
PAKISTAN NATIONAL SHIPPING CORPORATION



**UN-AUDITED REPORT
FOR THE FIRST QUARTER ENDED
SEPTEMBER 30, 2010**



CORPORATION INFORMATION

BOARD	:	Brigadier (R) Rashid Siddiqi SI (M) Chairman	
		Mr. Seerat Asghar Jaura Member	
		Capt. S. Akhlaq Hussain Abidi Member	
		Mr. Sohrab Adil Gilani Member	
		Mr. Khowaja Obaid Imran Ilyas Member	
		Capt. Anwar Shah Member	
AUDIT COMMITTEE OF THE BOARD	:	Mr. Khowaja Obaid Imran Ilyas Capt. Syed Akhlaq Hussain Abidi Mr. Sohrab Adil Gilani	Chairman Member Member
CHIEF FINANCIAL OFFICER	:	Mr. Imtiaz C. Agboatwala	
SECRETARY	:	Ms. Zainab Suleman	
HEAD OFFICE	:	PNSC Building, Moulvi Tamizuddin Khan Road Karachi-74000	
AUDITORS	:	A.F. Ferguson & Co., Chartered Accountants Ernst & Young Ford Rhodes Sidat Hyder & Co., Chartered Accountants	
BANKERS	:	Allied Bank Limited Bank Al-Falah Limited Faysal Bank Limited Habib Bank Limited Habib Metropolitan Bank Limited JS Bank Limited MCB Bank Limited National Bank Of Pakistan Meezan Bank Limited Royal Bank of Scotland Standard Chartered Bank United Bank Limited	



Pakistan National Shipping Corporation

**PAKISTAN NATIONAL SHIPPING CORPORATION
DIRECTORS' REPORT
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2010**

The Directors of Pakistan National Shipping Corporation (PNSC) are pleased to present the un-audited financial statements for the first quarter ended September 30, 2010.

OVERVIEW

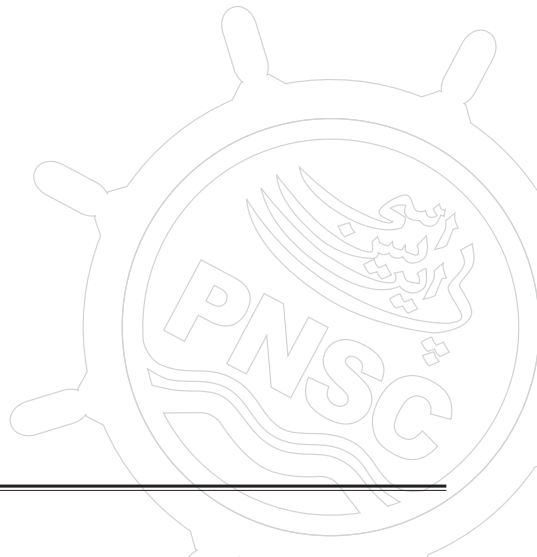
The PNSC Group achieved a turnover of Rs 2,157.780 million (including Rs 392.859 million from PNSC) as compared to Rs 1,732.951 million (including Rs 585.348 million from PNSC) for the similar period last year showing an increase of 24.51%. The Gross Profit for the period ended September 30, 2010 was Rs 551.728 million as against Rs 267.086 million for the same period last year. Marked improvement was seen in profitability, as freight rates are firming up.

FUTURE PROSPECTS

The Corporation is in the process of adding new vessels to its fleet, and replacing old ones. Two dry bulk carriers are expected to be added to its fleet in the next quarter.

**BRIG (R) RASHID SIDDIQI
CHAIRMAN**

Karachi : October 22, 2010





**PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES
INTERIM CONSOLIDATED BALANCE SHEET
AS AT SEPTEMBER 30, 2010**

	Note	(Unaudited) September 30, 2010	(Audited) June 30, 2010
----- (Rupees in '000) -----			
NON-CURRENT ASSETS			
Property, plant and equipment	3	15,652,949	14,710,607
Intangible asset		-	-
Investment properties		970,925	970,926
Long-term investments in:			
- Related party (associate)		-	-
- Listed companies and an other entity		27,708	26,254
Long-term loans		577	668
Long-term deposits		90	90
Deferred tax - net		36,075	36,074
		16,688,324	15,744,619
CURRENT ASSETS			
Stores and spares		391,123	536,449
Trade debts	4	727,093	462,272
Agents' and owners' balances		39,790	1,070
Loans and advances		90,016	38,863
Deposits and short term prepayments		17,053	7,132
Interest / mark-up accrued		10,648	1,786
Other receivables	5	163,154	72,592
Incomplete voyages		87,629	80,616
Insurance claims		45,320	46,651
Short-term investments		700,000	1,207,224
Cash and bank balances		646,152	1,314,633
		2,917,978	3,769,288
TOTAL ASSETS		19,606,302	19,513,907
EQUITY AND LIABILITIES			
Share capital		1,320,634	1,320,634
Reserves		15,821,049	15,449,428
		17,141,683	16,770,062
NON-CONTROLLING INTEREST		2,329	2,235
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP		17,144,012	16,772,297
SURPLUS ON REVALUATION OF FIXED ASSETS - NET OF TAX			
- Group		1,142,268	1,191,054
- Non-controlling interest		2,144	2,144
		1,144,412	1,193,198
NON-CURRENT LIABILITIES			
Deferred liabilities		298,377	291,288
CURRENT LIABILITIES AND PROVISIONS			
Trade and other payables	6	816,236	1,090,585
Provision against damage claims		39,403	39,403
Taxation - net		163,862	127,136
		1,019,501	1,257,124
TOTAL EQUITY AND LIABILITIES		19,606,302	19,513,907
CONTINGENCIES AND COMMITMENTS			
	7		

The annexed notes 1 to 13 form an integral part of these consolidated financial statements.

