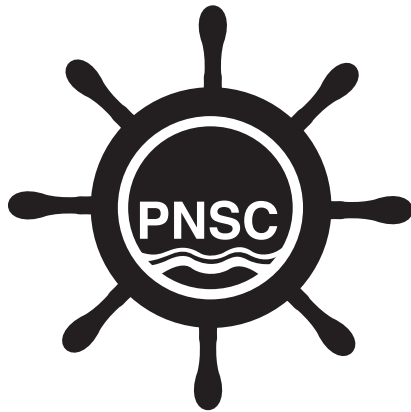

Pakistan National Shipping Corporation



**UN-AUDITED REPORT
FOR THE FIRST QUARTER
ENDED SEPTEMBER 30, 2012**



CORPORATE INFORMATION

Board of Directors

Vice Admiral (Retd) Saleem Ahmed Meenai 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. Mahmood Akhtar (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 & Co.,
Chartered Accountants

Shares Registerar

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
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 FIRST QUARTER ENDED SEPTEMBER 30, 2012**

The Directors of Pakistan National Shipping Corporation (PNSC) are pleased to present the unaudited financial statements for the first quarter ended September 30, 2012.

OVERVIEW

The PNSC Group achieved a turnover of Rs 2,546 million (including Rs 828 million from PNSC) as compared to Rs 2,332 million (including Rs 478 million from PNSC) for the similar period last year showing an increase of 9 %. The Gross Profit for the period ended September 30, 2012 was Rs 884 million as against Rs 499 million (Re-stated) for the same period last year. Despite softening of freight market and global economic slowdown, PNSC was able to achieve a Net After Tax Profit of Rs 456 million, during this period.

FUTURE PROSPECTS

A sustained oversupply of vessels combined with high bunker oil prices will pressure margins in most shipping segments in Quarter ended Dec 2012. The aggregate Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) of the global shipping industry is likely to decline further in 2012. Resurfacing geopolitical tensions in the Persian Gulf pose further downside risks to the industry coupled with uncertainty about the depth and duration of the recession in the Europe.

The dry-bulk and crude oil tanker segments are likely to have the largest supply -demand gap in 2012, complicating these sectors' ability to meaningfully improve their earnings. The outlook for the product tanker segment is more favourable since demand growth is likely to outpace supply during 2012, leading freight rates to rise by the end of this year. Giant shipping conglomerates are likely to be affected to a lesser extent by negative market trends affecting other global shipping companies owing to their scale, diversification and strong relationships with customers.

One could hope for apposite change in the outlook for the global shipping industry to stable if it were to see signs that the supply-demand gap is likely to narrow over the coming 10-20 months. However, this is unlikely at present, given the sustained oversupply of vessels until mid 2014.

**VICE ADMIRAL (R) SALEEM AHMED MEENAI HI(M)
CHAIRMAN**

Karachi : October 31, 2012



**PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES
CONDENSED INTERIM CONSOLIDATED BALANCE SHEET
AS AT SEPTEMBER 30, 2012**

	Note	(Unaudited) September 30, 2012	Audited June 30, 2012
------(Rupees in '000)-----			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	3	23,763,479	22,614,231
Investment properties		1,080,596	1,080,596
Long-term investments in listed companies and an other entity		21,462	22,453
Long-term loans		26	72
Long-term deposits		90	90
Deferred tax		134,127	134,127
		24,999,780	23,851,569
CURRENT ASSETS			
Stores and spares		465,605	471,684
Trade debts	4	786,468	432,070
Agents' and owners' balances		3,693	529
Loans and advances		59,694	32,713
Deposits and short-term prepayments		27,167	27,498
Interest / mark-up accrued		10,189	9,453
Other receivables		128,882	89,089
Incomplete voyages		16,318	119,724
Insurance claims		8,552	21,485
Taxation - net		298,541	268,774
Short-term investments		1,295,580	1,531,475
Cash and bank balances		1,967,541	1,742,306
		5,068,230	4,746,800
TOTAL ASSETS		30,068,010	28,598,369
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		17,728,213	17,270,493
		19,048,847	18,591,127
NON-CONTROLLING INTEREST			
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP		1,823	1,823
		19,050,670	18,592,950
SURPLUS ON REVALUATION OF FIXED ASSETS - NET OF TAX			
Group		774,871	779,586
Non-controlling interest		524	524
		775,395	780,110
NON-CURRENT LIABILITIES			
Long term financing	5	6,838,615	5,878,870
Deferred liabilities		603,647	583,701
Advance Rent		11,349	11,349
		7,453,611	6,473,920
CURRENT LIABILITIES AND PROVISIONS			
Trade and other payables	6	1,162,268	1,533,201
Provision against damage claims		19,660	20,111
Current maturity of long-term financing	5	1,316,883	1,079,763
Accrued mark-up on long-term financing		273,946	105,963
Taxation - net		15,577	12,351
		2,788,334	2,751,389
TOTAL EQUITY AND LIABILITIES		30,068,010	28,598,369
CONTINGENCIES AND COMMITMENTS			
	7		

