

1st Quarter Accounts September 30, 2009 (Un-Audited)



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way to your
doorstep...



Sui Northern Gas Pipelines Limited

Corporate Information

BOARD OF DIRECTORS

Mr. Tariq Iqbal Khan	Chairman
Mr. A. Rashid Lone	Managing Director
Mr. Muhammad Razi Abbas	Director
Mr. S. M. Asghar	Director
Mr. A. Samad Dawood	Director
Mr. Arif Ibrahim	Director
Mr. Abdul Bari Khan	Director
Mr. Umair Khan	Director
Mian Raza Mansha	Director
Mr. Inam-ur-Rahman	Director
Mr. Arif Saeed	Director
Mr. Saeed Ullah Shah	Director
Mr. Amanullah Shaikh	Director

COMMITTEES OF THE BOARD OF DIRECTORS

AUDIT COMMITTEE

Mr. Amanullah Shaikh	Chairman
Mr. S. M. Asghar	Member
Mr. Muhammad Razi Abbas	Member
Mr. A. Samad Dawood	Member
Mr. Arif Ibrahim	Member
Mr. Abdul Bari Khan	Member
Mian Raza Mansha	Member

FINANCE COMMITTEE

Mr. Tariq Iqbal Khan	Chairman
Mr. A. Rashid Lone	Managing Director
Mr. Muhammad Razi Abbas	Member
Mr. A. Samad Dawood	Member
Mr. Arif Ibrahim	Member
Mr. Umair Khan	Member
Mr. Arif Saeed	Member
Mr. Saeed Ullah Shah	Member

HUMAN RESOURCE COMMITTEE

Mr. Arif Saeed	Chairman
Mr. A. Rashid Lone	Managing Director
Mr. A. Samad Dawood	Member
Mr. Arif Ibrahim	Member
Mian Raza Mansha	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

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M/s. Salim Baig & Associates

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Sui Northern Gas Pipelines Limited

DIRECTORS' REVIEW

We are pleased to present the un-audited Accounts of the Company for the first quarter ended September 30, 2009. The performance of the Company as compared to the corresponding period last year is highlighted below.

	(Un-audited) (July - September)	
	2009	2008
Gas sales (MMCF)	140,853	146,368
Gas sales net of GDS (Million Rs)	33,715	39,863
Cost of gas sold (Million Rs)	29,626	35,409
Profit before tax (Million Rs)	809	912
Profit after tax (Million Rs)	518	403
Earnings per share (Rupees)	0.94	0.73

The Board of Directors Executives and staff members of the Company are striving to enhance the profitability of the Company by optimally utilizing available resources.

DEVELOPMENT PROJECTS

Transmission and distribution pipeline construction projects of 115 Km were commissioned during the first quarter of FY 2009-10. Natural gas supply was extended to various localities/towns in NWFP and Punjab. Gas supply for Independent Power Producer (IPP), M/s Sapphire at Muredke is near completion which will help alleviate power shortage in the Country.

A 25 Km segment of 24" dia Kohat-Nowshera pipeline involving 18 Km in Darra Adam Khel was commissioned in July 2009. It was an extremely difficult part of Project-9 because of the rugged and hilly terrain and hostile working conditions prevalent in the area.

Currently execution of final segment of Project-9 is underway. Laying of various transmission spurs to extend natural gas supply to new towns like Sarwar Shaheed, Sahiwal Town and Shahwali (Kashmore) is in progress. Pipeline construction activities are being started to extend gas facility to Nathia Gali and adjoining areas. Construction activities for laying distribution mains under annual distribution development program for various localities/villages in Punjab and NWFP are also in progress.

A Project of 52 Km gas gathering network in assorted diameters being constructed by SNGPL as a contractor for M/s MOL Pakistan, is near commissioning. On completion of 7 gas wells and this gathering network, 250-300 MMCFD gas will be available to SNGPL. Construction of 16" dia 3.3 Km pipeline for M/s Engro Energy is in progress.

