتھ



**Be aware, Be alert,  
Be safe**

Learn about investing at  
[www.jamapunji.pk](http://www.jamapunji.pk)

**Key features:**

- 📄 Licensed Entities Verification
- 📊 Scam meter\*
- 🎮 Jamapunji games\*
- 📄 Tax credit calculator\*
- 🔍 Company Verification
- 📄 Insurance & Investment Checklist
- ❓ FAQs Answered

- 📈 Stock trading simulator (based on live feed from KSE)
- 📖 Knowledge center
- 📊 Risk profiler\*
- 📄 Financial calculator
- 📱 Subscription to Alerts (event notifications, corporate and regulatory actions)
- 📱 Jamapunji application for mobile device
- 📄 Online Quizzes



Jama Punji is an Investor Education Initiative of Securities and Exchange Commission of Pakistan

 [jamapunji.pk](http://jamapunji.pk)

 [@jamapunji\\_pk](https://twitter.com/jamapunji_pk)

\*Mobile apps are also available for download for android and ios devices



**ISO 14001**  
**REGISTERED FIRM**



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



## Sui Northern Gas Pipelines Limited

Gas House, 21-Kashmir Road,  
P.O. Box No. 56, Lahore-54000, Pakistan.  
Tel : (+92-42) 99201451-60 & 99201490-99  
Fax : (+92-42) 99201369 & 99201302

[www.sngpl.com.pk](http://www.sngpl.com.pk)  
helpline: 1199