

SUI NORTHERN GAS PIPELINES LIMITED

Annual Report 1996

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BOARD OF DIRECTORS

CHAIRMAN

DR. GULFARAZ AHMAD

MANAGING DIRECTOR

JAVED HAMEED

ABDUS SATTAR

M.T.K. SHERWANI

SALAHUDDIN QURESHI

JAVED ALAM KHANZADA

AZHAR I. JAFFERY

Z.A. ANSARI

KAMRAN ZAFAR

MUHAMMAD ASLAM

MOHAMMAD ARSHAD

JAHANGIR ELAHI

M. BASHEER JANMOHAMMAD

KHALID IQBAL

COMPANY SECRETARY

S.M. ANWAR

JOINT AUDITORS

ILYAS SALEEM AND COMPANY

Chartered Accountants

F. MAJID AND COMPANY

Chartered Accountants

SHARE REGISTRARS

HAMEED MAJEED ASSOCIATES (PVT)'LTD.

H. M. HOUSE 7 - Bank Square, Lahore

Ph: 7235081 - 82

REGISTERED OFFICE

GAS HOUSE, 21 - KASHMIR ROAD

P.O. BOX NO. 56,

LAHORE (PAKISTAN)

NOTICE OF MEETING

Notice is hereby given that the 33rd Annual General Meeting of the Company will be held at Hotel Avari, 87-

Shahrah-e-Quaid-e-Azam, Lahore on Tuesday 25
February 1997 at 10.30 a.m. for the purpose of transacting
the following business:

ORDINARY BUSINESS

1. To confirm the minutes of Extraordinary General Meeting held on 17 October 1996.

2. To receive and consider the Report of the Directors and the Audited Accounts of the Company for the year ended 30 June 1996.

3. To appoint auditors for the year 1996-97 and fix their remuneration. The Company has received notices from certain members under section 253 of the Companies Ordinance, 1984, proposing the names of Messrs A.F. Ferguson & Company; and Taseer Hadi Khalid & Company Chartered Accountants Lahore for appointment as Auditors of the Company for the year ending 30 June 1997 in place of retiring auditors. The retiring auditors being eligible also offer themselves for re-appointment.

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

SPECIAL BUSINESS

To approve capitalisation of a sum of Rs 372,276,000 set aside out of the profits of the Company as on 30 June 1996 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 372,276,000 out of reserves as on 30 June 1996 be capitalised and applied to the issue of 37,227,600 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 15 February 1997 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.

That 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.

The share transfer books of the Company will remain closed from 16 February 1997 to 25 February 1997 (both days inclusive). The members whose names appear in the Register as at the close of business on 15 February

1997 will qualify for issuance of bonus shares.

By order of the Board
(S. M. Anwar)
COMPANY SECRETARY

Lahore
29 January 1997

**STATEMENT UNDER SECTION 160 OF THE
COMPANIES ORDINANCE. 1984.**

a) Since the reserves of the Company as on 30 June 1996 represent accretion on 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.

b) 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 they represent or shares registered in their name.

NOTES

i) 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.

ii) The instrument appointing a proxy shall:

(a) be in writing; and

(b) be signed by the appointer or his 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.

iii) 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.

iv) 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 56, Lahore (Pakistan)

CHAIRMAN'S STATEMENT

Gentlemen,

I welcome you on behalf of the members of the Board of Directors and myself to the 33rd Annual General Meeting of the Company and present the audited financial statements for the year ended 30 June 1996.

DIRECTORS

2. A few changes have taken place in the composition of your Board since the last Annual General Meeting held on 31 December 1995, Mr. M. Aslam Chaudhry took over as Managing Director and Chief Executive of the Company on 8 February 1996 in place of Mr. M. Saleem Sandhoo. All the directors retired on completion of the previous triennial ended on 25 June 1996.

3. At an extraordinary general meeting held on 25 June 1996, 13 candidates viz; Messrs Syed Naseer Ahmad, M. Aslam Chaudhry, Munir Ahmad, Abdus Sattar, Javed Hussain, Javed Alam Khanzada, Karoran Zafar, Azhar I. Jaffery, Salahuddin Qureshi, Muhamad Aslam, Mohammad Arshad, Jahangir Elahi and M. Basheer Janmohammad were elected as Directors of the Company for a period of three years commencing from 26 June 1996.

4. On relinquishment of the office of Chairman by Syed Naseer Ahmad, I was appointed as Director and elected Chairman of the Board of Directors on 17 November 1996.

Messrs Munir Ahmad and Javed Hussain have been replaced by Messrs M. Tajuddin Khan Sherwani and Z.A. Ansari respectively, on 1 December 1996. After having served the Company in various responsible positions almost since inception Mr. M. Aslam Chaudhry relinquished the charge of the office of Managing Director and Chief Executive of the Company on attaining the age of superannuation on 4 January 1997. Mr. Javed Hameed, Deputy Managing Director, has been appointed as Managing Director and Chief Executive of the Company with effect from 8 January 1997. He has served your Company in distinguished positions since 1964, when the Company was incorporated. It is hoped under his leadership your Company would gain progress and prosperity in all areas of its operations. While welcoming the newly appointed Directors, you would join me to place on record our sincere appreciation for the valuable services rendered by the outgoing Directors, Managing Directors and Chairman.

SALES AND DEVELOPMENT

5. The gas distribution system during the year increased by 2,444 Km which includes gas supply to 28 new towns. This significant mains laying activity was

achieved by optimizing the Company's own pipeline construction capabilities as well as induction of Pakistani contractors in laying gas pipelines in the Company's area of operation. The Company is committed to making natural gas available to the maximum number of prospective consumers in cities, towns and villages according to the criteria approved by the Government of Pakistan on cost effectiveness basis. During the year under review 153,166 customers were added to the system thus raising the total to 1,404,725.

6. The sale for the year was 58,867,405 hundred cubic meters (hm³) or (208,943 MMCF) representing an increase of 5,217,514 hm³ (18,519 MMCF) or 9.72% over the previous year's sale of 53,649,891 hm³ or (190,424 MMCF). The sectorial break-up of the gas sale indicates that 15.47% was sold to Power, 17.74% to Fertilizer, 0.46% to Cement, 28.66% to General Industries and 37.67% to Domestic and Commercial sector. The total revenue generated by the gas sale amounted to Rs 14,180.520 million.

7. On the basis of equivalent quantities of furnace oil the Company's gas sale during the year resulted in savings of over Rs 21,561 million in foreign exchange.

LIQUEFIED PETROLEUM GAS (LPG)

8. Average LPG sales during the year under review have been 16.76 metric tons per day against 17.15 metric tons per day of last year. The decline is due to constraints on supply from sources. A moderate operating profit of Rs 0.063 million has been made.

ACCOUNTS AND FINANCE

9. The profit before taxation is Rs 765.926 million as against Rs 671.829 million of last year, thus showing an increase of Rs 94.097 million. The increase is due to higher sales to almost all categories of consumers. After allowing for taxation of Rs 351.308 million the amount available for appropriation is Rs 418.703 million. The accompanying Report of Directors includes recommendations for its appropriation.

PRIVATISATION

10. Government of Pakistan intends to disinvest 26% shares of the Company to the strategic investor with management rights in a transparent competitive manner. The process of privatisation has been reactivated with the appointment of M/s. N.M. Rothchild in October 1996 as the new foreign partner to work with First Capital Securities Corporation as Financial Advisor for the strategic sale. The Financial Advisors have the mandate to conclude the transaction by June 1997. It is understood that the Financial Advisors have revised draft of the Natural Gas Regulatory Authority law and are reviewing the draft Tariff & Licensing Rules. The privatisation Commission has recently appointed M/s Stone & Webster, Management Consulting Inc. and M/s. Ashurst Morris Crisp as

Consultants for technical audit and legal advise respectively. The pricing formula based on return on equity has also been suitably revised to make it more flexible and efficiency oriented under the post privatisation regime. With the enforcement of a clear and stable regulatory environment and operating and pricing flexibility for the privatised utility, it is expected that the gas industry would be successfully privatised so as to improve the quality of service, operational efficiency and overall performance of the Company thus benefiting the consumers and shareholders.

PROJECTS - PRESENT AND FUTURE

I. PROJECTS IN HAND

Project 6- Phase II

11. The Company's Project 6 - Phase II envisages laying of 1,155 Km of transmission pipelines varying in size from 16" diameter to 30" diameter alongwith additional compression capacity of 12,000 BHP. Work on construction of transmission lines was started in November 1990 and is now in full swing.

12. The Company has already completed construction of approximately 937 km as on 31 December 1996 at various locations on the transmission system.

13. A total of 170 km of pipelines were laid under project-6 phase-II programme from July 1996 to December 1996. This included approximately 18 Km 30" dia, 26 Km 24" dia, 96 Km 18" dia

and 30 Km 16" dia pipelines. Another 77 Km, 8" dia transmission spurs for new towns were laid during July- December 1996.

14. The Company successfully commissioned 143 Km 18" dia pipeline between Sahiwal - Lahore on schedule in November, 1996. The commissioning of this line was inaugurated by Malik Meraj Khalid, Prime Minister of Pakistan on 26 December 1996. This has enabled the Company to transmit over 140 MMCFD gas from Multan to Lahore thus generating additional capacity in Multan - Faisalabad section to transmit more gas to north of Multan.

15. The Company also commissioned about 30 Km of 16" alia pipeline between Faisalabad - Galli section, Thus increasing system capacity of this section from 105 MMCFD to 150 MMCFD. This has helped the Company to meet ever-increasing gas load of northern regions viz-a-viz Islamabad - Peshawar and Abbottabad.

16. After completion of Project 6 - Phase II, the transmis-

sion system capacity will increase from present level of 550 MMCFD to 1050 MMCFD.

