



Sui Northern Gas Pipelines Limited

**Half Yearly Accounts (Un-Audited)  
For the Period Ended December 31, 2019**



**Growth  
through Development**

# Corporate Information

## BOARD OF DIRECTORS

Ms. Roohi Raees Khan	Chairperson
Mr. Amer Tufail	Managing Director
Mr. Afan Aziz	Director
Mr. Ahmad Aqeel	Director
Syed Akhtar Ali	Director
Mr. Manzoor Ahmed	Director
Mr. Mohammad Haroon	Director
Mr. Muhammad Sualeh Ahmed Faruqi	Director
Mr. Naveed Kamran Baloch	Director
Mr. Sajid Mehmood Qazi	Director
Dr. Sohail Razi Khan	Director

## COMMITTEES OF THE BOARD OF DIRECTORS

### BOARD AUDIT COMMITTEE

Mr. Afan Aziz*	Chairman
Dr. Sohail Razi Khan*	Member
Syed Akhtar Ali	Member
Mr. Manzoor Ahmed	Member
Mr. Mohammad Haroon	Member
Mr. Naveed Kamran Baloch	Member
Mr. Sajid Mehmood Qazi	Member

\*Mr. Afan Aziz was appointed as Chairman-Board Audit Committee in place of Mr. Sohail Razi Khan, at the Board Meeting held on October 15, 2020.

### FINANCE & PROCUREMENT COMMITTEE

Mr. Manzoor Ahmed	Chairman
Mr. Afan Aziz	Member
Mr. Ahmad Aqeel	Member
Syed Akhtar Ali	Member
Mr. Naveed Kamran Baloch	Member
Dr. Sohail Razi Khan	Member

### HUMAN RESOURCE & REMUNERATION COMMITTEE

Ms. Roohi Raees Khan	Chairperson
Mr. Manzoor Ahmed	Member
Mr. Mohammad Haroon	Member
Dr. Sohail Razi Khan	Member

### NOMINATION COMMITTEE

Mr. Sajid Mehmood Qazi	Chairman
Mr. Afan Aziz	Member
Mr. Ahmad Aqeel	Member
Syed Akhtar Ali	Member
Mr. Mohammad Haroon	Member
Mr. Muhammad Sualeh Ahmed Faruqi	Member

## RISK MANAGEMENT & UFG-CONTROL COMMITTEE

Ms. Roohi Raees Khan	Chairperson
Syed Akhtar Ali	Member
Mr. Mohammad Haroon	Member
Mr. Muhammad Sualeh Ahmed Faruqi	Member
Mr. Sajid Mehmood Qazi	Member
Dr. Sohail Razi Khan	Member

## CHIEF FINANCIAL OFFICER

Mr. Faisal Iqbal

## COMPANY SECRETARY / SECRETARY TO COMMITTEES OF THE BOARD

Mr. Imtiaz Mehmood

## AUDITORS

M/s Deloitte Yousuf Adil, Chartered Accountants

## SHARE REGISTRAR

CDC Share Registrar Services Limited,  
Mezzanine Floor, South Tower, LSE Plaza,  
19-Kayaban-e-Aiwan-e-Iqbal,  
Lahore-54000  
Tel: [+92-42] 36362061-66  
Fax: [+92-42] 36300072  
Website: www.cdcsrsl.com

## LEGAL ADVISORS

M/s. Surridge & Beecheno  
M/s. Salim Baig and 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] 99201369, 99201302  
Website: www.sngpl.com.pk



## DIRECTORS' REVIEW

Your Company is pleased to present unaudited financial statements of the Company for the 2nd quarter and half year ended December 31, 2019. The financial statements have been subject to limited review by our external auditors M/s Deloitte Yousuf Adil, Chartered Accountants.

During the period under review, the Company has been able to earn profit after tax amounting to Rs 4,696 million as against the profit of Rs. 5,714 million during the corresponding period of last year. The earnings per share for the period under review is Rs. 7.40 as against earnings per share of Rs. 9.01 for the same period last year.

Profit for the year has witnessed a reduction primarily due to increased non-operating finance cost by Rs. 2.4 billion and increased UFG disallowance by Rs. 1.4 billion. Despite odds, your company has been able to reduce the volumetric UFG losses during the period under review, from 21,519 MMCF (Jul-Dec-18) to 20,893 MMCF (Jul-Dec-19), however, the UFG disallowance in monetary terms has increased primarily due to increase in Gas purchase price witnessed during the period under review. Your Company is fully cognizant of the matter and is taking all steps to reduce UFG and is confident to reduce it at a satisfactory level.

Two new IFRSs have been notified by SECP for implementation during the period. IFRS 16 has been duly implemented, however, for IFRS 14, the Company has sought certain clarifications from SECP about its application, especially about already IFRS compliant entities like SNGPL, and upon receiving the same the Company will evaluate the same for its implementation.

The current auditors have included an emphasis matter paragraph in their review report for the period ended December 31, 2019 with respect to settlement of amount receivable from and payable to Government and certain Government owned entities, including balances of differential margin / tariff adjustments which is dependent on resolution of inter-corporate circular debt and settlement by the Government of Pakistan directly or indirectly including increase in gas prices. In this regard, Company has taken up the matter with the Federal Government and is confident of early resolution. Subsequent to the period ended December 31, 2019, Sukuk issued in power sector resulted in realization of Rs 32 billion in June 2020 to partially settle inter corporate circular debt. The amount was immediately disbursed to Company creditors for settlement of their outstanding dues.

In spite of the fact there have been enormous economic and liquidity challenges, your Company is committed to address the factors impacting the profitability. The Board of Directors along with the Management and staff of the Company are confident that with the coordinated efforts, your Company will be able to further enhance its performance in the coming years.

### PROJECTS

Projects Department of your Company has completed / commissioned 45 KMs Transmission Lines with diameters ranging from 8" to 24" including the contract lines. In addition to Transmission Lines, 148.73 KMs of Distribution mains were commissioned during 2nd quarter of FY 2019-20 for enhancing system capacity, supplying gas and improving pressure to customers for achieving customer satisfaction. In view of acute energy crisis prevailing in the country, Government of Pakistan aggressively pursued the import of 1200 MMCFD LNG into the country to meet shortfall in gas supplies to domestic / commercial / industrial customers as well as three power generation plants by the Government in Punjab, detailed below. The Company was engaged to augment their system for the transportation of 1200 MMCFD additional gas. The Company has



completed / commissioned the following:

(i) Its system augmentation project from Sawan to Lahore for the transportation of 1200 MMCFD RLNG downstream Sawan.

(i) Its system augmentation project from Sawan to Lahore for the transportation of 1200 MMCFD RLNG downstream Sawan.

(iii) Spur lines laying jobs of three power plants at Bhikki, Haveli Bahadur Shah and Balloki of consolidated 3600 MW capacity for supplying 200 MMCFD RLNG to each power plant.

(iii) Spur pipeline works for supplying 100 MMCFD gas to RLNG based Nandipur power plant.

(iv) 24" dia x 93 KM spur line job for supply of 200 MMCFD RLNG to Punjab Power Plant near Trimmu Barrage, District Jhang, of 1400 MW capacity.

## **FUTURE PROJECTS**

### **1-Special Economic Zones**

The development of Economic Zones to support industrialization and business development is a priority of Government of Pakistan. Accordingly, Government of Khyber Pakhtunkhwa is developing Special Economic Zones (SEZ) at Rashakai & Hattar through Khyber Pakhtunkhwa Economic Zones Development and Management Company (KPEZDMC) and Government of Punjab is developing SEZs at Allama Iqbal Industrial Estate at Faisalabad through Faisalabad Industrial Estate Development and Management Company (FIEDMC) under China Pakistan Economic Corridor (CPEC). Moreover, Government of Punjab is also developing SEZs at Bhalwal, Vehari, Bahawalpur and Rahim Yar Khan through Punjab Industrial Estate Development and Management Company (PIEDMC).

In view of GOP's Plan for the development of infrastructure for boosting Industrialization under CPEC, the GOP has identified Rashakai SEZ and Allama Iqbal Industrial Estate as an early harvest projects and they intend to develop these SEZs on priority. SEZ Management Companies have demanded gas supply requirement of 30 MMCFD for Rashakai SEZ and 40 MMCFD for Allama Iqbal Industrial Estate SEZ.

In order to supply gas to above mentioned early harvest SEZ projects, following gas pipeline infrastructure has been planned by SNGPL:

- Transmission spur 16"dia x 29.2 Km starting from Ismail Kot to terminal point along with SMS cum CMS having Capacity of 30 MMCFD for Rashakai SEZ.
- Transmission spur 12"dia x 19.75 Km starting from Chiniot to terminal point along with SMS cum CMS having capacity of 40 MMCFD for Allama Iqbal SEZ.

Works on these projects are likely to be started soon as these projects are at different stages of approval.

### **2-Augmentation / Bifurcation of Lahore Distribution Network**

A comprehensive project for augmentation / bifurcation of gas network in Lahore city has been planned and approved in order to operate gas distribution network of Lahore city optimally by adding new feed points (SMSs / New transmission spurs) & bifurcation of gas loads/ network of Lahore city. Project details are given below:

- a) 24" dia x 48 KM Transmission Mainlines from Phoolnagar to Nabi Bakshwala (Ferozepur Road)
- b) 16" x 27 KM Transmission Mainlines from Ferozepur Road to Barki



- c) 8" x 16 KM Transmission Mainlines from Barki to Dial
- d) 16" x 6.6 KM from Manga Mandi to Sunder

Work on this project shall be started soon.

### **3- Transmission Pipeline from A-5 to Bahawalpur, 16" dia x 50 KM**

In order to address the acute low gas pressure / no gas issues of Bahawalpur city, Lodhran city and adjoining localities, Company has planned the laying of 16" dia x 50 Km transmission gas pipeline from A-5 (Khairpur Daha) to Bahawalpur. Project has been approved by BOD and in principle by OGRA. Work on this project shall be started soon.

### **4- Pipeline from Charsadda-Khazana-Tangi, 10" dia x 72.55 Km**

In order to address the acute low gas pressure issues during winter season in Mardan and Peshawar regions in view of system capacity constraints, Company has planned to undertake the system augmentation in the following two phases:

Phase-I:

- 1- 10" dia x 27.75 Km Charsadda Offtake (Gulabad) - Charsada transmission looline
- 2- 10" dia x 20.80 KM Charsadda - Khazana transmission looline

Phase-II:

- 1- 10" dia x 24 Km Charsadda -Tangi transmission looline.

Works on this project is likely to be started soon as this project is at different stages of approval.

