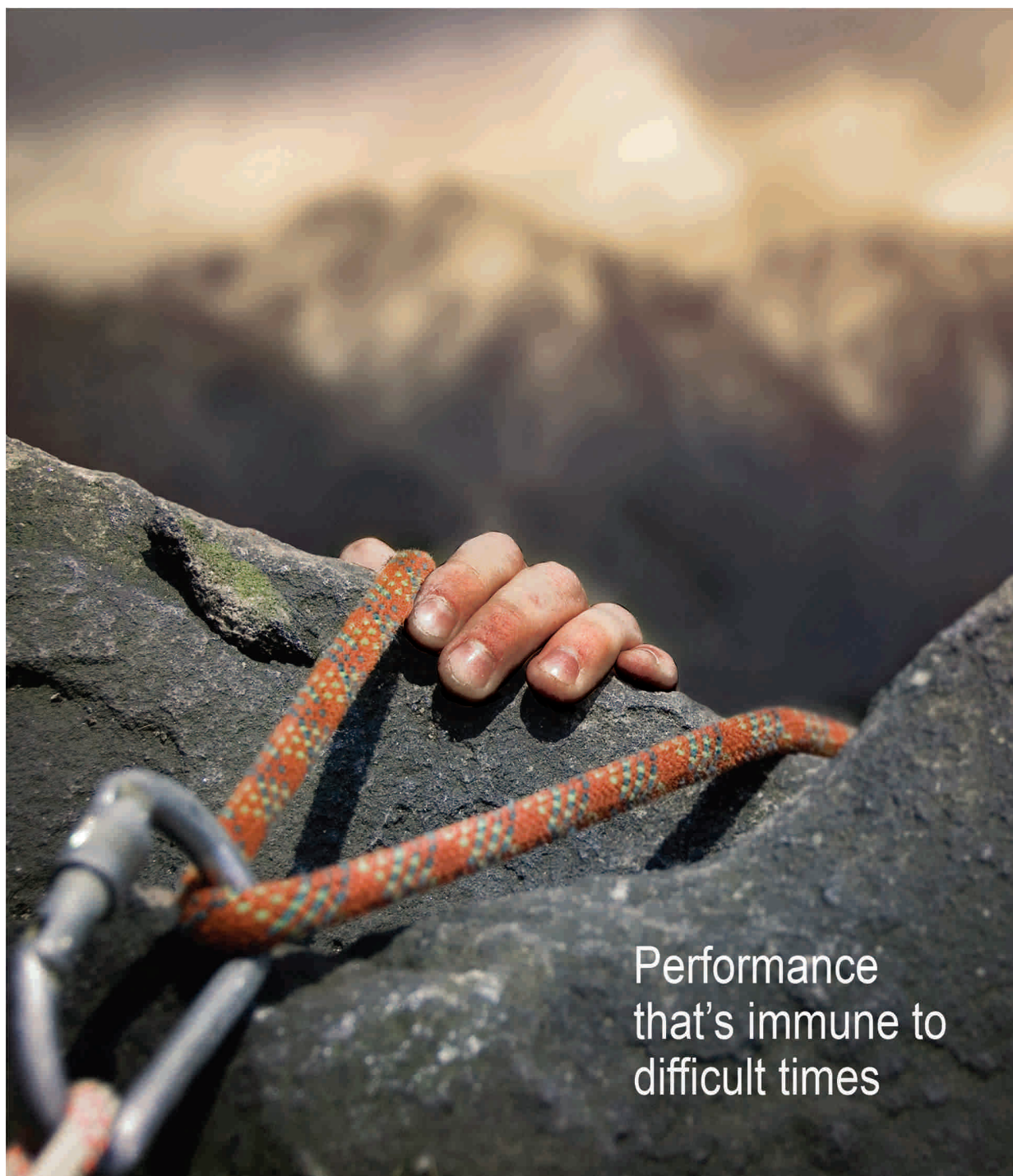


3rd Quarter Accounts (Un-Audited)

For the Nine Months Ended March 31, 2011

Sui Northern Gas Pipelines Limited



Performance
that's immune to
difficult times

Corporate Information

BOARD OF DIRECTORS

Mian Misbah-ur-Rehman	Chairman
Mr. A. Rashid Lone	Managing Director
Dr. Faizullah Abbasi	Director
Mr. S. M. Asghar	Director
Mr. M. Iqbal Awan	Director
Mr. A. Samad Dawood	Director
Mr. Abdul Bari Khan	Director
Mr. Tariq Iqbal Khan	Director
Mr. Wazir Ali Khoja	Director
Mian Raza Mansha	Director
Mr. Inam-ur-Rahman	Director
Malik Tahir Sarfraz	Director
Mr. Saeed Ullah Shah	Director
Syed Zahir Ali Shah	Director

COMMITTEES OF THE BOARD OF DIRECTORS

AUDIT COMMITTEE

Mr. S. M. Asghar	Chairman
Mr. M. Iqbal Awan	Member
Mr. A. Samad Dawood	Member
Mr. Abdul Bari Khan	Member
Mian Raza Mansha	Member
Malik Tahir Sarfraz	Member
Mr. Saeed Ullah Shah	Member