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

Chairman & Chief Executive

Director



**PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES
CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2012**

Quarter ended
September 30,
2012

Quarter ended
September 30,
2011
(Re-stated)

------(Rupees in '000)-----

REVENUES

Income from shipping business	2,522,046	2,307,434
Rental income	23,991	24,167
	2,546,037	2,331,601

EXPENDITURES

Fleet expenses - direct	1,641,208	1,807,213
- indirect	6,799	3,688
Real estate expenses	13,793	21,260
	1,661,800	1,832,161
	884,237	499,440

GROSS PROFIT

Administrative and general expenses	155,945	142,566
Other operating expenses	40,479	62,604
Finance costs	277,832	117,799
	474,256	322,969
Other operating income	111,916	74,904

PROFIT BEFORE TAXATION

Taxation	65,804	57,701
PROFIT AFTER TAXATION	456,093	193,674

Attributable to:

Equity holders of the Group	455,830	193,567
Non-controlling interest	263	107
	456,093	193,674

**EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE
TO EQUITY HOLDERS OF THE GROUP BASIC & DILUTED**

	3.45	1.47
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------(Rupees)-----

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

Chairman & Chief Executive

Director



**PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2012**

	Issued, subscribed and paid-up share capital	Capital Reserve	Revenue reserve		Unappropriated profit	Minority interest	Total
			General Reserve	Actuarial losses			
----- (Rupees in '000) -----							
Balance at July 1, 2011 - restated	1,320,634	131,344	129,307	(89,833)	16,573,166	1,560	18,066,178
Total comprehensive income for the first quarter ended September 30, 2011 - restated	-	-	-	-	193,567	107	193,674
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	-	-	-	-	25,353	-	25,353
Total income credited to equity					218,920	107	219,027
Balance as at September 30, 2011 - restated	1,320,634	131,344	129,307	(89,833)	16,792,086	107	18,285,205
Balance at July 31, 2012	1,320,634	131,344	129,307	(154,431)	17,164,273	1,823	18,592,950
Total comprehensive income for the first quarter ended September 30, 2012 - restated					455,830	263	456,093
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	-	-	-	-	1,890	-	1,890
Total income credited to equity					457,720	263	726,193
Balance as at September 30, 2012	1,320,634	131,344	129,307	(154,431)	17,621,993	2,086	19,050,933

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

Chairman & Chief Executive

Director



**PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES
CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2012**

Quarter ended
**September 30,
2012**

Quarter ended
September 30,
2011
(Re-stated)

Note

------(Rupees in '000)-----

Cash flows from operating activities

Cash generated from operations	8	379,866	46,765
Employees' gratuity paid		(404)	(68)
Employees' compensated absences paid		(15,213)	(13,895)
Post retirement medical benefits paid		(2,400)	(1,879)
Long-term loans and advances		46	47
Finance costs paid		(83,442)	(318,223)
(Payments) / Receipts under cross currency interest rate swap		(51,956)	122,144
Taxes paid		(92,345)	(93,706)
Net cash generated from / (used in) operating activities		134,152	(258,815)

