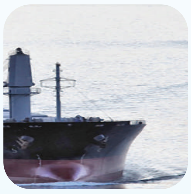
Half Yearly Report
December 31, 2011



Pakistan National Shipping Corporation

CORPORATION INFORMATION

BOARD OF DIRECTORS	Vice Admiral (R) Saleem Ahmed Meenai HI (M) Chairman	
	Mr. Seerat Asghar Jaura Member	
	Capt. S. Akhlaq Hussain Abidi Member	
	Mr. Khawaja Obaid Imyan Ilyas Member	
	Capt. Anwar Shah Member	
	Vice Admiral (R) Muhammad Asad Qureshi, HI (M) Member	
	Capt. S. Kamal A. Mahmoodi Member	
AUDIT COMMITTEE OF THE BOARD	Mr. Khawaja Obaid Imyan Ilyas	Chairman
	Capt. S. Akhlaq Hussain Abidi	Member
	Vice Admiral (R) Muhammad Asad Qureshi, HI (M)	Member
CHIEF FINANCIAL OFFICER	Mr. Imtiaz C. Agboatwala	
SECRETARY	Ms. Zainab Suleman	
CHIEF INTERNAL AUDITOR	Mr. Muhammad Reyaz	
HEAD OFFICE	PNSC Building, Maulvi Tamizuddin Khan Road Karachi-74000	
REGIONAL OFFICE	Gulberg Heights, Lower ground floor, Near sherpao bridge Gulberg, Lahore, Pakistan	
AUDITORS	A.F. Ferguson & Co., Chartered Accountants Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants	
SHARES REGISTRAR	M/S Technology Trade (PVT.) LTD Dagia House 241-C, Block -2, P.E.C.H.S Off: Shahrah-E-Quaideen, Karachi.	
BANKERS	Bank Al-Falah Limited Barclays Bank Pakistan PLC Faysal Bank Limited Habib Bank Limited JS Bank Limited National Bank of Pakistan Silk Bank Standard Chartered Bank United National Bank, London National Bank of Pakistan, Tokyo National Bank of Pakistan, Hong Kong Bank Alfalah, Bahrain	

PAKSITAN NATIONAL SHIPPING CORPORATION
DIRECTORS' REPORT
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2011

The Directors of Pakistan National Shipping Corporation (PNSC) are pleased to present the accounts of PNSC Group for the six months period ended December 31, 2011. In accordance with the statutory requirements, the external auditors have carried out a limited review of financial statements of PNSC.

OVERVIEW

The consolidated revenues of the Group for the quarter ended December 31, 2011 were Rs 2,063 m (including Rs 443 m from PNSC), making a total of Rs 4,406m (including Rs 1,079 m from PNSC) for the half-year under review as against Rs 4,221 m for the half-year ended December 31, 2010. Profit after tax for the half year ended 31 December 2011 was Rs 57 m as against Rs 522 m last year resulting in earnings per share for the Group at Rs 0.43 against Rs 3.95 in the last period. Despite PNSC's better operational performance in earning through shipping and enhancement in revenues by 4%, the results are widely different when compared to results of corresponding 6 months of last financial year. This can be attributed to Pak Rupee loosing almost Rs 4 against a US$ due to which PNSC had to bear financial cost to the tune of Pak Rs 600 million. This burden coupled with lesser earnings from rental income from vacant PNSC Building resulted in lower after tax profit.

FUTURE PROSPECTS

The shipping industry forecasters continue to warn of down trend on the freight rates. In February 2012 they reported Baltic Dry Index (BDI) slide down to 640 points, a record low after 26 years. This came as a shock to not only the ship owners across the world but the financiers, and shipbuilding yards. Though a slight improvement in BDI from 640 to 715 is visible today but the downward trend is only likely to improve once the over tonnage is trimmed down. Good sign is that the ship's demolition activity has started and many shipping companies are getting rid of their overage vessels to mitigate their losses on such ships due to lack of cargo and general decline in the international trade volume as a result of continuation of economic recession. This is likely to improve the ratio between world ships tonnage and international trade cargo. Ship owners however are anxious to see the light at the end of the tunnel sooner than later.

Vice Admiral (R) Saleem Ahmed Meenai
Chairman and Chief Executive

Karachi February 21, 2012

A. F. FERGUSON & CO.	ERNST & YOUNG FORD RHODES SIDAT HYDER
CHARTERED ACCOUNTANTS	CHARTERED ACCOUNTANTS
STATE LIFE BUILDING 1-C	PROGRESSIVE PLAZA
I.I. CHUNDRIGAR ROAD	BEAUMONT ROAD
KARACHI	KARACHI

Introduction

We have reviewed the accompanying condensed interim balance sheet of Pakistan National Shipping Corporation as at December 31, 2011 and the related condensed interim profit and loss account, condensed interim statement of changes in equity and condensed interim cash flow statement together with the notes forming part thereof for the six months period then ended (here-in-after referred to as the 'condensed interim financial information'). Management is responsible for the preparation and presentation of these condensed interim financial information in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial information based on our review. The figures included in the condensed interim profit and loss account for the quarters ended December 31, 2011 and 2010 have not been reviewed as we are required to review only the cumulative figures for the six months period ended December 31, 2011.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the six months period ended December 31, 2011 is not prepared, in all material respects, in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting.

A. F. Ferguson & Co.	Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants	Chartered Accountants
Karachi: February 21, 2012	Karachi: February 21, 2012
Engagement partner: Saad Kaliya	Engagement partner: Pervez Muslim

PAKISTAN NATIONAL SHIPPING CORPORATION
CONDENSED INTERIM BALANCE SHEET
AS AT DECEMBER 31, 2011

	Note	(Unaudited) December 31, 2011	(Audited) June 30, 2011
		----------(Rupees in '000)----------	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	3	1,373,126	1,408,252
Investment properties		997,629	996,638
Long-term investments in:			
- Related parties (subsidiaries and an associate)		19,197,791	19.197.791
- Listed companies and an other entity		23,930	26,883
		19,221,721	19,224,674
Long-term loans and advances			
- Related parties (subsidiaries)		4,655,158	4,655,158
- Others		129	214
		4,655,287	4,655,372
Deferred tax		33,374	18,890
		26,281,137	26,303,826
CURRENT ASSETS			
Stores and spares		18,325	20,499
Trade debts	4	612,327	272,125
Agents' and owners' balances		2,483	6,443
Loans and advances		49,157	62,384
Deposits and short-term prepayments	5	33,017	27,550
Interest / mark-up accrued		4,302	2,505
Other receivables	6	327,381	328,364
Incomplete voyages		1,291	18,532
Insurance claims		178	30
Taxation - Net		27,862	-
Short-term investments	7	769,700	471,900
Cash and bank balances		1,546,151	2,098,976
		3,392,174	3,309,308
TOTAL ASSETS		29,673,311	29,613,134
EQUITY AND LIABILITIES			
Share capital			
Authorised (200,000,000 Ordinary shares of 10 each)		2,000,000	2,000,000
Issued, subscribed and paid-up capital		1,320,634	1,320,634
Reserves		5,467,548	5,565,343
		6,788,182	6,885,977
SURPLUS ON REVALUATION OF FIXED ASSETS - NET OF TAX		656,576	662,817
NON-CURRENT LIABILITIES			
Long term financing	8	6,406,816	6,941,694
Deferred liabilities		376,242	320,395
		6,783,058	7,262,089
CURRENT LIABILITIES			
Trade and other payables	9	14,277,012	13,531,891
Provision against damage claims		25,091	28,327
Current maturity of long-term financing	10	1,079,763	1,079,763
Accrued markup on long-term financing		113,629	134,898
Taxation - net		-	27,372
		15,445,495	14,802,251
TOTAL EQUITY AND LIABILITES		29,673,311	29,613,134
CONTINGENCIES AND COMMITMENTS	11		