FINANCE COMMITTEE

Mr. Tariq Iqbal Khan	Chairman
Mr. A. Rashid Lone	Managing Director
Dr. Faizullah Abbasi	Member
Mr. M. Iqbal Awan	Member
Mr. A. Samad Dawood	Member
Mr. Abdul Bari Khan	Member
Malik Tahir Sarfraz	Member

HUMAN RESOURCE COMMITTEE

Syed Zahir Ali Shah	Chairman
Mr. A. Rashid Lone	Managing Director
Mr. A. Samad Dawood	Member
Mr. Wazir Ali Khoja	Member
Mian Raza Mansha	Member
Mr. Inam-ur-Rahman	Member
Malik Tahir Sarfraz	Member
Mr. Saeed Ullah Shah	Member

UNACCOUNTED FOR GAS (UFG) CONTROL COMMITTEE

Mr. M. Iqbal Awan	Chairman
Dr. Faizullah Abbasi	Member
Mr. S. M. Asghar	Member
Mr. Tariq Iqbal Khan	Member
Mr. Inam-ur-Rahman	Member
Mr. Saeed Ullah Shah	Member

CHIEF FINANCIAL OFFICER

Mr. Amer Tufail FCA

COMPANY SECRETARY / SECRETARY TO SUB COMMITTEES OF THE BOARD

Mrs. Uzma Adil Khan FCA

JOINT AUDITORS

A.F. Ferguson & Co. Chartered Accountants
M. Yousuf Adil Saleem & Co. Chartered Accountants

SHARES REGISTRAR

Central Depository Company of Pakistan Limited
2nd Floor, 307, Upper Mall, Lahore-54000
Tel: +92-42-35789378-87
Fax: +92-42-35789340
Website: www.cdcpakistan.com

LEGAL ADVISORS

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

REGISTERED OFFICE

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21-Kashmir Road,
P.O. Box No. 56, Lahore (Pakistan)
Ph: +92-42-99080000, 99082000, 99201419
Fax: +92-42-99201302, 99201317
E-mail: info@sngpl.com.pk
Website: www.sngpl.com.pk



DIRECTORS' REVIEW

The Board of Directors of SNGPL, is pleased to present the un-audited financial statements for the 3rd Quarter and nine months ended March 31, 2011. The gas sales for the nine months ended March 31, 2011 were 440,145 MMCF as against 439,000 MMCF during the same period last year.

During the quarter under review, the gap between demand and supply ranged between 400 to 700 MMCF per day.

The Company is concerned about the increase in Unaccounted for Gas (UFG) in the period under review as compared to the same period last year. UFG comprised of 12.11% of all gas available for sale as compared to 9.44% for the same period last year. The increasing size of distribution network, rising differential between local gas prices versus alternative fuels as well as the increasing gap between demand-supply of gas have been major external factors that have contributed to the increase in UFG. Furthermore, the increasing relative value of gas coupled with legislation and regulations that do not provide adequate coverage to gas utility companies make operations even more difficult. The resulting gas shortage has lead to curtailment of the bulk customers in favor of the domestic and other consumers where UFG is typically higher. The Company continues to work with Government, Regulator and other stakeholders to bring about the necessary changes to reduce external pressures on the Company. The Company has also recently deployed a UFG reduction program that uses latest technologies and improved vigilance to reduce gas losses due to theft, leakages and measurement errors. Initial results have been encouraging providing confidence that the trend of rising UFG can be reversed.

During the period under report, the Company has earned after tax profit of Rs. 415 million (March 31, 2010: Rs. 445 million), giving an EPS of Rs. 0.76 (March 31, 2010: Rs. 0.81). As described in Note No. 2.3 of the Notes to the Accounts, these financial statements have been prepared on the basis of parameters applied by Oil and Gas Regulatory Authority (OGRA) in determining the final revenue requirement of the Company for the year ended June 30, 2010, pending final decision by the honorable Lahore High Court in this regard.

DEVELOPMENT PROJECTS: IN-HOUSE PROJECTS

Your Company commissioned 128 km transmission pipelines (including 34 km MOL lines) and 2615 km distribution lines by the end of 3rd quarter of FY2010-11. Thus gas facility was extended to various localities/towns and industrial units across Punjab and Khyber Pakhtoonkhawa. Laying of 12" dia x 47 km Mandi Bahaudin transmission pipeline was completed and commissioned to improve gas pressure in SNGPL's network from Lala-Musa towards Jhelum. Laying of 10" dia x 32.47 km transmission line from Swan crossing to Pindori is in progress and will be commissioned within next three months. Commissioning of this line will address the complaints of low pressure in the localities of Islamabad, Rawalpindi, Gujjar Khan, Barakoh, Murree etc.

Although the Company remains committed to extending gas facility to various localities/towns and industrial units across Punjab and Khyber Pakhtoonkhawa, however it is being recommended to the Government of Pakistan that the expansion of gas infrastructure be restricted keeping in view the gas supply limitations as well as financial constraints of the Company.

