



# **Pakistan National Shipping Corporation**

**UN-AUDITED REPORT  
FOR THE THIRD QUARTER ENDED  
MARCH 31, 2008**



## CORPORATE INFORMATION

<b>Board</b>	:	Vice Admiral Sikandar V. Naqvi HI (M) Chairman Mr. Kamal Afsar Director Dr. Arshad A. Vohra Director Capt. S. Akhlaq Hussain Abidi Director Mr. Javed Mahmood Director Mr. Jahangir Siddiqui Director Mr. Khowaja Obaid Imran Ilyas Director	
<b>Audit Committee of the Board</b>	:	Mr. Jahangir Siddiqui Mr. Kamal Afsar Capt. S. Akhlaq Hussain Abidi Mr. Khowaja Obaid Imran Ilyas	- - - - Chairman Member Member Member
<b>Secretary</b>	:	Ms. Zainab Suleman	
<b>Head Office</b>	:	PNSC Building, Moulvi Tamizuddin Khan Road, Karachi - 74000	
<b>Auditors</b>	:	A. F. Ferguson & Co. Chartered Accountants Ford Rhodes Sidat Hyder & Co. Chartered Accountants	
<b>Bankers</b>	:	Allied Bank Limited ABN-AMRO Bank Bank Al-Falah Limited Bank of Punjab Faysal Bank Limited Habib Bank Limited Habib Metropolitan Bank Limited JS Bank Limited Standard Chartered Bank United Bank Limited	



**PAKISTAN NATIONAL SHIPPING CORPORATION  
DIRECTORS' REPORT  
FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2008**

The Directors of Pakistan National Shipping Corporation (PNSC) are pleased to present the accounts of PNSC Group for the quarter and nine months ended March 31, 2008. These financial statements are un-audited and presented in accordance with the requirements of the Code of Corporate Governance and the Companies Ordinance, 1984.

**OVERVIEW**

The consolidated revenues of the Group for the quarter ended March 31, 2008 were Rs 2,398 million (including Rs 327 million from PNSC), making a total of Rs 7,471 million (including Rs 1,799 million from PNSC) for the nine months under review as against Rs 6,731 million for the corresponding period last year. Gross Profit was Rs 1,957 million as against Rs 1,875 million last year showing a healthy improvement mainly due to better dry cargo freight rates.

The earnings per share for the 9 months period ended March 31, 2008 was Rs 11.46 as against Rs 10.50 for the corresponding period last year.

**FUTURE PROSPECTS**

Although dry cargo rates have been consistently firm, bunker prices continue to increase worldwide, putting pressure on the profit margin. The proposed induction plan of adding vessels to its fleet is being pursued, and this will add to capacity building of the Corporation.

**Vice Admiral Sikandar V. Naqvi**  
Chairman and Chief Executive

Karachi : April 25, 2008



**PAKISTAN NATIONAL SHIPPING CORPORATION**  
**INTERIM CONDENSED BALANCE SHEET**  
**AS AT MARCH 31, 2008**

	Note	(Unaudited) March 31, 2008	(Audited) June 30, 2007
------(Rupees in '000)-----			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	877,457	876,914
Intangible assets		2,436	4,950
Investment properties		967,760	966,637
Long-term investments in:			
- Related parties (subsidiaries and an associate)		1,558,416	1,558,416
- Listed companies and an other entity		49,484	40,632
		1,607,900	1,599,048
Long-term loans		1,508	2,027
Deferred tax - net		90,853	93,366
		3,547,914	3,542,942
<b>CURRENT ASSETS</b>			
Stores and spares		26,199	14,289
Trade debts	5	159,472	279,146
Agents' and owners' balances		29,880	41,482
Loans and advances		48,551	63,197
Deposits and prepayments		10,171	10,569
Interest / mark-up accrued		193,585	84,412
Other receivables	6	870,093	1,092,894
Incomplete voyages		2,140	2,577
Insurance claims		253	374
Short term investments		7,503,961	6,000,000
Cash and bank balances		1,020,150	903,879
		9,864,455	8,492,819
<b>LESS: CURRENT LIABILITIES AND PROVISIONS</b>			
Trade and other payables		6,132,437	5,026,210
Provision against damage claims		131,186	132,960
Interest accrued		4,348	110
Current portion of long-term financing		224,321	258,771
Taxation - net		40,444	61,194
		6,532,736	5,479,245
<b>NET CURRENT ASSETS</b>		3,331,719	3,013,574
		6,879,633	6,556,516
<b>SHARE CAPITAL AND RESERVES</b>			
Issued, subscribed and paid-up share capital		1,320,634	1,320,634
Reserves		4,391,498	3,874,701
		5,712,132	5,195,335
<b>SURPLUS ON REVALUATION OF FIXED ASSETS - NET OF TAX</b>		739,972	748,461
<b>NON-CURRENT LIABILITIES</b>			
Long-term financing		-	215,643
Deferred liabilities		427,529	397,077
		6,879,633	6,556,516
<b>CONTINGENCIES</b>	7		

The annexed notes 1 to 12 form an integral part of these interim condensed financial statements.

