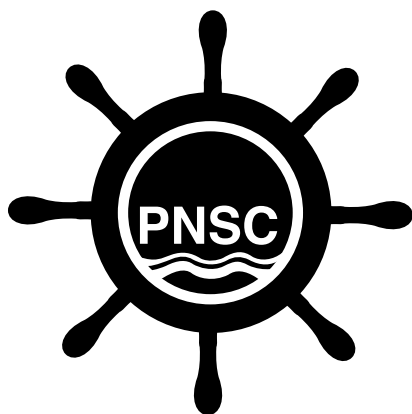


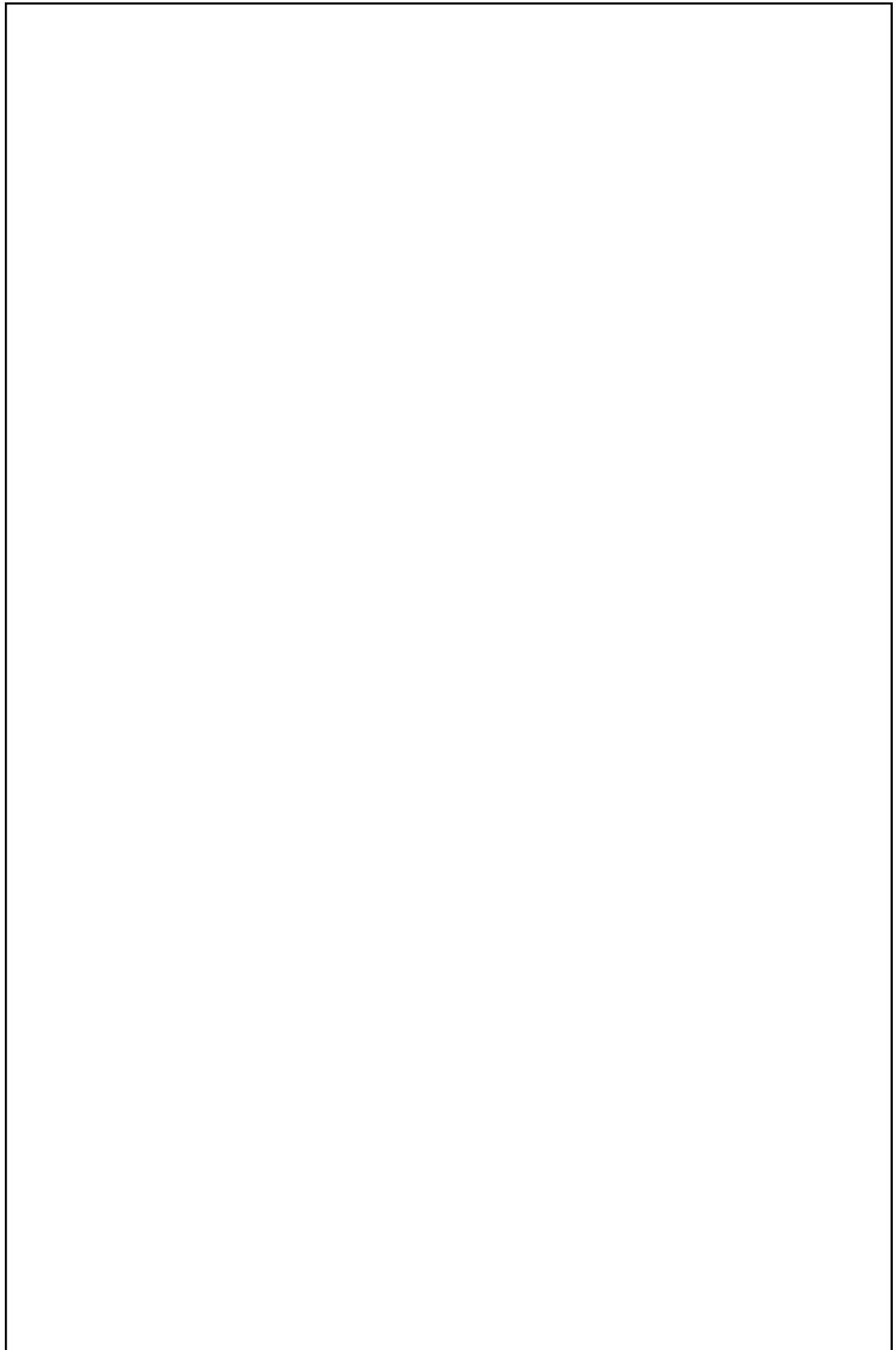
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# **Pakistan National Shipping Corporation**

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**Un-Audited Report  
For the Third Quarter Ended  
March 31, 2013**





## CORPORATE INFORMATION

### Board of Directors

Vice Admiral (Retd) Muhammad Shafi HI (M)  
(Chairman)

Capt. S. Akhlaq Hussain Abidi (Member)

Vice Admiral (R) Muhammad Asad Qureshi, HI (M)  
(Member)

Capt. S. Kamal A. Mahmoodi (Member)

Mr. Abdur Rauf (Member)

Capt. Anwar Shah (Member)

Mr. Khowaja Obaid Imran Ilyas (Member)

### Audit Committee of the Board

Mr. Khowaja Obaid Imran 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, Moulvi 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

Sharah-e-Quaideen, Karachi.

### Bankers

Barclays Bank Pakistan PLC

Faysal Bank Limited

JS Bank Limited

Habib Bank Limited

National Bank of Pakistan

NIB Bank

Samba Bank Limited

Silk Bank Limited

Soneri Bank Limited

Standard Chartered Bank

Bank Alfalah, Bahrain

National Bank of Pakistan, Hong Kong

National Bank of Pakistan, Tokyo

UniCredit Bank, Italy

United Bank Limited, London



**PAKISTAN NATIONAL SHIPPING CORPORATION  
DIRECTORS' REPORT  
FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2013**

The Directors of Pakistan National Shipping Corporation (PNSC) are pleased to present the accounts of PNSC Group for the quarter and nine months ended March 31, 2013. These financial statements are un-audited and presented in accordance with the requirements of the Code of Corporate Governance and the Companies Ordinance, 1984.

**OVERVIEW**

The consolidated revenues of the Group for the quarter ended March 31, 2013 were Rs 3,211 million (including Rs 1,582 million from PNSC), making a total of Rs 8,211 million (including Rs 3,161 million from PNSC) for the nine months period under review as against Rs 6,640 million for the corresponding period last year, showing an increase of 23%. Expenses were under control and increased by only 7.0%. Net Profit after tax for the nine months up to 31 March 2013 was Rs 1,200 million as against Rs 544 million last year, a major increase from last year, despite a downturn in freight rates.

