

SSGC/CS/2023-011
06th January, 2023

FORM-3

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

Confidential
Under Sealed Cover

FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30TH JUNE, 2021

Dear Sir,

We have to inform you that the Board of Directors of our Company in their meeting, held on Friday, 06th January, 2023, at 09:00 a.m., 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 are attached as **Annexure A and B**.

The Auditors in their initialed draft report to the Members have stated:

QUALIFIED OPINION

Basis for Qualified Opinion

1. As disclosed in notes 31.1 and 31.2 to the unconsolidated financial statements, trade debts include receivables of Rs. 30,931 million and Rs. 24,699 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 financial statements. Further, KE and PSML have disputed Late Payment Surcharge (LPS) on their respective balances due to which management has decided to recognise LPS on 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;



Sui Southern Gas Company Limited

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

2. As disclosed in note 34 to the unconsolidated financial statements, interest accrued includes interest receivable of Rs. 9,821 million and Rs. 4,718 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 policy of charging LPS on overdue amounts, but have not been acknowledged by the counter-party. Due to dispute with WAPDA and SNGPL, 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.
3. On April 30, 2018, The International Court of Arbitration decided against the Company the case of Habibullah Coastal Power Company (Private) Limited (HCPCL) and imposed liquidated damages amounting to Rs. 4,158 million. 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. Based on that decision, management has recognised a receivable of Rs. 4,158 million from HCPCL as disclosed in note 35 to the unconsolidated financial statements. However, no agreement has been finalized to date 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.

Emphasis of Matter

We draw attention to the following:

1. note 20 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;
2. note 1.3 to the unconsolidated financial statements which states that in view of the financial position of the Company, the Government of Pakistan (Finance Division) has confirmed vide its letter dated July 6, 2020 to extend necessary financial support to the Company for the foreseeable future to maintain its going concern status. Thus, the sustainability of the future operations of the Company is supported through the said letter; and
3. note 19.1 to the unconsolidated financial statements which describes that the Company has not recognized the accrued markup up to June 30, 2021 amounting to Rs. 104,067 million relating to Government Controlled E&P Companies based on government advise and a legal opinion.

Our opinion is not modified in respect of above matters.



Sui Southern Gas Company Limited

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

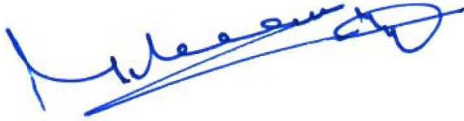
Annual General Meeting:

The Annual General Meeting of the Company will be held on Friday, 10th February, 2023, at 11:00 a.m., at SSGC Head Office, Karachi, in person as well as through electronic means / video link facility.

The Share Transfer Books of the Company will be closed from Friday, 03rd February, 2023 to Friday, 10th February, 2023 (both days inclusive). Transfers received in order, at the office of Share Registrar, M/s. CDC Share Registrar Services Limited, CDC House, 99-B, Block-B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi, at the close of business hours, on Thursday, 02nd February, 2023 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 atleast 21 days before holding of Annual General Meeting.

Yours Sincerely,



Mateen Sadiq
Company Secretary

Executive Director/HOD,
Cc: Offsite-II Department, Supervision
Division, Securities & Exchange
Commission of Pakistan, Islamabad.

Head of Operations,
Central Depository Company of Pakistan,
CDC House, 99-B, Block-B, S.M.C.H.S.,
Main Shahrah-e-Faisal, Karachi.

Senior Manager,
CDC Share Registrar Services Limited,
Central Depository Company of Pakistan,
CDC House, 99-B, Block-B, S.M.C.H.S.,
Main Shahrah-e-Faisal, Karachi.

SUI SOUTHERN GAS COMPANY LIMITED
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2021

Annexure - A

	Note	2021 (Rupees in '000)	2020
Sales	38	317,401,041	295,722,225
Sales tax	38	(45,914,371)	(43,921,954)
		271,486,670	251,800,271
Tariff adjustments	39	24,642,231	38,440,095
Net sales		296,128,901	290,240,366
Cost of sales	40	(301,878,844)	(307,290,936)
Gross loss		(5,749,943)	(17,050,570)
Administrative and selling expenses	41	(4,446,333)	(4,792,695)
Other operating expenses	42	(463,520)	(1,796,242)
Impairment loss against financial assets		(2,229,028)	(3,603,933)
		(7,138,881)	(10,192,870)
		(12,888,824)	(27,243,440)
Other income	43	18,643,222	15,429,311
Profit / (loss) before interest and taxation		5,754,398	(11,814,129)
Finance cost	44	(4,619,329)	(7,234,593)
Profit / (loss) before taxation		1,135,069	(19,048,722)
Taxation	45	820,445	(2,343,869)
Profit / (loss) for the year		1,955,514	(21,392,591)
(Rupees)			
Earning / (loss) per share - basic and diluted	47	2.22	(24.28)

The annexed notes 1 to 59 form an integral part of these unconsolidated financial statements.

Bn



Annexure - B

SUI SOUTHERN GAS COMPANY LIMITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 (Rupees in '000)	2020
Sales	39	317,401,041	295,722,225
Sales tax	39	(45,914,371)	(43,921,954)
		<u>271,486,670</u>	<u>251,800,271</u>
Tariff adjustments	40	24,642,231	38,440,095
Net sales		<u>296,128,901</u>	<u>290,240,366</u>
Cost of sales	41	(301,878,845)	(307,290,936)
Gross profit		<u>(5,749,944)</u>	<u>(17,050,570)</u>
Administrative and selling expenses	42	(4,615,028)	(4,947,623)
Other operating expenses	43	(464,150)	(1,797,088)
Impairment loss against financial assets		<u>(2,229,028)</u>	<u>(3,603,933)</u>
		<u>(7,308,206)</u>	<u>(10,348,644)</u>
		<u>(13,058,150)</u>	<u>(27,399,214)</u>
Other income	44	19,259,385	15,769,045
Profit / (loss) before interest and taxation		<u>6,201,235</u>	<u>(11,630,169)</u>
Finance cost	45	(4,625,606)	(7,241,278)
Profit / (loss) before taxation		<u>1,575,629</u>	<u>(18,871,447)</u>
Taxation	46	687,661	(2,397,285)
Profit / (loss) for the year		<u><u>2,263,290</u></u>	<u><u>(21,268,732)</u></u>

(Rupees)

Earnings / (loss) per share - basic and diluted	48	<u>2.57</u>	<u>(24.14)</u>
---	----	-------------	----------------

The annexed notes 1 to 60 form an integral part of these consolidated financial statements.