**Vice Admiral Sikandar V. Naqvi**  
Chairman & Chief Executive

**Khawaja Obaid Imran Ilyas**  
Director



Quarterly Report March 31, 2008

**PAKISTAN NATIONAL SHIPPING CORPORATION  
INTERIM CONDENSED PROFIT AND LOSS ACCOUNT (UNAUDITED)  
FOR THE QUARTER AND NINE MONTHS PERIOD ENDED MARCH 31, 2008**

	<b>Quarter ended March 31, 2008</b>	<b>Quarter ended March 31, 2007 (Restated)</b>	<b>Nine months period ended March 31, 2008</b>	<b>Nine months period ended March 31, 2007 (Restated)</b>
------(Rupees in '000)-----				
<b>REVENUES</b>				
Chartering revenues	314,179	591,888	1,743,670	1,225,776
Services fee	82,814	84,791	226,939	216,527
Rental income	13,058	30,148	54,996	91,729
	<u>410,051</u>	<u>706,827</u>	<u>2,025,605</u>	<u>1,534,032</u>
<b>EXPENDITURE</b>				
Fleet expenses - direct	182,271	362,561	1,128,262	557,854
- indirect (note 2.2)	3,461	754	10,266	1,845
	<u>185,732</u>	<u>363,315</u>	<u>1,138,528</u>	<u>559,699</u>
<b>GROSS PROFIT</b>	<u>224,319</u>	<u>343,512</u>	<u>887,077</u>	<u>974,333</u>
Administrative and general expenses (note 2.2)	99,839	45,128	310,396	140,655
Other operating expenses	14,857	11,762	52,139	34,591
Finance costs	8,350	9,311	43,789	51,295
	<u>123,046</u>	<u>66,201</u>	<u>406,324</u>	<u>226,541</u>
Other operating income	174,585	80,652	518,129	286,753
<b>PROFIT BEFORE TAXATION</b>	<u>275,858</u>	<u>357,963</u>	<u>998,882</u>	<u>1,034,545</u>
Taxation	100,374	117,739	292,479	288,471
<b>PROFIT AFTER TAXATION</b>	<u>175,484</u>	<u>240,224</u>	<u>706,403</u>	<u>746,074</u>
------(Rupees)-----				
<b>EARNINGS PER SHARE-BASIC</b>	<u>1.33</u>	<u>1.82</u>	<u>5.35</u>	<u>5.65</u>

The annexed notes 1 to 12 form an integral part of these interim condensed financial statements.

The appropriations from profits are set out in the statement of changes in equity.

**Vice Admiral Sikandar V. Naqvi**  
Chairman & Chief Executive

**Khowaja Obaid Imran Ilyas**  
Director



**PAKISTAN NATIONAL SHIPPING CORPORATION  
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)  
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2008**

	Issued, subscribed and paid-up capital	Capital Reserve		Revenue reserves		Total
		Reserve for issue of bonus shares	Others	General reserve	Unappr- opriated profits / (loss)	
(Rupees in '000)						
<b>Balance at July 1, 2006 - restated</b>	1,320,634	–	126,843	3,500,000	(1,083,923)	3,863,554
Surplus on revaluation of property, plant and equipment realised through incremental depreciation charged on related assets for the period - net of tax	–	–	–	–	5,084	5,084
Profit after taxation for the nine months period ended March 31, 2007 - restated	–	–	–	–	746,074	746,074
Final cash dividend for the year ended June 30, 2006 (Re. 1 per ordinary share)	–	–	–	–	(132,063)	(132,063)
Transfer from general reserve	–	–	–	(3,500,000)	3,500,000	–
<b>Balance as at March 31, 2007 - restated</b>	<u>1,320,634</u>	<u>–</u>	<u>126,843</u>	<u>–</u>	<u>3,035,172</u>	<u>4,482,649</u>
<b>Balance at July 1, 2007</b>	1,320,634	–	126,843	–	3,747,858	5,195,335
Surplus on revaluation of property, plant and equipment realised through incremental depreciation charged on related assets for the period - net of tax	–	–	–	–	8,489	8,489
Profit after taxation for the nine months period ended March 31, 2008	–	–	–	–	706,403	706,403
Final cash dividend for the year ended June 30, 2007 (Rs. 1.50 per ordinary share)	–	–	–	–	(198,095)	(198,095)
<b>Balance as at March 31, 2008</b>	<u>1,320,634</u>	<u>–</u>	<u>126,843</u>	<u>–</u>	<u>4,264,655</u>	<u>5,712,132</u>

The annexed notes 1 to 12 form an integral part of these interim condensed financial statements.

**Vice Admiral Sikandar V. Naqvi**  
Chairman & Chief Executive

**Khowaja Obaid Imran Ilyas**  
Director



**PAKISTAN NATIONAL SHIPPING CORPORATION  
INTERIM CONDENSED CASH FLOW STATEMENT (UNAUDITED)  
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2008**

	Note	Nine months period ended March 31, 2008	Nine months period ended March 31, 2007 (Restated)
------(Rupees in '000)-----			
<b>Cash flows from operating activities</b>			
Cash generated from operations	8	3,718,074	1,580,417
Employees' gratuity paid		(28,791)	(32,325)
Employees' compensated absences paid		(31,169)	(27,329)
Post retirement medical benefits paid		(2,088)	(2,091)
Long-term loans and advances - net		519	629,952
Finance costs paid		(20,773)	(32,051)
Taxes paid		(310,716)	(356,325)
Net cash generated from operating activities		<u>3,325,056</u>	<u>1,760,248</u>

**Cash flows from investing activities**

Fixed capital expenditure	(30,482)	(16,360)
Investment in subsidiaries	-	(360)
Proceeds from disposal of property, plant and equipment	2,712	172
Interest / mark-up received	378,375	234,983
Dividend received	1,071	1,657
Net cash generated from investing activities	<u>351,676</u>	<u>220,092</u>

**Cash flows from financing activities**

Repayment of long-term financing	(264,857)	(259,028)	
Dividend paid	(195,604)	(129,594)	
Net cash used in financing activities	<u>(460,461)</u>	<u>(388,622)</u>	
Net increase in cash and cash equivalents	<u>3,216,271</u>	<u>1,591,718</u>	
Cash and cash equivalents at July 1	<u>2,703,879</u>	<u>4,055,389</u>	
Cash and cash equivalents at March 31	9	<u><u>5,920,150</u></u>	<u><u>5,647,107</u></u>

The annexed notes 1 to 12 form an integral part of these interim condensed financial statements.

