

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

CS/FS/PSX/19
13 February 2019

**FINANCIAL RESULTS FOR THE QUARTER ENDED 30 SEPTEMBER, 2016, HALF
YEAR ENDED 31 DECEMBER, 2016, NINE MONTHS ENDED 31 MARCH, 2017**

Dear Sir,

We have to inform you that the Board of Directors in its meeting held on 13 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 for the Quarter ended 30 September, 2016, Half year ended 31 December, 2016, Nine months ended 31 March, 2017 approved by the Board of Directors are attached as Annexure A to F.

The Auditors in their review report on half year ended 31 December, 2016 to the members have stated:

- a) *As disclosed in notes 8.1 and 8.2 to the unconsolidated condensed interim financial information, trade debt include receivable of Rs. 31,632 million (June 30, 2016: Rs. 35,949 million) and Rs. 22,004 million (June 30, 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 this unconsolidated condensed interim financial information. 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 financial condition of PSML, disputes by KE and PSML with the Company on LPS, and large accumulation of their respective overdue amounts, we*



Sui Southern Gas Company Limited

SSGC House, Sir Shah Suleman Road, Gulshan-e-Iqbal, Karachi

were unable to determine the extent to which the total amounts due from KE and PSML are likely to be recovered and the time frame over which such recovery will be made;

- b) *As disclosed in note 9 to the unconsolidated condensed interim financial information, interest accrued includes interest receivable of Rs. 5,413 million and Rs. 3,114 million 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 the unconsolidated condensed interim financial information. 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 review report on half year ended 31 December, 2016 to the members have also stated:

We draw attention to the following matters:

- i. Note 1.3 of to the unconsolidated condensed interim 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 2.3 to the unconsolidated condensed interim 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 15 to the unconsolidated condensed interim financial statement that describe that the Company is subject to various material litigation and claim involving different courts. The outcome of these cases is uncertain and beyond Management's control; and*
- iv. Note 19.2 to the unconsolidated condensed interim 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*



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expense for the year ended December 31, 2016 amounting to Rs. 4,046 million for reasons described in the said note.

Further, the financial statements for the FY 2016-17 have already been circulated to the shareholders and the Exchange and the Annual General Meeting (AGM) for the FY 2016-17 is scheduled to be held on February 15, 2019. The reasons for delay in finalizing the financial statements for FY 2016-17 along with necessary approvals from SECP are uploaded on PUCARS as and when required. Therefore, the preparation and transmission of above interim financial statements are only required in order to comply with legal and regulatory framework.

Thanking you,

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

Sui Southern Gas Company Limited
Consolidated condensed interim profit and loss account (Un-Audited)
For the quarter ended September 30, 2016

ANNEXURE "A"

	Note	Quarter ended	
		September 30, 2016	September 30, 2015
		----- (Rupees in '000) -----	
Sales		52,190,418	54,962,923
Sales tax		(7,296,824)	(7,824,259)
		44,893,594	47,138,664
Gas development surcharge		(5,142,905)	(3,302,447)
Net sales		39,750,689	43,836,217
Cost of sales	16	(35,193,791)	(45,912,827)
Gross profit / (loss)		4,556,898	(2,076,610)
Administrative and selling expenses		(1,013,571)	(973,237)
Other operating expenses	17	(2,117,439)	(592,076)
		(3,131,010)	(1,565,313)
		1,425,888	(3,641,923)
Other operating income	18	1,419,393	435,358
Operating profit / (loss)		2,845,281	(3,206,565)
Other non-operating income	19	2,931,748	2,339,242
Finance cost		(642,253)	(2,569,329)
Profit / (loss) before taxation		5,134,776	(3,436,652)
Taxation	20	(907,173)	1,097,602
Profit / (loss) for the period		4,227,603	(2,339,050)
Basic / diluted Profit / (loss) per share (Rupees)		4.80	(2.66)

The annexed notes from 1 to 27 form an integral part of these consolidated condensed interim financial information.