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

Vice Admiral (R) Saleem Ahmed Meenai, HI (M)
Chairman & Chief Executive

Capt. S. Akhlaq Hussain Abidi
Director

PAKISTAN NATIONAL SHIPPING CORPORATION
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE QUARTER AND SIX MONTHS PERIOD ENDED DECEMBER 31, 2011 (UNAUDITED)

	Note	Quarter ended December 31, 2011	Quarter ended December 31, 2010	Six months period ended December 31, 2011	Six months period ended December 31, 2010
		-------------------------(Rupees in '000)------------------------			
REVENUES					
Chartering revenues		584,084	418,167	1,037,755	713,446
Services fee		58,887	64,472	133,039	138,004
Rental income		17,412	24,466	41,398	48,514
Dividend income from subsidiaries		235,469	205,788	235,469	205,788
		895,852	712,893	1,447,661	1,105,752
EXPENDITURES					
Fleet expenses - direct		(309,798)	(229,473)	(544,296)	(404,150)
- indirect		(2,876)	(4,485)	(6,247)	(7,327)
Vessel managment expenses		(106,430)	(114,208)	(226,877)	(234,583)
Real estate expenses		(30,657)	(26,757)	(51,917)	(41,913)
		(449,761)	(374,923)	(829,337)	(687,973)
GROSS PROFIT		446,091	337,970	618,324	417,779
Administrative and general expenses		(27,270)	(20,891)	(45,487)	(34,799)
Other operating expenses		(74,75 7)	(129,125)	(134,643)	(220,804)
Finance costs		(409,247)	(126,354)	(526,574)	(65,073)
		(511,274)	(276,370)	(706,704)	(320,676)
Other operating income		80,951	96,416	154,588	159,318
PROFIT BEFORE TAXATION		15,768	158,016	66,208	256,421
Taxation		(16,980)	50,205	(39,777)	18,066
(LOSS) / PROFIT AFTER TAXATION		(1,212)	208,221	26,431	238,355
Other comprehensive income		-	-	-	-
TOTAL COMPREHENSIVE (LOSS) / INCOME		(1,212)	208,221	26,431	238,355
(LOSS) / EARNINGS PER SHARE - basic and diluted		(0.01)	1.58	0.20	1.80

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

Vice Admiral (R) Saleem Ahmed Meenai, HI (M)
Chairman & Chief Executive

Capt. S. Akhlaq Hussain Abidi
Director

PAKISTAN NATIONAL SHIPPING CORPORATION
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2011 (UNAUDITED)

	Issued, subscribed and paid-up share capital	Capital Reserve	Revenue Reserve- Unappropriated profit	Total
	-----------------------(Rupees in '000)-----------------------			
Balance as at July 1, 2010	1,320,634	126,843	5,014,138	6,461,615
Final cash dividend for the year ended June 30, 2010 (Rs 1.50 per ordinary share of Rs. 10 each)	-	-	(198,095)	(198,095)
Total comprehensive income for the six months period ended December 31, 2010	-	-	238,355	238,355
Surplus on revaluation of property, plant and equipment realised through incremental depreciation charged on related assets during the period recognised directly in equity - net of tax	-	-	11,314	11,314
Balance as at December 31, 2010	1,320,634	126,843	5,065,712	6,513,189
Balance as at July 1, 2011	1,320,634	126,843	5,438,500	6,885,977
Final cash dividend for the year ended June 30, 2011 (Rs 1 per ordinary share of Rs. 10 each)	-	-	(132,063)	(132,063)
Total comprehensive income for the six months period ended December 31, 2011	-	-	26,431	26,431
Surplus on revaluation of property, plant and equipment realised through incremental depreciation charged on related assets during the period recognised directly in equity - net of tax	-	-	7,837	7,837
Balance as at December 31, 2011	1,320,634	126,843	5,340,705	6,788,182

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

Vice Admiral (R) Saleem Ahmed Meenai, HI (M)
Chairman & Chief Executive

Capt. S. Akhlaq Hussain Abidi
Director

PAKISTAN NATIONAL SHIPPING CORPORATION
CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2011 (UNAUDITED)

	Note	Six months period ended December 31, 2011	Six months period ended December 31, 2010
		----------(Rupees in '000)----------	
Cash flows from operating activities			
Cash generated from operations	11	581,270	1,896,530
Employees' gratuity paid		(20,217)	(41,891)
Employees' compensated absences paid		(27,847)	(26,980)
Post retirement medical benefits paid		(5,684)	(5,289)
Long-term loans and advances		85	116
Finance costs paid		(624,482)	(34,239)
Receipts under cross currency interest rate swap		305,841	-
Arrangement fee paid		-	(106,662)
Taxes paid		(107,899)	(118,408)
Net cash generated from operating activities		101,067	1,563,177
Cash flows from investing activities			
Fixed capital expenditure		(19,368)	(35,337)
Proceeds from disposal of property, plant and equipment		7,529	40,659
Additions in investment properties		(991)	-
Long-term loans and advances - related parties		-	(5,972,888)
Purchase of short-term investments		(100,000)	-
Interest / mark-up received		95,133	89,271
Dividends received		229,498	364
Net cash generated from / (used in) investing activities		211,801	(5,877,931)
Cash flows from financing activities			
Long-term financing (paid) / obtained		(539,881)	4,644,500
Dividends paid		(128,012)	(195,221)
Net cash (used in) / generated from financing activities		(667,893)	4,449,279
Net (decrease) / increase in cash and cash equivalents		(355,025)	134,525
Cash and cash equivalents at the beginning of the period		2,570,876	2,515,185
Cash and cash equivalents at the end of the period	12	2,215,851	2,649,710

The annexed notes 1 to 15 form an integral part of these condensed interim financial statements.

Vice Admiral (R) Saleem Ahmed Meenai, HI (M)
Chairman & Chief Executive

Capt. S. Akhlaq Hussain Abidi
Director

PAKISTAN NATIONAL SHIPPING CORPORATION
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2011 (UNAUDITED)

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 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) in the year 2002. However, 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 of the Corporation for the six months period ended December 31, 2011 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 condensed interim financial statements comprise of the condensed interim balance sheet as at December 31, 2011 and the condensed interim profit and loss account, condensed interim statement of changes in equity and the condensed interim cash flow statement for the six months period ended December 31, 2011 which have been subjected to a review in accordance with the listing regulations but not audited. These condensed interim financial statements also include the condensed interim profit and loss account for the quarter ended December 31, 2011 which is not subjected to review.