Cash flows from investing activities

Fixed capital expenditure		(1,403,404)	(35,012)
Proceeds from disposal of property, plant and equipment		-	7,529
Interest / mark-up received		67,735	46,404
Net cash (used in) / generated from investing activities		(1,335,669)	18,921

Cash flows from financing activities

Long-term financing - net		1,196,865	(269,940)
Dividends paid		(8)	(65)
Net cash generated from / (used in) financing activities		1,196,857	(270,005)
Net decrease in cash and cash equivalents		(4,660)	(509,899)
Cash and cash equivalents at the beginning of period		3,267,781	2,578,097
Cash and cash equivalents at the end of the period	9	3,263,121	2,068,198

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

Chairman & Chief Executive

Director



**PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2012 (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 company

- 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

These condensed interim Consolidated financial statements of the Group for the first quarter ended September 30, 2012 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 consolidated financial statements comprise of the condensed interim consolidated balance sheet as at September 30, 2012 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 first quarter ended September 30, 2012.

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 statement of changes in equity and condensed interim consolidated cash flow statement are for the first quarter ended September 30, 2011.

2.2 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 financial statements for the year ended June 30, 2012.

	Note	(Unaudited) September 30, 2012	(Audited) June 30, 2012
------(Rupees in '000)-----			
3. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	3.1	23,417,609	22,326,579
Capital work-in-progress		<u>345,870</u>	<u>287,652</u>
		<u>23,763,479</u>	<u>22,614,231</u>

	Note	(Unaudited) Quarter ended September 30, 2012	Quarter ended September 30, 2011
------(Rupees in '000)-----			
3.1 Additions to fixed assets (including transfers from CWIP) during the period mainly include:			
Vessels		1,344,269	-
Buildings on lease hold land		52	-
Furniture and fixtures		-	207
Workshop machinery and equipment		-	182
Vehicles		-	7
Computer equipment		50	207
Spares capitalised		<u>397</u>	-
Total		<u>1,344,896</u>	<u>603</u>

4. TRADE DEBTS

- considered good	4.1	786,468	432,070
- considered doubtful		<u>183,448</u>	<u>183,448</u>
Less: provision for impairment		<u>183,448</u>	<u>183,448</u>
		<u>786,468</u>	<u>432,070</u>

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

Upto 1 month		413,816	118,955
1 month to 6 months		<u>307,938</u>	<u>241,635</u>
More than 6 months		<u>59,522</u>	<u>71,480</u>
		<u>786,468</u>	<u>432,070</u>

5. LONG TERM FINANCING

Financing under syndicate term finance agreement	5.1	7,126,163	6,080,359
Current maturity shown under current liabilities		<u>1,150,675</u>	<u>943,482</u>
		<u>5,975,488</u>	<u>5,136,877</u>
Term Finance Certificates	5.1	1,029,335	878,274
Current maturity shown under current liabilities		<u>166,208</u>	<u>136,281</u>
		<u>863,127</u>	<u>741,993</u>
		<u>6,838,615</u>	<u>5,878,870</u>



5.1 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 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 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 September 30, 2012, the Group 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.

6. TRADE AND OTHER PAYABLES

Note	(Unaudited) September 30, 2012	(Audited) June 30, 2012
	------(Rupees in '000)-----	
Creditors	141,395	133,284
Agents' and owners' balances	104,790	68,338
Accrued liabilities	350,570	420,532
Deposits	41,184	36,248
Derivative instruments	226,900	424,801
Sales tax payable	-	1,932
Bills payable	-	138,154
Unclaimed dividends	26,715	26,723
Advance from customers	133,807	133,743
Other liabilities		
- amounts retained from contractors	22,736	27,145
- others	114,171	122,301
	136,907	149,446
	1,162,268	1,533,201

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

6.2 The Group has entered into a cross currency interest rate swap of Rs 9,995.3 million in respect of its borrowing (note 5). Under the terms of the cross currency swap arrangement, the Group is required to pay LIBOR plus 3.75% to 3.93% 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 Group has 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 282.434 million (unfavourable) and Rs 5.679 million (favourable) to the Group as of the balance sheet date which has been decreased by the net interest receivable and exchange loss aggregating Rs 49.855 million as at September 30, 2012.