**Vice Admiral Sikandar V. Naqvi**  
Chairman & Chief Executive

**Khawaja Obaid Imran Ilyas**  
Director



**PAKISTAN NATIONAL SHIPPING CORPORATION  
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2008**

**1. THE CORPORATION AND ITS OPERATIONS**

Pakistan National Shipping Corporation (the Corporation) was established under the provisions of the Pakistan National Shipping Corporation Ordinance, 1979 and is principally engaged in the business of shipping, including charter of vessels, transportation of cargo and other related services and providing commercial, technical, administrative, financial and other services to third parties in relation to the business of shipping. The Corporation is also engaged in renting out its properties to tenants under long-term lease arrangements. The Corporation is listed on the Karachi Stock Exchange. The Corporation's registered office is situated in PNSC Building, Moulvi Tamizuddin Khan Road, Karachi.

The Corporation had applied for the delisting from the Lahore and Islamabad Stock Exchanges which was approved by The Securities and Exchange Commission of Pakistan. The Lahore Stock Exchange (LSE) had filed an appeal in the Lahore High Court against the order of the SECP and the court has decided the case in favor of LSE. Consequently, the Corporation has filed an appeal in the Supreme Court of Pakistan against the order of the High Court and at present the matter of delisting from LSE is pending subject to the final decision by the Supreme Court.

**2. SIGNIFICANT EVENTS OF THE PERIOD AND UPDATE ON FIRE INCIDENTS**

**2.1** As more fully explained in note 2 to the annual audited financial statements of the Corporation for the year ended June 30, 2007, due to destruction of records by fire, general ledger for the period October 5, 2006 (which period is part of comparative financial information) did not exist. The exercise initiated by the Corporation for recreating books of account for the aforementioned period was abandoned during the period because it was not considered worthwhile to continue that exercise. Further, no transactions/events were identified which would have required adjustments in the books of account of the Corporation. The Corporation's management is confident that the non-availability of complete books and records for the aforementioned period shall not have any material impact on current as well as comparative financial information presented in these financial statements.

**2.2** The Corporation had entered into agreements with each of its subsidiary companies for rendering of services as 'Technical and Commercial Services Provider' of the vessel and 'Administrative and Financial Services Provider'. During the period the Corporation has revised its agreement with its subsidiary companies and according to the revised terms the indirect fleet expenses, administrative and general expenses are not being charged to subsidiary companies with effect from July 1, 2007. However, in consideration of services provided to subsidiary companies the Corporation shall continue to charge 'Technical and Commercial Services Fee' and 'Administrative and Financial Services Fee' at mutually agreed rates of 3% and 1% (2007: 3% and 1%) respectively of the total income derived from commercial trading of the vessels operated by each of the subsidiary companies.

Due to revision in the terms of agreement the Corporation's indirect fleet expense, administrative and general expenses have increased by Rs. 7.726 million and Rs. 194.976 million respectively.



- 2.3 On August 19, 2007, a fire broke out at the PNSC building and 4th to 10th floors of the building were completely gutted. Approximately, 93% of the space on the affected floors was rented out. As a result certain assets of the Corporation were destroyed and at present an estimate of the expected loss is being made.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Statement of compliance

These interim condensed financial statements (here-in-after referred to as 'financial statements') have been prepared in accordance with requirements of the International Accounting Standard No. 34 'Interim Financial Reporting' and are being submitted to the shareholders, as required under Section 245 of the Companies Ordinance, 1984 and the listing regulations of the Stock Exchanges.

These financial statements are unaudited and comprise of the balance sheet as at March 31, 2008 and the profit and loss account, statement of changes in equity and the cash flow statement for the nine months period ended March 31, 2008. The financial statements also include the profit and loss account for the quarter ended March 31, 2008.

The items of comparative balance sheet presented in these financial statements as at June 30, 2007 have been extracted from the audited financial statements of the Corporation for the year ended June 30, 2007 whereas the items of comparative profit and loss account, statement of changes in equity and cash flow statements are for the nine months period ended March 31, 2007 which have been restated wherever necessary to account for the change in the basis of computation of 'Workers' Profit Participation Fund' as disclosed in note 4.2 to the annual financial statements for the year ended June 30, 2007.

#### 3.2 Accounting policies

The accounting policies and the methods of computation of balances adopted in the preparation of these financial statements are the same as those applied in the preparation of the annual audited financial statements of the Corporation for the year ended June 30, 2007.

### 4. PROPERTY, PLANT AND EQUIPMENT

	<b>March 31, 2008</b>	
	<b>Additional at cost</b>	Write off at net book value
	------(Rupees in '000)-----	
Building on leasehold land	1,027	-
Vehicles	15,013	-
Office machines and appliances	1,856	43
Furniture and fixtures	1,270	105
Workshop machinery and equipment	667	143
Computer equipment	3,073	235
Capital work in progress	8,593	-
Total	<u>31,499</u>	<u>526</u>

Vehicles having net book value of Rs. 15 were disposed off during the period.