## **BUSINESS DEVELOPMENT**

The Company is engaged in various pipeline construction projects of national and multinational companies. SNGPL is undertaking pipeline engineering and construction jobs of MOL Pakistan's flow line / trunk lines and Fiber Optic Cable in District Kohat / Hangu for different gas fields of MOL Pakistan like Maramzai, Manzalai, Mamikhel, Makori Deep-1, Tolanj West and Makori for the last fifteen years. MOL Pakistan has played a very vital role in strengthening the gas input supplies. MOL Pakistan has awarded the project of 8" dia x 7.5 KM pipeline laying from Mardankhel-3 well to Mardankhel-1 flow line for onward processing at CPF and 6" dia x 1.2 KM flowline for Makori Deep-2. SNGPL has completed / commissioned Mardankhel-3 well to Mardankhel-1 flow line and Makori Deep-2 line. The completion of Mardankhel-3 & Makori Deep-2 projects has resulted in injection of additional 20-25 MMCFD gas into SNGPL's system that is quite instrumental in reducing the energy deficiency in the country. Lately, SNGPL has also completed MOL Pakistan's pipeline construction jobs of 6" dia x 6 Km & 12"/10" dia x 22 KM pipeline for Mardankhel-2 & Mardankhel-1 wells respectively, which has resulted in injection of additional 40-50 MMCFD gas into SNGPL's system. MOL is also planning to award flow line works of their recently developed Mamikhel South-1 to SNGPL on single bid basis which shows the trust in high standards of construction services maintained by SNGPL. Pakarab Fertilizer (PFL) had awarded the construction services job of their 16"/12" dia x 27 KM pipelines on contract basis to be laid from Gas Processing Facility (GPF) at Mari Petroleum Field to tie in point near QV2 valve assembly of SNGPL. Work on one of the pipeline i.e. 16" dia x 24 Km has been commissioned and the work on 2nd line is nearing completion. The completion of this job will yield profitability for the Company.

## **DELAY IN ISSUANCE OF FINANCIAL STATEMENTS**

The primary reason for delay in issuance of these financial statements is delay in finalization of Annual Accounts for the year ended June 30, 2019 due to implementation of new accounting regulations and clarifications required from ASB as well as SECP. Further delays were experienced due to late determination of final revenue requirements by the Regulator which is a



requisite for finalization of Annual Accounts prior to approval of financial statements by the shareholders of the Company.

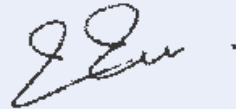
### ACKNOWLEDGEMENTS

The Directors place on record their appreciation for the Government of Pakistan, Ministry of Energy (Petroleum Division), Oil & Gas Regulatory Authority, other Government and Non-Government Institutions related to the Company for their sustained support and the employees of the Company for their hard work during the period under review and for their dedication to try and meet the demands of its diversified customer base.



**(AMER TUFAIL)**  
Managing Director/CEO

On behalf of the Board



**(ROOHI RAEES KHAN)**  
Chairperson-BOD

Lahore.  
October 15, 2020



# INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF SUI NORTHERN GAS PIPELINES LIMITED REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

## Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Sui Northern Gas Pipelines Limited** (the Company) as at December 31, 2019, the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and notes to the financial statements for the half year then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

## Scope of Review

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

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

## Emphasis of Matters

We draw attention to note 14.1 to the interim financial statements which explains that the settlement of amounts, receivable from and payable to Government and certain Government owned and other entities, including balances of differential margin is dependent upon the resolution of inter-corporate circular debt and settlement by the Government of Pakistan directly or indirectly including increase in gas prices. Our conclusion is not modified in this respect.

## Other Matters

- i. The financial statements of the Company for the year ended June 30, 2019 were audited by another firm of Chartered Accountants, who vide their report dated July 24, 2020 expressed a modified opinion due to disagreement with management on the application of transitional provisions of International Financial Reporting Standards (IFRS) 15 "Revenue from Contracts with Customers" read in conjunction with International Financial Reporting Interpretation Committee (IFRIC) 18 "Transfer of Assets from Customers". Further, the interim financial statements of the Company for the half year ended December 31, 2018 were reviewed by the same auditor who vide their report dated July 26, 2019 expressed an unmodified conclusion thereon.
- ii. The figures of the condensed interim statement of profit or loss and the condensed interim statement of comprehensive income for the three-month period ended December 31, 2019 and related comparative information have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2019.

The engagement partner on the review resulting in this independent auditor's review report is Rana M. Usman Khan.

*Deloitte Yousuf Adil*

Chartered Accountants

Lahore

Date: October 15, 2020





# Condensed Interim Statement of Financial Position (Un-audited)

## As at December 31, 2019

		Un-audited December 31, 2019	Audited June 30, 2019
	Note	(Rupees in thousand)	
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorised share capital</b>			
<b>1,500,000,000 ordinary shares of Rs 10 each</b>			
(June 30, 2019: 1,500,000,000 ordinary share of Rs 10 each)		15,000,000	15,000,000
Issued, subscribed and paid up share capital 634,216,665 (June 30, 2019: 634,216,665) ordinary shares of Rs 10 each		6,342,167	6,342,167
Revenue reserves		18,127,660	14,700,046
<b>Shareholders' equity</b>		24,469,827	21,042,213
<b>NON-CURRENT LIABILITIES</b>			
Long term financing:			
-Secured	4	35,253,192	39,330,000
-Unsecured	5	288,863	303,229
Lease liability		32,323,360	-
Security deposits		51,095,418	48,578,096
Deferred credit		50,776,667	51,390,541
Contract Liabilities	6	11,736,261	11,066,804
Deferred taxation		3,784,125	4,503,422
Employee benefits		8,234,683	7,640,091
		193,492,569	162,812,183
<b>CURRENT LIABILITIES</b>			
Trade and other payables	7	414,400,843	354,171,851
Current portion of contract liabilities	6	652,567	263,349
Unclaimed Dividend		168,971	109,039
Unpaid Dividend		1,268,433	731,995
Interest / mark-up accrued on loans and other payables	8	67,211,133	50,469,354
Short term borrowing-secured	9	24,390,416	28,486,666
Current portion of lease liabilities		6,665,435	-
Current portion of long term financing	10	9,825,788	11,294,872
		524,583,586	445,527,126
<b>CONTINGENCIES AND COMMITMENTS</b>			
	11	-	-
		742,545,982	629,381,522

The annexed Notes from 1 to 32 form an integral part of these condensed interim financial statements.



(Faisal Iqbal)  
Chief Financial Officer





# Condensed Interim Statement of Financial Position (Un-audited)

## As at December 31, 2019

as at December 31, 2019

		Un-audited December 31, 2019	Audited June 30, 2019
	Note	(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	12	202,692,611	200,837,557
Intangible assets		141,212	185,727
Right of use assets		38,710,191	-
Long term loans		879,484	828,757
Employee benefits		3,116,025	2,883,659
Long term deposits and prepayments		19,755	15,202
		245,559,278	204,750,902
CURRENT ASSETS			
Stores and spare parts		5,489,572	5,004,896
Stock in trade	13	9,440,961	9,007,232
Trade debts	14	188,118,153	157,573,161
Loans and advances	15	2,379,730	2,119,986
Trade deposits and short term prepayments	16	478,094	241,025
Accrued interest		26,514	31,798
Other receivables	17	250,131,182	203,279,967
Contract assets		1,438	72,758
Short term investment		4,900	4,900
Sales tax recoverable		32,280,965	37,933,065
Income tax receivable		2,583,048	3,209,280
Cash and bank balances	18	6,052,147	6,152,552
		496,986,704	424,630,620
		742,545,982	629,381,522



(Amer Tufail)  
Managing Director/CEO



(Roohi Raees Khan)  
Chairperson



# Condensed Interim Statement of Profit or Loss (Un-audited)

## For the Period Ended December 31, 2019

	Note	Quarter Ended		Half Year Ended	
		December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
		(Rupees in thousand)			
Revenue from contracts with customers - Gas sales	19	157,563,564	193,287,295	372,005,316	351,322,411
Differential margin / Tariff adjustment	20	26,416,535	29,848,418	38,652,770	32,033,408
		183,980,099	223,135,713	410,658,086	383,355,819
Less: Cost of gas sales	21	166,660,696	211,518,078	381,541,820	363,602,703
Gross profit		17,319,403	11,617,635	29,116,266	19,753,116
Add: Other operating income	22	4,804,484	4,113,428	10,583,835	8,048,963
		22,123,887	15,731,063	39,700,101	27,802,079
Less: Operating expenses					
Selling cost		1,774,120	1,378,480	3,031,102	2,564,290
Administrative expenses		2,025,322	2,001,226	3,510,451	3,554,208
Other operating expenses	23	47,415	1,316,549	557,534	1,700,663
Expected credit loss		1,049,533	635,261	1,569,688	1,209,033
		4,896,390	5,331,516	8,668,775	9,028,194
Operating profit		17,227,497	10,399,547	31,031,326	18,773,885
Less: Finance cost	24	13,419,847	5,776,647	24,448,870	10,369,097
Profit before taxation		3,807,650	4,622,900	6,582,456	8,404,788
Taxation	25	991,772	1,504,937	1,886,409	2,691,022
Profit for the period		2,815,878	3,117,963	4,696,047	5,713,766
Earnings per share					
Basic and diluted (rupees)		4.44	4.92	7.40	9.01

The annexed notes from 1 to 32 form an integral part of these condensed interim financial statements.



(Faisal Iqbal)  
Chief Financial Officer



(Amer Tufail)  
Managing Director/CEO



(Roohi Raees Khan)  
Chairperson



# Condensed Interim Statement of Comprehensive Income (Un-audited) for the Period Ended December 31, 2019

	Quarter Ended		Half year Ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	(Rupees in thousand)			
Profit for the period	2,815,878	3,117,963	4,696,047	5,713,766
<b>Other comprehensive income for the period</b>				
Items that will not be reclassified to profit or loss in subsequent periods	-	-	-	-
Items to be reclassified to profit or loss in subsequent periods	-	-	-	-
	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>2,815,878</b>	<b>3,117,963</b>	<b>4,696,047</b>	<b>5,713,766</b>

The annexed notes from 1 to 32 form an integral part of these condensed interim financial statements.



**(Faisal Iqbal)**  
Chief Financial Officer



**(Amer Tufail)**  
Managing Director/CEO



**(Roohi Raees Khan)**  
Chairperson



# Condensed Interim Statement of Cash Flows (Un-audited)


## for the Period Ended December 31, 2019

	Note	December 31, 2019	December 31, 2018
(Rupees in thousand)			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	26	25,851,371	17,486,192
Finance cost paid		(5,056,774)	(2,667,608)
Income taxes paid		(1,979,474)	(1,814,105)
Employee benefits paid/contributions paid		(1,004,167)	(1,183,652)
Security deposits received		2,517,322	2,280,772
Receipts against government grants and consumer contributions		1,457,663	1,758,275
Long term loans to employees		(122,219)	(6,135)
Long term deposits and prepayments		(4,553)	(1,625)
<b>Net cash generated from operating activities</b>		<b>21,659,169</b>	<b>15,852,114</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure on property, plant and equipment		(11,648,816)	(10,524,293)
Capital expenditure on Intangible assets		(4,453)	(25,176)
Proceeds from sale of property, plant and equipment		48,816	47,622
Return on bank deposits		285,007	154,875
<b>Net cash used in investing activities</b>		<b>(11,319,446)</b>	<b>(10,346,972)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of long term financing - unsecured		(6,369)	(267,937)
Proceeds from long term financing- secured		380,692	-
Repayment of lease liability against right of use assets		(101,138)	-
Repayment of long term financing- secured		(5,945,000)	(5,145,000)
Dividend paid		(672,063)	(5,682)
<b>Net cash used in financing activities</b>		<b>(6,343,878)</b>	<b>(5,418,619)</b>
<b>Net increase in cash and cash equivalents</b>		<b>3,995,845</b>	<b>86,523</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>(22,334,114)</b>	<b>3,088,487</b>
<b>Cash and cash equivalents at the end of the period</b>	26.2	<b>(18,338,269)</b>	<b>3,175,010</b>

The annexed Notes from 1 to 32 form an integral part of these condensed interim financial statements.