Brig. (R) Rashid Siddiqi
Chairman

Khowaja Obaid Imran Ilyas
Director



**PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES
INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2010**

	Note	Quarter ended September 30, 2010	Quarter ended September 30, 2009
----- (Rupees in '000) -----			
REVENUES			
Income from shipping business	8	2,133,563	1,717,159
Rental income		24,217	15,790
		2,157,780	1,732,949
EXPENDITURE			
Fleet expenses - direct		1,606,212	1,462,267
- indirect		2,982	3,598
		1,609,194	1,465,865
		548,586	267,084
GROSS PROFIT			
Administrative and general expenses		151,896	133,273
Other operating expenses		31,443	82,256
Finance costs		1,002	5,778
		184,341	221,307
Other operating income		63,403	261,927
		427,648	307,704
PROFIT BEFORE TAXATION			
Taxation		76,091	166,137
		351,557	141,567
PROFIT AFTER TAXATION			
Attributable to:			
Equity holders of the Group		351,463	141,501
Minority interest		94	66
		351,557	141,567
----- (Rupees) -----			
EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP - BASIC			
		2.66	1.07

The annexed notes 1 to 13 form an integral part of these consolidated financial statements.

Brig. (R) Rashid Siddiqi
Chairman

Khawaja Obaid Imran Ilyas
Director



**PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2010**

	Issued, subscribed and paid-up share capital	Capital Reserve	Revenue reserve		Non-controlling interest	Total
			General Reserve	Unappropriated profit		
(Rupees in '000)						
Balance at July 1, 2009	1,320,634	131,344	129,307	14,251,499	1,895	15,834,679
Profit after taxation for the period ended September 30, 2009	-	-	-	141,501	66	141,567
Surplus realised on disposal of vessel	-	-	-	121,062	-	121,062
Surplus on revaluation of property, plant and equipment realised through incremental depreciation charged on related assets for the period, recognised directly in equity - net of tax	-	-	-	28,082	-	28,082
Total income credited to equity				290,645	66	290,711
Balance as at September 30, 2009	1,320,634	131,344	129,307	14,542,144	1,961	16,125,390
Balance at July 1, 2010	1,320,634	131,344	129,307	15,188,777	2,235	16,772,297
Profit after taxation for the period ended September 30, 2010	-	-	-	351,463	94	351,557
Surplus on revaluation of property, plant and equipment realised through incremental depreciation charged on related assets for the period, recognised directly in equity - net of tax	-	-	-	20,158	-	20,158
Total income credited to equity				371,621	94	371,715
Balance as at September 30, 2010	1,320,634	131,344	129,307	15,560,398	2,329	17,144,012

The annexed notes 1 to 13 form an integral part of these consolidated financial statements.

Brig. (R) Rashid Siddiqi
Chairman

Khowaja Obaid Imran Ilyas
Director



**PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES
INTERIM CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2010**

	Note	Quarter ended September 30, 2010	Quarter ended September 30, 2009
------(Rupees in '000)-----			
Cash flows from operating activities			
Cash generated from operations	9	82,209	2,730,759
Employees' gratuity paid		(83)	(27)
Employees' compensated absences paid		(11,964)	(7,328)
Post retirement medical benefits paid		(2,394)	(346)
Long-term loans		91	78
Taxes paid		(39,367)	(20,795)
Net cash generated from operating activities		28,492	2,702,341
Cash flows from investing activities			
Fixed capital expenditure		(1,241,710)	(55,030)
Proceeds from disposal of property, plant and equipment		-	199,813
Interest / mark-up received		37,656	111,384
Net cash generated from / (used in) investing activities		(1,204,054)	256,167
Cash flows from financing activities			
Dividend paid		(141)	(24)
Net cash used in financing activities		(141)	(24)
Net increase in cash and cash equivalents		(1,175,703)	2,958,484
Cash and cash equivalents at July 01		2,521,857	3,432,104
Cash and cash equivalents at September 30	10	1,346,154	6,390,588

The annexed notes 1 to 13 form an integral part of these consolidated financial statements.

Brig. (R) Rashid Siddiqi
Chairman

Khawaja Obaid Imran Ilyas
Director



**PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2010**

1 THE GROUP AND ITS OPERATIONS

Pakistan National Shipping Corporation (the Corporation), its subsidiary companies and an associate (together 'the Group') were incorporated under the provisions of the Pakistan National Shipping Ordinance, 1979 and the Companies Ordinance, 1984 respectively. The Group is principally engaged in the business of shipping, including charter of vessels, transportation of cargo and other related services. The Group is also engaged in renting out its properties to tenants under long-term lease agreements. The Group's registered office is situated in PNSC Building, Moulvi Tamizuddin Khan Road, Karachi except for Pakistan Co-operative Ship Stores (Private) Limited which is situated at 70/4, Timber Pond, N.M Reclamation Kemari, Karachi.

The Group consists of:

Holding company

Pakistan National Shipping 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
- Karachi Shipping (Private) Limited
- Khairpur Shipping (Private) Limited
- Lahore Shipping (Private) Limited
- Lalazar Shipping (Private) Limited
- Makran Shipping (Private) Limited
- Malakand Shipping (Private) Limited
- Multan Shipping (Private) Limited
- Pakistan Co-operative Ship Stores (Private) Limited
- Quetta Shipping (Private) Limited
- Sargodha Shipping (Private) Limited
- Shalamar Shipping (Private) Limited
- Sibi Shipping (Private) Limited
- Swat Shipping (Private) Limited

Associate company

- Muhammadi Engineering Works (Private) Limited



The Group owns 55 percent of the share capital of Pakistan Co-operative Ship Stores (Private) Limited and 100 percent of the share capital of the remaining eighteen subsidiary companies. All the fully owned subsidiaries of the Group operate one vessel / tanker each with the exception of Hyderabad Shipping (Private) Limited, Khairpur Shipping (Private) Limited, Lalazar Shipping (Private) Limited, Malakand Shipping (Private) Limited, Shalamar Shipping (Private) Limited, Sibi Shipping (Private) Limited, Makran Shipping (Private) Limited and Chitral Shipping (Private) Limited which currently do not own any vessel / tanker.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

These interim consolidated 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.