Currently laying of transmission lines and distribution mains under Annual Distribution Development Program for various localities/villages across Punjab and Khyber Pakhtoonkhawa is being carried out. Pipeline project to extend gas supply to Talash area in Lower Dir is underway.



EPC CONTRACT PROJECTS:

MANZALAI FIELD DEVELOPMENT- CLIENT M/S MOL PAKISTAN

Your Company has recently completed 12" dia x 19.7 km Maramzai Flow line and 8" dia x 14.7 km Mamikhel-1 flow line. With the completion / commissioning of this gas gathering network additional 65 Million Cubic Feet Per Day (MMCFD) has been added to our system. Formerly the 52 km long network in assorted diameters 18" to 8" at Manzalai field was laid in January 2010 which facilitated an intake of 210 MMCFD gas into SNGPL's system.

Besides this Manzalai-8 flow line of diameter 8" x 6 km long is in progress which would bring an additional supply of 20 MMCFD into our system. Moreover, MOL have recently awarded the job of Makori East-1 project envisaging laying of 12" dia x 17 km pipeline and 17 km FOC (Fiber Optic Cable). The survey and design work on this project has already been initiated. The commissioning of this line is likely within next 5-6 months which will provide an additional 20-40 MMCFD gas to our system. Moreover, MOL Pakistan have also shown their strong desire to award the pipeline construction work to SNGPL for their new gas discoveries at Tolanj which is located at 7-8 km distance from our network. On the completion of all wells, approximately 300-350 MMCFD will be available to the Company.

QADIRPUR COMPRESSION PROJECT- CLIENT M/S OGDCL

The completion of Qadirpur compression project is another milestone which your Company has crossed thereby enhancing the overall capacity of the Qadirpur field by 100 MMCFD. The magnanimity of the project envisaged the installation of 14 compressor package along with allied facilities. SNGPL takes pride for completing this project in a record time by putting best efforts.

OVERSEAS PROJECTS

In order to diversify the operations of the Company, the Management has explored the possibility of providing pipeline engineering and construction services to local as well as overseas clients. In this connection Company has already taken part in the bidding process of a pipeline project in Algeria. Presently we are working out the possibility of forming a subsidiary to work in joint venture (JV) for undertaking pipeline projects in Libya.

FUTURE PROSPECTS

The Company has recently submitted bids for the pipeline projects / plant erection jobs to M/s OGDCL, PPL, MOL for their upcoming projects. Your Company is also looking forward to form a JV with an engineering & design company to participate in major EPC tenders of gas processing / chemical plants / facilities. In this connection a meeting with ENAR Petro Tech Services (Pvt) Limited has proved very successful and JV will bring about positive prospects in future. Lately, the Company has moved to form a JV with Malaysian company named KNM Process System in order to participate in the bidding of MOL's upcoming project of Makori gas processing facility. The visit of the officials of KNM group is expected shortly during which modus operandi will be set for moving further.

ACKNOWLEDGEMENTS

The Directors place on record their thanks to the employees, Government of Pakistan, Ministry of Petroleum and Natural Resources, Oil and Gas Regulatory Authority and other Government and Non-Government Institutions related to the Company for their sustained support in the period under report and look forward for the same in future.

On behalf of the Board



A. Rashid Lone
Managing Director

LAHORE:
April 27, 2011



Sui Northern Gas Pipelines Limited

Balance Sheet

	Note	Un-audited March 31, 2011	Audited June 30, 2010 (Rupees in thousand)
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital 1,500,000,000 ordinary shares of Rs 10 each		15,000,000	15,000,000
Issued, subscribed and paid up share capital 549,105,339(June 30,2010; 549,105,339) ordinary shares of Rs 10 each		5,491,053	5,491,053
Revenue reserves		12,528,039	13,211,026
Shareholders' equity		18,019,092	18,702,079
NON-CURRENT LIABILITIES			
Long term financing:			
-Unsecured	4	1,241,920	1,251,220
Security deposits		16,588,237	14,899,244
Deferred credit		32,443,898	33,017,791
Deferred taxation		8,267,387	8,758,231
Employee benefits		1,741,583	1,238,786
		60,283,025	59,165,272
CURRENT LIABILITIES			
Short-term running finances-secured		997,886	1,000,000
Trade and other payables	5	59,040,289	54,886,749
Sales tax payable		-	152,708
Interest and mark-up payable on loans and payables		7,048,041	4,560,734
Current portion of long term financing	6	446,608	739,553
		67,532,824	61,339,744
CONTINGENCIES AND COMMITMENTS			
	7	-	-
		145,834,941	139,207,095

The annexed notes form an integral part of these financial statements.