The comparative balance sheet, presented in these condensed interim financial statements, as at June 30, 2011 has been extracted from the audited financial statements of the Corporation for the year ended June 30, 2011 whereas the comparative condensed interim profit and loss account, condensed interim statement of changes in equity and condensed interim cash flow statement are for the six months period ended December 31, 2010 which were subject to review but not audited.

2.1.1 Standards, amendments and interpretations effective for the period beginning from July 1, 2011:

There are certain new standards, amendments and International Financial Reporting Interpretations Committee (IFRIC) interpretations that became effective during the period and are mandatory for accounting periods beginning on or after July 1, 2011 but are considered not to be relevant or have any significant effect on the Corporation's operations and are, therefore, not disclosed in this condensed interim financial statements.

2.1.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective:

IAS 19, 'Employee benefits' (effective for periods beginning on or after January 1, 2013). The impact on the Corporation will be as follows: to eliminate the corridor approach and recognise all actuarial gains and losses in other comprehensive income as they occur; to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability / (asset). The Corporation is yet to asses the full impact of the amendments.

Certain other standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on or after July 1, 2012 but are considered not to be relevant or have any significant effect on the Corporation's operations and are therefore not detailed in this condensed interim financial statements.

2.2 Accounting policies

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements for the year ended June 30, 2011.

2.3 On August 14, 2009, the Government of Pakistan (GoP) launched Benazir Employees' Stock Option Scheme (the "Schemes") for employees of certain State Owned Enterprises (SOEs) and non-State Owned Enterprises where GoP holds significant investments (non-SOEs). The scheme is applicable to permanent and contractual employees who were in employment of these entities on the date of launch of the Scheme, subject to completion of five years vesting period by all contractual employees and by permanent employees in certain instances.

The Scheme provides for a cash payment to employees on retirement or termination based on the price of shares of respective entities. To administer this scheme, GoP shall transfer 12% of its investment in such SOEs and non-SOEs to a trust fund to be created for the purpose of such entities. The eligible employees would be allotted units by each Trust Fund in proportion to their respective length of service and on retirement or termination of such employees would be entitled to receive such amounts from Trust Funds in exchange for the surrendered units as would be determined based on market price of listed entities or breakup value of non-listed entities. The shares related to the surrendered units would be transferred back to GoP.

The scheme also provides that 50% of dividend related to shares transferred to the respective Trust Fund would be distributed amongst the unit-holder employees. The balance 50% dividend would be transferred by the respective Trust Fund to the Central Revolving Fund managed by the Privatisation Commission of Pakistan for payment to employees against surrendered units. The deficits, if any, in Trust Funds to meet the re-purchase commitment would be met by GoP.

The Scheme, developed in compliance with the stated GoP policy of the empowerment of employees of State Owned Enterprises need to be accounted for by the covered entities, including the Corporation, under the provisions of amended International Financial Reporting Standard-2 'Share Based Payments' (IFRS 2). However, keeping in view the difficulties that may be faced by the entities covered under the Scheme, the Securities & Exchange Commission of Pakistan on receiving the representation from some of the entities covered under the Scheme and after having consulted the Institute of Chartered Accountants of Pakistan, has granted exemption vide SRO 587(I)/2011 dated June 7, 2011 to such entities from application of IFRS 2 to the Scheme.

Had the exemption not been granted, the impact for the six months period ended December 31, 2011 and 2010 would have been as follows:

	(Unaudited)	
	Six months period ended December 31, 2011	Six months period ended December 31, 2010
	----------(Rupees in '000)-----------	
Staff costs of the Corporation for the period would havebeen higher by	64,787	81,294
Profit after taxation would have been lower by	64,787	81,294
Earnings per share would have been lower by	0.49	0.62
Retained earnings would have been lower by:	64,787	81,294
Reserves would have been higher by:	64,787	81,294

		Note	(Unaudited) December 31, 2011	(Audited) June 30, 2011
			----------(Rupees in '000)-----------	
3.	PROPERTY, PLANT AND EQUIPMENT			
	- Operating fixed assets	3.1 and 3.2	1,106,922	1,150,549
	- Capital work-in-progress	3.3	266,204	257,703
			1,373,126	1,408,252

		------------(Unaudited)-----------	
		Six months period ended December 31, 2011	Six months period ended December 31, 2010
		----------(Rupees in '000)-----------	
3.1	Additions to fixed assets (including transfers from CWIP) during the period mainly include:		
	Buildings on leasehold land	6,534	274,241
	Vehicles	2,217	-
	Office machines and appliances	625	522
	Furniture and fixtures	90	19,284
	Equipment on board	952	-
	Workshop machinery and equipment	113	179
	Computer equipment	336	3,171
		10,867	297,397
3.2	Details of assets written off / disposed off during the period:		
	Net book value of assets written off	-	40,490
	Net book value of assets disposed off	3,344	447

3.3 During the period, additions to capital work-in-progress mainly include expenditure incurred for renovation / refurbishment of PNSC building, aggregating to Rs 8.653 million (2010: Rs 34.027 million).

		Note	(Unaudited) December 31, 2011	(Audited) June 30, 2011
			----------(Rupees in '000)-----------	
4.	TRADE DEBTS			
	- considered good	4.1	612,327	272,125
	- considered doubtful		17,625	17,625
			629,952	289,750
	Provision for impairment	4.2	(17,625)	(17,625)
			612,327	272,125
4.1	The ageing analysis of unimpaired trade debts is as follows:			
	Upto 1 month		143,779	172,099
	1 month to 6 months		345,837	45,141
	More than 6 months		122,711	54,885
			612,327	272,125
4.2	Provision for impairment			
	Balance at the beginning of the period		17,625	17,596
	Amounts provided for during the period		-	29
			17,625	17,625

As at December 31, 2011, trade debts of Rs 17,625 million (June 30, 2011: Rs 17.625 million) were impaired and provided for. These balances are outstanding for more than three years.

	Note	(Unaudited) December 31, 2011	(Audited) June 30, 2011
		----------(Rupees in '000)-----------	
5. DEPOSITS AND SHORT-TERM PREPAYMENTS			
Deposits			
Trade:			
- considered good		2,525	2,375
- considered doubtful		184	184
		2,709	2,559
Provision for impairment - trade		(184)	(184)
		2,525	2,375
Others:			
- considered good		5,003	4,252
- considered doubtful		185	185
		5,188	4,437
Provision for impairment - others		(185)	(185)
		5,003	4,252
Prepayments		18,502	18,502
Prepaid transaction cost	8.1	6,987	2,421
Other prepayments		25,489	20,923
		33,017	27,550
6. OTHER RECEIVABLES			
Rent receivable:			
- considered good	6.1	5,615	6,184
- considered doubtful		4,600	4,600
		10,215	10,784
Provision for impairment of rent receivable	6.2	(4,600)	(4,600)
		5,615	6.184
Derivative cross currency interest rate swap	9.2	-	87,960
Current account with a subsidiary company		82,862	-
Others:			
- considered good		238,904	234,220
- considered doubtful		12,659	12,659
	6.3	251,563	246,879
Provision for impairment of other receivables	6.4	(12,659)	(12,659)
		238,904	234,220
		327,381	328,364

6.1 The ageing analysis of rent receivables is as follows:

	2011 (Dec 31)	2011 (Jun 30)
Upto 1 month	1,826	3,407
1 to 6 months	2,770	2,277
More than 6 months	1,019	500
	5,615	6,184

		(Unaudited) December 31, 2011	(Audited) June 30, 2011
6.2	Provision for impairment of rent receivables	----------(Rupees in '000)-----------	
	Balance at the beginning of the period	4,600	4,359
	Provision made during the period	-	241
		4,600	4,600

As at December 31, 2011, rent receivables of Rs 4.600 million (June 30, 2011: Rs 4.600 million) were impaired and provided for. These receivables were outstanding for more than three years.