These financial statements comprise of the interim consolidated balance sheet as at September 30, 2010 and the interim consolidated profit and loss account, interim consolidated statement of changes in equity and the interim consolidated cash flow statement for the quarter ended September 30, 2010.

The items of comparative balance sheet presented in these financial statements as at June 30, 2010 have been extracted from the audited consolidated financial statements of the Group for the year ended June 30, 2010 whereas the items of comparative profit and loss account, statement of changes in equity and cash flow statements are for the quarter ended September 30, 2009.

2.1.1 Standards, amendments and interpretations effective from July 1, 2009:

2.1.1.1 IAS 1 (revised), 'Presentation of financial statements'. (see note 2.2.1.1)

2.1.1.2 IFRS 7 (amendment) 'Financial instruments: Disclosures'. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. The adoption of the amendment results in additional disclosures, which would be detailed in the financial statements for the year ending June 30, 2010, but does not have an impact on the Group's financial position or performance.

2.1.1.3 IAS 23 (amendment), 'Borrowing costs'. (see note 2.2.1.2)

2.1.1.4 Certain interpretations to the approved accounting standards are mandatory for accounting periods beginning on or before July 1, 2009 but are considered not to be relevant or have any significant effect on the Group's operations and are therefore not disclosed in this interim consolidated financial report.



2.2 Accounting policies

The accounting policies and the methods of computation adopted in the preparation of these interim consolidated financial statements are the same as those applied in the preparation of the financial statements for the year ended June 30, 2009, except for the changes in accounting policies referred to in note 2.2.1 below:

2.2.1 Changes in accounting policy

2.2.1.1 IAS 1 (revised), 'Presentation of financial statements' prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity. It requires non-owner changes in equity to be presented separately from owner changes in equity. All non-owner changes in equity are required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The Group has applied IAS 1 (revised) from July 01, 2009, and has elected to present one performance statement. Further, where entities restate or reclassify comparative information, they are required to present a restated statement of financial position as at the beginning comparative period, in addition to the current requirement to present statements of financial position at the end of the current period and comparative period. This change in policy does not have any impact on these financial statements of the Group.

2.2.1.2 Last year, the Group changed its accounting policy for borrowing costs. In accordance with the revised policy, borrowing costs directly attributable to acquisition, construction or production of a qualifying assets. Previously, all borrowing costs were charged directly to the profit and loss account. This change has been made to comply with the requirements of IAS 23 (Amendments) 'Borrowing costs' which became effective from January 1, 2009. The change in policy has not impacted the financial statements of the Group as it does not have any borrowing costs directly attributable to the acquisition of or construction of qualifying assets.

3 PROPERTY, PLANT AND EQUIPMENT

	Note	(Unaudited) September 30, 2010	(Audited) June 30, 2010
		----- (Rupees in '000) -----	
- Fixed assets	3.1 & 3.2	13,787,697	14,041,845
- Capital work-in-progress (CWIP)		1,865,252	668,762
		<u>15,652,949</u>	<u>14,710,607</u>



3.1 Additions to fixed assets (including transfers from CWIP) during the period mainly include:

	Quarter ended September 30, 2010	Quarter ended September 30, 2009
	----- (Rupees in '000) -----	
Office machines and appliances	207	92
Furniture and fixtures	182	28
Workshop machinery and equipment	7	1
Computer equipment	207	276
Spares capitalised	-	4,344
Equipment on Board	-	323
Total	<u>603</u>	<u>5,064</u>

3.2 Details of assets written off / disposed off during the period

Disposed off at net book value	<u>-</u>	<u>220,962</u>
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Note	(Unaudited) September 30, 2010	(Audited) June 30, 2010
	----- (Rupees in '000) -----	

4 TRADE DEBTS

- considered good		727,093	462,272
- considered doubtful		<u>183,418</u>	<u>183,418</u>
		910,511	645,690
Less: Provision for impairment	4.1	<u>183,418</u>	<u>183,418</u>
		<u>727,093</u>	<u>462,272</u>

4.1 Provision for impairment

Balance at the beginning of the period		183,418	81,663
Provision made during the period		-	101,897
Amounts reversed and adjusted		-	(142)
Balance at the end of the period		<u>183,418</u>	<u>183,418</u>

The ageing analysis of trade debts is as follows:

Upto 1 month	324,804	340,912
1 month to 6 months	330,387	72,430
More than 6 months	<u>255,320</u>	<u>232,348</u>
	<u>910,511</u>	<u>645,690</u>

As at September 30, 2010, trade receivables of Rs. 183.418 million (June 30, 2010 Rs. 183.418 million) were impaired and provided for. The ageing of these receivables is as follows:



	Note	(Unaudited) September 30, 2010	(Audited) June 30, 2010
----- (Rupees in '000) -----			
one to three years		101,897	101,897
three years to five years		26,281	26,281
five years and over		55,240	55,240
		<u>183,418</u>	<u>183,418</u>
5 OTHER RECEIVABLES			
Rent receivable:			
- considered good		9,484	4,161
- considered doubtful		4,359	4,359
		<u>13,843</u>	<u>8,520</u>
Less: Provision for doubtful rent receivable	5.1	4,359	4,359
		<u>9,484</u>	<u>4,161</u>
Others:			
- considered good		153,670	68,431
- considered doubtful		8,851	8,851
		<u>162,521</u>	<u>77,282</u>
Less: Provision for doubtful receivables - others	5.2	8,851	8,851
		<u>153,670</u>	<u>68,431</u>
		<u>163,154</u>	<u>72,592</u>
5.1 Provision for impairment of rent receivables			
Balance at the beginning of the period		4,359	7,306
Provision made during the period		-	33
Amounts adjusted / written off		-	(2,980)
Balance at the end of the period		<u>4,359</u>	<u>4,359</u>
The ageing analysis of rent receivables is as follows:			
Upto 1 month		4,282	1,085
1 month to 6 months		4,292	1,136
More than 6 months		5,269	6,299
		<u>13,843</u>	<u>8,520</u>
As at September 30, 2010, rent receivables of Rs. 4.359 million (June 30, 2010: Rs 4.359 million) were impaired and provided for. These receivables were outstanding for more than three years.			
5.2 Provision for impairment of other receivables			
Balance at the beginning of the period		8,851	461
Provision made during the period		-	8,390
Amounts adjusted / written off		-	-
Balance at the end of the period		<u>8,851</u>	<u>8,851</u>



