

SSGC/CS/2022-052
25 April, 2022

FORM-3

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

Confidential
Under Sealed Cover

FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2020

Dear Sir,

We have to inform you that the Board of Directors of our company in their meeting held on 25 April 2022 at 02:00 pm, 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 30.1 and 30.2 to the unconsolidated financial statements, trade debts include receivables of Rs. 33,415 million and Rs. 24,332 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;

2. As disclosed in note 33 to the unconsolidated financial statements, interest accrued includes interest receivable of Rs. 8,685 million and Rs. 4,391 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

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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.

3. On April 30, 2018, The International Court of Arbitration decided against the Company in the case with 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 recognised a receivable of Rs. 4,158 million from HCPCL as disclosed in note 34 to the unconsolidated 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.

Emphasis of Matter

Without further modifying our opinion, we draw attention to the following:

1. Note 20 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;
2. 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.
3. note 19.1 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, June 30, 2018, June 30, 2019 and June 30, 2020 amounting to Rs. 7,569 million, Rs. 7,477 million, Rs. 10,525 million and Rs. 26,335 million, respectively, for reasons described in the said note; and
4. note 2.1.1 to the unconsolidated financial statements that describes the reasons why the Company has staggered losses, due to the effect of Sindh High Court decision, based on the permission received from the ECC, Securities and Exchange Commission of Pakistan (SECP) and the Oil and Gas Regulatory Authority (OGRA).

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Annual General Meeting:

The Annual General Meeting of the Company will be held on Friday, 03 June 2022 at 10:30 a.m at SSGC Head Office, Karachi, In person as well as through electronic means / Video link facility .

The Share Transfer Books of the Company will be closed from 27 May 2022 to 03 June 2022 (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 26 May 2022 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, 2020**

		2020	2019
	Note	(Rupees in '000)	
Sales	37	295,722,225	251,645,232
Sales tax	37	<u>(43,921,954)</u>	<u>(32,381,199)</u>
		251,800,271	219,264,033
Gas development surcharge	38	37,600,501	84,884,740
RLNG differential margin	39	839,594	(6,982,069)
Net sales		290,240,366	297,166,704
Cost of sales	40	<u>(307,290,936)</u>	<u>(295,120,476)</u>
Gross (loss) / profit		(17,050,570)	2,046,228
Administrative and selling expenses	41	<u>(4,792,695)</u>	<u>(4,820,392)</u>
Other operating expenses	42	<u>(1,796,242)</u>	<u>(20,685,914)</u>
Impairment loss against financial assets		<u>(3,603,933)</u>	<u>(849,498)</u>
		(10,192,870)	(26,355,804)
		(27,243,440)	(24,309,576)
Other income	43	15,429,311	14,247,641
Loss before interest and taxation		(11,814,129)	(10,061,935)
Finance cost	44	<u>(7,234,593)</u>	<u>(6,758,292)</u>
Loss before taxation		(19,048,722)	(16,820,227)
Taxation	45	<u>(2,343,869)</u>	<u>(1,574,541)</u>
Loss for the year		<u>(21,392,591)</u>	<u>(18,394,768)</u>
		(Rupees)	
Loss per share - basic and diluted	47	<u>(24.28)</u>	<u>(20.88)</u>



ANNEXURE - B

SUI SOUTHERN GAS COMPANY LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019
Note	(Rupees in '000)	
Sales	39 295,722,225	251,645,232
Sales tax	39 (43,921,954)	(32,381,199)
	<u>251,800,271</u>	<u>219,264,033</u>
Gas development surcharge	40 37,600,501	84,884,740
RLNG differential margin	41 839,594	(6,982,069)
Net sales	<u>290,240,366</u>	<u>297,166,704</u>
Cost of sales	42 (307,290,936)	(295,127,307)
Gross (loss) / profit	<u>(17,050,570)</u>	<u>2,039,397</u>
Administrative and selling expenses	43 (4,947,623)	(4,941,889)
Other operating expenses	44 (1,797,088)	(20,686,660)
Impairment loss against financial assets	<u>(3,603,933)</u>	<u>(849,498)</u>
	<u>(10,348,644)</u>	<u>(26,478,047)</u>
	<u>(27,399,214)</u>	<u>(24,438,650)</u>
Other income	45 15,769,045	14,409,908
Loss before interest and taxation	<u>(11,630,169)</u>	<u>(10,028,742)</u>
Finance cost	46 (7,241,278)	(6,759,183)
Loss before taxation	<u>(18,871,447)</u>	<u>(16,787,925)</u>
Taxation	47 (2,397,285)	(1,574,884)
Loss for the year	<u>(21,268,732)</u>	<u>(18,362,809)</u>
	(Rupees)	
Loss per share - basic and diluted	49 <u>(24.14)</u>	<u>(20.85)</u>