6.3 This includes dividend receivable from subsidiaries, receivable from sundry debtors, General Sales Tax refund claims, amounting to Rs 235.469 million (June 30, 2011: Rs 229.352 million) Rs 1.181 million (June 30, 2011: 4.455 million) and Rs 13.146 (June 30, 2011: Rs 12.197 million) respectively.

		(Unaudited) December 31, 2011	(Audited) June 30, 2011
6.4	Provision for impairment of “others”	----------(Rupees in '000)-----------	
	Balance at the beginning of the period	12,659	8,851
	Provision made during the period	-	3,808
		12,659	12,659
7.	SHORT TERM INVESTMENTS		
	Term deposits with banks, having maturity of		
	- three to six months	100,000	-
	- three months or less	669,700	471,900
		769,700	471,900

7.1 The mark-up on term deposits ranges between 11.8% and 12.2% (June 30, 2011 9% to 13.8%) per annum.

		Note	(Unaudited) December 31, 2011	(Audited) June 30, 2011
8.	LONG TERM FINANCING		----------(Rupees in '000)-----------	
	Financing under syndicate term finance agreement	8.1	6,541,671	7,009,040
	Current maturity shown under current liabilities		(943,482)	(943,482)
			5,598,189	6,065,558
	Term Finance Certificates	8.1	944,908	1,012,417
	Current maturity shown under current liabilities		(136,281)	(136,281)
			808,627	876,136
			6,406,816	6,941,694

8.1 The Corporation obtained a financing facility of Rs 10,300 million (June 30, 2011: Rs 10,300 million). The financing was obtained in the form of a Syndicated term finance loan of Rs 9,000 million and the remaining amount of Rs 1,300 million will be obtained by issuing redeemable capital in the form of Term Finance Certificates (TFCs), with a face value of Rs 5,000 each by way of private placement.

The financing carries mark-up of KIBOR+2.20%. The loan along with the mark-up is repayable on quarterly basis and the last repayment date is November 23, 2018. The facility is secured by a first mortgage charge over certain vessels owned by its subsidiary companies, all present and future receivables of the Corporation from three major customers and its investment properties.

As at December 31, 2011, the Corporation has drawn Rs 7,438.806 million (June 30, 2011: Rs 7,438.806) and Rs 1,074.494 million (June 30, 2011: Rs 1,074.494 million) from syndicated term finance and TFCs' respectively. The Corporation has also paid loan arrangement fee, amounting to Rs 106.662 million, out of which Rs 88.160 million (June 30, 2011: Rs 88.160 million) was included in the amortised cost of the long term financing whereas the unamortised portion, amounting to Rs 18.502 million (June 30, 2011: Rs 18.502 million), has been included in deposits and short-term prepayments (note 5).

9. TRADE AND OTHER PAYABLES

	Note	(Unaudited) December 31, 2011	(Audited) June 30, 2011
		----------(Rupees in '000)-----------	
Creditors		52,569	115,012
Current account balances with subsidiary companies		13,507,705	12,874,760
Agents' and owners' balances		149,499	148,878
Accrued liabilities		67,157	95,543
Deposits	9.1	30,305	30,907
Derivative instruments			
- cross currency interest rate swap	9.2	176,510	-
- interest rate swap	9.3	(17,068)	-
		159,442	-
Workers' Profits Participation Fund		-	11,503
Unclaimed dividends		29,083	25,032
Advance from customers		137,713	136,813
Other liabilities			
- amounts retained from contractors		22,735	25,740
- others		70,804	67,703
		93,539	93,443
		14,227,012	13,531,891

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

2011

9.2 The Corporation has entered into a derivative cross currency interest rate swap of Rs 8,513.300 million in respect of its borrowing (note 8). Under the terms of the cross currency swap arrangement, the Corporation is required to pay LIBOR plus 3.75% to the arranging bank on the borrowing denominated in USD (USD notional) for the purpose of cross currency swap, and receive KIBOR plus 2.20% from the arranging bank. Further, the Corporation shall pay / receive any exchange loss / gain on the USD notional outstanding at each quarter end. The net fair value of this cross currency interest rate swap as determined by the bank was Rs 34.141 million (unfavourable) to the Corporation as of the balance sheet date. Moreover, the net amount payable in relation to the net exchange loss payable and interest receivable amounts to Rs 142.369 million.

9.3 The Corporation has entered into an interest rate swap of Rs 600 million on part of its borrowing (note 8). Under the arrangement, the Corporation has fixed its floating KIBOR receivable under the cross currency interest rate swap (note 9.2) at 13%. The net fair value of this interest rate swap, as determined by the bank, was Rs 17.068 million (favourable) to the Corporation as of the balance sheet date.

10. CONTINGENCIES AND COMMITMENTS

Contingencies

10.1 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, 2011, except for the contingent liability in respect of claims not acknowledged as debts by the Corporation, which as at December 31, 2011 aggregated to Rs 243.809 million (June 30, 2011: Rs 152.815 million). These claims mainly relate to deficiencies in shipping documentation, delay in delivery of cargo and damages to cargo. These include Rs 6.234 million (June 30, 2011: Rs 6.695 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, a sum of Rs 181.522 million (June 30, 2011: Rs 68.062 million) approximately would be recoverable from the P&I Club, Steamship Mutual Underwriting Association (Bermuda) Limited, in the event these claims are accepted by the Corporation. As a matter of prudence, the management has made a total provision of Rs 25.091 million (June 30, 2011: Rs 28.327 million) against the aforementioned claims in these condensed interim financial statements.

10.2 Certain other claims have been filed against the Corporation in respect of employees' matters for an aggregate amount of approximately Rs 102.987 million (June 30, 2011: Rs 102.987 million). These cases are pending and the management is confident that the outcome of these cases will be in the Corporation's favour and accordingly no provision for the above claims has been made in these condensed interim financial statements.