The earnings per share for the 9 months period ended March 31, 2013 were Rs 9.09 as against Rs 4.12 for the corresponding period last year.

**FUTURE PROSPECTS**

Despite a depressed shipping scenario worldwide, PNSC has been able to maintain and improve its profitability. PNSC is now providing major transportation for Black and White Oil requirements of the Country. The Corporation is actively working upon a plan to increase its fleet size, particularly in the Wet Cargo Sector.

**Vice Admiral (Retd) Muhammad Shafi HI(M)**  
**Chairman and Chief Executive**

Karachi; April 26, 2013



**PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES  
CONDENSED INTERIM CONSOLIDATED BALANCE SHEET  
AS AT MARCH 31, 2013**

	Note	(Unaudited) March 31, 2013	(Audited) June 30, 2012
----- (Rupees in '000) -----			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	23,349,673	22,614,412
Investment properties		1,080,596	1,080,596
Long-term investments in listed companies and an other entity		19,108	22,453
Long-term loans		37	72
Long-term deposits		90	90
Deferred tax		45,254	134,126
		<b>24,494,758</b>	<b>23,851,749</b>
<b>CURRENT ASSETS</b>			
Stores and spares		579,281	471,684
Trade debts	5	962,490	432,070
Agents' and owners' balances		9,232	529
Loans and advances		39,307	32,713
Deposits and short-term prepayments		14,420	27,498
Interest / mark-up accrued on bank deposits and investments		20,714	9,453
Other receivables		141,068	89,089
Incomplete voyages		151,215	119,724
Insurance claims		11,128	21,485
Taxation - net		105,314	268,774
Short-term investments		1,600,280	1,531,475
Cash and bank balances		1,812,622	1,742,306
		<b>5,447,071</b>	<b>4,746,800</b>
<b>TOTAL ASSETS</b>		<b>29,941,829</b>	<b>28,598,549</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE HOLDING COMPANY</b>			
Share capital		1,320,634	1,320,634
Reserves		18,409,055	17,270,673
		<b>19,729,689</b>	<b>18,591,307</b>
<b>NON-CONTROLLING INTEREST</b>			
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP		1,971	1,823
		<b>19,731,660</b>	<b>18,593,130</b>
<b>SURPLUS ON REVALUATION OF FIXED ASSETS - NET OF TAX</b>			
- Owners of the holding company		772,733	779,586
- Non-controlling interest		524	524
		<b>773,257</b>	<b>780,110</b>
<b>NON-CURRENT LIABILITIES</b>			
Long term financing	6	6,194,145	5,878,870
Deferred liabilities		535,447	583,701
Advance Rent		-	11,349
		<b>6,729,592</b>	<b>6,473,920</b>
<b>CURRENT LIABILITIES AND PROVISIONS</b>			
Trade and other payables	7	1,270,024	1,533,201
Provision against damage claims		25,178	20,111
Current maturity of long-term financing	6	1,316,883	1,079,763
Accrued mark-up on long-term financing		84,226	105,963
Taxation - net		11,009	12,351
		<b>2,707,320</b>	<b>2,751,389</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>29,941,829</b>	<b>28,598,549</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	8		

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

Vice Admiral (Retd) Muhammad Shafi HI (M)  
**Chairman & Chief Executive**

Khowaja Obaid Imran Ilyas  
**Director**



**PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES  
CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE QUARTER AND NINE MONTHS PERIOD ENDED MARCH 31, 2013 (UNAUDITED)**

	Quarter ended March 31, 2013	Quarter ended March 31, 2012 (Re-stated)	Nine months period ended March 31, 2013	Nine months period ended March 31, 2012 (Re-stated)
	<b>(Rupees in '000)</b>			
<b>REVENUES</b>				
Income from shipping business	3,178,030	2,214,489	8,120,180	6,578,218
Rental income	32,529	19,926	90,528	61,753
	<u>3,210,559</u>	<u>2,234,415</u>	<u>8,210,708</u>	<u>6,639,971</u>
<b>EXPENDITURES</b>				
Fleet expenses - direct	2,206,676	1,706,347	5,586,398	5,054,914
- indirect	6,288	4,426	22,818	11,930
Real estate expenses	12,867	19,203	43,229	71,120
	<u>2,225,831</u>	<u>1,729,976</u>	<u>5,652,445</u>	<u>5,137,964</u>
<b>GROSS PROFIT</b>	<u>984,728</u>	<u>504,439</u>	<u>2,558,263</u>	<u>1,502,007</u>
Administrative and general expenses	194,200	150,451	534,833	436,947
Other operating expenses	145,840	165,179	226,178	283,976
Finance costs	202,232	157,882	594,592	685,676
	<u>542,272</u>	<u>473,512</u>	<u>1,355,603</u>	<u>1,406,599</u>
Other operating income	45,264	306,896	429,795	591,329
<b>PROFIT BEFORE TAXATION</b>	<u>487,720</u>	<u>337,823</u>	<u>1,632,455</u>	<u>686,737</u>
Taxation	103,452	58,488	432,417	142,976
<b>PROFIT AFTER TAXATION</b>	<u>384,268</u>	<u>279,335</u>	<u>1,200,038</u>	<u>543,761</u>
Other comprehensive income	-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME</b>	<u>384,268</u>	<u>279,335</u>	<u>1,200,038</u>	<u>543,761</u>
<b>Attributable to:</b>				
Equity holders of the Group	384,239	279,325	1,199,890	543,632
Non-controlling interest	29	10	148	129
	<u>384,268</u>	<u>279,335</u>	<u>1,200,038</u>	<u>543,761</u>
	<b>(Rupees)</b>			
<b>EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP - BASIC &amp; DILUTED</b>	<u>2.91</u>	<u>2.12</u>	<u>9.09</u>	<u>4.12</u>

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

Vice Admiral (Retd) Muhammad Shafi HI (M)  
**Chairman & Chief Executive**

Khowaja Obaid Imran Ilyas  
**Director**



**PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES**  
**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2013**

