

Sui Northern Gas Pipelines Limited

Annual Report 199

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COMPANY INFORMATION

BOARD OF DIRECTORS

MUQADDAS A. KHAN

Chairman

RAJA ABDUL WAHID

Managing Director

MUNIR AHMAD

ABDUS SATTAR

ZAHID HUSSAIN

ASLAM FAROOK

NASIM BEG

MUHAMMAD RIAZ

BEHRAM HASAN

MOHAMMAD ARSHAD

MIAN RAZA MANSHA

ARIF HABIB

ALTAF 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: 7235081 - 82

REGISTERED OFFICE

GAS HOUSE,

21 - KASHMIR ROAD,

P.O. BOX NO. 56,

LAHORE (PAKISTAN)

MAQADDAS A. KHAN
RAJA ABDUL WAHID
MUNIR AHMAD
ABDUS SATTAR
ZAHID HUSSAIN
ASLAM FAROOK
MUHAMMAD RIAZ
MOHAMMAD ARSHAD
NASIM BEG
BEHRAM HASAN
MIAN RAZA MANS
ARIF HABIB
ALTAF M. SALEEM

NOTICE OF MEETING

Notice is hereby given that the 36th Annual General Meeting of the Company will be held at Hotel Avari, 87-Shahrah-e-Quaid-e-Azam, Lahore on Thursday December 30, 1999 at 10.30 A.M. for the purpose of transacting the following business:

ORDINARY BUSINESS

1. To confirm the minutes of 35th Annual General Meeting held on June23, 1999.
2. To receive, consider and adopt the Audited Accounts of the Company for the year ended June 30, 1999 together with the Directors' and Auditors' Reports thereon.
3. To appoint auditors for the year ending June 30, 2000 and fix their remuneration in place of retiring auditors. The retiring auditors 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 566,185,262 set aside out of the profits of the Company as on June 30, 1999 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 566,185,262 out of reserves as on June 30, 1999 be capitalised and applied to the issue of 56,618,526 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 December 20, 1999 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 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 approve divestment of non-core LPG business of the Company so that the Company could pay full attention to its main business and to pass the following Special Resolution with or without modification:

RESOLVED

To confirm the minutes of 35th Annual General That subject to the consent of the lenders the LPG business of the Company be divested through sale/auction and for that matter enter into any agreement(s) or arrangement(s) necessary or useful for the Company with any Government, Privatisation Commission or Authority or any firm, company, corporation, or association in Pakistan or elsewhere and in consideration whereof take all steps and measures and to do all such acts, deeds and things essential to effectuate the transaction which may directly or indirectly benefit this Company or its members.

THAT the Privatisation Commission be and are hereby authorised to sell/auction LPG assets/business and take such necessary steps which may deem necessary to effectuate the sale/auction.

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 divestment of LPG business.

The share transfer books of the Company will remain closed from December 21, 1999 to December 30, 1999 (both days inclusive). The members whose names appear in the Register as at the close of business on December 20, 1999 will qualify for issuance of bonus shares.

Lahore

November 27, 1999

STATEMENT UNDER SECTION 160 OF THE COMPANIES ORDINANCE, 1984.

a) Since the reserves of the Company as on June 30, 1999 represent accretion in its existing share capital, it has been thought expedient to capitalise apart 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

By order of the Board

(MAHBOOB ELAHI)
COMPANY SECRETARY

bonus shares admissible on the existing shares held by the Government, the Corporations or Institutions whom they represent or shares registered in their name.

c) It is hereby stated that in divesting LPG non-core business, the Company would be able to pay full attention to core business. For this purpose, Privatisation Commission, Government of Pakistan are being authorised to dispose of LPG business in the best interest of the Company. In so doing, no interest of any Director, directly or indirectly, is involved except to the extent of shares held by the Government, corporation or authority whom they represent or shares held in their respective names.

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 apointer or his/her attorney duly authorised in writing or if the apointer 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) CDC shareholders are requested to bring with them their National Identity Card alongwith the participant's ID number and their account number at the time of attending the Annual General Meeting in order to facilitate identification of the respective shareholders.

(v) 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)

Share Registrars

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

CHAIRMAN'S STATEMENT

I welcome you on behalf of the members of the Board of Directors and myself, to the 36th Annual General Meeting of the Company, and present the audited financial statements for the year ended June 30, 1999. The audited financial statements have been finalized within the prescribed period unlike the past when your Company had to seek permission for long extensions for holding of Annual General Meeting. This has been possible due to the strenuous efforts of the management.

DIRECTORS

A few changes have taken place in the composition of your Board since the last Annual General Meeting held on June 23, 1999. All the Directors were retired on completion of the previous triennial ended on June 25, 1999. Thirteen Directors viz Messrs Muqaddas A. Khan, Munir Ahmad, Abdus Sattar, Aslam Farook, Muhammad Riaz, M.T.K Sherwani, Zahid Hussain, Nasim Beg, Behram Hasan, Mohammad Arshad, Mian Raza Mansha, Altaf M. Saleem and Arif Habib were elected at the last Annual General Meeting held on June 23, 1999 for a period of three years commencing from June 26, 1999. While welcoming the newly elected Directors, you would join me to place on record our sincere appreciation for the valuable services rendered by the outgoing Directors viz M/s. Salahuddin Qureshi, Jahangir Elahi and Tariq Farook.

Mr. Munir Ahmad has relinquished the charge of Managing Director and Chief Executive of the Company on October 29, 1999, however, the Company would continue to benefit from his valuable experience as its Director. I on behalf of the members of the Board and myself, place on record my appreciation to the valuable services rendered by Mr. Munir Ahmad as Managing Director of your Company since the turn-around as reflected in the accounts has been due to his dedication and enlightened leadership.

Raja Abdul Wahid has been appointed as Managing Director and Chief Executive of the Company and has also been appointed as Director of the Company in place of Mr. M.T.K. Sherwani with effect from November 04, 1999. He has served your Company in wide and varied positions since October 15, 1970. It is hoped that your Company would maintain the momentum of improvements in operating efficiencies, consumer services and profitability.

SALES AND DEVELOPMENT

The sales for the year were 71,309,082 hundred cubic meters (hm³) (253,104 MMCF) showing an increase of 9.3% over the previous year's sale. The sector-wise breakup of the sale indicates that 19% was sold to Power, 16% to Fertilizer, 1% to Cement, 25% to General Industries and 39% to domestic and commercial sector. The total revenues generated by the gas sales amounted to Rs. 20,577.266 million which is due to increase in the volume of gas sold and larger sale to the power sector.

On the basis of quantities of furnace oil the Company's

gas sale during the year resulted in the savings of over Rs 32,980 million in foreign exchange.

The gas distribution system during the year increased by 1,293 KM which included gas supply to two new towns. The Company is committed to make natural gas available to the prospective consumers subject to its financial position and technical capabilities. During the year under review the Company as a matter of policy has prioritized provision of online domestic gas connections thereby increasing domestic consumers density at lower capital cost and also restricted mains laying to system augmentation and removal of anomalies. During the year under report 123,769 customers were added, raising the total to 1,747,320.

LIQUEFIED PETROLEUM GAS (LPG)

The profit earned from LPG operations increased from Rs 3.546 million to Rs 7.671 million in FY 1998-99. The increase is due to larger quantities of LPG procured from local producers resulting in sale of 13.86 metric tons per day in the year under report as against 10.98 metric tons in the previous year.

PROJECTS - PRESENT AND FUTURE PRESENT PROJECTS

(i) LAYING OF ADDITIONAL LOOPS

In order to augment gas supply in Faisalabad - Gali Jigar section additional 92 KM of 30" dia linepipe was commissioned in the fiscal year under repo,. This would enable your Company to improve gas flow to various demand centers during winter season.

(ii) RIVER CROSSING

Malkwal crossing on Jhelum river was commissioned on November 17, 1999 and the pressure drop would be almost nil in the section between Faisalabad and Hampun Also that the capacity of this segment would increase by 10 MMCFD which would ultimately facilitate the consumers in the northern areas especially in Rawalpindi, Islamabad and Abbottabad regions during winter period.

(iii) AUGMENTATION OF SYSTEM CAPACITY IN NWFP

To overcome the problem of low pressure during winter in NWFP, the Company has undertaken laying of 113 KM of linepipe of various dia out of which 26 KM of 8" dia Charsadda-Peshawar was commissioned on November 14, 1999. This would increase the gas handling capacity of Peshawar region by 5 - 8% and the consumers of Peshawar city who were previously dependent on single gas feeder shall now get some relief due to the new gas pipeline. The remaining segments are expected to be commissioned in December 1999.

(iv) GAS SUPPLY TO NEW TOWNS

During the year under review the Company has

expanded gas supply to Depalpur by laying 18 KM of 8" dia transmission spurs from Company's existing system. The scheme for supply of gas to Sangla is in progress.

(v) TELECOMMUNICATION

Installation of Microwave system on Multan-Sahiwal-Lahore, Lahore-Gujranwala-Jhelum, Qadicur-ACIX and Kot-Addu Dhodak Sections is in progress and the project is expected to become operational by December 1999.

(iv) TRANSMISSION SCADA

Transmission SCADA system is being installed throughout the Company's network to continuously receive and analyze the data from all sources. This project is also expected to become operational by December 1999.

**FUTURE PROJECTS
INFRASTRUCTURE DEVELOPMENT**

For optimal utilization of recently discovered gas in Sind, the Company has carried out famous in-house conceptual studies for expansion of its infrastructure to receive the additional gas which is also likely to become available from Sui through swapping arrangements and to carry it to the various consumption centers alongwith transmission system. The additional proposed infrastructure involve huge physical work and capital outlay and the work would be undertaken after concept clearance and gas allocation by the Government of Pakistan and firming up of long term funds for the project.