	Note	(Unaudited) March 31, 2008	(Audited) June 30, 2007
------(Rupees in '000)-----			
<b>5. TRADE DEBTS</b>			
<b>Freight and hire - unsecured</b>			
- considered good		159,471	279,146
- considered doubtful		54,344	60,178
		<u>213,815</u>	<u>339,324</u>
Less: provision for doubtful debts		54,344	60,178
		<u>159,471</u>	<u>279,146</u>
<b>6. OTHER RECEIVABLES</b>			
<b>Rent receivable:</b>			
- considered good		10,452	12,393
- considered doubtful		8,448	8,243
		<u>18,900</u>	<u>20,636</u>
Less: provision for doubtful rent receivable		8,448	8,243
		<u>10,452</u>	<u>12,393</u>
<b>Current account balances with subsidiary companies</b>			
- unsecured, considered good	6.1	680,092	1,056,478
<b>Insurance claimable for destroyed items</b>			
		7,144	7,071
<b>Others:</b>			
- considered good		172,405	16,952
- considered doubtful		461	461
		<u>172,866</u>	<u>17,413</u>
Less: provision for doubtful receivables - others		461	461
		<u>172,405</u>	<u>16,952</u>
		<u>870,093</u>	<u>1,092,894</u>
<b>6.1 The break-up of current account balances with subsidiary companies is as follows:</b>			
Kaghan Shipping (Private) Limited		434,297	815,150
Makran Shipping (Private) Limited		20,648	-
Sibi Shipping (Private) Limited		-	1,392
Lalazar Shipping (Private) Limited		160,961	238,829
Lahore Shipping (Private) Limited		32,236	696
Quetta Shipping (Private) Ltd.		31,950	411
		<u>680,092</u>	<u>1,056,478</u>



## 7. CONTINGENCIES

There has been no material change in the status of contingencies reported in the financial statements of the Corporation for the year ended June 30, 2007, except for the contingent liability in respect of claims not admitted by the Corporation which as at March 31, 2008 amounts to Rs 829.547 million (June 30, 2007: Rs 870.737 million). These claims mainly relate to deficiencies in shipping documentation, delays in delivery of cargo, damages to cargo and miscellaneous claims lodged by workers and others. These include Rs 13.497 million (June 30, 2007: Rs 13.070 million) approximately in respect of insurance claims which, if accepted, will be borne by the Corporation as the P&I Club, Oceanus Mutual Underwriting Association (Bermuda) Limited has gone into liquidation. Out of the remaining claims an amount of Rs 185.190 million (June 30, 2007: Rs 234.952 million) approximately would be recoverable from the P&I Clubs (Steamship Mutual Underwriting Association and United Kingdom Mutual Steamship Underwriting Association) in the event these claims are accepted by the Corporation.

As a matter of prudence, the management has made a total provision of Rs 131.185 million (June 30, 2007: Rs 132.960 million) against the aforesaid claims in these financial statements.

Note	Nine months period ended March 31, 2008	Nine months period ended March 31, 2007 (Restated)
	------(Rupees in '000)-----	

## 8. CASH GENERATED FROM OPERATIONS

Profit before taxation	<b>998,882</b>	1,034,545
Adjustments for non cash charges and other items:		
Depreciation and amortization	<b>31,330</b>	22,164
(Gain) / Loss on disposal of property, plant and equipment	<b>(2,712)</b>	428
Provision for employees' gratuity	<b>5,974</b>	24,053
Provision for employees' compensated absences	<b>4,172</b>	30,595
Provision / (reversal) for post retirement medical benefits	<b>1,097</b>	812
Dividend income	<b>(1,071)</b>	(1,657)
Provisions for the period	<b>675</b>	-
Provision no longer required written back	<b>(5,834)</b>	(241)
Interest / mark-up income	<b>(487,548)</b>	(269,790)
Interest / mark-up expense	<b>26,785</b>	42,139
(Gain) on revaluation of investments	<b>(8,852)</b>	(2,176)
Provision against claims for damages	<b>(1,774)</b>	48,674
Unrealised exchange loss	<b>14,764</b>	6,543
Working capital changes	8.1 <b>3,142,187</b>	644,328
	<b><u>3,718,074</u></b>	<b><u>1,580,417</u></b>



**Nine months period ended**  
**March 31,**  
**2008**  
 -----(Rupees in '000)-----

Nine months period ended  
 March 31,  
 2007

## 8.1 WORKING CAPITAL CHANGES

### (Increase) / decrease in current assets

Stores and spares	(11,910)	(10,973)
Trade debts	119,674	(42,784)
Agents' and owners' balances	11,602	(90,525)
Loans and advances	14,646	335,651
Deposits and prepayments	398	(2,914)
Other receivables (net)	222,801	(195,489)
Incomplete voyages	437	(7,075)
Insurance claims	121	4,535
Short term investments	1,596,039	-
	1,953,808	(9,574)

### Increase / (decrease) in current liabilities

Trade and other payables	1,188,379	653,902
	3,142,187	644,328

**March 31,**  
**2008**  
 -----(Rupees in '000)-----

## 9. CASH AND CASH EQUIVALENTS

Short term investments	4,900,000	4,700,000
Cash and bank balances	1,020,150	947,107
	5,920,150	5,647,107

## 10. TRANSACTIONS WITH RELATED PARTIES

The Corporation has related party relationships with its subsidiaries, associate, employee benefit plans and its directors and executive officers (including their associates). Transactions with related parties essentially entail investments made in subsidiary companies, dividend income received from related investee companies, freight income and chartering revenue recovered, services fee charged on account of rendering of technical, commercial, administrative and financial services. Service fee charges on account of rendering of technical, commercial, administrative and financial services are charged to related parties on the basis of mutually agreed terms as stated in note 2.2 to these interim condensed financial statements. Further, transactions entered into with the key management personnel as per their terms of employment are also included in related party transactions.