	Issued, subscribed and paid-up share Capital	capital Reserves	Revenue reserve			Non- controll- ing interest	Total
			General Reserves	Actuarial losses	Unappropri- ated profit		
(Rupees in '000)							
<b>Balance at July 01, 2011 - as restated (note 3.2)</b>	1,320,634	131,344	129,307	(89,833)	16,614,919	1,560	18,107,931
Total comprehensive income for the nine months period ended March 31, 2012 - restated (note 3.2)	-	-	-	-	543,632	129	543,761
Final cash dividend for the year ended June 30, 2011 (Re 1 per ordinary share of Rs. 10 each)	-	-	-	-	(132,063)	-	(132,063)
Share issue costs incurred on right issue	-	-	-	-	(37,102)	-	(37,102)
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
Total income credited to equity					382,304	129	382,433
<b>Balance as at March 31, 2012 - as restated</b>	<b>1,320,634</b>	<b>131,344</b>	<b>129,307</b>	<b>(89,833)</b>	<b>16,997,223</b>	<b>1,689</b>	<b>18,490,364</b>
<b>Balance at July 01, 2012</b>	1,320,634	131,344	129,307	(154,433)	17,164,455	1,823	18,593,130
Total comprehensive income for the nine months period ended March 31, 2013	-	-	-	-	1,199,890	148	1,200,038
Final cash dividend for the year ended June 30, 2012 (Rs 0.5 per ordinary share of Rs. 10 each)	-	-	-	-	(66,032)	-	(66,032)
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	-	-	-	-	4,524	-	4,524
Total income credited to equity					1,138,382	148	1,138,530
<b>Balance as at March 31, 2013</b>	<b>1,320,634</b>	<b>131,344</b>	<b>129,307</b>	<b>(154,433)</b>	<b>18,302,837</b>	<b>1,971</b>	<b>19,731,660</b>

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

Vice Admiral (Retd) Muhammad Shafi HI (M)  
**Chairman & Chief Executive**

Khowaja Obaid Imran Ilyas  
**Director**



**PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES  
CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)  
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2013**

	<b>Nine months period ended March 31, 2013</b>	Nine months period ended March 31, 2012 (Re-stated)
Note		------(Rupees in '000)-----

**Cash flows from operating activities**

	9	<b>2,104,858</b>	1,619,431
Cash generated from operations		<b>(101,505)</b>	(21,017)
Employees' gratuity paid		<b>(46,562)</b>	(43,666)
Employees' compensated absences paid		<b>(14,076)</b>	(9,726)
Post retirement medical benefits paid		<b>35</b>	130
Long-term loans and advances		<b>(768,820)</b>	(892,296)
Finance costs paid		<b>(14,414)</b>	199,355
(Payments) Receipts under cross currency interest rate swap		<b>(181,426)</b>	(166,628)
Taxes paid			
Net cash generated from operating activities		<b>978,090</b>	685,583

**Cash flows from investing activities**

		<b>(1,501,069)</b>	(716,837)
Fixed capital expenditure		<b>1,889</b>	956,030
Proceeds from disposal of property, plant and equipment		<b>-</b>	(991)
Additions in investment properties		<b>177,442</b>	143,750
Interest / mark-up received		<b>1,014</b>	201
Dividends received			
Net cash (used in) / generated from investing activities		<b>(1,320,724)</b>	382,153

**Cash flows from financing activities**

		<b>552,395</b>	(809,823)
Long-term financing - net		<b>-</b>	(37,102)
Shares issue costs paid		<b>(64,640)</b>	(130,329)
Dividends paid		<b>487,755</b>	(977,254)
Net cash generated from / (used in) financing activities			
Net increase in cash and cash equivalents		<b>145,121</b>	90,482
Cash and cash equivalents at the beginning of period		<b>3,267,781</b>	2,572,697
Cash and cash equivalents at the end of the period	10	<b>3,412,902</b>	2,663,179

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

Vice Admiral (Retd) Muhammad Shafi HI (M)  
**Chairman & Chief Executive**

Khowaja Obaid Imran Ilyas  
**Director**





**PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES  
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL  
STATEMENTS FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2013 (UNAUDITED)**

**1. THE GROUP AND ITS OPERATIONS**

Pakistan National Shipping Corporation (the holding company), 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 lease agreements. The Group's registered office is situated at 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**

- Muhammadi Engineering Works (Private) Limited

The holding company owns 73% (2011: 73%) of the share capital of Pakistan Co-operative Ship Stores (Private) Limited and 100% (2011: 100%) 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, Swat Shipping (Private) Limited, Lalazar Shipping (Private) Limited, Johar Shipping (Private) Limited, Shalamar Shipping (Private) Limited, Khairpur Shipping (Private) Limited, Sargodha Shipping (Private) Limited and Makran Shipping (Private) Limited which currently do not own any vessel / tanker.



## **2 STATEMENT OF COMPLIANCE**

These condensed interim consolidated financial statements of the Group for the nine months period ended March 31, 2013 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 or directives of the Companies Ordinance, 1984 shall prevail.

These condensed interim consolidated financial statements comprise of the condensed interim consolidated balance sheet as at March 31, 2013 and the condensed interim consolidated profit and loss account, condensed interim consolidated statement of changes in equity and the condensed interim consolidated cash flow statement for the nine months period ended March 31, 2012. These condensed interim consolidated financial statements also include the condensed interim consolidated profit and loss account for the quarter ended March 31, 2013.

The comparative balance sheet, presented in these condensed interim consolidated financial statements, as at June 30, 2012 has been extracted from the audited consolidated financial statements of the Group for the year ended June 30, 2012 whereas the comparative condensed interim consolidated profit and loss account, condensed interim consolidated statement of changes in equity and condensed interim consolidated cash flow statement are for the nine months period ended March 31, 2012.

## **3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and the methods of computation adopted in the preparation of these condensed interim consolidated financial statements are the same as those applied in the preparation of the consolidated financial statements for the year ended June 30, 2012 except for change in estimate as disclosed in note 4.3 below.

### **3.1.1 Standards, amendments and interpretations effective for the periods beginning from July 1, 2012:**

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, 2012 but are considered not to be relevant or have any significant effect on the Group's operations and are, therefore, not disclosed in these condensed interim consolidated financial statements.

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

There are certain standards, amendments and interpretations to approved accounting standards that are effective for accounting periods beginning on or after July 1, 2013 but are considered not to be relevant or do not have any significant effect on the Groups's operations and are therefore not detailed in these condensed interim consolidated financial statements.

