



Sui Southern Gas Company Limited

Ref: SSGC/CS/2024-047

Dated: 09 March 2024

The General Manager

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

SUBJECT: FINANCIAL RESULTS FOR THE HALF YEAR ENDED 31st DECEMBER, 2022

Dear Sir,

We have to inform you that the Board of Directors in its meeting held on 9th March, 2024 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 31st December, 2022 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, 2022 have stated:

"Basis for Qualified Conclusion

- a) As disclosed in notes 8.1 and 8.2 to the unconsolidated condensed interim financial statements, trade debts include receivables of Rs. 29,971 million and Rs. 25,170 million which includes an overdue balance of Rs. 29,652 million and Rs. 25,100 million from K-Electric (KE) and Pakistan Steel Mills Corporation (Private) Limited (PSML) respectively, which has 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 time frame over which such recovery will be made;

- b) As disclosed in note 9 to the unconsolidated condensed interim financial statements, interest accrued includes interest receivable of Rs. 11,530 million and Rs. 5,379 million from Sui Northern Gas Pipeline Limited (SNGPL) and Water and Power Development Authority (WAPDA), respectively. These have been accounted for in line with the Company's policy of charging LPS on overdue amounts, but have not been acknowledged by the counter-party. Due to disputes of the Company with WAPDA and SNGPL, and the 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 time frame over which such recovery will be made;

and

Sui Southern Gas Company Limited

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

Qualified Conclusion

Except for the adjustments, to the unconsolidated condensed interim financial statements due to matters described in (a) and (b) 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 for the half year ended December 31, 2022 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

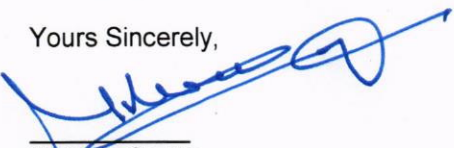
We draw attention to the following matters:


1. note 1.3 to the unconsolidated condensed interim financial statements which state 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 16.1 to the unconsolidated condensed interim financial statements which describe that the Company has not recognized the accrued markup up to December 31, 2022 amounting to Rs. 151,245 million relating to Government Controlled E&P Companies based on Government advise and a legal opinion;
3. note 17 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; and
4. note 10, 15.1 and 15.2 to the unconsolidated condensed interim financial statements which describes certain long outstanding matters prior to June 2020 pending settlement with SNGPL whose resolution is dependent on the OGRA's appointed consultant report.

Our conclusion is not modified in respect of the 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 HALF YEAR ENDED DECEMBER 31, 2022

	Note	Half year ended		Quarter ended	
		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
		(Un-Audited) ----- (Rupees in '000) -----			
Revenue from contract with customers - Gas sales	18	123,470,624	153,985,713	52,763,647	73,990,406
Tariff adjustments	19	85,252,837	35,170,482	39,720,174	22,123,766
Net sales		208,723,461	189,156,195	92,483,821	96,114,172
Cost of sales	20	(210,921,120)	(187,095,182)	(97,370,181)	(97,521,707)
Gross (loss) / profit		(2,197,659)	2,061,013	(4,886,360)	(1,407,535)
Administrative and selling expenses		(2,630,888)	(2,295,019)	(1,251,464)	(994,700)
Other operating expenses	21	(6,257,177)	(5,321,951)	1,214,082	(2,008,409)
Impairment loss against financial assets		(1,147,268)	(661,551)	(714,835)	(388,374)
		(10,035,333)	(8,278,521)	(752,217)	(3,391,483)
		(12,232,992)	(6,217,508)	(5,638,577)	(4,799,018)
Other income	22	7,202,997	7,858,077	3,650,497	3,880,482
Operating (loss) / profit		(5,029,995)	1,640,569	(1,988,080)	(918,536)
Finance cost		(2,909,012)	(2,219,323)	(1,260,100)	(1,130,310)
Loss before taxation		(7,939,007)	(578,754)	(3,248,180)	(2,048,846)
Taxation	23	(1,634,746)	(1,422,335)	(730,923)	(688,730)
Loss for the period		(9,573,753)	(2,001,089)	(3,979,103)	(2,737,576)
Loss per share - basic and diluted	24	(10.87)	(2.27)	(4.52)	(3.11)

The annexed notes 1 to 33 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, 2022

		Half year ended		Quarter ended	
		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
		(Un-Audited)			
Note		----- (Rupees in '000) -----			
Revenue from contract with customers - Gas sales	18	123,470,624	153,985,713	52,763,647	73,990,406
Tariff adjustments	19	85,252,837	35,170,482	39,720,174	22,123,766
Net sales		208,723,461	189,156,195	92,483,821	96,114,172
Cost of sales	20	(210,921,120)	(187,095,182)	(97,370,181)	(97,521,707)
Gross (loss) / profit		(2,197,659)	2,061,013	(4,886,360)	(1,407,535)
Administrative and selling expenses		(2,725,032)	(2,372,508)	(1,303,190)	(1,033,234)
Other operating expenses	21	(6,257,212)	(5,322,376)	1,213,754	(2,008,547)
Impairment loss against financial assets		(1,147,268)	(661,551)	(714,835)	(388,374)
		(10,129,512)	(8,356,435)	(804,271)	(3,430,155)
		(12,327,171)	(6,295,422)	(5,690,631)	(4,837,690)
Other income	22	7,796,128	8,126,726	4,125,408	4,057,594
Operating (loss) / profit		(4,531,043)	1,831,304	(1,565,223)	(780,096)
Finance cost		(3,011,480)	(2,222,391)	(1,332,272)	(1,132,004)
Loss before taxation		(7,542,523)	(391,087)	(2,897,495)	(1,912,100)
Taxation	23	(1,775,106)	(1,488,408)	(853,008)	(740,847)
Loss for the period		(9,317,629)	(1,879,495)	(3,750,503)	(2,652,947)
Loss per share - basic and diluted	24	(10.58)	(2.13)	(4.26)	(3.01)

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

