

3rd Quarter Accounts (Un-Audited)
for the period ended March 31, 2014



**Perseverance - hallmarks our glorious past and
drives our promising future**



Sui Northern Gas Pipelines Limited



Contents

Corporate Information	2
Directors' Review	3
Balance Sheet	6
Profit and Loss Account	8
Statement of Comprehensive Income	9
Cash Flow Statement	10
Statement of Changes in Equity	11
Notes to the Accounts	12

Corporate Information

BOARD OF DIRECTORS

Mian Misbah-ur-Rehman	Chairman
Mr. Mohammad Arif Hameed	Managing Director
Mirza Mahmood Ahmad	Director
Mr. Manzoor Ahmed	Director
Mr. Nessar Ahmed	Director
Mr. Shabbir Ahmed	Director
Mr. Ahmad Aqeel	Director
Mr. Alamuddin Bullo	Director
Mr. Muhammad Arif Habib	Director
Mr. Muhammad Azam Khan	Director
Mr. Raza Mansha	Director
Mr. Khalid Mansoor	Director
Qazi Mohammad Saleem Siddiqui	Director
Mr. Zuhair Siddiqui	Director

COMMITTEES OF THE BOARD OF DIRECTORS

AUDIT / RISK MANAGEMENT COMMITTEE

Mr. Nessar Ahmed	Chairman
Mirza Mahmood Ahmad	Member
Mr. Ahmad Aqeel	Member
Mr. Muhammad Arif Habib	Member
Mr. Raza Mansha	Member

FINANCE / PROCUREMENT COMMITTEE

Mr. Muhammad Azam Khan	Chairman
Mr. Mohammad Arif Hameed	Managing Director
Mr. Manzoor Ahmed	Member
Mr. Shabbir Ahmed	Member
Mr. Ahmad Aqeel	Member
Mr. Zuhair Siddiqui	Member

HR / NOMINATION COMMITTEE

Mirza Mahmood Ahmad	Chairman
Mr. Mohammad Arif Hameed	Managing Director
Mr. Manzoor Ahmed	Member
Mr. Ahmad Aqeel	Member
Mr. Raza Mansha	Member
Qazi Mohammad Saleem Siddiqui	Member
Mr. Zuhair Siddiqui	Member

UNACCOUNTED FOR GAS (UFG) CONTROL COMMITTEE

Mr. Muhammad Arif Habib	Chairman
Mirza Mahmood Ahmad	Member
Mr. Nessar Ahmed	Member
Mr. Shabbir Ahmed	Member
Mr. Ahmad Aqeel	Member
Mr. Zuhair Siddiqui	Member

CHIEF FINANCIAL OFFICER

Mrs. Uzma Adil Khan

COMPANY SECRETARY / SECRETARY TO SUB COMMITTEES OF THE BOARD

Miss Wajiha Anwar

AUDITORS

A.F. Ferguson & Co.
Chartered Accountants

SHARE REGISTRAR

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Fax: +92-42-35789340
Website: www.cdcpakistan.com

LEGAL ADVISORS

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

REGISTERED OFFICE

Gas House,
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P.O. Box No. 56, Lahore-54000, Pakistan.
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Directors' Review

The Board of Directors presents the un-audited financial statements for the 3rd quarter and nine months ended March 31, 2014 of the Company. The gas sales for the period under review were 388,067 MMCF as against 422,235 MMCF during the same period in the last year. During the period under review, the Company has incurred a net loss of Rs 2,921 million (March 2013: Rs 2,152 million) translating into net loss per share of Rs 4.61 (March 2013: Rs 3.39). The loss is mainly attributable to:

- a) Unjustified and totally arbitrary UFG bench mark of 4.5% by the Regulator, which also lapsed in FY 2012 after which the Regulator continues to maintain the UFG benchmark arbitrarily;
- b) Excessive financial cost being incurred by the Company on delayed payments to its creditors resulting from non provision of adequate increase in gas prices; and
- c) Disallowed provision for doubtful debts against consumers found involved in theft and pilferage of gas.

Due to concerted efforts of the Company, during the period under review, the UFG of the Company reduced to 10.64% as compared to 11.79% during the corresponding period of last year. Several steps including, but not limited to, increased surveillance, leakage detection and rectification and continuous up gradation of measurement equipments etc. are being taken to reduce the loss. Management of the Company is confident that the action plan drawn by the Company is yielding results and it will be able to bring the UFG within manageable limits.