Mian Misbah-ur-Rehman
Chairman



As At March 31, 2011 (Un-Audited)

	Note	Un-audited March 31, 2011	Audited June 30, 2010 (Rupees in thousand)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	87,403,759	86,373,079
Intangible assets		266,275	355,290
Investment in an associated company		4,900	4,900
Long term loans		215,040	227,848
Employee Benefits		1,413,644	1,277,270
Long term deposits and prepayments		7,000	9,006
		89,310,618	88,247,393
CURRENT ASSETS			
Stores and spares		1,541,313	1,669,121
Stock in trade- gas in pipelines		770,251	741,128
Trade debts	9	46,497,865	42,874,560
Loans and advances	10	347,319	229,401
Trade deposits and prepayments	11	181,468	65,993
Accrued interest		5,951	7,289
Other receivables	12	4,490,466	2,176,846
Sales tax recoverable		218,695	-
Taxation-net		687,678	1,186,242
Cash and bank balances	13	1,783,317	2,009,122
		56,524,323	50,959,702
		145,834,941	139,207,095



A. Rashid Lone
Chief Executive Officer



Profit and Loss Account (Un-Audited)

for the Period Ended March 31, 2011

	Note	Quarter ended		Nine Months ended	
		March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
		(Rupees in thousand)			
Gas sales		44,515,109	47,594,973	138,922,125	122,943,351
Add / (Less): Differential margin / (Gas development surcharge)		1,583,370	(7,075,843)	1,468,781	(6,994,099)
		46,098,479	40,519,130	140,390,906	115,949,252
Cost of gas sales	14	46,160,935	40,618,847	138,989,315	114,039,107
Gross profit/(loss)		(62,456)	(99,717)	1,401,591	1,910,145
Other Operating Income	15	2,321,523	1,717,715	5,902,181	5,425,016
		2,259,067	1,617,998	7,303,772	7,335,161
Operating expenses:					
Selling cost		697,621	503,218	2,016,573	1,609,577
Administrative expenses		631,905	546,187	1,780,669	1,461,877
Other operating expenses	16	(32,291)	(171,192)	83,118	109,102
		1,297,235	878,213	3,880,360	3,180,556
Operating profit		961,832	739,785	3,423,412	4,154,605
Finance cost	17	1,040,784	671,064	2,818,417	3,643,953
Profit before taxation		(78,952)	68,721	604,995	510,652
Taxation	18	(25,722)	(102,609)	189,771	65,325
Profit for the period		(53,230)	171,330	415,224	445,327
Earnings per share - basic and diluted (Rs)		(0.09)	0.31	0.76	0.81

The annexed notes form an integral part of these financial statements.



Mian Misbah-ur-Rehman
Chairman



A. Rashid Lone
Chief Executive Officer



Statement of other Comprehensive Income (Un-Audited)

for the Period Ended March 31, 2011

	Quarter ended		Nine Months ended	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
	(Rupees in thousand)			
Profit for the period	(53,230)	171,330	415,224	445,327
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	(53,230)	171,330	415,224	445,327

The annexed notes form an integral part of these financial statements.



Mian Misbah-ur-Rehman
Chairman



A. Rashid Lone
Chief Executive Officer



Cash Flow Statement (Un-Audited)

for the Period Ended March 31, 2011

	Note	Un-audited	
		March 31, 2011	March 31, 2010
(Rupees in thousand)			
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	19	6,102,337	9,905,455
Finance cost paid		(294,687)	(285,269)
Income taxes paid		(258,132)	(587,048)
Employee benefits paid/contributions paid		(328,323)	(416,761)
Security deposits received		1,688,993	1,716,444
Receipts against government grants and consumer contributions		563,700	1,501,697
Long term loans to employees		17,643	(24,416)
Long term deposits and prepayments		2,006	467
Net cash inflow from operating activities		7,493,537	11,810,569
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(6,508,873)	(9,551,618)
Capital expenditure on Intangible assets		(666)	(25,625)
Proceeds from sale of property, plant and equipment		12,446	14,434
Return on bank deposits		247,900	177,644
Net cash used in investing activities		(6,249,193)	(9,385,165)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from long term financing- unsecured		20,000	42,361
Repayment of long term financing- unsecured		(396,849)	(681,528)
Repayment of long term financing - secured		-	(62,500)
Dividend paid		(1,091,186)	(786)
Net cash used in financing activities		(1,468,035)	(702,453)
Net increase/(decrease) in cash and cash equivalents		(223,691)	1,722,951
Cash and cash equivalents at the beginning of the period		1,009,122	366,019
Cash and cash equivalents at the end of the period	19.2	785,431	2,088,970

The annexed notes form an integral part of these financial statements.



Mian Misbah-ur-Rehman
Chairman



A. Rashid Lone
Chief Executive Officer



Statement of Changes in Equity (Un-Audited) for the Period Ended March 31, 2011

	Share Capital	Revenue Reserves			Total	Total Share holders' Equity
		General Reserve	Dividend Equalization Reserve	Un-approp- riated Profit		
	(R	u	p	e	e
	s	i	n	t	h	o
	u	s	a	n	d)
Balance as at 01 July 2009	5,491,053	4,127,682	480,000	6,048,781	10,656,463	16,147,516
Net profit for the period from July 01, 2009 to March 31, 2010	-	-	-	445,327	445,327	445,327
Balance as at 31 March 2010	5,491,053	4,127,682	480,000	6,494,108	11,101,790	16,592,843
Net profit for the period from April 01, 2010 to June 30, 2010	-	-	-	2,109,236	2,109,236	2,109,236
Balance as at 01 July 2010	5,491,053	4,127,682	480,000	8,603,344	13,211,026	18,702,079
Net profit for the period from July 01, 2010 to March 31, 2011	-	-	-	415,224	415,224	415,224
Final dividend for the year ended 30 June 2010 @ Rupees 2.00 per share	-	-	-	(1,098,211)	(1,098,211)	(1,098,211)
Balance as at 31 March 2011	5,491,053	4,127,682	480,000	7,920,357	12,528,039	18,019,092

The annexed notes form an integral part of these financial statements.



