



# Sui Southern Gas Company Limited

**The General Manager**

Pakistan Stock Exchange Limited  
Stock Exchange Building  
Stock Exchange Road  
Karachi.

SSGC/CS/2022-111  
09 September 2022

**FINANCIAL RESULTS FOR THE HALF YEAR ENDED 31<sup>st</sup> DECEMBER, 2020**

Dear Sir,

We have to inform you that the Board of Directors in its meeting held on 09<sup>th</sup> September, 2022 at 11:00 am, at SSGC Board Room, Head Office Building, Gulshan-e-Iqbal, Karachi (through Zoom) 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 half year ended 31<sup>st</sup> December, 2020 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 31<sup>st</sup> December, 2020 have stated:

***“Basis for Qualified Conclusion***

- a) As disclosed in notes 9.1 and 9.2 to the unconsolidated condensed interim financial statements, trade debts include receivables of Rs. 29,645 million (June 30, 2020: Rs. 33,415 million) and Rs. 24,777 million (June 30, 2020: Rs. 24,332 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; and
- b) As disclosed in note 10 to the unconsolidated condensed interim financial statements, interest accrued includes interest receivable of 9,258 million and Rs. 4,563 million from Sui Northern Gas Pipeline Limited (SNGPL) and Water and Power Development Authority

# Sui Southern Gas Company Limited

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

(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 11.2 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, to the unconsolidated condensed interim financial statements 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 statements as of and for the half year ended December 31, 2020 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. 1,668 million during the half year ended December 31, 2020 and as of that date, the Company's current liabilities exceed current assets by Rs. 96,534 million. Further matters discussed in the Basis of Qualified Conclusion Section of the report along with other conditions as set forth in Note 1.3 indicate the material uncertainty exist that may cast significant doubt on the company 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 to maintain the going concern status of the Company.
- 2) Note 17.1 to the unconsolidated condensed interim financial statements 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.





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

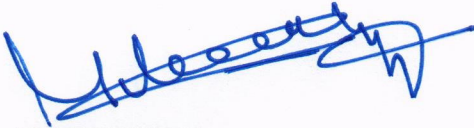
*Oil and Gas Development Company Limited (OGDCL), Pakistan Petroleum Limited (PPL) and Government Holding (Private) Limited (GHPL) with effect from July 01, 2012 to June 30, 2016 and not recorded LPS expense for the year ended June 30, 2017, June 30, 2018, June 30, 2019, June 30, 2020 and for the period ended December 31, 2020 amounting to Rs. 7,569 million, Rs. 7,477 million, Rs. 10,525 million, Rs. 26,335 million and Rs. 14,132 million respectively for reasons described in the said note.*

- 3) *Note 18 to the unconsolidated condensed interim 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.*

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

Thanking you.

Yours Sincerely,



**Mateen Sadiq**  
Company Secretary

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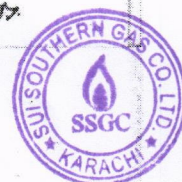
cc: **The Registrar of Companies**  
Securities and Exchange Commission of  
Pakistan  
State Life Building No.2  
Wallace Road,  
Karachi.

**Executive Director / HOD**  
Offsite -II Department, & Supervision  
Division,  
Securities and Exchange Commission of  
Pakistan,  
NIC Building, 63 Jinnah Avenue, Blue  
Area, Islamabad

**SUI SOUTHERN GAS COMPANY LIMITED**  
**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS**  
**FOR THE PERIOD ENDED DECEMBER 31, 2020**