	Note	(Unaudited) September 30, 2010	(Audited) June 30, 2010
----- (Rupees in '000) -----			
6			
TRADE AND OTHER PAYABLES			
Creditors		125,606	128,748
Agents' and owners' balances		87,578	114,232
Accrued liabilities		444,368	646,553
Deposits	6.1	24,053	23,257
Workers' Profits Participation Fund		10,816	50,194
Unclaimed dividends		22,239	22,380
Other liabilities			
- freight		15,452	31,317
- amounts retained from contractors		32,639	28,022
- others		53,485	45,882
		101,576	105,221
		<u>816,236</u>	<u>1,090,585</u>

6.1 These deposits are interest free and are repayable on demand or on completion of specific contracts.

7 CONTINGENCIES AND COMMITMENTS

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, 2010.

	Quarter ended September 30, 2010	Quarter ended September 30, 2009
----- (Rupees in '000) -----		
8		
INCOME FROM SHIPPING BUSINESS		
Owned Vessels		
Combi vessels	430,933	392,052
Bulk carrier	77,329	108,227
Oil tankers	1,330,022	694,928
	<u>1,838,284</u>	<u>1,195,207</u>
Chartered vessels		
Slot charters	89,965	385,228
Oil tankers	205,314	136,724
	<u>295,279</u>	<u>521,952</u>
	<u>2,133,563</u>	<u>1,717,159</u>



		(Unaudited)	
Note	Quarter ended September 30, 2010	Quarter ended September 30, 2009	
		----- (Rupees in '000) -----	
9	CASH GENERATED FROM OPERATIONS		
	Profit before taxation	427,648	307,704
	Adjustments for non cash charges and other items:		
	Depreciation	272,235	314,870
	Loss / (profit) on disposal of property, plant and equipment	-	24,528
	Provision for employees' gratuity	2,694	20,734
	Provision for employees' compensated absences	12,660	11,399
	Provision for post retirement medical benefits	6,175	7,293
	Interest / mark-up income	(46,518)	(205,243)
	(Gain) / loss on revaluation of investments	(1,454)	(9,991)
	Working capital changes	(591,231)	2,259,465
		<u>82,209</u>	<u>2,730,759</u>
9.1	Working capital changes		
	(Increase) / decrease in current assets		
	Stores and spares	145,326	(10,432)
	Trade debts	(264,821)	(93,964)
	Agents' and owners' balances	(38,720)	(4,486)
	Loans and advances	(51,153)	9,374
	Deposits and prepayments	(9,921)	(15,795)
	Other receivables	(90,562)	(43,098)
	Incomplete voyages	(8,503)	8,723
	Insurance claims	1,331	(2,412)
	Short-term investments	-	2,800,000
		(317,023)	2,647,910
	Decrease in current liabilities		
	Trade and other payables	(274,208)	(388,445)
		<u>(591,231)</u>	<u>2,259,465</u>
10	CASH AND CASH EQUIVALENTS		
	Short-term investments	700,000	3,104,461
	Cash and bank balances	646,152	3,286,127
		<u>1,346,152</u>	<u>6,390,588</u>



11 TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of companies affiliated to the holding company and their directors, key executives of the holding company and employee funds maintained by the holding company.

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

	Relationship with the Corporation	Quarter ended September 30, 2010	Quarter ended September 30, 2009
----- (Rupees in '000) -----			
Contribution to provident fund	Associate	2,406	2,658
Directors' fee	Associate	90	260
Key management personnel compensation		7,046	4,192
Premium paid on account of medical health insurance to Allianz EFU Health Insurance Limited	Associate	-	4,461
Investment during the period in Term Deposit Receipts (TDRs) - JS Bank Limited	Associate	-	300,000
Interest income on TDRs - JS Bank Limited	Associate	-	20,083

12 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison.

13 DATE OF AUTHORISATION

These financial statements were authorised for issue on October 22, 2010 by the Board of Directors of the holding company.

