

## **Sui Northern Gas Pipelines Limited Annual Report 2000**

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### **COMPANY INFORMATION**

#### **BOARD OF DIRECTORS**

**LT. GEN. (RETD) GHULAM SAFDAR BUTT**  
Chairman

**JAVED HUSSAIN**  
Managing Director

M. JAHANGIR BASHAR  
M. IQBAL AWAN  
MUKHTAR AHMED  
M. KHALIL MIAN  
ZAHID HUSSAIN  
ISTAQBAL MEHDI  
MUHAMMAD ARSHAD  
MIAN RAZA MANSHA  
ABDUL LATIF UQAILI  
ARIF HABIB  
ANJUM M. SALEEM

**COMPANY SECRETARY**  
MAHBOOB ELAHI

#### **JOINT AUDITORS**

**A. F. FERGUSON & CO.**  
Chartered Accountants

**TASEER HADI KHALID & CO.**  
Chartered Accountants

#### **SHARE REGISTRARS**

**HAMEED MAJEED ASSOCIATES (PVT) LTD.**  
H. M. HOUSE  
7 - Bank Square, Lahore  
Ph: 92-42-7235081 - 82  
Fax: 92-42-7358817

#### **LEGAL ADVISORS**

M/s. Surridge & Beecheno  
Mr. Abdul Hayee Khan, Advocate

#### **REGISTERED OFFICE**

GAS HOUSE,  
21 - Kashmir Road,  
P.O. Box No. 56,  
Lahore (Pakistan)  
Ph: 92-42-9201451 - 60, 9201319  
Fax: 92-42- 9201229

Javed Hussain  
Lt. Gen. (Retd) Ghulam Safdar Butt  
M. Jahangir Bashhar  
M. Iqbal Awan  
Zahid Hussain  
Mukhtar Ahmed  
M. Khalil Mian  
Istaqbal Mehdi  
Abdul Latif Uqaili  
Mohammad Arshad  
M tan Raza Mansha  
Arif Habib  
Anjum M. Saleem

Mahboob Elahi  
Company Secretary

### **NOTICE OF MEETING**

Notice is hereby given that the 37th Annual General Meeting of the Company will be held at Hotel Avari, 87-Shahrah-e-Quaid-e-Azam, Lahore on Tuesday, May 22, 2001 at 10.30 A.M. for the purpose of transacting the following business:

#### **ORDINARY BUSINESS**

1. To confirm the minutes of 36th Annual General Meeting held on December 30, 1999.

2. To receive, consider and adopt the Audited Accounts of the Company for the year ended June 30, 2000 together with the Directors' and Auditors' Reports thereon.

3. To appoint auditors for the year ending June 30, 2001 and fix their remuneration in place of retiring auditors. The Company has received notice from a shareholder under Section 253 of the Companies Ordinance, 1984 proposing the name of M/s. Rahim Jan & Co., Chartered Accountants, F-103, Regency Plaza, Mini Market, Gulberg-11, Lahore. The retiring auditors viz., M/s. A.F. Ferguson & Co., Chartered Accountants, and M/s. Taseer Hadi Khalid & Co., Chartered Accountants, being eligible also offer themselves for re-appointment.

4. To transact any ordinary business of the Company with the permission of the Chairman.

#### **SPECIAL BUSINESS**

(i) To approve capitalisation of a sum of Rs 651,113,050 set aside out of the profits of the Company as on June 30, 2000 for issuance of 15% bonus shares in proportion of one share for every 6.67 shares held, and to pass, with or without modification, the following ordinary resolution:

##### **RESOLVED:**

THAT a sum of Rs 651,113,050 out of reserves as on June 30, 2000 be capitalised and applied to the issue of 65,111,305 ordinary shares of Rs 10 each allotted as fully paid bonus shares to the members of the Company whose names appear on the register of members as at close of business on May 8, 2001 in the proportion of one bonus share for every 6.67 shares held.

THAT the members entitled to fraction of a share shall be given sale proceeds of their fractional entitlement for which purpose the fractions shall be consolidated into whole shares and sold in the stock market and the proceeds thereof be paid to any Welfare/Charitable Institution approved for donation under the Income Tax Ordinance, 1979 such as Shaukat Khanum Memorial Hospital, Edhi Welfare, the Kidney Centre or the Layton Rehmatullah Eye Hospital.

THAT the Managing Director of the Company be and is hereby authorised and empowered to give effect to this resolution and to do or cause to be done all acts, deeds and things that may be necessary or required for issue, allotment and distribution of bonus shares.

(ii) To consider and, if thought fit, to pass the following Special Resolution with or without amendment(s).

##### **RESOLVED**

THAT the Authorised Capital of the Company be and is hereby increased from Rs 5,000,000,000 to Rs 15,000,000,000 and clause V of the Memorandum of Association and Article 4 of the Articles of Association of the Company be and are hereby amended to read as follows:

##### **Clause "V" of the Memorandum of Association**

"V. The share capital of the Company is Rs. 15,000,000,000 (Rupees Fifteen billion) divided into 1,500,000,000 (One billion and five hundred million) ordinary shares of Rs 10/- each with power to increase, reduce, modify, subdivide, consolidate or reorganize the capital of the Company for the time being and to divide the shares into several classes in accordance with the provisions of law."

##### **Article 4 of the Articles of Association**

"4. The authorised capital of the Company is Rs 15,000,000,000 (Rupees Fifteen billion) divided into 1,500,000,000 (One billion and five hundred million) ordinary shares of Rs 10/- each".

THAT the Managing Director be and is hereby authorised and empowered to do or cause to be done all acts, deeds and things that may be necessary to give effect to this resolution.

The share transfer books of the Company will remain closed from May 9, 2001 to May 22, 2001 (both days inclusive). The members whose names appear in the register of members as at the close of business on May 8, 2001 will qualify for the bonus shares.

**By order of the Board**

Lahore  
April 09, 2001

(MAHBOOB ELAHI)  
COMPANY SECRETARY

#### STATEMENT UNDER SECTION 160 OF THE COMPANIES ORDINANCE, 1984.

##### i) ISSUANCE OF BONUS SHARES

Since the reserves of the Company as on June 30, 2000 represent accretion in its existing share capital, it has been thought expedient to capitalise a part of the said reserves by way of issue of bonus shares to the members. It is hereby declared that in issuing bonus shares, no interest of any Director, directly or indirectly, is involved except and to the extent of entitlement of bonus shares admissible on the existing shares held by the Government, the Corporations or Institutions whom they represent or shares registered in their name.

##### ii) INCREASE IN AUTHORISED CAPITAL

In order to substitute imported fuel oil with natural gas, the Company is undertaking infrastructure development project to receive gas from new fields in the South for consumption of gas by Power sector in and around Multan. The gas transmission and distribution network will also be upgraded to ensure adequate and uninterrupted supply of gas to meet consumers demand downstream of Multan.

The physical and financial resources are being mobilized for implementing these projects, involving huge capital outlay and investment. For this purpose, the Company requires additional equity, and the gap between the Authorised Capital and the Paid-up Capital is very small, hence the increase in the Authorised Capital of the Company is necessitated.

#### NOTES

1) A member entitled to attend may appoint another member as his / her proxy or may by Power of Attorney authorise any other person as his / her agent to attend, speak and vote at the meeting. The Federal Government, a Provincial Government, a corporation or a company, as the case may be, being a member of the Company may appoint any of its officials or any other person to act as its representative and the person so authorised shall be entitled to the same powers, as if he were an individual shareholder.

2) The instrument appointing a proxy shall:

(a) be in writing; and

(b) be signed by the appointer or his/her attorney duly authorised in writing or if the appointer is a body corporate, be under its seal or be signed by an officer or an attorney duly authorised by it.

3) The proxy must be signed across a Rupees five revenue stamp and it should be deposited in the office of the Company not less than 48 hours before the time of holding the meeting.

4) Account holder and sub-account holder and / or the person whose securities are in group account and holding book entry securities of the Company in Central Depository System of Central Depository Company of Pakistan Limited, who wish to attend the General Meeting are requested to bring original I.D. Card with copy thereof duly attested or the original passport for identification purpose. In case of proxy, he/she must also produce attested copy of his / her NIC or original passport at the time of meeting.

5. Shareholders are requested to notify any change in address immediately quoting their folio number(s).

#### Registered Office

Gas House, 21 - Kashmir Road,  
P.O. Box No. 56, Lahore (Pakistan)  
Ph: 92-42-9201451 - 60  
92-42-9201319, 9201369  
Fax: 92-42-9201229

#### Share Registrars

Hameed Majeed Associates (Pvt) Ltd.  
H.M. House  
7 - Bank Square, Lahore  
Ph: 92-42-7235081 - 82  
Fax: 92-42-7358817

#### CHAIRMAN'S STATEMENT

I welcome you on behalf of the members of the Board of Directors and myself, to the 37th Annual General Meeting of the Company, and present the audited financial

statements for the year ended June 30, 2000.

#### **DIRECTORS**

There have been a few changes in the composition of your Board of Directors from the last Annual General Meeting held on December 30, 1999. M/s. M. Jahangir Bashir, M. Iqbal Awan, M. Khalil Mian, Istaqbal Mehtli, Abdul Latif Uqaili, Mukhtar Ahmed and Anjum M. Saleem joined as Directors on the Board in place of M/s. Munir Ahmad, Abdus Sattar, Muhammad Riaz, Nasim Beg, Behram Hasan, Aslam Farook and Altaf M. Saleem respectively. Mr. Javed Hussain was also appointed as Director with effect from February 18, 2000. I took over the office of Chairman of the Board of Directors in place of Mr. Muqaddas A. Khan, who relinquished his office on February, 18, 2000. You would, of course, join me to express our appreciation and thanks for the valuable services rendered by the outgoing Chairman and Directors. We also welcome the newly appointed Directors and trust that they would do their utmost in the realization of Company objectives.

It is with heavy heart that I inform you that Raja Abdul Wahid, Managing Director, SNGPL died in Lahore on 11 March 2001 after having suffered brief but painful illness. He was sent abroad for treatment but could not be cured. Late Raja Sahib served the Company in various responsible positions over a period of more than 30 years with great devotion and dedication. May Almighty Allah rest his soul in eternal peace.

Mr. Javed Hussain has been appointed with effect from February 3, 2001 as Managing Director and Chief Executive and the Company would substantially benefit from his vast and varied experience in the gas sector.

#### **SALES AND DEVELOPMENT**

The sales for the year were 80,108,957 hundred cubic meters (hm<sup>3</sup>) (284,338 MMCF) showing an increase of 12.34% over the previous year's sales. The sector-wise breakup of the sales indicate that 22% was sold to Power, 15% to Fertilizer, 1% to Cement, 25% to General Industries and 37% to domestic and commercial sector. The availability of gas was improved by getting additional gas primarily from Qadirpur field. The total revenue generated by the sales amounted to Rs 26,569,704 million registering an increase of 29% which is attributable to higher volume sold and increase in consumers price during the year under report. On the basis of quantities of furnace oil, the Company's gas sales during the year resulted in the saving of over Rs 54,072 million in foreign exchange.

In order to optimize long term investments, the Company has prioritized provision of on-line domestic gas connections, thereby increasing domestic consumers density at lesser capital cost and also restricting mains laying to augmentation and removal of the anomalies. As a public utility, the Company is obligated to make available natural gas to prospective consumers subject to financial viability and technical capabilities. During the year 1,521 km of gas pipelines of various dia meters were laid and 150,728 customers were added, raising the total to 1,887,009.

#### **LIQUEFIED PETROLEUM GAS (LPG)**

The average LPG sales during the year under report was 6.37 M. Ton per day as against 13.86 M. Ton in the previous year. This was due to depletion of LPG fields at Meyal, Dhurnal, Ratana and Finkassar. Consequently the Company suffered a loss of Rs 6.426 million as against profit of Rs 7.671 million earned in the immediately preceding year.

As a result of auction of Company's LPG business conducted by the Privatization Commission on February 23, 2001 the highest bid of Rs 142 million was received and the transaction would be effectuated after approval of the Government of Pakistan and the Hon'ble Lahore High Court, Rawalpindi Bench.

#### **ACCOUNTS AND FINANCE**

The profit before taxation is Rs 1,364.976 million, which shows an increase of Rs 554,268 million (68%) over the previous year. This has been possible due to substantial reduction in financial charges, mainly due to larger internal cash generation enabling the Company to effect timely payment of Gas Producers invoices, reduction in mark-up rates through negotiations and retirement/ substitution of expensive loans with low cost funding. However the gain has been dissipated by higher incidence of taxation and provisioning for deficit in deferred taxation on account of levy of surcharge during the year under report. After allowing for taxation of Rs 838.276 million, the amount available for appropriation inclusive of carry over from previous year is Rs 527.964 million. The accompanying Report of the Directors recommends appropriation.

#### **TELECOMMUNICATIONS**

A new Microwave System has been installed on Multan-Sahiwal-Lahore, Lahore-Gujranwala-Jhelum, Qadirpur - AC IX and Kot Addu - Dhodak Sections. The system operating in 2100 Mega Hertz band, is based on state-of-

the-art equipment and shall provide back-bone for speech and Data Communication on these sections. The system has an ultimate capacity of 8 Mega bits.

#### **TRANSMISSION SCADA**

A state-of-the-art Transmission SCADA system has been installed and became operational in March 2000 throughout the Company's transmission network. The system continuously receive and analyze the data from all the sources, Compressor Stations, Repeaters and major SMSs. Since the system has capability to simulate real time Model of the pipeline based on high speed data acquisition, it would help to operate the pipeline in optimum condition.