(Faisal Iqbal)  
Chief Financial Officer



(Amer Tufail)  
Managing Director/CEO




(Roohi Raees Khan)  
Chairperson



# Condensed Interim Statement of Changes in Equity (Un-audited) for the Period Ended December 31, 2019

	Share Capital	Revenue Reserves				Total share holders' equity
		General Reserve	Dividend Equalization Reserve	Unappropri- ated Profit	Total	
	(Rupees in thousand)					
Balance as at July 01, 2018 (Audited)	6,342,167	4,127,682	480,000	7,487,757	12,095,439	18,437,606
Total transactions with owners, recognised directly in equity						
Final dividend for the year ended June 30, 2018 @ rupees 5.55 per share	-	-	-	(3,519,902)	(3,519,902)	(3,519,902)
Interim dividend for the first quarter ended September 30, 2018 @ rupees 1.50 per share	-	-	-	(951,325)	(951,325)	(951,325)
	-	-	-	(4,471,227)	(4,471,227)	(4,471,227)
Total comprehensive income from July 01, 2018 to December 31, 2018	-	-	-	5,713,766	5,713,766	5,713,766
Balance as at December 31, 2018 (Un-audited)	6,342,167	4,127,682	480,000	8,730,296	13,337,978	19,680,145
Total comprehensive income for the period from January 01, 2019 to June 30, 2019	-	-	-	1,362,068	1,362,068	1,362,068
Balance as at June 30, 2019 (Audited)	6,342,167	4,127,682	480,000	10,092,364	14,700,046	21,042,213
Total transactions with owners, recognised directly in equity						
Final dividend for the year ended June 30, 2019 @ rupees 2 per share	-	-	-	(1,268,433)	(1,268,433)	(1,268,433)
Total comprehensive income from July 01, 2019 to December 31, 2019	-	-	-	4,696,047	4,696,047	4,696,047
Balance as at December 31, 2019 (Un-audited)	6,342,167	4,127,682	480,000	13,519,978	18,127,660	24,469,827

The annexed notes from 1 to 32 form an integral part of these condensed interim financial statements.

  
(Faisal Iqbal)  
Chief Financial Officer

  
(Amer Tufail)  
Managing Director/CEO

  
(Roohi Raees Khan)  
Chairperson



# Selected Notes to and forming part of the Condensed Interim Financial Statements (un-audited) for The Period Ended December 31, 2019

## 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 Act, 2017) and listed on the Pakistan Stock Exchange Limited. The principal activity of the Company is the purchase, transmission, distribution and supply of natural gas. The registered office of the Company is situated at 21 Kashmir Road, Lahore. The Company's pipe coating plant is situated at Uch Sharif, Bahawalpur. The addresses of other regional offices of the company are as follows:

Region	Address
Abbottabad	Jub Pul. PO Jhangi, Main Mansehra Road, Abbottabad.
Bahawalpur	6-A-D, Model Town-A, Bahawalpur.
Faisalabad	Sargodha Road, Faisalabad.
Gujranwala	M.A. Jinnah Road, Gujranwala.
Sialkot	Wahid Road, Malkay Kalan, Off. Marala Road, Sialkot.
Gujrat	State life building, 120 & 121. G.T. Road, Gujrat.
Islamabad	Plot No. 28-30, I-9 Industrial Area, Islamabad.
Rawalpindi	Al-Mansha Plaza, Opp. LESCO Office, Main G.T. Road, Rawalpindi.
Lahore (East and West)	21-Industrial Area, Gulberg-III, Lahore.
Multan	Piran Ghaib Road, Multan.
Peshawar	Plot No. 33, Sector B-2M, Hayatabad, Peshawar
Mardan	Riffat Mehal, Near Mardan Industrial Estate, Main Nowshera Road, Mardan.
Sahiwal	79-A and 79-B, Canal Colony, Sahiwal.
Sargodha	H. No. 15, Muslim Town, Sargodha.
Sheikhupura	Main Sargodha Road, Near Punjab College, Sheikhupura.
WAH	Gudwal Link Road, Wah Cantt

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

## 2. BASIS OF PREPARATION

- 2.1 These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:
- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
  - Provisions of and directives issued under the Companies Act, 2017. Where provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.
- 2.2 These condensed interim financial statements are un-audited and are being submitted to the shareholders as required by section 237 of the Companies Act, 2017 and the Listing Regulations of the Pakistan Stock Exchange Limited.
- 2.3 These condensed interim financial statements do 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 June 30, 2019.



### 3. ACCOUNTING POLICIES AND ESTIMATES

- 3.1 The accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the preceding annual financial statements of the company for the year ended June 30, 2019 except for the followings:

**i) IFRS 16 Leases**

The Company has adopted IFRS 16, 'Leases' with effect from July 01, 2019, which replaces IAS 17 'Leases', IFRIC 4 'Determining whether an arrangement contains a Lease', SIC-15 'Operating Leases - Incentive' and SIC-27 'Evaluating the substance of transactions involving the legal form of a Lease'.

IFRS 16 introduces a single, on balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right-of-use of the underlying asset and a lease liability representing its obligations to make lease payments. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases.

On adoption of IFRS 16, the Company recognized lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities have been measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate of 13.21%.

The Company has adopted IFRS 16 retrospectively from July 1, 2019, but has not restated comparatives for the 2019 reporting period, as permitted under the specific transitional provisions in the standard.

The following summary reconciles the Company's operating lease commitments at June 30, 2019 as previously disclosed in the company's annual financial statements as at June 30, 2019 to the lease liabilities recognized on initial application of IFRS 16 at July 1, 2019.

	(Rupees in thousand)
Operating lease commitments as at June 30, 2019	-
Discounted using the lessee's incremental borrowing rate at the date of initial application	36,134,618
<b>Lease liabilities recognized as at July 1, 2019</b>	<u>36,134,618</u>

The right-of-use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position as at June 30, 2019.

	Un-audited July 01, 2019 (Rupees in thousand)
<b>Impact on the statement of financial position</b>	
Increase in right-of-use assets	36,211,727
Decrease in prepayments - prepaid rent	(77,109)
Increase in total assets	36,134,618
Increase in lease liability	(36,134,618)
Decrease in net assets	-

#### Impact on profit or loss

Company operates under fixed tariff regime, therefore, adoption of IFRS has no impact on the Company's profitability as the impact is a pass through item.





## Key changes in accounting policies resulting from application of IFRS 16

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

From July 1, 2019, leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

The lease liability is initially measured at the present value of the expected lease payments that are not paid at the commencement date. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases of the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions.

The lease liability is subsequently measured at amortized cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the statement of profit or loss if the carrying amount of right-of-use asset has been reduced to zero.

Except as detailed above, the Company has elected to apply the practical expedient of not to recognize right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less. The lease payments associated with these leases is recognized as an expense on a straight line basis over the lease term.

### ii) IFRS 14 Regulatory Deferral Account

The Securities and Exchange Commission of Pakistan (SECP) through SRO 1480(I)/2019 Dated 27-09-2019 has notified IFRS 14 'Regulatory Deferral Account' and advised all classes of companies, that are required to follow IFRSs as notified by the Commission, to follow IFRS 14 for the preparation of financial statements for the annual reporting periods beginning on or after from July 1, 2019. However, while implementing IFRS 14, certain practical impediments have been encountered including scope/application of the IFRS to the company which require further clarification / guidance from SECP. Accordingly, the Company has sought guidance from SECP regarding implementation of the standard, therefore, this has not been followed for these financial information.

- 3.2 The preparation of this condensed interim financial statements require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense i.e. Workers' Profit Participation Fund and Taxation which are subject to final adjustments in the annual audited financial statements. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the financial statements for the year ended 30 June 2019.



	Note	Un-audited December 31, 2019	Audited June 30, 2019
		(Rupees in thousand)	
4.	<b>LONG TERM FINANCING - SECURED</b>		
	<b>From banking companies</b>		
Local currency - Syndicate term finance - I	4.1	5,850,000	7,020,000
Local currency - Syndicate term finance - II	4.2	22,923,141	24,686,460
		28,773,141	31,706,460
	<b>Other loans</b>		
Islamic finance under musharaka arrangement	4.3.1	687,500	1,375,000
Islamic finance under musharaka arrangement	4.3.2	3,000,000	3,600,000
Islamic finance under lease arrangement for LNG Project Ph-II	4.3.3	12,014,359	12,938,540
Islamic finance under musharaka arrangement	4.3.4	-	800,000
Islamic finance under musharaka arrangement	4.3.5	380,692	-
		44,855,692	50,420,000
Less: Current portion shown under current liabilities	10	(9,602,500)	(11,090,000)
		35,253,192	39,330,000

#### 4.1 Syndicate term finance-I

Lender	Mark-up rate	No. of installments	Maturity date
Syndicate of banks	Six month KIBOR+ 0.70% per annum	10, half yearly installments	May 19, 2022

This loan of Rs 11,700,000 thousand has been obtained from a syndicate of banks (with Bank Alfalah acting as the Agent and United Bank Limited acting as the Security Trustee) and is secured by a first pari passu created by way of hypothecation over all present and future movable fixed assets of the Company (excluding land and building) to the extent of Rs 15,600,000 thousand (June 30, 2019: Rs 15,600,000 thousand). The effective mark-up charged during the period ranges from 12.77% to 14.23% per annum (June 30, 2019: 7.21% to 12.77% per annum).

#### 4.2 Syndicate term finance - II

Lender	Mark-up rate	No. of installments	Maturity date
Syndicate of banks	Six month KIBOR+ 1.10% per annum	16 Half yearly Installments	June 8, 2026

This loan of Rs 28,213,097 thousand has been obtained from a syndicate of banks (with Habib Bank Limited acting as the Agent) and is secured by a first pari passu charge created by way of hypothecation over all present and future movable fixed Regassified Liquefied Natural Gas (RLNG) assets of the Company to the extent of Rs 35,870,000 thousand (June 30, 2019: Rs 35,870,000 thousand) relating to the project and a sovereign guarantee of the Government of Pakistan. The effective mark-up charged during the period ranges from 14.13% to 14.60% per annum (June 30, 2019: 8.04 % to 14.13% per annum).



### 4.3 Arrangements under Islamic financing

4.3.1	Lender	Mark-up rate	No. of installments	Maturity date
	Syndicate of banks	Six month KIBOR+ 0.55% per annum	8 Half yearly Installments	June 30, 2020

This loan of Rs 5,500,000 thousand has been obtained from a syndicate of banks (with Al Baraka Bank Limited acting as the Investment Agent) and is secured by a first pari passu 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 (June 30, 2019: Rs 7,333,333 thousand). The effective mark-up charged during the period from 13.66% to 14.03% per annum (June 30, 2019: 7.59% to 13.66% per annum).