II. New Projects

Qadirpur Gas Project:

17. OGDC as an operation of the Field had committed supply of gas from Qadirpur in September 1995. The Company had planned laying of 72 Km long 30" dia transmission pipeline to connect Qadirpur gas field with the existing transmission pipeline near Bhong. The project was completed and commissioned during the year under review and at present 250 MMCFD gas is being injected into our system at Bhong.

III Gas to New Towns

18. The Company, as part of its expansion programme and on the directives of the Government of Pakistan has extended gas supply to 6 towns viz., D.G. Khan - 46 Kin, Jahanian - 31 Kin, Jhelum - 35 Kin, Kohat - 54 Kin, Hafizabad - 42 Km and Jhang - 31 Km by laying 8" dia transmission spurs from the Company's existing system. Work on construction of transmission lines for Swabi/Topi- 56 Kin, Tangi- 10 Km and Farooqabad- 23 Km is in progress.

19. In addition, 7 towns viz, Lalian, Sangjani/Pind Nowsheri, Dhantaur, Kheshki, Chicha Watni, Sahiwal and Bhalwal which are located on the Company's existing system have been extended the facility of natural gas.

20. As you are aware, natural gas is efficient, clean and much cheaper than alternate fuels. It is for this reason that demand for natural gas has increased manifold. The Company is under enormous pressures for new gas connections and for covering areas/towns not hitherto supplied with gas. The Company is unable to cope with these pressures beyond a restricted level of gas connections till such time as substantial additional supplies of gas are fed into its system. Fortunately, the outlook on availability of gas in the country has improved lately and it is hoped that development of the new fields and other related arrangements will be completed as early as possible in order to enable the Company to take up additional supplies from the new source. This will place the Company in a better position to face the challenges of the future and to discharge its vital social obligations towards the country's development including industrial growth.

TELECOMMUNICATION

21. A digital microwave system has been installed on Multan - Kot Addu section. The system was commissioned in March 1996. VHF single channel equipment has also been installed to connect Bahawalpur Distribution Office with our main telecommunication network.

22. A digital microwave system is being planned for new pipeline on Multan - Sahiwal - Lahore section. The project will also cover similar equipment on Lahore - Gujranwala, Qadirpur - AC IX, and Kot Addu - Dhodak sections and is expected to be completed by March 1998.

23. A transmission SCADA system is to be installed throughout the Company's network to continuously receive and analyse data from all sources, compressor stations, sales meter stations as well as major industrial power plants in order to operate the system under optimum conditions. A Consultant is being engaged to prepare the conceptual design and tender documents for the project. The project is expected to be completed by June 1998.

STAFF AND ORGANIZATION.

24. Relations between the management and the Union - Collective Bargaining Agent (CBA) - remained warm and cordial as before. During the year under review, the Company reached an agreement with the CBA for settlement of their charter of demands for the financial years 1995-97.

I hope that the management and the staff of the Company would continue to strive hard for the accomplishment of Company targets and objectives, so that tangible progress and prosperity is achieved in the days to come.

(Dr. Gulfaraz Ahmad)
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, 1996.

ACCOUNTS	(Rupees in thousand)
The profit before taxation amounted to	765,926
After providing for current year's taxation	351,308

The profit after taxation amounted to	414,618
Adding thereto:	
Unappropriated profit brought forward	4,085

Profit available for	418,703

appropriation

Appropriations

Transfer to reserve for issue of bonus shares	372,276
Transfer to general reserve	40,000

	412,276
 Unappropriated profit to be carried forward	 6,427
	=====

The earnings per share for the year

ended June 30, 1996 is Rs 1.67 as per
computation below:

Profit after taxation	414,618,000		
	= -----	=	Rs 1.67
No. of shares	248,184,000		

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

Subsequent to the date of balance sheet i.e. June 30, 1996,
the Company entered into the following agreements:

LOAN

Rs 100 million Local Currency Financing agreement was
executed on August 20, 1996 for a period of 2-(1/2) years
with Al-Faysal Investment Bank Limited.

LEASE FINANCE

Rs 175 million lease agreements were signed as detailed
below, repayable in four years.

Agreement with	Date	Rs in million
Pakistan Industrial Leasing Corporation	05 Nov 1996	100
Crescent Leasing Corporation Limited	28 Nov 1996	20
BRR Second Modaraba	15 Dec 1996	20
First UDL Modaraba	15 Dec 1996	25
Al-Zamin Leasing Modaraba	02 Jan 1997	10

		175
		=====

DIRECTOR

In accordance with the provisions of Section 178 of the
Companies Ordinance, 1984 thirteen Directors were
elected at the Extraordinary General Meeting held on June
25, 1996 for a period of three years effective June 26, 1996.

AUDITORS

The present joint auditors M/s. Ilyas Saleem and Company,
Chartered Accountants and M/s E Majid and Company,
Chartered Accountants retire and being eligible offer
themselves for reappointment.

THE PATTERN OF HOLDING OF THE SHARFS

The pattern of holding of the shares as on June 30, 1996 is
attached.

On behalf of the Board
(DR. GULFARAZ AHMED)
CHAIRMAN

LAHORE
January 26, 1997

THE PATTERN OF HOLDEING OF THE SHARES AS AT 30 JUNE 1996

NO. OF SHARE HOLDERS	SHAREHOLDING		TOTAL SHARES HELD	PERCENTAGE
	FROM (SHARES)	TO (SHARES)		
1,341	1	100	59,711	0.02
10,830	101	500	3,036,738	1.22
2,848	501	1,000	1,942,670	0.78
2,682	1,001	5,000	5,315,113	2.14
284	5,001	10,000	1,961,950	0.79
75	10,001	15,000	933,080	0.38
29	15,001	20,000	476,308	0.19
22	20,001	25,000	496,671	0.20
18	25,001	30,000	510,475	0.21
4	30,001	35,000	128,976	0.05
7	35,001	40,000	256,848	0.10
6	40,001	45,000	261,797	0.11
3	45,001	50,000	137,692	0.06
2	50,001	55,000	107,605	0.04
2	55,001	60,000	114,936	0.05
2	60,001	65,000	121,480	0.05
2	65,001	70,000	137,176	0.06
1	70,001	75,000	72,000	0.03
2	75,001	80,000	154,872	0.06
1	80,001	85,000	84,000	0.03
2	85,001	90,000	175,608	0.07
1	90,001	95,000	93,680	0.04
1	110,001	115,000	111,876	0.05
2	115,001	120,000	235,636	0.09
2	125,001	130,000	252,272	0.10
1	130,001	135,000	134,164	0.05
2	135,001	140,000	274,224	0.11
4	140,001	145,000	574,608	0.23
1	150,001	155,000	154,512	0.06
1	160,001	165,000	163,860	0.07
2	170,001	175,000	345,408	0.14
1	175,001	180,000	180,000	0.07
1	180,001	185,000	183,512	0.07

1	185,001	190,000	185,121	0.07
1	200,001	205,000	201,844	0.08
2	215,001	220,000	435,744	0.18
1	220,001	225,000	222,900	0.09
2	230,001	235,000	461,520	0.19
2	235,001	240,000	475,512	0.19
2	240,001	245,000	486,036	0.20
1	250,001	255,000	250,524	0.10
2	260,001	265,000	524,712	0.21
2	265,001	270,000	535,488	0.22
1	280,001	285,000	284,200	0.11
1	290,001	295,000	291,744	0.12
1	305,001	310,000	307,440	0.12
1	310,001	315,000	312,360	0.13
2	350,001	355,000	700,128	0.28
1	375,001	380,000	377,760	0.15
1	380,001	385,000	384,328	0.15
2	435,001	440,000	874,944	0.35
1	450,001	455,000	450,944	0.18
1	470,001	475,000	474,200	0.19
1	495,001	500,000	496,200	0.20
1	550,001	555,000	553,304	0.22
1	560,001	565,000	564,544	0.23
1	565,001	570,000	569,588	0.23
1	575,001	580,000	576,964	0.23
1	580,001	585,000	583,344	0.24
1	585,001	590,000	587,320	0.24
1	620,001	625,000	620,976	0.25
1	630,001	635,000	631,912	0.25
1	695,001	700,000	699,984	0.28
1	765,001	770,000	768,252	0.31
1	865,001	870,000	867,643	0.35
1	875,001	880,000	875,088	0.35

NO. OF SHARE HOLDERS	SHAREHOLDING		TOTAL SHARES HELD	PERCENTAGE	
	FROM (SHARES)	TO (SHARES)			
1	Sui Southern Gas Company Limited	940,001	945,000	944,726	0.38
1	Crescent Investment Bank Ltd.	1,045,001	1,050,000	1,049,760	0.42
1	General Motors Employees Global Group Pension	1,155,001	1,160,000	1,158,200	0.47
1	Prudential Investment Bank Limited	1,460,001	1,465,000	1,460,428	0.59
1	Askari Commercial Bank Limited	1,575,001	1,580,000	1,575,072	0.63
1	The Bank of Punjab	1,750,001	1,755,000	1,750,176	0.71
1	Union Bank Limited	2,435,001	2,440,000	2,436,864	0.98
1	Pictet & CIE	2,600,001	2,605,000	2,601,900	1.05
1	National Development Finance Corporation	2,800,001	2,805,000	2,802,151	1.13
1	State Street Bank & Trust Company (USA)	3,025,001	3,030,000	3,029,380	1.22