#### **PROJECTS - PRESENT AND FUTURE**

##### **PRESENT PROJECTS**

###### **(i) Augmentation of system capacity in NWFP**

In order to augment the gas supply system to overcome the problem of low pressure during winter in NWFP 97 Km length of pipeline of various dia, comprising transmission spurs and distribution mains was laid and commissioned in the fiscal year 1999 - 2000.

###### **(ii) Construction of distribution mains**

To improve the distribution network and to cater for the demands of various consumers, 70 Km of distribution mains of various diameters ranging from 8" to 24" were laid in different regions.

###### **(iii) River crossings**

Two under construction major river crossings (i) 30" diameter Jhelum river crossing near Malakwal, and (ii) 16" diameter Kabul river crossing near Khairabad were completed and commissioned.

###### **(iv) Replacement of pipelines**

To ensure safe pipeline operations, the Company has currently undertaken maintenance project on Sui-Guddu section, which includes:

i. Uplifting and re-laying of 10 kilometres, 24" diameter pipeline and

ii. Uplifting of 60 kilometres, 18" diameter pipeline.

###### **(v) Gas supply to new towns**

To extend gas supply network to new cities, following new pipelines are being laid:

###### **a. 68 Km, 8" Dia Swat pipeline**

Starting from Sakhkot, this line would terminate at Mingora from where gas would be supplied to major towns of Swat valley. 20 Km of pipelines has been laid so far and project scheduled completion is March 2002.

###### **b. 18" Dia crossing Chenab at Chiniot**

Pipeline crossing over Chenab, which could not be constructed due to absence of permission from NHA, is now under construction. Completion of this crossing would substantially improve gas flows to the north.

###### **c. Laying of 18" diameter loopline between**

Rahwali and Gujranwala has been planned with a view to shift high pressure gas transmission lines away from city limits. This would also help improve pressures at the fag-ends of Jhelum, Sialkot in winter season.

#### **FUTURE PROJECTS**

##### **Optimal Utilization of new gas fields**

For optimal utilization of recently discovered gas in Sindh and displace imported fuels specially in the power sector, the Company has undertaken a study to determine optimum combination of looping and compression to expand its transmission system to supply gas to power plants in Multan Region.

It has been identified to carry a total of 420 MMCFD additional gas from Sui and Qadirpur to power plants of Multan, Muzaffargarh, Kot Addu and Abdul Hakeem. The project has been approved in principle by the Cabinet at the total cost of Rs 16,252 million with a foreign exchange component of Rs 3,035 million. The Company is mobilising physical and financial resources for implementing this project.

SNGPL plans to expand its system in two phases. Under phase-I the system capacity would be enhanced to flow 100 MMCFD swapped gas from Sui to Multan by December 2001 by laying 32 miles of 36" dia loopline between the repeater stations A3 (Thul Hamza) and A4 (Rukampur) in Sui-Multan section. This is expected to be completed by December 2001 at estimated cost of Rs 1,382 million. Under phase II, the capacity will be enhanced further to transport 320 MMCFD of gas from Sui and Qadirpur to Multan Region with construction of

130 miles of pipelines of various diameters ranging from 16 to 36 inches in diameter and installation of 15,000 additional horsepower of compression.

**FUTURE OUTLOOK**

Since the return to the Company is asset based, the additional investment in gas infrastructure development plan as stated above would increase the rate base and add to the revenues of the Company in the years to come. Also that with the active support of the Ministry of Petroleum and Natural Resources and Ministry of Finance, the Company has initiated various steps to improve the liquidity and profitability of the Company. It is hoped that your Company would maintain the momentum of improvements in operating efficiencies, consumer services and profitability.

**STAFF AND ORGANIZATION**

The relationship between the Management and the workers remained cordial as before.

**ACKNOWLEDGEMENT**

The Directors record their gratitude to the Government of Pakistan for its sustained support in the period under report and look forward for the same in future.

The Board is confident that the employees would continue to put their best efforts in achieving the targets set for progress and prosperity of the Company in the coming years.

LAHORE  
April 09, 2001

**LT. GEN. (RETD) GHULAM SAFDAR BUTT  
CHAIRMAN**

**REPORT OF THE DIRECTORS**

The Directors have pleasure in presenting their Annual Report together with the audited accounts of the Company for the year ended June 30, 2000.

**ACCOUNTS**

*(Rupees in thousand)*

Profit before taxation	1,364,976
Provision for taxation	838,276
	-----
Profit after taxation	526,700
Adding thereto:	
Unappropriated profit brought forward	1,264
	-----
Profit available for appropriation	527,964
Appropriations:	
Transfer from general reserves	125,000
Transfer to reserve for issue of bonus shares	(651,113)
	-----
	(526,113)
Unappropriated profit to be carried forward	1,851
	=====

**The earning per share for the year ended June 30, 2000 is Rs 1.21 as per computation below:**

*(In thousand)*

Profit after taxation	526,700
Weighted average ordinary shares	434,075
Earning per share	= Rs 1.21

**DIRECTORS**

In accordance with the provisions of Section 178 of the Companies Ordinance, 1984, thirteen Directors were elected at the 35th Annual General Meeting held on 23 June 1999 for a period of three years, effective 26 June 1999.

**AUDITORS**

The present joint auditors M/s. A.F. Ferguson & Co., Chartered Accountants and M/s. Taseer Hadi Khalid & Co., Chartered Accountants retire and being eligible offer themselves for re-appointment.

**THE PATTERN OF HOLDING OF THE SHARES**

The pattern of holding of the shares as on June 30, 2000 is attached.

**POST BALANCE SHEET EVENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY**

As a result of auction of Company's LPG business conducted by the Privatization Commission on 23 February 2001, the highest bid of Rs 142 million was received and the transaction would be effectuated after approval of the Government of Pakistan and the Hon'ble Lahore High Court, Rawalpindi Bench.

**On behalf of the Board**

LAHORE

**(Lt. Gen. (Retd) Ghulam Safdar Butt)**

April 09, 2001

CHAIRMAN

## THE PATTERN OF HOLDING OF THE SHARES AS AT JUNE 30, 2000

NO. OF SHARE HOLDERS	SHAREHOLDING		TOTAL SHARES HELD	PERCENTAGE
	FROM (SHARES)	TO (SHARES)		
2362	1	100	116,811	0.03
3,165	101	500	806,233	0.19
8,520	501	1,000	4,691,356	1.08
4,683	1,001	5,000	9,806,057	2.26
820	5,001	10,000	5,841,731	1.35
302	10,001	15,000	3,791,784	0.87
133	15,001	20,000	2,390,894	0.55
97	20,001	25,000	2,225,598	0.51
76	25,001	30,000	2,101,726	0.48
52	30,001	35,000	1,707,890	0.39
36	35,001	40,000	1,371,494	0.32
22	40,001	45,000	935,362	0.22
35	45,001	50,000	1,711,352	0.39
24	50,001	55,000	1,257,478	0.29
15	55,001	60,000	877,500	0.20
10	60,001	65,000	622,594	0.15
13	65,001	70,000	874,715	0.20
5	70,001	75,000	365,661	0.08
11	75,001	80,000	849,716	0.20
12	80,001	85,000	986,009	0.23
5	85,001	90,000	443,323	0.10
4	90,001	95,000	369,461	0.09
10	95,001	100,000	986,314	0.23
5	100,001	105,000	506,337	0.12
3	105,001	110,000	321,251	0.08
2	110,001	115,000	222,944	0.05
6	115,001	120,000	706,846	0.16
2	120,001	125,000	245,153	0.06
3	125,001	130,000	384,035	0.09
7	130,001	135,000	927,250	0.21
4	135,001	140,000	550,241	0.13
5	140,001	145,000	711,060	0.16
5	145,001	150,000	740,768	0.17
3	150,001	155,000	452,288	0.10
2	155,001	160,000	313,083	0.07
4	160,001	165,000	650,694	0.15
1	170,001	175,000	172,314	0.04
1	175,001	180,000	178,882	0.04
1	180,001	185,000	183,521	0.04
1	185,001	190,000	188,659	0.04
1	190,001	195,000	192,676	0.04
4	195,001	200,000	795,451	0.18
1	205,001	210,000	206,670	0.05
3	215,001	220,000	656,240	0.15
2	220,001	225,000	446,860	0.10
3	225,001	230,000	681,552	0.16
2	230,001	235,000	465,044	0.11
2	240,001	245,000	483,728	0.11
3	245,001	250,000	748,799	0.17
2	250,001	255,000	505,856	0.12
2	255,001	260,000	516,682	0.12
2	260,001	265,000	524,189	0.12
2	265,001	270,000	533,237	0.12
1	270,001	275,000	275,000	0.06
3	285,001	290,000	866,369	0.20
5	305,001	310,000	1,533,588	0.35
2	315,001	320,000	634,043	0.15
2	325,001	330,000	653,515	0.15
1	330,001	335,000	331,567	0.08
2	340,001	345,000	684,688	0.16
2	345,001	350,000	696,150	0.16
2	355,001	360,000	712,401	0.16
1	365,001	370,000	365,006	0.08
2	375,001	380,000	756,231	0.17
1	380,001	385,000	381,000	0.09
1	385,001	390,000	385,606	0.09
5	395,001	400,000	2,000,000	0.46
2	400,001	405,000	806,750	0.19
1	405,001	410,000	407,500	0.09
1	425,001	430,000	425,675	0.10
1	430,001	435,000	430,884	0.10
1	440,001	445,000	442,000	0.10
3	470,001	475,000	1,420,686	0.33
1	475,001	480,000	475,500	0.11
2	495,001	500,000	1,000,000	0.23
1	500,001	505,000	504,000	0.12
2	525,001	530,000	1,055,449	0.24
2	535,001	540,000	1,073,837	0.25
2	540,001	545,000	1,082,607	0.25
1	545,001	550,000	545,246	0.13
1	550,001	555,000	554,012	0.13
1	585,001	590,000	586,750	0.14
1	600,001	605,000	605,000	0.14
1	605,001	610,000	607,700	0.14
1	625,001	630,000	625,913	0.14
2	660,001	665,000	1,325,441	0.31
1	685,001	690,000	686,612	0.16
1	750,001	755,000	751,338	0.17
1	795,001	800,000	800,000	0.18
1	860,001	865,000	860,863	0.20
1	865,001	870,000	865,012	0.20
1	965,001	970,000	965,314	0.22

1	970,001	975,000	971,300	0.22
1	1,015,001	1,020,000	11,019,860	0.23
1	1,035,001	1,040,000	1,036,747	0.24
1	1,070,001	1,075,000	1,075,000	0.25
1	1,075,001	1,080,000	1,077,238	0.25
1	1,215,001	1,220,000	1,215,400	0.28
1	1,255,001	1,260,000	1,259,330	0.29
1	1,275,001	1,280,000	1,276,308	0.29
1	1,320,001	1,325,000	1,323,519	0.30
1	1,490,001	1,495,000	1,492,500	0.34
1	1,515,001	1,520,000	1,517,511	0.35
1 Sui Southern Gas Co. Limited.	1,650,001	1,655,000	1,652,329	0.38
1 Askari Commercial Bank Ltd.	1,910,001	1,915,000	1,913,061	0.44
2 Union Bank Ltd.	2,025,001	2,030,000	2,131,362	0.49
1 Saudi Pak Ind. & Agri. Investment Co. (Pvt) Ltd.	2,110,001	2,115,000	2,111,131	0.49
1 Crescent Steel & Allied Products	2,235,001	2,330,000	2,327,061	0.54
1 Jahangir Siddiqui & Co. Ltd.	2,535,001	2,540,000	2,538,764	0.58
1 Bank Al Falah Ltd.	2,715,001	2,720,000	2,716,000	0.63
2 Crescent Investment Bank Ltd.	3,000,001	3,500,000	3,255,649	0.75
1 Pakistan Insurance Corporation	5,950,001	5,955,000	5,953,292	1.37
1 A1 Faysal Inv. Bank Ltd.	8,010,001	8,015,000	8,012,034	1.85
1 Habib Bank Limited (Treasury Div)	9,840,001	9,845,000	9,843,037	2.27
1 National Dev. Finance Corp. of Pa	11,530,001	11,535,000	11,532,905	2.66
2 Allied Bank of Pakistan Ltd.	12,000,001	12,500,000	12,042,082	2.77
1 State Life Insurance Corp. of Pak.	13,450,001	13,455,000	13,454,119	3.10
1 Investment Corp. of Pakistan	13,490,001	13,495,000	13,491,578	3.11
2 Muslim Commercial Bank Ltd.	20,730,001	20,735,000	20,747,377	4.78
1 Pakistan Industrial Dev. Corp. (Pvt) Limited	26,120,001	26,125,000	26,120,863	6.02
1 National Bank of Pakistan (Trustee Department)	36,165,001	36,170,000	36,169,411	8.33
1 The President, Islamic Republic of Pakistan	156,275,001	156,280,000	156,275,977	36.00
20593	Total:		434,075,367	100.00

NOTE: for shares between

165,001	to	170,000	975,001	to	1,015,000
200,001	to	205,000	1,020,001	to	1,035,000
210,001	to	215,000	1,040,001	to	1,070,000
235,001	to	240,000	1,080,001	to	1,215,000
275,001	to	285,000	1,220,001	to	1,255,000
290,001	to	305,000	1,260,001	to	1,275,000
310,001	to	315,000	1,280,001	to	1,320,000
320,001	to	325,000	1,325,001	to	1,490,000
335,001	to	340,000	1,495,001	to	1,515,000
350,001	to	355,000	1,520,001	to	1,650,000
360,001	to	365,000	1,655,001	to	1,910,000
370,001	to	375,000	1,915,001	to	2,025,000
390,001	to	395,000	2,030,001	to	2,110,000
410,001	to	425,000	2,115,001	to	2,325,000
435,001	to	440,000	2,330,001	to	2,525,000
445,001	to	470,000	2,530,001	to	2,535,000
480,001	to	495,000	2,540,001	to	2,715,000
505,001	to	525,000	2,720,001	to	5,950,000
530,001	to	535,000	5,955,001	to	5,965,000
555,001	to	585,000	5,970,001	to	6,075,000
590,001	to	600,000	6,080,001	to	8,010,000
610,001	to	625,000	8,015,001	to	9,840,000
650,001	to	660,000	9,845,001	to	11,530,000
665,001	to	685,000	11,535,001	to	13,450,000
690,001	to	725,000	13,455,001	to	13,490,000
730,001	to	750,000	13,495,001	to	20,730,000
755,001	to	795,000	20,735,001	to	26,120,000
800,001	to	860,000	26,125,001	to	36,165,000
870,001	to	965,000	36,170,001	to	156,275,000

No slabs of 5,000 shares have been given as there are no shareholders falling under above slabs.