4.3.2	Lender	Mark-up rate	No. of installments	Maturity date
	Syndicate of banks	Six month KIBOR+ 0.70% per annum.	10 Half yearly Installments	May 19, 2022

This loan of Rs 6,000,000 thousand has been obtained from a syndicate of banks (with Bank Alfalah acting as the Investment Agent) and is secured by a first pari passu charge 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 (June 30, 2019: Rs 8,000,000 thousand). The effective mark-up charged during the period ranges from 12.77% to 14.23% per annum (June 30, 2019: 7.21% to 12.77% per annum).

4.3.3	Lender	Mark-up rate	No. of installments	Maturity date
	Syndicate of banks	Six month KIBOR+ 1.10% per annum	16 Half yearly Installments	June 8, 2026

This loan of Rs 14,786,903 thousand has been obtained from a syndicate of banks (with Habib Bank Limited acting as the Agent) and is secured by a first pari passu charge created by way of hypothecation over all present and future movable fixed RLNG assets of the Company to the extent of Rs 18,800,000 thousand (June 30, 2019: Rs 18,800,000 thousand) relating to the project and the sovereign guarantee of Government of Pakistan. The effective mark-up charged during the period ranges from 14.13% to 14.60% per annum (June 30, 2019: 8.04 % to 14.13% per annum).

4.3.4	Lender	Mark-up rate	No. of installments	Maturity date
	Allied Bank Limited	Six month KIBOR - 0.12% per annum	4 Half yearly Installments	September 28, 2019

This loan of Rs 1,600,000 thousand has been obtained from Allied Bank Limited and is secured by a first pari passu charge created by way of hypothecation over all present and future movable fixed assets of the Company (excluding Assets of RLNG Project) to the extent of Rs 3,094,667 thousand (June 30, 2019: Rs 3,094,667). The effective mark-up charged during the period is 10.89% per annum (June 30, 2019: 6.44 % to 10.89% per annum).

4.3.5	Lender	Mark-up rate	No. of installments	Maturity date
	Allied Bank Limited	Six months KIBOR+ 0.08% per annum	6 half yearly installments	September 29, 2022

This loan of Rs 380,692 thousand has been obtained from Allied Bank Limited and is secured by a first pari passu charge created by way of hypothecation over all present and future movable fixed assets of the Company (excluding Assets of RLNG Project) to the extent of Rs 3,094,667 thousand. The effective mark-up charged during the period is 13.98% per annum.



	Note	Un-audited December 31, 2019	Audited June 30, 2019
(Rupees in thousand)			
<b>5. LONG TERM FINANCING - UNSECURED</b>			
Other loans - Local currency:		512,151	508,101
Less: Current portion shown under current liabilities	10	(223,288)	(204,872)
		288,863	303,229

5.1 These loans carry effective mark-up at variable rates which ranges from 6.55% per annum to 14.47% per annum (June 30, 2019: 6.55% per annum to 14.47% per annum).

	Note	Un-audited December 31, 2019	Audited June 30, 2019
(Rupees in thousand)			
<b>6. CONTRACT LIABILITIES</b>			
Consumer contribution	6.1	11,736,261	11,066,804
Due to customers against construction contract		24,697	6,563
Advances from customers against gas bill and new connection		627,870	256,786
		12,388,828	11,330,153
<b>6.1 Consumer contribution against:</b>			
- Completed jobs		30,376,550	29,581,569
- Jobs-in-progress		4,843,596	4,549,923
		35,220,146	34,131,492
Less: Accumulated amortization:			
Opening balance		23,064,688	22,330,057
Amortization for the year/period		419,197	734,631
		23,483,885	23,064,688
		11,736,261	11,066,804
<b>6.1.1 Current</b>		652,567	263,349
<b>Non-current</b>		11,736,261	11,066,804

**6.1.2** The Company has recognized the contract liabilities in respect of the amount received from the consumers as contribution towards the cost of supplying and laying transmission, service and main lines. These contributions were being treated as deferred credit previously under IFRIC 18 from the year ended June 30, 2010 to June 30, 2018 and the revenue was being recognized when the lines were laid and commissioned based on the management's interpretation of IFRIC 18. However, the similar contributions from customers prior to the year ended June 30, 2010 are being amortized over 16 years (i.e. the useful lives of the assets).



	Note	Un-audited December 31, 2019	Audited June 30, 2019
(Rupees in thousand)			
<b>7. TRADE AND OTHER PAYABLES</b>			
Creditors for:			
Gas	7.1	397,498,411	336,526,966
Supplies		982,874	1,173,968
Accrued liabilities		9,223,494	10,608,718
Provident fund		183,818	114,968
Gas infrastructure development cess payable	7.2	-	-
Interest free deposits repayable on demand		656,421	369,155
Earnest money received from contractors		149,957	157,081
Mobilization and other advances		2,745,684	2,741,586
Workers' profit participation fund		2,825,854	2,479,409
Workers' welfare fund		134,330	-
		<b>414,400,843</b>	<b>354,171,851</b>

7.1 Included in trade payables is an amount of Rs 69,566,743 thousand (June 30, 2019: Rs 61,883,087 thousand) and Rs 33,009,948 thousand (June 30, 2019: Rs 32,030,048 thousand) due to Pakistan State Oil (PSO) and Pakistan LNG Limited (PLL), respectively, representing payable against Liquefied Natural Gas (LNG) and/or Regassified Liquefied Natural Gas (RLNG) supplied by them. In this regard, the agreement for the supply of LNG/RLNG between the parties have not yet been finalized and is under negotiation. Additional liability or adjustment, if any, that may arise would be recorded accordingly on the finalization of the agreement.

7.2 The Honorable Islamabad High Court vide its decision dated January 31, 2013, declared Gas Infrastructure Development Cess (GIDC) 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, the 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 the 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 GIDC 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. Based on the report of the sub-committee of the special committee requisite amendment in GIDC Act, 2015 had already been laid in the Senate through GIDC Amendment Bill and the same was referred to the Senate Standing Committee on Energy. However, a number of consumers of the Company contested and have obtained stay order from various Courts against recovery of GIDC. During the year ended June 30, 2018, certain amendments were introduced in GIDC Act, 2015 through GIDC (Amendment) Act, 2018, which inter alia include change in effective date for applicability of mark-up on delayed payments of GIDC and a settlement option for CNG consumers for GIDC payable pertaining to the period January 1, 2012 to May 21, 2015, subject to agreement with the Company.

Subsequent to the period ended December 31, 2019 the Honourable Supreme Court of Pakistan has ordered the recovery of previous year GIDC in 24 monthly installments and till the recovery of outstanding GIDC no further GIDC will be charged / recovered from the consumers.

Furthermore, principal amount of GIDC amounting to Rs 146,610,662 thousand (June 30, 2019: Rs 138,303,671 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. Furthermore, some consumers have obtained stay orders against recovery of the same and consequently in view of the legal advisors of the Company, the Company is not liable to pay such amounts until the same are recovered. Both the principal amount and sales tax on GIDC will be shown as payable as and when these balances are collected from consumers.



	Note	Un-audited December 31, 2019	Audited June 30, 2019
(Rupees in thousand)			
<b>8. INTEREST AND MARK-UP ACCRUED ON LOANS AND OTHER PAYABLES</b>			
Accrued mark-up / interest on:			
Long term financing - secured		497,587	518,204
Long term financing - unsecured		229,067	212,708
Short term borrowing - secured		796,753	693,895
Deposits from customers		2,445,208	1,725,277
Late payment of gas creditors and gas development surcharge		63,242,518	47,319,270
		67,211,133	50,469,354
<b>9. SHORT TERM BORROWING - SECURED</b>			
Allied Bank Limited	9.1	8,716,080	8,242,365
Bank Alfalah Limited	9.2	678,065	2,255,234
Standard Chartered Bank (Pakistan) Limited		-	2,990,000
Askari Bank Limited	9.3	2,499,988	2,500,000
Habib Bank Limited	9.4	6,499,421	6,499,918
National Bank of Pakistan	9.5	5,996,862	5,999,149
		24,390,416	28,486,666

- 9.1 This represents short term running finance facilities of Rs 4,000,000 thousand (June 30, 2019: Rs 4,000,000 thousand) which carries mark-up at the rate of 3 months KIBOR (June 30, 2019: 3 months KIBOR) on the balance outstanding and Rs. 5,000,000 thousand (June 30, 2019: Rs 5,000,000 thousand) which carries mark-up at the rate of 3 months KIBOR + 0.50% (June 30, 2019: 3 months KIBOR + 0.50%) per annum on the balance outstanding. These are secured by way of first pari passu charge over current assets of the Company to the extent of Rs 1,333,330 thousand (June 30, 2019: Rs 1,333,330 thousand) and ranking charge over current assets of the Company to the extent of Rs 10,666,667 thousand (June 30, 2019: Rs 10,666,667 thousand). Mark-up is payable on quarterly basis. The effective interest rate during the period ranges from 12.97% to 14.30% per annum (June 30, 2019: 6.92% to 11.49%) per annum.
- 9.2 This is a short term running finance facility from Bank Alfalah Limited amounting to Rs 2,500,000 thousand (June 30, 2019: Rs 2,500,000 thousand). This facility carries mark-up at the rate of 3 months KIBOR per annum (June 30, 2019: 3 months KIBOR per annum) on the outstanding balance, payable quarterly. This is secured by way of ranking charge over current assets of the Company to the extent of Rs 3,333,334 thousand (June 30, 2019: Rs 3,333,334 thousand). The effective interest rate charged during the period ranges from 12.97% to 14.26% per annum (June 30, 2019: 6.93% to 11.13% per annum).
- 9.3 This is a short term running finance facility of Rs 2,500,000 thousand (June 30, 2019: Rs 2,500,000 thousand) from Askari Bank Limited. This facility carries mark-up at the rate of 3 months KIBOR + 0.50% per annum (June 30, 2019: 3 months KIBOR + 0.50% per annum) on the balance outstanding. This is secured by way of ranking charge over current assets of the Company to the extent of Rs 3,333,334 thousand (June 30, 2019: Rs 3,333,334 thousand). Mark-up is payable on quarterly basis. The effective interest rate during the period ranges from 13.47% to 14.35% per annum (June 30, 2019: 11.25% to 11.49% per annum).
- 9.4 This is a short term running finance facility of Rs 6,500,000 thousand (June 30, 2019: Rs 6,500,000 thousand) from Habib Bank Limited. This facility carries mark-up at the rate of 1 months KIBOR + 0.50% per annum (June 30, 2019: 1 months KIBOR + 0.50% per annum) on the balance outstanding. This is secured by way of ranking charge over current assets of the Company to the extent of Rs 8,666,667 thousand (June 30, 2019: Rs 8,666,667 thousand). Mark-up is payable on quarterly basis. The effective interest rate during the period ranges from 13.37% to 14.31% per annum (June 30, 2019: 11.21% to 13.29% per annum).
- 9.5 This is a short term running finance facility of Rs 6,000,000 thousand (June 30, 2019: Rs 6,000,000 thousand) from National Bank of Pakistan. This facility carries mark-up at the rate of 3 months KIBOR +



0.50% per annum (June 30, 2019: 3 months KIBOR + 0.50% per annum) on the balance outstanding. This is secured by way of ranking charge over current assets of the Company to the extent of Rs 8,000,000 thousand (June 30, 2019: Rs 8,000,000 thousand). Mark-up is payable on quarterly basis. The effective interest rate during the period ranges from 13.47% to 14.35% per annum (June 30, 2019: 11.23% to 11.49% per annum).