1Pakistan Insurance Corporation	3,400,001	3,405,000	3,403,815	1.37
1Pakistan Industrial Credit & Investment Corporation	4,770,001	4,775,000	4,773,436	1.92
1Morgan Stanley Trust Company	6,395,001	6,400,000	6,397,764	2.58
2Allied Bank of Pakistan Limited	7,635,001	7,640,000	7,836,308	3.16
1State Life Insurance Corporation of Pakistan	7,825,001	7,830,000	7,829,208	3.15
1Investment Corporation of Pakistan	10,355,001	10,360,000	10,356,815	4.17
1National Bank of Pakistan (Trustee Deptt)	14,520,001	14,525,000	14,521,554	5.86
1Pakistan Industrial Development Corporation (Pvt) Limited	14,930,001	14,935,000	14,934,690	6.03
5Muslim Commercial Bank Ltd.	33,855,001	33,860,000	34,148,408	13.77
1The President Islamic Republic of Pakistan	89,350,001	89,355,000	89,351,299	36.00
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18,248		Total	248,184,000	100.00
=====			=====	=====

NOTE: for shares between

95,001 to	110,000	700,001 to	765,000
120,001 to	125,000	770,001 to	865,000
145,001 to	150,000	870,001 to	875,000
155,001 to	160,000	880,001 to	940,000
190,001 to	195,000	945,001 to	1,045,000
205,001 to	215,000	1,050,001 to	1,155,000
225,001 to	230,000	1,160,001 to	1,460,000
245,001 to	250,000	1,465,001 to	1,575,000
255,001 to	260,000	1,580,001 to	1,750,000
270,001 to	280,000	1,755,001 to	2,435,000
285,001 to	290,000	2,440,001 to	2,600,000
295,001 to	305,000	2,605,001 to	2,800,000
315,001 to	350,000	2,805,001 to	3,025,000
355,001 to	375,000	3,030,001 to	3,400,000
385,001 to	435,000	3,405,001 to	4,770,000
440,001 to	450,000	1,775,001 to	6,395,000
455,001 to	470,000	6,400,001 to	7,635,000
475,001 to	495,000	7,640,001 to	7,825,000
500,001 to	550,000	7,830,001 to	10,355,000
555,001 to	560,000	10,360,001 to	14,520,000
570,001 to	575,000	14,525,001 to	14,930,000
590,001 to	620,000	14,935,001 to	33,855,000
625,001 to	630,000	33,860,001 to	89,350,000
635,001 to	695,000		

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, 1996

CATEGORIES OF SHAREHOLDERS	NUMBER	SHARES HELD	PERCENTAGE
1. The President, Islamic, Republic of Pakistan, Islamabad.	1	89,351,299	36.00
2. Individuals	18092	16,741,474	6.75
3. Investment Companies	31	13,210,561	5.32
4. Insurance C .	12	12,369,862	4.98
5. Joint Stock Companies	25	19,479,817	7.85
6. Financial Institutions	31	74,891,282	30.18
7. Modaraba Companies	23	3,713,304	1.50
8. Foreign Companies	28	18,203,724	7.33
9. *Others (as detailed below)	5	222,677	0.09

Total		18,248,248,184,000	100.00
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***OTHERS**

NAME	NUMBER	SHARES HELD	PERCENTAGE
i. The Deputy Administrator Abandoned Properties Government of Pakistan Rawalpindi.	1	44,661	0.01
ii. Societies, Foundations and Institutions	4	178,016	0.08

Total	5	222,677	0.09
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AUDITOR'S REPORT TO THE MEMBERS

We have audited the annexed balance sheet of SUI NORTHERN GAS PIPELINES LIMITED as at June 30, 1996 and the related profit and loss account and cash flow statement, 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 and, after due verification thereof, we report that:

(a) in our opinion, proper books of account 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;

(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 and cash flow statement, together with the notes forming part thereof, 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 Company's affairs as at June 30, 1996 and of the profit / (loss) and cash flow statement for the year then ended; and

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

F. MAJID AND COMPANY
 ILYAS SALEEM AND COMPANY
 Chartered Accountants

Lahore
 January 26, 1997

BALANCE SHEET AS AT JUNE 30, 1996

	Note	(Rupees in thousand)	
		1996	1995
SHARE CAPITAL AND RESERVES			
Authorised share capital			
500,000,000 ordinary shares of			
Rupees 10 each		5,000,000	3,000,000
		=====	=====
Issued, subscribed and paid up share capital	2	2,481,840	2,068,200
Reserves	3	1,937,958	1,939,322
Unappropriated profit		6,427	4,085
		-----	-----
		4,426,225	4,011,607
REDEEMABLE CAPITAL - SECURED	4	2,270,516	3,092,941
DEFERRED CREDIT	5	2,157,747	1,906,320
LONG TERM AND DEFERRED LIABILITIES			
Long term loans	6	7,891,824	7,564,216
Security deposits	7	832,175	734,866
Liabilities against assets subject to finance lease	8	1,161,100	583,365
Deferred taxation	9	2,062,624	1,782,697
		-----	-----
		11,947,723	10,665,144
CURRENT Liabilities			
Current portion of Redeemable capital	4	1,214,273	306,378
Current portion of Long term loans	6	590,902	384,130
Overdues cash development loan (GOP)	6	112,097	81,943

Current portion of Liabilities against assets subject to finance lease	8	363,584	174,240
Short term finance		50,000	
Creditors, accrued and other liabilities	10	5,818,501	2,966,924
Tax on bonus shares			41,364
		-----	-----
		8,149,357	3,954,979

CONTINGENCIES AND COMMITMENTS	11	-	-
		-----	-----
		28,951,568	23,630,991
		=====	=====

FIXED CAPITAL EXPENDITURE - TANGIBLE			
Operating fixed assets	12	14,742,381	11,847,788
Assets subject to finance lease	13	1,701,658	817,121
Work - in - progress	14	5,185,589	5,497,901
Advances for land		88,221	81,215
		-----	-----
		21,717,849	18,244,025

LONG TERM LOANS	15	127,283	119,844
------------------------	----	---------	---------

LONG TERM DEPOSITS AND PREPAYMENTS	16	91,937	86,185
-------------------------------------------	----	--------	--------

LONG TERM INVESTMENTS	17	85,000	30,000
------------------------------	----	--------	--------

CURRENT ASSETS			
Stores and spares	18	501,163	511,964
Stock - in - trade	19	52,667	30,213
Trade debts	20	3,737,931	2,708,444
Loans, advances, deposits, prepayments and other receivables	21	1,882,511	904,350
Cash and bank balances	22	755,227	995,966
		-----	-----
		6,929,499	5,150,937

		-----	-----
		28,951,568	23,630,991
		=====	=====

The annexed notes form an integral part of these accounts.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 1996

	Note	(Rupees in thousand)	
		1996	1995
GAS SALES	23	14,180,520	10,541,271
LESS: DEVELOPMENT SURCHARGE		103,096	1,472,478
		-----	-----
		14,077,424	9,068,793
RENTAL AND SERVICE INCOME	24	137,473	96,226
SURCHARGE AND INTEREST ON ARREARS OF GAS SALES		188,283	169,986

AMORTIZATION OF DEFERRED CREDIT	149,108	127,929
	-----	-----
	14,552,288	9,462,934
 LESS: Cost of gas sold		
	25 9,068,712	5,266,811
	26 1,778,283	1,337,551
	12.1 1,406,663	1,118,245
	-----	-----
	12,253,658	7,722,607
	-----	-----
	2,298,630	1,740,327
ADD: OPERATING PROFIT LIQUEFIED PETROLEUM GAS PROJECT (LPG)		
	27 63	89
	-----	-----
	2,298,693	1,740,416
NET GAIN ON SALE OF FIXED ASSETS		
	5,885	4,403
OTHER INCOME		
	28 92,802	96,738
	-----	-----
	2,397,380	1,841,557
 LESS: Financial charges		
	29 1,580,447	1,134,145
Other charges		
	30 51,007	35,583
	-----	-----
	1,631,454	1,169,728
	-----	-----
PROFIT BEFORE TAXATION	765,926	671,829
 PROVISION FOR TAXATION		
	31 351,308	188,975
	-----	-----
PROFIT AFTER TAXATION	414,618	482,854
TAX ON BONUS SHARES		
	-	41,364
	-----	-----
	414,618	441,490
UNAPPROPRIATED PROFIT BROUGHT FORWARD		
	4,085	6,235
	-----	-----
PROFIT AVAILABLE FOR .APPROPRIATION	418,703	447,725
 APPROPRIATIONS		
Transfer to reserve for issue of bonus shares	372,276	413,640
Transfer to general reserve	40,000	30,000
	-----	-----
	412,276	443,640
	-----	-----
UNAPPROPRIATED PROFIT	6,427	4,085
	=====	=====

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 1996

(Rupees in thousand)

1996 1995

CASH FLOW FROM OPERATING ACTIVITIES

Cash generated from operations	4,223,403	1,960,360
Financial charges paid	(2,024,947)	(1,119,644)
Income tax paid	(101,215)	(88,657)
Security deposits	97,309	106,442
Deferred credit	400,535	498,278

Long term loans - staff	(7,439)	(4,775)
Net cash in - flow from operating activities	2,587,646	1,352,004
=====		
CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure:		
New capital expenditure	(3,894,138)	(3,968,504)
Foreign exchange loss capitalized	(26,238)	(1,708)
Leased assets	(970,000)	(320,000)

	(4,890,376)	(4,290,212)
Financial charges capitalized	556,939	613,062
Sale proceeds of fixed assets	6,425	4,747
Long term investment - Civic Centres Company (Pvt) Limited	(55,000)	(30,000)
Increase in long term deposits and prepayments	(5,752)	(25,849)

	(4,387,764)	(3,728,252)
=====		
CASH FLOW FROM FINANCING ACTIVITIES		
Long term loan and other payable	967,005	1,166,873
Redeemable capital	391,847	1,732,138
Funds received subject to finance lease	970,000	320,000
Short term finance	50,000	-
Non operating income received	92,296	98,309
Repayment of long term loans	(402,471)	(251,540)
Repayment of redeemable capital	(306,377)	(275,476)
Payment against finance lease	(202,921)	(100,258)