### **3.2 Certain comparative information for the nine months period ended March 31, 2012 has been restated due to the change in accounting policy in respect of recognition of actuarial gains or losses immediately in 'other comprehensive income' as a result of the early adoption of changes in IAS 19, 'Employee Benefits (Amendments)' by the Group, as more fully explained in note 4.2.1 and 6 to the consolidated financial statements of the Group for the year ended June 30, 2012.**



	Note	(Unaudited) March 31, 2013 ------(Rupees in '000)-----	(Audited) June 30, 2012
<b>4. PROPERTY, PLANT AND EQUIPMENT</b>			
- Operating fixed assets	4.1	<b>23,036,679</b>	22,326,760
- Capital work-in-progress		<b>312,994</b>	287,652
		<b>23,349,673</b>	22,614,412
		<b>(Unaudited)</b> <b>Nine months</b> <b>Nine months</b> <b>period ended</b> <b>period ended</b> <b>March 31,</b> <b>March 31,</b> <b>2013</b> <b>2012</b> ------(Rupees in '000)-----	
4.1 Additions to fixed assets (including transfers from CWIP) during the period mainly include:			
Vessels		<b>1,314,822</b>	1,027
Buildings on lease hold land		<b>11,512</b>	7,648
Office machines and appliances		<b>507</b>	837
Furniture and fixtures		<b>35</b>	116
Workshop machinery and equipment		<b>203</b>	1,065
Vehicles		<b>-</b>	4,082
Computer equipment		<b>1,080</b>	1,754
Spares capitalised		<b>32,756</b>	30,074
Class renewal and dry docking		<b>98,628</b>	165,019
Equipment on board		<b>3,581</b>	4,957
Total		<b>1,463,124</b>	216,579
4.2 Details of fixed assets disposed off during the period:			
Net book value of assets disposed off		<b>535</b>	183,112
4.3 During the current period, the Group has revised its estimate in respect of useful life of building on leasehold land and beach huts on the basis of its engineering consultant. Had there been no change in estimated useful lives of the aforementioned assets, depreciation expense for the period would have been higher by Rs 41.813 million.			
	Note	(Unaudited) March 31, 2013 ------(Rupees in '000)-----	(Audited) June 30, 2012
<b>5. TRADE DEBTS</b>			
- considered good	5.1	<b>962,490</b>	432,070
- considered doubtful		<b>276,389</b>	183,448
		<b>1,238,879</b>	615,518
Less: provision for impairment	5.2	<b>276,389</b>	183,448
		<b>962,490</b>	432,070



5.1 The ageing analysis of unimpaired trade debts is as follows:

Upto 1 month	<b>462,271</b>	118,955
1 month to 6 months	<b>265,051</b>	241,635
More than 6 months	<b>235,168</b>	71,480
	<b><u>962,490</u></b>	<u>432,070</u>

5.2 As at March 31, 2013, trade debts of Rs 276.389 million (June 30, 2012: Rs 183.448 million) were impaired and provided for. The ageing of these receivables is as follows:

	(Unaudited) March 31, 2013 ------(Rupees in '000)-----	(Audited) June 30, 2012 ------(Rupees in '000)-----
Upto three years	<b>75,978</b>	1,024
Three to five years	<b>118,889</b>	122,249
Five years and over	<b>81,522</b>	60,175
	<b><u>276,389</u></b>	<u>183,448</u>

	(Unaudited) March 31, 2013 ------(Rupees in '000)-----	(Audited) June 30, 2012 ------(Rupees in '000)-----
Note		

6. LONG-TERM FINANCING

Financing under syndicate term finance agreement	6.1	<b>6,563,567</b>	6,080,359
Current maturity shown under current liabilities		<b><u>1,150,674</u></b>	<u>943,482</u>
		<b>5,412,893</b>	5,136,877
Term Finance Certificates	6.1	<b>947,461</b>	878,274
Current maturity shown under current liabilities		<b><u>166,209</u></b>	<u>136,281</u>
		<b>781,252</b>	741,993
		<b><u>6,194,145</u></b>	<u>5,878,870</u>

6.1 During the year ended June 30, 2011, the Group obtained a financing facility of 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 in the form of Term Finance Certificate (TFCs) with the 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 the Group, all present and future receivables of the Group from three major customers and its investment properties.

As at March 31, 2013, the Group has drawn Rs 8,733.757 million (June 30, 2012: Rs 7,438.806) and Rs 1,261.543 million (June 30, 2012: 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 103.507 million (June 30, 2012: Rs 88.160 million) was included in the amortised cost of the long term financing whereas the remaining amount of Rs 3.155 million has been expensed out upon completion of the drawdowns and expiry of the facility thereof on September 7, 2012.



	Note	(Unaudited) March 31, 2013 ----- (Rupees in '000) -----	(Audited) June 30, 2012
<b>7. TRADE AND OTHER PAYABLES</b>			
Creditors		<b>62,254</b>	133,284
Agents' and owners' balances		<b>143,091</b>	68,338
Accrued liabilities		<b>446,514</b>	420,532
Deposits	7.1	<b>39,092</b>	36,248
Derivative instruments		<b>127,074</b>	424,801
Sales tax payable		<b>237</b>	1,932
Bills payable		<b>127,769</b>	138,154
Unclaimed dividends		<b>28,115</b>	26,723
Advance from customers		<b>136,590</b>	133,743
Other liabilities			
- amounts retained from contractors		<b>22,612</b>	27,145
- others		<b>136,676</b>	122,301
		<b>159,288</b>	149,446
		<b>1,270,024</b>	1,533,201

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 cross currency interest rate swap 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% and LIBOR plus 3.93% in respect of 1st to 4th drawdown amounting to Rs 8,513.300 million and 5th drawdown amounting to Rs 1,482.000 million respectively 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. Furthermore, during the year ended June 30, 2012, the Group had also entered into an interest rate swap. Under the terms of the interest rate swap the Group receives a fixed interest of 13% per annum, whereas the Group has to pay 3 months KIBOR for each quarter. The net fair value of cross currency interest rate swap and interest rate swap as determined by the bank were Rs 161.699 million (unfavourable) million and Rs 20.459 million (favourable) to the Group as of the balance sheet date which has been increased by the net interest payable and exchange loss aggregating Rs 14.166 million as at March 31, 2013.

## 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, 2012, except for the contingent liability in respect of claims not acknowledged as debts by the Group, which as at December 31, 2012 aggregated to Rs 528.136 million (June 30, 2012: Rs 293.756 million). These claims mainly relate to deficiencies in shipping documentation, delay in delivery of cargo and damages to cargo. These include Rs 224.468 million (June 30, 2012: Rs 5.158 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 284.532 million (June 30, 2012: Rs 247.952 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 25.178 million (June 30, 2012: Rs 20.206 million) against the aforementioned claims in these condensed interim consolidated financial statements. The management believes that this provision is adequate to cover any future losses and no further provision for the remaining balance of Rs 502.96 million (June 30, 2012: Rs 273.550 million) is required.