The significant transactions carried out by the Corporation with related parties during the period are given below:



	<b>Nine months period ended March 31, 2008</b>	Nine months period ended March 31, 2007
	------(Rupees in '000)-----	
Investment in a subsidiary company during the period	-	360
Repayment of long term loan and interest thereon by subsidiary companies	-	1,010,731
Service fee charged to subsidiary companies	<b>226,939</b>	216,527
Expenses charged to subsidiary companies	-	208,978
Retirement benefits cost charged to subsidiary companies	<b>81,258</b>	51,500
Contribution to Provident fund	<b>6,002</b>	6,300
Directors' fee	<b>120</b>	100
Key management personnel compensation	<b>9,218</b>	6,522

10.1 In addition, the Corporation is also engaged in making certain payments / collections on behalf of the subsidiary companies in accordance with the Technical and Commercial Services and Administrative and Financial Services Agreement which are settled through current accounts (Net Payable, March 31, 2008: June 30, 2007; Rs.4,753 million : Rs. 3,406.899 million) with each of the subsidiary companies.

## 11. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison. Following have been reclassified in the balance sheet during the period:

<b>Reclassification from component</b>	<b>Reclassification to component</b>	<b>Amount (Rupees in '000)</b>
Cash and bank balances - saving account	Short term investments	3,961

## 12. DATE OF AUTHORISATION

These financial statements were authorised for issue on April 25, 2008 by the Board of Directors of the Corporation.

**Vice Admiral Sikandar V. Naqvi**  
Chairman & Chief Executive

**Khawaja Obaid Imran Ilyas**  
Director



**PAKISTAN NATIONAL  
SHIPPING CORPORATION  
&  
ITS SUBSIDIARY COMPANIES  
(PNSC GROUP)**

**INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS  
FOR THE NINE MONTHS PERIOD  
ENDED MARCH 31, 2008**



Quarterly Report March 31, 2008

**PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES  
INTERIM CONSOLIDATED BALANCE SHEET  
AS AT MARCH 31, 2008**

	Note	(Unaudited) March 31, 2008	(Audited) June 30, 2007
------(Rupees in '000)-----			
<b>NON-CURRENT ASSETS</b>			
Fixed assets			
- Property, plant and equipment	4	6,642,685	7,069,437
- Intangible assets		2,436	4,950
Investment properties		968,724	966,637
Long-term investments in Listed companies and other entities		49,484	40,632
Long-term loans		1,508	2,027
Long-term deposits		-	90
Deferred tax - net		86,247	93,366
		<b>7,751,084</b>	<b>8,177,139</b>
<b>CURRENT ASSETS</b>			
Stores and spares		414,940	444,341
Trade debts	5	509,489	557,290
Agents' and owners' balances		29,880	41,482
Loans and advances		48,551	63,197
Deposits and prepayments		10,275	10,616
Interest / mark-up accrued		193,585	84,504
Other receivables	6	292,504	86,193
Incomplete voyages		18,951	17,267
Insurance claims		9,324	1,667
Short term investment - held to maturity		7,503,961	6,000,000
Cash and bank balances		1,024,554	907,906
		<b>10,056,014</b>	<b>8,214,463</b>
<b>LESS: CURRENT LIABILITIES</b>			
Trade and other payables		1,402,619	1,051,948
Provision against damage claims		138,871	140,645
Interest accrued		4,348	110
Current portion of long-term financing		224,321	258,771
Taxation - net		15,306	49,546
		<b>1,785,465</b>	<b>1,501,020</b>
<b>NET CURRENT ASSETS</b>		<b>8,270,549</b>	<b>6,713,443</b>
		<b>16,021,633</b>	<b>14,890,582</b>
<b>SHARE CAPITAL AND RESERVES</b>			
Issued, subscribed and paid-up capital		1,320,634	1,320,634
Reserves		10,684,802	9,063,701
		<b>12,005,436</b>	<b>10,384,335</b>
<b>MINORITY INTEREST</b>		<b>1,651</b>	<b>1,354</b>
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP</b>		<b>12,007,087</b>	<b>10,385,689</b>
<b>SURPLUS ON REVALUATION OF FIXED ASSETS - NET OF TAX</b>		<b>3,587,017</b>	<b>3,892,173</b>
<b>NON-CURRENT LIABILITIES</b>			
Long-term financing		-	215,643
Deferred liabilities		427,529	397,077
		<b>16,021,633</b>	<b>14,890,582</b>
<b>CONTINGENCIES</b>			
	7		

The annexed notes 1 to 12 form an integral part of these interim consolidated financial statements.

