



**Sui Southern Gas
Company Limited**

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

SSGC/CS/2021-209
24 November 2021

FINANCIAL RESULTS FOR THE QUARTER ENDED 31st DECEMBER, 2019

Dear Sir,

We have to inform you that the Board of Directors in its meeting held on 24th November, 2020 at 02:00 pm, at SSGC Board Room, Head Office Building, Gulshan-e-Iqbal, 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 31st December, 2019 approved by the Board of Directors are attached as Annexure **A and B**.

The Auditors in their review report on the Interim Financial Statements for half year ended 31st December, 2019 have stated:

"Basis for Qualified Conclusion

- a) As disclosed in notes 10.1 and 10.2 to the unconsolidated condensed interim financial statements, trade debts include receivables of Rs. 31,238 million (June 30, 2019: Rs. 32,888 million) and Rs. 24,166 million (June 30, 2019: Rs. 23,661 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 management and classified as current assets in the unconsolidated condensed interim 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 timeframe over which such recovery will be made;

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- b) As disclosed in note 11 to the unconsolidated condensed interim financial statements, interest accrued includes interest receivable of 8,119 million and Rs. 4,100 million from Sui Northern Gas Pipeline Limited (SNGPL) and Water and Power Development Authority (WAPDA) respectively. These have been accounted for in line with Company's practice of charging LPS on overdue amounts, but have not been acknowledged by the counter-party.

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 timeframe over which such recovery will be made;

- c) We refer to note 12.2 of the unconsolidated condensed interim financial statements which includes amount of Rs. 4,158 million receivables from Habibullah Coastal Private Company Limited (HCPCL) in respect of liquidated damages imposed in arbitration on April 30, 2018 by The International Court of Arbitration. Prior to the decision, the Economic Coordination Committee (ECC) through its meeting held on February 07, 2018 had proposed waiver of liquidated damages and directed Ministry of Energy – Petroleum Division to work out modalities in consultation with all stakeholders. However, to date, no agreement has been finalized between the relevant stakeholders. In the absence of the agreement, there is no contractual right to receive cash or financial asset from HCPCL and the requirements of IFRS 9 – Financial Instruments are not met.

Qualified Conclusion

Except for the adjustments, if any, to the unconsolidated condensed interim financial statement due to matters described in (a), (b) and (c) above, based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated condensed interim financial statement as of and for the half year ended December 31, 2019 is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Emphasis of Matter Paragraphs

We draw attention to the following matters:

- 1) note 1.3 of the unconsolidated condensed interim financial statements, which indicates that the Company has incurred net loss after tax of Rs. 13,482 million during the half year ended December 31, 2019, and as of that date, the Company's current liabilities exceed current assets by Rs. 82,728 million. Further, staggering of losses and matters discussed in the Basis of Qualified Conclusion Section of the report along with other conditions as set forth in Note 1.3, indicate that material uncertainty exists that may cast significant doubt on the Company ability to continue as a going concern; however, the Company has obtained a support letter from Government of Pakistan Finance Division dated July 06, 2020 that commits support



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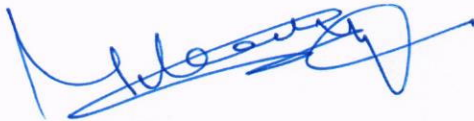
to maintain the going concern status of the Company. Our opinion is not modified in respect of this matter.

- 2) *note 2.3 to the unconsolidated condensed interim financial statement 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 the ECC, Securities and Exchange Commission of Pakistan (SECP) and the OGRA;*
- 3) *note 19 to the unconsolidated condensed interim financial statement 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.*
- 4) *note 18.1 to the unconsolidated condensed interim financial statement that describes that the Company has reversed the late payment surcharge (LPS) expense of 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, June 30, 2018, June 30, 2019 and for the half year ended December 31, 2019 amounting to Rs. 7,569 million, Rs. 7,477 million, Rs. 10,525 million and Rs. 9,006 million respectively for reasons described in the said note.*

Our conclusion is not qualified in respect of above matters."