Note	Half year ended		Quarter ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	(Un-Audited) (Rupees in '000)			
Sales	153,235,408	161,360,895	78,957,951	79,176,193
Sales tax	(22,319,752)	(24,059,065)	(11,204,387)	(11,825,329)
19	130,915,656	137,301,830	67,753,564	67,350,864
Gas development surcharge	19,242,571	1,758,692	8,091,932	1,016,382
20				
RLNG differential margin	(1,598,862)	(1,424,153)	(4,078,421)	(1,151,674)
21				
	17,643,709	334,539	4,013,511	(135,292)
Net sales	148,559,365	137,636,369	71,767,075	67,215,572
Cost of sales	(151,553,293)	(153,702,577)	(74,082,857)	(74,697,194)
22				
Gross loss	(2,993,928)	(16,066,208)	(2,315,782)	(7,481,622)
Administrative and selling expenses	(2,266,256)	(2,407,198)	(1,140,913)	(1,236,542)
Other operating expenses	(110,970)	(89,939)	(50,557)	(59,379)
23				
Impairment loss against financial assets	(2,187,041)	(921,552)	(1,050,537)	(596,114)
	(4,564,267)	(3,418,689)	(2,242,007)	(1,892,035)
	(7,558,195)	(19,484,897)	(4,557,789)	(9,373,657)
Other income	9,561,613	11,101,830	5,697,473	3,833,665
24				
Operating profit	2,003,418	(8,383,067)	1,139,684	(5,539,992)
Finance cost	(2,473,846)	(3,973,653)	(1,499,512)	(2,812,098)
Loss before taxation	(470,428)	(12,356,720)	(359,828)	(8,352,090)
Taxation	(1,197,315)	(1,125,609)	(586,974)	(538,675)
25				
Loss for the period	(1,667,743)	(13,482,329)	(946,802)	(8,890,765)
Basic and diluted loss per share (Rupees)	(1.89)	(15.30)	(1.07)	(10.09)

The annexed notes from 1 to 33 form an integral part of these unconsolidated condensed interim financial statements. Bn





## Annexure - B

**SUI SOUTHERN GAS COMPANY LIMITED**  
**CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS**  
**FOR THE PERIOD ENDED DECEMBER 31, 2020**

		Half year ended		Quarter ended	
		December 31, 2020	'December 31, 2019	December 31, 2020	'December 31, 2019
		(Un-Audited)			
Note		(Rupees in '000)			
Sales		153,235,408	161,360,895	78,957,951	79,176,193
Sales tax		(22,319,752)	(24,059,065)	(11,204,387)	(11,825,329)
	19	130,915,656	137,301,830	67,753,564	67,350,864
Gas development surcharge	20	19,242,571	1,758,692	8,091,932	1,016,382
RLNG differential margin	21	(1,598,862)	(1,424,153)	(4,078,421)	(1,151,674)
		17,643,709	334,539	4,013,511	(135,292)
Net sales		148,559,365	137,636,369	71,767,075	67,215,572
Cost of sales	22	(151,553,293)	(153,702,577)	(74,082,857)	(74,697,194)
Gross loss		(2,993,928)	(16,066,208)	(2,315,782)	(7,481,622)
Administrative and selling expenses		(2,342,971)	(2,482,227)	(1,182,040)	(1,276,535)
Other operating expenses	23	(111,535)	(90,306)	(50,707)	(58,065)
Impairment loss against financial assets		(2,187,041)	(921,552)	(1,050,537)	(596,113)
		(4,641,547)	(3,494,085)	(2,283,284)	(1,930,713)
		(7,635,475)	(19,560,293)	(4,599,066)	(9,412,335)
Other income	24	9,994,781	11,233,826	6,012,908	3,932,868
Operating Profit / (loss)		2,359,306	(8,326,467)	1,413,842	(5,479,467)
Finance cost		(2,475,865)	(3,975,397)	(1,500,498)	(2,813,814)
Loss before taxation		(116,559)	(12,301,864)	(86,656)	(8,293,281)
Taxation	25	(1,308,325)	(1,141,721)	(673,124)	(555,364)
Loss for the period		(1,424,884)	(13,443,585)	(759,780)	(8,848,645)
Basic and diluted loss per share (Rupees)		(1.62)	(15.26)	(0.86)	(10.05)

The annexed notes from 1 to 33 form an integral part of these consolidated condensed interim financial statements.