Mian Misbah-ur-Rehman
Chairman



A. Rashid Lone
Chief Executive Officer



Notes to the Accounts (Un-Audited)

for the Period Ended March 31, 2011

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. 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 These financial statements have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 "Interim Financial Reporting" and are un audited and are being submitted to the shareholders as required by section 245 of the Companies Ordinance, 1984 and the Listing Regulations of the Karachi, Lahore and Islamabad Stock Exchanges.
- 2.2 These financial statements have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34, "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 take precedence.
- 2.3 For the purposes of determining the final revenue requirement for the financial year 2009-10, Oil and Gas Regulatory Authority (OGRA) used the Unaccounted For Gas (UFG) benchmark of 7% and also allowed the late payment surcharge and interest on gas sales arrears to be treated as non-operating income. However, in its decision dated December 02, 2010 on revised estimated revenue requirement of the company for financial year 2010-11, OGRA allowed the UFG benchmark of 4.625% and treated the late payment surcharge and interest on gas sales arrears as operating income.

Aggrieved by the OGRA's decision relating to financial year 2010-11, the company filed a petition with the Honorable Lahore High Court. The Court vide its order dated January 17, 2011 has allowed the petition of the company in terms that for the purpose of calculating the prescribed price, UFG benchmark and the treatment of non-operating income of the company shall continue to be determined in accordance with the final revenue requirement for the financial year 2009-10 till such time that the UFG impact assessment study is carried out and produced before the court. Accordingly, the profit for the nine months ended March 31, 2011 has been calculated on the basis of parameters applied by OGRA in determining the final revenue requirement for the financial year 2009-10. Had these financial statements been prepared in accordance with the decision of OGRA for financial year 2010-11, the company would have declared an after tax loss of Rs 3,147 million and a negative EPS of Rs 5.73 for the nine months ended March 31, 2011.

- 2.4 These financial statements should be read in conjunction with annual audited financial statements for the year ended June 30, 2010.



2.5 The following amendments to standards are mandatory for the first time for the financial year beginning July 1, 2010:

- IAS 1 (amendment), 'Presentation of financial statements'. The amendment clarifies that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time.
- IAS 36 (amendment), 'Impairment of assets', effective January 1, 2010. The amendment clarifies that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment, as defined by paragraph 5 of IFRS 8, 'Operating segments' (that is, before the aggregation of segments with similar economic characteristics).
- IAS 38 (amendment), 'Intangible assets', effective January 1, 2010. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives.
- IFRS 5 (amendment), 'Non-current assets held for sale and discontinued operations'. The amendment clarifies that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of IAS 1 still apply, in particular paragraph 15 (to achieve a fair presentation) and paragraph 125(sources of estimation uncertainty) of IAS 1.
- IFRS 2, 'Share-based Payment-Group Cash-settled Share-based Payment Transactions' was amended by the International Accounting Standards Board (IASB) whereby an entity receiving goods or services is to apply this IFRS in accounting for group cash settled share based payment transactions in its financial statements when that entity has no obligation to settle the share based payment transaction. This amended IFRS is effective for the annual periods beginning on or after January 1, 2010.
- On August 14, 2009, the Government of Pakistan (GoP) launched Benazir Employees' Stock Option Scheme (the Scheme) for employees of certain State Owned Enterprises (SOEs) and non-State Owned Enterprises where GoP holds significant investment (non-SOEs). The Scheme is applicable to permanent and contractual employees who were in employment of these entities on the date of launch of the Scheme, subject to completion of five years vesting period by all contractual employees and permanent employees in certain instances. For this purpose, SNGPL Employees Empowerment Trust (the Trust) was created on October 21, 2009. The Government of Pakistan transferred 12% shares from its holding (23,722,693 shares) in SNGPL to the Trust.
- The Scheme provides for cash payment to employees on retirement or termination based on the price of shares of respective entities. To



administer the Scheme, GoP shall transfer 12% of its investment in such SOEs and non-SOEs to a Trust Fund created for the purpose by each of such entities. The eligible employees would be allotted units by each Trust Fund in proportion to their respective length of service and on retirement or termination such employees would be entitled to receive such amounts from Trust Funds in exchange for the surrendered units as would be determined based on market price for listed entities or break-up value for non-listed entities. The shares relating to the surrendered units would be transferred back to GoP.