**CATEGORIES OF SHAREHOLDERS AS AT JUNE 30, 2000**

CATEGORIES OF SHAREHOLDERS	NUMBER	SHARES HELD	PERCENTAGE
1. The President, Islamic Republic of Pakistan	1	156,275,977	36.00
2. Individuals	20,339	67,277,468	15.50
3. Investment Companies	22	26,022,944	6.00
4. Insurance Companies	14	21,748,950	5.01
5. Joint Stock Companies	82	42,559,910	9.80
6. Financial Institutions	45	108,277,969	24.94
7. Modaraba Companies	27	5,293,240	1.22
8. Foreign Companies	32	3,348,747	0.77
9. *Others (as detailed below)	31	3,270,162	0.76
Total	20,593	434,075,367	100.00

**\*OTHERS**

NAME	NUMBER	SHARES HELD	PERCENTAGE
i. The Deputy Administrator Abandoned Properties, Government of Pakistan	1	78,111	0.02
ii. Corporations, Foundations, Institutions and Societies	30	3,192,051	0.74
Total	31	3,270,162	0.76



**AUDITORS' REPORT TO THE MEMBERS**

We have audited the annexed balance sheet of SUI NORTHERN GAS PIPELINES LIMITED as at June 30, 2000 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by the management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

(a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;

(b) in our opinion:

(i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the change in accounting policy referred to in Note 2.2 with which we concur;

(ii) the expenditure incurred during the year was for the purpose of the Company's business; and

(iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2000 and of the profit, its cash flows and changes in equity for the year then ended; and

(d) in our opinion, no Zakat was deductible at source under the Zakat and Usher Ordinance, 1980.

Lahore  
April 09, 2001

**A. E FERGUSON & CO.**  
Chartered Accountants

**TASEER HADI KHALID & CO.**  
Chartered Accountants

**BALANCE SHEET AS AT JUNE 30, 2000**

Note	2000	1999
	<i>(Rupees in thousand)</i>	
<b>SHARE CAPITAL AND RESERVES</b>		
Authorised capital 500,000,000 ordinary shares of Rs 10 each	5,000,000	5,000,000
Issued, subscribed and paid up capital	4,340,753	3,774,568
Reserves	1,921,795	1,961,867
Unappropriated profit	1,851	1,264
	6,264,399	5,737,699
<b>NON - PARTICIPATORY REDEEMABLE CAPIT</b>	2,898,603	2,395,092
<b>DEFERRED CREDIT</b>	3,194,350	2,783,107

**LONG TERM AND DEFERRED LIABILITIES**

Long term loans-Unsecured	6	6,755,368	9,895,717
Security deposits	7	1,670,921	1,338,108
Liabilities against assets subject to finance lease	8	124,592	404,797
Deferred taxation	9	3,326,809	2,625,629
Employee benefits	10	387,290	--
		-----	-----
		12,264,980	14,264,251
<b>CURRENT LIABILITIES</b>			
Current portion of non-participatory redeemable capital - Secured	4	1,169,708	1,326,480
Current portion of long term loans - Unsecured	6	2,814,154	818,670
Current portion of liabilities against assets subject t	8	284,200	401,014
Short term finances - Secured	11	245,000	320,000
Creditors, accrued and other liabilities	12	10,598,222	11,939,108
		-----	-----
		15,111,284	14,805,272
<b>CONTINGENCIES AND COMMITMENTS</b>	13	--	--
		-----	-----
		39,733,616	39,985,421
		=====	=====
<b>FIXED CAPITAL EXPENDITURE</b>			
Operating fixed assets	14	24,835,541	23,028,203
Assets subject to finance lease	15	907,950	1,375,100
Capital work - in - progress	16	3,226,027	4,721,773
Advances for land		100,777	141,587
		-----	-----
		29,070,295	29,266,663
<b>LONG TERM LOANS</b>	17	195,512	212,917
<b>LONG TERM DEPOSITS AND PREPAYMENTS</b>	18	10,159	15,734
<b>LONG TERM INVESTMENTS</b>	19	85,001	85,001
<b>CURRENT ASSETS</b>			
Stores and spares	20	567,373	654,853
Stock - in - trade	21	94,156	67,126
Trade debts	22	5,877,823	5,207,580
Loans, advances, deposits, prepayments and other receivables	23	2,013,396	3,192,980
Income tax recoverable		403,936	504,962
Cash and bank balances	24	1,415,965	777,605
		-----	-----
		10,372,649	10,405,106
		-----	-----
		39,733,616	39,985,421
		=====	=====

The annexed notes form an integral part of these accounts.

**JAVED HUSSAIN**  
Chief Executive

**LT. GEN. (RETD) GHULAM SAFDAR BUTT**  
Director

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 20011**

	<i>Note</i>	<i>2000</i>	<i>1999</i>
		<i>(Rupees in thousand)</i>	
<b>GAS SALES</b>	25	26,569,704	20,577,266
<b>LESS: GAS DEVELOPMENT SURCHARGE</b>		1,019,657	1,665,855
		-----	-----
		25,550,047	18,911,411
<b>RENTAL AND SERVICE INCOME</b>	26	529,600	283,644
<b>AMORTISATION OF DEFERRED CREDIT</b>		235,877	206,219
		-----	-----
		26,315,524	19,401,274
<b>LESS: Cost of gas sold</b>	27	16,626,517	11,088,152
Operating cost excluding depreciation	28	3,581,278	2,483,694
Depreciation		2,469,520	2,277,888
		-----	-----
		22,677,315	15,849,734
		-----	-----
		3,638,209	3,551,540
<b>ADD: OPERATING (LOSS)/PROFIT - LIQUEFIED PETROLEUM GAS PROJECT (LPG)</b>	29	(6,426)	7,671
		-----	-----
		3,631,783	3,559,211
<b>NET GAIN ON SALE OF FIXED ASSETS</b>		7,163	6,927
<b>OTHER INCOME</b>	30	514,88	749,775
		-----	-----
		4,153,823	4,315,913
<b>LESS: Financial charges</b>	31	2,716,947	3,462,516
<b>Other charges</b>	32	71,900	42,689
		-----	-----
		2,788,847	3,505,205
<b>PROFIT BEFORE TAXATION</b>		1,364,976	810,708
<b>PROVISION FOR TAXATION</b>	33	838,276	385,174
		-----	-----
<b>PROFIT AFTER TAXATION</b>		526,700	425,534
Unappropriated profit brought forward		1,264	1,915
		-----	-----
		527,964	427,449

<b>APPROPRIATIONS</b>		
Transfer from general reserves	125.00	140,000
Transfer to reserve for issue of bonus shares	(651,113)	(566,185)
	<u>(526,113)</u>	<u>(426,185)</u>
<b>UNAPPROPRIATED PROFIT CARRIED FORWARD</b>	1,851	1,264
	<u>1,851</u>	<u>1,264</u>
<b>EARNING PER SHARE (RUPEES)</b>	39	0.98
	<u>1.21</u>	<u>0.98</u>

The annexed notes form an integral part of these accounts.

**JAVED HUSSAIN**  
Chief Executive

**LT. GEN. (RETD) GHULAM SAFDAR BUTT**  
Director

#### CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2000

	<i>Note</i>	<b>2000</b>	<b>1999</b>
		<i>(Rupees in thousand)</i>	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	34	5,137,367	6,363,753
Financial charges paid		(1,749,900)	(2,912,363)
Taxes paid - net		(36,070)	(144,778)
Dividend paid		--	(9)
Employee benefits paid		(127,922)	(98,588)
Security deposits		332,813	220,259
Deferred credit		647,121	488,931
Long term loans - staff		19,726	(45,356)
Long term deposits and prepayments		5,575	27,964
		<u>4,228,710</u>	<u>3,899,813</u>
Net cash inflow from operating activities		4,228,710	3,899,813
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Fixed capital expenditure		(2,256,429)	(2,316,364)
Sales proceeds of fixed assets		8,819	7,529
Return on bank deposits		84,592	62,691
		<u>(2,163,018)</u>	<u>(2,246,144)</u>
Net cash outflow from investing activities		(2,163,018)	(2,246,144)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from long term loans		207,480	953,688
Repayment of long term loans		(1,352,345)	(553,694)
Proceeds from non participatory redeemable capital		2,505,088	778,434
Repayment of non participatory redeemable capital		(2,158,349)	(2,162,927)
Lease rentals paid		(554,206)	(591,099)
		<u>(1,352,332)</u>	<u>(1,575,598)</u>
Net cash outflow from financing activities		(1,352,332)	(1,575,598)
Net increase in cash and cash equivalents		713,360	78,071
<b>Cash and cash equivalents at the beginning of the year</b>		<u>457,605</u>	<u>379,534</u>
<b>Cash and cash equivalents at the end of the year</b>	35	<u>1,170,965</u>	<u>457,605</u>

The annexed notes form an integral part of these accounts.

**JAVED HUSSAIN**  
Chief Executive

**LT. GEN. (RETD) GHULAM SAFDAR BUTT**  
Director

#### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2000

	<i>Share Capital</i>	<i>Reserve for issue of bonus shares</i>	<i>Revenue Reserves General reserve</i>	<i>Dividend equalization reserve</i>	<i>Total Reserves</i>	<i>Unappropriated profit</i>	<i>Total</i>
Balance as at June 30, 1998	3,282,233	492,335	1,465,682	70,000	2,028,017	1,915	5,312,165
Net profit for the year	--	--	--	--	--	425,534	425,534
Transfer from revenue reserves	--	--	(140,000)	--	(140,000)	140,000	--
Transfer to reserve for issue of bonus shares	--	566,185	--	--	566,185	(566,185)	--
Bonus shares issued	492,335	(492,335)	--	--	(492,335)	--	--
Balance as at June 30, 1999	3,774,568	566,185	1,325,682	70,000	1,961,867	1,264	5,737,699
Net profit for the year	--	--	--	--	--	526,700	526,700
Bonus shares issued	566,185	(566,185)	--	--	(566,185)	--	--
Transfer from revenue reserves	--	--	(125,000)	--	(125,000)	125,000	--
Transfer to reserve for issue of bonus shares	--	651,113	--	--	651,113	(651,113)	--
<b>Balance as at June 30, 2000</b>	<u>4,340,753</u>	<u>651,113</u>	<u>1,200,682</u>	<u>70,000</u>	<u>1,921,795</u>	<u>1,851</u>	<u>6,264,399</u>

**JAVED HUSSAIN**  
Chief Executive

**LT. GEN. (RETD) GHULAM SAFDAR BUTT**  
Director

#### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED JUNE 30, 2000

##### 1. THE COMPANY AND ITS OPERATIONS

Sui Northern Gas Pipelines Limited is a public limited Company incorporated in Pakistan and listed on the Karachi, Lahore and Islamabad Stock Exchanges. The principal activity of the Company is the purchase, purification, transmission, distribution and supply of natural gas and marketing of Liquefied Petroleum Gas (LPG).

**1.1 Investment of Liquefied Petroleum Gas (LPG)**

The Board of Directors of the Company in a meeting held on November 27, 1999 formally approved the plan for divestment of non-core LPG business through sale/auction. This proposal was subsequently approved by the members in general meeting held on December 30, 1999. The net assets attributable to LPG business as at year end amount to Rs 30,704 million (1999: Rs 37,805 million).

Subsequent to year end, as a result of auction of Company's LPG business conducted by the Privatization Commission on 23 February 2001, the highest bid of Rs 142 million was received and the transaction would be effectuated after approval of the Government of Pakistan and the Honourable Lahore High Court, Rawalpindi Bench.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**2.1 Compliance with International Accounting Standards (IAS)**

These accounts comply with International Accounting Standards as applicable, in Pakistan, in all material respects and requirements of the Companies Ordinance, 1984.

**2.2 Employee benefits**

The main features of the schemes operated by the Company for its employees are as follows:

(a) The Company operates an approved funded pension scheme for all employees and an approved funded gratuity scheme for employees with a qualifying service period of five years. Contribution to the funds are payable on the basis of actuarial valuation and are charged to income currently. The future contribution rates of these schemes include allowance for deficit and surplus.

Under the Company's service rules, executives retiring from service are to surrender 1/4th of the pension entitlement. The sum surrendered is paid as gratuity after deducting therefrom the amount of gratuity payable under the Company's gratuity scheme.

The Company provides free gas and reimbursement of medical expenditure to the employees after retirement on a payment basis. Consequential to adoption of IAS 19 (revised 1998), Employee Benefits, Company has changed its accounting policy and provisions are now made annually to cover the obligation on the basis of actuarial valuation and are charged to income currently. The most recent valuations were carried out as of June 30, 2000 using the projected unit credit method.