	Note	Un-audited December 31, 2019	Audited June 30, 2019
(Rupees in thousand)			
<b>10. CURRENT PORTION OF LONG TERM FINANCING</b>			
Long term financing - secured	4	9,602,500	11,090,000
Long term financing - unsecured	5	223,288	204,872
		9,825,788	11,294,872

## 11. CONTINGENCIES AND COMMITMENTS

### 11.1 Contingencies

There is no significant change in contingencies from the preceding audited financial statements of the Company for the year ended June 30, 2019, except for the following:

Subsequent to the period end, Income Tax Authorities raised a demand of Rs 3,389,112 thousand for tax year 2019 by disallowing tax credit under section 65B, tax deposited under section 147 and tax deducted under section 148 of Income Tax Ordinance, 2001. The Company has filled an appeal with CIR (Appeals), which is pending adjudication except for disallowance of tax credit under section 65B of Rs. 2,187,287 thousand, no provision has been made in these interim financial statements as Company's management is confident of favorable outcome of the appeals.

	Un-audited December 31, 2019	Audited June 30, 2019
(Rupees in thousand)		
<b>11.2 Commitments:</b>		
a) <b>Capital Commitments</b>		
Property, plant and equipment	403,848	1,240,142
Intangible assets	29,218	29,634
Stores and spares	5,182,958	17,845,953
	5,616,024	19,115,729
b) <b>Other Commitments</b>	517,242	641,473





	Note	Un-audited December 31, 2019	Audited June 30, 2019
		(Rupees in thousand)	
<b>12. PROPERTY, PLANT AND EQUIPMENT</b>			
<b>Operating fixed assets</b>			
<b>Tangible</b>			
<b>Opening book value</b>		175,465,092	171,406,578
Additions during the period/year	12.1	11,523,875	23,093,021
		186,988,967	194,499,599
Book value of PPE disposed off during the period / year	12.2	(2,911)	(1,932)
Depreciation charged during the period/year		(9,855,093)	(19,032,575)
		(9,858,004)	(19,034,507)
<b>Closing book value</b>		177,130,963	175,465,092
<b>Capital work-in-progress</b>	12.3	25,561,648	25,372,465
		202,692,611	200,837,557
<b>12.1 Additions during the period / year</b>			
Freehold land		-	493,616
Buildings and civil construction on freehold land		19,980	114,066
Transmission system		4,697,672	1,751,275
Distribution systems		4,103,755	13,953,832
Consumer meter and town border stations		1,855,538	5,241,802
Telecommunication system and facilities		5,750	55,613
Plant and machinery & Compressor stations and equipment		694,346	870,347
Furniture and equipment		16,709	68,417
Transport vehicles		113,089	271,366
Tools and accessories		2,526	28,351
Computers and ancillary equipment		14,510	244,336
		11,523,875	23,093,021
<b>12.2 Disposals during the period / year</b>			
Transport vehicles		2,911	1,918
Plant and machinery		-	14
		2,911	1,932
<b>12.3 Capital work-in-progress</b>			
Transmission system		4,350,468	6,169,476
Distribution system		13,022,687	9,895,328
Stores and spares including in transit			
Rs 648,029 thousand			
(June 30, 2019: Rs 1,114,170 thousand)		7,946,749	8,980,006
Advances for land and other capital expenditure		241,744	327,655
		25,561,648	25,372,465



	Note	Un-audited December 31, 2019	Audited June 30, 2019
		(Rupees in thousand)	
<b>13. STOCK-IN-TRADE</b>			
- Gas in pipelines		4,252,473	4,616,328
- Gas in FSRU	13.1	5,188,488	4,390,904
		9,440,961	9,007,232

13.1 This represents gas purchased by the Company that is yet to be delivered by Engro Elengy Terminal (Private) Limited ('EETL').

	Note	Un-audited December 31, 2019	Audited June 30, 2019
		(Rupees in thousand)	
<b>14. TRADE DEBTS</b>			
<b>Considered good</b>			
Secured		61,278,163	62,142,912
Unsecured	14.1	128,428,024	95,645,371
Deferred gas sales		(1,588,034)	(215,122)
		188,118,153	157,573,161
<b>Considered doubtful</b>		24,615,143	23,045,455
		212,733,296	180,618,616
Less: Provision for doubtful debts		(24,615,143)	(23,045,455)
		188,118,153	157,573,161

14.1 Included in trade debts are amounts receivable from Government owned power generation companies, independent power producers and Sui Southern Gas Company Limited (SSGCL) of Rs 97,991,456 thousand (June 30, 2019: Rs 93,892,862 thousand) along with interest thereon of Rs 20,818,208 thousand (June 30, 2019: Rs 17,482,640 thousand) due to delayed payments. While trade and other payables as referred to in Note 7 include an amount of Rs 379,174,377 thousand (June 30, 2019: Rs 317,681,475 thousand) due to Pakistan Petroleum Limited, SSGCL, Oil and Gas Development Company Limited, Pakistan State Oil, Pakistan LNG Limited and Government Holding (Private) Limited on account of gas purchases along with interest on delayed payments of Rs 58,197,429 thousand (June 30, 2019: Rs 42,370,242 thousand) and interest on delayed payment of Gas Development Surcharge of Rs 4,101,732 thousand (June 30, 2019: Rs 4,101,732 thousand) payable to Government of Pakistan. The settlement of these amounts is dependent upon the resolution of inter-corporate circular debt by the Government of Pakistan. Furthermore, amounts of Rs 222,821,905 thousand (June 30, 2019: Rs 185,376,149 thousand) and Rs 27,210,058 thousand (June 30, 2019: Rs 17,777,161 thousand) as referred to in Note 17 is receivable from Government of Pakistan on account of differential margins / tariff adjustment. The recoverability of these amounts is dependent upon settlement by the Government of Pakistan directly or indirectly inter alia including increase in future gas prices.

14.2 In aggregate, the Company has recognized revenue of Rs. 21,727 million under Take or Pay ("ToP") arrangements from July 01, 2017 to June 30, 2019. This comprises of Rs. 8,536 million from M/s Quaid-e-Azam Thermal Power (Private) Limited ("QATPL") and Rs. 13,191 million from M/s National Power Parks Management Company Limited ("NPPMCL") (collectively referred to as Government Power Producers ("GPPs")).

The Company entered into Gas Supply Agreements ("GSAs") for supply of RLNG to GPPs. Under clause 3.6 of the respective GSAs, the GPPs shall take and if not taken, pay for the unutilized gas on account of Take or Pay ("ToP") arrangements. If the GPPs do not fully utilize the ToP quantity, they can request the Company to divert any unutilized quantity to other power plants, after seeking their consent. In case the power plants refuse or the Company, due to technical constraints or other reasons, is unable to supply the unutilized quantity to the power plants, it can divert that quantity to any of its consumers. The amounts recovered from these consumers, after deduction of any additional charges



incurred by the Company in arranging the sale is required to be paid to the GPPs. The revenue of Rs 21,727 million is recorded net of amounts billed by the Company to such other consumers.

The Company has also partially recovered the ToP amounts by encashment of Standby Letter of Credit of NPPMCL for a net amount of Rs. 10,384 million and withdrawal of Rs. 3,265 million from the Escrow Account of QATPL against the invoices raised under ToP arrangement. The net receivable balance as at period end amounts to Rs. 8,078 million (June 30, 2019: Rs. 6,571 million). The GPPs disputed the invoices under ToP arrangements on various grounds and filed a writ petition with the Honorable Lahore High Court ("LHC"). The LHC on June 22, 2018 directed that the disputed invoices should be dealt with in accordance with the dispute resolution mechanism available in the GSAs. In light of section 18.1 of the GSAs, various attempts were made to settle this dispute by mutual discussions but the matter remained unresolved. As required under section 18.2 of the GSAs, the dispute has thereafter been referred to an Expert, after mutual agreement of the parties involved, on October 09, 2018.

The legal advisor of the Company filed claims against GPPs to the Expert on March 15, 2019 and the proceedings before this forum were completed during September 2019. The determination of the Expert was issued in favor of the Company and the GPPs have approached the London Court of International Arbitration (LCIA) for the resolution of the matter. The matter is still pending adjudication with the LCIA and no proceedings have yet been initiated. Based upon the advice of the Company's legal counsel on this matter, the Company believes that it has reasonably good arguments in its favor and it expects a favorable outcome.

Besides the above proceedings, the Company, under the terms of the license granted to it by the OGRA, the guidelines issued by the Federal Government vide decision of the Economic Coordination Committee of the Cabinet ("ECC") dated May 11, 2018, and as per determination of Final Revenue Requirement of the Company for FY 2017-18 ("FRR 2017-18") dated January 15, 2019, operates under a fixed rate of return regime. The management believes that in case the decision of the Arbitrator is not in favor of the Company or is partially in favor of the Company, and the Company has exhausted its legal remedies available under the law, the matter will be taken up with the OGRA for determining the cost of the same to the Company in its revenue requirement decision, therefore, the Company is not exposed to any significant loss upon the conclusion of this matter.

	Un-audited December 31, 2019	Audited June 30, 2019
	(Rupees in thousand)	
<b>15. LOANS AND ADVANCES</b>		
Loans to employees - considered good	205,395	188,413
<b>Advances - considered good:</b>		
- Employees	2,075,999	1,706,144
- Suppliers and Contractor	98,336	225,429
Advances to suppliers and contractors		
- considered doubtful	3,227	3,227
Less: Provision for doubtful advances	(3,227)	(3,227)
	-	-
	2,379,730	2,119,986
<b>16. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS</b>		
Trade deposits and short term prepayments	500,384	158,788
Less: Provision for doubtful deposits	(22,290)	(22,290)
	478,094	136,498
Add: Current portion of long term prepayments	-	104,527
	478,094	241,025



	Note	Un-audited December 31, 2019	Audited June 30, 2019
<b>17. OTHER RECEIVABLES</b>		<b>(Rupees in thousand)</b>	
Excise duty recoverable		108,945	108,945
Less: Provision for doubtful recoverable		(108,945)	(108,945)
		-	-
Differential margin / tariff adjustment recoverable	14.1 & 17.1	222,821,905	185,376,149
RLNG Differential margin / Tariff adjustment	17.2	27,210,058	17,777,161
Current account with SSGCL		19,777	17,893
Others		79,442	108,764
		250,131,182	203,279,967
<b>17.1 Differential margin / tariff adjustment recoverable</b>			
Opening balance		185,376,149	122,176,517
Recognised for the period/year		37,445,756	63,848,368
Recognized in OCI		-	(648,736)
		222,821,905	185,376,149
<b>17.2 RLNG differential margin / tariff adjustment</b>			
Opening balance		17,777,161	(6,653,574)
Recognised for the period/year		10,219,979	33,425,715
		27,997,140	26,772,141
RLNG margin on sale of stock to SSGCL		(787,082)	(8,994,980)
Closing balance		27,210,058	17,777,161

17.2.1 The balance of RLNG differential margin represents the aggregate difference between the margin earned by the Company from the purchase and sale of RLNG based on the notified rates and the RLNG margin guaranteed to the Company till December 31, 2019. The recoverability of these amounts is dependent upon settlement by the Government of Pakistan directly or indirectly inter alia including increase in future gas prices.