	1,559,379	2,690,046
=====		
Net increase/(decrease) in cash and cash equivalent	(240,739)	313,798
Cash and cash equivalent at the beginning	995,966	682,168

Cash and cash equivalent at end of the year	755,227	995,966
=====		

(Rupees in thousand)

1996 1995

CASH GENERATED FROM OPERATIONS		
Profit before taxation	765,926	671,829
Adjustment for non - cash charges and other items:		
Depreciation - Normal assets	1,330,549	1,080,797
- Leased assets	85,463	46,763
Amortization of deferred credit	(149,108)	(127,929)
Net profit on disposal of fixed assets	(5,885)	(4,403)
Laying expenditure of transmission system uplifted and written off	-	2,682
Financial charges debited to Profit and Loss account	1,580,447	1,134,145
Non operating income	(92,802)	(96,738)
Provision for doubtful debts	24,137	24,473
Working capital changes	684,676	(771,259)

 4,223,403 1,960,360
 =====

WORKING CAPITAL CHANGES

(Increase)/decrease in current assets		
Stores and spares	10,801	98,782
Stock -in - trade	(22,454)	(7,919)
Trade debts	(1,053,624)	(452,212)
Loans, advances, deposits, prepayments and other receivables (excluding interest and taxes receivable)	(947,821)	(147,595)
	-----	-----
	(2,013,098)	(508,944)
Increase/(decrease) in current liabilities		
Creditors, accrued and other liabilities (excluding accrued financial charges)	(2,697,774)	(262,315)
	-----	-----
	684,676	(771,259)
	=====	=====

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED JUNE 30, 1996**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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**1.1 Accounting convention**

These accounts have been prepared under the historical cost convention, modified by capitalisation of exchange differences referred to in Note 1.4.

1.2 Retirement benefits

(a) Contributory pension fund

This scheme, administered by a Board of Trustees, covers all employees. The scheme is funded and is approved by the Central Board of Revenue.

Contributions by the Company included in salaries, wages and amenities, based on an actuarial valuation, are charged to profit currently.

(b) Gratuity fund

This scheme, administered by a Board of Trustees, covers all employees with a qualifying service period of five years. Contributions to the fund are payable on the basis of an actuarial valuation and charged to profit currently.

(c) 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 funds are valued at intervals of not more than five years. The most recent valuation took place during the year ended June 30, 1994.

1.3 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 provides deferred taxation for all major timing differences using the liability method.

1.4 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 1.9 and borrowing cost referred to in Note 1.10.

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 12 except for transmission and distribution systems, meter and compressor stations and equipments which 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 6C/c~ 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 executives retirement.

Pipelines uplifted during the year are deleted from operating fixed assets. 60% - 65% of the written down value of the uplifted pipeline representing cost of linepipe 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.

1.5 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 the obligation relating to assets subject to finance lease is accounted for at the net present value of liabilities. Value of the leased assets is amortized over the useful lives of the assets on the straight line method at the rates given in Note 13. Amortization of leased assets is charged to income. The related obligations of the lease are accounted for as liabilities.

1.6 Deferred credit

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 amortization over the estimated useful lives of the related assets.

1.7 Stores and spares

Usable stores and spares 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 and other charges paid thereon.

1.8 Stock - in - trade

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

1.9 Foreign currencies

All assets and liabilities in foreign currencies are translated at exchange rates prevailing at the year end except for foreign currency borrowings and unutilised funds there against 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.

1.10 Borrowing costs

Mark - up, interest and other charges on 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 and other charges are expensed during the year.

1.11 Revenue recognition

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

Long term construction contracts are accounted for using the completed contract method under which billings and costs are accumulated but income is only recognised on completion of work.

2. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

	(Rupees in thousand)	
	1996	1995
121,146,000 ordinary shares of Rs 10 each issued for cash	1,211,460	1,211,460
3,329,000 ordinary shares of Rs 10 each issued as fully paid for consideration other than cash	33,290	33,290
123,709,000 ordinary shares of Rs 10 each issued as fully paid bonus shares	1,237,090	823,450
	-----	-----
	2,481,840	2,068,200
	=====	=====

3. RESERVES

Capital

Reserve for issue of bonus shares

At the beginning of the year	413,640	344,700
Transfer from appropriation account	372,276	413,640
	-----	-----
	785,916	758,340
Less:		
Nominal value of bonus shares issued	413,640	344,700
	-----	-----
	372,276	413,640

3. Revenue

At the beginning of the year	1,455,682	1,425,682
Transfer from appropriation account	40,000	30,000
	-----	-----
	1,495,682	1,455,682
Dividend equalization reserve	70,000	70,000
	-----	-----
	1,937,958	1,939,322
	=====	=====

4. REDEEMABLE CAPITAL - SECURED

Long term rrating finance utilised under mark - up arrangements:

LOAN NO.	1	2	3	4	5	6	7	8
	BANKING COMPANIES							
	Sixth	Seventh	Eighth	Ninth	Tenth	Emirates	National	

	BEL	Syndicate	Syndicate	Syndicate	Syndicate	Syndicate	Bank Int. Ltd.	Bank of Pakistan		
Marked - up price	227,896	547,749	328,649	328,649	109,547	2,532,292	85,434	394,832		
Less:Mark-up	17,089	260,246	156,147	156,147	52,047	1,170,974	25,434	215,247		
Prompt payment rebate	90,807	37,503	22,502	22,502	7,500	261,318	-	295,851		
	107,896	297,749	178,649	178,649	59,547	1,432,292	25,434	244,832		
	120,000	250,000	150,000	150,000	50,000	1,100,000	60,000	150,000		
Mark - up accrued during grace period	2,683	63,964	38,378	12,775	12,775	286,973	-	49,343		
	122,683	313,964	188,474	188,378	62,775	1,386,973	60,000	199,343		
Less: Aggregate repay- ments to June 30	108,292	313,964	153,228	122,548	23,769	366,195	15,000	-		
Current portion inc. luded in current liabilities	14,391	-	35,246	30,812	8,022	156,206	15,000	13,444		
	122,683	313,964	188,474	153,360	31,791	522,401	30,000	13,444		
	-	-	-	35,018	30,984	864,572	30,000	185,899		
No. of instalments outstanding										
- half yearly	-	-	2	4	8	10	6	16		
- quarterly	3	-	-	-	-	-	-	-		
- lumpsum	-	-	-	-	-	-	-	-		
Repayment commencement date	June 30, 1990	Dec. 30, 1988	Dec. 30, 1989	Dec. 30, 1990	Dec. 30, 1992	Dec. 30, 1993	Sept. 11, 1995	Dec 01 1996		

Cont.

	9	10	11	12	13	14	15	17	TOTAL		
	(Rupees in thousand)										
	ANZ Grindlays Bank	Pakistan Kuwait Co. (Pvt) Ltd.	Emirates Inv. Bank Int. Ltd.	Citicorp. Invest. Bank Syndication	National Bank of Pakistan	Al-Faysal Investment Bank	Cres Bank	Deutsche Bank	Cres Bank	1996	1995
Marked - up price	200,000	790,000	82,521	1,001,875	566,947	134,851	158,308	87,544	87,047	7,664,141	7,536,267
Less:Mark-up	-	-	32,521	323,772	320,995	34,851	34,044	37,400	29,873	2,862,787	2,623,659
Prompt payment rebate	-	-	-	178,103	45,952	-	-	10,908	-	706,680	925,108
	-	-	32,521	501,875	366,947	34,851	30,044	48,308	29,873	3,569,467	3,548,767
	200,000	790,000	50,000	500,000	200,000	100,000	57,500	110,000	57,174	4,094,674	3,987,500

Mark - up accrued during grace period	-	-	-	12,021	-	-	-	-	504,611	499,854
Less: Aggregate repayments to June 30	200,000	790,000	50,000	500,000	212,021	100,000	57,500	110,000	57,174	4,599,285
Current portion inc. luded in current liabilities	-	-	-	-	-	-	11,500	-	-	1,114,496
	-	-	79,000	12,500	-	-	11,500	110,000	17,152	1,214,273
	-	790,000	12,500	-	-	-	23,000	110,000	17,152	2,328,769
	200,000	-	37,500	500,000	212,021	100,000	34,500	-	40,022	2,270,516
No. of insraiments outstanding										
- half yearly	-	-	8	6	16	4	8	-	10	
- quarterly	-	-	-	-	-	-	-	-	-	
- lumpsum	1	1	-	-	-	-	-	1	-	
Repayment commencement date	Aug-15 1998	Nov 21, 1996	Dec 19, 1996	Dec 19 1997	Aug 28, 1998	Jul. 26, 1997	Dec 29 1995	Jun-27 1997	Aug-27 1996	

Terms of redeemable capital

These represent long term running finances obtained under mark-up arrangements from financial institutions and banking companies. Under these arrangement goods owned by the Company are sold and immediately deemed to have been purchased by the company at the marked-up price as shown above from the respective institutions. 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 loans No. 1 to 14 is secured by first equitable mortgage on the Company's fixed assets ranking pari passu with the charges created in respect of the World Bank's Loan (Note 6.1) and a floating charge over the company's assets. The marked-up price payable to Bankers Equity Limited is additionally secured by hypothecation of machinery financed by them.

(b) Repayment of the marked-up price of loans No. 15 to 17 is secured by second charge on the Company's fixed assets.