While the Company is taking all measures within its control to address the UFG, the Management has also taken up the matter of UFG benchmark with the Economic Coordination Committee (ECC) through Ministry of Petroleum and Natural Resources (MP&NR). The ECC recommended OGRA to recognize the factors beyond Company's control provisionally and conduct a detailed UFG Study on expeditious basis. OGRA has partly implemented the recommendations of ECC, however complete impact particularly in relation to bulk to retail ratio has not been given. Company is following up this matter at appropriate level. It is expected that with the support of MP&NR, the Company will be able to get the recommendations of ECC fully implemented enabling it to operate at reasonable level of financial and operational strength.

DEVELOPMENT PROJECTS

The Company commissioned 2,499 KM distribution lines up to 3rd quarter of FY 2012-13 while work on 60 KM transmission lines and 3,500 KM distribution lines is in progress. Thus, gas facility was extended to various localities / towns and industrial units across Punjab and Khyber Pakhtunkhwa.

Highlights of the In-house and contract projects completed / in progress include as under:-

1. In-house Projects

- Laying of 10" dia x 32.47 KM transmission line from Soan crossing to Pindori is in progress and will be commissioned shortly. Commissioning of this line will address the complaints of low pressure in the localities of Islamabad, Rawalpindi, Gujjar Khan, Barakoh and Murree.

- Gas supply project for Lower Dir / Talash is also under way where 8" dia x 32 KM transmission spur has already been laid while work on distribution network is in progress.
- In order to transport future indigenous and imported gases (1165-1290 MMCFD) from downstream of Sawan to specified delivery points the Company has conceived an augmentation of existing 24" dia Sawan - Qadirpur section (SV4-SV5) with a 42" dia x 21.92 KM loopline at the cost of Rs 1.863 billion on which the detailed design and material procurement work has been initiated. At present pipeline construction activities like preparation of right of way (cleaning, grading etc.), line pipe hauling, stringing and welding activities are in progress.
- Government of Pakistan, due to the ongoing energy crisis, is aggressively pursuing the import of LNG into the country to meet the shortfall in gas supplies and have been advising to proceed with augmentation of our transmission system. In compliance with directive of Government of Pakistan to plan infrastructure for the receipt of 400 MMCFD LNG in addition to already available / anticipated indigenous gases, Company has, planned to augment its system downstream Sawan. According to the plan, 42" dia x 111 KM pipeline would be laid between Sawan-Qadirpur segment along with installation of 5000 HP compression at AC1(X) Bhong at the estimated capital cost of Rs 18,543 million. The execution on this project is likely to be commenced shortly.

2. Contract Projects

Manzalai Field Development Project

The Company has recently completed 6" dia x 5 KM Manzalai-9 flow line and 12" dia x 14 KM Makori- East flow lines for M/s MOL Pakistan (oil / gas exploration Hungarian Company) bringing in an additional supply of 25 MMCFD to our system. The Company had also completed 12" dia x 20 KM Maramzai Flow line and 8" dia x 14.7 KM Mamikhel-1 flow line for M/s MOL Pakistan in the year 2011. With the completion / commissioning of this gas gathering network additional 80 MMCFD has been added to our system. Formerly, the 52 KM long network in assorted diameters of 8" to 18" at Manzalai field was laid in January 2010 which facilitated an additional intake of 210 MMCFD gas into our system. MOL has also awarded the 12" dia x 15 KM Maramzai Extension pipeline construction work to SNGPL to be laid from Mamikhel - 1 well to Central Processing Facility (CPF) where work has already been started by SNGPL which is likely to bring in 70-75 MMCFD gas to our system. On the completion of all wells approximately 350-400 MMCFD will be available to the Company.

Reti & Maru Field Development Project

The Company has been awarded a job at Reti & Maru field by OGDCL which involves construction of 18 KM gathering system of assorted diameters ranging from 4-8 inches. This project carries national importance as the country is already facing energy crises. Work on this project has been completed. By the completion of this project 12-14 MMCFD gas has been made available for consumption.



3. Additional Gases

The Company is also pursuing to undertake supply of Synthetic Natural Gas (LPG-Air Mix) as replacement of natural gas to help ease the prevailing energy crisis in the country. Government of Pakistan is pursuing number of opportunities for bringing additional gases; into the system these include but are not limited to Iran-Pakistan (IP) Gas pipeline project, Turkmenistan-Afghanistan-Pakistan-India (TAPI) gas pipeline project, import of LNG. It is hoped that with these initiatives, your Company would be able to get additional gas supply in the years ahead.

ACKNOWLEDGEMENTS

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

On behalf of the Board

A blue ink signature of Amer Tufail, consisting of a stylized 'A' followed by a wavy line.

Amer Tufail
Managing Director/CEO

A blue ink signature of Muhammad Saeed Mehdi, featuring a stylized 'M' and 'S'.