	Note	(Unaudited) March 31, 2013 ------(Rupees in '000)-----	(Audited) June 30, 2012
8.2	Outstanding letters of guarantee	<u>17,613</u>	<u>2,126</u>
8.3	Commitment for capital expenditure	<u>299,538</u>	<u>96,000</u>
8.4	Commitment for time charter of a vessel	<u>25,779</u>	<u>-</u>

	(Unaudited) Nine months period ended March 31, 2013	Nine months Period ended March 31, 2012 (Restated) ------(Rupees in '000)-----
--	---	---

## 9. CASH GENERATED FROM OPERATIONS

Profit before taxation		<b>1,632,455</b>	686,737
Adjustments for non-cash charges and other items:			
Depreciation		<b>763,756</b>	851,385
Profit on disposal of property, plant and equipment		<b>(1,354)</b>	(272,283)
Provision for employees' gratuity		<b>41,472</b>	70,502
Provision for employees' compensated absences		<b>57,426</b>	31,288
Provision for post retirement medical benefits		<b>14,990</b>	35,375
Liabilities no longer required written back		-	(12,074)
Dividend income		<b>(1,014)</b>	(201)
Interest / mark-up income		<b>(188,703)</b>	(148,389)
Interest / mark-up expense		<b>740,922</b>	874,580
Gain on cross currency interest rate swap		<b>(257,558)</b>	(46,887)
Gain on interest rate swap		<b>(25,755)</b>	(17,068)
Loss on revaluation of investments		<b>3,345</b>	3,158
Provision against claims for damages -net		<b>5,067</b>	(3,236)
Provision for doubtful receivables		<b>92,941</b>	-
Working capital changes	9.1	<b>(773,132)</b>	(433,456)
		<u><b>2,104,858</b></u>	<u>1,619,431</u>



(Unaudited)	
Nine months period ended March 31, 2013	Nine months Period ended March 31, 2012 (Restated)
------(Rupees in '000)-----	

## 9.1 WORKING CAPITAL CHANGES

(Increase) / Decrease in current assets:

Stores and spares	(107,597)	33,551
Trade debts	(623,361)	(165,167)
Agents' and owners' balances	(8,703)	4,562
Loans and advances	(6,594)	27,680
Deposits and prepayments	13,078	(29,031)
Other receivables	(51,979)	36,240
Incomplete voyages	(31,491)	92,992
Insurance claims	10,357	8,965
	(806,290)	9,792

Increase / (Decrease) in current liabilities:

Trade and other payables	33,158	(443,248)
	(773,132)	(433,456)

(Unaudited)	
March 31, 2013	March 31, 2012
------(Rupees in '000)-----	

## 10. CASH AND CASH EQUIVALENTS

Short-term investments	1,600,280	977,440
Cash and bank balances	1,812,622	1,685,739
	<u>3,412,902</u>	<u>2,663,179</u>

## 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:



## Pakistan National Shipping Corporation

Name and particulars	Relationship with the Group	(Unaudited)	
		Nine months period ended March 31, 2013	Nine months period ended March 31, 2012
		----- (Rupees in '000) -----	
Contribution to provident fund	Associate	9,158	5,496
Directors' fee	Associate	660	200
Key management personnel compensation		23,942	14,653

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

Corresponding figures have been rearranged for the quarter ended March 31, 2012 in the profit and loss account for the purpose of better presentation.

### 13. DATE OF AUTHORISATION FOR ISSUE

These condensed interim consolidated financial statements were authorised for issue on April 26, 2013 by the Board of Directors of the Holding Company.

Vice Admiral (Retd) Muhammad Shafi HI (M)  
**Chairman & Chief Executive**

Khowaja Obaid Imran Ilyas  
**Director**



**Pakistan National Shipping Corporation**

**UNAUDITED**

**INTERIM FINANCIAL STATEMENTS**

**FOR THE THIRD QUARTER ENDED**

**MARCH 31, 2013**



**PAKISTAN NATIONAL SHIPPING CORPORATION**  
**CONDENSED INTERIM BALANCE SHEET**  
**AS AT MARCH 31, 2013**

	Note	(Unaudited) March 31, 2013 ------(Rupees in '000)-----	(Audited) June 30, 2012
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	4	1,528,995	1,527,195
Investment properties		1,080,596	1,080,596
Long-term investments in:			
Related parties (subsidiaries and an associate)		23,852,949	23,852,949
Listed companies and an entity		19,108	22,453
		23,872,057	23,875,402
Long-term loans and advances			
Advance against shares	5	1,336,115	-
Others		37	72
		1,336,152	72
Deferred tax		45,254	134,127
		27,863,054	26,617,392
<b>CURRENT ASSETS</b>			
Stores and spares		16,782	16,807
Trade debts	6	538,149	189,732
Agents' and owners' balances		9,232	529
Loans and advances		39,257	32,647
Deposits and short-term prepayments		14,200	26,648
Interest / mark-up accrued on bank deposits and investments		20,714	9,390
Other receivables		29,870	12,234
Incomplete voyages		75,218	63,536
Insurance claims		-	47
Taxation - net		122,162	242,769
Short-term investments		1,594,280	1,525,475
Cash and bank balances		1,810,415	1,740,027
		4,270,279	3,859,841
<b>TOTAL ASSETS</b>		<b>32,133,333</b>	<b>30,477,233</b>
<b>EQUITY AND LIABILITIES</b>			
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		5,303,937	5,107,078
		6,624,571	6,427,712
<b>SURPLUS ON REVALUATION OF FIXED ASSETS - NET OF TAX</b>		<b>773,257</b>	<b>777,285</b>
<b>NON-CURRENT LIABILITIES</b>			
Long-term financing	7	6,194,145	5,878,870
Deferred liabilities		535,447	583,701
Advance Rent		-	11,349
		6,729,592	6,473,920
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	16,579,626	15,592,479
Provision against damage claims		25,178	20,111
Current maturity of long-term financing	7	1,316,883	1,079,763
Accrued mark-up on long-term financing		84,226	105,963
Taxation - net		-	-
		18,005,913	16,798,316
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>32,133,333</b>	<b>30,477,233</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	9		

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

Vice Admiral (Retd) Muhammad Shafi HI (M)  
**Chairman & Chief Executive**

Khowaja Obaid Imran Ilyas  
**Director**



**PAKISTAN NATIONAL SHIPPING CORPORATION  
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT  
FOR THE QUARTER AND NINE MONTHS PERIOD ENDED MARCH 31, 2013 (UNAUDITED)**

