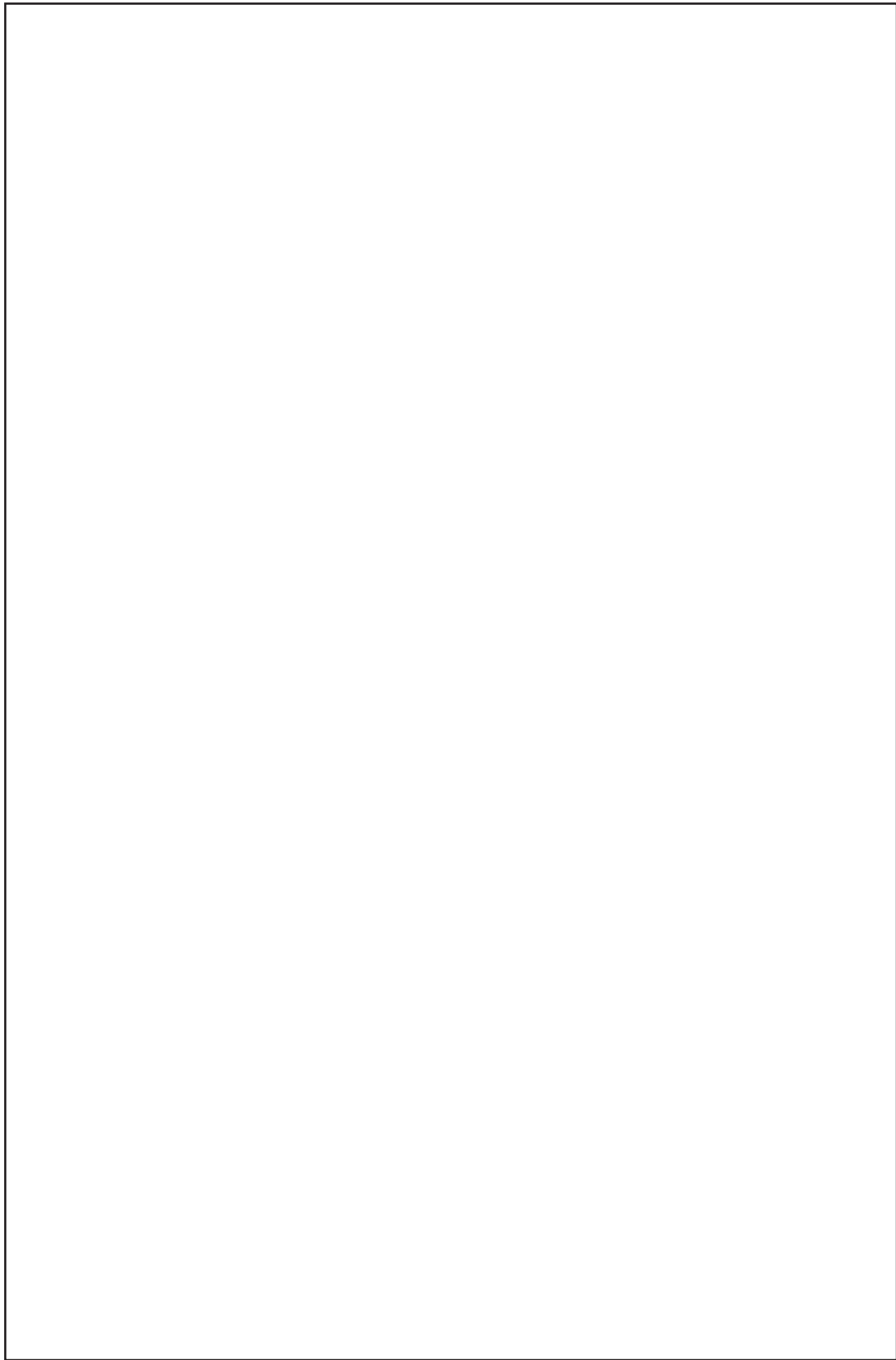

Pakistan National Shipping Corporation



Un-Audited Report
For The Third Quarter Ended
March 31, 2014





CORPORATE INFORMATION

Board of Directors

Mr. Muhammad Siddique Memon

Chairman/CEO

Capt. S. Akhlaq Hussain Abidi

Member

Vice Admiral (R.) M.Asad

Qureshi, HI (M)

Member

Capt. S. Kamal A. Mahmoodi

Member

Capt. Anwar Shah

Member

Mr. Khawaja Obaid Imran Ilyas

Member

Mr. Shabbir Ahmed

Member

Audit Committee of the Board

Mr. Khawaja Obaid Imran Ilyas

Chairman

Capt. S. Akhlaq Hussain Abidi

Member

Vice Admiral (R.) M.Asad

Qureshi, HI (M)