		Quarter ended	
		September 30, 2016	September 30, 2015
	Note	(Rupees in '000)	
Sales		52,190,418	54,062,923
Sales tax		(7,296,824)	(7,824,259)
Gas development surcharge		44,893,594	47,138,664
Net sales		(5,142,905)	(3,302,446)
Cost of sales	16	39,750,689	43,836,218
Gross Profit / (loss)		(35,193,791)	(45,912,826)
Administrative and selling expenses		4,556,898	(2,076,608)
Other operating expenses	17	(996,377)	(954,263)
		(2,117,438)	(592,076)
		(3,113,815)	(1,546,339)
Other operating income	18	1,443,083	(3,622,947)
Operating Profit / (loss)		1,419,232	380,790
Other non-operating income	19	2,862,315	(3,242,157)
Finance cost		2,865,989	2,309,038
Profit / (Loss) before taxation		(639,619)	(2,569,329)
Taxation	20	5,088,685	(3,502,448)
Profit / (Loss) for the period		(899,569)	1,101,974
		4,189,116	(2,400,474)
Basic / diluted Earning per share (Rupees)		4.76	(2.72)

The annexed notes from 1 to 27 form an integral part of these unconsolidated condensed interim financial information.

Sui Southern Gas Company Limited
Consolidated condensed interim profit and loss account (Un-audited)
For the period ended December 31, 2016

ANNEXURE "C"

	Note	Half year ended		Quarter ended	
		December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
		----- (Rupees in '000) -----			
Sales		100,570,532	110,379,210	48,380,114	55,416,287
Sales tax		(13,949,953)	(15,971,473)	(6,653,129)	(8,147,214)
		86,620,579	94,407,737	41,726,985	47,269,073
Gas development surcharge		(16,163,813)	(14,055,726)	(11,020,908)	(10,753,279)
Net sales		70,456,766	80,352,011	30,706,077	36,515,794
Cost of sales	16	(69,743,413)	(85,781,922)	(34,549,622)	(39,869,095)
Gross profit / (loss)		713,353	(5,429,911)	(3,843,545)	(3,353,301)
Administrative and selling expenses		(2,155,031)	(1,961,171)	(1,141,461)	(987,934)
Other operating expenses	17	(1,914,894)	(1,253,064)	(316,494)	(660,988)
		(4,069,925)	(3,214,235)	(1,457,955)	(1,648,922)
		(3,356,572)	(8,644,146)	(5,301,500)	(5,002,223)
Other operating income	18	3,266,697	1,069,272	2,366,341	633,914
Operating loss		(89,875)	(7,574,874)	(2,935,159)	(4,368,309)
Other non-operating income	19	4,461,792	4,407,668	1,530,046	2,068,426
Finance cost		(1,083,513)	(5,426,438)	(441,260)	(2,857,109)
Profit / (loss) before taxation		3,288,404	(8,593,644)	(1,846,373)	(5,156,992)
Taxation	20	(2,026,398)	(2,675,714)	(1,119,225)	(1,578,112)
Profit / (loss) for the period		1,262,006	(11,269,358)	(2,965,598)	(6,735,104)
Basic / diluted profit (loss) per share		1.43	(12.79)	(3.37)	(7.65)

The annexed notes from 1 to 27 form an integral part of these consolidated condensed interim financial information.

Sui Southern Gas Company Limited
Unconsolidated condensed interim profit and loss account (Un-audited)
For the half year ended December 31, 2016

ANNEXURE "D"

	Note	Half year ended		Quarter ended	
		December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
		(Rupees in '000)			
Sales		100,570,532	110,379,210	48,380,114	55,416,287
Sales tax		(13,949,953)	(15,971,473)	(6,653,129)	(8,147,214)
Gas development surcharge		86,620,579	94,407,737	41,726,985	47,269,073
		(16,163,814)	(14,055,726)	(11,020,909)	(10,753,280)
Net sales		70,456,765	80,352,011	30,706,076	36,515,793
Cost of sales	16	(69,749,431)	(85,781,922)	(34,555,640)	(39,869,096)
Gross profit / (loss)		707,334	(5,429,911)	(3,849,564)	(3,353,303)
Administrative and selling expenses		(2,097,075)	(1,924,063)	(1,100,698)	(969,800)
Other operating expenses	17	(1,905,202)	(1,253,064)	(306,802)	(660,988)
		(4,002,277)	(3,177,127)	(1,407,500)	(1,630,788)
Other operating income	18	(3,294,943)	(8,607,038)	(5,257,064)	(4,984,091)
		3,265,978	970,912	2,365,783	590,122
Operating loss		(28,965)	(7,636,126)	(2,891,281)	(4,393,969)
Other non-operating income	19	4,255,776	4,309,271	1,389,787	2,000,233
Finance cost		(1,079,808)	(5,426,154)	(440,188)	(2,856,826)
Profit / (loss) before taxation		3,147,003	(8,753,009)	(1,941,682)	(5,250,561)
Taxation	20	(2,008,887)	2,685,408	(1,109,318)	1,583,434
Profit / (loss) for the period		1,138,116	(6,067,601)	(3,051,000)	(3,667,127)
Basic and diluted earning per share		1.29	(6.89)	(3.46)	(4.16)

The annexed notes from 1 to 27 form an integral part of these unconsolidated condensed interim financial information.