Muhammad Saeed Mehdi
Chairman-BOD

Lahore.
January 19, 2016

Balance Sheet

As at March 31, 2014

Note	Un-audited	Audited Restated
	March 2014	June 2013
(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		
634,216,665 (June 30, 2013: 634,216,665) ordinary shares of Rs 10 each	6,342,167	6,342,167
Revenue reserves	769,227	3,690,445
Shareholders' equity	7,111,394	10,032,612
NON-CURRENT LIABILITIES		
Long term financing:		
Secured	4	3,750,000
Unsecured	5	968,140
Security deposits		28,762,425
Deferred credit		32,332,313
Deferred taxation		633,554
Employee benefits		5,514,099
	71,960,531	69,317,457
CURRENT LIABILITIES		
Trade and other payables	6	75,409,795
Sales tax payable		3,240,839
Interest and mark-up accrued on loans and other payables		16,530,725
Short-term borrowings -secured		45,500
Current portion of long term financing	7	2,941,505
	98,168,364	84,849,817
CONTINGENCIES AND COMMITMENTS		
	8	
	177,240,289	164,199,886

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




Amer Tufail

Managing Director/CEO



	Note	Un-audited	Audited Restated
		March 2014	June 2013
(Rupees in thousand)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	99,223,729	98,397,094
Intangible assets		11,621	12,448
Long term investment		4,900	4,900
Long term loans		277,154	258,638
Employee benefits		2,392,397	2,240,928
Long term deposits and prepayments		19,631	6,461
		101,929,432	100,920,469
CURRENT ASSETS			
Stores and spare parts		1,965,637	2,208,471
Stock-in-trade - gas in pipelines		1,059,700	1,075,236
Trade debts	10	66,098,280	54,462,227
Loans and advances	11	2,550,521	384,285
Trade deposits and short term prepayments	12	231,501	115,998
Accrued interest		8,901	12,894
Other receivables	13	99,444	323,908
Sales tax recoverable		-	334,697
Taxation - net		2,922,789	3,394,335
Cash and bank balances	14	374,084	967,366
		75,310,857	63,279,417
		177,240,289	164,199,886


Muhammad Saeed Mehdi
 Chairman-BOD

Profit & Loss Account

For the period ended March 31, 2014 (Un-audited)

	Note	Quarter ended		Nine months ended	
		Un-Audited March 2014	Un-Audited March 2013	Un-Audited March 2014	Un-Audited March 2013
		(Rupees in thousand)			
Gas sales		44,360,434	52,423,285	155,155,663	171,863,923
Add/ (Less): Differential margin/ (Gas development surcharge)		8,485,340	782,384	11,498,824	(8,688,190)
Cost of gas sold	15	52,845,774 53,401,005	53,205,669 56,012,634	166,654,487 167,078,549	163,175,733 167,498,248
Gross loss		(555,231)	(2,806,965)	(424,062)	(4,322,515)
Other operating income	16	2,487,344	4,548,710	7,095,864	11,752,468
		1,932,113	1,741,745	6,671,802	7,429,953
Less:					
Selling cost		1,931,829	1,583,106	5,189,175	3,975,803
Administrative expenses		783,011	781,683	2,350,802	2,405,561
Other operating expenses	17	(421,249)	47,992	283,370	333,137
		2,293,591	2,412,781	7,823,347	6,714,501
Operating (loss)/ profit		(361,478)	(671,036)	(1,151,545)	715,452
Less: finance cost	18	1,069,140	1,680,752	3,029,917	3,952,158
Loss before taxation		(1,430,618)	(2,351,788)	(4,181,462)	(3,236,706)
Taxation	19	(434,396)	(774,926)	(1,260,244)	(1,084,648)
Loss for the period		(996,222)	(1,576,862)	(2,921,218)	(2,152,058)
Loss per share - basic and diluted (Rs)		(1.57)	(2.49)	(4.61)	(3.39)

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



Amer Tufail
Managing Director/CEO



Muhammad Saeed Mehdi
Chairman-BOD



Statement of Comprehensive Income

For the period ended March 31, 2014 (Un-audited)

	Quarter ended		Nine months ended	
	Un-Audited March 2014	Un-Audited March 2013	Un-Audited March 2014	Un-Audited March 2013
	(Rupees in thousand)			
Loss for the period	(996,222)	(1,576,862)	(2,921,218)	(2,152,058)
Other comprehensive income for the period	-	-	-	-
Total comprehensive loss for the period	(996,222)	(1,576,862)	(2,921,218)	(2,152,058)

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

Amer Tufail
Managing Director/CEO

Muhammad Saeed Mehdi
Chairman-BOD

Cash Flow Statement

For the period ended March 31, 2014 (Un-audited)

