



Sui Southern Gas Company Limited

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

CS/BOD/17
03 June 2017

Subject: FINANCIAL RESULTS FOR THE FINANCIAL YEAR ENDED JUNE 30, 2016

Dear Sir,

We have to inform you that the Board of Directors of our company in their meeting held on 03 June 2017 at 2.30 pm, at 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 enclosed as Annexures A & B.

The Auditors in their report to the members have stated:-

- a) *as described in notes 27.1 and 27.2 to the unconsolidated financial statements, trade debts include receivables of Rs. 35,949 million (2015: Rs. 40,073 million) and Rs. 21,708 million (2015: Rs. 20,879 million) from K-Electric Limited (KE) and Pakistan Steel Mills Corporation (Private) Limited (PSML) respectively. As described in the aforesaid notes, significant portion of such receivables include overdue amounts, which have been considered good by the management and classified as current assets in these 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 financial condition 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 are likely to be recovered and the time frame over which such recovery will be made;*
- b) *as described in note 31.2, and 31.2.1 to the unconsolidated financial statements, Rs. 7,191 million is receivable from Sui Northern Gas Pipelines Limited (SNGPL), which is being disputed by SNGPL for the reasons mentioned in note 31.2.1, due to which we were unable to determine the extent to which the receivable amount is likely to be recovered and time frame over which such recovery will be made;*

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- c) *in our opinion, except for the possible effects of the matters stated in paragraphs (a) and (b) above, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;*
- d) *in our opinion:*
- (i) except for the possible effects of the matters stated in paragraphs (a) and (b) above, the unconsolidated balance sheet and unconsolidated profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;*
 - (ii) the expenditure incurred during the year was for the purpose Company's business; and*
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;*
- e) *except for the possible effects of the matters stated in paragraphs (a) and (b) above, in our opinion and to the best of our information and according to the explanations given to us, the unconsolidated balance sheet, unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and the unconsolidated statement of changes in equity, together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2016 and of the loss, total comprehensive loss, its cash flows and changes in equity for the year then ended.*

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

We draw attention to:

- (i) note 1.3 to the unconsolidated financial statements that describes the reasons why Company has incurred losses and the steps/plans of the management / Board which will result in improvement in the Company's profitability and its financial position in the next few years.*
- (ii) note 38.8 to the unconsolidated financial statements that describes that the Company has reversed the late payment surcharge (LPS) expense 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, 2015 of Rs. 17,570 million and not recorded LPS expense of Rs. 8,651 million for the current year for reasons described in the said note.*
- (iii) Note 2.1.1 to the unconsolidated financial statements that describes the reasons why the company has departed from the requirements of IAS-8 "Changes in Accounting Polices, Estimates and Errors" by staggering the effect of Sindh High Court decision in the financial years 2016 and 2017 based on the permission received from SECP and OGRA.*

Our opinion is not qualified in respect of above matters.



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The Annual General Meeting of the Company will be held on 30 June 2016 at 2:30 pm at Karachi.

The Share Transfer Books of the Company will remain closed from 23 June 2017 to 30 June 2017 (both days inclusive). Share transfers received in order at the office of our Shares Registrar, Central Depository Company of Pakistan Limited (CDC), CDC House, Block "B", 99-B, SMCHS, Main Shahrah-e-Faisal, Karachi or at the Registered Office of the Company, SSGC House, Sir Shah Suleman Road, Gulshan-e-Iqbal, Karachi at the close of business on 22 June 2017 will be treated in time.

We will be sending you 200 copies of printed accounts for distribution amongst the members of the Exchange 21 days before the date of Annual General Meeting.

Thanks and regards,

Yours Sincerely,


Shoaib Ahmed
Company Secretary

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

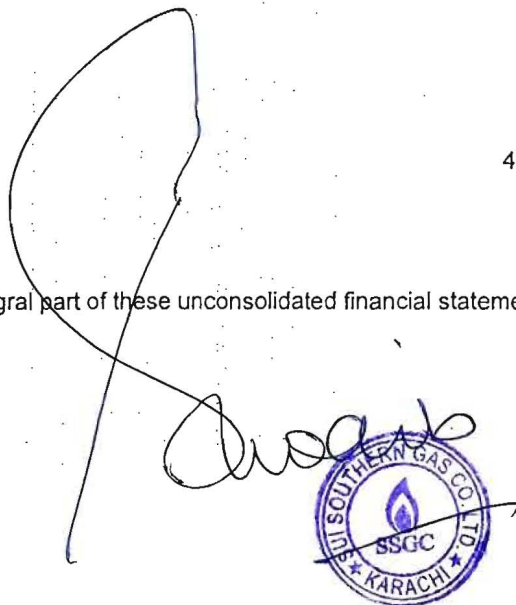
Head of Operations
Central Depository Company of Pakistan
CDC House, 99-B, Block "B"
Main Shahrah e Faisal, Karachi

ANNEXURE "A"

Sui Southern Gas Company Limited
Unconsolidated profit and loss account
For the year ended June 30, 2016

	Note	2016 (Rupees in '000)	2015
Sales		214,637,472	182,791,953
Sales tax		(31,234,047)	(23,938,506)
		183,403,425	158,853,447
Gas development surcharge		(44,787,323)	3,729,723
Net sales		138,616,102	162,583,170
Cost of sales	34	(163,440,128)	(169,020,109)
Gross loss		(24,824,026)	(6,436,939)
Administrative and selling expenses	35	(3,840,688)	(3,733,602)
Other operating expenses	36	(2,355,905)	(1,588,587)
		(6,196,593)	(5,322,189)
Other operating income	37	(31,020,619)	(11,759,128)
		2,694,871	2,475,025
Operating loss		(28,325,748)	(9,284,103)
Other non-operating income	38	23,104,574	10,211,117
Finance cost	39	(2,618,390)	(9,696,368)
Loss before taxation		(7,839,564)	(8,769,354)
Taxation	40	1,724,611	3,378,305
Loss for the year		(6,114,953)	(5,391,049)
		(Rupees)	
Basic and diluted loss per share	42	(6.94)	(6.12)

The annexed notes 1 to 55 form an integral part of these unconsolidated financial statements.



ANNEXURE "B"

Sui Southern Gas Company Limited
Consolidated profit and loss account
For the year ended June 30, 2016

	Note	2016 (Rupees in '000)	2015
Sales		214,637,472	182,791,953
Sales tax		(31,234,047)	(23,938,506)
		<u>183,403,425</u>	<u>158,853,447</u>
Gas development surcharge		(44,787,323)	3,729,723
Net sales		138,616,102	162,583,170
Cost of sales	34	(163,440,128)	(169,020,109)
Gross loss		(24,824,026)	(6,436,939)
Administrative and selling expenses	35	(3,922,013)	(3,834,957)
Other operating expenses	36	(2,350,098)	(1,589,425)
		<u>(6,272,111)</u>	<u>(5,424,382)</u>
Other operating income	37	(31,096,137)	(11,861,321)
Operating loss		2,727,678	2,554,027
		<u>(28,368,459)</u>	<u>(9,307,294)</u>
Other non-operating income	38	23,354,690	10,197,519
Finance cost	39	(2,618,868)	(9,698,218)
Loss before taxation		(7,632,637)	(8,807,993)
Taxation	40	1,771,750	3,378,305
Loss for the year		<u>(5,860,887)</u>	<u>(5,429,688)</u>
			(Rupees)
Basic and diluted loss per share	42	<u>(6.65)</u>	<u>(6.16)</u>

The annexed notes 1 to 55 form an integral part of these consolidated financial statements.