Member

Chief Financial Officer

Mr. Imtiaz C. Agboatwala

Company Secretary

Ms. Zainab Suleman

Acting Chief Internal Auditor

Mr. Baber Jamal Zubairi

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

Bank Al-Falah Limited

Bank Al-Habib Limited

Bank Al-Habib, Bahrain

Bank Alfalah, Bahrain

Barclays Bank Pakistan PLC

Faysal Bank Limited

Habib Bank Limited

NIB Bank Limited

National Bank of Pakistan

National Bank of Pakistan, Hong Kong

National Bank of Pakistan, Tokyo

Pak Libya Holding Co Pvt Limited

Samba Bank Limited

Silk Bank Limited

Soneri Bank Limited

Standard Chartered Bank Limited Pakistan

United Bank Limited, London



PAKISTAN NATIONAL SHIPPING CORPORATION
DIRECTORS' REPORT
FOR THE QUARTER AND NINE MONTHS PERIOD ENDED MARCH 31, 2014

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, 2014. 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, 2014 were Rs 3,581 million (including Rs 2,015 million from PNSC), making a total of Rs 11,368 million (including Rs 6,156 million from PNSC) for the nine months period under review as against Rs 8,211 million for the corresponding period last year, showing an increase of 38%. Net Profit after tax for the nine months up to 31 March 2014 was Rs 1,366 million as against Rs 1,200 million last year, an increase of 13.8% from last year.

The earnings per share for the 9 months period ended March 31, 2014 were Rs 10.34 as against Rs 9.09 for the corresponding period last year.

FUTURE PROSPECTS

PNSC is working actively to secure new Contracts of Affreightment in the region for Oil Cargo Transportation besides participating in Government of Pakistan initiatives for transportation. A programme for fleet expansion is being pursued.

Muhammad Siddique Memon
P.A.S
Chairman and Chief Executive

Karachi; April 25, 2014



**PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES
CONDENSED INTERIM CONSOLIDATED BALANCE SHEET
AS AT MARCH 31, 2014**

		(Unaudited) March 31, 2014	(Audited) June 30, 2013
	Note	----- (Rupees in '000) -----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	22,680,631	23,210,977
Investment properties		1,080,596	1,080,596
Long-term investments in listed companies and an other entity		53,694	38,211
Long-term loans		58	58
Long-term deposits		90	90
Deferred tax		73,385	80,552
		23,888,454	24,410,484
CURRENT ASSETS			
Stores and spares		618,270	734,392
Trade debts	5	2,053,243	1,177,691
Agents' and owners' balances		58,061	8,991
Loans and advances		58,801	67,544
Deposits and short-term prepayments		23,587	37,575
Interest / mark-up accrued		30,195	19,899
Other receivables	6	772,206	167,978
Incomplete voyages		97,648	99,180
Insurance claims		818	169,440
Taxation - net		320,254	276,206
Short-term investments		1,793,360	1,995,450
Cash and bank balances		1,699,697	1,788,301
		7,526,140	6,542,647
TOTAL ASSETS		31,414,594	30,953,131
EQUITY AND LIABILITIES			
EQUITY ATTRIBUTABLE TO OWNERS OF THE HOLDING COMPANY			
Share capital		1,320,634	1,320,634
Reserves		20,364,109	19,124,419
		21,684,743	20,445,053
NON-CONTROLLING INTEREST			
		2,261	2,132
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP		21,687,004	20,447,185
SURPLUS ON REVALUATION OF FIXED ASSETS			
- Owners of the holding company		768,470	778,365
- Non-controlling interest		524	524
		768,994	778,889
NON-CURRENT LIABILITIES			
Long term financing	7	4,890,934	5,873,286
Deferred liabilities		596,807	566,574
		5,487,741	6,439,860
CURRENT LIABILITIES AND PROVISIONS			
Trade and other payables	8	2,016,955	1,854,311
Provision against damage claims		19,040	22,338
Current maturity of long-term financing	7	1,316,882	1,316,882
Accrued mark-up on long-term financing		75,638	91,087
Taxation - net		42,340	2,579
		3,470,855	3,287,197
TOTAL EQUITY AND LIABILITIES		31,414,594	30,953,131
CONTINGENCIES AND COMMITMENTS			
	9		

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

Muhammad Siddique Memon
P.A.S
Chairman & Chief Executive

Khowaja Obaid Imran Ilyas
Director



Pakistan National Shipping Corporation

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, 2014 (UNAUDITED)