7. CONTINGENCIES AND COMMITMENTS

7.1 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.

Note	(Unaudited) September 30, 2012	(Audited) June 30, 2012
	------(Rupees in '000)-----	
7.3 Commitments for capital expenditure	96,000	96,000
7.4 Outstanding letters of guarantee	2,126	2,126



(Unaudited)
Quarter ended Quarter ended
September 30, September 30,
2012 2011

8. CASH GENERATED FROM OPERATIONS

Note -----(Rupees in '000)-----

Profit before taxation	521,897	251,375
Adjustments for non-cash charges and other items:		
Depreciation	257,068	321,304
Profit on disposal of property, plant and equipment	-	(4,185)
Provision for employees' gratuity	13,824	28,860
Provision for employees' compensated absences	19,142	15,159
Provision for post retirement medical benefits	4,997	10,778
Provision for doubtful balances / receivables	-	-
Interest / mark-up income	(68,471)	(47,050)
Interest / mark-up expense	251,425	315,362
Gain on cross currency interest rate swap - net	(145,945)	(193,163)
Gain on revaluation of investments	991	827
Provision reversed against claims for damages	(451)	-
Working capital changes	(474,611)	(652,502)
	8.1	
	<u>379,866</u>	<u>46,765</u>

8.1 WORKING CAPITAL CHANGES

(Increase) / decrease in current assets:

Stores and spares	6,079	(78,232)
Trade debts	(354,398)	(427,845)
Agents' and owners' balances	(3,164)	2,073
Loans and advances	(26,981)	8,143
Deposits and prepayments	331	(7,579)
Other receivables	(39,793)	3,048
Incomplete voyages	103,406	124,570
Insurance claims	12,933	(3,705)

(301,587) (379,527)

Decrease in current liabilities:

Trade and other payables	(173,024)	(272,975)
	<u>(474,611)</u>	<u>(652,502)</u>

(Unaudited)

September 30, September 30
2012 2011

9. CASH AND CASH EQUIVALENTS

Note -----(Rupees in '000)-----

Short-term investments	1,295,580	580,200
Cash and bank balances	1,967,541	1,487,998
	<u>3,263,121</u>	<u>2,068,198</u>

10. TRANSACTIONS WITH RELATED PARTIES

The Group has related party relationships with its subsidiaries, associate, employee benefit plans and its directors and executive officers (including their associates). Transactions with related parties essentially entail investments made in subsidiary companies, dividend income received from related investee companies, freight income and chartering revenue recovered, services fee charged on account of rendering of technical, commercial, administrative and financial services, 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:

Name and particulars	Relationship with the Group	(Unaudited)	
		Quarter ended September 30, 2012	Quarter ended September 30, 2011
------(Rupees in '000)-----			
Contribution to provident fund	Associate	2,473	2,794
Directors' fee	Associate	180	100
Key management personnel compensation		7,098	6,376

10.1 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.

11. CORRESPONDING FIGURES

Corresponding figures have been rearranged and restated for the quarter ended September 30, 2011 in the profit and loss account in line with the change in accounting policy as fully explained in Note 6 to the audited consolidated financial statements for the year ended June 30, 2012.

12. DATE OF AUTHORISATION FOR ISSUE

These condensed interim consolidated financial statements were authorised for issue on October 31, 2012 by the Board of Directors of the Group.