5. DEFERRED CREDIT

	(Rupees in thousand)	
	1996	1995
Consumers contributions	2,775,354	2,374,820
Government grant	183,206	183,206
	2,958,560	2,558,026
Less: Accumulated amortization	800,813	651,706
	2,157,747	1,906,320

6. LONG TERM LOANS

Secured		
Foreign currency - Note 6.1	138,598	266,181
Other payables - Note 6.2	45,607	45,607
	184,205	311,788
Unsecured		
Foreign currency - Note 6.3	3,998,465	3,686,946
Rupee Note 6.4	4,412,153	4,031,555

8,410,618 7,718,501

8,594,823 8,030,289Less: Current portion and overdues shown under
current Liabilities

Foreign currency 469,059 304,267

Rupee - current portion 121,843 79,863

590,902 384,130

Overdues cash development loans (GOP) 112,097 81,943

702,999 466,073-----
7,891,824 7,564,216
=====**6.1 Foreign currency loan - secured**International Bank for Reconstruction
and Development - Loan 1107 PAK

	Currency	(In thousands)		(Rupee equivalent)	
		1996	1995	1996	1995
Deutsche Marks	DM	6,603	12,681	73,518	141,193
Netherland Guilders	DFL	453	870	4,477	8,598
Swiss Francs	SFr	2,267	4,355	29.22	56,117
U.S. Dollars	U.S. \$	1,482	2,846	31,384	60,273
Outstanding balance - Rupees				138.598	266,181

=====**Terms of repayment**

The loan carries interest at 8.5% per annum payable half yearly. The loan is covered by the exchange risk scheme of the State Bank of Pakistan at a fee of 5.5% per annum. The balance loan is repayable in 2 unequal half yearly installments. The repayment of the loan is also guaranteed by the Government of Pakistan for a fee payable half yearly at the rate of 0.5% per annum on the outstanding amount of the loan.

Security

The loan and related interest are secured by a first equitable mortgage over the fixed assets and a floating charge over all other assets of the Company ranking pari passu with the charges created in favour of the lenders referred to in Note 4.

6.2 Other payables - secured

(Rupees in thousand)

1996 1995

Deferred custom duties 45,607 45,607

This represents 50% import duty deferred under the Deferment of Import Duties Rules 1991. The balance is repayable by 1997. Surcharge is payable half yearly at rates ranging from 14% to 20% per annum. The liability is secured upto the extent of Rs. 29.826 million by a second charge on the Company's current assets while the remainder is secured against cash deposits placed under lien referred to in Note 22.

6.3 Foreign currency loans - unsecured

These are composed of:

No. of

Loan	Lender	Currency	Balance Undisbursed	Currency 1996	Balance 1995	Rupee 1997	Equivalent Rate of 1995 interest	Exchange Risk Fee per annum	half yearly Instalments outstanding	Repayment Commencement date.
1.	World Bank 2324- PAK	U.S.\$	-	12,192	15,235	221.25	276.472	0.5% above the base cost of qualified borrowings	3	8 November 01, 1986
2.	World Bank 3252- PAK	U.S.\$	10,942	116.693	112,295	3,333,498	3,174,391	- do -	6.90	29 March 01, 1996
3.	World Bank 3252-1 PAK	U.S.\$	51,720	7.19	297	248.62	9,191	- do -	6.91	29 March 01, 1996
4.	Orix Corpor Tokyo - Japan	J.Yen	-	-	80,288	-	12,340	0.5% above the base rate advised by the reference bank	8.3	- February 25, 1991
5.	Mitsui Leas and Development Tokyo- Japan	J.Yen	-	30.05	90,145	4.15	12,441	- do -	8	1 July 27, 1991
6.	ANZ U.S.A. Category - A	U.S.\$	-	771	999	27,234	31,171	2% above LIBOR	-	3 June 08, 1996
7.	ANZ U.S.A. Category - B	U.S.\$	-	4.64	5,479	163,718	170,940	0.375% above LIBOR	-	11 June 15, 1995

					3,998,465		3,686,946			
					=====		=====			

The repayment of the 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 5.

Under the provision of World Bank Loan 3252 - PAK the Government of Pakistan has guaranteed a minimum return before taxation of 17.5% of net average operating fixed assets for the year exclusive of financial charges and other income.

6.4 Rupee loans - unsecured

		(Rupees in thousand)	
		1996	1995
Government of Pakistan (GOP)			
Relent loans	Note 6.4.1	1,136,270	769,436
Cash development loans (CDL)	Note 6.4.2	475,883	462,119
Medium term loan	Note 6.4.3	2,800,000	2,800,000

		4,412,153	4,031,555
		=====	

6.4.1 Relent loans

(Rupees in thousand)	Rate of interest inclusive of exchange risk fee.	Number of outstanding half yearly instalments	Repayment commencement date
1996	1995		

Relent loan 1	337,725	373,275	14%	19 June 01, 1991
Relent loan 2	126,802	132,026	14%	27 March 01, 1995
Relent loan 3	551,110	134,567	14%	30 Feb 01, 1998
Relent loan 4	120,633	129,568	14%	27 March 01, 1995
	-----	-----		
	1,136,270	769,436		
	=====	=====		

Under the terms of IBRD loan agreements GOP has relent to the Company in rupees sums in various currencies. Loans 1,2 and 4 are fully disbursed. Against the sanctioned amount of U.S.\$ 56.500 million for the relent loan 3, the amount disbursed was USS 10.508 million.

6.4.2 Cash Development Loans

These have been obtained from the Government of Pakistan for the supply of gas to new towns through Peoples Programme and Annual Development Programme. The loan obtained through Peoples Programme Rs 386.576 million (1995 - Rs. 372.812 million) which carries mark - up rate @ 10% per annum and is repayable over a period of 12 years with a grace period of 2 years. Loans obtained through Annual Development Programme are Rs 89.307 million (1995 - Rs. 89.307 million) which carries mark-up ranging between 15.24% to 15.54% per annum which is subject to revision by GOP on year to year basis. This loan is repayable in 25 years with a grace period of 5 years.

6.4.3 Medium term

This amount represents Gas Development Surcharge payable to the Government which was converted into a medium term loan with effect from June 30, 1994. The loan carries interest at 17.5% per annum and is repayable after a grace period of 3 years. The repayment schedule has not yet been intimated by the Government.

7. SECURITY DEPOSITS

	(Rupees in thousand)	
	1996	1995
Consumers - Note 7.1	747,345	660,353
LPG dealers - Note 7.2	65,351	59,374
Contractors - Houseline	19,479	15,139
	-----	-----
	832,175	734,866
	=====	=====

7.1 Consumer deposits represent security against amounts 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 462,064,774 (1995 - Rs 429,581,062) from certain consumers.

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

8. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	(Rupees in thousand)	
	1996	1995
Present value of minimum lease rental payments	1,524,684	757,605
Less: Current portion shown under current liabilities	363,584	174,240
	-----	-----
	1,161,100	583,365
	=====	=====

The value of minimum lease rental payments have been discounted at implicit interest rates ranging from 18.47% to

23.57% to arrive at their present value. The balance rentals due under the lease agreements aggregate to Rs 2,121,830,732 (1995 - Rs 989,799,855) and are payable in equal monthly instalments plus lump sum payments of Rs 86,996,577 (1995 - Rs 81,996,577) for residual values between July 1994 and June 2001. 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 86,996,577 (1995 - Rs 81,996,577) included in long term security deposits under Note 16.

9. DEFERRED TAXATION

The liability for deferred taxation comprises timing differences relating to:

	(Rupees in thousand)	
	1996	1995
Accelerated tax depreciation allowance	2,504,252	1,937,648
Financial charges capitalised	251,687	225,924
Lease rentals	50,837	30,726
	-----	-----
	2,806,776	2,194,298
Less: Provision for doubtful debts	(44,083)	(35,393)
Others	(700,069)	(376,208)
	-----	-----
	(744,152)	(411,601)
	-----	-----
	2,062,624	1,782,697
	=====	=====

10. CREDITORS, ACCRUED AND OTHER LIABILITIES

	(Rupees in thousand)	
	1996	1995
Trade creditors	3,862,492	1,302,895
Accrued liabilities	740,971	416,450
Deposits repayable on demand	4,952	4,466
Earnest money received from contractors	24,774	17,739
Mobilisation and other advances	50,448	414
Gas development surcharge - Note 10.1	-	207,571
Interest, surcharge and commitment charges accrued on loans:		
Unsecured	981,551	893,576
Secured	107,989	83,525
Workers' profit participation fund - Note 10.2	43,898	38,846
Unclaimed dividend	1,426	1,442
	-----	-----
	5,818,501	2,966,924
	=====	=====

10.1 Under the Natural Gas (Development Surcharge) Ordinance, 1967 the sale prices at which gas is to be sold to various consumers (the fixed sale price) and the price to be retained therefrom by the Company (the prescribed price) are fixed by the Government. The difference represented by the excess of the fixed sale price over the prescribed price is payable to the Government as Development Surcharge. This carries interest @ 20% per annum with a grace period of two months from the date on which it becomes due.

The amount represents the balance outstanding of the Development Surcharge.

10.2 Workers' profit participation fund

Balance at the beginning of the year	38,846	34,466
Allocation for the year	40,312	35,359

	79,158	69,825
Interest on funds utilised in the Company's business	171	55
Less: Payments to workers	1,662	734
Payments to Workers Welfare Fund	33,769	30,300
	35,431	31,034
Balance at the end of the year	43,898	38,846

11. CONTINGENCIES AND COMMITMENTS

11.1 Claims against the Company not acknowledged as debts Rs 302.337 million (1995 - Rs 297.717 million).

Included in claims against the Company not acknowledged as debts are five claims by contractors and consumers aggregating Rs 37.882 million. Pending the outcome of these claims, which are in arbitration and before the courts no provision has been made in these accounts as in the management's view the Company has strong grounds against the cases lodged.

11.2 Guarantees given by commercial banks on behalf of the Company are Rs 29.826 million (1995 - Rs 29.826 million).

(i) During the accounting year ended June 30, 1991 the Income Tax Appellate Tribunal (ITAT) upheld the Company's contention in the appeals filed by and against the Company for the assessment years 1971-72 through 1987-88. During the year ended June 30, 1992 the Commissioner of Incom Tax (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 the 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 1971-72 to 1996-97 which on a similar basis as used in the past by the tax authorities would amount to Rs 302.713 million.