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Sui Southern Gas Company Limited
Consolidated condensed interim profit and loss account (Un-audited)
For the period ended March 31, 2017

ANNEXURE "E"

		Nine months period ended		Quarter ended	
		March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Note		(Rupees in '000)			
		**			
Sales		142,170,378	160,671,392	41,599,846	50,292,182
Sales tax		(19,551,493)	(23,334,531)	(5,601,540)	(7,363,058)
		122,618,885	137,336,861	35,998,306	42,929,124
Gas development surcharge		(20,299,185)	(20,198,984)	(4,135,372)	(6,143,258)
Net sales		102,319,700	117,137,877	31,862,934	36,785,866
Cost of sales	16	(103,935,811)	(124,065,695)	(34,192,398)	(38,283,773)
Gross Loss		(1,616,111)	(6,927,818)	(2,329,464)	(1,497,907)
Administrative and selling expenses		(3,201,228)	(2,870,591)	(1,046,197)	(909,420)
Other operating expenses	17	(2,615,110)	(2,027,032)	(744,765)	(773,968)
		(5,816,338)	(4,897,623)	(1,790,962)	(1,683,388)
		(7,432,449)	(11,825,441)	(4,120,426)	(3,181,295)
Other operating income	18	4,661,947	1,664,055	1,439,801	594,783
Operating loss		(2,770,502)	(10,161,386)	(2,680,625)	(2,586,512)
Other non-operating income	19	6,263,765	5,230,852	1,801,973	823,185
Finance cost		(1,653,086)	(8,576,640)	(569,574)	(3,150,203)
Profit / (loss) before taxation		1,840,177	(13,507,174)	(1,448,226)	(4,913,530)
Taxation	20	(1,797,012)	4,127,323	229,386	1,451,609
Profit / (loss) for the period		43,165	(9,379,851)	(1,218,840)	(3,461,921)
Basic / diluted profit / (loss) per share		0.05	(10.65)	(1.38)	(3.93)

The annexed notes from 1 to 27 form an integral part of these consolidated condensed interim financial information.

Sui Southern Gas Company Limited
Unconsolidated condensed interim profit and loss account (Un-audited)
For the nine months period ended March 31, 2017

ANNEXURE "F"

	Note	Nine months period ended		Quarter ended	
		March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
		(Rupees in '000)			

Sales		142,170,378	160,671,392	41,599,846	50,292,182
Sales tax		(19,551,493)	(23,334,531)	(5,601,540)	(7,363,058)
		122,618,885	137,336,861	35,998,306	42,929,124
Gas development surcharge		(20,299,185)	(20,198,984)	(4,135,371)	(6,143,258)
Net sales		102,319,700	117,137,877	31,862,935	36,785,866
Cost of sales	16	(103,935,811)	(124,065,695)	(34,186,380)	(38,283,773)
Gross loss		(1,616,111)	(6,927,818)	(2,323,445)	(1,497,907)
Administrative and selling expenses		(3,122,460)	(2,824,433)	(1,025,385)	(900,370)
Other operating expenses	17	(2,615,110)	(2,027,033)	(754,458)	(773,969)
		(5,737,570)	(4,851,466)	(1,779,843)	(1,674,339)
		(7,353,681)	(11,779,284)	(4,103,288)	(3,172,246)
Other operating income	18	4,661,023	1,555,976	1,439,596	585,064
Operating loss		(2,692,658)	(10,223,308)	(2,663,692)	(2,587,182)
Other non-operating income	19	5,935,000	5,111,836	1,194,168	802,565
Finance cost		(1,651,246)	(8,574,395)	(571,440)	(3,148,241)
Profit / (Loss) before taxation		1,591,096	(13,685,867)	(2,040,964)	(4,932,858)
Taxation	20	(1,718,124)	4,140,747	290,763	1,455,339
Profit / (Loss) for the period		(127,028)	(9,545,120)	(1,750,201)	(3,477,519)
Basic and diluted Earning per share		(0.14)	(10.84)	(1.99)	(3.95)

The annexed notes from 1 to 27 form an integral part of these unconsolidated condensed interim financial information.