	Quarter Ended March 31 2014	Quarter Ended March 31 2013	Nine Months Period Ended March 31 2014	Nine Months Period Ended March 31 2013
Note	----- (Rupees in '000) -----			
REVENUES				
Income from shipping business	3,545,946	3,178,030	11,255,825	8,120,180
Rental income	34,649	32,529	111,849	90,528
	<u>3,580,595</u>	<u>3,210,559</u>	<u>11,367,674</u>	<u>8,210,708</u>
EXPENDITURES				
Fleet expenses - direct	(2,845,437)	(2,206,676)	(9,069,733)	(5,586,398)
- indirect	(7,479)	(6,288)	(28,729)	(22,818)
Real estate expenses	(12,620)	(12,867)	(51,622)	(43,229)
	<u>(2,865,536)</u>	<u>(2,225,831)</u>	<u>(9,150,084)</u>	<u>(5,652,445)</u>
GROSS PROFIT	<u>715,059</u>	<u>984,728</u>	<u>2,217,590</u>	<u>2,558,263</u>
Administrative and general expenses	(215,250)	(194,200)	(580,450)	(534,833)
Other operating expenses	(38,621)	(145,840)	(152,953)	(226,178)
Other operating income	77,083	45,264	633,781	429,795
	<u>(176,788)</u>	<u>(294,776)</u>	<u>(99,622)</u>	<u>(331,216)</u>
OPERATING PROFIT	<u>538,271</u>	<u>689,952</u>	<u>2,117,968</u>	<u>2,227,047</u>
Finance costs	10 266,390	(202,232)	(407,956)	(594,592)
PROFIT BEFORE TAXATION	<u>804,661</u>	<u>487,720</u>	<u>1,710,012</u>	<u>1,632,455</u>
Taxation	(172,345)	(103,452)	(344,338)	(432,417)
PROFIT AFTER TAXATION	<u>632,316</u>	<u>384,268</u>	<u>1,365,674</u>	<u>1,200,038</u>
Other comprehensive income	-	-	-	-
TOTAL COMPREHENSIVE INCOME	<u>632,316</u>	<u>384,268</u>	<u>1,365,674</u>	<u>1,200,038</u>
Attributable to:				
Equity holders of the Group	632,332	384,239	1,365,545	1,199,890
Non-controlling interest	(16)	29	129	148
	<u>632,316</u>	<u>384,268</u>	<u>1,365,674</u>	<u>1,200,038</u>
EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP - BASIC & DILUTED	<u>4.79</u>	<u>2.91</u>	<u>10.34</u>	<u>9.09</u>

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

Muhammad Siddique Memon
P.A.S
Chairman & Chief Executive

Khowaja Obaid Imran Ilyas
Director

Third Quarter Report March 31, 2014



PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER AND NINE MONTHS PERIOD ENDED MARCH 31, 2014 (UNAUDITED)

	Issued, subscribed and paid-up share Capital	Capital Reserves	Revenue reserve			Non- controll- ing interest	Total
			General Reserves	Actuarial losses	Unappropria- ted profit		
			(Rupees in '000)				
Balance at July 01, 2012	1,320,634	131,344	129,307	(154,433)	17,164,455	1,823	18,593,130
Total comprehensive income for the nine months ended March 31, 2013	-	-	-	-	1,199,890	148	1,200,038
Final cash dividend for the year ended June 30, 2012 (Re 0.5 per ordinary share of Rs. 10 each)	-	-	-	-	(66,032)	-	(66,032)
Share issue costs incurred on rights issue 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
Balance as at March 31, 2013	<u>1,320,634</u>	<u>131,344</u>	<u>129,307</u>	<u>(154,433)</u>	<u>18,302,837</u>	<u>1,971</u>	<u>19,731,660</u>
Balance at July 01, 2013	1,320,634	131,344	129,307	(228,743)	19,092,511	2,132	20,447,185
Total comprehensive income for the nine months ended March 31, 2013	-	-	-	-	1,365,545	129	1,365,674
Final cash dividend for the year ended June 30, 2013 (Rs 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	-	-	-	-	6,208	-	6,208
Total income credited to equity					1,239,690	129	1,239,819
Balance as at March 31, 2014	<u>1,320,634</u>	<u>131,344</u>	<u>129,307</u>	<u>(228,743)</u>	<u>20,332,201</u>	<u>2,261</u>	<u>21,687,004</u>

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

Muhammad Siddique Memon
P.A.S
Chairman & Chief Executive

Khowaja Obaid Imran Ilyas
Director



Pakistan National Shipping Corporation

PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT FOR THE QUARTER AND NINE MONTHS PERIOD ENDED MARCH 31, 2014 (UNAUDITED)