Thanking you,

Yours Sincerely,



Mateen Sadiq

Assistant Company Secretary

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

Annexure - A

SUI SOUTHERN GAS COMPANY LIMITED UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS FOR THE PERIOD ENDED DECEMBER 31, 2019

		Half year ended		Quarter ended	
		December 31, 2019	'December 31, 2018	December 31, 2019	'December 31, 2018
		(Un-Audited)			
Note		----- (Rupees in '000) -----			
Sales		161,360,895	123,433,876	79,176,193	67,625,232
Sales tax		(24,059,065)	(16,009,423)	(11,825,329)	(8,881,667)
	20	137,301,830	107,424,453	67,350,864	58,743,565
Gas development surcharge	21	1,758,692	34,423,083	1,016,382	18,935,847
RLNG differential margin	22	(1,424,153)	(7,086,092)	(1,151,674)	(2,873,240)
		334,539	27,336,991	(135,292)	16,062,607
Net sales		137,636,369	134,761,444	67,215,572	74,806,172
Cost of sales	23	(153,702,577)	(135,689,381)	(74,697,194)	(73,989,573)
Gross (loss) / profit		(16,066,208)	(927,937)	(7,481,622)	816,599
Administrative and selling expenses		(2,407,198)	(2,275,277)	(1,236,542)	(1,151,957)
Other operating expenses	24	(89,939)	(7,069,672)	(59,379)	(5,659,075)
Impairment loss against financial assets		(921,552)	-	(596,114)	-
		(3,418,689)	(9,344,949)	(1,892,035)	(6,811,032)
		(19,484,897)	(10,272,886)	(9,373,657)	(5,994,433)
Other income	25	11,101,830	6,858,312	3,833,665	3,734,145
Operating loss		(8,383,067)	(3,414,574)	(5,539,992)	(2,260,288)
Finance cost		(3,973,653)	(3,390,073)	(2,812,098)	(1,633,123)
Loss before taxation		(12,356,720)	(6,804,647)	(8,352,090)	(3,893,411)
Taxation	26	(1,125,609)	(718,923)	(538,675)	(406,435)
Loss for the period		(13,482,329)	(7,523,570)	(8,890,765)	(4,299,846)
Basic and diluted loss per share (Rupees)		(15.30)	(8.54)	(10.09)	(4.88)

The annexed notes from 1 to 34 form an integral part of these unconsolidated condensed interim financial statements.



Annexure - B

SUI SOUTHERN GAS COMPANY LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD ENDED DECEMBER 31, 2019

		Half year ended		Quarter ended	
		December 31, 2019	'December 31, 2018	December 31, 2019	'December 31, 2018
		(Un-Audited)			
Note		----- (Rupees in '000) -----			
Sales		161,360,895	123,433,876	79,176,193	67,625,232
Sales tax		(24,059,065)	(16,009,423)	(11,825,329)	(8,881,667)
	20	137,301,830	107,424,453	67,350,864	58,743,565
Gas development surcharge	21	1,758,692	34,423,083	1,016,382	18,935,846
RLNG differential margin	22	(1,424,153)	(7,086,092)	(1,151,674)	(2,873,240)
		334,539	27,336,991	(135,292)	16,062,606
Net sales		137,636,369	134,761,444	67,215,572	74,806,171
Cost of sales	23	(153,702,577)	(135,696,212)	(74,697,194)	(73,992,449)
Gross (loss) / profit		(16,066,208)	(934,768)	(7,481,622)	813,722
Administrative and selling expenses		(2,482,227)	(2,335,450)	(1,276,535)	(1,186,277)
Other operating expenses	24	(90,306)	(7,070,128)	(58,065)	(5,659,306)
Impairment loss against financial assets		(921,552)	-	(596,113)	-
		(3,494,085)	(9,405,578)	(1,930,713)	(6,845,583)
		(19,560,293)	(10,340,346)	(9,412,335)	(6,031,861)
Other income	25	11,233,826	6,926,321	3,932,868	3,789,757
Operating loss		(8,326,467)	(3,414,025)	(5,479,467)	(2,242,104)
Finance cost		(3,975,397)	(3,390,692)	(2,813,814)	(1,633,223)
Loss before taxation		(12,301,864)	(6,804,717)	(8,293,281)	(3,875,327)
Taxation	26	(1,141,721)	(714,072)	(555,364)	(398,672)
Loss for the period		(13,443,585)	(7,518,789)	(8,848,645)	(4,273,999)
Basic and diluted loss per share (Rupees)		(15.26)	(8.54)	(10.05)	(4.85)

The annexed notes from 1 to 34 form an integral part of these consolidated condensed interim financial statements.