ACCOUNT AND FINANCE

The profit before taxation is Rs 810.708 million which shows an increase of Rs 97.624 million (13.69%) over the previous year. The improvement in profitability has been due to enforcement of financial discipline and better resource management. It is note-worthy that the operating costs have decreased over the previous year level despite the fact that the number of consumers served and volume of gas sold increased during FY 1998-99. After allowing for taxation of Rs 385.174 million, the amount available for appropriation inclusive of ca. over from previous year is Rs 427.449 million. The accompanying Report of Directors recommends appropriation.

FINANCIAL OUTLOOK

In my last statement, the various steps initiated by the new management were highlighted and the financial results of the year under report reflect the achievements in that regard. The reduction in operating costs and substitution of expensive short term borrowings with long term loans at lower rates has improved the financial outlook of the Company. The performance of the management in this regard is commendable as it had lived up to the desired level of its expected performance. As a result of the increase in the consumers selling prices from August 1999, the cash flows of the Company would improve in FY 1999-2000 and it is expected that the Company would

be in a position to partially overcome its liquidity problems.

PRIVATIZATION

Your Company is on active list of privatization and as an initial step, sale/auction of LPG business is being initiated, subject to the approval of the shareholders and the lenders. With the disposal of LPG business the Company would be able to pay more attention to its core business of transmission and distribution of natural gas.

MILLENNIUM PROBLEM

The Y2K computer problem stems from the fact that Computers and electronic systems are configured to recognize only the last two digits of year instead of four. As all application systems of SNGPL are date dependent, the management has resolved the millennium problem through its internal resources. I am pleased to report that the existing SNGPL system is Y2K compliant as certified by the Computer Bureau of Pakistan.

OPERATIONAL EFFICIENCY AND IMPROVEMENT IN CONSUMER SERVICES

The management has proactively taken various steps in improving the consumer services as brought out in my previous report and tangible results have been achieved in FY 1998-99. The waiting period has been drastically reduced and the prospective online domestic connections have been provided within the shortest time. The management has been further geared to promptly to attend the consumers complaints so as to improve the level of service and minimize time lag in attending such complaints.

In order to reduce the gas losses a well planned leakage rectification system, rehabilitation and pipeline integrity project has been undertaken in the current year and it is expected that the Company, GOP and the consumers would benefit from this project.

STAFF AND ORGANIZATION

The Management and Union relations, during the year continued to remain warm and cordial. A number of incentive schemes entailing cash rewards were introduced to increase workers' participation in enhancing operational efficiency and financial discipline. As a consequence of such steps and measures, concerted efforts have been made in reduction of operational losses and other expenditure besides improving Company's image in the public through focussed attention to consumer's service and complaints handling.

ACKNOWLEDGMENT

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.

MUQADDAS A. KHAN
CHAIRMAN

LAHORE
November 27, 1999

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, 1999.

ACCOUNTS

	(Rupees in thousand)
The profit before taxation amounted to	810,708
After providing for current year's taxation	385,174 -----
The profit after taxation amounted to	425,534
Adding thereto: Unappropriated profit brought forward	1,915 -----
Profit available for appropriation	427,449
Appropriations:	
Transfer from revenue reserve	140,000
Transfer to reserve for issue of bonus shares	(566,185) -----
	(426,185) -----
Unappropriated profit to be carried forward	1,264 =====

The earning per share 'for the year ended June 30, 1999 is Rs 1.13 as per computation below:

	(In thousands)
Profit after taxation	425,534 -----
No. of ordinary shares	377,457
	= Rs 1.13

DIRECTORS

In accordance with the provisions of Section 178 of the Companies Ordinance, 1984, thirteen Directors were elected at the Annual General Meeting held on June 23, 1999 for a period of 3 years, effective June 26, 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, 1999 is attached.

POST BALANCE SHEET EVENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

Subsequent to the date of balance sheet, the Company availed local currency facilities, as detailed below:

1. Demand finance facility of Rs 500 million from Allied Bank of Pakistan for a period of 36 months (including 6 months grace period).
2. Morabaha finance facility of Rs 770.088 million from A1-Faysal Investment Bank Limited for a period of 36 months.

On behalf of the Board

(MUQADDAS A. KHAN)
CHAIRMAN

LAHORE
November 27, 1999

THE PATTERN OF HOLDING OF THE SHARES

<i>NO. OF SHARE HOLDERS</i>	<i>SHAREHOLDINGS</i>		<i>TOTAL SHARES HELD</i>	<i>PERCENTAGE</i>
	<i>FROM (SHARES)</i>	<i>TO (SHARES)</i>		
1,935	1	100	92,224	0.02
10,235	101	500	3,931,945	1.04
1,983	501	1,000	1,528,661	0.40
3,617	1,001	5,000	13,324,755	3.53
542	5,001	10,000	3,679,012	0.97
216	10,001	15,000	2,576,971	0.68
66	15,001	20,000	1,137,374	0.30
65	20,001	25,000	1,485,232	0.39
31	25,001	30,000	864,320	0.23
29	30,001	35,000	962,672	0.26
18	35,001	40,000	667,373	0.18
17	40,001	45,000	719,575	0.19
18	45,001	50,000	842,115	0.22
5	50,001	55,000	271,182	0.07
16	55,001	60,000	920,078	0.24
4	60,001	65,000	249,849	0.07
6	65,001	70,000	408,700	0.11
5	70,001	75,000	354,110	0.09
4	75,001	80,000	313,458	0.08
3	80,001	85,000	244,146	0.06
1	85,001	90,000	86,911	0.02
4	90,001	95,000	369,767	0.10
1	95,001	100,000	96,718	0.03
5	100,001	105,000	515,881	0.14
2	105,001	110,000	216,436	0.06

11	110,001	115,000	1,262,125	0.33
2	115,001	120,000	234,759	0.06
2	120,001	125,000	247,940	0.07
2	130,001	135,000	266,892	0.07
1	135,001	140,000	138,287	0.04
1	140,001	145,000	143,750	0.04
1	145,001	150,000	149,500	0.04
2	150,001	155,000	307,768	0.08
1	160,001	165,000	162,516	0.04
2	170,001	175,000	343,275	0.09
1	175,001	180,000	177,551	0.05
1	180,001	185,000	184,000	0.05
1	185,001	190,000	187,991	0.05
2	190,001	195,000	383,263	0.10
1	195,001	200,000	199,746	0.05
1	200,001	205,000	203,683	0.05
2	205,001	210,000	416,014	0.11
1	210,001	215,000	210,772	0.06
3	215,001	220,000	652,089	0.17
1	220,001	225,000	222,668	0.06
1	230,001	235,000	234,485	0.06
1	245,001	250,000	248,692	0.07
1	260,001	265,000	260,966	0.07
1	265,001	270,000	266,805	0.07
1	275,001	280,000	275,262	0.07
1	280,001	285,000	284,501	0.08
2	315,001	320,000	633,001	0.17
2	350,001	355,000	708,843	0.19
2	355,001	360,000	712,263	0.19
1	365,001	370,000	366,850	0.10
1	380,001	385,000	380,075	0.10
1	390,001	395,000	393,300	0.10
1	415,001	420,000	417,450	0.11
1	440,001	445,000	440,392	0.12
1	465,001	470,000	465,387	0.12
1	480,001	485,000	480,677	0.13
1	490,001	495,000	491,579	0.13
1	505,001	510,000	508,595	0.13
1	535,001	540,000	536,583	0.14
3	570,001	575,000	1,725,000	0.46
1	610,001	615,000	613,511	0.16
2	615,001	620,000	1,232,952	0.33
1	620,001	625,000	621,039	0.16
1	630,001	635,000	631,243	0.17
1	650,001	655,000	650,529	0.17
1	695,001	700,000	698,855	0.19
1	715,001	720,000	717,881	0.19
1	745,001	750,000	747,500	0.20
1	750,001	755,000	752,504	0.20
1	810,001	815,000	813,050	0.22
1	875,001	880,000	878,329	0.23
1	965,001	970,000	965,244	0.26
1	970,001	975,000	970,945	0.26
1	1,000,001	1,005,000	1,001,765	0.27
1	1,210,001	1,215,000	1,210,672	0.32
1	1,235,001	1,240,000	1,235,415	0.33
1	1,315,001	1,320,000	1,319,575	0.35

**NO. OF
SHARE
HOLDERS**

**SHAREHOLDINGS
FROM
(SHARES) TO
(SHARES)**

**TOTAL
SHARES
HELD PERCENTAGE**

1 Sui Southern Gas Company Limited	1,435,001	1,440,000	1,436,808	0.38
1 Morgan Stanley Bank Luxembourg	1,495,001	1,500,000	1,498,964	0.40
1 First Prudential Modaraba	1,530,001	1,535,000	1,533,367	0.41