	Quarter ended March 31, 2013	Quarter ended March 31, 2012 (Re-stated)	Nine months period ended March 31, 2013	Nine months period ended March 31, 2012 (Re-stated)
<b>(Rupees in '000)</b>				
<b>REVENUE</b>				
Chartering revenue	1,549,603	571,459	3,071,342	1,609,214
Services fee	65,138	66,111	201,954	199,150
Rental income	32,275	19,644	89,999	61,042
Dividend income from subsidiaries	-	-	-	235,469
	<b>1,647,016</b>	<b>657,214</b>	<b>3,363,295</b>	<b>2,104,875</b>
<b>EXPENDITURE</b>				
Fleet expenses - direct	989,167	357,097	1,846,646	901,393
- indirect	4,789	3,120	19,835	9,367
Vessel management expenses	100,148	114,291	344,885	341,168
Real estate expenses	12,867	19,203	43,229	71,120
	<b>1,106,971</b>	<b>493,711</b>	<b>2,254,595</b>	<b>1,323,048</b>
<b>GROSS PROFIT</b>	<b>540,045</b>	<b>163,503</b>	<b>1,108,700</b>	<b>781,827</b>
Administrative and general expenses	83,359	30,375	166,428	75,862
Other operating expenses	53,150	139,874	129,188	274,517
Finance costs	201,745	157,368	593,122	683,942
	<b>338,254</b>	<b>327,617</b>	<b>888,738</b>	<b>1,034,321</b>
Other operating income	45,200	145,991	393,355	300,579
<b>PROFIT / (LOSS) BEFORE TAXATION</b>	<b>246,991</b>	<b>(18,123)</b>	<b>613,317</b>	<b>48,085</b>
Taxation	93,260	49,014	354,950	88,791
<b>PROFIT / (LOSS) AFTER TAXATION</b>	<b>153,731</b>	<b>(67,137)</b>	<b>258,367</b>	<b>(40,706)</b>
Other comprehensive income				
<b>TOTAL COMPREHENSIVE INCOME / (LOSS)</b>	<b>153,731</b>	<b>(67,137)</b>	<b>258,367</b>	<b>(40,706)</b>
<b>(Rupees)</b>				
<b>EARNINGS / (LOSS) PER SHARE</b>				
Basic and Diluted	<b>1.16</b>	<b>(0.51)</b>	<b>1.96</b>	<b>(0.31)</b>

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

Vice Admiral (Retd) Muhammad Shafi HI (M)  
**Chairman & Chief Executive**

Khowaja Obaid Imran Ilyas  
**Director**



**PAKISTAN NATIONAL SHIPPING CORPORATION  
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2013**

	Issued, subscribed and paid-up share capital	Capital Reserve	Revenue Reserves		Total
			Actuarial losses	Unappropriated profit	
	(Rupees in '000)				
Balance at July 01, 2011 - as restated (note 3.2)	1,320,634	126,843	(89,833)	5,423,716	6,781,360
Total comprehensive loss for the nine months period ended March 31, 2012 - restated (note 3.2)	-	-	-	(40,706)	(40,706)
Final cash dividend for the year ended June 30, 2011 (Re 1 per ordinary share of Rs. 10 each)	-	-	-	(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	-	-	-	7,837	7,837
Total loss debited to equity				(164,932)	(164,932)
<b>Balance as at March 31, 2012 - as restated</b>	<b>1,320,634</b>	<b>126,843</b>	<b>(89,833)</b>	<b>5,258,784</b>	<b>6,616,428</b>
<b>Balance as at July 1, 2012</b>	1,320,634	126,843	(154,433)	5,134,668	6,427,712
Total comprehensive income for the nine months period ended March 31, 2013	-	-	-	258,367	258,367
Final cash dividend for the year ended June 30, 2012 (Rs 0.5 per ordinary share of Rs. 10 each)	-	-	-	(66,032)	(66,032)
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	-	-	-	4,524	4,524
Total income credited to equity				196,859	196,859
<b>Balance as at March 31, 2013</b>	<b>1,320,634</b>	<b>126,843</b>	<b>(154,433)</b>	<b>5,331,527</b>	<b>6,624,571</b>

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

Vice Admiral (Retd) Muhammad Shafi HI (M)  
**Chairman & Chief Executive**

Khowaja Obaid Imran Ilyas  
**Director**



**PAKISTAN NATIONAL SHIPPING CORPORATION  
CONDENSED INTERIM CASH FLOW STATEMENT  
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2013**

	Note	Nine months period ended March 31, 2013	Nine months period ended March 31, 2012 (Re-stated)
		----- (Rupees in '000) -----	
<b>Cash flows from operating activities</b>			
Cash generated from operations	10	<b>1,936,744</b>	1,383,953
Employees' gratuity paid		<b>(101,505)</b>	(16,742)
Employees' compensated absences paid		<b>(46,562)</b>	(43,037)
Post retirement medical benefits paid		<b>(14,076)</b>	(8,678)
Long-term loans and advances		<b>35</b>	130
Finance costs paid		<b>(768,820)</b>	(892,296)
(Payments) / receipts under cross currency interest rate swap		<b>(14,414)</b>	199,355
Taxes paid		<b>(145,470)</b>	(158,003)
Net cash generated from operating activities		<b>845,932</b>	464,682
<b>Cash flows from investing activities</b>			
Fixed capital expenditure		<b>(38,661)</b>	(60,799)
Proceeds from disposal of property, plant and equipment		<b>1,889</b>	13,182
Additions in investment properties		<b>-</b>	(991)
Long-term loans and advances - related parties		<b>(1,336,115)</b>	-
Interest / mark-up received		<b>177,379</b>	144,262
Dividends received		<b>1,014</b>	465,022
Net cash (used in) / generated from investing activities		<b>(1,194,494)</b>	560,676
<b>Cash flows from financing activities</b>			
Long-term financing - net		<b>552,395</b>	(809,823)
Dividends paid		<b>(64,640)</b>	(130,329)
Net cash generated from / (used in) financing activities		<b>487,755</b>	(940,152)
Net increase in cash and cash equivalents		<b>139,193</b>	85,206
Cash and cash equivalents at the beginning of period		<b>3,265,502</b>	2,570,876
Cash and cash equivalents at the end of the period	11	<b>3,404,695</b>	2,656,082

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

Vice Admiral (Retd) Muhammad Shafi HI (M)  
**Chairman & Chief Executive**

Khowaja Obaid Imran Ilyas  
**Director**



**PAKISTAN NATIONAL SHIPPING CORPORATION  
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2013**

**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 at 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 condensed interim 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. STATEMENT OF COMPLIANCE**

These condensed interim financial statements of the Corporation for the nine months period ended March 31, 2013 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 or directives of the Companies Ordinance, 1984 shall prevail.