The actuarial valuations for the above plans determined a transitional liability for post employment benefits amounting to Rs 568.648 million attributable to medical benefit and free gas facility and Rs 44.941 million for pension and gratuity for non-executive staff. Under the transitional provisions of IAS 19, the transitional liability of Rs 613.589 million is being amortised over a period of five years. The asset of Rs 8.093 million attributable to pension and gratuity of executive staff has been recognised immediately under the IAS. The change in accounting policy does not have any effect on the profit before taxation for the current and prior periods as the Company operates under a guaranteed return mechanism in accordance with the provisions of IBRD Loan 3252-PAK referred to in Note 2.13.

The principal actuarial assumptions used in the valuation of these schemes as of June 30, 2000 are:

	<i>Gratuity Fund</i>		<i>Pension Fund</i>	
	<i>Executives</i>	<i>Non-executives</i>	<i>Executives</i>	<i>Non-executives</i>
Contribution rates (% of basic sal	8.33%	6.50%	16.37%	15.80%
Expected rate of growth per annum in future salaries	11.63	11%	11%	11%
Discount rate	14%	14%	14%	14%
Expected rate of return per annum on fund for active members	14%	14%	14%	14%
Expected rate of return per annum for retired members under the pension fund	--	--	8%	8%
Actual Return on plan assets during the year (Rupees in thousand)	5,379	57,688	59,883	60,959

  

	<i>Medical</i>		<i>Free Gas</i>	
	<i>Executives</i>	<i>Non-executives</i>	<i>Executives</i>	<i>Non-executives</i>
Discount rate	14%	14%	14%	14%
Expected rate of growth per annum in average cost of facility	11%	11%	11%	11%
Increase in average cost of medical facility per employee due to increase in age of recipient	2%	2%	--	--
Rate of utilization of facility by future entitled employees	--	--	90%	100%

The Company's policy with regard to actuarial gains/losses is to follow minimum recommended approach under IAS 19 (revised 1998).

b) Consequent to the adoption of IAS 19 (revised 1998): employee benefits, the Company has changed its accounting policy and now provides for the expected cost of accumulated absences and leave fare assistance. The change in accounting policy has resulted in a transitional liability of Rs 145,278 million and Rs 20,673 million respectively. The transitional liability is being recognised over a period of three years as permitted by the Securities and Exchange Commission of Pakistan through Circular 17 dated November 21, 2000. The portion of the transitional liability unrecognised as at June 30, 2000 is Rs 110.634 million.

c) The Company operates an approved defined contribution provident fund for all permanent employees. During the year, Rs 43,940 million (1999: Rs 43,377 million) has been charged as an expense by the Company.

**2.3 Taxation**

The charge for current taxation is based on taxable income at the current rates of tax after taking into account tax credits available, if any.

The Company accounts for deferred tax using the liability method on all significant timing differences measured at the current rates of tax except 5% surcharge levied through the Finance Act, 2000. Deferred tax liability on account of surcharge amounts to Rs 163,337 million at June 30, 2000 including Rs 137,677 million for prior years on all timing differences. The management considers the surcharge to be an adhoc temporary tax levy and may be withdrawn by the time, the timing differences reverse. However, as a matter of prudence and in accordance with Circular 8/99 dated August 10, 1999 of the Institute of Chartered Accountants of Pakistan, the liability of Rs 137,677 million is being provided for on a pro-rata basis over a period of four years to June 30, 2003 so that the liability is fully provided for in case the surcharge levy is not withdrawn by that date. Consequently of the liability of Rs 137,677 million, Rs 34,419 million has been charged against the income for the current year.

**2.4 Fixed capital expenditure and depreciation**

Operating fixed assets except freehold and leasehold land are stated at cost less accumulated depreciation. Freehold and leasehold land and capital work-in-progress are stated at cost. Cost in relation to certain assets signifies historical cost and exchange differences referred to in Note 2.9 and borrowing cost referred to in Note 2.10.

Depreciation is charged to income on the straight line method so as to write off the cost of an asset over its estimated useful life at the rates given in Note 14. Transmission and distribution system, meter and compressor stations and equipments are depreciated at annual rates in accordance with the terms of loan agreement (3252-PAK) with the World Bank. This agreement requires that depreciation be charged at rates not less than 6% per annum of the average cost of such assets in operation.

Half year's depreciation is charged on additions during the year. No depreciation is charged on assets deleted during the year, except for assets transferred to executives under service rules where depreciation is charged until the date of executive's retirement.

Pipelines uplifted during the year are deleted from operating fixed assets. 60% - 65% of the written down value of the uplifted pipelines representing cost of linepipes and fittings is transferred to capital work-in-progress after considering its reuse capability. The balance of the written down value representing construction overheads is charged to income.

Major renewals and improvements are capitalised. Minor replacements, repairs and maintenance are charged to income.

**2.5 Assets subject to finance lease**

These are stated at lower of the present value of minimum lease payments under the lease agreements and the fair value of the assets acquired on lease. The aggregate amount of obligations relating to assets subject to finance lease is accounted for at the net present value of liabilities. Value of the leased assets is depreciated over the useful lives of assets using the straight line method at the rates given in Note 15. Depreciation of leased assets is charged to income. The related obligations of the lease are accounted for as liabilities.

Amounts received from consumers and the Government as contributions and grants towards the cost of supplying and laying transmission lines, service lines and mains are deferred for amortisation over the estimated useful lives of related assets.

**2.7 Stores and spares**

These are valued at monthly moving average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

**2.8 Stock-in-trade**

Stock of gas in pipelines and LPG in containers are valued at the lower of cost determined on an average basis and net realisable value. Net realisable value signifies the estimated selling price in the ordinary course of business less costs necessary to be incurred in order to make the sale.

**2.9 Foreign currencies**

Foreign currency transactions are recorded using the rate of conversion applicable on the date of transaction except where foreign exchange contracts have been entered into, the rates contracted for are used. All assets and liabilities in foreign currencies are translated at exchange rates prevailing at the year end except for foreign currency borrowings covered by the State Bank of Pakistan's exchange risk coverage scheme, which are translated at the rates provided under the scheme.

Exchange differences on foreign currency loans used for acquisition of fixed assets are capitalised as part of the cost of such assets. All other exchange differences are included in income.

**2.10 Borrowing cost**

Mark-up, interest, profit and other charges on non - participatory redeemable capital and long term loans are capitalised for the period, upto the date of commissioning of the respective assets acquired out of the proceeds of such borrowings. All other mark-up, interest, profit and other charges are charged to income during the year.

**2.11 Long Term investments**

These are stated at cost less any permanent diminution in the value of investments.

**2.12 Revenue recognition**

Revenue from gas sales is recognised on the basis of gas supplied to consumers at the rates fixed by the Government of Pakistan.

**2.13 Gas Development Surcharge**

Under the provisions of World Bank loan 3252-PAK, the Company is operating on an annual return of not less than 17.50% on the value of its average fixed assets (net of deferred credit), before corporate income taxes, interest and other charges on debt and after excluding interest, dividends and other non-operating income. Any deficit or surplus on account of this is recoverable or payable from or to the Government of Pakistan as differential margin or gas development surcharge.

	2000	1999
	<i>(Rupees in thousand)</i>	
<b>3. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL</b>		
121,146,000 (1999: 121,146,000) ordinary shares of Rs 10 each issued as fully paid for cash	1,211,460	1,211,460
3,329,000 (1999: 3,329,000) ordinary shares of Rs 10 each issued as fully paid for consideration other than cash	33,290	33,290
309,600,367 (1999: 252,981,800) ordinary shares of Rs 10 each issued as fully paid bonus shares	3,096,003	2,529,818
	-----	-----
	4,340,753	3,774,568
	-----	-----

**4. NON - PARTICIPATORY REDEEMABLE CAPITAL-SECURED**

Long term running finances utilised under mark-up arrangements

	<i>(Rupees in thousand)</i>																					
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	TOTAL	
Finance	Ninth Syndicate	Tenth Syndicate	National Bank of Pakistan	Emirates Bank Int. PJSC	Citi Corp. Invest. Bank Syndicate	National Bank of Pakistan	National Development Finance Corporation	ABN AMRO Bank Syndicate	Al-Faysal Investment Bank Limited	United Bank Limited	National Bank of Pakistan	Al-Faysal Investment Bank Limited	Allied Bank of Pakistan Limited	Al-Faysal Investment Bank Limited	ANZ Bank	ANZ Grindlays Bank	ABN AMRO Bank Syndicate	Crescent Investment Bank Limited	Deutsche Bank AG	Crescent Investment Bank Limited	2000	1999
Marked- up price	109,547	2,532,292	394,832	82,521	1,001,875	566,947	1,255,060	1,944,831	370,461	313,639	1,578,480	696,260	670,373	348,749	571,311	53,073	979,041	87,544	158,308	87,047	13,802,191	12,523,550
Less:																						

Mark-up	52,047	1,170,974	215,247	32,521	323,772	320,995	545,246	525,831	100,461	66,639	936,288	183,172	170,373	91,749	96,119	7,170	144,041	30,044	37,400	29,873	5,079,962	4,738,584	
Prompt payment rebate 7,500	7,500	261,318	29,585	--	178,103	45,952	209,814	--	--	--	142,192	--	--	--	109,192	11,903	--	--	10,908	--	1,006,467	1,033,152	
	59,547	1,432,292	244,832	32,521	501,875	366,947	755,060	525,831	100,461	66,639	1,078,480	183,172	170,373	91,749	205,311	19,073	144,041	30,044	48,308	29,873	6,086,429	5,771,736	
	50,000	1,100,000	150,000	50,000	500,000	200,000	500,000	1,419,000	270,000	247,000	500,000	513,088	500,000	257,000	366,000	34,000	835,000	57,500	110,000	57,174	7,715,762	6,751,814	
Mark-up accrued during grace period	12,775	286,973	49,343	--	--	71,638	50,000	--	--	--	164,450	--	--	--	--	--	--	--	--	--	635,179	584,607	
	62,775	1,386,973	199,343	50,000	500,000	271,638	550,000	1,419,000	270,000	247,000	664,450	513,088	500,000	257,000	366,000	34,000	835,000	57,500	110,000	57,174	8,350,941	7,336,421	
Less: Aggregate repayments to June 30,2000	62,775	1,128,452	69,210	50,000	500,000	37,793	91,244	1,419,000	108,000	102,916	--	--	500,000	--	--	--	--	--	57,500	110,000	45,740	4,282,630	3,614,849
Current portion included in current liabilities	--	258,521	25,279	--	--	24,343	60,448	--	108,000	82,333	49,571	102,618	--	51,400	122,000	11,333	262,428	--	--	11,434	1,169,708	1,326,480	
	62,775	1,386,973	94,489	50,000	500,000	62,136	151,692	1,419,000	216,000	185,249	49,571	102,618	500,000	51,400	122,000	11,333	262,428	57,500	110,000	57,174	5,452,338	4,941,329	
TOTAL	--	--	104,854	--	--	209,502	398,308	--	540,000	61,751	614,879	410,470	--	205,600	244,000	22,667	572,572	--	--	--	2,898,603	2,395,092	

Rate of profit / mark up	12.775%	13.00%	16.425%	18.25%	17.25%	17.885%	20.00%	3% above STFB subject to minimum of 17.50%	SBP Discount rate+2.50% subject to minimum of 19.25%	3% above STFB subject to minimum of 17.50%	13.87%	17.00%	15.00%	17.00%	13.90%	12.00% Cut-off yield of six months treasury bills plus 2.75% with a minimum of 12%	19.00%	18.50%	19.00%			
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No. of installments outstanding																						
- Monthly	--	--	--	--	--	--	--	--	21	--	--	--	--	--	--	--	--	--	--	--	--	--
- Half yearly	--	2	8	--	--	12	10	3	--	--	14	--	--	--	6	6	--	--	--	--	2	
- Yearly	--	--	--	--	--	--	--	--	--	--	3	--	3	--	--	--	--	--	--	--	--	
- Varied intervals	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	21	--	--	--	--	--	
Repayment commencement date	--	Dec. 30, 1993	Dec. 01, 1996	--	--	Aug 28, 1998	Aug. 19, 1998	--	Dec. 08, 1999	Apr. 26, 1999	Jul. 01, 2000	Jul. 01, 2000	--	Aug. 09, 2000	Nov. 04, 2000	Nov. 04, 2000	Sep. 02, 2000	--	--	--	Aug. 27, 1996	

**Terms of redeemable capital**  
 These represent long term running finances obtained under mark-up arrangements from financial institutions and banking companies. Prompt payment rebate is allowed to the extent shown above against payments made on due dates.

**Security**  
 (a) Repayment of the marked-up price from finance No. 1 to 17 is secured by first charge on the Company's fixed assets ranking pari passu with the charges created in respect of the lenders of short term finances referred to in (Note 11) and a floating charge over the Company's assets.  
 (b) Repayment of the marked-up price of finance No. 18 to 20 is secured by second charge on the Company's fixed assets.

	<b>2000</b>	<b>1999</b>
	<i>(Rupees in thousand)</i>	
<b>5. DEFERRED CREDIT</b>		
Consumers contributions	4,609,468	3,962,348
Government grant	183,206	183,206
	4,792,674	4,145,554
Less: Accumulated amortisation	1,598,324	1,362,447
	3,194,350	2,783,107

<b>6. LONG TERM LOANS - UNSECURED</b>			
Foreign currency	- Note 6.1	4,881,050	5,290,361
Rupee	- Note 6.2	4,688,472	5,424,026
		9,569,522	10,714,387
Less: Current portion shown under current liabilities			
Foreign currency		355,499	409,817
Rupee		2,182,836	176,518
Overdue cash development loans		275,819	232,335
		2,814,154	818,670
		6,755,368	9,895,717

6.1 Foreign currency loans - unsecured  
 These are composed of:

Loan	Lender	Currency	2000 Currency Balance	1999 Equivalent Rupees	Rate of interest per annum (%)	Exchange risk fee per annum (%)	Half yearly installments outstanding	Repayment commencement date	
<i>(Figures in thousand)</i>									
1	World Bank Loa 2324 - PAK	US\$	--	3,063	--	55,591	0.5% above the base cost of qualified borrowing	3	--Nov. 01, 1986
2	World Bank Loa 3252 - PAK	US\$	98,982	104,917	2,873,509	3,045,793	-do-	*8.79	21 Mar. 01, 1996
3	World Bank Loa 3252-1 - PAK	US\$	46,500	49,286	1,941,407	2,057,721	-do-	*8.79	21 Mar. 01, 1996
4	ANZ U.S.A.								