1 Crescent Steel & Allied Products Ltd.	1,645,001	1,650,000	1,646,576	0.44
1 Askari Commercial Bank Ltd.	1,660,001	1,665,000	1,663,532	0.44
2 The Bank of Khyber	1,720,001	1,725,000	1,769,104	0.47
1 Pictet & Cie	1,800,001	1,805,000	1,802,998	0.48
1 Boston Safe Deposit & Trust Co.	1,980,001	1,985,000	1,982,145	0.53
1 Union Bank Ltd.	2,915,001	2,920,000	2,916,228	0.77
1 Habib Bank Ltd.	2,995,001	3,000,000	2,995,750	0.79
1 I Puri Securities (Pvt) Ltd.	3,410,001	3,415,000	3,410,325	0.90
1 Saudi Pak Ind. & Agri. Investment Co. (Pvt) Ltd.	3,505,001	3,510,000	3,506,019	0.93
2 The Bank of Punjab	3,960,001	3,965,000	3,964,643	1.05
1 National Development Finance Corporation	4,290,001	4,295,000	4,290,443	1.14
1 Arif Habib Securities Ltd.	4,715,001	4,720,000	4,719,025	1.25
1 A1-Faysal Investment Bank Ltd.	4,925,001	4,930,000	4,927,226	1.31
1 Morgan Stanley Trust Co.	5,070,001	5,075,000	5,073,933	1.34
1 Pakistan Insurance Corporation	5,175,001	5,180,000	5,176,776	1.37
1 State Street Bank & Trust Co. USA	7,920,001	7,925,000	7,924,089	2.10
1 State Life Insurance Cot. of Pakistan	11,695,001	11,700,000	11,699,119	3.10
2 Allied Bank of Pakistan Ltd.	11,710,001	11,715,000	11,714,583	3.10
1 Investment Corporation of Pakistan	11,755,001	11,760,000	11,755,070	3.11
1 Pakistan Industrial Development Corporation (Pvt) Ltd.	22,710,001	22,715,000	22,713,794	6.02
2 Muslim Commercial Bank Ltd.	23,000,001	23,500,000	23,147,438	6.13
1 National Bank of Pakistan (Trustee Deptt.)	31,450,001	31,455,000	31,450,963	8.33
1 The President, Islamic Republic of Pakistan	135,890,001	135,895,000	135,892,154	36.00
-----	-----	-----	-----	-----
18,940	Total:		377,456,841	100.00

NOTE: for shares between

125,001	to	130,000	1,240,001	to	1,300,000
155,001	to	160,000	1,305,001	to	1,315,000
165,001	to	170,000	1,320,001	to	1,435,000
225,001	to	230,000	1,440,001	to	1,495,000
235,001	to	245,000	1,500,001	to	1,530,000
250,001	to	260,000	1,535,001	to	1,645,000
270,001	to	275,000	1,650,001	to	1,660,000
285,001	to	295,000	1,665,001	to	1,720,000
300,001	to	315,000	1,725,001	to	1,800,000
320,001	to	350,000	1,805,001	to	1,835,000
360,001	to	365,000	1,840,001	to	1,980,000
370,001	to	380,000	1,985,001	to	2,660,000
385,001	to	390,000	2,665,001	to	2,915,000
395,001	to	415,000	2,920,001	to	2,995,000
420,001	to	440,000	3,000,001	to	3,410,000
445,001	to	465,000	3,415,001	to	3,505,000
470,001	to	480,000	3,510,001	to	3,960,000
485,001	to	490,000	3,965,001	to	4,075,000
495,001	to	505,000	4,080,001	to	4,290,000
510,001	to	535,000	4,295,001	to	4,715,000
540,001	to	570,000	4,720,001	to	4,725,000
575,001	to	610,000	4,730,001	to	4,925,000
625,001	to	630,000	4,930,001	to	5,070,000
635,001	to	650,000	5,075,001	to	5,175,000
655,001	to	695,000	5,180,001	to	6,985,000
700,001	to	715,000	6,990,001	to	7,920,000
720,001	to	745,000	7,925,001	to	11,695,000
755,001	to	810,000	11,700,001	to	11,710,000
815,001	to	875,000	11,715,001	to	11,755,000
880,001	to	965,000	11,760,001	to	22,710,000
975,001	to	1,000,000	22,715,001	to	22,845,000
1,005,001	to	1,210,000	22,850,001	to	23,000,000
1,215,001	to	1,235,000	23,500,001	to	31,450,000
			31,455,001	to	135,890,000

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, 1999

CATEGORIES OF SHAREHOLDERS	NUMBER	SHARES HELD	PERCENTAGE
The President, Islamic Republic of Pakistan	1	135,892,154	36.00
Individuals	18,738	45,006,632	11.92
Investment Companies	27	17,095,924	4.53
Insurance Companies	11	18,953,107	5.02
Joint Stock Companies	45	37,063,770	9.82
Financial Institutions	53	98,861,450	26.19
Modaraba Companies	26	3,843,250	1.02
Foreign Companies	21	19,960,150	5.29
*Others (as detailed below)	18	780,404	0.21
	-----	-----	-----
Total	18,940	377,456,841	100.00
	=====	=====	=====

***OTHERS**

NAME	NUMBER	SHARES HELD	PERCENTAGE
The Deputy Administrator Abandoned Properties, Government of Pakistan	1	67,923	0.02
Corporations, Foundations, Institutions and Societies	17	712,481	0.19
	-----	-----	-----
Total	18	780,404	0.21
	=====	=====	=====

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of SUI NORTHERN GAS PIPELINES LIMITED as at June 30, 1999 and the related profit and loss account, the statement of changes in equity and the 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, the statement of changes in equity and the 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 the Company's affairs as at June 30, 1999 and of the profit, changes in equity and the cash flow for the year then ended; and

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

A.F. FERGUSON & CO.
Chartered Accountants

TASEER HADI KHALID & CO.
Chartered Accountants

Lahore
November 27, 1999

BALANCE SHEET AS AT JUNE 30, 1999

SHARE CAPITAL AND RESERVES	<i>Note</i>	<i>1999</i>	<i>1998</i>
		<i>(Rupees in thousand)</i>	
Authorised capital 500,000,000 ordinary shares of Rs 10 each		5,000,000	5,000,000
Issued, subscribed and paid up share capital	3	3,774,568	3,282,233
Reserves		1,961,867	2,028,017
Unappropriated profit		1,264	1,915
		-----	-----
		5,737,699	5,312,165
NON - PARTICIPATORY REDEEMABLE CAPITAL - SECURED	4	2,395,092	3,088,776
DEFERRED CREDIT	5	2,783,107	2,500,395
LONG TERM AND DEFERRED LIABILITIES			
Long term loans	6	9,895,717	9,575,948
Security deposits	7	1,338,108	1,117,849
Liabilities against assets subject to finance lease	8	404,797	805,811
Deferred taxation	9	2,625,629	2,336,798
		-----	-----
		14,264,251	13,836,406
CURRENT LIABILITIES			
Current portion of non-participatory redeemable capital - Secured	4	1,326,480	2,017,289
Current portion of long term loans	6	586,335	549,233
Overdue cash development loans (GOP)	6	232,335	189,212
Current portion of liabilities against assets subject to finance lease	8	401,014	398,715
Short term finances - Secured	10	320,000	774,198
Creditors, accrued and other liabilities	11	11,935,844	14,994,653
		-----	-----
		14,802,008	8,923,300
CONTINGENCIES AND COMMITMENTS	12	--	--
		-----	-----
		39,982,157	43,661,042
		=====	=====

FIXED CAPITAL EXPENDITURE

Operating fixed assets	13	23,028,203	22,096,516
Assets subject to finance lease	14	1,375,100	1,670,171
Capital work - in - progress	15	4,721,773	5,180,700
Advances for land		141,588	137,466
		-----	-----
		29,266,664	29,084,853

LONG TERM LOANS	16	212,917	177,024
------------------------	----	---------	---------

LONG TERM DEPOSITS AND PREPAYMENTS	17	15,734	43,698
---	----	--------	--------

LONG TERM INVESTMENTS	18	85,001	85,001
------------------------------	----	--------	--------

CURRENT ASSETS

Stores and spares	19	654,853	670,442
Stock - in - trade	20	67,126	74,404
Trade debts	21	5,207,580	6,392,391
Loans, advances, deposits, prepayments and other receivables	22	3,694,677	5,979,497
Cash and bank balances	23	777,605	1,153,732
		-----	-----
		10,401,841	14,270,466
		-----	-----
		39,982,157	43,661,042
		=====	=====

The annexed notes form an integral part of these accounts.

RAJA ABDUL WAHID
Chief Executive

MUNIR AHMAD
Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 1999

	<i>Note</i>	<i>1999</i>	<i>1998</i>
		<i>(Rupees in thousand)</i>	
GAS SALES		20,577,266	18,738,847
(GAS DEVELOPMENT SURCHARGE)/DIFFERENTIAL MARGIN		(1,665,855)	984,977
		-----	-----
		18,911,411	19,723,824
RENTAL AND SERVICE INCOME	24	283,644	236,881
AMORTISATION OF DEFERRED CREDIT		206,219	186,590
		-----	-----
		19,401,274	20,147,295
LESS: Cost of gas sold	25	11,088,152	12,328,687
Operating cost excluding depreciation	26	2,483,694	2,521,583
Depreciation		2,277,888	2,080,790
		-----	-----
		15,849,734	16,931,060
		3,551,540	3,216,235
ADD: OPERATING PROFIT- LIQUEFIED PETROLEUM GAS PROJECT (LPG)	27	7,671	3,546
		-----	-----
		3,559,211	3,219,781
NET GAIN ON SALE OF FIXED ASSETS		6,927	11,438
OTHER INCOME	28	749,775	778,181
		-----	-----
		4,315,913	4,009,400

LESS: Financial charges	29	3,462,516	3,258,039
Other charges	30	42,689	38,277
		-----	-----
		3,505,205	3,296,316
		-----	-----
PROFIT BEFORE TAXATION		810,708	713,084
PROVISION FOR TAXATION	31	385,174	327,630
		-----	-----
PROFIT AFTER TAXATION		425,534	385,454
		=====	=====
EARNING PER SHARE	36	1.13	1.02
		=====	=====

The annexed notes form an integral part of these accounts.