Brig. (R) Rashid Siddiqi
Chairman

Khowaja Obaid Imran Ilyas
Director

Quarterly Report September 30, 2010



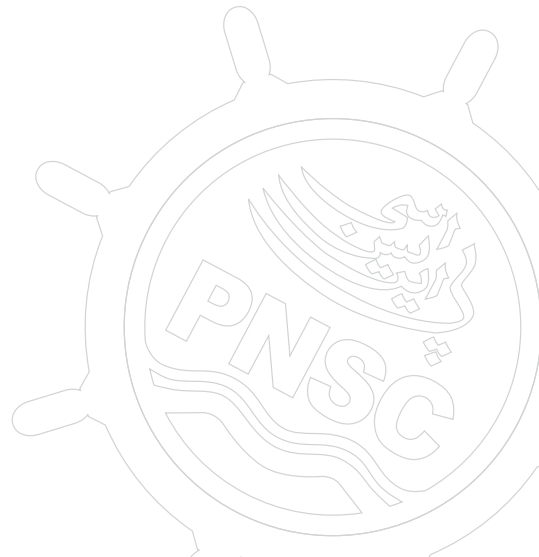
PAKISTAN NATIONAL SHIPPING CORPORATION

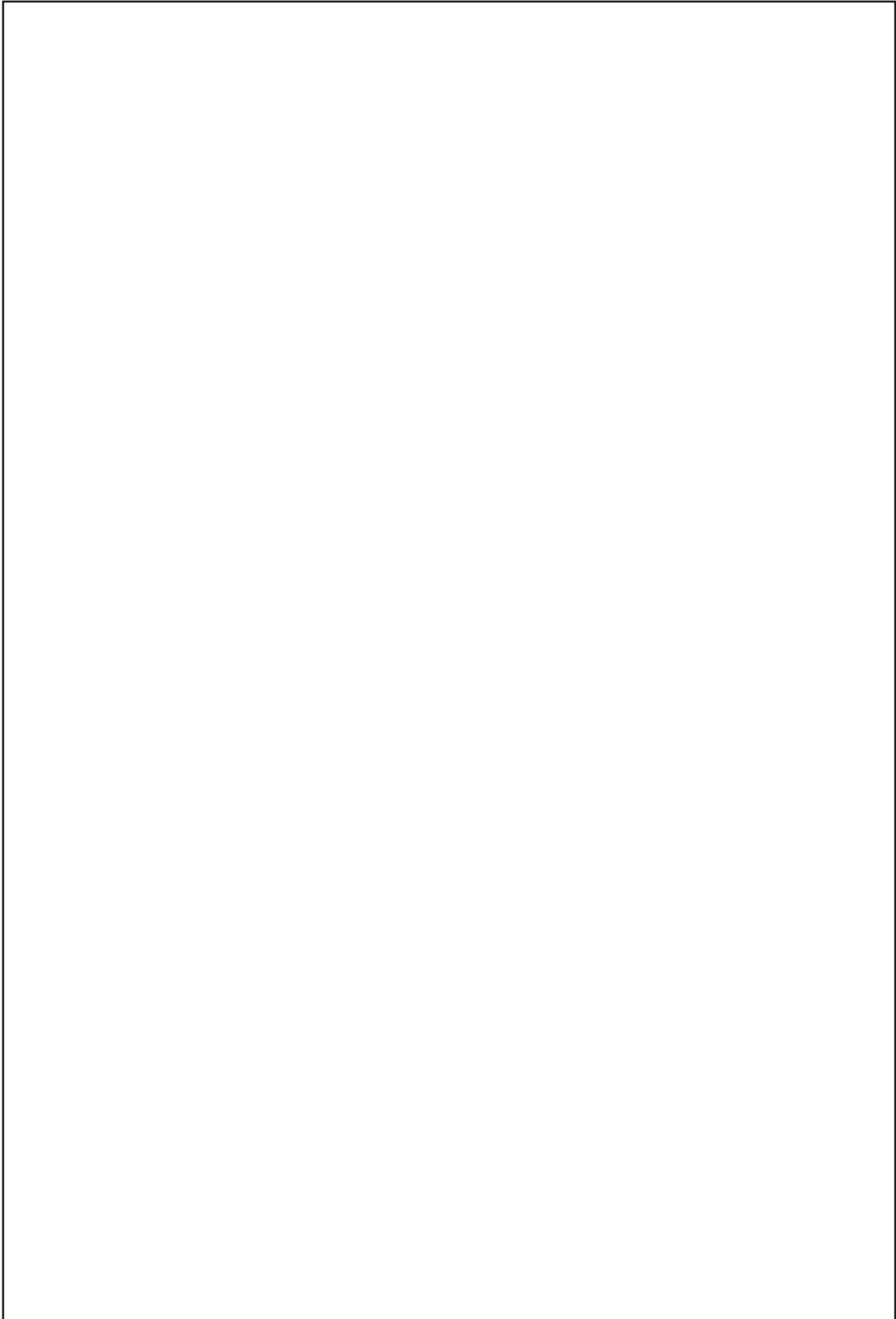
UN-AUDITED

INTERIM FINANCIAL STATEMENTS

FOR THE FIRST QUARTER ENDED

SEPTEMBER 30, 2010







**PAKISTAN NATIONAL SHIPPING CORPORATION
INTERIM BALANCE SHEET
AS AT SEPTEMBER 30, 2010**

	Note	(Unaudited) September 30, 2010	(Audited) June 30, 2010
----- (Rupees in '000) -----			
NON-CURRENT ASSETS			
Property, plant and equipment	3	1,402,418	1,436,371
Intangible assets		-	-
Investment properties		970,925	970,926
Long-term investments in:			
- Related parties (subsidiaries and an associate)		1,558,416	1,558,416
- Listed companies and an other entity		27,708	26,254
		<u>1,586,124</u>	<u>1,584,670</u>
Long-term loans and advances			
- Related parties (subsidiaries)	4	11,665,738	11,665,738
- Others		577	668
		<u>11,666,315</u>	<u>11,666,406</u>
Deferred tax - net		36,075	36,074
		<u>15,661,857</u>	<u>15,694,447</u>
CURRENT ASSETS			
Stores and spares		24,639	22,788
Trade debts	5	117,427	193,195
Agents' and owners' balances		1,414	1,070
Loans and advances		90,016	38,863
Deposits and short term prepayments		17,005	7,085
Interest / mark-up accrued		10,548	1,780
Other receivables	6	107,073	22,315
Incomplete voyages		-	24,019
Insurance claims		53	572
Short-term investments		700,000	1,207,224
Cash and bank balances		639,389	1,307,961
		<u>1,707,564</u>	<u>2,826,872</u>
TOTAL ASSETS		<u>17,369,421</u>	<u>18,521,319</u>
EQUITY AND LIABILITIES			
Share capital		1,320,634	1,320,634
Reserves		5,173,222	5,140,981
		<u>6,493,856</u>	<u>6,461,615</u>
SURPLUS ON REVALUATION OF FIXED ASSETS - NET OF TAX		669,820	671,928
NON-CURRENT LIABILITIES			
Deferred liabilities		298,377	291,288
LESS: CURRENT LIABILITIES AND PROVISIONS			
Trade and other payables	7	9,658,153	10,904,729
Provision against damage claims		39,403	39,403
Incomplete voyages		22,592	-
Taxation - net		187,220	152,356
		<u>9,907,368</u>	<u>11,096,488</u>
TOTAL EQUITY AND LIABILITIES		<u>17,369,421</u>	<u>18,521,319</u>
CONTINGENCIES AND COMMITMENTS			
	8		
The annexed notes 1 to 13 form an integral part of these financial statements.			