**Vice Admiral Sikandar V. Naqvi**  
Chairman & Chief Executive

**Khowaja Obaid Imran Ilyas**  
Director



**PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES  
INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UNAUDITED)  
FOR THE QUARTER AND NINE MONTHS PERIOD ENDED MARCH 31, 2008**

	<b>Quarter ended March 31, 2008</b>	Quarter ended March 31, 2007 (Restated)	<b>Nine months period ended March 31, 2008</b>	Nine months period ended March 31, 2007 (Restated)
------(Rupees in '000)-----				
<b>REVENUES</b>				
Freight - net	1,336,926	1,978,278	4,227,062	4,937,406
Chartering revenues	1,047,591	733,375	3,188,182	1,701,544
Rental income	<u>13,682</u>	<u>30,268</u>	<u>55,941</u>	<u>92,091</u>
	<b>2,398,199</b>	<b>2,741,921</b>	<b>7,471,185</b>	<b>6,731,041</b>
<b>EXPENDITURE</b>				
Fleet expenses - direct	<u>1,560,020</u>	<u>1,880,967</u>	<u>5,501,408</u>	<u>4,841,900</u>
- indirect	<u>3,991</u>	<u>4,132</u>	<u>12,443</u>	<u>13,981</u>
	<u><b>1,564,011</b></u>	<u><b>1,885,099</b></u>	<u><b>5,513,851</b></u>	<u><b>4,855,881</b></u>
<b>GROSS PROFIT</b>	<b>834,188</b>	<b>856,822</b>	<b>1,957,334</b>	<b>1,875,160</b>
Administrative and general expenses	<u>103,632</u>	<u>112,764</u>	<u>334,776</u>	<u>343,577</u>
Other operating expenses	<u>43,995</u>	<u>28,780</u>	<u>134,988</u>	<u>87,229</u>
Finance costs	<u>39,841</u>	<u>9,712</u>	<u>128,417</u>	<u>52,816</u>
	<b>187,468</b>	<b>151,256</b>	<b>598,181</b>	<b>483,622</b>
Other operating income	<u>202,505</u>	<u>81,535</u>	<u>555,946</u>	<u>302,146</u>
<b>PROFIT BEFORE TAXATION</b>	<b>849,225</b>	<b>787,101</b>	<b>1,915,099</b>	<b>1,693,684</b>
Taxation	<u>186,334</u>	<u>123,855</u>	<u>400,762</u>	<u>307,257</u>
<b>PROFIT AFTER TAXATION</b>	<u><b>662,891</b></u>	<u><b>663,246</b></u>	<u><b>1,514,337</b></u>	<u><b>1,386,427</b></u>
<b>Attributable to:</b>				
Equity holders of the Corporation	<u>662,665</u>	<u>663,213</u>	<u>1,514,040</u>	<u>1,386,327</u>
Minority interest	<u>226</u>	<u>33</u>	<u>297</u>	<u>100</u>
	<u><b>662,891</b></u>	<u><b>663,246</b></u>	<u><b>1,514,337</b></u>	<u><b>1,386,427</b></u>

------(Rupees)-----

**EARNINGS PER SHARE ON PROFIT  
ATTRIBUTABLE TO EQUITY  
HOLDERS OF THE  
CORPORATION - BASIC**

<u>5.02</u>	<u>5.02</u>	<u>11.46</u>	<u>10.50</u>
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The annexed notes 1 to 12 form an integral part of these interim consolidated financial statements.

The appropriations from profits are set out in the statement of changes in equity.

**Vice Admiral Sikandar V. Naqvi**  
Chairman & Chief Executive

**Khawaja Obaid Imran Ilyas**  
Director



Quarterly Report March 31, 2008

**PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES  
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)  
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2008**

	Issued, subscribed and paid up share capital	Capital Reserve	Revenue Reserve		Minority interest	Total
			Others	General reserves		
----- (Rupees in '000) -----						
<b>Balance as at July 1, 2006 - restated</b>	1,320,634	131,344	3,629,307	2,395,010	1,209	7,477,504
Surplus on revaluation of fixed assets realised through incremental depreciation charged on related assets for the period, recognised directly in equity- net of tax	-	-	-	233,808	-	233,808
Profit after taxation for the period ended March 31, 2007 - restated	-	-	-	1,386,327	100	1,386,427
Final cash dividend for the year ended June 30, 2006 (Re 1 per ordinary share)	-	-	-	(132,063)	-	(132,063)
Transfer from general reserve	-	-	(3,500,000)	3,500,000	-	-
<b>Balance as at March 31, 2007 - restated</b>	<b>1,320,634</b>	<b>131,344</b>	<b>129,307</b>	<b>7,383,082</b>	<b>1,309</b>	<b>8,965,676</b>
<b>Balance at July 1, 2007</b>	1,320,634	131,344	129,307	8,803,050	1,354	10,385,689
Surplus on revaluation of fixed assets realised through incremental depreciation charged on related assets for the period, recognised directly in equity- net of tax	-	-	-	305,156	-	305,156
Profit after taxation for the period ended March 31, 2008	-	-	-	1,514,040	297	1,514,337
Final cash dividend for the year ended June 30, 2007 (Rs 1.50 per ordinary share)	-	-	-	(198,095)	-	(198,095)
<b>Balance as at March 31, 2008</b>	<b>1,320,634</b>	<b>131,344</b>	<b>129,307</b>	<b>10,424,151</b>	<b>1,651</b>	<b>12,007,087</b>

The annexed notes 1 to 12 form an integral part of these interim consolidated financial statements.