Chairman & Chief Executive

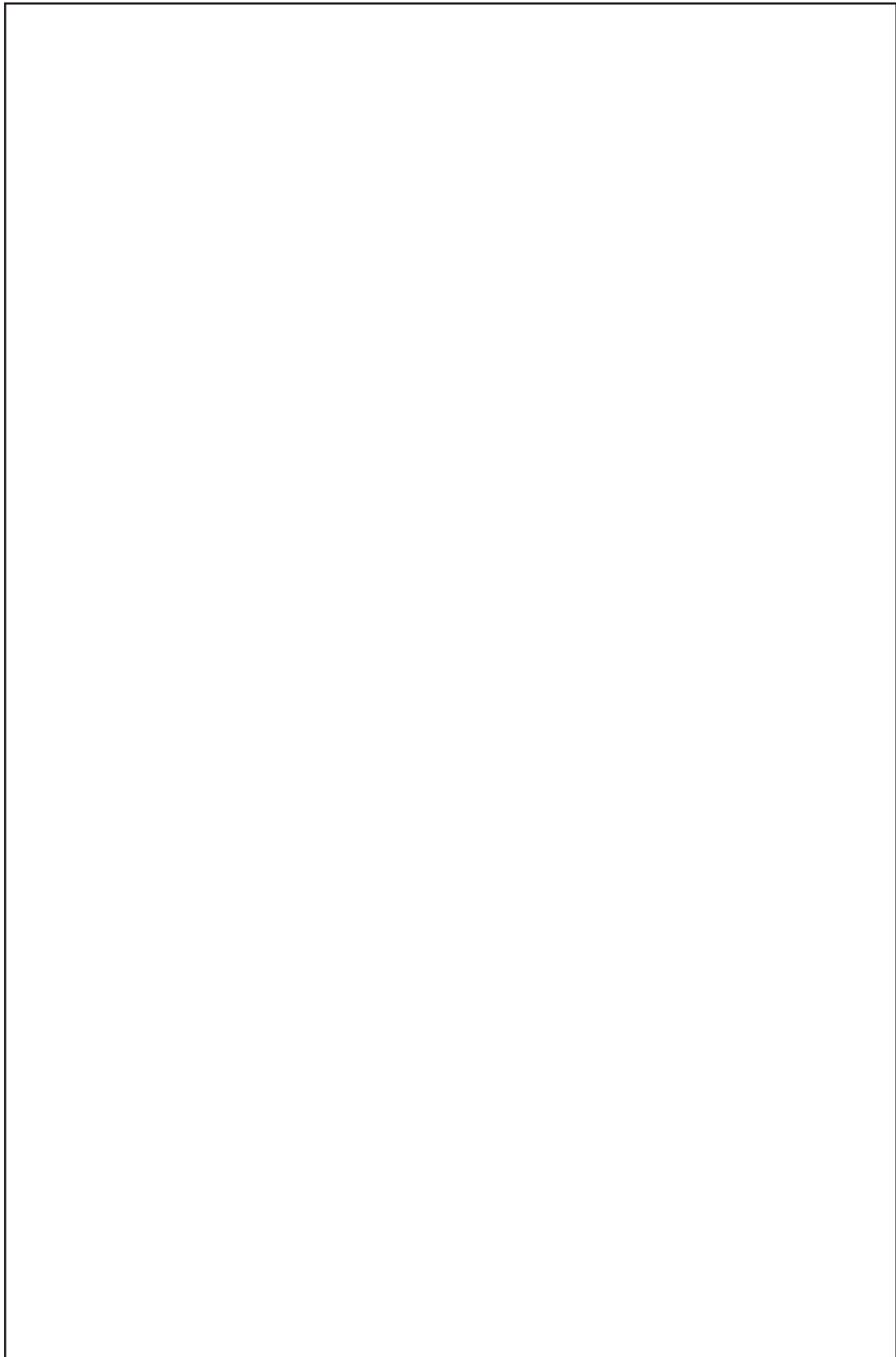
Director



Pakistan National Shipping Corporation

**UNAUDITED
INTERIM FINANCIAL STATEMENTS**

**FOR THE FIRST QUARTER ENDED
SEPTEMBER 30, 2012**





**PAKISTAN NATIONAL SHIPPING CORPORATION
CONDENSED INTERIM BALANCE SHEET
AS AT SEPTEMBER 30, 2012**

	Note	(Unaudited) September 30, 2012	(Audited) June 30, 2012
-----Rupees in '000-----			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	3	1,521,266	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		21,462	22,453
		23,874,411	23,875,402
Long-term loans		26	72
Deferred tax		134,127	134,127
		26,610,426	26,617,392
CURRENT ASSETS			
Stores and spares		16,444	16,807
Trade debts	4	405,136	189,732
Agents' and owners' balances		3,693	529
Loans and advances		59,628	32,647
Deposits and short-term prepayments		18,687	26,648
Interest / mark-up accrued		10,189	9,390
Other receivables		644,295	12,234
Incomplete voyages		20,693	63,536
Insurance claims		-	47
Taxation - net		275,644	242,769
Short-term investments		1,289,580	1,525,475
Cash and bank balances		1,965,261	1,740,027
		4,709,250	3,859,841
TOTAL ASSETS		31,319,676	30,477,233
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		5,119,706	5,107,078
		6,440,340	6,427,712
SURPLUS ON REVALUATION OF FIXED ASSETS - NET OF TAX		775,395	777,285
NON-CURRENT LIABILITIES			
Long-term financing	5	6,838,615	5,878,870
Deferred liabilities		603,647	583,701
Advance Rent		11,349	11,349
		7,453,611	6,473,920
CURRENT LIABILITIES			
Trade and other payables	6	15,039,841	15,592,479
Provision against damage claims		19,660	20,111
Current maturity of long-term financing	5	1,316,883	1,079,763
Accrued mark-up on long-term financing		273,946	105,963
		16,650,330	16,798,316
TOTAL EQUITY AND LIABILITIES		31,319,676	30,477,233
CONTINGENCIES AND COMMITMENTS			
	7		

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

Chairman & Chief Executive

Director



**PAKISTAN NATIONAL SHIPPING CORPORATION
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2012**

