



Ref: SSGC/CS/2023-113

Dated: 20 May 2023

The General Manager

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

FINANCIAL RESULTS FOR THE HALF YEAR ENDED 31st DECEMBER, 2021

Dear Sir,

We have to inform you that the Board of Directors in its meeting held on 20th May, 2023 at 11:30 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 31st December, 2021 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, 2021 have stated:

“Basis for Qualified Conclusion

a) *As disclosed in notes 7.1 and 7.2 to the unconsolidated condensed interim financial statements, trade debts include receivables of Rs. 29,652 million and Rs. 24,865 million including overdue balances of Rs. 29,652 million and Rs. 24,786 million from K-Electric Limited (KE) and Pakistan Steel Mills Corporation (Private) Limited (PSML), respectively 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 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 span over which such recovery will be made;

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- b) As disclosed in note 8 to the unconsolidated condensed interim financial statements, interest accrued includes interest receivable of Rs. 10,394 million and Rs. 4,884 million from Sui Northern Gas Pipeline Limited (SNGPL) and Water and Power Development Authority (WAPDA), respectively.
- c) 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; and
- d) 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 recognized a receivable of Rs. 4,158 million from HCPCL as disclosed in note 9.2 to the unconsolidated condensed interim 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.

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, 2021 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 to the unconsolidated condensed interim 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;



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- 2) note 15.1 to the unconsolidated condensed interim financial statements which describes that the Company has not recognized the accrued markup up to December 31, 2021 amounting to Rs. 117,533 million relating to Government Controlled E&P Companies based on Government advise and a legal opinion; and
- 3) note 16 to the unconsolidated condensed interim financial statements which inter-alia describe that the Company is subject to various material litigations and claims pending adjudication in different courts. The outcome of these cases is uncertain and beyond management's control;

Our conclusion is not modified in respect of above matters.”

Thanking you.

Yours Sincerely,

Mateen Sadiq
Company Secretary

Encl: aa

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

Annexure - A

SUI SOUTHERN GAS COMPANY LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD ENDED DECEMBER 31, 2021 (UN-AUDITED)

	Note	Half year ended		Quarter ended	
		December 31, 2021	'December 31, 2020	December 31, 2021	'December 31, 2020
		----- (Rupees in '000) -----			
Sales	17	180,737,359	153,235,408	87,079,592	78,957,951
Sales tax	17	(26,751,646)	(22,319,752)	(13,089,186)	(11,204,387)
		153,985,713	130,915,656	73,990,406	67,753,564
Tariff adjustments	18	35,170,482	17,643,709	22,123,766	4,013,511
Net sales		189,156,195	148,559,365	96,114,172	71,767,075
Cost of sales	19	(187,095,182)	(151,553,293)	(97,521,707)	(74,082,857)
Gross profit / (loss)		2,061,013	(2,993,928)	(1,407,535)	(2,315,782)
Administrative and selling expenses		(2,295,019)	(2,266,256)	(994,700)	(1,140,913)
Other operating expenses	20	(5,321,951)	(110,970)	(2,008,409)	(50,557)
Impairment loss against financial assets		(661,551)	(2,187,041)	(388,374)	(1,050,537)
		(8,278,521)	(4,564,267)	(3,391,483)	(2,242,007)
		(6,217,508)	(7,558,195)	(4,799,018)	(4,557,789)
Other income	21	7,858,077	9,561,613	3,880,482	5,697,473
Operating profit / (loss)		1,640,569	2,003,418	(918,536)	1,139,684
Finance cost		(2,219,323)	(2,473,846)	(1,130,310)	(1,499,512)
Loss before taxation		(578,754)	(470,428)	(2,048,846)	(359,828)
Taxation	22	(1,422,335)	(1,197,315)	(688,730)	(586,974)
Loss for the period		(2,001,089)	(1,667,743)	(2,737,576)	(946,802)
Loss per share - basic and diluted	23	(2.27)	(1.89)	(3.11)	(1.07)

The annexed notes 1 to 30 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, 2021 (UN-AUDITED)

	Note	Half year ended		Quarter ended	
		December 31, 2021	'December 31, 2020	December 31, 2021	'December 31, 2020
------(Rupees in '000)-----					
Sales		180,737,359	153,235,408	87,079,592	78,957,951
Sales tax		(26,751,646)	(22,319,752)	(13,089,186)	(11,204,387)
Tariff adjustments	17	153,985,713	130,915,656	73,990,406	67,753,564
Net sales	18	35,170,482	17,643,709	22,123,766	4,013,511
Cost of sales	19	189,156,195	148,559,365	96,114,172	71,767,075
Gross profit / (loss)		2,061,013	(2,993,928)	(1,407,535)	(2,315,782)
Administrative and selling expenses		(2,372,508)	(2,342,971)	(1,033,234)	(1,182,040)
Other operating expenses	20	(5,322,376)	(111,535)	(2,008,547)	(50,707)
Impairment loss against financial assets		(661,551)	(2,187,041)	(388,374)	(1,050,537)
		(8,356,435)	(4,641,547)	(3,430,155)	(2,283,284)
		(6,295,422)	(7,635,475)	(4,837,690)	(4,599,066)
Other income	21	8,126,726	9,994,781	4,057,594	6,012,908
Operating profit / (loss)		1,831,304	2,359,306	(780,096)	1,413,842
Finance cost		(2,222,391)	(2,475,865)	(1,132,004)	(1,500,498)
Loss before taxation		(391,087)	(116,559)	(1,912,100)	(86,656)
Taxation	22	(1,488,408)	(1,308,325)	(740,847)	(673,124)
Loss for the period		(1,879,495)	(1,424,884)	(2,652,947)	(759,780)
Loss per share - basic and diluted	23	(2.13)	(1.62)	(3.01)	(0.86)

The annexed notes 1 to 30 form an integral part of these consolidated condensed interim financial statements.