**Vice Admiral Sikandar V. Naqvi**  
Chairman & Chief Executive

**Khowaja Obaid Imran Ilyas**  
Director



**PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES  
INTERIM CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)  
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2008**

	Note	Nine months period ended March 31, 2008	Nine months period ended March 31, 2007
		------(Rupees in '000)-----	
<b>Cash flows from operating activities</b>			
Cash generated from operations	8	4,323,652	2,376,701
Employees' gratuity paid		(28,791)	(32,325)
Employees' compensated absences paid		(31,169)	(27,329)
Post retirement medical benefits paid		(2,088)	(2,091)
Long-term loans and advances - net		519	612
Long-term deposits		90	90
Finance costs paid		(105,542)	(32,051)
Taxes paid		(432,489)	(363,642)
Net cash inflow from operating activities		3,724,182	1,919,965
<b>Cash flows from investing activities</b>			
Fixed capital expenditure		(444,087)	(426,829)
Proceeds from disposal of fixed assets		2,712	171
Interest / mark-up received		378,467	217,509
Dividend received		1,071	1,657
Net cash outflow from investing activities		(61,837)	(207,492)
<b>Cash flows from financing activities</b>			
Repayment of long-term financings		(250,093)	(259,028)
Dividend paid		(195,604)	(129,594)
Net cash outflow from financing activities		(445,697)	(388,622)
Net increase in cash and cash equivalents		3,216,648	1,323,851
Cash and cash equivalents at July 1		2,707,906	4,327,054
Cash and cash equivalents at March 31	9	5,924,554	5,650,905

The annexed notes 1 to 12 form an integral part of these interim consolidated financial statements.

**Vice Admiral Sikandar V. Naqvi**  
Chairman & Chief Executive

**Khawaja Obaid Imran Ilyas**  
Director



**PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES  
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2008**

**1. THE GROUP AND ITS OPERATIONS**

The Group consists of:

**Holding company**

Pakistan National Shipping Corporation (the Corporation)

**Subsidiary companies**

- Bolan Shipping (Private) Limited
- Chitral Shipping (Private) Limited
- Hyderabad Shipping (Private) Limited
- Islamabad Shipping (Private) Limited
- Johar Shipping (Private) Limited
- Kaghan Shipping (Private) Limited
- Khairpur Shipping (Private) Limited
- Karachi Shipping (Private) Limited
- Lalazar Shipping (Private) Limited
- Lahore Shipping (Private) Limited
- Makran Shipping (Private) Limited
- Malakand Shipping (Private) Limited
- Multan Shipping (Private) Limited
- Quetta Shipping (Private) Limited
- Sargodha Shipping (Private) Limited
- Sibi Shipping (Private) Limited
- Shalamar Shipping (Private) Limited
- Swat Shipping (Private) Limited
- Pakistan Co-operative Ship Stores (Private) Limited

The Group owns 55% of the share capital of Pakistan Co-operative Ship Stores (Private) Limited and 100% of the share capital of the remaining eighteen subsidiary companies.

The Group is engaged in providing shipping and other related services. The Group is also engaged in renting out its properties to tenants under lease-term arrangements.

**2. SIGNIFICANT EVENTS OF THE PERIOD AND UPDATE ON FIRE INCIDENTS**

- 2.1 As more fully explained in note-2 to the annual audited consolidated financial statements of the Group for the year ended June 30, 2007, due to destruction of records by fire, general ledger for the period October 5, 2006 to December 31, 2006 (which period is part of comparative financial information) did not exist. The exercise initiated by the Group for recreating books of account for the aforementioned period was abandoned during the period because it was not considered worthwhile to continue that exercise. Further, no transactions / events were identified which would have required adjustments in the books of account of the Group. The Group's management is confident the non-availability of complete books



and records for the aforementioned period shall not have any material impact on current as well as comparative financial information presented in these financial statements.

- 2.2 On August 19, 2007, a fire broke out at the PNSC building and 4th to 10th floors of the building were completely gutted. Approximately 93% of the space on the affected floors was rented out. As a result certain assets of the Group were destroyed and at present an estimate of the loss is being made.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Statement of compliance

These interim financial statements (hereafter referred to as 'financial statements') have been prepared in accordance with the requirements of the International Accounting Standard No. 34 'Interim Financial Reporting' and are being submitted to the shareholders, as required under Section 245 of the Companies Ordinance, 1984 and the listing regulations of the Karachi Stock Exchange.

The items of comparative balance sheet presented in these financial statements as at June 30, 2007 have been extracted from the audited financial statements of the Group for the year ended June 30, 2007 whereas the items of comparative profit and loss account, statement of changes in equity and cash flow statement are for the nine months period ended March 31, 2007 which have been restated wherever necessary to account for the change in the basis of computation of 'Workers' Profit Participation Fund' as disclosed in note 4.2 to the annual financial statements for the year ended June 30, 2007.

#### 3.2 Accounting policies

The accounting policies and the methods of computation of balances adopted in the preparation of these financial statements are the same as those applied in the preparation of the annual audited financial statements of the group for the year ended June 30, 2007.

**March 31, 2008**  
**Additions at cost**      **Write off at net book value**  
------(Rupees in '000)-----

### 4. PROPERTY, PLANT AND EQUIPMENT

Buidings on leasehold land	1,027	-
Vehicles	15,013	-
Office machines and appliances	1,856	43
Furniture and fixtures	1,270	105
Workshop machinery and equipment	667	143
Computer equipment	3,073	235
Capital work in progress	8,593	-
Spares capitalised	56,011	-
Class renewal and Dry Docking	358,142	-
Equipment on Board	8,377	-
	<u>454,029</u>	<u>526</u>

Vehicles having net book value of Rs. 15 were disposed off during the period.