- The Scheme also provides that 50% of dividend related to shares transferred to the respective Trust Fund would be distributed amongst the unit-holder employees. The balance 50% dividend would be transferred by the respective Trust Fund to the Central Revolving Fund managed by the Privatization Commission of Pakistan for payment to employees against surrendered units. The deficit, if any, in Trust Funds to meet the re-purchase commitment would be met by GoP.
- The Scheme, developed in compliance with the stated GoP policy of empowerment of employees of SOEs, need to be accounted for by the covered entities, including the company under the provisions of amended IFRS 2 - Shared Based Payment. Keeping in view the difficulties that may be faced under the Scheme, the company requested the Institute of Chartered Accountants of Pakistan (ICAP) to provide further guidance on the issue. ICAP has forwarded the issue to the Securities and Exchange Commission of Pakistan (SECP) for notification of exemption from application of IFRS 2. Pending the directive of SECP the company has not accounted for these transactions in these financial statements.

3. ACCOUNTING POLICIES AND ESTIMATES

- 3.1 The accounting policies, except for those mentioned in note 2.5 above, adopted for the preparation of these financial statements 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, 2010.
- 3.2 Judgments and estimates used by the management in the preparation of these financial statements are same as those applied to the annual financial statements for the year ended June 30, 2010.
- 3.3 Income tax expense is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year.



	Note	Un-audited March 31, 2011	Audited June 30, 2010 (Rupees in thousand)
4 LONG TERM FINANCING- UNSECURED			
From banking company/financial institution		-	326,653
World bank loans - Foreign currency		-	-
Other loans - Local currency:			
- Loans		1,450,065	1,446,841
- Other liabilities		238,463	217,279
		1,688,528	1,664,120
		1,688,528	1,990,773
Less: Current portion shown under current liabilities		-	326,653
World bank loans - Foreign currency		-	-
Other loans - Local currency:			
- Loans		208,145	195,621
- Other liabilities		238,463	217,279
	6	446,608	739,553
		1,241,920	1,251,220

4.1 The loans carry mark-up at variable rates which range from 1.50% per annum to 14.66% per annum (June 30, 2010: 1.50% per annum to 15.21% per annum).

	Note	Un-audited March 31, 2011	Audited June 30, 2010 (Rupees in thousand)
5 TRADE AND OTHER PAYABLES			
Creditors for:			
Gas		53,598,100	46,064,977
Supplies		435,303	891,669
Accrued liabilities		1,735,790	3,365,702
Interest free deposits repayable on demand		43,740	37,585
Earnest money received from contractors		32,195	31,365
Mobilization and other advances		856,633	740,710
Advances from customers		2,187,914	2,079,964
Gas development surcharge		-	1,306,926
Exchange risk and guarantee fees payable to the Government of Pakistan		-	8,181
Workers' profit participation fund		49,353	224,786
Workers' welfare fund		35,981	76,629
Unclaimed dividend		65,280	58,255
		59,040,289	54,886,749
6 CURRENT PORTION OF LONG TERM FINANCING			
Long term financing - unsecured	4	446,608	739,553
		446,608	739,553



7- CONTINGENCIES AND COMMITMENTS

7.1 Contingencies

There has been no significant change in the contingencies since the date of preceding annual published financial statements, except for the impact if any, of the outcome of the writ in the Honorable Lahore High Court against OGRA's decision dated December 02, 2010, as described in Note 2.3 to the financial statements.

	Note	Un-audited March 31, 2011 (Rupees in thousand)	Audited June 30, 2010
7.2 Commitments:			
a) Capital Commitments			
Property, plant and equipment		116,030	255,586
Intangible assets		27,517	30,906
Others		1,796,185	1,901,066
		1,939,732	2,187,558
b) Other Commitments			
Others		150,857	146,386
8. Property, plant and equipment			
Operating fixed assets			
Tangible			
Opening book value		69,819,093	63,395,893
Additions during the period/year		6,620,119	13,469,912
		76,439,212	76,865,805
Book value of property, plant and equipment disposed off during the period/year		(2,805)	(128,762)
Depreciation charged during the period/year		(5,528,168)	(6,917,950)
		(5,530,973)	(7,046,712)
Closing book value		70,908,239	69,819,093
Capital work in progress	8.1	16,495,520	16,553,986
		87,403,759	86,373,079
8.1 CAPITAL WORK-IN-PROGRESS			
Transmission system		2,239,214	1,872,914
Distribution system		7,384,609	7,391,769
Stores and spares including in transit Rs 266,711 thousand (June 2010: Rs 292,522 thousand)		6,534,361	7,010,355
Advances for land and other capital expenditure		337,336	278,948
		16,495,520	16,553,986



