



**Sui Southern Gas
Company Limited**

The General Manager
Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi.

CS/FS/PSX/19
07 January 2019

FINANCIAL RESULTS FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2017

Dear Sir,

We have to inform you that the Board of Directors in its meeting held on 7th January 2019 at 11.00 am, at SSGC Head Office, Karachi recommended the following:

i. Cash Dividend	Nil
ii. Bonus Shares	Nil
iii. Right Shares	Nil
iv. Any Other Entitlement/Corporate Action	Nil
v. Any Other Price-Sensitive Information	Nil

The financial results of the Company are attached as Annexure A & B.

The Auditors in their report to the members have stated:

- a) *As disclosed in notes 27.1 and 27.2 to the unconsolidated financial statements, trade debts include receivables of Rs. 32,378 million (2016: Rs. 35,949 million) and Rs. 22,310 million (2016: Rs. 21,708 million) from K-Electric Limited (KE) and Pakistan Steel Mills Corporation (Private) Limited (PSML) respectively. Significant portion of such receivables include overdue amounts, which have been considered good by the management and classified as current assets in the unconsolidated financial statements. Further, KE and PSML have disputed Late Payment Surcharge (LPS) on their respective balances due to which management has decided to recognize LPS on a receipt basis from the aforesaid entities effective from July 01, 2012.*

Due to the adverse operational and financial conditions of PSML, disputes by KE and PSML with the Company on LPS, and large accumulation of their respective overdue amounts, we were unable to determine the extent to which the total amounts due from KE and PSML were likely to be recovered and the time frame over which such recovery will be made;

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- b) As disclosed in note 30 to the unconsolidated financial statements, interest accrued includes interest receivable of Rs. 5,855 million and Rs. 3,232 from Sui Northern Gas Pipelines Limited (SNGPL) and Water and Power Development Authority (WAPDA) respectively. A significant portion of such receivables include overdue amounts, which have been considered good by the management and classified as current assets in these unconsolidated financial statements. Due to dispute with WAPDA, and large accumulation of their respective overdue amounts of interest, we were unable to determine the extent to which the interest accrued amounts due from SNGPL and WAPDA are likely to be recovered and the time frame over which such recovery will be made;

The Auditors in their report to the members have also stated:

We draw attention to the following matters:

- i. Note 1.3 of to the unconsolidated financial statements that describes the reasons why Company's profitability and financial position and performance has been declined over the years and the steps planned by the management, which will result in improvement in the Company's profitability over the next few years;*
- ii. Note 2.1.1 to the unconsolidated financial statements that describes the reasons why the Company has staggered the effect of Sindh High Court decision over a period of five financial years from 2017 to 2021 based on the permission received from Economic Coordination Committee (ECC), Securities and Exchange Commission of Pakistan (SECP) and Oil and Gas Regulatory Authority (OGRA);*
- iii. Note 18 to the unconsolidated financial statements that describe that the Company is subject to various material litigations and claims involving different courts. The outcome of these cases is uncertain and beyond management's control; and*
- iv. Note 38.7 to the unconsolidated financial statements states that the Company has reversed the late payment surcharge (LPS) expense Rs. 26,222 million on delayed payables pertaining to gas supplied by Government Controlled E & P Companies i.e. Oil and Gas Development Company Limited (OGDCL), Pakistan Petroleum Limited (PPL) and Government Holding (Private) Limited (GHPL) with effect from July 01, 2012 to June 30, 2016 and not recorded LPS expense for the year ended June 30, 2017 amounting to Rs. 7,569 million for reasons described in the said note.*

The Annual General Meeting of the Company will be held on **Friday, February 15, 2019 at 11:00 a.m. at Mövenpick Hotel, Karachi.**



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The Share Transfer Books of the Company will be closed from **February 07, 2019 to February 15, 2019** (both days inclusive). Transfers received at the office of our Shares Registrar Central Depository Company of Pakistan Limited (CDC), CDC House, Block "B", 99-B, SMCHS, Main Shahrah-e-Faisal, Karachi or at the registered office of the Company SSGC House, Sir Shah Suleman Road, Gulshan-e-Iqbal, Karachi at the close of business on **February 06, 2019** will be treated in time for the purpose of above entitlement to the transferees.

The Annual Report of the Company will be transmitted through PUCARS at least 21 days before holding of Annual General Meeting.

Yours Sincerely,



Shoaib Ahmed
Company Secretary

cc: The Commissioner
Securities & Exchange Commission of Pakistan (SECP)
Company Law Division / Corporate Supervision Department
& Technology Division
Islamabad

Head of Operations
Central Depository Company of Pakistan
CDC House, 99-B, Block "B"
Main Shahrah e Faisal,
Karachi

ANNEXURE "A"

Sui Southern Gas Company Limited
Unconsolidated profit and loss account
For the year ended June 30, 2017

	Note	2017 (Rupees in '000)	2016
Sales		187,028,899	214,637,472
Sales tax		(25,665,983)	(31,234,047)
		161,362,916	183,403,425
Gas development surcharge		(4,689,641)	(44,787,323)
Net sales		156,673,275	138,616,102
Cost of sales	34	(157,512,161)	(163,440,128)
Gross loss		(838,886)	(24,824,026)
Administrative and selling expenses	35	(4,311,328)	(3,840,688)
Other operating expenses	36	(3,293,096)	(2,355,905)
		(7,604,424)	(6,196,593)
		(8,443,310)	(31,020,619)
Other operating income	37	6,555,113	2,694,871
Operating loss		(1,888,197)	(28,325,748)
Other non-operating income	38	6,896,466	23,104,574
Finance cost	39	(1,692,477)	(2,618,390)
Profit / (loss) before taxation		3,315,792	(7,839,564)
Taxation	40	(1,979,962)	1,724,611
Profit / (loss) for the year		1,335,830	(6,114,953)
		(Rupees)	
Basic and diluted earning per share	42	1.52	(6.94)

The annexed notes 1 to 54 form an integral part of these unconsolidated financial statements.

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ANNEXURE "B"

Sui Southern Gas Company Limited
Consolidated profit and loss account
For the year ended June 30, 2017

	Note	2017 (Rupees in '000)	2016 (Rupees in '000)
Sales		187,028,899	214,637,472
Sales tax		(25,665,983)	(31,234,047)
		161,362,916	183,403,425
Gas development surcharge		(4,689,641)	(44,787,323)
Net sales		156,673,275	138,616,102
Cost of sales	35	(157,524,022)	(163,440,128)
Gross loss		(850,747)	(24,824,026)
Administrative and selling expenses	36	(4,409,981)	(3,922,013)
Other operating expenses	37	(3,303,250)	(2,350,098)
		(7,713,231)	(6,272,111)
		(8,563,978)	(31,096,137)
Other operating income	38	6,559,591	2,727,678
Operating loss		(2,004,387)	(28,368,459)
Other non-operating income	39	7,185,009	23,354,690
Finance cost	40	(1,694,734)	(2,618,868)
Profit / (loss) before taxation		3,485,888	(7,632,637)
Taxation	41	(2,011,093)	1,771,750
Profit / (loss) for the year		1,474,795	(5,860,887)
(Rupees)			
Basic and diluted profit / (loss) per share	43	1.67	(6.65)

The annexed notes 1 to 55 form an integral part of these consolidated financial statements.

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