



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

FORM-3
CS/FS-17-18/PSX/20
20 June, 2020

Confidential
Under Sealed Cover

FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2018

Dear Sir,

We have to inform you that the Board of Directors of our company in their meeting held on 20 June, 2020 at 12:00 pm, at Karachi, through video conferencing 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

- a. As disclosed in notes 27.1 and 27.2 to the unconsolidated financial statements, trade debts include receivables of Rs. 31,948 million (2017: Rs. 32,378 million) and Rs. 22,924 million (2017: Rs. 22,310 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 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;

- b. As disclosed in note 30 to the unconsolidated financial statements, interest accrued includes interest receivable of Rs. 6,416 million and Rs. 3,421 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 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;

Sui Southern Gas Company Limited

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

- c. On April 30, 2018, The International Court of Arbitration decided against the Company in the case with Habibullah Coastal Private Company Limited (HCPCL) and imposed liquidated damages amounting to Rs. 3,788 million. Prior to the decision, the 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. 3,788 million from HCPCL as disclosed in Note 31 to these unconsolidated financial statements. 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 IAS 39 – Financial Instruments are not met. Had management not recognised this receivable, the loss before tax would have increased by Rs. 3,788 million and net assets would have reduced by Rs. 2,651 million.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the unconsolidated financial statements, which indicates that the Company has incurred net loss after tax of Rs. 14,848 million during the year ended June 30, 2018, and as of that date, the Company's current liabilities exceed current assets by Rs. 43,028 million. Further, staggering of losses and matters discussed in the Basis of Qualified Section of the report along with other conditions as set forth in Note 1, indicate that material uncertainty exists that may cast significant doubt on the Company ability to continue as going concern. Our opinion is not modified in respect of this matter.

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

EMPHASIS OF MATTER

We draw attention to:

- (i) Note 2.1.1 to the unconsolidated financial statements that describes the reasons why the Company has staggered the effect of Sindh High Court decision over a period of five financial years from 2017 to 2021 based on the permission received from the ECC, Securities and Exchange Commission of Pakistan (SECP) and the OGRA;
- (ii) Note 18 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.
- (iii) Note 17.1 to the unconsolidated 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. 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 and June 30, 2018 amounting to Rs. 7569 million and Rs. 7,477 million respectively for reasons described in the said note.

Sui Southern Gas Company Limited

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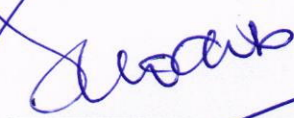
Annual General Meeting FY 2018:

The Annual General Meeting of the Company will be held on Wednesday, 5th August, 2020 at 11.00 a.m at SSGC Head Office, Karachi through video link facility.

The Share Transfer Books of the Company will be closed from 28th July, 2020 to 5th August, 2020 (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 27th July, 2020 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,



Shoaib Ahmed
Company Secretary

Cc: The Commissioner
Securities and Exchange
Commission of Pakistan (SECP)
Company Law Division /
Corporate Supervision
Department
& Technology Division
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

Sui Southern Gas Company Limited
Unconsolidated statement of profit or loss
For the year ended June 30, 2018

Annexure "A"

	Note	2018 (Rupees in '000)	2017
Sales		184,014,613	187,028,899
Sales tax		(25,251,284)	(25,665,983)
	34	158,763,329	161,362,916
Gas development surcharge		22,645,175	(4,689,641)
RLNG differential margin		(4,004,081)	-
Net sales		177,404,423	156,673,275
Cost of sales	35	(187,181,334)	(157,512,161)
Gross loss		(9,776,911)	(838,886)
Administrative and selling expenses	36	(4,475,239)	(4,311,328)
Other operating expenses	37	(5,512,109)	(3,293,096)
		(9,987,348)	(7,604,424)
Other income	38	(19,764,259)	(8,443,310)
Operating (loss) / profit		14,002,137	13,451,579
Finance cost	39	(5,762,122)	5,008,269
(Loss) / profit before taxation		(5,063,738)	(1,892,477)
Taxation	40	(10,825,860)	3,315,792
(Loss) / profit for the year		(4,022,348)	(1,979,962)
		(14,848,208)	1,335,830
			(Rupees)
Basic and diluted earning per share	42	(16.86)	1.52



Sui Southern Gas Company Limited
 Consolidated statement of profit or loss
 For the year ended June 30, 2018

Annexure "B"

	Note	2018 (Rupees in '000)	2017 (Rupees in '000)
Sales	35	184,014,613	187,028,899
Sales tax	35	(25,251,284)	(25,665,983)
		<u>158,763,329</u>	<u>161,362,916</u>
Gas development surcharge		22,645,175	(4,689,641)
RLNG differential margin	3.16	(4,004,081)	-
Net sales		<u>177,404,423</u>	<u>156,673,275</u>
Cost of sales	36	(187,195,880)	(157,524,022)
Gross loss		<u>(9,791,457)</u>	<u>(850,747)</u>
Administrative and selling expenses	37	(4,577,285)	(4,409,981)
Other operating expenses	38	(5,513,074)	(3,303,250)
		<u>(10,090,359)</u>	<u>(7,713,231)</u>
Other income		<u>(19,881,816)</u>	<u>(8,563,978)</u>
Operating (loss)/profit		<u>14,190,110</u>	<u>13,744,600</u>
Finance cost	39	(5,691,706)	5,180,622
(Loss)/profit before taxation	40	(5,065,105)	(1,694,734)
Taxation	41	(4,047,715)	(2,011,093)
(Loss)/profit for the year		<u>(14,804,526)</u>	<u>1,474,795</u>
			(Rupees)
Basic and diluted earnings per share	43	<u>(16.81)</u>	<u>1.67</u>