		(Unaudited) December 31, 2011	(Audited) June 30, 2011
		----------(Rupees in '000)-----------	
	Commitments		
10.3	Outstanding letters of guarantee	2,126	2,126
10.4	Commitments for capital expenditure	160,791	165,029

		Note	Six months period ended December 31, 2011	Six months period ended December 31, 2010
			-----------(Unaudited)-----------	
			----------(Rupees in '000)-----------	
11.	CASH GENERATED FROM OPERATIONS			
	Profit before taxation		66,208	256,421
	Adjustments for non-cash charges and other items:			
	Depreciation		51,150	39,547
	Profit on disposal of property, plant and equipment		(4,185)	(2,260)
	Loss on fixed assets written off		-	2,538
	Provision for employees' gratuity		54,870	9,571
	Provision for employees' compensated absences		29,898	48,280
	Provision for post retirement medical benefits		20,859	11,966
	Liabilities no longer required written back		(12,074)	(45)
	Dividend income		(235,615)	(206,568)
	Provision for doubtful balances / receivables		-	4,065
	Interest / mark-up income		(96,930)	(90,726)
	Interest / mark-up expense		608,216	95,960
	(Gain) / Loss on cross currency interest rate swap		(41,371)	95,843
	Gain on interest rate swap		(17,068)	-
	Loss / (Gain) on revaluation of investments		2,953	(4,030)
	Gain on revaluation of investment property		-	(25,713)
	Provision reversed against claims for damages		(3,236)	(9,092)
	Working capital changes	11.1	157,595	1,670,773
			581,270	1,896,530
11.1	WORKING CAPITAL CHANGES			
	(Increase) / decrease in current assets:			
	Stores and spares		2,174	(1,133)
	Trade debts		(340,202)	(31,342)
	Agents' and owners' balances		3,960	(19,278)
	Loans and advances		13,227	(10,749)
	Deposits and prepayments		(5,467)	(8,429)
	Other receivables		(80,860)	(16,323)
	Incomplete voyages		17,241	19,612
	Insurance claims		(148)	572
			(390,075)	(67,070)
	Increase in current liabilities:			
	Trade and other payables		547,670	1,737,843
			157,595	1,670,773

	Note	------------(Unaudited)----------- December 31, 2011	December 31, 2010
		----------(Rupees in '000)-----------	
12. CASH AND CASH EQUIVALENTS			
Short-term investments	7	669,700	500,000
Cash and bank balances		1,546,151	2,149,710
		2,215,851	2,649,710

13. 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:

Name and particulars	Relationship with the Corporation	-----(Unaudited)----- Six months period ended December 31, 2011	Six months period ended December 31, 2010
		-----(Rupees in '000)------	
Service fee charged to subsidiary companies	Subsidiary	133,039	138,004
Rental expense of Pakistan Co-operative Ship Stores (Private) Limited	Subsidiary	268	244
Delivery of stores and spares to subsidiary companies	Subsidiary	8,274	9,256
Retirement benefits costs charged to subsidiaries	Subsidiary	3,968	2,447
Contribution to provident fund		4,824	6,056
Directors' fee		200	160
Key management personnel compensation		14,653	11,796
Advance against future issue of shares to Malakand Shipping (Private) Limited	Subsidiary	-	3,313,807
Advance against future issue of shares to Chitral Shipping (Private) Limited	Subsidiary	-	2,659,081
Dividend from Malakand Shipping (Private) Limited	Subsidiary	50,403	101,992
Dividend from Chitral Shipping (Private) Limited	Subsidiary	55,068	103,796
Dividend from Hyderabad Shipping (Private) Limited	Subsidiary	62,546	-
Dividend from Sibi Shipping (Private) Limited	Subsidiary	67,452	-
Investment in Karachi Shipping (Private) Limited	Subsidiary	-	3,266,458
Investment in Quetta Shipping (Private) Limited	Subsidiary	-	4,999,640
Investment in Lahore Shipping (Private) Limited	Subsidiary	-	3,399,640

13.1 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.

14. CORRESPONDING FIGURES

Following corresponding figures have been reclassified in the profit and loss statement for the purpose of better presentation.

From	To	Quarter ended December 31, 2010	Six months period ended December 31, 2010
		-----(Rupees in '000)------	
Other operating income	Dividend income from subsidiaries	205,788	205,788
Administrative and general expenses	Vessel management expenses	114,208	234,583
Administrative and general expenses	Real estate expenses	26,757	41,913
Other operating expenses	Finance costs	30,887	30,887

15. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on February 21, 2012 by the Board of Directors of the Corporation.

Vice Admiral (R) Saleem Ahmed Meenai, HI (M)
Chairman & Chief Executive

Capt. S. Akhlaq Hussain Abidi
Director

PAKISTAN NATIONAL

SHIPPING CORPORATION

&

ITS SUBSIDIARY COMPANIES

(PNSC GROUP)

CONDENSED INTERIM FINANCIAL

STATEMENTS FOR THE SIX MONTHS

PERIOD ENDED DECEMBER 31, 2011

PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES
CONDENSED INTERIM BALANCE SHEET AS AT DECEMBER 31, 2011

Assets	Note	(Unaudited) December 31, 2011	(Audited) June 30, 2011
		----------(Rupees in '000)----------	
NON-CURRENT ASSETS			
Property, plant and equipment	3	23,356,579	23,975,314
Investment properties		997,629	996,638
Long-term investments in Listed companies and an other entity		23,930	26,883
Long-term loans		129	214
Long-term deposits		90	90
Deferred tax		33,374	18,890
		24,411,731	25,018,029
CURRENT ASSETS			
Stores and spares		580,023	537,248
Trade debts	4	971,286	654,580
Agents' and owners' balances		2,483	6,443
Loans and advances		49,223	62,618
Deposits and short term prepayments		52,513	28,079
Interest / mark-up accrued		4,722	2,582
Other receivables	5	129,480	240,382
Incomplete voyages		27,751	92,992
Insurance claims		40,765	36,672
Taxation - net		52,485	28,158
Short-term investments		775,100	477,300
Cash and bank balances		1,548,001	2,100,797
		4,233,832	4,267,851
TOTAL ASSETS		28,645,563	29,285,880
EQUITY AND LIABILITIES			
Share Capital:			
Authorised (200,000,000 Ordinary shares of 10 each)		2,000,000	2,000,000
Share capital		1,320,634	1,320,634
Reserves		16,972,773	16,785,737
		18,293,407	18,106,371
NON-CONTROLLING INTEREST		1,689	1,560
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP		18,295,096	18,107,931
SURPLUS ON REVALUATION OF FIXED ASSETS - NET OF TAX			
- Group		967,043	1,227,292
- Non-controlling interest		1,287	1,287
		968,330	1,228,579
NON-CURRENT LIABILITIES			
Long-term Financing	6	6,406,816	6,941,693
Deferred liabilities		376,242	320,395
		6,783,058	7,262,088
CURRENT LIABILITIES AND PROVISIONS			
Trade and other payables	7	1,344,009	1,414,283
Provision against damage claims		25,092	28,327
Current maturity of long-term financing	6	1,079,763	1,079,763
Accrued mark-up on long term financing		113,628	134,898
Taxation - net		36,587	30,011
		2,599,079	2,687,282
TOTAL EQUITY AND LIABILITIES		28,645,563	29,285,880
CONTINGENCIES AND COMMITMENTS	8		

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

Vice Admiral (R) Saleem Ahmed Meenai, HI (M) Chairman & Chief Executive	Capt. S. Akhlaq Hussain Abidi Director

PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE QUARTER AND SIX MONTHS PERIOD ENDED DECEMBER 31, 2011

	Quarter ended December 31, 2011	Quarter ended December 31, 2010	Six months period ended December 31, 2011	Six months period ended December 31, 2010
	--------(Rupees in '000)--------			
REVENUES				
Income from shipping business	2,056,295	2,038,208	4,363,729	4,171,771
Rental income	17,660	24,556	41,827	48,773
	2,073,955	2,062,764	4,405,556	4,220,544
EXPENDITURES				
Fleet expenses - direct	1,589,841	1,687,669	3,374,269	3,293,881
- indirect	3,816	4,905	7,504	7,887
Real estate expenses	30,657	26,757	51,917	41,913
	1,624,314	1,719,331	3,433,690	3,343,681
GROSS PROFIT	449,641	343,433	971,866	876,863
Administrative and general expenses	144,003	137,314	286,496	274,054
Other operating expenses	111,695	162,252	172,661	193,696
Finance costs	409,995	95,924	527,794	96,926
	665,693	395,490	986,951	564,676
Other operating income	89,051	255,477	156,958	318,880
(LOSS) / PROFIT BEFORE TAXATION	(127,001)	203,420	141,873	631,067
Taxation	35,215	32,919	84,488	109,010
(LOSS) / PROFIT AFTER TAXATION	(162,216)	170,501	57,385	522,057
Other comprehensive income	-	-	-	-
TOTAL COMPREHENSIVE (LOSS) / INCOME	(162,216)	170,501	57,385	522,057
Attributable to:				
Equity holders of the Group	(162,238)	170,410	57,256	521,872
Non-controlling interest	22	91	129	185
	(162,216)	170,501	57,385	522,057
(LOSS) / EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP - BASIC & DILUTED	(1.23)	1.29	0.43	3.95

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

Vice Admiral (R) Saleem Ahmed Meenai, HI (M) Chairman & Chief Executive	Capt. S. Akhlaq Hussain Abidi Director

PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2011

	Issued, subscribed and paid-up share capital	Capital Reserve	Revenue reserve: General Reserve	Revenue reserve: Unappropriated profit	Minority interest	Total
	----------	----------	----------(Rupees in '000)	----------	----------	----------
Balance at July 1, 2010	1,320,634	131,344	129,307	15,188,777	2,235	16,772,297
Total comprehensive income for the six months period ended December 31, 2010	-	-	-	15,989	185	16,174
Surplus realised on disposal of vessel	-	-	-	569,340	-	569,340
Final cash dividend for the year ended June 30 (Rs 1.50. per ordinary share)	-	-	-	(198,095)	-	(198,095
Share issue costs incurred on rights issue	-	-	-	(88,178)	-	(88,178)
Surplus on revaluation of property, plant and equipment realised through incremental depreciation charged on related assets during the period recognised directly in equity -net of tax	-	-	-	47,268	-	47,268
Total income credited to equity				346,324	185	346,509
Balance as at December 31, 2010	1,320,634	131,344	129,307	15,535,101	2,420	17,118,806
Balance at July 1, 2011	1,320,634	131,344	129,307	16,525,086	1,560	18,107,931
Total comprehensive income for the six months period ended December 31, 2011	-	-	-	57,256	129	57,385
Surplus realised on disposal of vessels	-	-	-	209,444	-	209,444
Final cash dividend for the year ended June 30 (Rs 1 per ordinary share)	-	-	-	(132,063)	-	(132,063)
Surplus on revaluation of property, plant and equipment realised through incremental depreciation charged on related assets during the period recognised directly in equity - net of tax	-	-	-	52,399	-	52,399
Total income credited to equity				187,036	129	187,165
Balance as at December 31, 2011	1,320,634	131,344	129,307	16,712,122	1,689	18,295,096

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

Vice Admiral (R) Saleem Ahmed Meenai, HI (M)
Chairman & Chief Executive

Capt. S. Akhlaq Hussain Abidi
Director

PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES
CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2011

	Note	Six months period ended December 31, 2011	Six months period ended December 31, 2010
		----------(Rupees in '000)-----------	
Cash flows from operating activities			
Cash generated from operations	9	804,508	715,683
Employees' gratuity paid		(20,217)	(41,891)
Employees' compensated absences paid		(27,847)	(26,980)
Post retirement medical benefits paid		(5,684)	(5,289)
Long-term loans and advances		85	116
Finance costs paid		(625,703)	(32,236)
Receipts under cross currency interest rate swap		305,841	-
Arrangement fee paid		-	(106,662)
Taxes paid		(115,206)	(138,051)
Net cash generated from operating activities		315,777	364,690
Cash flows from investing activities			
Fixed capital expenditure		(227,321)	(6,161,469)
Proceeds from disposal of property, plant and equipment		230,496	1,480,998
Additions in investment properties		(991)	-
Purchase of short-term investments		(94,600)	-
Interest / mark-up received		94,790	89,172
Dividends received		146	364
Net cash generated from / (used in) investing activities		2,520	(4,590,935)
Cash flows from financing activities			
Long-term financing (paid) / obtained		(539,881)	4,664,500
Share issue costs paid		-	(88,178)
Dividend paid		(128,012)	(195,221)
Net cash (used in) / generated from financing activities		(667,893)	4,361,101
Net (decrease) / increase in cash and cash equivalents		(349,596)	134,856
Cash and cash equivalents at the beginning of period		2,572,697	2,521,857
Cash and cash equivalents at the end of the period	10	2,223,101	2,656,713

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

Vice Admiral (R) Saleem Ahmed Meenai, HI (M)
Chairman & Chief Executive

Capt. S. Akhlaq Hussain Abidi
Director

PAKISTAN NATIONAL SHIPPING GROUP AND ITS SUBSIDIARY COMPANIES
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2011 (UNAUDITED)

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) Limted
- 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 73 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 Bolan Shipping (Private) Limited, Multan Shipping (Private) Limited, Johar Shipping (Private) Limited, Khairpur Shipping (Private) Limited, Lalazar Shipping (Private) Limited, Makran Shipping (Private) Limited, Shalamar Shipping (Private) Limited, and Swat Shipping (Private) Limited which currently do not own any vessel/ tanker.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

These condensed interim financial statements of the Group for the six months period ended December 31, 2011 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 condensed interim financial statements comprise of the condensed interim balance sheet as at December 31, 2011 and the condensed interim profit and loss account, condensed interim statement of changes in equity and the condensed interim cash flow statement for the six months period ended December 31, 2011 which have been subjected to a review in accordance with the listing regulations but not audited. These condensed interim financial statements also include the condensed interim profit and loss account for the quarter ended December 31, 2011 which is not subjected to review.

The comparative balance sheet, presented in these condensed interim financial statements, as at June 30, 2011 has been extracted from the audited financial statements of the Group for the year ended June 30, 2011 whereas the comparative condensed interim profit and loss account, condensed interim statement of changes in equity and condensed interim cash flow statement are for the six months period ended December 31, 2010 which were subject to review but not audited.

2.1.1 Standards, amendments and interpretations effective for the period beginning from July 1, 2011:

There are certain new standards, amendments and International Financial Reporting Interpretations Committee (IFRIC) interpretations that became effective during the period and are mandatory for accounting periods beginning on or after July 1, 2011 but are considered not to be relevant or have any significant effect on the Group's operations and are, therefore, not disclosed in this condensed interim financial statements.

2.1.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective:

IAS 19, 'Employee benefits' (effective for periods beginning on or after January 1, 2013). The impact on the Group will be as follows: to eliminate the corridor approach and recognise all actuarial gains and losses in other comprehensive income as they occur; to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability / (asset). The Group is yet to asses the full impact of the amendments.

Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on or after July 1, 2012 but are considered not to be relevant or have any significant effect on the Group's operations and are therefore not detailed in this condensed interim financial statements.