Recently SNGPL, as a contractor has submitted a bid for construction of 6" dia 36 Km line for M/s POL. Furthermore SNGPL is actively negotiating for obtaining pipeline construction projects from various organizations in Pakistan including M/s Mari Gas Company (Koonj Field) and M/s OGDCL (Nashpa Well). Earthquake Reconstruction and Rehabilitation Authority (ERRA) is interacting with SNGPL for gas supply project to earthquake hit areas.



In addition to the afore-mentioned pipeline construction projects within Pakistan, SNGPL has submitted technical bid to the Algerian national oil and gas company SONATRACH against 24"/20" diameter 502 Km international pipeline construction tender in Algeria.

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



Mr. Tariq Iqbal Khan
Chairman

LAHORE:
October 30, 2009



Balance Sheet

	Note	Un-audited September 2009 (Rupees in thousand)	Audited June 2009
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	4	5,491,053	5,491,053
Revenue reserves		11,174,542	10,656,463
Shareholders' equity		16,665,595	16,147,516
NON-CURRENT LIABILITIES			
Long term financing:			
-Secured	5	-	-
-Unsecured	5	1,492,040	1,798,312
Security deposits		12,725,888	11,439,969
Deferred credit		31,914,476	32,000,133
Deferred taxation		8,280,186	8,178,211
Employee benefits		492,012	392,249
		54,904,602	53,808,874
CURRENT LIABILITIES			
Short-term running finances-secured		890,136	950,858
Trade and other payables	6	45,329,684	49,785,736
Accrued mark up/ interest		573,122	552,160
Current portion of long term financing	5	1,093,094	1,102,980
		47,886,036	52,391,734
		119,456,233	122,348,124

CONTINGENCIES AND COMMITMENTS

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



Mr. Tariq Iqbal Khan
Chairman



As At September 30, 2009

	Note	Un-audited September 2009 (Rupees in thousand)	Audited June 2009
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	8	80,313,122	78,345,432
Intangible assets		265,902	270,845
Investment in an associate company		4,900	4,900
Long term loans		227,069	235,060
Employee Benefits		344,691	347,547
Long term deposits and prepayments		6,253	7,482
		81,161,937	79,211,266
CURRENT ASSETS			
Stores and spares		1,719,297	2,171,953
Stock in trade- gas in pipelines		582,935	783,362
Trade debts	9	23,772,080	25,706,362
Loans and advances	10	531,552	136,766
Trade deposits and prepayments	11	326,804	93,573
Accrued interest		13,895	13,634
Other receivables	12	8,113,541	11,176,987
Sales tax recoverable		185,787	434,915
Taxation-net		1,160,334	1,302,429
Cash and bank balances	13	1,888,071	1,316,877
		38,294,296	43,136,858
		119,456,233	122,348,124


Arif Ibrahim
Director



Profit and Loss Account (Un-Audited) for the Quarter ended September 30, 2009

	Note	Un-audited Jul 2009 to Sep 2009 (Rupees in thousand)	Jul 2008 to Sep 2008
GAS SALES		37,410,881	39,751,469
Add/ (Less): Differential margin/(Gas development surcharge)		(3,695,528)	111,326
LESS: COST OF GAS SOLD	14	33,715,353 29,626,309	39,862,795 35,408,519
GROSS PROFIT		4,089,044	4,454,276
RENTAL AND SERVICE INCOME		267,545	238,557
SURCHARGE AND INTEREST ON GAS SALES ARREARS		265,368	166,578
AMORTISATION OF DEFERRED CREDIT		317,297	234,313
		4,939,254	5,093,724
LESS: OPERATING EXPENSES			
Distribution cost		3,599,007	3,232,708
Administrative expenses		407,752	398,716
Other operating expenses	15	76,804	533,705
		4,083,563	4,165,129
		855,691	928,595
OTHER OPERATING INCOME		145,051	149,118
OPERATING PROFIT		1,000,742	1,077,713
LESS: FINANCE COST	16	192,114	165,884
PROFIT BEFORE TAXATION		808,628	911,829
TAXATION	17	290,549	508,770
PROFIT AFTER TAXATION		518,079	403,059
BASIC EARNING PER SHARE (RUPEES)		0.94	0.73