	Note	Un-audited March 31	
		2014	2013
(Rupees in thousand)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	20	3,871,393	10,816,682
Finance cost paid		(643,786)	(1,010,159)
Income taxes paid		(311,813)	(1,306,961)
Employee benefits paid/contributions paid		(769,804)	(494,023)
Security deposits received		6,393,283	1,496,900
Receipts against government grants and consumer contributions		278,181	1,375,740
Long term loans to employees		(60,685)	(43,565)
Long term deposits and prepayments		(13,170)	9,014
Net cash inflow from operating activities		8,743,599	10,843,628
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(7,408,251)	(7,432,365)
Capital expenditure on intangible assets		(5,913)	(1,414)
Proceeds from sale of property, plant and equipment		40,131	13,662
Return on bank deposits		316,280	336,959
Net cash used in investing activities		(7,057,753)	(7,083,158)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing- unsecured		10,160	100,004
Repayment of long term financing- unsecured		(81,130)	(230,800)
Repayment of long term financing - secured		(1,250,000)	(1,250,000)
Dividend paid		(3,658)	(459,053)
Net cash used in financing activities		(1,324,628)	(1,839,849)
Net increase in cash and cash equivalents		361,218	1,920,621
Cash and cash equivalents at the beginning of the period		(32,634)	125,264
Cash and cash equivalents at the end of the period	20.2	328,584	2,045,885

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



Amer Tufail
Managing Director/CEO



Muhammad Saeed Mehdi
Chairman-BOD



Statement of Changes in Equity

For the period ended March 31, 2014 (Un-audited)

Note	Share capital	General reserve	Revenue reserves			Total share holders' equity
			Dividend equalization reserve	Unappropriated profit	Total	
(Rupees in thousand)						
Balance as at 01 July 2012 (Audited)	5,765,606	4,127,682	480,000	10,850,492	15,458,174	21,223,780
Effect of retrospective change in accounting policy	3.1.1	-	-	(1,474,968)	(1,474,968)	(1,474,968)
Tariff adjustment with respect to Remeasurement of IAS-19 by OGRA-Cumulative effect	3.1.1	-	-	1,474,968	1,474,968	1,474,968
		-	-	-	-	-
Balance as at 01 July 2012 (Audited)-restated	5,765,606	4,127,682	480,000	10,850,492	15,458,174	21,223,780
Net loss for the period from July 01, 2012 to March 31, 2013	-	-	-	(2,152,058)	(2,152,058)	(2,152,058)
Bonus shares @ 10% for the year ended 30 June 2012	576,561	-	-	(576,561)	(576,561)	-
Final dividend for the year ended 30 June 2012 @ Rupees 2.50 per share	-	-	-	(1,441,402)	(1,441,402)	(1,441,402)
Other comprehensive income for the period from July 01, 2012 to March 31, 2013	-	-	-	-	-	-
Balance as at 31 March 2013 (Un-Audited)	6,342,167	4,127,682	480,000	6,680,471	11,288,153	17,630,320
Net loss for the period from April 01, 2013 to June 30, 2013	-	-	-	(7,597,031)	(7,597,031)	(7,597,031)
Other comprehensive loss for the period April 01, 2013 to June 30, 2013-restated	-	-	-	(2,302,896)	(2,302,896)	(2,302,896)
Tariff adjustment with respect to Remeasurement of IAS-19 by OGRA-Impact for the year ended June 30, 2013	3.1.1	-	-	2,302,219	2,302,219	2,302,219
		-	-	(677)	(677)	(677)
Balance as at 01 July 2013 (Audited)-Restated	6,342,167	4,127,682	480,000	(917,237)	3,690,445	10,032,612
Net loss for the period from July 01, 2013 to March 31, 2014	-	-	-	(2,921,218)	(2,921,218)	(2,921,218)
Other comprehensive income for the period from July 01, 2013 to March 31, 2014	-	-	-	-	-	-
Balance as at 31 March 2014 (Un-Audited)	6,342,167	4,127,682	480,000	(3,838,455)	769,227	7,111,394

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

Amer Tufail
Managing Director/CEO

Muhammad Saeed Mehdi
Chairman-BOD

Notes to the Accounts

For the period ended March 31, 2014 (Un-audited)

1 THE COMPANY AND ITS OPERATIONS

- 1.1 Sui Northern Gas Pipelines Limited (the Company) is a public limited Company incorporated in Pakistan under the Companies Act, 1913 (now Companies Ordinance, 1984) and is listed on the Karachi, Lahore and Islamabad Stock Exchanges (now merged as Pakistan Stock Exchange Limited). The registered office of the Company is situated at 21-Kashmir Road, Lahore. The principal activity of the Company is the purchase, transmission, distribution and supply of natural gas.
- 1.2 These financial statements are presented in Pak Rupee, which is the Company's functional and presentation currency.

2 BASIS OF PREPARATION

- 2.1 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 (now merged as Pakistan Stock Exchange Limited).
- 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 These financial statements should be read in conjunction with annual audited financial statements for the year ended June 30, 2013.