These condensed interim financial statements comprise of the condensed interim balance sheet as at March 31, 2013 and the condensed interim profit and loss account, condensed interim statement of changes in equity and the condensed interim cash flow statement for the nine months period ended March 31, 2013. These condensed interim financial statements also include the condensed interim profit and loss account for the quarter ended March 31, 2013.

The comparative balance sheet, presented in these condensed interim financial statements, as at June 30, 2012 has been extracted from the audited financial statements of the Corporation for the year ended June 30, 2012 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 nine months period ended March 31, 2012.

These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2012.

**3 SUMMARY OF SIGNIFICANT 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, 2012 except for change in estimate as disclosed in note 4.3 below.



### 3.1.1 Standards, amendments and interpretations effective for the periods beginning from July 1, 2012:

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, 2012 but are considered not to be relevant or have any significant effect on the Corporation's operations and are, therefore, not disclosed in these condensed interim financial statements.

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

There are certain standards, amendments and interpretations to approved accounting standards that are effective for accounting periods beginning on or after July 1, 2013 but are considered not to be relevant or do not have any significant effect on the Corporation's operations and are therefore not detailed in these condensed interim financial statements.

3.2 Certain comparative information for the nine months period ended March 31, 2012 has been restated due to the change in accounting policy in respect of recognition of actuarial gains or losses immediately in 'other comprehensive income' as a result of the early adoption of changes in IAS 19, 'Employee Benefits (Amendments)' by the Corporation, as more fully explained in note 4.2.1 and 6 to the financial statements of the Corporation for the year ended June 30, 2012.

	Note	(Unaudited) March 31, 2013 ----- (Rupees in '000) -----	(Audited) June 30, 2012
<b>4. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	4.1	<b>1,216,001</b>	1,239,543
Capital work-in-progress		<b>312,994</b>	287,652
		<u><b>1,528,995</b></u>	<u>1,527,195</u>

		(Unaudited) Nine months period ended March 31, 2013 ----- (Rupees in '000) -----	Nine months period ended March 31, 2012
4.1 Additions to fixed assets (including transfers from CWIP) during the period mainly include:			
Buildings on leasehold land		<b>11,512</b>	7,648
Vehicles		-	4,082
Office machines and appliances		<b>701</b>	837
Furniture and fixtures		<b>35</b>	116
Equipment on board		-	952
Workshop machinery and equipment		<b>9</b>	113
Computer equipment		<b>762</b>	1,754
		<u><b>13,019</b></u>	<u>15,502</u>
4.2 Details of fixed assets disposed off during the period:			
Net book value of assets disposed off		<u><b>535</b></u>	<u>4,817</u>

4.3 During the current period, the Corporation has revised its estimate in respect of useful life of building on leasehold land and beach huts on the basis of its engineering consultant. Had there been no change in estimated useful lives of the aforementioned assets, depreciation expense for the period would have been higher by Rs 41.813 million.



(Unaudited) (Audited)  
March 31, June 30,  
2013 2012  
----- (Rupees in '000) -----

Note

## 5. ADVANCE AGAINST SHARES

Related party (subsidiary)	5.1	<u>1,336,115</u>	<u>-</u>
----------------------------	-----	------------------	----------

- 5.1 This represents amount paid by the Corporation, as an advance against future issue of shares, to its wholly owned subsidiary, Multan Shipping (Private) Limited.

(Unaudited) (Audited)  
March 31, June 30,  
2013 2012  
----- (Rupees in '000) -----

Note

## 6. TRADE DEBTS

- Considered good	6.1	<u>538,149</u>	189,732
- Considered doubtful		<u>20,790</u>	17,625
		<u>558,939</u>	207,357
Provision for impairment	6.2	<u>(20,790)</u>	(17,625)
		<u>538,149</u>	<u>189,732</u>

- 6.1 The ageing analysis of unimpaired trade debts is as follows:

Upto 1 month	<u>155,255</u>	12,218
1 month to 6 months	<u>202,224</u>	151,090
More than 6 months	<u>180,670</u>	26,424
	<u>538,149</u>	<u>189,732</u>

- 6.2 As at March 31, 2013, trade debts of Rs 20.790 million (June 30, 2012: Rs 17.625 million) were impaired and provided for. The ageing of these receivables is as follows:

(Unaudited) (Audited)  
March 31, June 30,  
2013 2012  
----- (Rupees in '000) -----

Upto three years	<u>2,479</u>	1,024
Three to five years	<u>18,311</u>	122,249
	<u>20,790</u>	<u>123,273</u>

(Unaudited) (Audited)  
March 31, June 30,  
2013 2012  
----- (Rupees in '000) -----

Note

## 7. LONG-TERM FINANCING

Financing under Syndicate term finance agreement	7.1	<u>6,563,567</u>	6,080,359
Current maturity shown under current liabilities		<u>1,150,674</u>	943,482
		<u>5,412,893</u>	<u>5,136,877</u>





	Note	(Unaudited) March 31, 2013 ----- (Rupees in '000) -----	(Audited) June 30, 2012
Term Finance Certificates	7.1	<b>947,461</b>	878,274
Current maturity shown under current liabilities		<b>166,209</b>	136,281
		<b>781,252</b>	741,993
		<b>6,194,145</b>	5,878,870

- 7.1 During the year ended June 30, 2011, the Corporation obtained a financing facility of 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 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 a quaterly 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 March 31, 2013, the Corporation has drawn Rs 8,733.757 million (June 30, 2011: Rs 7,438.806) and Rs 1,261.543 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 103.507 million (June 30, 2012: Rs 88.160 million) was included in the amortised cost of the long-term financing whereas the remaining amount of Rs 3.155 million has been expensed out upon completion of the drawdowns and expiry of the facility thereof on September 7, 2012.