	Quarter ended September 30, 2012	Quarter ended September 30, 2011
	-----Rupees in '000)-----	
REVENUE		
Chartering revenue	803,987	453,671
Services fee	68,722	74,152
Rental income	23,941	23,986
	896,650	551,809
EXPENDITURE		
Fleet expenses - direct	424,013	234,498
- indirect	6,731	3,371
Vessel management expenses	111,048	120,447
Real estate expenses	13,793	21,260
	555,585	379,576
GROSS PROFIT	341,065	172,233
Administrative and general expenses	38,310	18,217
Other operating expenses	38,243	59,886
Finance costs	277,358	117,327
	353,911	195,430
Other operating income	80,051	73,637
PROFIT BEFORE TAXATION	67,205	50,440
Taxation	56,467	22,797
PROFIT AFTER TAXATION	10,738	27,643
	------(Rupees)-----	
EARNINGS PER SHARE - basic and diluted	0.08	0.21

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

Chairman & Chief Executive

Director



**PAKISTAN NATIONAL SHIPPING CORPORATION
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2012**

	Issued, subscribed and paid-up share capital	Capital Reserve	----Revenue Reserves----		Total
			Actuarial losses	Unappropriated profit	
------(Rupees in '000)-----					
Balance as at July 1, 2011 - as restated	1,320,634	126,843	(89,833)	5,423,716	6,781,360
Total comprehensive income for the first quarter ended September 30, 2011	-	-	-	27,643	27,643
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	-	-	-	2,251	2,251
Total income credited to equity	-	-	-	29,894	29,894
Balance as at September 30, 2011	<u>1,320,634</u>	<u>126,843</u>	<u>(89,833)</u>	<u>5,453,610</u>	<u>6,811,254</u>
Balance as at July 1, 2012	1,320,634	126,843	(154,433)	5,134,668	6,427,712
Total comprehensive income for the first quarter ended September 30, 2012	-	-	-	10,738	10,738
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	-	-	-	1,890	1,890
Total income credited to equity	-	-	-	12,628	12,628
Balance as at September 30, 2012	<u>1,320,634</u>	<u>126,843</u>	<u>(154,433)</u>	<u>5,147,296</u>	<u>6,440,340</u>