3 ACCOUNTING POLICIES AND ESTIMATES

- 3.1 The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding annual published financial statements of the Company for the year ended June 30, 2013 except as described below:

3.1.1 Standards, amendments and interpretations to published standards effective in current year

During the current period, the Company changed its accounting policy in respect of post retirement defined benefit plans. The new policy is in accordance with the requirements of IAS 19 (revised), "Employee Benefit". According to the new policy, on remeasurements, actuarial gains and losses result from increases or decreases in the present value of the defined benefit obligation because of changes in actuarial assumptions and experience adjustments, the return on plan assets excluding amounts included in net interest on the net defined benefit liability (asset), are recognised in the balance sheet immediately, with a charge or credit to Other Comprehensive Income (OCI) in the periods in which they occur.

The standard replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit asset or liability and the discount rate, measured at the beginning of the year. There is no change to the method of determining the discount rate, this continues to reflect the yield on high-quality corporate bonds. This has increased the income statement charge as the discount rate applied to assets is lower than the expected return on assets. This has no effect on Total Comprehensive Income as the increased charge in profit or loss is offset by the credit in Other Comprehensive Income.

The Other Comprehensive Loss resulting from remeasurement of employee benefit funds has been claimed from Oil and Gas Regulatory Authority (OGRA). OGRA has allowed adjustment of the same vide tariff determination in its FRR Order and consequently, it will have immaterial impact on the Total Comprehensive Loss and retained earnings of the Company.

The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors" and comparative figures have been restated. The effect of the change in accounting policy on the current and prior period financial statements have been summarised below:



	June 2013	June 2012
	(Rupees in thousand)	
Effect on Balance Sheet		
(Decrease)/increase in employees benefits (Asset)	(503,726)	875,246
Increase in employees benefits (Liabilities)	1,621,984	2,350,214
Decrease in Gas Development Surcharge	(2,125,032)	(1,474,968)
Decrease in unappropriated profit	(677)	-
Impact on Statement of Changes in Equity		
- Cumulative effect from prior years	-	1,474,968
- Impact for the year ended June 30	(2,125,710)	-
- Reclassification of recognized actuarial gain from profit and loss account to Other Comprehensive Income	(177,186)	-
- Tariff adjustment with respect to remeasurement of IAS-19 by OGRA-cumulative effect from prior year	-	(1,474,968)
- Tariff adjustment with respect to remeasurement of IAS-19 by OGRA-impact for the year ended June 30	2,125,033	-
- Tariff adjustment with respect to remeasurement of IAS-19 by OGRA-reclassification of recognized actuarial gain from profit and loss account to Other Comprehensive Income	177,186	-
	(677)	-

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, 2013.

		Un-audited March 2014	Audited June 2013
		(Rupees in thousand)	
4 LONG TERM FINANCING - SECURED			
From banking companies:			
Local currency-Syndicate term finance	4.1	4,000,000	5,250,000
		4,000,000	5,250,000
Other loans			
Islamic finance under musharaka arrangement	4.2	2,250,000	2,250,000
		6,250,000	7,500,000
Less: Current portion shown under current liabilities	7	(2,500,000)	(2,500,000)
		3,750,000	5,000,000

4.1 Local currency - Syndicate term finance

Lender	Mark-up rate	No. of installments outstanding	Maturity date
Askari Bank Limited (Investment agent)	Six month KIBOR + 1.25% p.a	5 half yearly installments	June 30, 2016

This loan is secured by first parri passu created by way of hypothecation over all the present and future moveable fixed assets of the Company (excluding land and building) to the extent of PKR 10,769,231 thousand.

Notes to the Accounts

For the period ended March 31, 2014 (Un-audited)

4.2 Islamic Finance under musharaka arrangement

Lender	Mark-up rate	No. of installments outstanding	Maturity date
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Askari Bank Limited (Investment agent)	Six month KIBOR + 1.25% p.a	5 half yearly installments	June 30, 2016
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Assets under musharaka agreement are secured by a first parri passu created by way of hypothecation over movable fixed assets of the Company (excluding land and building) to the extent of PKR 4,615,385 thousand, in respect of assets held under musharaka arrangement.

	Note	Un-audited	Audited
		March 2014	June 2013
(Rupees in thousand)			
5 LONG TERM FINANCING- UNSECURED			
Other loans - Local currency		1,409,645	1,439,841
Less: Current portion shown under current liabilities	7	(441,505)	(336,006)
		968,140	1,103,835

5.1 These loans carry mark-up at variable rates which range from 1.50% per annum to 15.00% per annum (June 30, 2013: 1.50% per annum to 15.00% per annum).