RAJA ABDUL WAHID

Chief Executive

MUNIR AHMAD

Director

STATEMENT OF CHANGES IN EQUITY AS AT JUNE 30, 1999

	<i>Share capital</i>	<i>Reserve for issue of bonus shares</i>	<i>Revenue Reserves</i>		<i>Total Reserves</i>	<i>Unappro- priated Profit</i>	<i>Total</i>
			<i>General reserve</i>	<i>Dividend equalization reserve</i>			
(Rupees in thousand)							
Balance as at June 30, 1997	2,854,116	428,117	1,570,682	70,000	2,068,799	3,796	4,926,711
Net profit for the year	--	--	--	--	--	385,454	385,454
Transfer from revenue reserves	--	--	(105,000)	--	(105,000)	105,000	--
Transfer to reserves for issue of bonus shares	--	492,335	--	--	492,335	(492,335)	--
Bonus shares issued	428,117	(428,117)	--	--	(428,117)	--	--
	-----	-----	-----	-----	-----	-----	-----
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 reserves 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
	=====	=====	=====	=====	=====	=====	=====

RAJA ABDUL WAHID

Chief Executive

MUNIR AHMAD

Director

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 1999

	<i>Note</i>	<i>1999</i>	<i>1998</i>
		<i>(Rupees in thousand)</i>	
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	32	6,265,165	6,434,650
Financial charges paid		(3,104,747)	(3,318,541)
Taxes paid		(144,778)	(117,878)
Dividend paid		(9)	(1)
Security deposits		220,259	136,454
' Deferred credit		488,931	330,399
Long term loans - staff		(45,356)	(18,112)
Long term deposits and prepayments		27,964	48,891
		-----	-----

Net cash inflow from operating activities	3,707,429	3,495,862
CASH FLOW FROM INVESTING ACTIVITIES		
Fixed capital expenditure	(2,316,364)	(4,037,759)
Sales proceeds of fixed assets	7,529	12,548
Return on bank deposits	62,691	51,308
	-----	-----
Net cash (outflow) from investing activities	(2,246,144)	(3,973,903)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from long term loans	953,688	1,499,451
(Repayment of long term loans)	(553,694)	(459,905)
Proceeds from non participatory redeemable capital	778,434	2,552,125
(Repayment of non participatory redeemable capital)	(2,162,927)	(950,403)
Net (repayments) against finance lease	(398,715)	(361,309)
Net (repayments) of short term finances	(454,198)	(1,324,389)
	-----	-----
Net cash (outflow)/inflow from financing activities	(1,837,412)	955,570
Net (decrease)/increase in cash and cash equivalents	(376,127)	477,529
Cash and cash equivalents at the beginning of the year	1,153,732	676,203
	-----	-----
Cash and cash equivalents at the end of the year	23	1,153,732
	=====	=====

RAJA ABDUL WAHID
Chief Executive

MUNIR AHMAD
Director

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED JUNE 30, 1999

1. THE COMPANY AND ITS OPERATIONS

Sui Northern Gas Pipelines Limited is a public limited Company incorporated in Pakistan and listed on 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 Compliance with IAS

These accounts comply with International Accounting Standards as applicable, in Pakistan, in all material respects.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Accounting convention

These accounts have been prepared under the historical cost convention, modified by capitalisation of exchange differences referred to in Note 2.4.

2.2 Staff retirement 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 most recent actuarial valuations were carried out as of December 31, 1998, using the projected unit credit method. As at the latest valuation date the fair value of combined plan assets and liabilities of pension and gratuity schemes for executive staff is Rs 301.899 million and Rs 348.895 million respectively, while the combined plan assets and liabilities of pension and gratuity schemes for non executive staff is Rs 431.734 million and Rs 540.469 million respectively.

The principal actuarial assumptions used in the valuation of these schemes as of December 31, 1998 by the actuaries are:

	Gratuity Fund		Pension Fund	
	<i>Executives</i>	<i>Non-executives</i>	<i>Executives</i>	<i>Non-executives</i>
Contribution rates (% of basic salary)	8.33	6.50	16.37	13.97
Expected rate of growth per annum in future salaries	11%	11%	11%	11%
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 scheme	--	--	8%	8%

During the year, Rs 27.571 million (1998: Rs 28.510 million) and Rs 56.923 million (1998: Rs 49.811 million) has been charged as gratuity and pension expense respectively by the Company.

b) The Company operates an approved defined contribution provident fund for all permanent employees. During the year, Rs 43.377 million (1998: Rs 32.886 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 taxation using the liability method on all significant timing differences, if these are likely to reverse in the foreseeable future and will not be replaced.

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 13 except for transmission and distribution system, 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 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 the lower of 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 values of liabilities. Value of the leased assets is depreciated over the useful lives of the assets using the straight line method at the rates given in Note 14. Depreciation of leased assets is charged to income. The related obligations of the lease are accounted for as liabilities.

2.6 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 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, at rates ranging from 3.78% to 12.91%, 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.

Under the provisions of World Bank loan 3252-PAK, the Company is operating on an annual return of not less than 17.50% of average current net value of the Company's fixed assets, excluding interest, dividends and other non-operating income and corporate income taxes, interest and other charges on debt. As a result, any deficit/surplus on account of this is recoverable/payable from/to Government of Pakistan and is accounted for against the revenue for the year.

3. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

	<i>1999</i>	<i>1998</i>
	<i>(Rupees in thousand)</i>	
121,146,000 (1998:121,146,000) ordinary shares of Rs 10 each issued as fully paid for cash	1,211,460	1,211,460
3,329,000 (1998: 3,329,000) ordinary shares of Rs 10 each issued as fully paid for consideration other than cash	33,290	33,290
252,981,800 (1998: 203,748,300) ordinary shares of Rs 10 each issued as fully paid bonus shares	2,529,818	2,037,483
	-----	-----
	3,774,568	3,282,233
	=====	=====

4. NON - PARTICIPATORY REDEEMABLE CAPITAL - SECURED

Long term running finances utilised under mark-up arrangements:

	<i>(Rupees in thousand)</i>									
	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>	<i>9</i>	<i>10</i>
	<i>Ninth</i>	<i>Tenth</i>	<i>Emirates</i>	<i>National</i>	<i>ANZ</i>	<i>Emirates</i>	<i>Citi Corp.</i>	<i>National</i>	<i>AI-Faysal</i>	<i>AI-Faysal</i>
	<i>Syndicate</i>	<i>Syndicate</i>	<i>Bank</i>	<i>Bank of</i>	<i>Grindlays</i>	<i>Bank</i>	<i>Invest. Bank</i>	<i>Bank of</i>	<i>Investment</i>	<i>Investment</i>
			<i>Int. Ltd.</i>	<i>Pakistan</i>	<i>Bank</i>	<i>Int. Ltd.</i>	<i>Syndicate</i>	<i>Pakistan</i>	<i>Bank</i>	<i>Bank</i>
Marked- up price	109,547	2,532,292	85,434	394,832	200,000	82,521	1,001,875	566,947	134,851	130,881
Less:										

Mark-up	52,047	1,170,974	25,434	215,247	--	32,521	323,772	320,995	34,851	30,881
Prompt payment	75,000	261,318	--	29,585	--	--	178,103	45,952	--	--
	59,547	1,432,292	25,434	244,832	--	32,521	501,875	366,947	34,851	30,881
	50,000	1,100,000	60,000	150,000	200,000	50,000	500,000	200,000	100,000	100,000
Mark-up accrued during grace period	12,775	286,973	--	49,343	--	--	--	71,638	--	--
	62,775	1,386,973	60,000	199,343	200,000	50,000	500,000	271,638	100,000	100,000
Less: Aggregate repayment to June 30, 1999	51,145	900,526	60,000	47,623	200,000	37,500	333,333	17,282	100,000	100,000
Current portion included in current liabilities	11,630	227,926	--	21,587	--	12,500	166,667	20,511	--	--
	62,775	1,128,452	60,000	69,210	200,000	50,000	500,000	37,793	100,000	100,000
TOTAL	--	258,521	--	130,133	--	--	--	233,845	--	--

Rate of profit / mark up	12.775%	13%	15%	16.425%	18%	17%	17.25%	17.885%	SBP Discount rate + 2% subject to minimum 19%	SBP Discount rate + 2% subject to minimum 19%
--------------------------	---------	-----	-----	---------	-----	-----	--------	---------	---	---

No. of instalments outstanding										
Monthly	--	--	--	--	--	--	--	--	--	--
Half yearly	2	4	--	10	--	2	2	14	--	--
Quarterly	--	--	--	--	--	--	--	--	--	--
Lump sum	--	--	--	--	--	--	--	--	--	--
Varied intervals	--	--	--	--	--	--	--	--	--	--

Repayment commencement date	Dec. 30, 1992	Dec. 30, 1993	Sep. 11, 1995	Dec. 01, 1996	Dec. 27, 1998	Dec. 19, 1996	Dec. 19, 1997	Aug. 28, 1998	Jul 26, 1997	Sep. 08, 1997
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Continued