17.2.2 A gas swapping mechanism was allowed by the Economic Coordination Committee ("ECC") of the Cabinet Division vide its decision dated May 11, 2018, which was endorsed by the OGRA vide Final Revenue Requirement decision of the Company for financial year 2017-18 dated January 15, 2019 (FRR 17-18), for swapping of natural gas and RLNG for the purpose of gas load management. The necessary volumetric adjustments and financial impact is to be made on a cost neutral basis in the sale price of RLNG. The balance of gas swapping deferral account represents the difference of average cost of RLNG and the average sale price of system gas (June 30, 2019: average sale price) (used by the OGRA in determination of deferral account) of the swapped volumes. During the period, 9,794,571 MMBTUs of RLNG were sold as Indigenous gas. The differential margin receivable resulting from RLNG sold as indigenous gas will be adjusted upon directional changes in gas swapping and / or tariff adjustments in future periods to be determined by the OGRA.

During the year ended June 30, 2019, the OGRA vide its decision dated November 20, 2018 which was further clarified by the OGRA dated February 04, 2019, has directed that the stock of RLNG held with SSGCL to be sold to SSGCL on historical weighted average cost. Thereafter, SSGCL shall record sales as per relevant applicable OGRA notified rates. The gain / loss owing to the difference between the current and historical rates shall be passed on to the Company within a month of sale of RLNG stock by the SSGCL and is to be realized / adjusted in the OGRA's determined future price adjustments to the Company's RLNG consumers.



	Note	Un-audited December 31, 2019	Audited June 30, 2019
		(Rupees in thousand)	
<b>18. CASH AND BANK BALANCES</b>			
Deposit accounts	18.1	5,504,964	5,921,385
Current accounts		536,222	229,543
		6,041,186	6,150,928
Cash in hand		10,961	1,624
		6,052,147	6,152,552

18.1 Included in deposit accounts are amounts deposited by the Company in separate bank account(s) for funds released by the Government as grant to finance distribution development projects being the Government share of cost. Withdrawal from this account(s) is made on periodic basis to the extent of projects approved and sanctioned there from and until then, these funds amounting to Rs 5,100,620 thousand (June 30, 2019: Rs 4,877,457 thousand) are not used for the normal treasury operations of the Company. Any profit earned there on is credited to the funds instead of accounting for as Company's income.

	Quarter ended		Half year ended	
	Un-audited December 31, 2019	Un-audited December 31, 2018	Un-audited December 31, 2019	Un-audited December 31, 2018
	(Rupees in thousand)		(Rupees in thousand)	
<b>19. REVENUE FROM CONTRACTS WITH CUSTOMERS - GAS SALES</b>				
Gross sales - Indigenous gas	61,828,555	59,524,928	111,502,464	101,281,500
Gross sales - RLNG	120,070,079	157,783,949	317,434,475	298,790,084
	181,898,634	217,308,877	428,936,939	400,071,584
Sales tax - Indigenous gas	(9,041,689)	(8,421,542)	(15,197,793)	(14,377,927)
Sales tax - RLNG	(15,293,381)	(15,600,040)	(41,733,830)	(34,371,246)
	(24,335,070)	(24,021,582)	(56,931,623)	(48,749,173)
	157,563,564	193,287,295	372,005,316	351,322,411
<b>20. DIFFERENTIAL MARGINS / TARIFF ADJUSTMENT</b>				
Indigenous gas	23,338,643	15,452,873	37,445,756	28,621,265
RLNG	3,077,892	14,395,545	1,207,014	3,412,143
	26,416,535	29,848,418	38,652,770	32,033,408



	Note	Quarter ended		Half year ended	
		Un-audited December 31, 2019	Un-audited December 31, 2018	Un-audited December 31, 2019	Un-audited December 31, 2018
		(Rupees in thousand)		(Rupees in thousand)	
<b>21. COST OF GAS SALES</b>					
Opening stock of gas in pipelines		9,716,278	55,660,518	9,007,232	31,404,569
Gas purchases:					
- Southern system		29,895,602	28,878,039	48,879,264	46,689,610
- Northern system		25,071,085	21,644,310	48,997,764	41,152,733
- RLNG		114,133,873	111,958,457	276,006,373	244,093,485
		169,100,560	162,480,806	373,883,401	331,935,828
- Gas swapping account		(11,815,003)	(6,051,416)	(9,012,964)	(5,940,535)
		167,001,835	212,089,908	373,877,669	357,399,862
Less: Gas internally consumed		1,397,752	1,156,416	3,029,263	2,237,810
Closing stock of gas in pipelines	13	9,440,961	8,064,206	9,440,961	8,064,206
		10,838,713	9,220,622	12,470,224	10,302,016
Distribution Cost		10,497,575	8,648,792	20,134,375	16,504,857
		166,660,696	211,518,078	381,541,820	363,602,703
<b>22. OTHER OPERATING INCOME</b>					
<b>Income from financial assets</b>					
- Interest income on late payment of gas bills - other consumers		2,128,484	2,572,783	6,303,457	4,761,624
Gain on initial recognition of financial liabilities at fair value		1,816	980	3,632	2,508
Interest on staff loans and advances		21,158	19,437	42,233	38,777
Return on bank		144,876	76,625	279,723	156,231
		2,296,334	2,669,825	6,629,045	4,959,140
<b>Income from assets other than financial assets</b>					
Net gain on sale of fixed assets		45,904	53	45,904	47,387
Meter Rentals and service income		545,307	505,029	993,546	899,006
Amortization of deferred credit and contract liabilities		723,585	655,964	1,398,448	1,239,454
Insurance claims		1,934	1,664	1,934	3,623
		1,316,730	1,162,710	2,439,832	2,189,470
<b>Others</b>					
Sale of tender documents		2,258	2,305	4,492	3,426
Sale of scrap		119,378	6,774	124,812	78,493
Liquidated damages recovered		77,561	50,657	99,106	305,161
Gain on construction contracts		14,524	10,775	37,024	10,775
Non delivery charges recovered		-	-	-	237,503
Bad debt recoveries		967	1,966	1,789	1,966
Exchange gains on gas purchases		516,446	-	516,446	-
Urgent Fee for new meter connections		453,623	197,432	718,337	249,867
Miscellaneous		6,663	10,984	12,952	13,162
		1,191,420	280,893	1,514,958	900,353
		4,804,484	4,113,428	10,583,835	8,048,963



	Quarter ended		Half year ended	
	Un-audited December 31, 2019	Un-audited December 31, 2018	Un-audited December 31, 2019	Un-audited December 31, 2018
	(Rupees in thousand)		(Rupees in thousand)	
<b>23. OTHER OPERATING EXPENSES</b>				
Workers' Profit Participation Fund	200,403	243,311	346,445	442,357
Workers' Welfare Fund	134,330	-	134,330	-
Exchange gain / loss on gas purchases	(292,931)	1,150,793	-	1,240,214
Loss / gain on initial recognition of financial assets at fair value	5,613	(77,555)	76,759	18,092
	47,415	1,316,549	557,534	1,700,663

**24.** Included in finance cost is an amount of Rs 15,923,248 thousand (December 31, 2018: Rs 7,205,921 thousand) in respect of late payment surcharge on account of overdue payables for gas purchases.

	Note	Quarter ended		Half year ended	
		Un-audited December 31, 2019	Un-audited December 31, 2018	Un-audited December 31, 2019	Un-audited December 31, 2018
		(Rupees in thousand)		(Rupees in thousand)	
<b>25. TAXATION</b>					
Current tax					
Current period		1,100,171	985,324	2,803,814	1,884,318
Prior period		(198,115)	-	(198,115)	-
		902,056	985,324	2,605,699	1,884,318
Deferred tax		89,716	519,613	(719,290)	806,704
		991,772	1,504,937	1,886,409	2,691,022

## **26. CASH GENERATED FROM OPERATIONS**

<b>Profit before taxation</b>		6,582,456	8,404,788
<b>Adjustment for non-cash charges and other items</b>			
Depreciation - Owned assets		9,855,093	9,355,551
Depreciation - Right of use assets		1,827,434	-
Amortization of intangible assets		48,968	44,030
Employee benefits		1,302,151	1,013,392
Amortization of deferred credit and contract liabilities		(1,398,448)	(1,239,454)
Finance cost		24,448,870	10,369,097
Return on bank deposits		(279,723)	(156,231)
Gain on sale of fixed assets		(45,904)	(47,387)
Provision for doubtful debts		1,569,688	1,209,033
Loss on initial recognition of financial assets at fair value		76,759	18,092
Gain on initial recognition of financial liabilities at fair value		(3,632)	(2,508)
Amortization of difference between initial and maturity amount		(22,250)	(21,198)
Working capital changes	26.1	(18,110,091)	(11,461,013)
		25,851,371	17,486,192





		Half year ended	
		Un-audited December 31, 2019	Un-audited December 31, 2018
		(Rupees in thousand)	
<b>26.1 Working capital changes</b>			
<b>(Increase) / decrease in current assets</b>			
Stores and spares parts		(484,676)	(793,009)
Stock-in-trade		(433,729)	23,340,363
Trade debts		(36,125,162)	(48,168,958)
Loans and advances		(242,762)	(653,456)
Trade deposits and prepayments		(314,178)	(333,028)
Other receivables		(41,127,795)	(29,329,924)
		(78,728,302)	(55,938,012)
<b>Increase in current liabilities</b>			
Trade and other payables		60,618,211	44,476,999
		(18,110,091)	(11,461,013)
<b>26.2 Cash and cash equivalents</b>			
Cash and bank balances		6,052,147	6,122,634
Short term running finance		(24,390,416)	(2,947,624)
		(18,338,269)	3,175,010

## 27. INCORPORATION OF TARIFF REQUIREMENTS

- 27.1 OGRA vide its decision dated June 21, 2018 on the Estimated Revenue Requirement ('ERR') of the Company for the year 2018-19 decided in consultation with the Federal Government and other licensees in the natural gas sector to revise the tariff regime including the rate of return which is to be based on Weighted Average Cost of Capital ('WACC') from the financial year 2018-19. Weighted Average Cost of Capital ('WACC') was computed at 17.43% for financial year 2018-19 and onwards, however, the same will automatically reset if the reference figure changes by  $\pm 2\%$ . As per the revised tariff regime, the Company is required to earn an annual return of not less than Weighted Average Cost of Capital ('WACC') on the value of its average fixed assets in operation (net of deferred credit), before corporate income taxes, interest and other charges on debt and after excluding interest, dividends and other non operating income and before incorporating the effect of efficiency benchmarks prescribed by OGRA.
- 27.2 During the period, the Company could not meet the benchmarks prescribed by Oil and Gas Regulatory Authority (OGRA) and as a result the return for the period on the aforesaid basis works out to be 12.55% (December 31, 2018: 13.93%). Among other disallowances, the Company has also incorporated the effect of Unaccounted for Gas (UFG), which represents the volume difference of gas purchases and sales, amounting to Rs 3,446,487 thousand (December 31, 2018: Rs 2,029,392 thousand), which is in excess of the UFG benchmark of 6.9238% (December 31, 2018: 6.991%) as determined by OGRA in Final Revenue Requirements (FRR) for FY 2018-19.