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



Mr. Tariq Iqbal Khan
Chairman



Arif Ibrahim
Director



Cash Flow Statement (Un-Audited)

for the Quarter ended September 30, 2009

	Note	Un-audited Sep 2009 (Rupees in thousand)	Sep 2008
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	18	3,308,986	2,787,738
Finance cost paid		(170,104)	(146,594)
Income taxes paid		(46,479)	(371,704)
Employee benefits paid/contributions paid		(87,220)	(88,353)
Security deposits received		1,285,920	356,086
Receipts against government grants and consumer contributions		231,639	349,794
Investments at fair value through profit and loss		-	412,399
Long term loans		3,292	13,895
Long term deposits and prepayments		1,229	(13,124)
Net cash inflow from operating activities		4,527,263	3,300,137
CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(3,622,899)	(6,139,309)
Proceeds from sale of property, plant and equipment		2,189	1,175
Return on bank deposits		63,221	137,525
Net cash used in investing activities		(3,557,489)	(6,000,609)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from long term financing- unsecured		27,361	27,273
Proceeds from Short term Financing- secured		(60,722)	-
Repayment from long term financing- unsecured		(302,551)	(337,329)
Repayment of long term financing - secured		(62,500)	(237,500)
Dividend paid		(168)	(219)
Net cash used in financing activities		(398,580)	(547,775)
Net increase/(decrease) in cash and cash equivalents		571,194	(3,248,247)
Cash and cash equivalents at the beginning of the period		1,316,877	8,137,148
Cash and cash equivalents at the end of the period	13	1,888,071	4,888,901

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



Mr. Tariq Iqbal Khan
Chairman



Arif Ibrahim
Director



Sui Northern Gas Pipelines Limited

Statement of Changes in Equity (Un-Audited) for the Quarter ended September 30, 2009

	Share Capital	Revenue Reserves				Total Share Holders' Equity
		General Reserve	Dividend Equalization Reserve	Un-appropriated Profit	Total	
		(R u p e e s i n t h o u s a n d)				
Balance as at 01 July 2008	5,491,053	4,127,682	480,000	7,040,114	11,647,796	17,138,849
Net profit for the period from 01 July 2008 to 30 September 2008	-	-	-	403,059	403,059	403,059
Balance as at 30 September 2008	5,491,053	4,127,682	480,000	7,443,173	12,050,855	17,541,908
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 01 July 2009 to 30 September 2009	-	-	-	518,079	518,079	518,079
Balance as at 30 September 2009	5,491,053	4,127,682	480,000	6,566,860	11,174,542	16,665,595

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

Tariq Iqbal Khan

Mr. Tariq Iqbal Khan
Chairman

Arif Ibrahim

Arif Ibrahim
Director



Notes to the Accounts (Un-Audited) for the Quarter ended September 30, 2009

1. THE COMPANY AND ITS OPERATIONS

Sui Northern Gas pipelines Limited is a public limited Company incorporated in Pakistan under the Companies Act, 1913 (now Companies Ordinance, 1984) and listed on the Karachi, Lahore and Islamabad Stock Exchanges. The principal activity of the Company is the purchase, transmission, distribution and supply of natural gas.

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.

2.2 The accounting policies and methods of computation 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, 2009.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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, 2009.

	Note	Un-audited Sep 2009 (Rupees in thousand)	Audited Jun 2009
4. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL			
121,146,000 (June 2009:121,146,000) ordinary shares of Rs 10 each issued as fully paid for cash		1,211,460	1,211,460
3,329,000 (June 2009: 3,329,000) ordinary shares of Rs 10 each issued as fully paid for consideration other than cash		33,290	33,290
424,630,372 (June 2009: 424,630,372) ordinary shares of Rs 10 each issued as fully paid bonus shares		4,246,303	4,246,303
		5,491,053	5,491,053
5. LONG TERM FINANCING			
Opening balance			
-Secured		62,500	662,500
-Unsecured		2,838,792	3,679,858
		2,901,292	4,342,358
Add: Obtained during the period/year			
-Unsecured	5.1	27,361	108,912