2.2 Accounting policies

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the financial statements for the year ended June 30, 2011.

2.3 On August 14, 2009, the Government of Pakistan (GoP) launched Benazir Employees' Stock Option Scheme (the "Schemes") for employees of certain State Owned Enterprises (SOEs) and non-State Owned Enterprises where GoP holds significant investments (non-SOEs). The scheme is applicable to permanent and contractual employees who were in employment of these entities on the date of launch of the Scheme, subject to completion of five years vesting period by all contractual employees and by permanent employees in certain instances.

The Scheme provides for a cash payment to employees on retirement or termination based on the price of shares of respective entities. To administer this scheme, GoP shall transfer 12% of its investment in such SOEs and non-SOEs to a trust fund to be created for the purpose of such entities. The eligible employees would be allotted units by each Trust Fund in proportion to their respective length of service and on retirement or termination of such employees would be entitled to receive such amounts from Trust Funds in exchange for the surrendered units as would be determined based on market price of listed entities or breakup value of non-listed entities. The shares related to the surrendered units would be transferred back to GoP.

The scheme also provides that 50% of dividend related to shares transferred to the respective Trust Fund would be distributed amongst the unit-holder employees. The balance 50% dividend would be transferred by the respective Trust Fund to the Central Revolving Fund managed by the Privatisation Commission of Pakistan for payment to employees against surrendered units. The deficits, if any, in Trust Funds to meet the re-purchase commitment would be met by GoP.

The Scheme, developed in compliance with the stated GoP policy of the empowerment of employees of State Owned Enterprises need to be accounted for by the covered entities, including the Group, under the provisions of amended International Financial Reporting Standard-2 'Share Based Payments' (IFRS 2). However, keeping in view the difficulties that may be faced by the entities covered under the Scheme, the Securities & Exchange Commission of Pakistan on receiving the representation from some of the entities covered under the Scheme and after having consulted the Institute of Chartered Accountants of Pakistan, has granted exemption vide SRO 587(I)/2011 dated June 7, 2011 to such entities from application of IFRS 2 to the Scheme.

Had the exemption not been granted, the impact for the six months period ended December 31, 2011 and 2010 would have been as follows:

	--------------(Unaudited)-------------- Six months period ended December 31, 2011	Six months period ended December 31, 2010
	----------(Rupees in '000)-----------	
Staff costs of the Group for the year would have been higher by	64,787	81,294
Profit after taxation would have been lower by	64,787	81,294
Earnings per share would have been lower by	0.49	0.62
Retained earnings would have been lower by:	64,787	81.294
Reserves would have been higher by:	64,787	81,294

		Note	(Unaudited) December 31, 2011	(Audited) June 30, 2011
			----------(Rupees in '000)-----------	
3.	PROPERTY, PLANT AND EQUIPMENT			
	- Operating fixed assets	3.1 & 3.2	23,090,375	23,714,500
	- Capital work-in-progress		266,204	260,814
			23,356,579	23,975,314

		--------------(Unaudited)-------------- Six months period ended December 31, 2011	Six months period ended December 31, 2010
		----------(Rupees in '000)-----------	
3.1	Additions to fixed assets (including transfers from CWIP) during the period mainly include:		
	Vessels	1,027	5,971,358
	Buildings on lease hold land	6,381	274,240
	Office machines and appliances	625	522
	Furniture and fixtures	90	19,284
	Workshop machinery and equipment	113	178
	Vehicles	2,218	-
	Computer equipment	336	3,172
	Spares capitalised	23,670	58,482
	Class renewal and dry docking	162,422	101,573
	Equipment on board	5,122	1,801
	Total	202,004	6,430,610
3.2	Details of assets written off / disposed off during the period:		
	Net book value of assesists written off	-	40,490
	Net book value of assesists disposed off	256,789	1,282,167

	Note	(Unaudited) December 31, 2011	(Audited) June 30 2011
		----------(Rupees in '000)-----------	
4 TRADE DEBTS			
- considered good	4.1	971,286	654,580
- considered doubtful		183,448	183,448
		1,154,734	838,028
Less: Provision for impairment	4.2	183,448	183,448
		971,286	654,580

4.1 The ageing analysis of trade debts is as follows:

Upto 1 month	320,612	306,860
1 month to 6 months	351,104	180,249
More than 6 months	299,570	167,471
	971,286	654,580

4.2 Provision for impairment

Balance at the beginning of the period	183,448	183,418
Amounts provided for during the period	-	30
	183,448	183,448

As at December 31, 2011, trade receivables of Rs.183.448 million (June 30, 2011 Rs.183.448 million) were impaired and provided for. These receivable balances are outstanding for more than three years.

	Note	(Unaudited) December 31, 2011	(Audited) June 30 2011
		----------(Rupees in '000)-----------	
5 OTHER RECEIVABLES			
Rent receivable:			
- considered good	5.1	5,615	6,184
- considered doubtful		4,600	4,600
		10,215	10,784
Less: provision for impairment of rent receivable	5.2	4,600	4,600
		5,615	6,184
Derivate cross currency interest rate swap	7.2	-	87,960
Others:			
- considered good		123,865	146,238
- considered doubtful		12,659	12,659
		136,524	158,897
Less: provision for impairment of other receivables	5.3	12,659	12,659
		123,865	146,238
		129,480	240,382

5.1 The ageing analysis of rent receivables is as follows:

Upto 1 month	1,826	3,407
1 month to 6 months	2,770	2,277
More than 6 months	1,019	500
	5,615	6,184

5.2 Provision for impairment of rent receivabls

Balance at the beginning of the period	4,600	4,359
Provision made during the period	-	241
	4,600	4,600

As at December 31, 2011, rent receivables of Rs. 4.600 million (June 30, 2011: Rs 4.600 million) were impaired and provided for. These receivables were outstanding for more than three years.

		Note	(Unaudited) December 31, 2011	(Audited) June 30 2011
			----------(Rupees in '000)-----------	
5.3	Provision for impairment of other			
	Balance at the beginning of the period		12,659	8,851
	Provision made during the period		-	3,808
	Balance at the end of the period		12,659	12,659
6	LONG-TERM FINANCING			
	Financing under syndicate term finance agreement	6.1	6,541,671	7,009,039
	Current maturity shown under current liabilities		943,482	943,482
			5,598,189	6,065,557
	Term Finance Certificates	6.1	944,908	1,012,417
	Current maturity shown under current liabilities		136,281	136,281
			808,627	876,136
			6,406,816	6,941,693

6.1 The Group obtained a financing facility of Rs 10,300 million (June 30, 2011: Rs 10,300 million). The financing was obtained in the form of a Syndicated term finance loan of Rs 9,000 million and the remaining amount of Rs 1,300 million will be obtained by issuing redeemable capital in the form of Term Finance Certificates (TFCs), with a face value of Rs 5,000 each by way of private placement.

The financing carries mark-up of KIBOR+2.20%. The loan along with the mark-up is repayable on quarterly basis and the last repayment date is November 23, 2018. The facility is secured by a first mortgage charge over certain vessels owned by its subsidiary companies, all present and future receivables of the Group from three major customers and its investment properties.