Category - B	US\$	1,265	2,529	66,134	131,256	0.375% above LIBOR	--	3 Jun. 15, 1995
--------------	------	-------	-------	--------	---------	--------------------	----	-----------------

	4,881,050	5,290,361
--	-----------	-----------

The repayment of the World Bank loans is guaranteed by the Government of Pakistan (GOP) for a fee payable half yearly at an annual rate of 0.5% of the outstanding balance in respect of loans No. 1 to 3.

\* Exchange risk fee on these loans is the difference between 14% per annum payable to GOP and the rate of interest intimated by the World Bank.

2000 1999  
(Rupees in thousand)

**6.2 Rupee loans - unsecured**  
Government of Pakistan (GOP)

Relent loans	- Note 6.2.1	1,354,791	1,487,825
Cash development loans	- Note 6.2.2	1,333,681	1,136,201
Medium term loan	- Note 6.2.3	2,000,000	2,800,000
		4,688,472	5,424,026

**6.2.1 Relent loans**

	Rate of interest inclusive of exchange risk fee (%)	Number of outstanding half yearly installments	Repayment commencement date		
Relent loan 1	14	11	Jun. 01, 1991	195,524	231,074
Relent loan 2	14	19	Mar. 01, 1995	101,498	108,554
Relent loan 3	14	25	Feb. 01, 1998	905,393	977,825
Relent loan 4	14	19	Mar. 01, 1995	82,664	91,365
Relent loan 5	14	15	Jun. 30, 1998	69,712	79,007
				1,354,791	1,487,825

**6.2.2 Cash Development Loans (CDL)**

These have been obtained from the Government of Pakistan (GOP), for supply of gas to new towns. Mark-up is charged at the rate of 10 per cent per annum on loan amounting to Rs 1,244,374 million (1999: Rs 1,046,894 million) on the outstanding balance or part thereof and is repayable over a period of 12 years with a grace period of 2 years. The loan amounting to Rs 89,307 million (1999: Rs 89,307 million) carries mark-up at rates ranging between 15.24 to 15.54 per cent per annum on the outstanding balance or part thereof outstanding and is subject to revision by GOP on year to year basis. Repayment commenced from June 1995 and is repayable in 25 years with a grace period of 5 years. Subsequent to the year end Rs 275.819 million has been repaid and included in current portion shown under current liabilities.

**6.2.3 Medium term loan**

This amount represents Gas Development Surcharge payable to the Government of Pakistan (GOP) which was converted into a medium term loan with effect from June 30, 1994. The loan carries interest at 17.50% per annum and is repayable after a grace period of 3 years. Subsequent to the year end Rs 2,000 million has been repaid, which has been included in current portion shown under current liabilities.

**7. SECURITY DEPOSITS**

Consumers	- Note 7.1	1,586,977	1,253,743
LPG dealers	- Note 7.2	70,263	70,127
Contractors - Houelines	- Note 7.2	13,681	14,238
		1,670,921	1,338,108

7.1 Consumer deposits represent security against amount due from them on account of gas sales. These are repayable on disconnection of gas supply or on submission of bank guarantees in lieu of security deposits. Interest is payable at the rate of 5% per annum on deposits amounting to Rs 816,126 million (1999: Rs 707,305 million) from certain consumers.

7.2 No interest is payable on the deposits from LPG dealers and house line contractors. These are refundable on cancellation of contract or dealership agreement.

**8. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE**

The amount of future payments and the period in which these payments become due are:

2000	--	515,706
2001	337,536	337,536
2002	89,352	89,352
2003	62,452	62,452
	489,340	1,005,046
Less: Finance charge allocated to future periods	80,548	199,235
	408,792	805,811
Less: Current portion shown under current liabilities	284,200	401,014
	124,592	404,797

The value of minimum lease payments have been discounted at implicit interest rates ranging from 19.02% to 21% to arrive at their present value. The balance rentals due under the lease agreements aggregate to Rs 489,340 million (1999: Rs 1,005,046 million) and are payable in equal monthly/quarterly installments plus lump sum payments of Rs 107,500 million (1999: Rs 146 million) for residual values between July 2000 and April 2003. Taxes, repairs and insurance costs are to be borne by the lessee. The lease agreements are renewable on such terms as may be agreed upon. The liability is partly secured by a deposit of Rs 5.5 million (1999: Rs 10.5 million) included in long term security deposits under Note 18.

**9. DEFERRED TAXATION**

The liability for deferred taxation comprises timing differences relating to:

Accelerated tax depreciation allowance	4,523,290	4,138,703
--	-----------	-----------

Lease rentals	165,913	187,865
	-----	-----
	4,689,203	4,326,568
Less: Provision for doubtful debts	416,501	349,275
Others	945,893	1,351,664
	-----	-----
	1,362,394	1,700,939
	-----	-----
	3,326,809	2,625,629
	=====	=====

**10. EMPLOYEE BENEFITS**

Accumulating Compensated absences	74,511	--
Post employment benefits	- Note 10.1	312,779
	-----	-----
	387,290	--
	=====	=====

**10.1 Post employment benefits**

These are composed of:

	<i>Post employment medical</i>	<i>Post employment free gas facility</i>	<i>2000 Total</i>
<i>(Rupees in thousand)</i>			
Present Value of defined benefit obligation	782,623	236,361	1,018,984
Past Service cost to be recognised in later periods	(224,464)	(91,284)	(315,748)
Actuarial losses / (gains) to be recognised in later p	113,210	(48,749)	64,461
Transitional liability to be recognised in later period	(405,557)	(49,361)	(454,918)
	-----	-----	-----
	265,812	46,967	312,779
	=====	=====	=====
Liability at beginning of the year	--	--	--
Charge for the year	283,731	55,077	338,808
Benefits paid during the year	(17,919)	(8,110)	(26,029)
	-----	-----	-----
Liability at the end of year	265,812	46,967	312,779
	=====	=====	=====

**11. SHORT TERM FINANCES - SECURED**

Finances available from banks and financial institutions amounts to Rs 245 million (1999: Rs 320 million). Mark-up on these finances is charged at rates ranging from Re 0.32 to Re 0.52 per Rs 1,000 per diem or part thereof on the balance outstanding.

The aggregate short term finances from banks and financial institutions are secured by a first charge over the fixed and current assets of the Company ranking pari passu with charges referred to in Note 4.

**12. CREDITORS, ACCRUED AND OTHER LIABILITIES**

Trade creditors	- Note 12.1	3,512,874	6,366,183
Accrued liabilities	- Note 12.2	3,321,007	2,927,257
Interest free deposits repayable on demand		5,375	6,314
Earnest money received from contractors		14,814	21,415
Mobilisation and other advances		10,875	7,715
Interest, markup, profit and commitment charges accrued on:			
Long term loans		3,211,150	2,405,025
Redeemable capital		180,806	146,730
Short term finances		81	6,716
Sales tax payable		263,087	--
Workers' profit participation fund	- Note 12.3	76,738	50,338
Unclaimed dividend		1,415	1,415
		-----	-----
		10,598,222	11,939,108
		=====	=====

12.1 Included in trade creditors is an amount of Rs 1.733 million (1999: Rs 3.906 million) due to suppliers attributable to LPG business.

12.2 Included in accrued liabilities is an amount for non-executive staff pension and gratuity fund as follows:

	<i>2000 (Rupees in thousand)</i>
Present value of defined benefit obligation	1,061,629
Fair value of plan assets	(710,590)
Past service cost to be recognised in later period	(206,132)
Unrecognized actuarial losses	(51,608)
Unamortised transitional liability	(35,953)
	-----
	57,346
	=====
Liability at beginning of the year	(276)
Charge for the year	126,318
Payments during the year	(68,696)
	-----
Liability at the end of year	57,346
	=====

*2000*      *1999*  
*(Rupees in thousand)*

**12.3 Workers' profit participation fund**

Balance at the beginning of the year	50,338	43,047
Allocation for the year	71,841	42,669
	-----	-----
	122,179	85,716
Interest on funds utilised in the Company's business	15	108



	122,194	85,824
Less: Payments to workers	802	486
Payments to workers welfare fund	44,174	35,000
Amount written back no longer considered payable	480	--
	45,456	35,486
	76,738	50,338

### 13. CONTINGENCIES AND COMMITMENTS

13.1 Claims against the Company not acknowledged as debts Rs 342.123 million (1999: Rs 403.353 million).

(i) Included in claims against the Company not acknowledged as debts are claims by the contractors and consumers aggregating Rs 41.903 million. Pending the outcome of these claims, which are in arbitration before the various courts no provision has been made in these accounts as in the management's view the Company has strong grounds in the cases lodged.

(ii) Included in claims against the Company not acknowledged as debts is the claim of employees union for bonus amounting to Rs 255 million approximately which has been decided by National Industrial Relations Commission (NIRC) against the Company. The Lahore High Court while admitting Company's writ petition for regular hearing has suspended orders of the NIRC, subject to Company's furnishing an undertaking in respect of the bonus amount. No provision has been made in these accounts for the amount of the bonus since the Company's legal advisor is of the view that orders of the NIRC are without jurisdiction and are void and in their view there is a reasonably fair chance that the case will be decided in favour of the Company.

(iii) During the year the Custom, Excise and Sales Tax Appellate Tribunal raised a demand of Rs 35 million in respect of excise duty not paid by the Company on interest and late payment surcharge billed to gas consumers during the period October 1996 till February 1998. The Lahore High Court and the Supreme Court of Pakistan have upheld the orders of the Appellate Tribunal. The Company has filed a petition before the Supreme Court of Pakistan for review of its earlier decision and is hopeful of a favourable decision on the review petition before the Apex Court. Furthermore, in case the decision of the review petition is not in favour of the Company, the Company's legal advisor is of the view that the Company will not suffer any financial loss since the Company can recover the excise duty from its customers. Consequently, no provision for the excise duty has been made in these accounts.

#### 13.2 Taxation

The Income Tax Appellate Tribunal (ITAT) upheld the Company's contention in the appeals filed by and against the Company for the assessment years 1980-81 through 1987-88. The Commissioner of Income Tax (Appeals) [CIT (Appeals)], in line with the ITAT's orders upheld the Company's contention in the appeals filed on identical grounds for the assessment years 1988-89 through 1991-92. The department has filed appeals on certain issues against the orders of ITAT before the High

Court and orders of the CIT (Appeals) before ITAT respectively. Pending the outcome of appeals filed by the tax department with the High Court, no provision has been made in these accounts for additional demands in respect of assessment years 1980-81 to 2000-2001 which on a similar basis as used in the past by the tax authorities would amount to Rs 404.465 million.

(ii) In framing the assessment for the years 1989-90 through 1998-99 the tax authorities, in addition to the above mentioned demands, raised further additional demands due to a change in treatment by the tax authorities on the allowability of certain expenses previously accepted by them. The Company has disputed the contention of the tax authorities for these further additional demands and has filed appeals with the ITAT against the orders of the tax authorities. During the year ended, June 30, 1997, the ITAT upheld the Company's contentions in the appeals filed for the years 1989-90 to 1991-92, however, the department has filed appeals against the orders of ITAT before the High Court. Pending the outcome of these appeals no provision has been made in the accounts for these additional demands for the years 1989-90 to 2000-2001, which on the basis adopted by the authorities would amount to Rs 1,068.848 million, since the Company has strong grounds against the assessment framed by the tax authorities. In the event of an adverse decision in the cases referred to in (i) and (ii) above, the balance demands, will represent the tax relief on the expenses disallowed resulting in timing differences and creation of a corresponding debit on the deferred tax account to be released to profit and loss account as these expenses are realised for tax purposes in future years. The adhoc payments made against these demands have been included in current assets in Note 23.

#### 13.3 Commitments in respect of

(i) Contracts for capital expenditure Rs 487.332 million (1999: Rs 229.082 million).

(ii) Letters of credit other than for capital expenditure Rs 28.132 million (1999: Rs 35.293 million).

### 14. OPERATING FIXED ASSETS-TANGIBLE

Description	Cost	Additions/	Cost	Accumulated	Depreciation	Transfers from	Accumulated	Book value	Rate
	as at July 1, 1999	Adjustments/ (deletions) as at June 30, 2000	as at June 30, 2000	depreciation as at July 1, 1999	charge/(deletion) for the year	assets subject to finance lease	depreciation as at June 30, 2000	as at June 30, 2000	
<i>(Rupees in thousand)</i>									
Freehold land	222,713	49,517	272,230	--	--	--	--	272,230	--
Leasehold land	392	--	392	--	--	--	--	392	--
Buildings and civil construction on freehold land	612,525	59,056	671,581	275,659	33,995	--	309,654	361,927	6
Buildings on leasehold land	8,461	--	8,461	8,461	--	--	8,461	--	6
Transmission system	17,827,656	524,679	18,352,335	6,001,136	1,034,390	--	7,035,526	11,316,809	6-10
Distribution system	7,230,658	1,859,828	9,090,486	2,565,581	472,487	88,950	3,127,018	5,963,468	6
Consumer meter and town border stations	3,760,287	790,262	4,549,522	1,161,429	237,763	--	1,398,165	3,151,357	6
Telecommunication system and facilities	920,963	961,956	1,878,530	386,541	195,652	--	577,947	1,300,583	15
Compressor station and equipments	3,047,407	(4,389)	3,037,939	1,144,312	158,318	--	1,302,630	1,735,309	6-9
Purification plant	656,181	--	656,181	497,575	30,662	--	528,237	127,944	7.50
Plant and machinery	2,087,588	35,673	2,113,195	1,494,325	176,663	--	16,611,130	452,165	6-20
Furniture and equipments	301,864	(10,066)	303,248	157,925	(9,958)	--	174,696	128,552	15-20
Loose tools	22,035	19,588	28,006	157,925	34,309	--	34,309	34,309	15-20
		(18,204)			(17,538)				
	22,035	5,971	28,006	20,633	1,858	--	22,491	5,515	33.33

Transport vehicles	434,903	4,624 (10,283)	429,244	391,853	27,650 (9,549)	--	409,954	19,290	25
2000	371,133,633	4,311,154 (53,437)	41,391,350	14,105,430	2,403,747 (42,318)	88,950	16,555,809	24,835,541	
1999	33,979,275	3,176,896 (22,538)	37,133,633	11,882,759	2,183,316 (21,936)	61,291	14,105,430	23,028,203	

Included in additions to compressor station and equipments is an exchange loss of Rs 0.674 million (1999: Rs 15.322 million).