	<i>11</i>	<i>12</i>	<i>13</i>	<i>14</i>	<i>15</i>	<i>16</i>	<i>17</i>	<i>18</i>	<i>19</i>	<i>20</i>	<i>21</i>	<i>Total</i>	<i>1999</i>	<i>1998</i>
	<i>AI-Faysal Investment Bank</i>	<i>Pakistan Kuwait Investment Co. (Pvt) Ltd.</i>	<i>Saudi Pak Industrial & Agr. Invest. Company</i>	<i>National Development Finance Corporation</i>	<i>ABN AMRO Bank Syndicate</i>	<i>AI-Faysal Investment Bank</i>	<i>United Bank Limited</i>	<i>National Bank Pakistan</i>	<i>Cres Bank</i>	<i>Deutsche Bank</i>	<i>Cres Bank</i>			
Marked- up price	700,000	550,000	239,000	1,255,060	1,944,831	370,461	313,639	1,578,480	87,544	158,308	87,047	12,523,550	12,115,099	
Less:														
Mark-up	107,739	113,341	39,000	545,246	525,831	100,461	66,639.	936,288	30,044	37,400	29,873	4,738,584	4,727,631	
Prompt payment	92,261	55,519	--	209,814	--	--	--	142,192	--	10,908	--	1,033,152	1,055,654	
	200,000	168,860	39,000	755,060	525,831	100,461	66,639	1,078,480	30,044	48,308	29,873	5,771,736	5,783,285	
	500,000	381,140	200,000	500,000	1,419,000	270,000	247,000	500,000	57,500	110,000	57,174	6,751,814	6,331,814	
Mark-up accrued during grace period	--	--	--	50,000	--	--	--	113,878	--	--	--	584,607	522,585	
	500,000	381,140	200,000	550,000	1,419,000	270,000	247,000	613,878	57,500	110,000	57,174	7,336,421	6,854,399	
Less: Aggregate repayment to June 30, 1999	500,000	381,140	200,000	41,287	544,125	--	20,583	--	46,000	--	34,305	3,614,849	1,748,334	
Current portion included in current liabilities	--	--	--	49,957	492,434	108,000	82,333	--	11,500	110,000	11,435	1,326,480	2,017,289	
	500,000	381,140	200,000	91,244	1,036,559	108,000-	102,916	--	57,500	110,000	45,740	4,941,329	3,765,623	

TOTAL	--	--	--	458,756	382,441	162,000	144,084	613,878	--	--	11,434	2,395,092	3,088,776
Rate of profit / mark up	SBP Discount rate + 3.5% subject to minimum 20.5%	19.25%	18.75%	20%	3% above STFB subject to minimum 17.50%	SBP Discount rate + 2.50% subject to min. 19.50%	3% above STFB subject to minimum 17.50%	20.08%	19%	18.50%	19%		
No. of instalments outstanding													
Monthly	--	--	--	--	--	--	33	--	--	--	--	--	--
Half yearly	--	--	--	12	--	--	--	16	2	--	--	--	4
Quarterly	--	--	--	--	--	12	--	--	--	--	--	--	--
Lump sum	--	--	--	--	--	--	--	--	--	1	--	--	--
Varied intervals	--	--	--	--	11	--	--	--	--	--	--	--	--
Repayment commencement date	Dec. 01, 1997	Sep. 29, 1998	May 29, 1999	Aug. 19, 1998	May-04, 1998	Dec. 08, 1999	Apr. 26, 1999	Nov. 12, 2000	Dec. 29, 1995	July 27, 1999	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 18 is secured by first equitable mortgage 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 10) and a floating charge over the Company's assets; and

(b) Repayment of the marked-up price of finance No. 19 to 21 is secured by second charge on the Company's fixed assets.

1999 1998
(Rupees in thousand)

1998

5. DEFERRED CREDIT

Consumers contributions	3,962,348	3,473,417
Government grant	183,206	183,206
	-----	-----
	4,145,554	3,656,623
Less: Accumulated amortisation	1,362,447	1,156,228
	-----	-----
	2,783,107	2,500,395
	=====	=====

6. LONG TERM LOANS

Unsecured		
Foreign currency - Note 6.1	5,290,361	5,384,921
Rupee - Note 6.2	5,424,026	4,929,472
	-----	-----
	10,714,387	10,314,393
Less: Current portion shown under current liabilities		
Foreign currency	409,817	374,964
Rupee	176,518	174,269
	-----	-----
	586,335	549,233
Overdue cash development loans Government of Pakistan (GOP)	232,335	189,212
	-----	-----
	818,670	738,445
	-----	-----
	9,895,717	9,575,948
	=====	=====

6.1 Foreign currency loans - unsecured

These are composed of:

Rate of Exchange Half yearly Repayment

Loan	Lender	Currency	1999 Currency Balance	1998 Currency Balance	1999 Rupee Equivalent	1998	interest per annum	risk fee per annum (%)	instalments outstanding	commencement date
1	World Bank Loan 2324 - PAK	US\$	3,063	6,106	55,591	110,811	0.5% above the base cost of qualified borrowings	3	2	Nov. 01, 1986
2	World Bank Loan 3252 - PAK	US\$	104,917	110,765	3,045,793	3,215,767	-do-	*7.97	23	Mar. 01, 1996
3	World Bank Loan 3252-1 - PAK	US\$	49,286	46,649	2,057,721	1,921,380	-do-	*7.79	23	Mar. 01, 1996
4	ANZ U.S.A. Category - B	US\$	2,529	2,951	131,256	136,963	0.375% above LIBOR	--	6	Jun. 15, 1995
					----- 5,290,361	----- 5,384,921				
					=====	=====				

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% payable to GOP and the rate of interest intimated by the World Bank.

1999 1998
(Rupees in thousand)

6.2 Rupee loans - unsecured

Government of Pakistan (GOP)

Relent loans	- Note 6.2.1	1,487,825	1,620,347
Cash development loans (CDL)	- Note 6.2.2	1,136,201	509,125
Medium term loan	- Note 6.2.3	2,800,000	2,800,000
		-----	-----
		5,424,026	4,929,472
		=====	=====

6.2.1 Relent loans

	Rate of interest inclusive of exchange risk fee (%)	Number of outstanding half yearly instalments	Repayment commencement date		
Relent loan 1	14	13	Jun. 01, 1991	231,074	266,625
Relent loan 2	14	21	Mar. 01, 1995	108,554	115,098
Relent loan 3	14	27	Feb. 01, 1998	977,825	1,050,256
Relent loan 4	14	21	Mar. 01, 1995	91,365	100,066
Relent loan 5	14	17	Jun. 30, 1998	79,007	88,302
				-----	-----
				1,487,825	1,620,347
				=====	=====

6.2.2 Cash Development Loans (CDL)

These have been obtained from the Government of Pakistan (GOP), for the supply of gas to new towns through Peoples Programme and Annual Development Programme. The loan obtained through Peoples Programme amounts to Rs 1,046.894 million (1998: Rs 419.818 million). Mark-up is charged at Re 0.27 per Rs 1,000 per diem or part thereof on the balance outstanding and is repayable over a period of 12 years with a grace period of 2 years. Loans obtained through Annual Development Programme amounts to Rs 89.307 million. (1998: Rs 89.307 million). Mark-up is charged at rates ranging between Re 0.41 to Re 0.43 per Rs 1,000 per diem or part thereof on the balance 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.

6.2.3 Medium term loan

This amount represents Gas Development Surcharge payable to Government 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. No repayment has been made by the Company since the repayment schedule has not yet been intimated by the Government.

7. SECURITY DEPOSITS

Consumers	- Note 7.1	1,253,743	1,031,786
LPG dealers	- Note 7.2	70,127	68,380
Contractors - Houselines		14,238	17,683
		-----	-----
		1,338,108	1,117,849
		=====	=====

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 707.305 million (1998: Rs 589.645 million) from certain consumers.

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

1999 **1998**
(Rupees in thousand)

8. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

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

1999	--	571,345
2000	501,403	501,403
2001	337,536	337,536
2002	81,852	81,852
2003	64,952	64,952
	-----	-----
	985,743	1,557,088
Less: Finance charge allocated to future periods	179,932	352,562
	-----	-----
	805,811	1,204,526
Less: Current portion shown under current liabilities	401,014	398,715
	-----	-----
	404,797	805,811
	=====	=====

The value of minimum lease payments have been discounted at implicit interest rates ranging from 17.50% to 21% to arrive at their present value. The balance rentals due under the lease agreements aggregate to Rs 985.743 million (1998: Rs 1557.088 million) and are payable in equal monthly/quarterly instalments plus lump sum payments of Rs 146 million (1998: Rs 146 million) for residual values between July 1999 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 10.500 million (1998: Rs 36.116 million) included in long term security deposits under Note 17.

1999 **1998**
(Rupees in thousand)

9. DEFERRED TAXATION

The liability for deferred taxation comprises timing differences relating to:

Accelerated tax depreciation allowance	4,138,703	3,845,203
Lease rentals	187,865	153,663
	-----	-----
	4,326,568	3,998,866
Less: Provision for doubtful debts	349,275	287,201
Others	1,351,664	1,374,867
	-----	-----
	1,700,939	1,662,068
	-----	-----

2,625,629 2,336,798

=====

10. SHORT TERM FINANCES - SECURED

Finances available from banks and financial institutions amounts to Rs 320 million (1998: Rs 774.198 million). Mark-up on these finances is charged at rates ranging from Re 0.48 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 and a second charge on Company's indebtedness, ranking pari passu with charges referred to in Note 4.

