

SSGC/CS/2023-204
18 November 2023

FORM-3

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

Confidential
Under Sealed Cover

SUBJECT: FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

Dear Sir,

We have to inform you that the Board of Directors of our company in their meeting held on 18 November 2023 at 11:00 am, 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. 29,652 million and Rs. 25,312 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 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 including the timeframe over which such recovery will be made:



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2. As disclosed in note 34 to the unconsolidated financial statements, interest accrued includes interest receivable of Rs. 10,957 million and Rs. 5,101 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 including the timeframe over which such recovery will be made.

Emphasis of Matter

We draw attention to the following:

1. 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 to extend necessary financial support to the Company for the foreseeable future to maintain its going concern status. Hence, the sustainability of the future operations of the Company is dependent on the said support;
2. Note 19.1 to the unconsolidated financial statements which describes that the Company has not recognized the accrued markup up to June 30, 2022 amounting to Rs. 131,988 million relating to Government Controlled E&P Companies based on government advise and a legal opinion;
3. Note 20 to the unconsolidated financial statements which inter alia describe that the 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; and
4. Note 35.2 to the unconsolidated financial statements which describes that the adjustment / realisability of receivable of the Company from Habibullah Coastal Power Company (Private) Limited (HCPCL) amounting to Rs. 4,157 million is no longer possible and accordingly is recognized as other operating expense as at the reporting date. The Company is in the process of filing the motion for review for FY 2021-22 and included the amount so charged in the tariff determination before OGRA.

Our opinion is not modified in respect of above matters.



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Annual General Meeting:

The Annual General Meeting of the Company will be held on Friday, 29 December 2023 at 11:00 a.m. at Arena, Jade Hall. Karachi, in person as well as through electronic means / Video link facility.

The Share Transfer Books of the Company will be closed from Friday 22 December 2023 to Friday 29 December 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 Sharah-e-Faisal, Karachi at the close of business on Thursday 21 December 2023 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 Sharah-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 Sharah-e-Faisal,
Karachi

Annexure - A

**SUI SOUTHERN GAS COMPANY LIMITED
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2022**

	Note	2022 (Rupees in '000)	2021
Revenue from Contracts with Customers - Gas Sales	38	299,628,511	271,486,670
Tariff adjustments	39	75,930,537	24,642,231
		<u>375,559,048</u>	<u>296,128,901</u>
Cost of sales	40	(367,840,505)	(301,878,844)
Gross profit / (loss)		7,718,543	(5,749,943)
Administrative and selling expenses	41	(5,084,613)	(4,446,333)
Other operating expenses	42	(20,337,874)	(463,520)
Allowance for expected credit loss		(2,121,563)	(2,229,028)
		<u>(27,544,050)</u>	<u>(7,138,881)</u>
		(19,825,507)	(12,888,824)
Other income	43	17,280,257	18,643,222
(Loss) / profit before interest and taxation		(2,545,250)	5,754,398
Finance cost	44	(5,190,235)	(4,619,329)
(Loss) / profit before taxation		(7,735,485)	1,135,069
Taxation	45	(3,708,630)	820,445
(Loss) / profit for the year		<u>(11,444,115)</u>	<u>1,955,514</u>
			(Rupees)
(Loss) / Earnings per share - basic and diluted	47	<u>(12.99)</u>	<u>2.22</u>

The annexed notes 1 to 61 form an integral part of these unconsolidated financial statements.



Annexure - B

**SUI SOUTHERN GAS COMPANY LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2022**

	Note	2022 (Rupees in '000)	2021
Revenue from Contracts with Customers - Gas Sales	39	299,628,511	271,486,670
Tariff adjustments	40	75,930,537	24,642,231
		<u>375,559,048</u>	<u>296,128,901</u>
Cost of sales	41	(367,840,505)	(301,878,844)
Gross profit / (loss)		7,718,543	(5,749,943)
Administrative and selling expenses	42	(5,251,848)	(4,615,028)
Other operating expenses	43	(20,420,074)	(464,150)
Allowance for expected credit loss		(2,121,563)	(2,229,028)
		<u>(27,793,485)</u>	<u>(7,308,206)</u>
		(20,074,942)	(13,058,149)
Other income	44	17,629,800	19,259,385
(Loss) / profit before interest and taxation		(2,445,142)	6,201,236
Finance cost	45	(5,196,036)	(4,625,606)
(Loss) / profit before taxation		(7,641,178)	1,575,630
Taxation	46	(3,770,841)	687,661
(Loss) / profit for the year		<u>(11,412,019)</u>	<u>2,263,291</u>
			(Rupees)
(Loss) / earning per share - basic and diluted	48	<u>(12.95)</u>	<u>2.57</u>

The annexed notes 1 to 62 form an integral part of these consolidated financial statements.