	Un-audited	Audited
	March 2014	Restated June 2013
(Rupees in thousand)		
6 TRADE AND OTHER PAYABLES		
Creditors for:		
Gas	56,279,568	37,129,896
Supplies	1,402,205	802,446
Accrued liabilities	3,108,010	4,778,255
Gas infrastructure development cess payable	3,250,486	-
Interest free deposits repayable on demand	97,554	86,813
Earnest money received from contractors	30,348	25,302
Mobilization and other advances	1,326,706	1,177,618
Advances from customers	252,338	65,729
Due to customers	129,092	34,866
Gas development surcharge	9,039,398	22,237,222
Workers' profit participation fund	418,155	418,012
Unclaimed dividend	75,935	79,593
	75,409,795	66,835,752

	Note	Un-audited	Audited
		March 2014	June 2013
(Rupees in thousand)			
7 CURRENT PORTION OF LONG TERM FINANCING			
Long term financing - secured	4	2,500,000	2,500,000
Long term financing - unsecured	5	441,505	336,006
		2,941,505	2,836,006

8 CONTINGENCIES AND COMMITMENTS

8.1 Contingencies

There has been no significant change in contingencies since the date of preceding financial statements of the Company for the year ended June 30, 2013.



	Note	Un-audited	Audited
		March 2014	June 2013
(Rupees in thousand)			
8.2 Commitments:			
a) Capital Commitments			
Property, plant and equipment		675,988	412,182
Intangible assets		31,147	29,983
Stores and spares		6,432,361	2,522,804
		7,139,496	2,964,969
b) Other Commitments		653,306	688,862
9 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets			
Tangible			
Opening book value		79,535,830	78,788,091
Additions during the period/year		7,165,364	9,371,572
		86,701,194	88,159,663
Book value of property, plant and equipment disposed off during the period/year		(5,880)	(2,929)
Depreciation charged during the period/year		(6,660,006)	(8,620,904)
		(6,665,886)	(8,623,833)
Closing book value		80,035,308	79,535,830
Capital work in progress	9.1	19,188,421	18,861,264
		99,223,729	98,397,094
9.1 Capital work-in-progress			
Transmission system		2,650,743	801,730
Distribution system		7,350,895	9,387,397
Stores and spares including in transit Rs 368,885 thousand (June 2013: Rs 391,367 thousand)		8,882,433	8,315,858
Advances for land and other capital expenditure		304,350	356,279
		19,188,421	18,861,264
10 TRADE DEBTS			
Considered good:			
Secured		29,337,455	21,786,477
Unsecured	10.1	37,178,024	32,845,653
Accrued gas sales		(417,199)	(169,903)
		66,098,280	54,462,227
Considered doubtful		12,426,158	9,174,932
		78,524,438	63,637,159
Less: Provision for doubtful debts		(12,426,158)	(9,174,932)
		66,098,280	54,462,227

Notes to the Accounts

For the period ended March 31, 2014 (Un-audited)

10.1 Included in trade debts are amounts receivable from Government owned power generation companies and independent power producers of Rs 22,506,148 thousand (June 2013: 14,476,098 thousand) along with interest of Rs 13,215,726 thousand (June 2013: Rs 11,072,774 thousand) on delayed payments. While trade and other payables referred to in note 6 include an amount of Rs 42,511,614 thousand (June 2013: Rs 23,136,913 thousand) due to Pakistan Petroleum Limited, Sui Southern Gas Company Limited, Oil and Gas Development Company Limited and Government Holdings (Private) Limited on account of gas purchases along with interest of delayed payment of Rs 10,371,686 thousand (June 2013: Rs 8,977,114 thousand) and Government of Pakistan on account of Gas Development Surcharge of Rs 9,039,398 thousand (June 2013: Rs 22,237,222 thousand) along with the interest on delayed payments of Rs 3,177,114 thousand (June 2013: Rs 2,046,670 thousand). The settlement of these amounts is dependent upon the resolution of inter-corporate circular debt by the Government of Pakistan.

	Un-audited March 2014	Audited June 2013
	(Rupees in thousand)	
11 LOANS AND ADVANCES		
Loans to employees - considered good	86,505	90,070
Advances - considered good:		
Other employees	803,316	50,695
Suppliers and Contractor	1,660,700	243,520
Advances to suppliers and contractors - considered doubtful	3,227	3,227
Less: Provision for doubtful receivables	(3,227)	(3,227)
	-	-
	2,550,521	384,285
12 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS		
Trade deposits and short term prepayments	172,871	69,010
Less: Provision for doubtful deposits	(22,290)	(22,290)
	150,581	46,720
Current portion of long term prepayments	80,920	69,278
	231,501	115,998
13 OTHER RECEIVABLES		
Excise duty recoverable	108,945	108,945
Less: Provision for doubtful recoverable	(108,945)	(108,945)
	-	-
Due from customers	57,209	267,555
Current account with SSGC	15,709	15,351
Others	26,526	41,002
	99,444	323,908