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

Chairman & Chief Executive

Director



**PAKISTAN NATIONAL SHIPPING CORPORATION
CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2012**

	Note	Quarter ended September 30, 2012	Quarter ended September 30, 2011
------(Rupees in '000)-----			
Cash flows from operating activities			
Cash generated from operations	8	(1,023,505)	(225,989)
Employees' gratuity paid		(422)	(66)
Employees' compensated absences paid		(13,858)	(13,702)
Post retirement medical benefits paid		(2,181)	(1,819)
Long-term loans and advances		46	47
Finance costs paid		(83,442)	(318,223)
(Payments) / receipts under cross currency interest rate swap		(51,956)	122,144
Taxes paid		(89,342)	(82,186)
Net cash used in operating activities		(1,264,660)	(519,794)
Cash flows from investing activities			
Fixed capital expenditure		(10,529)	(3,582)
Proceeds from disposal of property, plant and equipment		-	7,529
Interest / mark-up received		67,672	46,577
Dividends received		-	229,352
Net cash generated from investing activities		57,143	279,876
Cash flows from financing activities			
Long-term financing - net		1,196,864	(269,941)
Dividends paid		(8)	(65)
Net cash generated from / (used in) financing activities		1,196,856	(270,006)
Net decrease in cash and cash equivalents		(10,661)	(509,924)
Cash and cash equivalents at the beginning of period		3,265,502	2,570,876
Cash and cash equivalents at the end of the period	9	3,254,841	2,060,952

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

Chairman & Chief Executive

Director



**PAKISTAN NATIONAL SHIPPING CORPORATION
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2012 (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 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 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 first quarter ended September 30, 2012 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 September 30, 2012 and the condensed interim profit and loss account, condensed interim statement of changes in equity and the condensed interim cash flow statement for the first quarter ended September 30, 2012.

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 first quarter ended September 30, 2011.

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, 2012.

3. PROPERTY, PLANT AND EQUIPMENT

		(Unaudited) September 30, 2012	(Audited) June 30, 2012
	Note	------(Rupees in '000)-----	
Operating fixed assets	3.1	1,228,274	1,239,543
Capital work-in-progress		<u>292,992</u>	<u>287,652</u>
		<u>1,521,266</u>	<u>1,527,195</u>



(Unaudited)
Quarter ended Quarter ended
September 30, September 30,
2012 2011
 -----(Rupees in '000)-----

3.1	Additions to fixed assets (including transfers from CWIP) during the period mainly include: Buildings on leasehold land Vehicles Office machines and appliances Workshop machinery and equipment Computer equipment	52 - - - 50 102	- 1,519 342 82 63 2,006
------------	--	---	---

(Unaudited) (Audited)
September 30, June 30,
2012 2012
 -----(Rupees in '000)-----

4. TRADE DEBTS

Considered good	4.1	405,136	189,732
Considered doubtful		17,625	17,625
		422,761	207,357
Provision for impairment		(17,625)	(17,625)
		405,136	189,732

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

Upto 1 month	75,631	12,218
1 month to 6 months	302,195	151,090
More than 6 months	27,310	26,424
	405,136	189,732

(Unaudited) (Audited)
September 30, June 30,
2012 2012
 -----(Rupees in '000)-----

5. LONG-TERM FINANCING

Financing under Syndicate term finance agreement	5.1	7,126,163	6,080,359
Current maturity shown under current liabilities		1,150,675	943,482
		5,975,488	5,136,877
Term Finance Certificates	5.1	1,029,335	878,274
Current maturity shown under current liabilities		166,208	136,281
		863,127	741,993
		6,838,615	5,878,870

5.1 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 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 September 30, 2012, 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.



6. TRADE AND OTHER PAYABLES

	Note	(Unaudited) September 30, 2012	(Audited) June 30, 2012
----- (Rupees in '000) -----			
Creditors		10,393	71,125
Current account balances with subsidiary companies		14,217,727	14,525,523
Agents' and owners' balances		104,790	68,338
Accrued liabilities		140,746	156,892
Deposits	6.1	41,854	36,248
Derivative instruments	6.2	226,900	424,801
Unclaimed dividends		26,715	26,723
Advance from customers		133,807	133,743
Other liabilities			
amounts retained from contractors		22,736	27,145
others		114,173	121,941
		136,909	149,086
		15,039,841	15,592,479

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

6.2 The Corporation has entered into a cross currency interest rate swap of Rs 9,995.3 million in respect of its borrowing (note 5). Under the terms of the cross currency swap arrangement, the Corporation is required to pay LIBOR plus 3.75% to 3.93% 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 Corporation has 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 282.434 million (unfavourable) and Rs 5.679 million (favourable) to the Corporation as of the balance sheet date which has been decreased by the net interest receivable and exchange loss aggregating Rs 49.855 million as at September 30, 2012.