	(Unaudited) March 31, 2008	(Audited) June 30, 2007
	------(Rupees in '000)-----	
<b>5. TRADE DEBTS</b>		
<b>Freight and hire - unsecured</b>		
- considered good	509,489	557,290
- considered doubtful	113,150	98,286
	<u>622,639</u>	<u>655,576</u>
Less: provision for doubtful trade debts	113,150	98,286
	<u>509,489</u>	<u>557,290</u>
<b>6. OTHER RECEIVABLES</b>		
<b>Rent receivable:</b>		
- considered good	10,452	12,393
- considered doubtful	8,448	8,243
	<u>18,900</u>	<u>20,636</u>
Less: provision for doubtful rent receivable	8,448	8,243
	<u>10,452</u>	<u>12,393</u>
<b>Insurance claimable for destroyed items</b>	<b>7,144</b>	<b>7,071</b>
<b>Others:</b>		
- considered good	274,908	66,729
- considered doubtful	23,158	23,158
	<u>298,066</u>	<u>89,887</u>
Less: provision for doubtful receivables - others	23,158	23,158
	<u>274,908</u>	<u>66,729</u>
	<u>292,504</u>	<u>86,193</u>

**7. CONTINGENCIES**

There has been no material change in the status of contingencies reported in the financial statements of the group for the year ended June 30, 2007, except for the contingent liability in respect of claims not admitted by the Group which as at March 31, 2008 amounts to Rs 829.547 million (June 30, 2007: Rs 870.737 million). These claims mainly relate to deficiencies in shipping documentation, delay in delivery of cargo, damages to cargo and miscellaneous claims lodged by workers and other. These include Rs 13.497 million (June 30, 2007: Rs 13.070 million) approximately in respect of insurance claims which, if accepted, will be borne by the Group as the P&I Club, Oceanus Mutual Underwriting Association (Bermuda) Limited has gone into liquidation. Out of the remaining claims an amount of Rs 185.190 million (June 30, 2007: Rs 234.952 million) approximately would be recoverable from the P&I Clubs (Steamship Mutual Underwriting Association and United Kingdom Steamship Mutual Underwriting Association), in the event these claims are accepted by the Group.

As a matter of prudence, the management has made a total provision of Rs. 131.185 million (June 30, 2007: Rs. 132.960 million) against the aforesaid claims in these financial statements.



	Note	Nine months period ended March 31, 2008	Nine months period ended March 31, 2007 (Restated)
------(Rupees in '000)-----			
<b>8. CASH GENERATED FROM OPERATIONS</b>			
Profit before taxation		1,915,099	1,693,684
Adjustments for non-cash charges and other items:			
Depreciation and amortization		871,266	916,241
Profit on disposal of property plant and equipment		(2,712)	(171)
Provision for employees' gratuity		54,714	24,053
Provision for employees' compensated absences		28,349	30,595
Provision for post retirement medical benefits		9,438	812
Dividend income		(1,071)	(1,657)
Interest / mark-up income		(487,548)	(269,920)
Interest / mark-up expense		109,780	42,139
Loss / Gain on revaluation of investments		(8,852)	(2,176)
Provision for doubtful debts - others		14,838	48,674
Provision no longer required written back		(44,317)	(2,645)
Unrealised exchange loss		14,764	6,542
Working capital changes	8.1	1,849,904	(109,470)
		<b>4,323,652</b>	<b>2,376,701</b>
<b>8.1 WORKING CAPITAL CHANGES</b>			
<b>(Increase) / decrease in current assets</b>			
Stores and spares		29,401	(382,986)
Trade debts		47,801	(282,958)
Agents' and owners' balances		11,602	(70,830)
Loans and advances		14,646	(28,266)
Deposits and prepayments		341	(3,447)
Other receivables (net)		(206,311)	(12,272)
Incomplete voyages		(1,684)	456,070
Insurance claims		(7,657)	63,098
Short term investments		1,596,039	-
		<b>1,484,178</b>	<b>(261,591)</b>
<b>Increase / (decrease) in current liabilities</b>			
Trade and other payables		365,726	152,121
		<b>1,849,904</b>	<b>(109,470)</b>



	<b>March 31, 2008</b>	March 31, 2007
	------(Rupees in '000)-----	
<b>9. CASH AND CASH EQUIVALENTS</b>		
Short term investments	<b>4,900,000</b>	4,700,000
Cash and bank balances	<b>1,024,554</b>	950,905
	<u><b>5,924,554</b></u>	<u>5,650,905</u>

**10. TRANSACTIONS WITH RELATED PARTIES**

The Group has related party relationships with its subsidiaries, associate, employee benefit plans and its directors and executive officers (including their associates). Transactions with related parties essentially entail investments made in subsidiary companies, dividend income received from related investee companies, freight income and chartering revenue recovered, services fee charged on account of rendering of technical, commercial, administrative and financial services. Further, transactions entered into with the key management personnel as per their terms of employment are also included in related party transactions.

Service fees on account of rendering of technical, commercial, administrative and financial services are charged to related parties on the basis of mutually revised agreed terms. Accordingly, effective July 01, 2007, the Corporation has ceased to charge expenses to subsidiaries on actual cost basis, which were previously being charged.

The significant transactions carried out by the Group with related parties during the period are given below:

	<b>Nine months period ended March 31, 2008</b>	Nine months period ended March 31, 2007
	------(Rupees in '000)-----	
Freight income from subsidiary companies	-	864
Contribution to provident fund	<b>6,002</b>	10,211
Directors' fee	<b>120</b>	100
Key management personnel compensation	<b>9,218</b>	6,522

**11. CORRESPONDING FIGURES**

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison. Following have been reclassified in the balance sheet during the period:

<b>Reclassification from component</b>	<b>Reclassification to component</b>	<b>Amount (Rupees in '000)</b>
Cash and bank balances - saving account	Short term investments	3,961

**12. DATE OF AUTHORISATION**

These financial statements were authorised for issue on April 25, 2008 by the Board of Directors of the Corporation.

**Vice Admiral Sikandar V. Naqvi**  
Chairman & Chief Executive

**Khawaja Obaid Imran Ilyas**  
Director



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