11. CREDITORS, ACCRUED AND OTHER LIABILITIES

Trade creditors	6,374,981	10,707,655
Accrued liabilities	2,915,195	2,008,818
Interest free deposits repayable on demand	6,314	5,488
Earnest money received from contractors	21,415	27,343
Mobilisation and other advances	7,715	149,741
Interest, markup, surcharge and commitment charges accrued on:		
Long term loans	2,405,025	1,821,901
Redeemable capital	146,730	216,539
Short term finances	6,716	12,697
Worker's profit participation fund	- Note 11.1	50,338
Unclaimed dividend	1,415	1,424
	-----	-----
	11,935,844	14,994,653
	=====	=====

11.1 Worker's profit participation fund

Balance at the beginning of the year	43,047	38,022
Allocation for the year	42,669	37,531
	-----	-----
Interest on funds utilised in the Company's business	85,716	75,553
	108	268
	-----	-----
Less: Payments to workers	85,824	75,821
Payments to workers welfare fund	486	1,690
	35,000	31,084
	-----	-----
	35,486	32,774
	-----	-----
	50,338	43,047
	=====	=====

12. CONTINGENCIES AND COMMITMENTS

12.1 Claims against the Company not acknowledged as debts Rs 403.353 million (1998: Rs 373.283 million).

(i) Included in claims against the Company not acknowledged as debts are five claims by the contractors and consumers aggregating Rs 90.144 million. Pending the outcome of these claims, which are in arbitration before the 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) Also included in claims against the Company not acknowledged as debt 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 the 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 lawyer is of the view that orders of the NIRC are void and in their view there is reasonably fair chance that the case will be decided in favour of the Company.

(iii) Subsequent to the year end the Excise Department 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. No provision has been made in these accounts for the above mentioned amount since the Company's legal advisor is of the view that excise duty is not

leviable on such interest and late payment surcharge.

12.2 Taxation

(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 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 1971-72 to 1999-2000 which on a similar basis as used in the past by the tax authorities would amount to Rs 339,447 million.

(ii) In framing the assessment for the years 1989-90 through 1995-96 the tax authorities, in addition to the above mentioned demands, raised further additional demands due to a change in their opinion on the allowability of certain expenses previously accepted by them. The Company has disputed the contentions 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 the years 1989-90 to 1999-2000, which on the basis adopted by the authorities would amount to Rs 926.454 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 22.

12.3 Commitments in respect of

- (i) Contracts for capital expenditure Rs 229.082 million (1998: Rs 1,031.900 million).
(ii) Letters of credit other than for capital expenditure Rs 35.293 million (1998: Rs 35.211 million).

13. OPERATING FIXED ASSETS-TANGIBLE

Description	Cost as at July 1, 1998	Additions/ Transfer From, finance lease/ (deletions)	Cost as at June 30, 1999	Accumulated depreciation as at July 1, 1998	Depreciation charge/(deletion) for the year	Transfers from assets subject to finance lease	Accumulated depreciation as at June 30, 1999	Book value as at June 30, 1999	Rate %
Freehold land	178,702	44,011	222,713	--	--	--	--	222,713	--
Leasehold land	392	--	392	--	--	--	--	392	--
Buildings and civil construction on freehold land	589,988	22,537	612,525	243,770	31,889	--	275,659	336,866	6
Buildings on leasehold land	8,461	--	8,461	8,461	--	--	8,461	--	6
Transmission system	16,706,461	1,121,195	17,827,656	5,003,285	997,851	--	6,001,136	11,826,520	6-10
Distribution system	6,245,464	985,194	7,230,658	2,141,520	384,722	39,339	2,565,581	4,665,077	6
Consumer meter and town border stations	3,121,171	639,790 (674)	3,760,287	943,291	199,913 (674)	18,899	1,161,429	2,598,858	6
Telecommunication system and facilities	781,515	142,892 (3,444)	920,963	274,840	114,113 (3,444)	1,032	386,541	534,422	15
Compressor station and equipments	2,987,250	60,157	3,047,407	981,836	162,476	--	1,144,312	1,903,095	6-9
Purification plant	656,181	--	656,181	464,289	33,286	--	497,575	158,606	7.50
Plant and machinery	2,014,771	82,310 (9,493)	2,087,588	1,312,785	188,998 (9,479)	2,021	1,494,325	593,263	6-20
Furniture and equipments	232,796	69,595 (527)	301,864	128,872	29,554 (501)	--	157,925	143,939	15-20
Loose tools	21,244	791	22,035	19,342	1,291	--	20,633	1,402	33.33
Transport vehicles	434,879	8,424	434,903	360,468	39,223	--	391,853	43,050	25

		(8,400)			(7,838)			
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	14,105,430
1998	28,408,928	5,604,927 (34,580)	33,979,275	9,806,301	1,977,462 (33,470)	132,466	11,882,759	22,096,516

Included in additions to compressor station and equipments is an exchange loss of Rs 15.322 million (1998: Rs 20.922 million).

Included in furniture and equipments above are assets of Rs 97.322 million (1998: Rs 50.324 million) and Rs 5.413 million (1998: Rs 7.354 million) held by Sui Joint Services Capexpool and Civic Centres Company (Pvt) Ltd respectively on behalf of the Company.

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

	1999	1998
	(Rupees in thousand)	
Operating - Gas	2,183,316	1,977,462
Less: Allocated to LPG	- Note 27 5,628	5,659
	2,177,688	1,971,803
Leased assets	- Note 14 100,200	108,987
	2,277,888	2,080,790

13.2 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
Furniture and Equipments						
Voltage Stabiliser	2,690	1,751	939	939	Service rules	A. Majeed Bhatti Executive
Voltage Stabiliser	2,950	1,129	1,821	1,821	Service rules	Bashir Ahmad Executive
Voltage Stabiliser	2,690	1,879	811	811	Service rules	Khurram Hameed Executive
Voltage Stabiliser	1,000	435	565	565	Service rules	Ashfaq Ahmad Executive
Air conditioner PEL	19,100	19,099	1	1,432	Service rules	A. Majeed Bhatti Executive
Air conditioner PEL	19,500	14,932	4,568	4,568	Service rules	Bashir Ahmad Executive
Air conditioner PEL	19,100	19,099	1	1,432	Service rules	Khuram Hameed Executive
Air conditioner PEL	17,200	17,199	1	129	Service rules	Ashfaq Ahmad Executive
Air conditioner General	15,000	14,999	1	1,125	Service rules	Azhar Saeed Executive
Refrigerator Dawlance	32,310	28,141	4,169	4,169	Service rules	Asfaq Ahmad Executive
Tent	15,644	7,822	7,822	9,463	Insurance Claim	Insurance Company
Tent	15,644	7,822	7,822	9,463	Insurance Claim	Insurance Company
Transport Vehicles						
Toyota Corolla	604,000	377,500	226,500	550,000	Insurance Claim	Insurance Comp
Suzuki Margalla	375,500	328,563	46,937	301,999	Negotiation	Shair Dil Tariq, 59 Muqadas Park, Lhr.
Suzuki Khyber	279,000	244,125	34,875	245,999	Negotiation	Shair Dil Tariq, 59 Muqadas Park, Lhr.
Suzuki Khyber	254,000	222,250	31,750	212,000	Negotiation	Asmatullah Niazi, 168 Multan Road, Lhr
Suzuki Margalla	355,000	310,625	44,375	290,100	Negotiation	S. Ahmad Kamal, 6-B Canal Park Gulberg, Lhr
Suzuki Khyber	295,000	279,187	15,813	172,232	Negotiation	S. Ahmad Kamal, 6-B Canal Park Gulberg, Lhr
Suzuki Margalla	370,000	323,750	46,250	275,567	Negotiation	Amir Munir, Lake Road, Lahore
Suzuki Khyber	254,000	240,952	13,048	19,050	Service rules	Azhar Saeed Executive
Suzuki Khyber	365,100	272,450	92,650	92,650	Service rules	Khurram Hameed Executive
Suzuki Margalla	397,100	386,729	10,371	31,690	Service rules	Ashfaq Ahmad Executive

14. ASSETS. SUBJECT TO FINANCE LEASE

Description	Cost as at July 1, 1998	Additions/ (Transfers to fixed assets)	Cost as at June 30, 1999	Accumulated depreciation as at July 1, 1998	Depreciation charge for the year	Transfers to fixed assets	Accumulated depreciation as at June 30, 1999	Book value as at June 30, 1999	Rate %
Distribution system	1,850,145	(180,145)	1,670,000	234,039	100,200	(39,339)	294,900	1,375,100	6

Consumer meter and town border stations	69,996	(69,996)	--	18,899	--	(18,899)	--	--	6
Telecommunication system and facilities	1,529	(1,529)	--	1,032	--	(1,032)	--	--	15
Plant and machinery	4,492	(4,492)	--	2,021	--	(2,021)	--	--	6-20
1999	1,926,162	(256,162)	1,670,000	255,991	100,200	(61,291)	194,900	1,375,100	
1998	2,322,466	230,000 (626,304)	1,926,162	279,470	108,987	(132,466)	255,991	1,670,171	

15. CAPITAL WORK-IN-PROGRESS

1999 1998
(Rupees in thousand)

Transmission system	761,517	539,848
Distribution system	1,347,274	867,152
Stores and spares including in transit	2,612,982	3,773,700
Rs 24,661 million (1998: Rs 731.447 million)	4,721,773	5,180,700

16. LONG TERM LOANS - CONSIDERED GOOD

	House building		Car		Motorcycle/Scooter		Total	
	1999	1998	1999	1998	1999	1998	1999	1998
Due from employees	240,453	200,682	14,223	14,039	8,553	3,152	263,229	217,873
Amount due within one year shown under current assets- Note 22	44,439	37,245	1,916	1,816	3,957	1,788	50,312	40,849
	196,014	1,634.37	12,307	12,223	4,596	1,364	212,917	177,024
Outstanding for more than three years	53,887	50,843	4,985	4,271	--	--	58,872	55,114
Others	142,127	112,594	7,322	7,952	4,596	1,364	154,045	121,910
	196,014	163,437	12,307	12,223	4,596	1,364	212,917	177,024

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 employees are secured by deposit of title deeds and joint registration of vehicles.