Brig. (R) Rashid Siddiqi
Chairman

Khawaja Obaid Imran Ilyas
Director



**PAKISTAN NATIONAL SHIPPING CORPORATION
INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2010**

Quarter ended September 30, 2010 Quarter ended September 30, 2009
------(Rupees in '000)-----

REVENUES

Chartering revenues	295,279	521,952
Services fee	73,532	47,747
Rental income	24,048	15,649
	<u>392,859</u>	<u>585,348</u>

EXPENDITURE

Fleet expenses - direct	174,677	233,481
- indirect	2,842	3,483
	<u>177,519</u>	<u>236,964</u>
GROSS PROFIT	215,340	348,384

Administrative and general expenses	149,439	129,288
Other operating expenses	29,905	55,456
Finance costs	493	5,390
	<u>179,837</u>	<u>190,134</u>
Other operating income	62,902	261,237
PROFIT BEFORE TAXATION	98,405	419,487

Taxation	68,271	159,198
PROFIT AFTER TAXATION	30,134	260,289

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

EARNINGS PER SHARE - BASIC	0.23	1.97
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The annexed notes 1 to 13 form an integral part of these financial statements.

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

Brig. (R) Rashid Siddiqi
Chairman

Khowaja Obaid Imran Ilyas
Director



**PAKISTAN NATIONAL SHIPPING CORPORATION
INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2010**

	Issued, subscribed and paid-up share capital	Capital Reserve	Unappropriated profit	Total
(Rupees in '000)				
Balance at July 1, 2009	1,320,634	126,843	4,641,963	6,089,440
Profit after taxation for the period ended September 30, 2009	-	-	260,289	260,289
Surplus on revaluation of property, plant and equipment realised through incremental depreciation charged on related assets for the period, recognised directly in equity - net of tax	-	-	2,429	2,429
Total income credited to equity			262,718	262,718
Balance as at September 30, 2009	1,320,634	126,843	4,904,681	6,352,158
Balance at July 1, 2010	1,320,634	126,843	5,014,138	6,461,615
Profit after taxation for the period ended September 30, 2010	-	-	30,134	30,134
Surplus on revaluation of property, plant and equipment realised through incremental depreciation charged on related assets for the period, recognised directly in equity - net of tax	-	-	2,107	2,107
Total income credited to equity			32,241	32,241
Balance as at September 30, 2010	1,320,634	126,843	5,046,379	6,493,856

The annexed notes 1 to 13 form an integral part of these financial statements.

Brig. (R) Rashid Siddiqi
Chairman

Khowaja Obaid Imran Ilyas
Director



**PAKISTAN NATIONAL SHIPPING CORPORATION
INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2010**

	Note	Quarter ended September 30, 2010	Quarter ended September 30, 2009
------(Rupees in '000)-----			
Cash flows from operating activities			
Cash generated from operations	9	(1,190,111)	2,921,657
Employees' gratuity paid		(84)	(27)
Employees' compensated absences paid		(11,964)	(7,328)
Post retirement medical benefits paid		(2,394)	(346)
Long-term loans		91	78
Taxes paid		(33,408)	(16,830)
Net cash generated from operating activities		(1,237,870)	2,897,204
Cash flows from investing activities			
Fixed capital expenditure		24,463	(50,268)
Interest / mark-up received		37,750	111,452
Net cash generated from / (used in) investing activities		62,213	61,184
Cash flows from financing activities			
Dividend paid		(141)	(24)
Net cash used in financing activities		(141)	(24)
Net increase in cash and cash equivalents		(1,175,798)	2,958,364
Cash and cash equivalents at July 1		2,515,185	3,426,294
Cash and cash equivalents at September 30	10	<u>1,339,387</u>	<u>6,384,658</u>

The annexed notes 1 to 13 form an integral part of these financial statements.

Brig. (R) Rashid Siddiqi
Chairman

Khawaja Obaid Imran Ilyas
Director



PAKISTAN NATIONAL SHIPPING CORPORATION NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2010

1. THE CORPORATION AND ITS OPERATIONS

- 1.1 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 and Lahore Stock Exchanges. The Corporation's registered office is situated in PNSC Building, Moulvi Tamizuddin Khan Road, Karachi.

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

- 1.2 These financial statements are separate financial statements of the Corporation in which investments in subsidiaries and associates are accounted for on the basis of direct equity interest and are not consolidated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- 2.1 Statement of compliance

These condensed interim financial statements (here-in-after referred to as 'financial statements') have been prepared in accordance with the requirements of the International Accounting Standard No. 34 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984 (the Ordinance). In case where requirements differ, the provisions of or directives issued under the Ordinance have been followed.

These financial statements comprise of the condensed interim balance sheet as at September 30, 2010 and the condensed interim profit and loss account, condensed interim statement of changes in equity and the condensed interim cash flow statement for the quarter ended September 30, 2010.

The items of comparative condensed balance sheet presented in these financial statements as at June 30, 2010 have been extracted from the annual audited financial statements of the Corporation for the year ended June 30, 2010 whereas the items of comparative condensed interim profit and loss account, condensed interim statement of changes in equity and condensed interim cash flow statement are for the quarter ended September 30, 2009.