(ii) In framing the assessment for the years 1989-90 through 1994-95 the tax authorities, in addition to the above mentioned demands, raised further additional demands due to a change of opinion 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. Pending the outcome of these appeals no provision has been made in the accounts for these additional demands for the years 1989-90 to 1994-95, which on the basis adopted by the authorities would amount to Rs 386.806 million, since the Company has strong grounds against the assessment framed by the tax authorities.

(iii) 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 the 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 21.

11.4 Commitments in respect of

- (i) Contracts for capital expenditure Rs 1,726.436 million (1995 - Rs 1,637.217 million).
- (ii) Letters of credit other than for capital expenditure Rs 44.610 million (1995 - Rs 22.899 million).
- (iii) The Company is committed to pay Rs 80.000 million during the year ending June 30, 1997 to cover the full commitment of Rs 165.000 million in Civic Centers Company (Pvt.) Limited of which this is a sponsor.

12. OPERATING FIXED ASSETS

Description	(Rupees in thousand)						
	Cost as at June 30, 1995	Additions/ (deletions)	Cost as at June 30, 1996	Accumulated depreciation as at June 30, 1996	Book value as at June 30, 1996	Depreciation Charged for the Year	Rate (%)
Freehold land	110,056	18,662	128,718	-	128,718	-	-
Leasehold land	392	-	392	-	392	-	-
Buildings and civil construction on freehold land	397,347	82,749	480,096	188,421	291,675	20,821	6
Buildings on leasehold land	8,461	-	8,461	7,699	762	507	6
Transmission system	8,662,496	2,585,495	11,247,991	3,344,801	7,903,190	601,061	6 - 10
Distribution system	3,792,672	146,925	3,939,597	1,480,132	2,459,465	218,687	6
Consumer meter and town border stations	1,595,383	392,585 (762)	1,987,206	621,219	1,365,987	102,936	6
Telecommunication system and facilities	362,156	8,369 (336)	370,189	160,723	209,466	41,030	15
Compressor stations and equipments	1,513,949	581,550	2,095,499	712,779	138,272.00	90,906	6 - 9
Purification plant	656,181	-	656,181	392,407	263,774	36,399	7.5
Plant and machinery	1,172,535	296,731 (1,916)	1,467,350	896,449	570.90	143,777	6 - 20
Furniture and equipme	95,348	62,104 (885)	156,567	95,999	60,568	23,080	15 - 20
Loose tools	16,990	1,392	18,382	16,742	1,640	831	33.33
Transport vehicles	344,119	49,120 (6,778)	386,461	283,338	103,123	50,514	25
1996	18,728,085	4,225,682 (10,677)	22,943,090	8,200,709	14,742,381	1,330,549	
1995	15,132,695	3,640,364 (44,974)	18,728,085	6,880,297	11,847,788	1,080,797	

Exchange loss of Rs 19.678 million in respect of ANZ Bank loan has been added to compressor stations and equipments during the year.

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

		(Rupees in thousand)	
		1990	1995
Operating - Gas	Note - 12	1,330,549	1,080,797
Leased assets	Note- 13	85,463	46,763
		1,416,012	1,127,560
Less: Allocated to LPG - Note - 27		9,349	9,315
		1,406,663	1,118,245

12.2 The following assets were disposed off during the year:

Description	Cost	Accumulated Book depreciation value	Sale proceeds	Mode of disposal	Sold to
Furniture and equipments:					
Refrigerator rules	28,000	8,799	19,201	19,201	As per service Mr. M. A.Waj id Executive
Refrigerator	29,800	5,390	24,410	24,410	do Mr. I.U. Mufti Executive
Refrigerator	20,800	12,980	7,820	7,820	do Mr. S.M. Shabbir Hussain Executive
Airconditioner	20,000	8,481	11,519	11,519	do Mr. S.M. Shabbir Hussain Executive
Motor vehicles					
Suzuki Khyber	269,7	173,366	96,334	96,334	do Mr. M.A. Wajid Executive
Suzuki Khyber	269,700	195,827	73,873	73,873	do Mr. I.U. Mufti Executive
Suzuki Margalla	370,000	103,620	266,380	266,380	do Mr. S.M. Shabbir Hussain Executive

No other assets with aggregate book value of over Rs 5,000 were sold during the year.

13. ASSETS SUBJECT TO FINANCE LEASE

Description	Cost as at June 30, 1995	Cost Additions/ (deletions) as at June 30, 1996	Accumulated Depreciation as at June 30, 1996	Book value as at June 30, 1996	Depreciation Charged for the year	Rate (%)
(Rupees in thousands)						
Distribution system	638,285	970,000	1,608,285	108,754	1,499,531	67,397 6
Consumers meter and town border stations	221,856	-	221,856	30,167	191,689	13,312 6
Telecommunication system and facilities	1,529	-	1,529	574	955	229 15
Plant and machinery	4,492	-	4,492	1,123	3,369	449 6-20
Transport vehicles	16,304	-	16,304	10,190	6,114	4,076 25
1996	882,466	970,000	1,852,466	150,808	1,701,658	85,463

1995 562,466 320,000 882,466 65,345 817,121 46,763

=====

14. CAPITAL WORK - IN - PROGRESS

(Rupees in thousand)

1996 1995

Transmission system	1,322,867	1,544,777
Distribution system	967,891	816,723
Stores and spares including in transit		
Rs 255,653,311 (1995- Rs 400,243,913)	2,894,831	3,136,401
	-----	-----
	5,185,589	5,497,901
	=====	=====

Exchange loss of Rs 6.560 million in respect of ANZ Bank loan has been added to compressor stations and equipments during the year.

15. LONG TERM LOANS - CONSIDERED GOOD

	House building		Car		Motorcycle/Scooter		Total	
	1996	1995	1996	1995	1996	1995	1996	1995
Due from employees	143.57	135,610	12,002	10,601	2,996	2,977	158,568	149,188
Amounts due within one year shown under current assets (Note 21.)	28,110	26,455	1,558	1,400	1,617	1,489	31,285	29,344
	115,46	109,155	10,444	9,201	1,379	1,488	127,283	119,844
Outstanding for more than three years	49,839	44,118	3,187	2,096	-	-	53,066	46,214
Others	65,621	65,037	7,257	7,105	1,379	1,488	74.22	73,630
	-----	-----	-----	-----	-----	-----	-----	-----
	115.46	109,155	10.44	9,201	1,379	1,488	127,283	119,844
	-----	-----	-----	-----	-----	-----	-----	-----

House building and car loans are repayable in 10 years, while scooter and motorcycle loans are repayable in 3 years. Interest upto 10% per annum is charged on these loans. Loans to the employees are secured by deposit of the title deeds and joint registration of vehicles. The maximum amount due from the Chief Executive at any time during the year was Rs Nil (1995 - Rs Nil). Car and house building loans also include Rs 29,346,684 (1995 - Rs 28,817,735) due from executives of the Company. The maximum amount due from them at any time during the year was Rs 33,511,693 (1C)95 - Rs 32,183,831).

16 LONG TERM DEPOSITS AND PREPAYMENTS

(Rupees in thousand)

1996 1995

Prepaid rent	4,940	4,188
Security deposits against leased assets	86,997	81,997
	-----	-----
	91,937	86,185
	=====	=====

17. LONG TERM INVESTMENTS

(Rupees in thousand)

	1990	1995
Civic Cen Note - 17.1	54,000	-
Share dep Note - 17.2	31,000	30,000
	-----	-----
	85,000	30,000
	=====	=====

17.1 5,400,000 ordinary shares of Rs 10 each representing 15.52% of the paid up capital of the investee company. At present Mr. Sabir Pervaiz Chouhan is the chairman of the investee company.

17.2 The amount paid to Civic Centers Company (Pvt.) Limited for the purchase of shares.

18. STORES AND SPARES

Stores including in transit Rs 11,422,021 (1995 - Rs 3,401,471)	178,064	180,668
Spares including in transit Rs 20,192,022 (1995 - Rs 11,030.173)	323,099	331,296
	-----	-----
	501,163	511,964
	=====	=====

19. STOCK - IN - TRADE

Gas in pipelines	50,370	28,673
Gas in LPG containers	2,297	1,540
	-----	-----
	52,667	30,213
	=====	=====

20. TRADE DEBTS

Considered good	3,737,931	2,708,444
Considered doubtful	122,452	98,315
	-----	-----
	3,860,383	2,806,759
Less: Provision for doubtful debts	122,452	98,315
	-----	-----
	3,737,931	2,708,444
	=====	=====

Included in debts considered good are secured of Rs. 814.590 million (1995 - Rs 778.860 million).

21. LOANS. ADVANCES. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	(Rupees in thousand)	
	1996	1995
Loans to employees - considered good - Note 15	31,285	29,344
Advances to employees - considered good - Note 21.1	7,801	6,784
Advances to suppliers and contractors - considered good	79,084	49,345
Trade deposits and prepayments less provision for doubtful Rs 6,284,754 (1995 - Rs. 6,284,754)	55,960	99,696
Accrued gas sales	272,122	174,933
Claims receivable	2,488	2,841
Taxes recoverable and refund due from Government- income tax	387,996	358,162
Exchange differences on long term loans recoverable from the State Bank of Pakistan	188,589	141,075
Accrued return on bank deposits	7,431	6,925

Advance to Saindak Metals Limited - Note 21.2	20,000	
Gas development surcharge recoverable - Note 21.3	819,497	
Miscellaneous	10,258	35,245
	-----	-----
	1,882,511	904,350
	=====	=====

21.1 Included in advances to employees are Rs 495,600 (1995 - Rs 861,600) due from executives. The maximum amount outstanding at any time during the year was Rs 1,102,500 (1995 - Rs 861,600).

