



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

CS/FS/PSX12-17/2020  
30 July 2020

## FINANCIAL RESULTS FOR THE HALF YEAR ENDED 31 DECEMBER, 2017

Dear Sir,

We have to inform you that the Board of Directors in its meeting held on 30 July, 2020 at 10.00 am, through video conferencing (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 31 December, 2017 approved as by the Board of Directors are attached as Annexure **A and B**.

The Auditors in their review report on the Financial Statements for half year ended 31 December, 2017 to the members have stated:

### **“Basis for Qualified Conclusion**

- a) As disclosed in notes 9.1 and 9.2 to the unconsolidated condensed interim financial information, trade debts include receivables of Rs. 31,210 million (June 30,2017: Rs. 32,378 million) and Rs. 22,618 million (June 30, 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 interim financial information. 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 timeframe over which such recovery will be made;

- b) As disclosed in note 10 to the unconsolidated condensed interim financial information, interest accrued includes interest receivable of Rs. 6,121 million and Rs. 3,324 million (June 30, 2017: Rs. 5,855 million and 3,232million) 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

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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;

- c) We refer to note 9 of the unconsolidated condensed interim financial information which includes amount of Rs. 3,626 million receivable from Habibullah Coastal Private Company Limited (HCPCL) in respect of liquidated damages imposed in arbitration on April 30, 2018 by The International Court of Arbitration. 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. 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 recognized this receivable, the loss before tax would have increased by Rs. 3,626 million and net assets would have reduced by Rs. 2,538 million.

## Qualified Conclusion

Except for the adjustments, if any, to the unconsolidated condensed interim financial information 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 information as of and for the half year ended December 31, 2017 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

## Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the unconsolidated condensed interim financial information, which indicates that the Company has incurred net loss after tax of Rs. 7,692 million during the period ended December 31, 2017, and as of that date, the Company's current liabilities exceed current assets by Rs. 28,831 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 a going concern; however, the Company has obtained a support letter from Government of Pakistan Finance Division dated July 06, 2020 that commits support to maintain the going concern status of the Company. Our opinion is not modified in respect of this matter.

## Emphasis of Matter Paragraphs

We draw attention to the following matters:

- 1) Note 2.3 to the unconsolidated condensed interim financial information 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;

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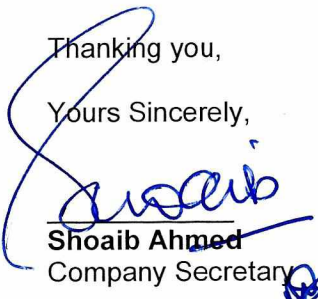
- 2) Note 17 to the unconsolidated condensed interim financial information that describe that the Company is subject to various material litigations and claims involving different courts. The outcome of these cases is uncertain and beyond management's control.
- 3) Note 16.1 to the unconsolidated condensed interim financial information 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 for the period ended December 31, 2017 amounting to Rs. 7,569 million and Rs. 3,721 million respectively for reasons described in the said note.

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

Further, the financial statements for the FY 2017-18 have already been circulated to the shareholders and the Exchange and the Annual General Meeting (AGM) for the FY 2017-18 is scheduled to be held on August 5, 2020. The reasons for delay in finalizing the financial statements for FY 2017-18 along with necessary approvals from SECP are uploaded on PUCARS as and when required. Therefore, the preparation and transmission of above interim financial statements has been made in order to comply with the legal and regulatory framework.

Thanking you,

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

**Annexure "A"**

Sui Southern Gas Company Limited  
Unconsolidated condensed interim statement profit or loss (Un-audited)  
For the half year ended December 31, 2017

	Half year ended		Quarter ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Note	(Rupees in '000)			
Sales	86,835,629	100,570,532	43,559,932	48,380,114
Sales tax	(11,969,468)	(13,949,953)	(6,175,290)	(6,653,129)
	74,866,161	86,620,579	37,384,642	41,726,985
Gas development surcharge	10,924,249	(16,163,814)	8,869,509	(11,020,909)
Net sales	85,790,410	70,456,765	46,254,151	30,706,076
Cost of sales	18 (89,798,543)	(69,749,431)	(50,012,321)	(34,555,640)
Gross (loss) / profit	(4,008,133)	707,334	(3,758,170)	(3,849,564)
Administrative and selling expenses	19 (2,156,969)	(2,097,075)	(1,079,654)	(1,100,698)
Other operating expenses	(2,105,469)	(1,905,202)	(1,140,470)	(306,802)
	(4,262,438)	(4,002,277)	(2,220,124)	(1,407,500)
	(8,270,571)	(3,294,943)	(5,978,294)	(5,257,064)
Other operating income	20 6,009,203	7,521,754	3,577,513	3,755,570
Operating (loss) / profit	(2,261,368)	4,226,811	(2,400,781)	(1,501,494)
Finance cost	(2,342,538)	(1,079,808)	(1,254,278)	(440,188)
(Loss) / profit before taxation	(4,603,906)	3,147,003	(3,655,059)	(1,941,682)
Taxation	21 (3,088,025)	(2,008,887)	(322,419)	(1,109,318)
(Loss) / profit for the period	(7,691,931)	1,138,116	(3,977,478)	(3,051,000)
Basic and diluted earning per share	(8.73)	1.29	(4.52)	(3.46)

The annexed notes from 1 to 29 form an integral part of this unconsolidated condensed interim financial information.

V/A



## Annexure "B"

Sui Southern Gas Company Limited  
Consolidated condensed interim statement of profit or loss (Un-audited)  
For the half year ended December 31, 2017

	Half year ended		Quarter ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Note	(Rupees in '000)			
Sales	86,835,629	100,570,532	43,559,932	48,380,114
Sales tax	(11,969,468)	(13,949,953)	(6,175,290)	(6,653,129)
	74,866,161	86,620,579	37,384,642	41,726,985
Gas development surcharge	10,924,249	(16,163,813)	8,869,510	(11,020,908)
Net sales	85,790,410	70,456,766	46,254,152	30,706,077
Cost of sales	18 (89,804,304)	(69,743,413)	(50,015,006)	(34,549,622)
Gross (loss) / profit	(4,013,894)	713,353	(3,760,854)	(3,843,545)
Administrative and selling expenses	(2,208,643)	(2,155,031)	(1,106,443)	(1,141,461)
Other operating expenses	19 (2,105,914)	(1,914,894)	(1,140,786)	(316,494)
	(4,314,557)	(4,069,925)	(2,247,229)	(1,457,955)
	(8,328,451)	(3,356,572)	(6,008,083)	(5,301,500)
Other operating income	20 6,168,906	7,728,489	3,639,119	3,896,387
Operating (loss) / profit	(2,159,545)	4,371,917	(2,368,964)	(1,405,113)
Finance cost	(2,343,334)	(1,083,513)	(1,254,344)	(441,260)
(Loss) / profit before taxation	(4,502,879)	3,288,404	(3,623,308)	(1,846,373)
Taxation	21 (3,110,862)	(2,026,398)	(333,553)	(1,119,225)
(Loss) / profit for the period	(7,613,741)	1,262,006	(3,956,861)	(2,965,598)
Basic and diluted (loss) / earning per share	(8.64)	1.43	(4.49)	(3.37)

The annexed notes from 1 to 29 form an integral part of this consolidated condensed interim financial information.