	Un-audited Sep 2009 (Rupees in thousand)	Audited Jun 2009
Amortization of difference between initial and maturity amount		
-Unsecured	21,533	97,313
Less: Repaid/Transferred to grants during the period/year		
-Secured	(62,500)	(600,000)
-Unsecured	(302,552)	(1,047,291)
	(365,052)	(1,647,291)
Closing Balance		
-Secured	-	62,500
-Unsecured	2,585,134	2,838,792
	2,585,134	2,901,292
Less: Current portion shown under current liabilities		
-Secured	-	62,500
-Unsecured	1,093,094	1,040,480
	1,093,094	1,102,980
Non-Current portion		
-Secured	-	-
-Unsecured	1,492,040	1,798,312
	1,492,040	1,798,312

5.1 The loans carry mark-up at the rate of six-month treasury bill + 1.2% per annum (June 30, 2009: six-month treasury bill + 1.2% per annum).

6. TRADE AND OTHER PAYABLES

Creditors for:		
gas	40,401,422	45,225,670
supplies	964,675	761,072
Accrued liabilities	2,736,455	2,668,693
Interest free deposits repayable on demand	25,906	25,708
Earnest money received from contractors	27,453	25,336
Mobilization and other advances	881,261	841,689
Exchange risk and guarantee fees payable to the Government of Pakistan	4,108	24,592
Workers' profit participation fund	166,135	118,559
Workers' welfare fund	63,331	35,311
Unclaimed dividend	58,938	59,106
	45,329,684	49,785,736



7. CONTINGENCIES

7.1 There has been no significant change in contingencies since the date of preceding annual published financial statements.

	Un-audited Sep 2009 (Rupees in thousand)	Audited Jun 2009
7.2 Commitments:		
a) Capital Commitments	1,504,684	4,379,275
b) Other Commitments	694,476	1,142,633

8. FIXED ASSETS

Operating fixed assets		
Tangible		
Opening book value	63,395,893	51,895,290
Additions during the period/year	2,476,702	17,473,310
	65,872,59	69,368,600
Book value of property, plant and equipment disposed off during the period/year	(19)	(1,602)
Depreciation charged during the period/year	(1,674,613)	(5,971,105)
	(1,674,632)	(5,972,707)
Closing book value	64,197,963	63,395,893
Capital work in progress	16,115,159	14,949,539
	80,313,122	78,345,432
8.1 Capital work-in-progress		
Transmission system	2,743,712	2,333,345
Distribution system	6,418,893	6,127,737
Stores and spares parts held for capital expenditure	6,747,506	6,304,123
Advances for land and other capital expenditure	205,048	184,334
	16,115,159	14,949,539
9. TRADE DEBTS		
Considered good:		
Secured	15,456,684	15,840,226
Unsecured	8,288,713	9,857,342
Accrued gas sales	26,683	8,794
	23,772,080	25,706,362
Considered doubtful	2,118,569	1,996,970
	25,890,649	27,703,332
Less: Provision made for doubtful debts	(2,118,569)	(1,996,970)
	23,772,080	25,706,362



	Un-audited Sep 2009 (Rupees in thousand)	Un-audited Sep 2008
10. LOANS AND ADVANCES		
Loans to employees - considered good	79,467	74,574
Advances - considered good:		
Other employees	149,705	3,783
Suppliers and Contractor	302,380	58,409
Advances to suppliers and contractors - considered doubtful	3,227	3,227
Less: Provision for doubtful receivables	3,227	3,227
	-	-
	531,552	136,766
11. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS		
Trade deposits and prepayments	231,659	100,977
Less: Provision for doubtful receivables	22,290	22,290
	209,369	78,687
Current portion of long term prepayments	117,435	14,886
	326,804	93,573
12. OTHER RECEIVABLES		
Exchange differences on long term loans recoverable from the Government of Pakistan	1,708,215	1,080,249
Excise duty recoverable	108,945	108,945
Less: Provision for doubtful recoverable	108,945	108,945
	-	-
Differential margin recoverable	6,362,363	10,057,891
Other	42,963	38,847
	8,113,541	11,176,987
13. CASH AND BANK BALANCES		
Deposit accounts	1,306,681	1,123,277
Current accounts	276,752	191,120
Assignment account 13.1	290,153	-
	1,873,586	1,314,397
Cash in hand	14,485	2,480
	1,888,071	1,316,877
13.1 This represents assignment account opened with National Bank of Pakistan under the instructions of the Government of Pakistan. Grants under People's Works Programme will be disbursed in this account by the Government of		



Pakistan which will specifically be used for payments made against the projects mentioned in the grant letter. Unspent balance of this account at the end of the financial year shall be lapsed.