## 8. TRADE AND OTHER PAYABLES

	Note	(Unaudited) March 31, 2013 ----- (Rupees in '000) -----	(Audited) June 30, 2012
Creditors		<b>14,474</b>	71,125
Current account balances with subsidiary companies		<b>15,726,848</b>	14,525,523
Agents' and owners' balances		<b>143,091</b>	68,338
Accrued liabilities		<b>216,630</b>	156,892
Deposits	8.1	<b>39,092</b>	36,248
Derivative instruments	8.2	<b>127,074</b>	424,801
Unclaimed dividends		<b>28,115</b>	26,723
Advance from customers		<b>136,590</b>	133,743
Other liabilities			
- amounts retained from contractors		<b>22,612</b>	27,145
- others		<b>125,100</b>	121,941
		<b>147,712</b>	149,086
		<b>16,579,626</b>	15,592,479

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



8.2 The Corporation has entered into a cross currency interest rate swap in respect of its borrowing (note 7). Under the terms of the cross currency swap arrangement, the Corporation is required to pay LIBOR plus 3.75% and LIBOR plus 3.93% in respect of 1st to 4th drawdown amounting to Rs 8,513.300 million and 5th drawdown amounting to Rs 1,482.000 million respectively 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. Furthermore, during the year ended June 30, 2012, the Corporation had also entered into an interest rate swap. Under the terms of the interest rate swap the Corporation receives a fixed interest of 13% per annum, whereas the Corporation has to pay 3 months KIBOR for each quarter. The net fair value of cross currency interest rate swap and interest rate swap as determined by the bank were Rs 161.699 million (unfavourable) million and Rs 20.459 million (favourable) to the Corporation as of the balance sheet date which has been increased by the net interest payable and exchange loss aggregating Rs 14.166 million as at March 31, 2013.

## 9. CONTINGENCIES AND COMMITMENTS

### Contingencies

9.1 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, 2012, except for the contingent liability in respect of claims not acknowledged as debts by the Corporation, which as at March 31, 2013 aggregated to Rs 309.696 million (June 30, 2012: Rs 293.756 million). These claims mainly relate to deficiencies in shipping documentation, delay in delivery of cargo and damages to cargo. These include Rs 6.028 million (June 30, 2012: Rs 5.158 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 284.532 million (June 30, 2012: Rs 247.952 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 25.178 million (June 30, 2012: Rs 20.206 million) against the aforementioned claims in these condensed interim financial statements. The management believes that this provision is adequate to cover any future losses and no further provision for the remaining balance of Rs 284.518 million (June 30, 2012: Rs 273.550 million) is required.

### Commitments

	(Unaudited) March 31, 2013	(Audited) June 30, 2012
	----- (Rupees in '000) -----	
9.2 Outstanding letters of guarantee	<u>17,613</u>	<u>2,126</u>
9.3 Commitments for capital expenditure	<u>299,538</u>	<u>96,000</u>
9.4 Commitment for time charter of a vessel	<u>25,779</u>	<u>-</u>



(Unaudited)  
**Nine months**    Nine months  
**period ended**    period ended  
**March 31,**        March 31,  
**2013**                2012  
**----- (Rupees in '000) -----**

Note

## 10. CASH GENERATED FROM OPERATIONS

Profit before taxation	<b>613,317</b>	48,085
Adjustments for non-cash charges and other items:		
Depreciation	<b>36,301</b>	104,916
Profit on disposal of property, plant and equipment	<b>(1,354)</b>	(8,365)
Provision for employees' gratuity	<b>38,993</b>	70,502
Provision for employees' compensated absences	<b>55,895</b>	44,847
Provision for post retirement medical benefits	<b>14,334</b>	21,825
Liabilities no longer required written back	<b>-</b>	(12,074)
Dividend income	<b>(1,014)</b>	(235,670)
Interest / mark-up income	<b>(188,703)</b>	(148,398)
Interest / mark-up expense	<b>740,922</b>	874,580
Gain on cross currency interest rate swap	<b>(257,558)</b>	(46,887)
Gain on interest rate swap	<b>(25,755)</b>	(17,068)
Loss on revaluation of investments	<b>3,345</b>	3,158
Provision against claims for damages -net	<b>5,067</b>	(3,236)
Provision for doubtful receivables	<b>3,165</b>	-
Working capital changes	<b>899,789</b>	687,738
	<b><u>1,936,744</u></b>	<u>1,383,953</u>

10.1

## 10.1 WORKING CAPITAL CHANGES

(Increase) / Decrease in current assets:

Stores and spares	<b>25</b>	3,585
Trade debts	<b>(351,582)</b>	(239,639)
Agents' and owners' balances	<b>(8,703)</b>	4,562
Loans and advances	<b>(6,610)</b>	27,512
Deposits and prepayments	<b>12,448</b>	(5,061)
Other receivables	<b>(17,636)</b>	(17,331)
Incomplete voyages	<b>(11,682)</b>	17,729
Insurance claims	<b>47</b>	30
	<b>(383,693)</b>	(208,613)

Decrease in current liabilities:

Trade and other payables	<b>1,283,482</b>	896,351
	<b><u>899,789</u></b>	<u>687,738</u>

(Unaudited)  
**March 31,**        March 31,  
**2013**                2012  
**----- (Rupees in '000) -----**

## 11. CASH AND CASH EQUIVALENTS

Short-term investments	<b>1,594,280</b>	972,040
Cash and bank balances	<b>1,810,415</b>	1,684,042
	<b><u>3,404,695</u></b>	<u>2,656,082</u>



## 12. 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) Nine months period ended March 31, 2013	Nine months period ended March 31, 2012
		----- (Rupees in '000) -----	
Service fee charged to subsidiary companies	Subsidiary	201,954	199,150
Rental expense of Pakistan Co-operative Ship Stores (Private) Limited	Subsidiary	358	403
Delivery of stores and spares to subsidiary companies	Subsidiary	11,846	12,394
Retirement benefit costs charged to subsidiaries	Subsidiary	4,666	5,954
Contribution to provident fund		8,214	7,052
Directors' fee		660	320
Key management personnel compensation		23,942	21,445
Advance against future issue of shares to Multan Shipping (Private) Limited	Subsidiary	1,336,115	-
Dividend from Malakand Shipping (Private) Limited	Subsidiary	-	50,403
Dividend from Chitral Shipping (Private) Limited	Subsidiary	-	55,068
Dividend from Hyderabad Shipping (Private) Limited	Subsidiary	-	62,546
Dividend from Sibi Shipping (Private) Limited	Subsidiary	-	67,452
Investment in Sibi Shipping (Private) Limited	Subsidiary	-	2,443,763
Investment in Hyderabad Shipping (Private) Limited	Subsidiary	-	2,211,395

- 12.1 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.

## 13. CORRESPONDING FIGURES

Corresponding figures have been rearranged for the quarter ended March 31, 2012 in the profit and loss account for the purpose of better presentation.

## 14. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on April 26, 2013 by the Board of Directors of the Corporation.

Vice Admiral (Retd) Muhammad Shafi HI (M)  
**Chairman & Chief Executive**

Khowaja Obaid Imran Ilyas  
**Director**