	Note	Un-audited	Audited
		March 2014	June 2013
(Rupees in thousand)			
14 CASH AND BANK BALANCES			
Deposit accounts		246,188	185,074
Current accounts		109,098	780,611
		355,286	965,685
Cash in hand		18,798	1,681
		374,084	967,366

	Note	Quarter ended		Nine months ended	
		Un-Audited March 2014	Un-Audited March 2013	Un-Audited March 2014	Un-Audited March 2013
(Rupees in thousand)					
15. COST OF GAS SOLD					
Opening stock of gas in pipelines		1,000,996	945,291	1,075,236	848,671
Gas purchases:					
Southern system		28,974,953	32,171,636	91,677,934	96,836,441
Northern system		11,937,661	10,449,100	36,445,726	32,405,010
Gas purchase adjustment	15.1	8,854,830	10,024,549	28,149,523	28,589,813
		49,767,444	52,645,285	156,273,183	157,831,264
		50,768,440	53,590,576	157,348,419	158,679,935
Less: Gas internally consumed		515,957	580,961	1,615,301	1,805,884
Closing stock of gas in pipelines		1,059,700	997,795	1,059,700	997,795
		1,575,657	1,578,756	2,675,001	2,803,679
Distribution cost		4,208,222	4,000,814	12,405,131	11,621,992
		53,401,005	56,012,634	167,078,549	167,498,248

15.1 In accordance with the policy guidelines issued by Government of Pakistan under section 21 of the Oil and Gas Regulatory Authority Ordinance, 2002, the Company has entered into an agreement with Sui Southern Gas Company Limited (SSGCL) for uniform pricing of gas. Under this agreement, the Company with a higher weighted average cost of gas will raise a demand to the other Company of the amount necessary to equalize the cost of gas for both companies. As a consequence of this agreement SSGCL has raised a demand amounting to Rs 28,149,523 thousand (March 2013: Rs 28,589,813 thousand) as differential of cost for the equalization of cost of gas. It will have no effect on profit of the Company for the reason explained in Note 21 to the financial statements.

Notes to the Accounts

For the period ended March 31, 2014 (Un-audited)

	Quarter ended		Nine months ended	
	Un-Audited March 2014	Un-Audited March 2013	Un-Audited March 2014	Un-Audited March 2013
	(Rupees in thousand)			
16 OTHER OPERATING INCOME				
Income from financial assets				
Interest income on late payment of gas bills:				
- Late payment surcharge	1,158,123	1,264,416	2,701,414	2,695,558
- Government owned and other power generation companies	534,276	2,101,833	1,573,014	5,310,933
- Others	893	9,506	18,094	92,001
Gain on initial recognition of financial liabilities at fair value	(3,110)	-	-	-
Interest on staff loans and advances	16,311	10,243	38,640	30,157
Return on bank deposits	97,602	83,876	312,287	327,237
	1,804,095	3,469,874	4,643,449	8,455,886
Income from assets other than financial assets				
Net gain on sale of fixed assets	13,472	1,560	34,252	13,662
Net gain on coating of pipelines for SSGC	-	-	-	5,312
Meter rentals and service income	445,513	392,409	1,192,077	1,062,383
Amortization of deferred credit	122,825	627,776	1,061,688	1,791,447
Insurance claim	679	-	2,898	560
	582,489	1,021,745	2,290,915	2,873,364
Others				
Sale of tender documents	358	558	2,583	1,295
Sale of scrap	63,456	39,502	66,616	40,027
Credit balances written back	-	-	15,098	-
Liquidated damages recovered	22,364	10,503	54,388	29,984
Gain on construction contracts	-	-	-	337,230
Bad debt recoveries	6,597	5,601	13,260	13,321
Urgent fee	7,647	-	7,647	-
Miscellaneous	338	927	1,908	1,361
	100,760	57,091	161,500	423,218
	2,487,344	4,548,710	7,095,864	11,752,468
17 OTHER OPERATING EXPENSES				
Exchange loss on gas purchases	(486,936)	18,440	186,498	296,027
Loss on initial recognition of financial assets at fair value	65,687	31,552	68,187	37,075
Loss on construction Contracts	-	-	28,685	-
Donations	-	(2,000)	-	35
	(421,249)	47,992	283,370	333,137



18 FINANCE COST

Included in finance cost is an amount of Rs 1,720,297 thousand (March 2013 :Rs 2,263,175 thousand)in respect of late payment surcharge on account of overdue payables for gas purchases and GDS as referred to in note 10.1.