14. COST OF GAS SOLD

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. 2,849,850 thousand (September 30, 2008: Rs. 6,645,616 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 19 to the financial statements.

	Un-audited Sep 2009 (Rupees in thousand)	Un-audited Sep 2008
15. OTHER OPERATING EXPENSES		
Workers' Profit Participation Fund	44,223	47,991
Worker Welfare Fund	28,020	-
Exchange loss on gas purchases	-	484,109
Loss on initial recognition of financial assets at fair value	4,561	1,555
Donations	-	50
	76,804	533,705
16. FINANCE COST		
Mark-up/ interest/commitment charges on:		
Long term financing:		
- Secured	367	19,556
- Unsecured	71,391	83,887
Short term financing:		
- Secured	31,431	-
Security deposits	71,342	37,635
Workers' profit participation fund	3,592	-
Exchange risk coverage fee	13,991	24,806
	192,114	165,884
17. TAXATION		
Current period		
Current tax	188,574	160,007
Deferred tax	101,975	164,849
Prior period		
Current tax	-	183,914
	290,549	508,770



	Un-audited Sep 2009 (Rupees in thousand)	Un-audited Sep 2008
18. CASH GENERATED FROM OPERATIONS		
Profit before taxation	808,628	911,829
Adjustment for non-cash charges and other items		
Depreciation - Own assets	1,674,614	1,400,426
Amortization of intangible assets	4,943	4,787
Employee benefits	170,415	185,504
Net gain on sale of investments	-	(5,918)
Amortisation of deferred credit	(317,297)	(234,313)
Finance cost	192,114	165,884
Return on bank deposits	(63,482)	(119,137)
Gain on sale of fixed assets	(2,170)	(585)
Provision for doubtful debts	121,599	22,666
Loss on initial recognition of financial instrument at fair value	4,561	1,555
Gain on initial recognition of financial assets at fair value	-	(7,606)
Amortisation of difference between initial and maturity amount	(4,755)	(4,198)
Working capital changes 18.1	719,816	466,844
	3,308,986	2,787,738
18.1 Working capital changes		
(Increase) / decrease in current assets		
Stores and spares	452,656	1,307,207
Stock-in-trade - gas in pipelines	200,427	(118,728)
Trade debts	1,812,683	(5,584,642)
Loans and advances	(389,893)	(676,565)
Trade deposits and prepayments	(233,231)	(413,611)
Other receivables	3,312,575	436,308
	5,155,217	(5,050,031)
Increase in current liabilities		
Trade and other payables	(4,435,401)	5,516,875
	719,816	466,844

19. INCORPORATION OF TARIFF REQUIREMENTS

19.1 Under the provisions of the World Bank Loan 3252-PAK, 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, 2009 has been incorporated in the accounts for the period ended September 30, 2009.



19.2 The Company has also incorporated the effect of Unaccounted For Gas (UFG) amounting to Rupees 1,135,161 thousand (September 30, 2008: Rupees 890,217 thousand) which is in excess of the UFG limit allowed by the Oil and Gas Regulatory Authority (OGRA).

20. DATE OF AUTHORISATION

These financial statements were authorised for issue by the Board of Directors of the company on October 30, 2009.

21. CORRESPONDING FIGURES

- i) Corresponding figures have been rearranged , wherever necessary, for the purposes of comparison. However no significant reclassification has been made.
- ii) Figures for the year ended June 30, 2009 are audited.



Mr. Tariq Iqbal Khan
Chairman



Arif Ibrahim
Director





Sui Northern Gas Pipelines Limited

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