	Note	Un-audited March 31, 2011	Audited June 30, 2010	(Rupees in thousand)
9. TRADE DEBTS				
Considered good:				
Secured		18,057,009	24,146,283	
Unsecured	9.1	28,765,361	18,771,376	
Accrued gas sales		(324,505)	(43,099)	
		46,497,865	42,874,560	
Considered doubtful		3,201,962	2,452,890	
Less: Provision made for doubtful debts		49,699,827 (3,201,962)	45,327,450 (2,452,890)	
		46,497,865	42,874,560	
<p>9.1 Included in trade debts is an amount receivable from Government owned power generation companies of Rs. 6,982,730 thousand (June 2010: 6,871,252 thousand) along with interest of Rs 2,559,732 thousand (June 2010: Rs 1,874,142 thousand) on delayed payments. While trade and other payables referred to in note 5 include an amount of Rs 42,424,827 thousand (June 2010 : Rs 34,902,344 thousand) due to Pakistan Petroleum Limited, Sui Southern Gas Company Limited, Oil and Gas Development Company Limited and Government Holdings (Private) Limited on accounts of gas purchases along with interest of Rs 5,963,663 thousand (June 2010: Rs 3,864,987 thousand) on delayed payments. The settlement of these amounts is dependent upon the resolution of inter-corporate debt by the Government of Pakistan.</p>				
		Un-audited March 31, 2011	Audited June 30, 2010	(Rupees in thousand)
10. LOANS AND ADVANCES				
Loans to employees - considered good		78,163	79,246	
Advances - considered good:				
Other employees		14,990	5,821	
Suppliers and Contractor		254,166	144,334	
Advances to suppliers and contractors - considered doubtful		3,227	3,227	
Less: Provision for doubtful receivables		3,227	3,227	
		-	-	
		347,319	229,401	
11. TRADE DEPOSITS AND PREPAYMENTS				
Trade deposits and prepayments		89,763	51,776	
Less: Provision for doubtful receivables		22,290	22,290	
		67,473	29,486	
Current portion of long term prepayments		113,995	36,507	
		181,468	65,993	



		Un-audited March 31, 2011	Audited June 30, 2010
12	OTHER RECEIVABLES		
	Exchange differences on long term loans recoverable from the Government of Pakistan	-	1,788,767
	Excise duty recoverable	108,945	108,945
	Less: Provision for doubtful recoverable	108,945	108,945
		-	-
	Differential margin recoverable	3,727,669	-
	Due from customers	379,512	314,538
	Others	383,285	73,541
		4,490,466	2,176,846
13	CASH AND BANK BALANCES		
	Deposit accounts	1,613,566	1,696,263
	Current accounts	156,382	311,662
		1,769,948	2,007,925
	Cash in hand	13,369	1,197
		1,783,317	2,009,122

	Note	Quarter ended		Nine Months Ended	
		Un-audited March 31, 2011	Un-audited March 31, 2010	Un-audited March 31, 2011	Un-audited March 31, 2010
14.	COST OF GAS SALES	(Rupees in thousands)			
	Opening stock of gas in pipelines	751,167	581,482	741,128	783,362
	Gas purchases				
	- Southern system	27,198,775	29,424,167	81,644,919	88,090,076
	- Northern system	10,588,888	3,725,587	30,773,223	10,460,240
	- Gas purchase adjustment	5,570,651	5,019,117	18,465,833	7,853,663
		43,358,314	38,168,871	130,883,975	106,403,979
	Less: Gas internally consumed	44,109,481	38,750,353	131,625,103	107,187,341
	Closing stock of gas in pipelines	536,554	712,234	1,636,421	1,860,899
		770,251	702,223	770,251	702,223
		1,306,805	1,414,457	2,406,672	2,563,122
	Distribution Cost	3,358,259	3,282,951	9,770,884	9,414,888
		46,160,935	40,618,847	138,989,315	114,039,107

14.1 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. 18,465,833 thousand (March 31, 2010: Rs. 7,853,663 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 20 to the financial statements.

	Quarter ended		Nine Months ended	
	Un-audited March 31, 2011	Un-audited March 31, 2010	Un-audited March 31, 2011	Un-audited March 31, 2010
	(Rupees in thousand)			
15 OTHER OPERATING INCOME				
Income from financial assets				
Interest income on late payment of gas bills				
- Late payment surcharge	495,437	564,764	1,008,282	1,147,804
- Government owned power generation Companies	251,881	92,955	685,590	1,644,854
- Others	563,972	2,969	761,509	25,219
Interest on staff loans and advances	7,966	7,854	23,714	22,981
Return on bank deposit	98,510	61,630	246,563	170,055
	1,417,766	730,172	2,725,658	3,010,913
Income from assets other than financial assets				
Net gain on sale of fixed assets	3,539	195	9,640	13,084
Net gain on coating of pipelines for SSGC	-	-	274,537	-
Meter Rentals and service income	263,983	374,465	824,664	923,411
Amortization of deferred Credit	381,323	339,172	1,107,594	981,142
Insurance claim	588	664	1,468	758
	649,433	714,496	2,217,903	1,918,395
Others				
Sale of tender documents	485	407	1,068	1,567
Sale of scrap	30,234	(264)	59,674	8,285
Liquidated damages recovered	63,278	20,780	108,633	53,403
Gain on construction contracts	-	-	108,698	54,841
Bad debt recoveries	1,511	(1,172)	4,966	22,389
Take or pay income from industrial consumers	(11,060)	252,769	504,371	350,405
Exchange gains on gas purchases	168,687	-	168,687	-
Miscellaneous	1,189	527	2,523	4,818
	254,324	273,047	958,620	495,708
	2,321,523	1,717,715	5,902,181	5,425,016

Interest approximating to Rs 618,583 thousand on gas sales arrears principally in respect of installments receivable from certain consumers has not been recognised in these financial statements as the recoverability of such amounts is not virtually certain and it is considered prudent not to recognise such interest as income until such time its recoverability is virtually certain.