21.2 Advance paid for short term period which carries interest @ 19.5% per annum. This advance was scheduled to be returned in July 1996 but not yet received.

21.3 GDS became recoverable due to tariff allowed to compensate increase in well head prices w.e.f. 01 January 1996. This will be adjusted against future GDS liability.

22. CASH AND BANK BALANCES

At banks - Note 22.1

On deposit including Rs 23.805 million (1995 - Rs 23.805 million) under lien and Rs 8.625 million (1995 - Rs 7.769 million) in special accounts

	438,483	787,128
--	---------	---------

On current accounts, including remittances in transit and cheques under clearance Rs 293.019 million (1995 - Rs 169.763 million)

	316,389	208,673
--	---------	---------

	754,872	995,801
In hand	355	165
	-----	-----
	755,227	995,966
	=====	=====

22.1 Included in these accounts are amounts of Rs 10.531 million representing unutilised balances of foreign currency loans, which are available solely for use on capital projects.

23. SALES

	1996		1995	
	VOLUME (hm3)	VALUE (Rupees in thousand)	VOLUME (hm3)	VALUE (Rupees in thousand)
Industrial	36,706,469	9,543,048	33,571,902	6,988,449
Commercial	3,374,718	1,182,416	3,144,470	881,918
Domestic	18,786,218	3,455,056	16,933,519	2,670,904
	-----	-----	-----	-----
	58,867,405	14,180,520	53,649,891	10,541,271
	=====	=====	=====	=====

24. RENTAL AND SERVICE INCOME

	(Rupees in thousand)	
	1996	1995
Transmission charges	6,072	757
Meter rental	115,025	81,643
Testing and reconnection charges	5,295	6,361

Income from repair work	11,081	7,465
	-----	-----
	137,473	96,226
	=====	=====

25. COST OF GAS SOLD

	1996		1995	
	VOLUME	VALUE	VOLUME	VALUE
	(hm3)	(Rupees in thousand)	(hm3)	(Rupees in thousand)
Opening stock of gas in pipeline	301,614	28,673	292,613	22,217
Gas purchases				
Southern system	58,642,575	7,583,570	52,019,429	3,999,826
Northern system	9,741,906	1,854,922	9,041,538	1,486,199
	-----	-----	-----	-----
	68,686,095	9,467,165	61,353,580	5,508,242
LESS:				
Gas Internally consumed	2,553,209	3,480,831	2,456,653	212,758
Closing stock of gas in pipelines	365,719	503,701	301,614	28,673
	-----	-----	-----	-----
	2,918,928	398,453	2,758,267	241,431
	-----	-----	-----	-----
	65,767,167	9,068,712	58,595,313	5,266,811
	=====	=====	=====	=====

26. OPERATING COST EXCLUDING DEPRECIATION

	(Rupees in thousand)	
	1996	1995
Salaries, wages and benefits	1,143,722	803,058
Employees medical and welfare	151,631	109,693
Stores and spares consumed	107,914	129,818
Fuel and power	305,213	177,763
Repairs and maintenance	46,749	52,244
Rent, rates, electricity and telephone	47,098	37,979
Insurance	57,639	49,540
Travelling	42,844	27,860
Stationery, telegrams and postage	28,769	24,541
Transport	66,660	54,728
Provision for doubtful debts	29,190	24,473
Professional services - Note 26.1	5,340	4,428
Loans to deceased employees written off	46	157
Gas bill collection charges	12,389	10,838
Other expenses	55,713	53,360
	-----	-----
	2,100,917	1,560,480
Less: Allocated to fixed capital expenditure	(322,634)	(222,929)
	-----	-----
	1,778,283	1,337,551
	=====	=====

26.1 Professional services

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

Statutory audit		
E Majid and Co. - (FM)	100	75

Ilyas Saleera and Co. - (IS)	100	75
	-----	-----
	200	150
Tax representation and advisory services (AFF)	350	350
Provident fund, audit certification for lending agencies and sundry advisory services - FM	-	15
- AFF	-	13
- IS	18	-
Gas development surcharge	- FM	30
- FM	30	20
Out of pocket expenses	- AFF	-
- FM	17	16
- IS	15	-
	-----	-----
	630	599
	=====	=====

27. OPERATING PROFIT - LPG

(Rupees in thousand)
1996 1995

Sales	61,392	59,200
Cost of gas sold	33,403	34,103
	-----	-----
	27,989	25,097
Less: Operating costs		
Salaries, wages and benefits	5,768	4,875
Employees medical and welfare	661	608
Stores and spares consumed	811	221
Fuel and power	239	292
Repairs and maintenance	1,043	747
Rent, rates and taxes	1,292	1,081
Traveling expenses	457	317
Stationery, telegrams and postage	97	23
Transport expenses	446	570
Transportation of cylinders	5,651	5,253
Others	172	197
Head Office overheads	1,940	1,509
Depreciation - Note 12.1	9,349	9,315
	-----	-----
	27,926	25,008
	-----	-----
Operating profit	63	89
	=====	=====

28. OTHER INCOME

Interest on staff loans and advances	6,060	5,740
Return on bank deposits	77,581	79,046
Others	9,161	11,952
	-----	-----
	92,802	96,738
	=====	=====

29. FINANCIAL CHARGES

(Rupees in thousand)
1996 1995

Mark-up on:

Managerial remunerati	275	136	301	51,629	44,050
Contribution to provident, pension and gratuity	20	19	60	10,384	9,437
Housing and utilities	169	75	135	26,898	25,380
Leave encashment	-			1,652	4,985
Leave fare assistance	87	22		4,896	5,373
Club subscriptions	4	3	5	29	26
	-----	-----	-----	-----	-----
	555	255	501	95,488	89,251
	=====	=====	=====	=====	=====

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 for the year for fee to 13 Directors (1995 - 15) was Rs 22,500 (1995 - Rs 30,500)

33. TRANSACTIONS WITH ASSOCIATED COMPANIES

The Company received return from and paid mark - up to associated companies aggregating Rs 10.965 million (1995 - Rs 12.719 million) and Rs 27.861 million (1995 - Rs 33.414 million) respectively.

34. CAPACITY AND ACTUAL PERFORMANCE

The average daily gas transmitted during the year was 187,180 hm³ (1995 - 167,308 hm³) against the designed capacity of 231,026 hm³ (1995 - 194,400 hm³).

35. COMPARATIVE FIGURES

Comparative figures have been rearranged for comparison, wherever necessary.

TEN YEARS AT A GLANCE

BLANCE SHEET - SUMMARY

Part A of B

(Rupees in thousand)

	1996	1995	1994	1993	1992
Paid up share capital	2,481,840	2,068,200	1,723,500	1,723,500	1,633,703
Reserves and unappropriated profit	1,944,385	1,943,407	1,846,617	1,413,554	1,073,152
Surplus on revaluation of operating fixed assets	-	-	-	-	-
Deferred credit	2,157,747	1,906,320	1,535,971	1,324,115	1,115,444
Long term loans outstanding					
-Local	4,223,820	3,915,356	3,854,513	919,980	923,530
-Foreign	3,668,004	3,648,860	2,950,211	2,219,758	1,382,186
-Redeemable capital	2,270,516	3,092,941	1,667,181	1,730,604	1,832,938
Long term security deposits	832,175	734,866	628,424	541,369	491,725
Deferred liabilities - taxation	2,062,624	1,782,697	1,639,843	1,518,816	1,352,887
Deferred liabilities - Others	1,161,100	583,365	450,265	-	-
Current Liabilities	8,149,357	3,954,979	3,274,982	2,800,757	1,822,893
	-----	-----	-----	-----	-----
	28,951,568	23,630,991	19,571,507	14,192,453	11,628,458
	=====	=====	=====	=====	=====
Represented by:					
Fixed assets	21,717,849	18,244,025	15,084,399	11,056,637	8,461,771
Other assets - Long Term	304,22	236,029	175,405	113,214	99,254
Current Assets	6,929,499	5,150,937	4,311,703	3,022,602	3,067,433
	-----	-----	-----	-----	-----
	28,951,568	23,630,991	19,571,507	14,192,453	11,628,458

PROFIT AND LOSS - SUMMARY INCOME

Sales	14,180,520	10,541,271	9,449,843	7,666,698	7,782,762
Less: Development surcharge	103,096	1,472,478	2,181,300	1,786,306	2,276,996
Net Sales	14,077,424	9,068,793	7,268,543	5,880,392	5,505,766
Cost of gas sold	9,068,712	5,266,811	4,158,024	3,389,665	3,363,545
	5,008,712	3,801,982	3,110,519	2,490,727	2,142,221
Rental and service income	137,473	96,226	88,534	72,664	65,101
Surcharge & interest on arrears of gas sales	188,283	169,986	52,838	40,290	38,736
Amortization of deferred credit	149,108	127,929	107,115	87,367	70,476
Operating profit/(Loss)-LPG	63	89	(560)	(4,737)	4,115
Net gain on sale of fixed assets	5,885	4,403	4,057	9,563	2,875
Other income	92,802	96,738	75,314	87,181	82,520
Income from construction contracts	-	-	-	-	-
	5,582,326	4,297,353	3,437,817	2,783,055	2,406,044

EXPENDITURE

Operating cost excluding depreciation	1,778,283	1,337,551	1,133,014	889,246	793,407
Depreciation	1,406,663	1,118,245	884,409	716,418	605,290
Financial charges	1,580,447	1,134,195	798,081	610,412	579,540
Other charges	51,007	35,583	31,125	30,724	21,390

	4,816,400	3,625,524	2,846,629	2,246,800	1,999,627
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Profit before taxation	765,926	671,829	591,188	536,255	406,417
Provision for taxation	351,618	230,339	158,125	195,853	195,179