7. CONTINGENCIES AND COMMITMENTS

Contingencies

7.1 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.

	Note	(Unaudited) September 30, 2012	(Audited) June 30, 2012
----- (Rupees in '000) -----			

Commitments

7.2 Outstanding letters of guarantee 2,126 2,126

7.3 Commitments for capital expenditure 96,000 96,000

	Note	(Unaudited) Quarter ended September 30, 2012	Quarter ended September 30, 2011
----- (Rupees in '000) -----			

8. CASH GENERATED FROM OPERATIONS

Profit before taxation 67,205 50,440

Adjustments for non-cash charges and other items:

Depreciation		16,458	21,019
Profit on disposal of property, plant and equipment		-	(4,185)
Provision for employees' gratuity		12,998	27,435
Provision for employees' compensated absences		18,632	14,949
Provision for post retirement medical benefits		4,778	10,429
Interest / mark-up income		(68,471)	(47,050)
Interest / mark-up expense		251,425	315,362
Gain on cross currency interest rate swap-net		(145,945)	(193,163)
Loss on revaluation of investments		991	827
Provision reversed against claims for damages		(451)	-
Working capital changes	8.1	(1,181,125)	(422,052)
		<u>(1,023,505)</u>	<u>(225,989)</u>



(Unaudited)

Quarter ended September 30, 2012 Quarter ended September 30, 2011
------(Rupees in '000)-----

8.1 WORKING CAPITAL CHANGES

(Increase) / decrease in current assets:

Stores and spares	363	1,439
Trade debts	(215,404)	(157,371)
Agents' and owners' balances	(3,164)	2,241
Loans and advances	(26,981)	8,538
Deposits and prepayments	7,961	(7,653)
Other receivables	(632,061)	1,373
Incomplete voyages	42,843	15,716
Insurance claims	47	30
	(826,396)	(135,687)
Decrease in current liabilities:		
Trade and other payables	(354,729)	(286,365)
	(1,181,125)	(422,052)

(Unaudited)

September 30, 2012 September 30, 2011
------(Rupees in '000)-----

9. CASH AND CASH EQUIVALENTS

Short-term investments	1,289,580	574,800
Cash and bank balances	1,965,261	1,486,152
	3,254,841	2,060,952

10. TRANSACTIONS WITH RELATED PARTIES

The Corporation has related party relationships with its subsidiaries, associate, employee benefit plans and its directors and executive officers (including their associates). Transactions with related parties essentially entail investments made in subsidiary companies, dividend income received from related investee companies, freight income and chartering revenue recovered, services fee charged on account of rendering of technical, commercial, administrative and financial services, 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)	
		Quarter ended September 30, 2012	Quarter ended September 30, 2011
		------(Rupees in '000)-----	
Service fee charged to subsidiary companies	Subsidiary	68,722	74,152
Rental expense of Pakistan Co-operative Ship Stores (Private) Limited	Subsidiary	134	134
Delivery of stores and spares to subsidiary companies	Subsidiary	3,193	4,277
Retirement benefit costs charged to subsidiaries	Subsidiary	1,555	1,985
Contribution to provident fund		2,473	2,444
Directors' fee		180	100
Key management personnel compensation		7,098	6,376

10.1 In addition, the Corporation is also engaged in making certain payments / collections on behalf of the subsidiary companies in accordance with the Technical and Commercial Services and Administrative and Financial Services Agreement which are settled through current accounts.



11. CORRESPONDING FIGURES

Corresponding figures have been rearranged for the quarter ended September 30, 2011 in the profit and loss account for the purpose of better presentation.

12. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on October 31, 2012 by the Board of Directors of the Corporation.

Chairman & Chief Executive

Director



P.N.S.C Building Moulvi Tamizuddin Khan Road,P.O.Box No,5350,Karachi-Pakistan.

Phone : (92-21) 99203980-99 (20 Lines) Fax: (92-21) 99203974, 35636658

Email: communication@pns.com.pk URL: <http://www.pns.com.pk>