- 2.1.1 Standards, amendments and interpretations effective for the period beginning from July 1, 2009:
 - 2.1.1.1 IAS 1 (revised), 'Presentation of financial statements'. (see note 2.2.1.1)
 - 2.1.1.2 IFRS 7 (amendment) 'Financial instruments: Disclosures'. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. The adoption of the amendment results in additional disclosures, which would be detailed in the financial statements for the year ending June 30, 2011, but does not have an impact on the Corporation's financial position or performance.
 - 2.1.1.3 IAS 23 (amendment), 'Borrowing costs'. (see note 2.2.1.2)

2.2 Accounting policies

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial statements are the same as those applied in the preparation of the financial statements for the year ended June 30, 2010, except for the changes in accounting policies referred to in note 2.2.1 below.

2.2.1 Changes in accounting policies

- 2.2.1.1 IAS 1 (revised), 'Presentation of financial statements' prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity. It requires non-owner changes in equity to be presented separately from owner changes in equity. All non-owner changes in equity are required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The Corporation has applied IAS 1 (revised) from July 01, 2009, and has elected to present one performance statement. Further, where entities restate or reclassify comparative information, they are required to present a restated statement of financial position as at the beginning comparative period, in addition to the current requirement to present statements of financial position at the end of the current period and comparative period. This change in policy does not have any impact on these financial statements of the Corporation.
- 2.2.1.2 Last year, the Corporation changed its accounting policy for borrowing costs as a consequence of amendment in IAS 23 (amendment) 'Borrowing Costs' whereby the allowed alternative method of charging costs directly to profit and loss account is not allowed. In accordance with the revised policy, borrowing costs directly attributable to acquisition, construction or production of a qualifying asset (one that takes substantial period of time to get ready for use or sale) are capitalised as part of the cost of that asset. Previously, all borrowing costs were charged directly to the profit and loss account. This change has been made to comply with the requirements of IAS 23 (amendment) 'Borrowing costs' which became effective from accounting periods beginning January 1, 2009. This change in policy does not have any impact on these financial statements of the Corporation as it does not have any borrowings related to qualifying assets.



	Note	(Unaudited) September 30, 2010	(Audited) June 30, 2010
		----- (Rupees in '000) -----	
3. PROPERTY, PLANT AND EQUIPMENT			
- Fixed assets	3.1	758,715	767,609
- Capital work-in-progress (CWIP)		<u>643,703</u>	<u>668,762</u>
		<u>1,402,418</u>	<u>1,436,371</u>
		(Unaudited)	
		Quarter ended	Quarter ended
		September 30,	September 30,
		2010	2009
		----- (Rupees in '000) -----	
3.1 Additions to fixed assets (including transfers from CWIP) during the period mainly include:			
Office machines and appliances		207	92
Furniture and fixtures		181	28
Workshop machinery and equipment		7	1
Computer equipment		<u>207</u>	<u>276</u>
		<u>602</u>	<u>397</u>
4. LONG-TERM LOANS AND ADVANCES - RELATED PARTIES (SUBSIDIARIES)			
This amount represents advances given to three subsidiaries namely; Quetta Shipping (Private) Limited, Lahore Shipping (Private) Limited and Karachi Shipping (Private) Limited against future issue of share capital.			
	Note	(Unaudited) September 30, 2010	(Audited) June 30, 2010
		----- (Rupees in '000) -----	
5. TRADE DEBTS			
- considered good		117,427	193,195
- considered doubtful		<u>17,596</u>	<u>17,596</u>
		<u>135,023</u>	<u>210,791</u>
Less: provision for impairment	5.1	<u>17,596</u>	<u>17,596</u>
		<u>117,427</u>	<u>193,195</u>
5.1 Provision for impairment			
Balance at the beginning of the period		17,596	17,738
Provision made during the period		-	-
Amounts reversed		-	(142)
Balance at the end of the period		<u>17,596</u>	<u>17,596</u>
The ageing analysis of trade debts is as follows:			
Upto 1 month		20,732	122,070
1 month to 6 months		57,589	56,449
More than 6 months		<u>56,702</u>	<u>32,272</u>
		<u>135,023</u>	<u>210,791</u>



As at September 30, 2010, trade receivables of Rs 17.596 million (June 30, 2010 Rs 17.596 million) were impaired and provided for. These receivables were outstanding for more than three years.

	Note	(Unaudited) September 30, 2010	(Audited) June 30, 2010
------(Rupees in '000)-----			
6. OTHER RECEIVABLES			
Rent receivable:			
- considered good		9,484	4,161
- considered doubtful		4,359	4,359
		13,843	8,520
Less: provision for doubtful rent receivable	6.1	4,359	4,359
		9,484	4,161
Current account balances with a subsidiary company - considered good	6.2	47,085	-
Others:			
- considered good		50,504	18,154
- considered doubtful		8,851	8,851
		59,355	27,005
Less: provision for doubtful receivables - others	6.3	8,851	8,851
		50,504	18,154
		107,073	22,315
6.1 Provision for impairment of rent receivables			
Balance at the beginning of the period		4,359	7,306
Provision made during the period		-	33
Amounts adjusted		-	(2,980)
Balance at the end of the period		4,359	4,359

The ageing analysis of rent receivables is as follows:

Upto 1 month	4,282	1,085
1 to 6 months	4,292	1,136
More than 6 months	5,269	6,299
	13,843	8,520

As at September 30, 2010, rent receivables of Rs 4.359 million (June 30, 2010: Rs 4.359 million) were impaired and provided for. These receivables were outstanding for more than three years

6.2 This amount represents current account balance with Sargodha Shipping (Private) Limited.



6.3 Provision for impairment of other receivables

	Note	(Unaudited) September 30, 2010	(Audited) June 30, 2010
----- (Rupees in '000) -----			
Balance at the beginning of the period		8,851	461
Provision made during the period		-	8,390
Amounts adjusted / written off		-	-
Balance at the end of the period		<u>8,851</u>	<u>8,851</u>

7. **TRADE AND OTHER PAYABLES**

Creditors		29,078	21,816
Current account balances with subsidiary companies		9,227,342	10,354,326
Agents' and owners' balances		85,323	114,232
Accrued liabilities		157,726	213,303
Deposits	7.1	24,053	23,257
Workers' Profits Participation Fund		10,816	50,194
Unclaimed dividends		22,239	22,380
Other liabilities			
- freight		15,452	15,301
- amounts retained from contractors		32,639	28,022
- others		53,485	61,898
		<u>101,576</u>	<u>105,221</u>
		<u>9,658,153</u>	<u>10,904,729</u>

7.1 These deposits are interest free and are repayable on demand or on completion of specific contracts.

8. **CONTINGENCIES AND COMMITMENTS**

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, 2010.