Car and house building loans include Rs 49.574 million (1998: Rs 31.184 million) due from the executives of the Company.

The maximum amount due from the Chief Executive and executives at any time during the year was Rs 0.071 million (1998: Rs 0.115 million) and Rs 56.919 million (1998: Rs 35.803 million) respectively.

1999 1998
(Rupees in thousand)

17. LONG TERM DEPOSITS AND PREPAYMENTS

Prepaid rent	5,234	7,582
Security deposits against leased assets	10,500	36,116
	15,734	43,698

18. LONG TERM INVESTMENTS

Civic Centres Company (Pvt) Ltd.	- Note 18.1	85,000	85,000
Inter State Gas Systems (Pvt) Ltd.	- Note 18.2	1	1

-----	-----
85,001	85,001
=====	=====

18.1 Civic Centres Company (Pvt) Ltd.

8,500,000 (1998: 8,500,000) fully paid ordinary shares of Rs 10 each Equity held - 19% (1998:19%). Value of investments based on the net assets shown in the audited accounts as at June 30, 1998 Rs 95 million (1998: Rs 95 million).

Mr. Mohammad Asad is the Chief Executive of the company.

18.2 Inter State Gas Systems (Pvt) Ltd.

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

	<i>1999</i>	<i>1998</i>
	<i>(Rupees in thousand)</i>	
19. STORES AND SPARES		
Stores including in transit Rs 0.555 million (1998: Rs 24.981 million)	319,785	312,220
Spares including in transit Rs 8.111 million (1998: Rs 25.929 million)	356,568	374,722
	-----	-----
	676,353	686,942
Less: Provision for obsolescence	21,500	16,500
	-----	-----
	654,853	670,442
	=====	=====

20. STOCK-IN-TRADE

Gas in pipelines	66,967	71,616
Gas in LPG containers	159	2,788
	-----	-----
	67,126	74,404
	=====	=====

21. TRADE DEBTS

Considered good	5,207,580	6,392,391
Considered doubtful	1,050,409	870,306
	-----	-----
	6,257,989	7,262,697
Less: Provision for doubtful debts	1,050,409	870,306
	-----	-----
	5,207,580	6,392,391
	=====	=====

Included in trade debts considered good are secured debts of Rs 1,843.735 million (1998: Rs 1,525.720 million).

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

Loans to employees - considered good	- Note 16	50,312	40,849
Advances to employees - considered good	- Note 22	10,235	10,306
Advances to suppliers and contractors - considered good		7,242	57,941
Trade deposits and prepayments less provision for doubtful Rs 19.337 million (1998: Rs 11.337 million)		57,186	66,346
Accrued gas sales		96,026	181,519
Claims receivables		2,881	1,730
Taxes recoverable and refund due from Government - Income Tax		504,962	456,527
Exchange differences on long term loans recoverable from the State Bank of Pakistan		520,468	173,595
Accrued return on bank deposits	- Note 22.2	16,197	18,630
Recoverable from Pakistan Petroleum Limited (PPL)		315,843	1,191,630
Gas development surcharge (GDS) recoverable		819,497	819,497
Differential margin recoverable	- Note 22.3	1,237,935	2,903,792
Others.		55,893	57,135
		-----	-----

3,694,677 5,979,497
=====

22.1 Included in advances to employees are Rs 0.276 million (1998: Rs 0.449 million) due from executives. The maximum amount due from executives at any month end during the year was Rs 0.590 million (1998: Rs 0.510 million)

22.2 Included in accrued return on bank deposits is an amount of Rs 4.535 million (1998: Rs 4.591 million) accrued on bank deposits with Muslim Commercial Bank Limited being an associated company.

22.3 Differential margin represents amount recoverable from Government on account of tariff allowed to meet the covenanted rate of return as referred to in note 2.12.

1999 1998
(Rupees in thousand)

23. CASH AND BANK BALANCES

At banks

- On deposits, including Rs 11.413 million (1998: Rs 10.441 million) in special accounts and cheques under clearance of Rs 40.063 million (1998: Rs 71.418 million) 409,442 364,340

- On current accounts, including remittances in transit and cheques under clearance of Rs 343.122 million (1998: Rs 745.939 million) 367,167 789,118

In hand 776,609 1,153,458

996 274

777,605 1,153,732
=====

23.1 Included in these accounts are Rs Nil (1998: Rs 5.243 million) representing unutilised foreign currency loans, which are available solely for use on capital projects.

24. RENTAL AND SERVICE INCOME

Transmission charges	3,203	8,591
Meter rental	236,751	203,349
Testing and reconnection charges	6,636	7,507
Income from repair work	37,054	17,434
	-----	-----
	283,644	236,881
	=====	=====

25. COST OF GAS SOLD

	1999 (Volume - hm3)	1998	1999 (Rupees in thousand)	1998
Opening stock of gas in pipelines	438,495	389,111	71,616	65,192
Gas purchases				
- Southern system	75,297,175	68,334,808	9,513,236	10,752,940
- Northern system	7,514,071	7,221,194	1,875,533	1,983,331
	-----	-----	-----	-----
	82,811,246	75,556,002	11,388,769	12,736,271
	-----	-----	-----	-----
	83,249,741	75,945,113	11,460,385	12,801,463
Less: Gas internally consumed	2,228,217	2,226,408	305,266	401,160
Closing stock of gas in pipelines	487,846	438,495	66,967	71,616
	-----	-----	-----	-----
	2,716,063	2,664,903	372,233	472,776
	-----	-----	-----	-----
	80,533,678	73,280,210	11,088,152	12,328,687
	=====	=====	=====	=====

1999 1998

26. OPERATING COST EXCLUDING DEPRECIATION*(Rupees in thousand)*

Salaries, wages and benefits	1,582,838	1,465,951
Employees medical and welfare	128,249	154,896
Stores and spares cons>Note 26.1	137,196	119,434
Fuel and power	322,901	352,792
Repairs and maintenance	96,913	91,399
Rent, rates, electricity and telephone	64,819	57,062
Insurance	95,955	89.72
Travelling	34,547	44,175
Stationery, telegrams and postage	28,512	27,092
Despatch of gas bills	25,931	32,892
Transport	82,622	89,634
Provision for doubtful debts and other receivables	188,103	313,518
Professional services - Note 26.2	10,698	10,304
Gathering charges of gas bills collection data	33,948	10,890
Stores and spares written off	6,511	7,600
Loans to deceased employees written off	165	97
Gas bills collection charges	22,003	19,023
Other charges	52,059	62,790
	-----	-----
	2,913,970	2,949,266
Less: Allocated to fixed capital expenditure	430,276	427,683
	-----	-----
	2,483,694	2,521,583
	=====	=====

26.1 Included in stores and spares consumed is Rs 5 million (1998' Rs 8 million) in respect of provision for

26.2 Professional services

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

Statutory audit		
A.F. Ferguson & Co	200	150
Taseer Hadi Khalid & Co	200	150
	-----	-----
	400	300
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	5
Gas development surcharge		
A.F. Ferguson & Co	--	40
Taseer Hadi Khalid & Co	40	--
Out of pocket expenses		
A.F. Ferguson & Co	76	75
Taseer Hadi Khalid & Co	44	38
	-----	-----
	939	828
	=====	=====

1999 **1998**
(Rupees in thousand)

27. OPERATING PROFIT- LPG

Sales	73,593	58,026
Cost of gas sold	41,746	31,328
	-----	-----
	31,847	26,698
Less: Operating costs		

Salaries, wages and benefits	5,338	5,134
Employees medical and welfare	351	425
Stores and spares consumed	114	758
Fuel and power	471	279
Repairs and maintenance	1,519	1,375
Rent, rates and taxes	746	806
Travelling expenses	224	262
Stationery, telegrams and postage	5	44
Transport expenses	578	462
Transportation of cylinders	7,205	5,404
Depreciation	5,628	5,659
Others	1,997	2,544
	-----	-----
	24,176	23,152
	-----	-----
	7,671	3,546
	=====	=====

28. OTHER INCOME

Surcharge and interest on arrears of gas sales:		
- WAPDA	345,839	327,900
- Others	324,149	345,409
Interest on staff loans and advances	8,234	6,806
Return on bank deposits	60,258	57,949
Others	11,295	40,117
	-----	-----
	749,775	778,181
	=====	=====

29. FINANCIAL CHARGES

Mark-up on:		
- Non participatory redeemable capital	768,157	778,787
- Finance lease	192,384	241,695
- Short term finances	126,992	320,621
Interest and commitment charges on:		
- Long term loans	1,106,732	1,074,714
- Security deposits	32,297	26,643
- Workers' profit participation fund	108	268
Term loan raising expenses	11,285	76,234
Exchange risk coverage fee	457,883	389,724
Interest on late payment to gas creditors	916,128	799,260
Others	115	58
	-----	-----
	3,612,081	3,708,004
Less: Allocated to fixed capital expenditure	149,565	449,965
	-----	-----
	3,462,516	3,258,039
	=====	=====

30. OTHER CHARGES

Workers' profit participation fund	42,669	37,531
Donations	10	5
Miscellaneous	10	741
	-----	-----
	42,689	38,277
	=====	=====

30.1 Donations

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

31. Provision for taxation

Current	- Note 31.1	96,343	100,094
Deferred	- Current year	1 287,366	227,536
	- Prior year	1,465	--

288,831	227,536
385,174	327,630

31.1 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, 1999 are estimated at approximately Rs 3,974.938 million (1998: Rs 4,057.405 million) including assessed tax losses of Rs 187.521 million (1998: Rs 142.415 million).