Included in furniture and equipments above are assets of Rs 84.403 million (1999: Rs 97.322 million) and Rs 3.471 million (1999: Rs 5.413 million) held by Sui Joint Services Capexpool and Civic Centres Company (Pvt) Ltd respectively on behalf of the Company. Included in above assets is an amount of Rs 11.185 million (1999: Rs 16.686 million) representing assets attributable to LPG business.

**2000                      1999**  
**(Rupees in thousand)**

**14.1 The depreciation charge for the year has been allocated as follows:**

Operating - Gas		2,403,747	2,183,316
Less: Allocated to LPG	- Note 29	5,327	5,628
		2,398,420	2,177,688
Leased assets	- Note 15	71,100	100,200
		2,469,520	2,277,888

**14.2 Detail of certain assets disposed off during the year is as follows:**

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Mode of disposal	Sold to
<b>(Rupees)</b>						
<b>Furniture and Equipments</b>						
Refrigerator-National	31,700	31,466	234	2,378	Service rules M. Akram Saeed	Executive
Refrigerator-National	34,500	15,851	18,649	18,649	Service rules Qamar Aziz	Executive
Refrigerator-National	38,437	20,524	17,913	17,913	Service rules Liaqat Hussain Malik	Executive
Refrigerator-National	33,500	16,566	16,934	16,934	Service rules M. Iqbal Mian	Executive
Air conditioner PEL	20,000	18,340	1,660	1,660	Service rules Liaqat Hussain Malik	Executive
Air conditioner PEL	18,850	18,850	--	1,414	Service rules L.A.K. Mazari	Executive
Air conditioner PEL	18,850	18,850	--	1,414	Service rules Wajahat A Rabhani	Executive
Air conditioner PEL	19,100	19,100	--	19,100	Service rules Hafeez ur Rehman	Executive
Air conditioner PEL	18,850	18,850	--	1,414	Service rules Mohammad Amin	Executive
Air conditioner-General	23,700	23,700	--	1,778	Service rules M. Akram Saeed	Executive
Air conditioner-General	24,000	7,200	16,800	24,000	Service rules Azhar Khurshid	Executive
Air conditioner-National	12,800	12,800	--	12,800	Service rules Qamar Aziz	Executive
Dead weight tester	86,727	73,718	13,009	933	Negotiation Lasani Traders, Misri Shah, Lahore	
Voltage Stabilizer	3,000	3,000	--	225	Service rules M. Akram Saeed	Executive
Voltage Stabilizer	3,500	2,599	901	901	Service rules M. Akram Saeed	Executive
Voltage Stabilizer	4,000	919	3,081	3,081	Service rules Qamar Aziz	Executive
Voltage Stabilizer	1,075	1,075	--	81	Service rules Liaqat Hussain Malik	Executive
Voltage Stabilizer	2,950	1,378	1,572	1,572	Service rules Liaqat Hussain Malik	Executive
Voltage Stabilizer	3,290	1,883	1,407	1,407	Service rules L.A.K. Mazari	Executive
Voltage Stabilizer	3,000	1,669	1,331	1,331	Service rules Wajahat A Rabhani	Executive
Voltage Stabilizer	4,000	600	3,400	4,000	Service rules Azhar Khurshid	Executive
Voltage Stabilizer	2,690	2,018	672	2,691	Service rules Hafeez ur Rehman	Executive
Voltage Stabilizer	1,000	247	753	753	Service rules M. Iqbal Mian	Executive
Voltage Stabilizer	3,000	1,759	1,241	1,241	Service rules Mohammad Amin	Executive
<b>Vehicles</b>						
Toyota Corolla	636,480	386,029	250,451	250,451	Service rules M. Akram Saeed	Executive
Toyota Corolla	636,480	424,829	211,651	211,651	Service rules Liaqat Hussain Malik	Executive
Suzuki Khyber	254,000	247,563	6,437	19,050	Service rules Qamar Aziz	Executive
Suzuki Khyber	364,000	233,235	130,765	130,765	Service rules Wajahat A Rabhani	Executive
Suzuki Khyber	269,700	269,700	--	20,228	Service rules L.A.K. Mazari	Executive

**15. ASSETS SUBJECT TO FINANCE LEASE**

Description	Cost as at July 1, 1999	Additions/ (Transfers to fixed assets)	Cost as at June 30, 2000	Accumulated depreciation as at July 1, 1999	Description charge for the year	Transfers to fixed assets	Accumulated depreciation as at June 30, 2000	Book value as at June 30, 2000	Rate %
<b>(Rupees in thousand)</b>									
Distribution system	1,670,000	(485,000)	1,185,000	294,900	71,100	(88,950)	277,050	907,950	6
2000	1,670,000	(485,000)	1,185,000	294,900	71,100	(88,950)	277,050	907,950	6
1999	1,926,162	(256,162)	1,670,000	225,991	100,200	(61,291)	294,900	1,375,100	

**2000                      1999**  
**(Rupees in thousand)**

**16. CAPITAL WORK-IN-PROGRESS**

Transmission system	46,669	761,517
Distribution system	329,766	1,347,274
Stores and spares including in transit		
Rs 149.911 million (1999: Rs 24.661 million)	2,849,592	2,612,982
	3,226,027	4,721,773

**17. LONG TERM LOANS - CONSIDERED GOOD**

House building		Car		Motorcycle/Scooter		Total	
2000	1999	2000	1999	2000	1999	2000	1999

**(Rupees in thousand)**

Due from employees	225,427	240,453	13,433	14,223	4,643	8,553	243,503	263,229
Amount due within one year shown under current assets - Note 23	42,690	44,439	1,946	1,916	3,355	3,957	47,991	50,312
	182,737	196,014	11,487	12,307	1,288	4,596	195,512	212,917
Outstanding for more than three years	75,973	53,887	5,611	4,985	--	--	81,584	58,872
Others	106,764	142,127	5,876	7,322	1,288	4,596	113,928	154,045
	182,737	196,014	11,487	12,307	1,288	4,596	195,512	212,917

House building and car loans are repayable in 10 years, while motorcycle/scooter loans are repayable in 3 years. Interest upto 10% per annum is charged on these loans. Loans to employees are secured by deposit of the title deeds and joint registration of vehicles.

Car and house building loans include Rs 74.286 million (1999: Rs 49.574 million) due from the executives of the Company.

The maximum amount due from the Chief Executive and executives at any month end during the year was Rs 0.822 million (1999: Rs 0.071 million) and Rs 82.530 million (1999: Rs 56.919 million) respectively.

**2000                      1999**  
**(Rupees in thousand)**

**18. LONG TERM DEPOSITS AND PREPAYMENTS**

Prepaid rent	4,659	5,234
Security deposits against leased assets	5,500	10,500
	10,159	15,734

**19. LONG TERM INVESTMENTS**

Civic Centres Company (Pvt) Ltd.	- Note 19.1	85,000	85,000
Inter State Gas Systems (Pvt) Ltd.	- Note 19.2	1	1
		85,001	85,001

**19.1 Civic Centres Company (Pvt) Ltd.**

8,500,000 (1999: 8,500,000) fully paid ordinary shares of Rs 10 each  
Equity held - 19%. Value of investments based on the net assets shown in the audited accounts as at June 30, 2000 Rs 93.7 million (1999: Rs 95 million).  
Mr. Mohammad Asad is the Chief Executive of the company.

**19.2 Inter State Gas Systems (Pvt) Ltd.**

This is an advance for 49 ordinary shares of Rs 10 each.

**20. STORES AND SPARES**

Stores including in transit Rs 1.471 million (1999: Rs 0.555 million)	287,683	319,785
Spares including in transit Rs 11.994 million (1999: Rs 8.111 million)	321,190	356,568
	608,873	676,353
Less: Provision for obsolescence	(41,500)	(21,500)
	567,373	654,853

Included in above stores and spares is an amount of Rs 2.074 million (1999: Rs 2.138 million) representing stores and spares attributable to LPG business.

**21. STOCK-IN-TRADE**

Gas in pipelines	93,958	66,967
Gas in LPG containers	198	159
	94,156	67,126

**22. TRADE DEBTS**

Considered good	5,877,823	5,207,580
Considered doubtful	1,225,409	1,050,409
	7,103,232	6,257,989
Less: Provision for doubtful debts	1,225,409	1,050,409
	5,877,823	5,207,580

Included in trade debts considered good are secured debts of Rs 2,342.575 million (1999: Rs 1,843.735 million).

**23. LOANS, ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**

Loans to employees - considered good	- Note 17	47,991	50,312
Advances to employees - considered good	- Note 23.1	9,784	10,235
Advances to suppliers and contractors less provision for doubtful receivables Rs 4.415 million (1999: Rs 3 mill	- Note 23.2	35,366	5,675
Trade deposits and prepayments less provision for doubtful receivables Rs 21.337 million (1999: Rs 16.337 million)		148,534	60,976
Accrued gas sales		96,020	96,026
Claims receivables		23,457	658
Exchange differences on long term loans recoverable from the State Bank of Pakistan		497,366	520,468
Accrued return on bank deposits	- Note 23.3	23,156	16,197
Recoverable from Pakistan Petroleum Limited (PPL)		--	315,843
Gas development surcharge (GDS) recoverable		819,497	819,497
Differential margin recoverable	- Note 23.4	218,278	1,237,935
Others	- Note 23.5	93,947	59,158

2,013,396	3,192,980
-----------	-----------

23.1 Included in advances to employees are Rs 0.432 million (1999: Rs 0.276 million) due from executives. The maximum amount outstanding at any month end during the year was Rs 0.432 million (1999: Rs 0.590 million)

23.2 Included in advances to suppliers and contractors is an amount of Rs 8.591 million (1999: Rs 0.458 million) representing advance for supply of LPG and is attributable to LPG business.

23.3 Included in accrued return on bank deposits is an amount of Rs 3.357 million (1999: Rs 4.535 million) accrued on bank deposits with Muslim Commercial Bank Limited being an associated company.

23.4 Differential margin represents amount recoverable from Government on account of tariff allowed to meet the covenanted rate of return as referred to in Note 2.13.

23.5 Included in others is an amount for Executive staff pension and gratuity fund

	2000 (Rupees in thousand)
Present value of defined benefit obligation	(371,545)
Fair value of plan assets	362,305
Past service cost to be recognised in later periods	65,399
Unrecognized actuarial gains	(47,007)
	9,152
Asset at the beginning of year	13,394
Charge for the year	(28,220)
Benefits paid during the year	23,978
Asset at the end of year	9,152

**24. CASH AND BANK BALANCES**  
(Rupees in thousand)

	2000	1999
At banks		
On deposits, including Rs 12,369 million (1999: Rs 11,413 million) in special account and cheques under clearance of Rs 2,028 million (1999: Rs 40,063 million)	918,345	409,442
On current accounts, including remittances in transit and cheques under clearance of Rs 477,726 million (1999: Rs 343,122 million)	496,644	367,167
	1,414,989	776,609
In hand	976	996
	1,415,965	777,605

	2000	1999
Gross sales	30,442,933	22,197,033
Less:		
Excise duty	237,980	1,619,767
Sales tax	3,635,249	--
	3,873,229	1,619,767
	26,569,704	20,577,266

	2000	1999
Transmission charges	2,982	3,203
Meter rental exclusive of sales tax of Rs 62.659 million (1999: Rs Nil)	470,265	236,751
Testing and reconnection charges	8,955	6,636
Income from repair work	47,398	37,054
	529,600	283,644

	2000 (Volume - hm <sup>3</sup> )	1999	2000 (Rupees in thousand)	1999
Opening stock of gas in pipelines	487,846	438,495	66,967	71,616
Gas purchases				
Southern system	81,799,225	75,297,175	14,520,894	9,513,236
Northern system	8,305,498	7,514,071	2,631,770	1,875,533
	90,104,723	82,811,246	17,152,664	11,388,769
	90,592,569	83,249,741	17,219,631	11,460,385
Less: Gas internally consumed	2,613,380	2,228,217	499,156	305,266
Closing stock of gas in pipelines	494,803	487,846	93,958	66,967
	3,108,183	2,716,063	593,114	372,233
	87,484,386	80,533,678	16,626,517	11,088,152