	Quarter ended		Nine months ended	
	Un-Audited March 2014	Un-Audited March 2013	Un-Audited March 2014	Un-Audited March 2013
(Rupees in thousand)				
19 TAXATION				
Current Period:				
Current tax	224,347	268,188	783,359	821,391
Deferred tax	(658,743)	(1,043,114)	(2,043,603)	(1,906,039)
	(434,396)	(774,926)	(1,260,244)	(1,084,648)

	Note	Un-audited	Un-audited
		March 2014	March 2013
(Rupees in thousand)			
20 CASH GENERATED FROM OPERATIONS			
Loss before taxation		(4,181,462)	(3,236,706)
Adjustment for non-cash charges and other items:			
Depreciation - Own assets		6,660,006	6,363,386
Amortization of intangible assets		6,741	97,836
Employee benefits		1,003,971	880,921
Amortisation of deferred credit		(1,061,688)	(1,791,447)
Finance cost		3,029,917	3,952,158
Return on bank deposits		(312,287)	(327,237)
Gain on sale of fixed assets		(34,252)	(13,662)
Provision for doubtful debts		3,251,227	2,205,672
Loss on initial recognition of financial assets at fair value		68,187	37,075
Amortisation of difference between initial and maturity amount		(22,453)	(19,985)
Working capital changes	20.1	(4,536,514)	2,668,671
		3,871,393	10,816,682
20.1 Working capital changes			
(Increase)/decrease in current assets:			
Stores and spare parts		242,835	(437,544)
Stock-in-trade - gas in pipelines		15,536	(149,124)
Trade debts		(14,887,280)	(28,685,588)
Loans and advances		(2,169,801)	(734,161)
Trade deposits and prepayments		(115,504)	(37,743)
Other receivables		559,159	(265,424)
		(16,355,055)	(30,309,584)
Increase/(decrease) in current liabilities:			
Trade and other payables		11,818,541	32,978,255
		(4,536,514)	2,668,671

Notes to the Accounts

For the period ended March 31, 2014 (Un-audited)

	Un-audited	Un-audited
	March 2014	March 2013
	(Rupees in thousand)	
20.2 Cash and cash equivalents		
Cash and bank balances	374,084	2,693,938
Short term running finance	(45,500)	(648,053)
	328,584	2,045,885

21 INCORPORATION OF TARIFF REQUIREMENTS

21.1 Under the provisions of the license for transmission and distribution of natural gas granted to the Company by Oil and Gas Regulatory Authority (OGRA), the Company is required to operate on an annual return of not less than 17.50% on the value of its fixed assets (net of deferred credit), before corporate income taxes, interest and other charges on debt after excluding interest, dividends and other non-operating income. Any deficit or surplus on account of this is recoverable from or payable to Government of Pakistan as differential margin or gas development surcharge respectively. The projected tariff from July 01, 2013 has been incorporated in the accounts for the period ended March 31, 2014 on the basis of estimated revenue requirement for the financial year 2013-14.

21.2 The Company has also incorporated the effect of Unaccounted For Gas (UFG) amounting to Rupees 9,474,647 thousand (March 2013: Rupees 11,295,882 thousand).

22 TRANSACTIONS WITH ASSOCIATES AND RELATED PARTIES

	Relationship with the Group	Nature of Transactions	Un-audited	Un-audited
			March 2014	March 2013
			(Rupees in thousand)	
i)	Related parties by virtue of common directorship and Govt. of Pakistan holdings			
		Gas sales	16,135,471	17,413,642
		Purchase of materials	2,247,560	1,608,248
		Purchase of gas	115,847,945	116,099,127
		Service charges	60,276	64,204
		Profit received on bank deposits	31,925	32,823
		Transportation charges	553,529	333,111
		Transmission charges	2,594	1,723
		Insurance expenses	177,180	159,823
		Insurance claims received	24,865	38,898
		Dividend paid	-	456,662
ii)	Post employment benefit plans			
		Contribution to defined contribution plans	180,337	230,794
		Contribution to defined benefit plans	1,083,455	972,472
iii)	Key management personnel			
		Salaries and other employee benefit	954,375	891,292

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



	Un-audited	Audited
	March 2014	June 2013
	(Rupees in thousand)	
22.2 Period and balances		
Receivable from related parties	17,329,726	11,885,633
Payable to related parties	42,511,614	23,139,243


23 DATE OF AUTHORISATION

- i) These financial statements were authorised for issue by the Board of Directors of the Company on January 19, 2016.

24 CORRESPONDING FIGURES

- i) Corresponding figures have been re-classified wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison. However no significant reclassification has been made.
- ii) Figures for the year ended June 30, 2013 are audited.


Amer Tufail
Managing Director/CEO


Muhammad Saeed Mehdi
Chairman-BOD



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