32. CASH GENERATED FROM OPERATIONS

Profit before taxation	810,708	713,084
Adjustment for non-cash charges and other items:		
Depreciation - Normal assets	2,183,316	1,977,462
- Leased assets	100,200	108,987
Amortisation of deferred credit	(206,219)	(186,590)
Net profit on disposal of fixed assets	(6,927)	(11,438)
Financial charges	3,462,516	3,258,039
Return on bank deposits	(60,258)	(57,949)
Provision for obsolete stores	5,000	8,000
Provision for doubtful debts	188,103	313,518
Working capital changes	- Note 32.1 (211,274)	311,537
	6,265,165	6,434,650

32.1. Working capital changes

(Increase)/decrease in current assets		
Stores and spares	10,589	(123,326)
Stock-in-trade	7,278	(7,206)
Trade debts	1,004,708	(1,850,065)
Loans, advances, deposits, prepayments and other receivables (excluding accrued return on bank deposits and taxes receivables)	2,332,285	(1,753,440)
	3,354,860	(3,734,037)
Increase/(decrease) in current liabilities		
Creditors, accrued and other liabilities (excluding accrued financial charges and unclaimed dividends)	(3,566,134)	4,045,574
	(211,274)	311,537

33. 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:

	Chief Executive				Executives	
	1999 July 01, 1998 to March 03, 1999	1998 March 04, to June 30, 1999	1999 July 01, 1997 to January 29, 1998	1998 January 30 to June 30, 1998	1999	1998
Number of persons	1	1	1	1	398	279
	(Rupees in thousand)					
Managerial remuneration	278	--	221	141	71,714	49,274
Contribution to provident, pension and gratuity fund	55	--	49	35	20,166	13,048
Housing and utilities	157	--	139	95	42,992	29,693

completely to perform as contracted. Out of the total financial assets of Rs 7,273 million, the financial assets which are subject to credit risk amounted to Rs 5,429 million. The Company believes that it is not exposed to major concentration of credit risk.

37.2 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 partially through forward foreign exchange contracts.

37.3 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.

38. CORRESPONDING FIGURES

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

RAJA ABDUL WAHID
Chief Executive

MUNIR AHMAD
Director

TEN YEARS AT A GLANCE

BALANCE SHEET- SUMMARY

(Rupees in thousand)

	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990
Paid up share capital	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	383,000
Reserves and unappropriated profit	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	386,564
Surplus on revaluation of operating fixed assets	--	--	--	--	--	--	--	--	--	1,728,036
Deferred credit	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	798,211
Long term loans outstanding										
- Local	5,015,173	4,565,991	4,606,081	4,223,820	3,915,356	3,854,513	919,980	923,530	887,796	855,631
- Foreign	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	1,466,808
- Non-Participatory Redeemable capital	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	866,246
Long term security deposits	1,338,108	1,117,849	981,395	832,175	734,866	628,424	541,369	491,725	434,288	394,518
Deferred liabilities - taxation	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	1,098,689
Deferred liabilities - others	404,797	805,811	1,039,993	1,161,100	583,365	450,265	--	--	1,257	6,465
Current Liabilities	14,802,008	18,923,300	14,897,282	8,149,357	3,954,979	3,274,982	2,800,757	1,822,893	2,069,542	2,206,188
	39,982,157	43,661,042	37,377,183	28,951,568	23,630,991	19,571,507	14,192,453	11,628,458	10,532,225	10,190,356

Represented by:

Fixed assets	29,266,664	29,084,853	26,684,688	21,717,849	18,244,025	15,084,399	11,056,637	8,461,771	7,396,118	7,350,066
Other assets - Long Term	313,652	305,723	339,795	304,220	236,029	175,405	113,214	99,254	90,509	78,253
Current Assets	10,401,841	14,270,466	10,352,700	6,929,499	5,150,937	4,311,703	3,022,602	3,067,433	3,045,598	2,762,037
	39,982,157	43,661,042	37,377,183	28,951,568	23,630,991	19,571,507	14,192,453	11,628,458	10,532,225	10,190,356

PROFIT AND LOSS - SUMMARY

INCOME										
Sales	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	6,352,749
Add (Less) Differential margin/(development surcharge)	(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)	(2,545,007)
Net Sales	18,911,411	19,723,824	19,272,779	14,077,424	9,068,793	7,268,543	5,880,392	5,505,766	4,061,603	3,807,742
Cost of gas sold	11,088,152	12,328,687	12,597,882	9,068,712	5,266,811	4,158,024	3,389,665	3,363,545	2,242,744	2,062,562
	7,823,259	7,395,137	6,674,897	5,008,712	3,801,982	3,110,519	2,490,727	2,142,221	1,818,859	1,745,180
Rental and service income	283,644	236,881	205,786	137,473	96,226	88,534	72,664	65,101	61,631	38,807
Amortization of deferred credit	206,219	186,590	168,825	149,108	127,929	107,115	87,367	70,476	55,257	52,066
Operating profit/(Loss)-LPG	7,671	3,546	8,116	63	89	(560)	(4,737)	4,115	6,875	7,833
Net gain on sale of fixed assets	6,927	11,438	10,879	5,885	4,403	4,057	9,563	2,875	5,478	1,932
Other income	749,775	778,181	285,557	281,085	266,724	128,152	127,471	121,256	93,444	82,342

	9,077,495	8,611,773	7,354,060	5,582,326	4,297,353	3,437,817	2,783,055	2,406,044	2,041,544	1,928,160
EXPENDITURE										
Operation cost excluding depreciation	2,483,694	2,521,583	2,572,628	1,778,283	1,337,551	1,133,014	889,246	793,407	587,954	521,539
Depreciation	2,277,888	2,080,790	1,749,071	1,406,663	1,118,245	884,409	716,418	605,290	540,330	655,801
Financial charges	3,462,516	3,258,039	2,353,395	1,580,447	1,134,145	798,081	610,412	579,540	497,219	419,711
Other charges	42,689	38,277	34,168	51,007	35,583	31,125	30,724	21,390	20,818	16,555
	8,266,787	7,898,689	6,709,262	4,816,400	3,625,524	2,846,629	2,246,800	1,999,627	1,646,321	1,613,606
PROFIT										
Profit before taxation	810,708	713,084	644,798	765,926	671,829	591,188	536,255	406,417	395,223	314,554
Provision for taxation	385,174	327,630	144,312	351,308	230,339	158,125	195,853	195,179	198,424	211,131
Profit after taxation	425,534	385,454	500,486	414,618	441,490	433,063	340,402	211,238	196,799	103,423
DIVIDEND (%)	--	--	--	--	--	--	--	10	10	23
BONUS SHARES	6.67:1	6.67:1	6.67:1	6.67:1	5:1	5:1	--	--	1:1.25	--
NUMBER OF EMPLOYEES - Operation	7,808	7,836	8,018	6,946	5,564	4,210	3,995	3,987	4,056	3,871
- Project	142	302	258	324	333	293	277	287	306	309
	7,950	8,138	8,276	7,270	5,897	4,503	4,272	4,274	4,362	4,180
GAS SALES (MMCF)										
Industrial	154,058	133,865	139,246	130,285	119,159	123,235	121,755	123,543	121,385	124,335
Commercial	144,911	13,257	13,531	11,978	11,161	10,423	9,677	8,739	7,855	7,514
Domestic	84,555	84,434	78,246	66,680	60,104	51,561	45,624	43,347	39,491	33,855
	253,104	231,556	231,023	208,943	190,424	185,219	177,056	175,629	168,731	165,704
Consumers (in numbers)	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	732,880
Customers Industrial	2,337	2,316	2,764	26,141	2,744	12,843	2,990	3,020	2,994	25,911
Commercial	38,869	37,231	35,862	34,079	32,739	31,487	30,256	28,339	26,561	25,349
Domestic	1,706,114	1,598,256	1,500,184	1,368,032	1,221,899	1,067,671	939,488	819,872	731,044	665,629
	1,747,320	1,637,803	1,538,810	1,404,725	1,257,382	1,102,001	972,734	851,231	760,599	693,569
Distribution and Transmission System (in Kilometres)										
Transmission mains	5,112	4,920	4,687	4,243	3,865	3,614	3,311	3,200	3,067	3,081
Distribution mains and services	29,954	28,661	26,848	24,226	21,782	18,375	15,501	13,510	12,040	10,940

TRANSMISSION SYSTEM AS AT JUNE 30, 1999

SECTION	DIA (Inches)	LOOPLINE (Kilometres)	MAINLINE (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	--	347.11
7. Guddu Thermal Power Station	4	2.40	--
8. Guddu Barrage	24	1.81	--
9. Sutlej Crossing- 1	12	1.61	3.22
10. Sutlej Crossing - 2	36	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	22.2	--
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.	Chak Jhumra Line	6	12.04	--
36.	FSD - Malikwal	12	137.62	--
37.	FSD - Malikwal	16	--	135.87
38.	FSD - Malikwal	30	--	31.55
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.	BC 1 - 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.	Khurrianwala - Jaranwala	4	22.53	--
51.	Dawood Hercules Line	12	5.87	--
52.	Sheikhupura - Gujranwala (1)	10	59.44	--
53.	Sheikhupura - 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	i .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	--	36.22
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 - Tumab (1)	8	--	21.89
91.	Ismailkot - Tumab (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.	Sadqal -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	--
		-----	-----	-----
	TOTAL		3185.94	1925.95
	GRAND TOTAL		5111.89 KM	