As at December 31, 2011, the Group has drawn Rs 7,438.806 million (June 30, 2011: Rs 7,438.806) and Rs 1,074.494 million (June 30, 2011: Rs 1,074.494 million) from syndicated term finance and TFCs' respectively. The Group has also paid loan arrangement fee, amounting to Rs 106.662 million, out of which Rs 88.160 million (June 30, 2011: Rs 88.160 million) was included in the amortised cost of the long term financing whereas the unamortised portion, amounting to Rs 18.502 million (June 30, 2011: Rs 18.502 million).

		Note	(Unaudited) December 31, 2011	(Audited) June 30 2011
7	TRADE AND OTHER PAYABLES		----------(Rupees in '000)-----------	
	Creditors		243,315	300,195
	Agents' and owners' balances		139,589	148,878
	Accrued liabilities		510,715	667,512
	Deposits	7.1	30,305	30,907
	Derivative instruments			
	- derivate cross currency interest rate swap	7.2	176,510	-
	- interest rate swap	7.3	(17,068)	-
			159,442	-
	Workers' Profits Participation Fund		-	11,503
	Unclaimed dividends		29,083	25,032
	Advance from customers		137,713	136,813
	Other liabilities			
	- amounts retained from contractors		22,735	25,740
	- others		71,112	67,703
			93,847	93,443
			1,344,009	1,414,283

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

7.2 The Group has entered into a derivative cross currency interest rate swap of Rs 8,513.300 million in respect of its borrowing (note 6). Under the terms of the cross currency swap arrangement, the Group is required to pay LIBOR plus 3.75% to the arranging bank on the borrowing denominated in USD (USD notional) for the purpose of cross currency swap, and receive KIBOR plus 2.20% from the arranging bank. Further, the Group shall pay / receive any exchange loss / gain on the USD notional outstanding at each quarter end. The net fair value of this cross currency interest rate swap as determined by the bank was Rs 34.141 million (unfavourable) to the Group as of the balance sheet date. Moreover, the net amount payable in relation to the net exchange loss payable and interest receivable amounts to Rs 142.369 million.

7.3 The Group has entered into an interest rate swap of Rs 600 million on part of its borrowing (note 6). Under the arrangement, the Group has fixed its floating KIBOR receivable under the cross currency interest rate swap (note 7.2) at 13%. The net fair value of this interest rate swap, as determined by the bank, was Rs 17.068 million (favourable) to the Group as of the balance sheet date.

8. CONTINGENCIES AND COMMITMENTS

8.1 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, 2011, except for the contingent liability in respect of claims not acknowledged as debts by the Group, which as at December 31, 2011 aggregated to Rs 243.809 million (June 30, 2011: Rs 152.815 million). These claims mainly relate to deficiencies in shipping documentation, delay in delivery of cargo and damages to cargo. These include Rs 6.234 million (June 30, 2011: Rs 6.695 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, a sum of Rs 181.522 million (June 30, 2011: Rs 68.062 million) approximately would be recoverable from the P&I Club, Steamship Mutual Underwriting Association (Bermuda) Limited, in the event these claims are accepted by the Group. As a matter of prudence, the management has made a total provision of Rs 25.091 million (June 30, 2011: Rs 28.327 million) against the aforementioned claims in these condensed interim financial statements.

8.2 Certain other claims have been filed against the Group in respect of employees' matters for an aggregate amount of approximately Rs 102.987 million (June 30, 2011: Rs 102.987 million). These cases are pending and the management is confident that the outcome of these cases will be in the Group's favour and accordingly no provision for the above claims has been made in these condensed interim financial statements.

			(Unaudited) December 31, 2011	(Audited) June 30 2011
			----------(Rupees in '000)-----------	
8.3	Commitments for capital expenditure		129,035	165,029
8.4	Outstanding letters of guarantree		2,126	2,126

		Note	Six months period ended December 31, 2011	Six months period ended December 31, 2010
			--------------(Unaudited)-------------	
			----------(Rupees in '000)----------	
9.	CASH GENERATED FROM OPERATIONS			
	Profit before taxation		141,873	631,067
	Adjustments for non-cash charges and other items:			
	Depreciation		589,267	505,002
	Loss on disposal of property, plant and equipment		28,404	(160,879)
	Loss on fixed assets written off		-	2,538
	Provision for employees' gratuity		57,720	10,528
	Provision for employees' compensated absences		30,318	49,385
	Provision for post retirement medical benefits		21,558	12,351
	Liabilities no longer required written back		(12,074)	(46)
	Dividend income		(146)	(780)
	Provision for doubtful balances / receivables		-	4,057
	Interest / mark-up income		(96,930)	(90,726)
	Interest / mark-up expense		525,759	93,957
	Loss on cross currency interest rate swap		40,272	95,843
	Gain on interest rate swap		(17,068)	-
	Loss / (gain) on revaluation of investments		2,953	(4,030)
	Gain on revaluation of investment property		-	(25,714)
	Provision reversed against claims for damages		(3,235)	(8,771)
	Working capital changes	9.1	(504,163)	(398,099)
			804,508	715,683
9.1	Working capital changes			
	(Increase) / decrease in current assets:			
	Stores and spares		(42,775)	18,459
	Trade debts		(316,706)	(324,336)
	Agents' and owners' balances		3,960	(19,278)
	Loans and advances		13,395	(10,751)
	Deposits and prepayments		(24,434)	(8,429)
	Other receivables		22,942	(28,282)
	Incomplete voyages		65,241	(19,590)
	Insurance claims		(4,093)	(10,519)
			(282,470)	(402,726)
	Increase / (decrease) in current liabilities:			
	Trade and other payables		(221,693)	4,627
			(504,163)	(398,099)

	(Unaudited) December 31, 2011	(Unaudited) December 31, 2010
	(Rupees in '000)	(Rupees in '000)
10 CASH AND CASH EQUIVALENTS		
Short-term investments	675,100	500,000
Cash and bank balances	1,548,001	2,156,713
	2,223,101	2,656,713

11. 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, 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 Group with related parties during the period are given below:

	Relationship with the Group	(Unaudited) Six months period ended December 31, 2011	(Unaudited) Six months period ended December 31, 2010
		(Rupees in '000)	(Rupees in '000)
Contribution to provident fund	Associate	5,496	6,057
Directors' fee	Associate	200	160
Key management personnel compensation		14,653	11,796

11.1 In addition, the Group 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.

12. CORRESPONDING FIGURES

Following corresponding figures have been reclassified for the quarter and six month period ended December 31, 2011 in the profit and loss statement for the purpose of better presentation.

From	To	Quarter ended December 31, 2010	Six months period ended December 31, 2010
		----------(Rupees in '000)-----------	
Administrative and general expenses	Real estate expenses	26,757	41,913
Other operating expenses	Finance costs	30,887	30,887

13. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on February 21, 2012 by the Board of Directors of the holding company.

Vice Admiral (R) Saleem Ahmed Meenai, HI (M)
Chairman & Chief Executive

Capt. S. Akhlaq Hussain Abidi
Director

P.N.S.C Building Molvi Tamizuddin Khan Raod,P.O.Box No. 5350,Karachi-Pakistan.
Phone : (92-21) 99203980-99 (20 Lines) Fax: (92-21) 99203974, 35636658
Email: communication@pnsc.com.pk URL: http://www.pnsc.com.pk

Printed By Benison Printers Ph: 32401311-12