	Note	Quarter ended September 30, 2010	Quarter ended September 30, 2009
------(Rupees in '000)-----			
9. CASH GENERATED FROM OPERATIONS			
Profit before taxation		98,404	419,487
Adjustments for non-cash charges and other items:			
Depreciation		9,490	9,703
Provision for employees' gratuity		2,273	20,734
Provision for employees' compensated absences		12,634	11,399
Provision for post retirement medical benefits		5,983	7,293
Interest / mark-up income		(46,518)	(205,243)
(Gain) / loss on revaluation of investments		(1,454)	(9,991)
Working capital changes	9.1	(1,270,923)	2,668,275
		<u>(1,190,111)</u>	<u>2,921,655</u>
9.1 WORKING CAPITAL CHANGES			
(Increase) / decrease in current assets:			
Stores and spares		(1,851)	(3,171)
Trade debts		75,768	35,414
Agents' and owners' balances		(344)	(4,486)
Loans and advances		(51,153)	9,374
Deposits and prepayments		(9,920)	(15,795)
Other receivables (net)		(84,758)	4,776
Incomplete voyages		24,019	22,259
Insurance claims		519	2,349
Short-term investments		-	2,800,000
		(47,720)	2,850,720
Increase in current liabilities:			
Trade and other payables		(1,245,795)	(182,445)
Incomplete voyages		22,592	-
		<u>(1,270,923)</u>	<u>2,668,275</u>
10. CASH AND CASH EQUIVALENTS			
Short-term investments		700,000	3,104,461
Cash and bank balances		639,389	3,280,197
		<u>1,339,389</u>	<u>6,384,658</u>



11. 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, expenses charged to subsidiary companies on actual cost basis etc. Service fee charges on account of rendering of technical, commercial, administrative and financial services is charged to subsidiary companies and related parties on the basis of mutually agreed terms. 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:

	Relationship with the Corporation	Quarter ended September 30, 2010	Quarter ended September 30, 2009
————(Rupees in '000)————			
Service fee charged to subsidiary companies	Subsidiary	73,531	47,747
Rental expense of Pakistan Co-operative Ship Stores (Private) Limited	Subsidiary	122	83
Delivery of stores and spares to subsidiary companies	Subsidiary	5,111	3,383
Retirement benefits costs charged to subsidiary companies	Subsidiary	872	1,678
Contribution to provident fund		2,406	2,223
Directors' fee	Associate	90	260
Key management personnel compensation		7,046	4,192
Premium paid on account of medical health insurance to Allianz EFU Health Insurance Limited	Associate	-	4,461
Investment during the period in Term Deposit Receipts (TDRs) - JS Bank Limited	Associate	-	300,000
Interest income on TDRs - JS Bank Limited	Associate	-	20,083

11.1 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 account with each of the subsidiary.

12. CORRESPONDING FIGURES

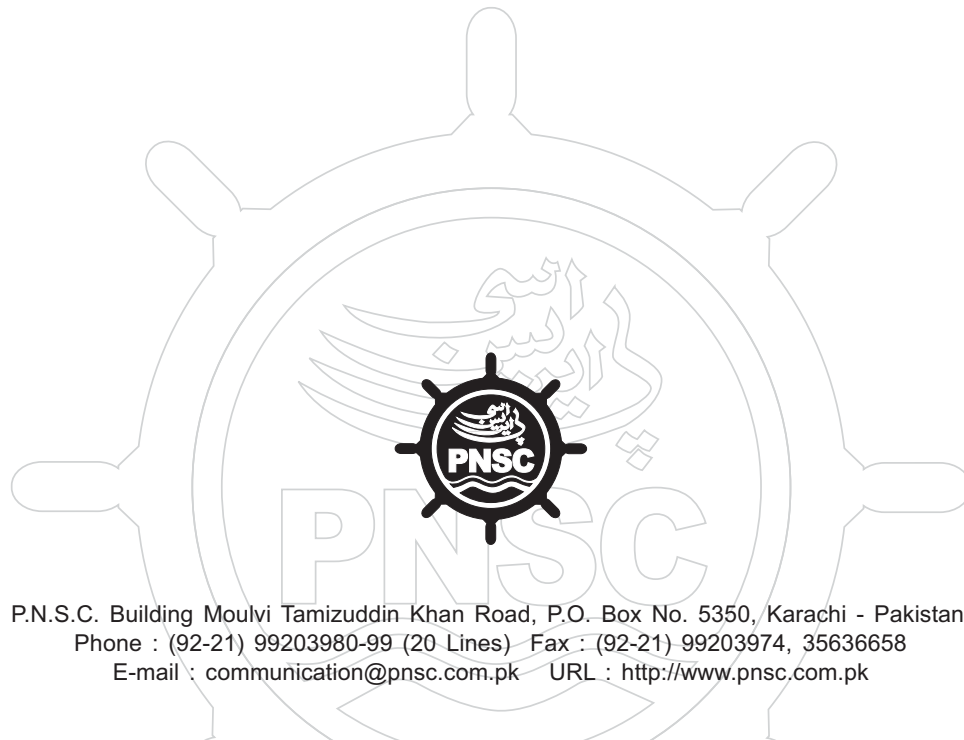
Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison.

13. DATE OF AUTHORISATION

These financial statements were authorised for issue on October 22, 2010 by the Board of Directors of the Corporation.

Brig. (R) Rashid Siddiqi
Chairman

Khowaja Obaid Imran Ilyas
Director



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