	Un-audited December 31, 2019	Un-audited December 31, 2018
	(Rupees in thousand)	
<b>28. TRANSACTIONS WITH ASSOCIATES AND RELATED PARTIES</b>		
<b>28.1 Transactions during the period</b>		
Gas sales	134,852,311	143,206,318
Purchase of materials	10,682	536,942
Purchase of gas, regasification & transportation services	253,993,838	244,004,321
Service charges	16,769	17,139
Profit received on bank deposits	19,935	14,643
Finance cost	525,215	255,261
Transmission charges	2,710	2,863
Insurance expenses	311,591	133,383
Insurance claims received	8,600	9,142
Contributions to defined contribution plans	281,923	233,673
Contributions to defined benefit plans	1,366,393	1,066,719
Honorarium paid to chairman/chairperson	797	600
Fee paid to directors	36,900	19,300
Remuneration and benefits paid to key management personnel	43,426	45,439
	Un-audited December 31, 2019	Audited June 30, 2019
	(Rupees in thousand)	
<b>28.2 Period end balances</b>		
Receivable from related parties	91,171,552	74,519,011
Payable to related parties	404,402,634	329,291,674

## 29. EVENTS AFTER THE BALANCE SHEET DATE

29.1 The Board of Directors of the Company in its meeting held on October 15, 2020 has proposed an interim cash dividend of Rs Nil per share (December 30, 2018: Rs Nil per share), amounting to Rs Nil (December 31, 2018: Rs Nil) for the year ended June 30, 2020.

29.2 On March 11, 2020, the World Health Organization made an assessment that the outbreak of a corona virus (COVID-19) can be characterized as a pandemic. In addition, oil prices significantly dropped during January to March 2020 due to the effect of COVID-19 and a number of other political and economic factors. These factors have negatively affected the economies and the businesses of the country where the Company operates. To alleviate the negative impact of the COVID-19 pandemic, the various governments including the Government of Pakistan, other independent jurisdictions and regulators have taken measures and issued directives to support businesses at large, including extensions of deadlines, facilitating continued business through social-distancing and easing pressure on credit and liquidity.

These conditions are considered subsequent, non-adjusting events, and impacted the economic and risk environment in which the Company operates.

The situation, including the Government and public response to the challenges, continue to progress and rapidly evolve. Therefore, the extent and duration of the impact of these conditions remain uncertain and depend on future developments that cannot be accurately predicted at this stage, and a reliable estimate of such an impact cannot be made at the date of authorization of these financial statements.



### 30. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim statement of financial position 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 statement of profit or loss, condensed interim statement of comprehensive income and condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year.


Corresponding figures have been rearranged and reclassified, wherever considered necessary, for the purposes of comparison and to reflect the substance of the transactions.

### 31. GENERAL

Figures have been rounded off to nearest thousand of rupees, unless otherwise stated.

### 32. DATE OF AUTHORIZATION FOR ISSUE


These condensed interim financial statements were authorized for issue on October 15, 2020 by the Board of Directors of the Company.



**(Faisal Iqbal)**  
Chief Financial Officer



**(Amer Tufail)**  
Managing Director/CEO



**(Roohi Raees Khan)**  
Chairperson



آپ کی کمپنی ملکی اور کثیر الملکی کمپنیوں کے پائپ لائن بچھانے کے مختلف منصوبوں پر کام کر رہی ہے۔ آپ کی کمپنی MOL پاکستان کے لیے پائپ لائن کی تعمیر کے کام کے علاوہ فلورائن / ٹریٹک لائن اور آپلک فائبر بچھانے کا کام متعلق کوہاٹ / ہنگو کے مختلف گیس کے کنوئیں جیسا کہ مرمری، منزلائی، مانی خیل، مکوری ڈیپ 1، مغربی تولج ویسٹ اور مکوڑی پر پچھلے 15 سال سے کام کر رہی ہے۔ MOL پاکستان نے مزید گیس مہیا کرنے کے حوالے سے بہت اہم کردار ادا کیا ہے۔ MOL پاکستان نے مردان خیل-3 سے مردان خیل-1 تک 8" قطر کی 7.5 کلومیٹر پائپ لائن بچھانے کا کام تقویض کیا ہے۔ اسکے علاوہ مکوڑی ڈیپ-2 کی 6" قطر کی 1.2 کلومیٹر فلورائن کے اوپر کام جاری ہے۔ سوئی ناردرن گیس پائپ لائنیز لمیٹڈ نے مردان خیل-3 کنوئیں سے مردان خیل-1 تک پائپ لائن اور مکوڑی ڈیپ-2 لائن کی تعمیر مکمل اور فعال کر لی ہے۔ مردان خیل-3 اور مکوڑی ڈیپ-2 منصوبوں کے مکمل ہونے سے SNGPL کے نظام میں 20-25 MMCFD اضافی گیس شامل ہوئی ہے جس سے ملک میں جاری توانائی بحران پر قابو پانے میں مدد ملی ہے۔ علاوہ ازیں SNGPL نے MOL پاکستان کے لیے مردان خیل-2 اور مردان خیل-1 کنوئیں کی 6" قطر کی 6 کلومیٹر اور 10"/12" قطر کی 22 کلومیٹر بائس تیب پائپ لائن بچھائی ہے جسکی وجہ سے 40-50 MMCFD اضافی گیس SNGPL کے نظام میں شامل کی جا چکی ہے۔ MOL پاکستان مانی خیل جنوبی-1 کنوئیں کی فلورائن بچھانے کا کام بھی SNGPL کو واحد بولی کی بنیاد پر دینے کی منصوبہ بندی کر رہی ہے جو کہ MOL پاکستان کے سوئی گیس کے تعمیراتی کام کے اعلیٰ معیار پر اعتماد کا مظہر ہے۔ پاک عرب فریڈائیز نے 16"/12" قطر کی 27 کلومیٹر لمبی پائپ لائن جو کہ ماڑی پیرو لیم کی گیس پراسسنگ کی جگہ سے سوئی گیس کی QV2 پوائنٹ تک ہے کا ٹھیکہ بھی سوئی گیس کو دیا ہے۔ ان میں سے 16 انچ قطر کی 24 کلومیٹر کی ایک پائپ لائن پر کام مکمل ہو چکا ہے جبکہ دوسری پر کام تکمیل کے آخری مراحل میں ہے۔ اس کام کی تکمیل سے کمپنی کے منافع میں اضافہ ہوگا۔

### مالیاتی گوشوارا جات کے اجراء میں تاخیر:

ان مالیاتی گوشوارا جات کے اجراء میں تاخیر کی بنیادی وجہ نئے اکاؤنٹنگ ریگولیشنز کا اطلاق اور ASB اور SECP سے درکار وضاحتیں ہیں کمپنی کے حصص داران کی جانب سے مالیاتی گوشواروں کی منظوری سے قبل ریگولیشنز کی جانب سے سالانہ اکاؤنٹس کی بنیاد بننے والے حتمی مالی ضروریات کے تعین میں تاخیر بھی ان مالیاتی گوشوارا جات کے اجراء میں تاخیر کی وجہ بنا۔

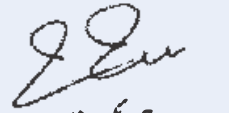
### اظہار تشکر:

ڈائریکٹر حکومت پاکستان، وزارت توانائی (پیٹرولیم ڈویژن)، ماگرا اور متعلقہ سرکاری و غیر سرکاری اداروں کی مسلسل حمایت اور دورانِ عرصہ کمپنی کے تمام ملازمین کی ان تھک محنت، لگن اور صارفین کو خدمات کی فراہمی کے لیے کی گئی کوششوں پر شکور و ممنون ہیں۔



(عامر طفیل)

مینجنگ ڈائریکٹر انتظام اعلیٰ



(رومی رئیس خان)

چیئر پرسن - بورڈ آف ڈائریکٹرز

لاہور

تاریخ: 15 اکتوبر 2020



## 1- اسپیشل اکنامک زون:

صنعت کاری اور کاروباری ترقی کے فروغ کے لیے اکنامک زون کا قیام حکومت پاکستان کی اولین ترجیح ہے۔ اس سلسلے میں چائنہ پاکستان اکنامک کارڈور (CPEC) کے تحت حکومت خیبر پختونخواہ رشاکئی اور حطار کے مقام پر خیبر پختونخواہ اکنامک زون ڈویلپمنٹ اینڈ مینجمنٹ کمپنی (KPEZDMC) کے ذریعے، اور حکومت پنجاب فیصل آباد میں علامہ اقبال انڈسٹریل اسٹیٹ میں فیصل آباد انڈسٹریل اسٹیٹ ڈویلپمنٹ اینڈ مینجمنٹ کمپنی (PIEDMC) کے ذریعے اسپیشل اکنامک زون کا قیام عمل میں لاری ہے۔ اس کے علاوہ حکومت پنجاب بھاول، وہاڑی، بہاولپور اور رحیم یارخان میں بھی پنجاب انڈسٹریل اسٹیٹ ڈویلپمنٹ اینڈ مینجمنٹ کمپنی (PIEDMC) کے ذریعے اسپیشل اکنامک زون کا قیام عمل میں لاری ہے۔

CPEC کے تحت صنعت کاری کے فروغ کے لیے بنیادی ڈھانچہ کی ترقی کے لیے حکومت پاکستان کے منصوبے کے تناظر میں حکومت پاکستان نے رشاکئی اسپیشل اکنامک زون اور علامہ اقبال انڈسٹریل اسٹیٹ کی نشاندہی جلد نتائج دینے والے منصوبوں کے طور پر کی ہے۔ اور ان کا قیام ترجیحی بنیادوں پر کرنے کا ارادہ رکھتی ہے۔ اسپیشل اکنامک زون مینجمنٹ کمینیز نے رشاکئی اسپیشل اکنامک زون کے لیے 30 MMCFD اور علامہ اقبال انڈسٹریل اسٹیٹ اسپیشل اکنامک زون کے لیے 40 MMCFD گیس کی فراہمی کا مطالبہ کیا ہے۔ مندرجہ بالا جلد نتائج دینے والے اسپیشل اکنامک زون کو گیس کی فراہمی کے لیے سوئی ناردرن گیس پائپ لائنز لمیٹڈ کی جانب سے درج ذیل پائپ لائنز کی تعمیر کا منصوبہ بنایا گیا ہے:

☆ رشاکئی اسپیشل اکنامک زون کے لیے 30 MMCFD صلاحیت کے حامل، اسماعیل کوٹ سے ٹرمینل پوائنٹ تک 16 انچ قطر کے 29.2 کلومیٹر ترسیلی نظام مع SMS cum CMS کا منصوبہ۔

☆ علامہ اقبال اسپیشل اکنامک زون کے لیے 40 MMCFD صلاحیت کے حامل، چنیوٹ سے ٹرمینل پوائنٹ تک 12 انچ قطر کے 19.75 کلومیٹر ترسیلی نظام مع SMS cum CMS کا منصوبہ۔

یہ منصوبے منظوری کے مختلف مراحل میں ہیں اور ان پر کام کا آغاز جلد متوقع ہے۔

## 2- لاہور کے تقسیمی نیٹ ورک میں اضافہ / دو حصوں میں تقسیم:

لاہور میں گیس نیٹ ورک میں اضافہ اور دو حصوں میں تقسیم کا ایک جامع منصوبہ تشکیل دینے کے بعد منظور کیا گیا ہے جس کا مقصد نئے فیڈ پوائنٹس کی شمولیت اور گیس لوڈ / نیٹ ورک کی دو حصوں میں تقسیم کے ذریعے لاہور میں گیس کے تقسیمی نیٹ ورک کو بہترین انداز میں چلانا ہے۔ منصوبے کی تفصیلات درج ذیل ہیں:

(a) پھول نگر سے نئی بخش والا (فیروز پور روڈ) تک 24 انچ قطر کی 48 کلومیٹر ترسیلی لائنز

(b) فیروز پور روڈ سے برکی تک 16 انچ قطر کی 27 کلومیٹر ترسیلی لائنز

(c) برکی سے ڈیال تک 8 انچ قطر کی 16 کلومیٹر ترسیلی لائنز

(d) مانگا منڈی سے سندرتک 16 انچ قطر کی 6.6 کلومیٹر ترسیلی لائنز

اس منصوبے پر کام کا آغاز جلد کیا جائے گا۔

## 3- A5 سے بہاولپور تک 16 انچ قطر کی 50 کلومیٹر ترسیلی پائپ لائنز

بہاولپور، لودھراں اور ملحقہ علاقوں میں گیس کے دباؤ میں شدید کمی / غیر موجودگی کے حل کے لیے کمپنی نے A-5 (خیبر پورڈا) سے بہاولپور تک 16 انچ قطر کی 50 کلومیٹر ترسیلی پائپ لائنز بچھانے کا منصوبہ تشکیل دیا ہے۔ بورڈ آف ڈائریکٹرز کی منظوری کے بعد اوگرا (OGRA) کی جانب سے منصوبے کی اصولی منظوری دے دی گئی ہے۔ اس منصوبے پر کام کا آغاز جلد کیا جائے گا۔

## 4- 110 انچ قطر کی 72.55 کلومیٹر چار سہہ - خزانہ - تنگی پائپ لائن

مردان اور پشاور کے علاقوں میں گیس کے دباؤ میں شدید کمی کے حل کی راہ میں حائل رکاوٹوں کے پیش نظر کمپنی نے دو مراحل میں نظام کی صلاحیت میں اضافہ کا منصوبہ تشکیل دیا ہے۔

مرحلہ اول:-

1- چار سہہ آف ٹیک (گل آباد) سے چار سہہ تک 10 انچ قطر کی 27.75 کلومیٹر ترسیلی لوپ لائن۔

2- چار سہہ سے خزانہ تک 10 انچ قطر کی 20.80 کلومیٹر ترسیلی لوپ لائن۔

مرحلہ دوم:-

1- چار سہہ سے تنگی تک 10 انچ قطر کی 24 کلومیٹر ترسیلی لوپ لائن۔

یہ منصوبے منظوری کے مختلف مراحل میں ہیں اس لیے اس پر کام کا آغاز جلد متوقع ہے۔

آپ کی کمپنی بسمرت 31 دسمبر 2019ء کو ختم ہونے والی سال کی دوسری سہ ماہی کے لیے کمپنی کے غیر پڑتال شدہ مالیاتی گوشواراجات پیش کر رہی ہے۔ یہ مالیاتی گوشواراجات ہمارے بیرونی پڑتال کنندگان میسرز ڈیلوئٹس یوسف عادل چارٹرڈ اکاؤنٹنٹس کی جانب سے محدود جائزے کے عمل سے گزر چکے ہیں۔

زیر جائزہ عرصہ کے دوران آپ کی کمپنی نے گزشتہ سال اسی عرصہ کے دوران ہونے والے 5,714 ملین روپے منافع کے مقابلے میں اس سال 4,696 ملین روپے بعد از حاصل منافع حاصل کیا۔ گزشتہ سال اسی عرصہ کے دوران حاصل ہونے والے 9.01 روپے فی حصہ منافع کے مقابلے میں اس سہ ماہی میں 7.40 روپے فی حصہ منافع حاصل ہوا۔

غیر فعال مالیاتی لاگت (Non-Operating Finance Cost) میں 2.4 ارب روپے اضافہ اور غیر محسوب گیس کی عدم اجازت میں 1.4 ارب روپے کے اضافے باعث منافع میں کمی واقع ہوئی۔ مشکلات کے باوجود آپ کی کمپنی زیر جائزہ عرصہ کے دوران غیر محسوب گیس کے نقصانات کے حجم کو MMCF 21519 (جولائی-دسمبر 2018ء) سے MMCF 20893 (جولائی-دسمبر 2019ء) تک کم کرنے میں کامیاب رہی۔ تاہم غیر محسوب گیس کی عدم اجازت کی مالی لاگت میں اضافہ بنیادی طور پر گیس خریداری کی قیمت میں اضافے کے باعث ہوا۔ آپ کی کمپنی کو معاملے کا مکمل ادراک ہے۔ غیر محسوب گیس کے حجم کو کم کرنے کے لیے تمام اقدامات اٹھائے جا رہے ہیں اور کمپنی پر اعتماد ہے کہ اس حجم کو اطمینان بخش درجے تک کم کرنے میں کامیابی ہوگی۔

مودوجودہ آڈیٹرز کی جانب سے 31 دسمبر 2019ء کو ختم ہونے والے عرصہ کی جائزہ رپورٹ میں حکومت اور حکومتی ملکیتی اداروں کی جانب سے واجب الادا اور قابل وصول رقم بشمول تفریقی مارجن / میزف ایڈجسٹمنٹ کے حوالے سے تاکید کی پیرا شامل کیا ہے۔ ان رقم کا انحصار حکومت پاکستان کی جانب سے بالواسطہ یا بلاواسطہ گیس کی قیمتوں میں اضافے کے ذریعے باہمی کاروباری گردش قرضہ جات کی ادائیگی اور اس کے حل پر ہے۔ اس سلسلے میں کمپنی نے وفاقی حکومت کے ساتھ معاملہ اٹھایا ہے اور اس کے جلد حل کے لیے پُر عزم ہے۔ 31 دسمبر 2019ء کو ختم ہونے والے دورانیے کے بعد، توانائی کے شعبے میں سکوک کے اجراء سے 32 ارب کی رقم حاصل ہوئی جس سے باہمی کاروباری گردش قرضہ جات کے جزوی حل میں مدد ملی۔ یہ رقم فوری طور پر کمپنی کے قرض خواہوں کو واجب الادا رقم کی ادائیگی میں استعمال کی گئی۔

اس عرصے کے دوران SECP کی جانب سے دو نئے IFRS کو نوٹیفائی کیا گیا۔ IFRS 16 کی تعمیل کر دی گئی ہے جبکہ کمپنی نے IFRS 14 کے اطلاق کے حوالے سے، خاص طور پر SNGPL کی طرح IFRS کی پہلے سے تعمیل کنندہ اکائیوں سے متعلق، چند وضاحتیں مانگی ہیں اور ان وضاحتوں کی وصولی کے بعد کمپنی اس پر عمل درآمد کا تعین کرے گی۔

معاشی اور کلویڈیٹ سے متعلق غیر معمولی پیچیدگی کے باوجود آپ کی کمپنی کے منافع پر اثر انداز ہونے والے عوامل کے حل کے لیے پُر عزم ہے۔ کمپنی کے بورڈ آف ڈائریکٹرز انتظامیہ اور عملہ پُر اعتماد ہے کہ مربوط کوششوں سے آنے والے سالوں میں کمپنی کی کارکردگی میں مزید بہتری آئے گی۔

### منصوبہ جات (Projects):

آپ کی کمپنی کے شعبہ منصوبہ جات نے 8 سے 24 انچ قطر کی 45 کلومیٹر ترسیلی لائنز کو مکمل اور فعال کیا، جس میں کنٹرکٹ لائنز بھی شامل ہیں۔ ترسیلی نظام کے علاوہ مالی سال 2019-20 کی دوسری سہ ماہی کے دوران نظام کی صلاحیت میں اضافہ، گیس کی فراہمی اور گیس پریشر میں بہتری کے ذریعے اطمینان صارفین کے حصول کے لیے 148.73 کلومیٹر تقسیمی لائنز کو فعال کیا گیا۔ ملک میں جاری توانائی کے شدید بحران کے تناظر میں حکومت پاکستان نے 1200 MMCFD قدرتی مائع گیس کی درآمد کے لیے بھرپور کوششیں کیں تاکہ گھریلو تجارتی / صنعتی صارفین کے ساتھ ساتھ حکومت پنجاب کی جانب سے قائم کردہ مندرجہ ذیل تین بجلی گھروں کو درپیش گیس فراہمی میں کمی کو پورا کیا جا سکے۔ 1200 MMCFD اضافی گیس کی نقل و حمل کے لیے نظام کی صلاحیت میں اضافہ کے لیے کمپنی مصروف عمل رہی۔ کمپنی نے درج ذیل امور مکمل اور فعال کر دیے ہیں:-

(i) 1200 MMCFD قدرتی مائع گیس کی نقل و حمل کے لیے ساوان سے لاہور تک نظام کی صلاحیت میں اضافہ کا منصوبہ۔  
(ii) مجموعی طور پر 3600 میگا واٹ صلاحیت کے حامل بھکھی، جوبلی بہادر شاہ اور بلوکی میں موجود تین بجلی گھروں کو 200 MMCFD فی بجلی گھر قدرتی مائع گیس فراہمی کے لیے پائپ لائنز کی تنصیب۔

(iii) قدرتی مائع گیس سے چلنے والے ہندو پور بجلی گھر کو 100 MMCFD گیس فراہمی کے لیے پائپ لائنز کی تنصیب۔

(iv) تریہوں بیراج ضلع جھنگ کے نزدیک 1400 میگا واٹ صلاحیت کے حامل پنجاب بجلی گھر کو 200 MMCFD قدرتی مائع گیس کی فراہمی کے لیے 24 انچ قطر کی 93 کلومیٹر پائپ لائنز کی تنصیب۔



www.jamapunji.pk



**Jama  
Punji**








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 PSX)
-  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



**TUV**  
AUSTRIA  
HELLAS

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

helpline: 1199



**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