	Quarter ended		Nine Months ended	
	Un-audited March 31, 2011	Un-audited March 31, 2010	Un-audited March 31, 2011	Un-audited March 31, 2010
	(Rupees in thousand)			
16. OTHER OPERATING EXPENSES				
Workers' Profit Participation Fund	(3,960)	3,503	34,177	28,169
Worker Welfare Fund	3,710	(5,741)	36,946	13,791
Exchange loss on gas purchases	(43,427)	(172,137)	-	39,993
Loss on initial recognition of financial assets at fair value	11,286	3,133	11,795	27,099
Donations	100	50	200	50
	(32,291)	(171,192)	83,118	109,102

17. Included in finance cost is an amount of Rs 2,115,581 thousand (March 31,2010: Rs 2,972,002 thousand) in respect of late payment surcharge on account of overdue payables for gas purchases as referred to in note 9.1

	Quarter ended		Nine Months ended	
	Un-audited March 31, 2011	Un-audited March 31, 2010	Un-audited March 31, 2011	Un-audited March 31, 2010
	(Rupees in thousand)			
18. TAXATION				
Current period				
Current tax	147,602	239,848	701,002	619,595
Deferred tax	(173,324)	(213,734)	(490,844)	(425,547)
	(25,722)	26,114	210,158	194,048
Prior period				
Current tax	-	(128,723)	(20,387)	(128,723)
	(25,722)	(102,609)	189,771	65,325



	Note	Un-audited March 31, 2011	Un-audited March 31, 2010
(Rupees in thousand)			
19. CASH GENERATED FROM OPERATIONS			
Profit before taxation		604,995	510,652
Adjustment for non-cash charges and other items			
Depreciation - Own assets		5,528,168	5,110,572
Amortization of intangible assets		89,681	8,288
Employee benefits		633,564	622,880
Amortisation of deferred credit		(1,107,594)	(981,142)
Finance cost		2,818,417	3,643,953
Return on bank deposits		(246,563)	(170,055)
Gain on sale of fixed assets		(9,640)	(13,083)
Provision for doubtful debts		746,767	439,238
Stores and spare parts written off		8,402	2,261
Loss on initial recognition of financial assets at fair value		11,795	27,099
Amortisation of difference between initial and maturity amount		(15,547)	(14,266)
Working capital changes	19.1	(2,960,108)	719,058
		6,102,337	9,905,455
19.1 Working capital changes			
(Increase) / decrease in current assets			
Stores and spares parts		127,808	798,699
Stock-in-trade - gas in pipelines		(29,123)	81,139
Trade debts		(4,370,073)	(12,229,835)
Loans and advances		(119,001)	(290,429)
Trade deposits and prepayments		(115,475)	(58,506)
Other receivables		(2,532,315)	5,122,697
		(7,038,179)	(6,576,235)
Increase/(decrease) in current liabilities			
Trade and other payables		4,078,071	7,295,293
		(2,960,108)	719,058
19.2 Cash and cash equivalents			
Cash and bank balances		1,783,317	3,084,184
Short term running finance		(997,886)	(995,214)
		785,431	2,088,970



20. INCORPORATION OF TARIFF REQUIREMENTS

- 20.1 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, 2010 has been incorporated in the accounts for the period ended March 31, 2011.
- 20.2 The Company has also incorporated the effect of Unaccounted For Gas (UFG) amounting to Rupees. 6,584,394 thousand (March 31, 2010: Rupees 4,139,654 thousand) which is in excess of the UFG limit allowed by the Oil and Gas Regulatory Authority (OGRA).

21. DATE OF AUTHORISATION

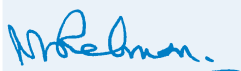
- i) These financial statements were authorised for issue by the Board of Directors of the company on April 27, 2011.

22. CORRESPONDING FIGURES

Corresponding figures have been re-classified wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison. Significant re-classification are as follows.

From	To	Reason	Amount (Rs in thousand)
For nine months ended March 31, 2010			
Distribution COST	Selling cost	For better presentation	1,609,576
Distribution COST	Cost of Gas sales	For better presentation	9,414,888
Distribution COST	Administrative expenses	For better presentation	29,813
For quarter ended March 31, 2010			
Distribution COST	Selling cost	For better presentation	503,218
Distribution COST	Cost of Gas sales	For better presentation	3,282,951
Distribution COST	Administrative expenses	For better presentation	13,032
As at June 30, 2010			
Employee benefit-Non Current Assets	Employee benefit-Non Current Liabilities	For better presentation	785,158

Figures for the year ended June 30, 2010 are audited.



Mian Misbah-ur-Rehman
Chairman



A. Rashid Lone
Chief Executive Officer



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