**27. COST OF GAS SOLD**  
(Rupees in thousand)

**28. OPERATING COST EXCLUDING DEPRECIATION**

Salaries, wages and benefits	- Note 28.1	2,335,466	1,639,506
Employees medical and welfare	- Note 28.1	394,508	128,249
Stores and spares consumed		146,961	137,196
Fuel and power		456,709	297,686
Repairs and maintenance		174,646	96,913
Rent, rates, electricity and telephone		50,139	47,778
Insurance		92,736	83,912
Travelling		42,313	34,547
Stationery, telegrams and postage		29,080	28,512
Despatch of gas bills		25,513	25,932
Transport		95,017	82,622
Provision for doubtful debts		175,000	180,103
Provision for doubtful receivables		6,415	8,000
Professional services	- Note 28.2	13,010	10,698
Gathering charges of gas bills collection data		51,695	33,948
Stores and spares written off		6,415	6,511
Provision for obsolete stores		20,000	5,000
Loans to deceased employees written off		255	165
Gas bills collection charges		32,360	22,003
Others		55,740	44,689
		-----	-----
		4,204,492	2,913,970
Less: Allocated to fixed capital expenditure		623,214	430,276
		-----	-----
		3,581,278	2,483,694
		=====	=====

28.1 Included in salaries, wages and benefits and employees medical and welfare are the following retirement benefits:

	<i>Post employment Medical</i>	<i>Post employment Free gas</i>	<i>Pension and Gratuity</i>	<i>Total</i>
	<i>(Rupees in thousand)</i>			
Current service cost	53,064	10,661	78,234	141,959
Interest cost	105,699	22,727	169,430	297,856
Past service cost	23,579	9,348	29,956	62,883
Expected return on assets	--	--	(123,977)	(123,977)
Amortisation of transitional liability	101,389	12,341	895	114,625
	-----	-----	-----	-----
Less: Allocated to LPG (Note 29)	283,731	55,077	154,538	493,346
	557	98	76	73
	-----	-----	-----	-----
2000	283,174	54,979	154,462	492,615
	=====	=====	=====	=====
1999	--	--	84,494	84,494
	=====	=====	=====	=====
	<b>2000</b>		<b>1999</b>	
	<i>(Rupees in thousand)</i>			

**28.2 Professional services**

The charges for professional services include the following in respect of:

Statutory audit:		
- A.F. Ferguson & Co	200	200
- Taseer Hadi Khalid & Co	200	200
	-----	-----
	400	400
Tax representation and advisory services:		
- A.F. Ferguson & Co	350	350
Provident fund, audit certification for lending agencies and sundry advisory services:		
A.F. Ferguson & Co	20	20
Taseer Hadi Khalid & Co	9	9
Gas development surcharge:		
A.F. Ferguson & Co	40	--
Taseer Hadi Khalid & Co	--	40
Out of pocket expenses:		
A.F. Ferguson & Co	69	76
Taseer Hadi Khalid & Co	64	44
	-----	-----
	952	939
	=====	=====

**29. OPERATING (LOSS)/PROFIT-LPG**

Sales		33,873	73,593
Cost of gas sold		19,142	41,746
		-----	-----
		14,731	31,847
Less: Operating cost			
Salaries, wages and benefits	- Note 28.1	6,501	5,871
Employees medical and welfare	- Note 28.1	859	351
Stores and spares consumed		196	114
Fuel and power		344	417
Repairs and maintenance		1,215	1,519
Rent, rates and taxes		264	296
Travelling		188	224
Stationery, telegrams and postage		25	5
Transport		351	578
Professional services		300	--
Transportation of cylinders		3,156	7,205
Depreciation	- Note 14.1	5,327	5,628
Others		2,431	1,968
		-----	-----
		21,157	24,176
		=====	=====

(6,426)	7,671
---------	-------

**30. OTHER INCOME**

Surcharge and interest on arrears of gas sales:		
- WAPDA	--	345,839
- Others	383,223	324,149
Interest on staff loans and advances	9,308	8,234
Return on bank deposits	91,551	60,258
Others	30,795	11,295
	51,487	749,775

**31. FINANCIAL CHARGES**

Mark-up/profit on:		
Non participatory redeemable capital - Secured	719,341	768,157
Finance lease	157,187	192,384
Short term finances - Secured	34,927	126,992
Interest and commitment charges on:		
Long term loans - Unsecured	1,072,175	1,106,732
Security deposits	37,259	32,297
Workers' profit participation fund	15	108
Term loan raising expenses	4,390	11,285
Exchange risk coverage fee	461,170	457,883
Interest on late payments to gas creditors	246,084	916,128
Others	8,105	115
	2,740,653	3,612,081
Less: Allocated to fixed capital expenditure	23,706	149,565
	2,716,947	3,462,516

**32. OTHER CHARGES**

Workers' profit participation fund		71,841	42,669
Donations	- Note 32.1	59	10
Miscellaneous		--	10
		71,900	42,689

**32.1 Donations**

None of the directors or their spouses have any interest in any of the donees.

**33. PROVISION FOR TAXATION**

Current	- Note 33.1	137,096	96,343
Deferred - Current year		538,850	287,366
- Prior years	- Note 33.2	162,330	1,465
		701,180	288,831
		838,276	385,174

33.1 In view of available tax losses, provision for current taxation represents the minimum tax due under Section 80 D, of the Income Tax Ordinance, 1979.

For purposes of current taxation losses available for carry forward at June 30, 2000 are estimated at approximately Rs 2,722.421 million (1999: Rs 3,587.331 million) including assessed tax losses of Rs 740.627 million (1999: Rs 187.521 million).

33.2 This includes the impact of 5% surcharge levied through the Finance Act 2000 referred to in Note 2.3 to the accounts.

**34. CASH GENERATED FROM OPERATIONS**

Profit before taxation		1,364,976	810,708
Adjustment for non-cash charges and other items:			
Depreciation - own assets		2,403,747	2,183,316
- leased assets		71,100	100,200
Employee benefits		577,076	88,717
Amortisation of deferred credit		(235,877)	(206,219)
Net gain on sale of fixed assets		(7,163)	(6,927)
Financial charges		2,716,947	3,462,516
Return on bank deposits		(91,551)	(60,258)
Provision for obsolete stores		20,000	5,000
Provision for doubtful debts		181,415	188,103
Working capital changes	- Note 34.1	(1,863,303)	(201,403)
		5,137,367	6,363,753

**34.1 Working capital changes**

(Increase)/decrease in current assets			
Stores and spares		67,480	10,589
Stock-in-trade		(27,030)	7,278
Trade debts		(845,243)	1,004,708
Loans, advances, deposits, prepayments and other receivables (excluding accrued return on bank deposits)		1,168,006	2,342,743
		363,213	3,365,318

Increase/(decrease) in current liabilities

Creditors, accrued and other liabilities (excluding accrued financial charges and unclaimed dividend)		(2,226,516)	(3,566,721)
		(1,863,303)	(201,403)

**35. CASH AND CASH EQUIVALENTS**

Cash and bank balances	1,415,965	777,605
Short term finances	(245,000)	(320,000)
	-----	-----
	1,170,965	457,605
	=====	=====

**36. REMUNERATION OF CHIEF EXECUTIVE AND EXECUTIVES**

The aggregate amount charged in the accounts for the year for remuneration including certain benefits, to the Chief Executive and Executives of the Company is as follows:

	<i>Chief Executive</i>		<i>Executives</i>		<i>2000</i>	<i>1999</i>
	<i>2000</i>	<i>1999</i>	<i>2000</i>	<i>1999</i>		
Number of persons	1	1	1	1	514	398
	<i>(Rupees in thousand)</i>					
Managerial remuneration	75	352	278	--	104,892	71,714
Contribution to provident, pension and gratuity fund	--	87	55	--	29,124	20,166
Housing and utilities	60	189	157	--	57,982	42,992
Leave encashment	--	--	--	--	1,387	1,125
Leave fare assistance	--	--	--	--	12,065	6,567
Club subscriptions	--	4	4	--	46	43
	-----	-----	-----	-----	-----	-----
	135	632	494	--	205,496	142,607
	=====	=====	=====	=====	=====	=====

In addition, the Chief Executive is provided with free transport subject to certain specified limits for petrol consumption, residential telephone facilities for both business and personal use and free medical facilities. Certain executives are also allowed these facilities.

The aggregate amount charged in the accounts in respect of directors' fee paid to fourteen (1999: thirteen) directors was Rs 28,500 (1999: Rs 27,500).

**37. TRANSACTIONS WITH ASSOCIATED COMPANIES**

The Company received return from and paid mark-up to associated company aggregating Rs 8.231 million (1999: Rs 10.055 million) and Rs 8.634 million (1999: Rs 12.950 million) respectively.

**38. CAPACITY AND ACTUAL PERFORMANCE**

The average daily gas transmitted during the year was 246,651 hm(3) (1999: 226,299 hm(3)) against the designed capacity of 309,912 hm(3) (1999:309,912 hm(3)).

	<i>2000</i>	<i>1999</i>
<b>39. EARNING PER SHARE</b>		
Net profit for the year	Rupees in thousands 526,700	425,534
Average ordinary shares in issue	Numbers 434,075,300	434,075,300
Earning per share	Rupees 1.21	0.98

**40. FINANCIAL ASSETS AND LIABILITIES**

	<i>Interest/mark-up bearing</i>						<i>Non interest/mark-up bearing</i>						<i>(Rupees in thousand)</i>	
	<i>Maturity upto one year</i>		<i>Maturity after one year</i>		<i>Sub total</i>		<i>Maturity upto one year</i>		<i>Maturity after one year</i>		<i>Sub total</i>		<i>Total</i>	
	<i>2000</i>	<i>1999</i>	<i>2000</i>	<i>1999</i>	<i>2000</i>	<i>1999</i>	<i>2000</i>	<i>1999</i>	<i>2000</i>	<i>1999</i>	<i>2000</i>	<i>1999</i>	<i>2000</i>	<i>1999</i>
<b>Financial assets</b>														
Loans to employees	47,991	50,312	195,512	212,917	243,503	263,229	--	--	--	--	--	--	243,503	263,229
Long term security deposits	--	--	--	--	--	--	--	--	5,500	10,500	5,500	10,500	5,500	10,500
Trade debts	5,877,823	5,207,580	--	--	5,877,823	5,207,580	--	--	--	--	--	--	5,877,823	5,207,580
Loans, advances, deposits, prepayments and other receivable	119,176	112,223	--	--	119,176	112,223	662,272	560,970	--	--	662,272	560,970	781,448	673,193
Cash and bank balances	918,345	409,442	--	--	918,345	409,442	497,620	368,163	--	--	496,620	368,164	1,415,965	777,606
	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
	6,963,335	5,779,557	195,512	212,917	7,158,847	5,992,474	1,159,892	929,133	5,500	10,500	1,165,392	939,634	8,324,239	6,932,108
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
<b>Financial liabilities</b>														
Non-participatory redeemable capital - secured	1,169,708	1,326,480	2,898,603	2,395,092	4,068,311	3,721,572	--	--	--	--	--	--	4,068,311	3,721,572
Long term loans - Unsecured	2,814,154	818,670	6,755,368	9,895,717	9,569,522	10,714,387	--	--	--	--	--	--	9,569,522	10,714,387
Security deposits	--	--	816,126	707,305	816,126	707,305	--	--	854,795	630,803	854,795	630,803	1,670,921	1,338,108
Liabilities against assets subject to finance lease	284,200	401,014	124,592	407,797	408,792	808,811	--	--	--	--	--	--	408,792	808,811
Short term finances - secured	245,000	320,000	--	--	245,000	320,000	--	--	--	--	--	--	245,000	320,000
Creditors, accrued and other liabilities	--	--	--	--	--	--	10,190,176	11,881,055	--	--	10,190,176	11,881,055	10,190,176	11,881,055
Contingencies and Commitments	864,455	597,435	--	--	864,455	597,435	--	--	--	--	--	--	864,455	597,435
Letter of credits	28,132	35,293	--	--	28,132	35,293	--	--	--	--	--	--	28,132	35,293
	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
	5,405,649	3,498,892	10,594,689	13,405,911	16,000,338	16,904,803	10,190,176	11,881,055	854,795	630,803	11,044,971	12,511,858	27,045,309	29,416,661
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====

**40.1 Concentration of credit risk**

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties failed completely to perform as contracted. Out of total financial assets of Rs 8,324 million, (1999: Rs 6,932 million), the financial assets which are subject to credit risk amounted to Rs 5,981 million (1999: Rs 5,087 million). The Company believes that it is not exposed to major concentration of credit risk. To manage exposure of credit risk, the Company obtains security deposits and bank guarantees from customers.

**40.2 Foreign exchange risk management**

Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings. Payables exposed to foreign currency risks are covered mainly through forward foreign exchange contracts.

**40.3 Interest rate risk management**

The Company borrows funds mostly at fixed interest rates.

**40.4 Fair value of financial assets and liabilities**

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values, except for long term investments which are stated at cost.

**41. CORRESPONDING FIGURES**

Corresponding figures have been stated, wherever necessary, for the purposes of comparison.