Profit after taxation	414,618	441,490	433,063	340,402	211,238
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DIVIDEND (%)

	-	-	-	-	10
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BONUS SHARES

	6.67:1	5:1	5:1	-	-
--	--------	-----	-----	---	---

Number of employees - Operation	6,946	5,564	4,210	3,995	3,987
- Project	324	333	293	277	287

	7,270	5,897	4,503	4,272	4,274
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GAS SALES (MMCF)

Industrial	130,285	119,159	123,235	121,755	123,543
Commercial	11,978	11,161	10,423	9,677	8,739
Domestic	66,680	60,104	51,561	45,624	43,347

	208,943	190,424	185,219	177,056	175,629
Consumers (in numbers)	1,440,027	1,292,184	1,136,803	1,006,009	884,375

Customers

Commercial	2,614	2,744	2,843	2,990	3,020
Industrial	34,079	32,739	31,487	30,256	28,339
Domestic	1,368,032	1,221,899	1,067,671	939,488	819,872

	1,404,725	1,257,382	1,102,001	972,734	851,231
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Distribution and Transmission System

(in kilometers)

Transmission mains	4,243	3,865	3,614	3,311	3,200
Distribution mains and services	24,226	21,782	18,375	15,501	13,510

TEN YEARS AT A GLANCE

BLANCE SHEET - SUMMARY

Part A of B

	1991	1990	1989	1988	1987
Paid up share capital	383,000	383,000	383,000	383,000	383,000
Reserves and unappropriated profit	1,426,839	386,564	371,231	323,391	323,752
Surplus on revaluation of operating fixed assets	-	1,728,036	1,747,356	1,766,937	1,782,101
Deferred credit	922,840	798,211	652,000	478,410	375,981
Long term loans outstanding					
-Local	887,796	855,631	595,558	552,697	259,091
-Foreign	1,365,627	1,466,808	1,647,818	1,638,241	1,556,620
-Redeemable capital	1,845,627	866,246	907,705	904,208	675,235
Long term security deposits	434,288	394,518	371,201	333,526	281,736
Deferred liabilities - taxation	1,195,409	1,098,689	904,828	792,037	573,243
Deferred liabilities - Others	1,257	6,465	13,387		
Current Liabilities	2,069,542	2,206,188	1,716,212	1,336,268	1,161,598
	10,532,225	10,190,356	9,310,296	8,508,715	7,372,357
	=====	=====	=====	=====	=====

Represented by:

Fixed assets	7,396,118	7,350,066	6,948,163	6,322,990	5,405,043
Other assets - Long Term	90,509	78,253	79,030	74,107	68,500
Current Assets	3,045,598	2,762,037	2,283,103	2,111,618	1,898,817
	10,532,225	10,190,356	9,310,296	8,508,715	7,372,357
	=====	=====	=====	=====	=====

PROFIT AND LOSS - SUMMARY INCOME

Sales	6,551,687	6,352,749	5,593,464	5,133,358	4,108,489
Less: Development surcharge	2,490,084	2,545,007	2,782,473	1,946,919	1,039,211
Net Sales	4,061,603	3,807,742	2,810,991	3,186,439	3,069,278
Cost of gas sold	2,242,744	2,062,562	1,320,566	1,817,083	1,909,750
	1,818,859	1,745,180	1,490,425	1,369,356	1,159,528
Rental and service income	61,631	38,807	45,362	39,029	37,713
Surcharge & interest on arrears of gas sales	30,563	27,746	22,362	35,498	41,380
Amortization of deferred credit	55,257	52,066	39,238	30,394	23,201
Operating profit/(Loss)-LPG	6,875	7,833	7,446	3,377	(2,365)
Net gain on sale of fixed assets	5,478	1,932	4,833	6,855	4,952
Other income	62,881	54,596	73,640	47,807	40,290
Income from construction contracts	-	-	-	-	10,307
	2,041,544	1,928,160	1,683,308	1,532,316	1,315,006
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EXPENDITURE

Operating cost excluding depreciation	587,954	521,539	463,297	442,112	398,163
Depreciation	540,330	655,801	545,806	468,656	412,211

Financial charges	497,219	419,711	311,543	261,102	223,622
Other charges	20,818	16,555	18,164	18,606	15,156
	1,646,321	1,613,606	1,338,810	1,190,476	1,049,152
Profit before taxation	395,223	314,554	344,498	341,840	265,854
Provision for taxation	198,424	211,131	210,483	265,601	158,272
Profit after taxation	196,799	103,423	134,015	76,239	107,582
DIVIDEND (%)	10	23	22,015	20	20
BONUS SHARES	1:1.25	-	-	-	-
Number of employees - Operation	4,056	3,871	3,662	3,646	3,629
- Project	306	309	313	374	379
	4,362	4,180	3,975	4,020	4,008
GAS SALES (MMCF)					
Industrial	121,385	124,335	111,132	106,961	96,785
Commercial	7,855	7,514	6,936	6,639	6,347
Domestic	39,491	33,855	31,016	26,700	25,667
	168,731	165,704	149,084	140,300	128,799
Consumers (in numbers}	793,456	732,880	678,635	625,253	585,769
Customers					
Commercial	2,994	2,591	2,754	2,832	2,840
Industrial	26,561	25,349	24,837	24,214	23,781
Domestic	731,044	665,629	608,959	559,106	520,126
	760,599	693,569	636,550	586,152	546,747
Distribution and Transmission System (in kilometers)					
Transmission mains	3,067	3,081	2,808	2,632	2,446
Distribution mains and services	12,040	10,940	10,028	9,358	8,722

TRANSMISSION SYSTEM AS AT JUNE 30, 1996

SECTION	DIA (Inches)	MAINLINE (Kilometers)	LOOPLINE (Kilometers)
Pirko - Sui	24	70.50	-
Loti - Pesh Bogi	18	11.25	-
Sui - Multan	16	2.11	-
Sui - Multan	18	-	346.64
Sdi - Multan	24	347.01	-
Sui - Multan	30	-	208.70
Guddu - Thermal Power Station	4	2.41	-
Gudu Barrage	24	1.81	-
Sutlej Crossing	12	1.61	3.22
Khanput Line	6	22.81	-
A5 - Bahawalpur	8	48.18	-

AV - 22 - Kot Addu		16	69.65	-
D.G. Khan Line		8	46.13	-
Dhodak - Kot Addu		16	77.79	-
TPS Muzaffargarh Line		16	4.57	-
Qadirpur Line		30	70.26	-
Ahmedpur East		6	18.34	-
Khan Garh		8	22.20	-
Multan Fertilizer Line		10	1.43	-
Jahania Line		8	30.49	-
Multan - Faisalabad		16	159.13	159.10
Multan - Faisalabad		18	-	183.55
Multan - Faisalabad		24	22.46	47.53
AV29 - Sahiwal		24	145.45	-
AC8 - SMS2 (Old)		16	-	5.90
WAPDA Offtake Faisalabad		12	2.42	-
Chak Jhumra Line		6	12.04	-
Faisalabad - Haranpur - Dandot	(i)	12	157.75	-
	(ii)	16	-	104.47
Kot Momin - Jauharabad	(i)	8	72.41	-
	(ii)	6	38.36	-
Sargodha Line		6	22.90	-
Haranpur - Gharibwal		8	13.02	-
Dandot - Galli Jagir - Wah	(i)	10	151.92	-
	(ii)	16	-	128.95
Dhulian - Galli Jagir		10	40.14	29.85
Dakhni - Meyal - Dhulian		16	50.44	-
Ratana Line		10	2.49	-
Sil Crossing		10	-	1.46
Dhurnal Line	(i)	8	0.54	-
	(ii)	10	11.08	-
Dhulian - Daudkhel		8	85.20	4.04
Galli Jagir - Morgah	(i)	10	35.21	-
	(ii)	6	9.50	-
Wah - Islamabad		6	41.46	-
Wah - Hattar		10	9.93	-
Hattar - Haripur		10	18.12	-

SECTION		DIA (Inches)	MAINLINE (Kilometres)	LOOPLINE (Kilometres)
Hattar Offtake		6	0.39	-
Haripur - Havelian - Abbottabad - Mansehra		8	70.53	-
Haripur Offtake		8	1.53	-
Adhi - Rawat		10	47.70	-
Bhangali Line		8	5.82	-
Missa Kaswal - Mandra		8	20.60	-
Wah - Nowshera	(i)	10	75.51	-
	(ii)	16	-	36.22
Taxila Line		4	4.43	-
Sanjwal Line		6	6.67	-
Kohat Line		8	54.27	-
Nowshera - Ismailkot	(i)	8	11.97	-
	(ii)	6	-	11.97
Ismailkot - Turnab	(i)	8	-	21.89
	(ii)	6	21.90	-
Nowshera - Mardan - Takhtbai - Sakha Kot		8	57.99	-
Nowshera - Charsada		8	23.59	-
Charsadda - Turang Zai Line		6	10.36	-
Faisalabad - Shahdara	(i)	10	19.47	19.47

	(ii)	16	99.78	99.78
Shahdara - Lahore		16	2.51	2.99
Ravi Crossing	(i)	16	0.58	-
	(ii)	10	-	0.58
Shahdata - WAPDA Lahore		10	3.41	-
Khurrianwala - Jaranwala		4	22.53	-
Dawood Hercules Line		12	5.87	-
Sheikhupura - Gujranwala		10	59.44	-
Hafizabad Line		8	43.00	-
Shahdara - Gujranwala - Rahwali		10	73.40	-
Rahwali - Gujrat		8	35.46	-
Rahwali - Sialkot		8	43.58	-
Gujrat - Jhelum		8	54.27	-

Total:			2827.17	1416.31
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