JAVED HUSSAIN  
Chief Executive

LT. GEN. (RETD) GHULAM SAFDAR BUTT  
Director

**TEN YEARS AT A GLANCE**

**BALANCE SHEET - SUMMARY**

	(Rupees in thousand)									
	2000	1999	1998	1997	1996	1995	1994	1993	1992	1991
Paid up share capital	4,340,753	3,774,568	3,282,233	2,854,116	2,481,840	2,068,200	1,723,500	1,723,500	1,633,703	383,000
Reserves and unappropriated prof	1,923,646	1,963,131	2,029,932	2,072,595	1,944,385	1,943,407	1,846,617	1,413,554	1,073,152	1,426,839
Deferred credit	3,194,350	2,783,107	2,500,395	2,356,586	2,157,747	1,906,320	1,535,971	1,324,115	1,115,444	922,840
Long term loans outstanding										
- Local	2,229,817	5,015,173	4,565,991	4,606,081	4,223,820	3,915,356	3,854,513	919,980	923,530	887,796
- Foreign	4,525,551	4,880,544	5,009,957	4,010,543	3,668,004	3,648,860	2,950,211	2,219,758	1,382,186	1,365,627
- Non-Participatory Redeemable c	2,898,603	2,395,092	3,088,776	2,449,330	2,270,516	3,092,941	1,667,181	1,730,604	1,832,938	1,845,627
Long term security deposits	1,670,921	1,338,108	1,117,849	981,395	832,175	734,866	628,424	541,369	491,725	434,288
Deffered liabilities - taxation	3,326,809	2,625,629	2,336,798	2,109,262	2,062,624	1,782,697	1,639,843	1,518,816	1,352,887	1,195,409
Deffered liabilities - others	511,882	408,797	805,811	1,039,993	1,161,100	883,365	450,265	--	--	1,257
Current liabilities	15,111,284	14,805,272	18,923,300	14,897,282	8,149,357	3,954,979	3,274,982	2,800,757	1,822,893	2,069,542
	<u>39,733,616</u>	<u>39,985,421</u>	<u>43,661,042</u>	<u>37,377,183</u>	<u>28,951,568</u>	<u>23,630,991</u>	<u>19,571,507</u>	<u>14,192,453</u>	<u>11,628,458</u>	<u>10,532,225</u>
Represented by:										
Fixed assets	29,070,295	29,266,663	29,084,853	26,684,688	21,717,849	18,244,025	15,084,399	11,056,637	8,461,771	7,396,118
Other assets - Long Term	290,672	313,652	305,723	339,795	304,220	236,029	175,405	113,214	99,254	90,509
Current assets	10,372,649	10,405,106	14,270,466	10,352,700	6,929,499	5,150,937	4,311,703	3,022,602	3,067,433	3,045,598
	<u>39,733,616</u>	<u>39,985,421</u>	<u>43,661,042</u>	<u>37,377,183</u>	<u>28,951,568</u>	<u>23,630,991</u>	<u>19,571,507</u>	<u>14,192,453</u>	<u>11,628,458</u>	<u>10,532,225</u>

**PROFIT AND LOSS - SUMMARY**

Sales	26,569,704	20,577,266	18,738,847	17,353,964	14,180,520	10,541,271	9,449,843	7,666,698	7,782,762	6,551,687
Add/(Less) Differential margin/(de	(1,019,657)	(1,665,855)	984,977	1,918,815	(103,096)	(1,472,478)	(2,181,300)	(1,786,306)	(2,276,996)	(2,490,084)
Net Sales	25,550,047	18,911,411	19,723,824	19,272,779	14,077,424	5,880,392	7,268,543	4,061,603	5,505,766	4,061,603
Cost of gas sold	16,626,517	11,088,152	12,328,687	12,597,882	9,068,712	3,389,665	4,158,024	2,242,744	3,363,545	2,242,744
	<u>8,923,530</u>	<u>7,823,259</u>	<u>7,395,137</u>	<u>6,674,897</u>	<u>5,008,712</u>	<u>2,490,727</u>	<u>3,110,519</u>	<u>1,818,859</u>	<u>2,142,221</u>	<u>1,818,859</u>
Rental and service income	529,600	283,644	236,881	205,786	137,473	72,664	88,534	61,631	65,101	61,631
Amortisation of deferred credit	235,877	206,219	186,590	168,825	149,108	87,367	107,115	55,257	70,476	55,257
Operating profit/(Loss)-LPG	(6,426)	7,671	3,546	8,116	63	(4,737)	(560)	6,875	4,115	6,875
Net gain on sale of fixed assets	7,163	6,927	11,438	10,879	5,885	9,563	4,057	5,478	2,875	5,478
Other income	514,877	749,775	778,181	285,557	281,085	127,471	128,152	93,444	121,256	93,444
	<u>10,204,621</u>	<u>9,077,495</u>	<u>8,611,773</u>	<u>7,354,060</u>	<u>5,582,326</u>	<u>2,783,055</u>	<u>3,437,817</u>	<u>2,783,055</u>	<u>2,406,044</u>	<u>2,041,544</u>
<b>EXPENDITURE</b>										
Operating cost excluding deprecia	3,581,278	2,483,694	2,521,583	2,572,628	1,778,283	1,337,551	1,133,014	889,246	793,407	587,954
Depreciation	2,469,520	2,277,888	2,080,790	1,749,071	1,406,663	1,118,245	884,409	716,418	605,290	540,330
Financial charges	2,716,947	3,462,516	3,258,039	2,353,395	1,580,447	1,134,145	798,081	610,412	579,540	497,219
Other charges	71,900	42,689	38,277	34,168	51,007	35,583	31,125	30,724	21,390	20,818
	<u>8,839,645</u>	<u>8,266,787</u>	<u>7,789,689</u>	<u>6,709,262</u>	<u>4,816,400</u>	<u>3,625,524</u>	<u>2,846,629</u>	<u>2,246,800</u>	<u>1,999,627</u>	<u>1,646,321</u>

Profit before taxation	1,364,976	810,708	713,084	644,798	765,926	671,829	591,188	536,255	406,417	395,223
Provision for taxation	838,276	385,174	327,630	144,312	351,308	230,339	158,125	195,853	195,179	198,424
Profit after taxation	<u>526,700</u>	<u>425,534</u>	<u>385,454</u>	<u>500,486</u>	<u>414,618</u>	<u>441,490</u>	<u>433,063</u>	<u>340,402</u>	<u>211,238</u>	<u>196,799</u>

DIVIDEND (%)	--	--	--	--	--	--	--	--	10	10
BONUS SHARES	6.67:1	6.67:1	6.67:1	6.67:1	6.67:1	5:1	5:1	--	--	1:1.25

NUMBER OF EMPLOYEES - Ope	7,716	7,808	7,836	8,018	6,946	5,564	4,210	3,995	3,987	4,056
- Proje	86	142	302	258	324	333	293	277	287	306
	<u>7,802</u>	<u>7,950</u>	<u>8,138</u>	<u>8,276</u>	<u>7,270</u>	<u>5,897</u>	<u>4,503</u>	<u>4,272</u>	<u>4,274</u>	<u>4,362</u>

GAS SALES (MMCF)										
Industrial	178,038	154,058	133,865	139,246	130,285	119,159	123,235	121,755	123,543	121,385
Commercial	15,270	14,491	13,257	13,531	11,978	11,161	10,423	9,677	8,739	7,855
Domestic	91,030	84,555	84,434	78,246	66,680	60,104	51,561	45,624	43,347	39,491
	<u>284,338</u>	<u>253,104</u>	<u>231,556</u>	<u>231,023</u>	<u>208,943</u>	<u>190,424</u>	<u>185,219</u>	<u>177,056</u>	<u>175,629</u>	<u>168,731</u>
Consumers (in numbers)	1,922,289	1,782,600	1,672,548	1,573,771	1,440,027	1,292,184	1,136,803	1,006,009	884,375	793,456
Customers (in numbers) Industri	2,672	2,337	2,316	2,764	2,614	2,744	2,843	2,990	3,020	2,994
Commerci	40,675	38,869	37,231	35,862	34,079	32,739	31,487	30,256	28,339	26,561
Domestic	1,843,662	1,706,114	1,598,256	1,500,184	1,368,032	1,221,899	1,067,671	939,488	819,872	731,044
	<u>1,887,009</u>	<u>1,747,320</u>	<u>1,637,803</u>	<u>1,538,810</u>	<u>1,404,725</u>	<u>1,257,382</u>	<u>1,102,001</u>	<u>972,734</u>	<u>851,231</u>	<u>760,599</u>

Distribution and Transmission System (In Kilometres)										
Transmission mains	5,217	5,112	4,920	4,687	4,243	3,865	3,614	3,311	3,200	3,067
Distribution mains and services	31,475	29,954	28,661	26,848	24,226	21,782	18,375	15,501	13,510	12,040

**TRANSMISSION SYSTEM AS AT JUNE 30, 2000**



SECTION	DIA (Inches)	MAINLINE (Kilometres)	LOOPLINE (Kilometres)
1. Pirkoh - Sui	24	70.50	--
2. Loti - Pesh Bogi	18	11.25	--
3. Sui - Multan	16	2.11	--
4. Sui - Multan	18	--	346.64
5. Sui - Multan	24	347.01	--
6. Sui - Multan	30	--	347.37
7. Gaddu Thermal Power Station	4	2.41	--
8. Gaddu Barrage	24	1.81	--
9. Sutlej Crossing - 1	12	1.61	3.22
10. Sutlej Crossing - 2	36	--	2.04
11. Khanpur Line	6	22.81	--
12. A5 - Bahawalpur	8	48.18	--
13. AV22 - Kot Addu	16	69.65	--
14. D.G. Khan Line	8	46.13	--
15. Dhodak - Kot Addu	16	77.79	--
16. TPS Muzaffargarh Line	16	4.57	--
17. Qadirpur Line	30	70.26	--
18. Ahmedpur East	6	18.34	--
19. Khan Garh	8	22.20	--
20. Multan - Fertilizer Line	10	1.43	--
21. Jahania Line	8	30.49	--
22. Multan - Sidhanai	16	46.70	46.70
23. Multan - Sidhanai	18	--	46.70
24. Multan - Sidhanai	24	22.46	22.46
25. Multan - Sidhanai	30	--	46.70
26. AV 29 Sahiwal	24	145.45	--
27. Sidhanai - Faisalabad	16	112.43	112.40
28. Sidhanai - Faisalabad	18	--	136.85
29. Sidhanai - Faisalabad	24	--	50.24
30. Sidhanai - Faisalabad	30	--	52.63
31. T.T. Singh - Jhang	8	30.28	--
32. Sahiwal - Lahore	18	142.93	--
33. AC8 - SMS2 (Old)	16	--	5.90
34. WAPDA Offtake FSD	12	2.42	--
35. Chaik Jhanna Line	6	12.04	--
36. FSD - Malikwal	12	137.62	--
37. FSD - Malikwal	16	--	135.87
38. FSD - Malikwal	30	--	32.72
39. Kot Momin - Joharabad (1)	8	72.41	--
40. Kot Momin - Joharabad (2)	6	38.36	--
41. Joharabad - Chashma	8	82.25	--
42. Sargodha Line	6	22.90	--
43. FSD - Shahdara (1)	10	19.47	19.47
44. FSD - Shahdara (2)	16	99.78	119.25
45. BCI - Farooqabad	8	22.96	--
46. Shahdara - Lahore	16	2.51	2.99
47. Ravi - Crossing (1)	16	0.58	--
48. Ravi - Crossing (2)	10	--	0.58
49. Shahdara - WAPDA Lahore	10	3.41	--
50. Khurraniwala - Jaranwala	4	22.53	--
51. Dawood Hercules Line	12	5.87	--
52. Sheikhpura - Gujranwala (1)	10	59.44	--
53. Sheikhpura - Gujranwala (2)	16	--	44.57
54. Hafizabad Line	8	43.00	--
55. Shahdara - Gujranwala - Rahwali	10	73.40	--
56. Rahwali - Gujrat	8	35.46	--
57. Rahwali - Sialkot	8	43.58	43.58
58. Gujrat - Jhelum	8	54.27	--
59. Malikwal - Haranpur - Dandot	12	20.13	--
60. Malikwal - Haranpur - Dandot	16	--	20.00
61. Haranpur - Gharibwal	8	13.02	--
62. Dandot - Gali Jagir - Wah (1)	10	151.92	--
63. Dandot - Gali Jagir - Wah (2)	16	--	148.90
64. Dandot - Gali Jagir - Wah (3)	30	--	34.17
65. Dhulian - Gali Jagir	10	40.14	29.85
66. Dakhni - Meyal - Dhulian	16	50.44	--
67. Ratana Line	10	2.49	--
68. Sil Crossing	10	--	1.46
69. Dhurnal Line (1)	8	0.54	--
70. Dhurnal Line (2)	10	11.08	--
71. Dhulian - Daudkhel	8	85.20	4.04
72. Gali Jagir - Morgah (1)	10	35.21	--
73. Gali Jagir - Morgah (2)	6	9.50	--
74. Wah - Islamabad	6	41.46	--
75. Wah - Hattar	10	9.93	--
76. Hattar - Haripur	10	18.12	--
77. Hattar Offtake	6	0.39	--
78. Haripur - Mansehra	8	70.53	--
79. Haripur Offtake	8	1.53	--
80. Adhi - Rawat	10	47.70	--
81. Bhangali Line	8	5.82	--
82. Missa Kaswal - Mandra	8	20.60	--
83. Wah - Nowshera (1)	10	75.51	--
84. Wah - Nowshera (2)	16	--	76.27
85. Taxila Line	4	4.43	--
86. Sanjwal Line	6	6.67	--
87. Kohat Line	8	54.27	--
88. Nowshera - Ismail Kot (1)	8	11.97	--
89. Nowshera - Ismail Kot (2)	6	--	11.97
90. Ismailkot - Turnab (1)	8	--	21.89
91. Ismailkot Turnab (2)	6	21.90	--
92. Nowshera - MDN - Takhtbai - Sakha Kot	8	57.99	--
93. Nowshera - Charsadda	8	23.59	--
94. Charsadda - Turang Zai Line	6	10.36	--
95. Suddal - Naugazi Line	16	19.02	--
96. Tangi Line	6	13.87	--
97. Daska - Pasroor Line	8	24.86	--
98. Fauji Kabir Wala Line	8	5.86	--
99. Okara - Depalpur Line	8	16.83	--

100. Charsadha - Khazana Sugar Mills	8	22.64	--
101. Jahangira - Swabi - Topi	8	40.29	--
102. Kabul Crossing Jahangira on Topi Line	16	0.30	--
		-----	-----
Total		3249.18	1967.42
		=====	=====
<b>GRAND TOTAL</b>		<b>5216.60 KM</b>	
		=====	