	Note	Nine months period ended March 31, 2014 ------(Rupees in '000)-----	Nine months period ended March 31, 2013
Cash flows from operating activities			
Cash generated from operations	11	2,246,937	2,104,858
Employees' gratuity paid		(6,394)	(101,505)
Employees' compensated absences paid		(55,286)	(46,562)
Post retirement medical benefits paid		(18,198)	(14,076)
Long-term loans and advances		-	35
Finance costs paid		(619,794)	(768,820)
Payments under cross currency interest rate swap		(193,604)	(14,414)
Taxes paid		(345,147)	(181,426)
Net cash generated from operating activities		1,008,514	978,090
Cash flows from investing activities			
Fixed capital expenditure		(364,171)	(1,501,069)
Proceeds from disposal of property, plant and equipment		-	1,889
Interest / mark-up received		177,124	177,442
Dividends received		401	1,014
Net cash used in investing activities		(186,646)	(1,320,724)
Cash flows from financing activities			
Long-term financing - net		(982,352)	552,395
Dividends paid		(130,210)	(64,640)
Net cash (used in) / generated from financing activities		(1,112,562)	487,755
Net decrease in cash and cash equivalents		(290,694)	145,121
Cash and cash equivalents at the beginning of period		3,783,751	3,267,781
Cash and cash equivalents at the end of the period	12	3,493,057	3,412,902

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

Muhammad Siddique Memon
P.A.S
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
FOR THE QUARTER AND NINE MONTHS PERIOD ENDED MARCH 31, 2014 (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% (June 30, 2013: 73%) of the share capital of Pakistan Co-operative Ship Stores (Private) Limited and 100% (June 30, 2013: 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, Islamabad 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 nine months period ended March 31, 2014 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, 2014 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, 2014. These condensed interim consolidated financial statements also include the condensed interim consolidated profit and loss account for the Quarter ended March 31, 2014.

The comparative balance sheet, presented in these condensed interim consolidated financial statements, as at June 30, 2013 has been extracted from the audited consolidated financial statements of the Group for the year ended June 30, 2013 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, 2013.

These condensed interim consolidated 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, 2013.

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, 2013.

3.1.1 Standards, amendments and interpretations effective for the periods beginning from July 1, 2013:

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, 2013 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 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, 2014 but are considered not to be relevant or do not have any significant effect on the Group's operations and are therefore not detailed in these condensed interim financial statements.

	Note	(Unaudited) March 31, 2014	(Audited) June 30, 2013
		----- (Rupees in '000) -----	
4. PROPERTY, PLANT AND EQUIPMENT			
- Operating fixed assets	4.1	22,289,090	22,895,717
- Capital work-in-progress	4.3	<u>391,541</u>	<u>315,260</u>
		<u>22,680,631</u>	<u>23,210,977</u>

		(Unaudited) Nine months period ended March 31, 2014	(Unaudited) Nine months period ended March 31, 2013
		----- (Rupees in '000) -----	
4.1 Additions to fixed assets (including transfers from CWIP) during the period mainly include:			
Vessels		-	1,314,822
Buildings on lease hold land		3,250	11,512
Office machines and appliances		429	507
Furniture and fixtures		73	35
Workshop machinery and equipment		105	203
Computer equipment		2,931	1,080
Spares capitalised		35,405	32,756
Class renewal and dry docking		227,220	98,628
Equipment on board		850	3,581
Total		<u>270,263</u>	<u>1,463,124</u>

4.2 Details of fixed assets disposed off during the period:

Net book value of assets disposed off

-

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Third Quarter Report March 31, 2014



	Note	(Unaudited) March 31, 2014 ------(Rupees in '000)-----	(Audited) June 30, 2013 -----
5. TRADE DEBTS			
- considered good	5.1	2,053,243	1,177,691
- considered doubtful		<u>238,790</u>	<u>252,814</u>
		2,292,033	1,430,505
Less: provision for impairment	5.2	<u>238,790</u>	<u>252,814</u>
		<u>2,053,243</u>	<u>1,177,691</u>
5.1 The ageing analysis of unimpaired trade debts is as follows:			
Upto 1 month		956,237	762,813
1 month to 6 months		772,569	266,028
More than 6 months		<u>324,437</u>	<u>148,850</u>
		<u>2,053,243</u>	<u>1,177,691</u>
5.2 As at March 31, 2014, trade debts of Rs 238.790 million (June 30, 2013: Rs 252.814 million) were impaired and provided for. The ageing of these receivables is as follows:			
		(Unaudited) March 31, 2014 ------(Rupees in '000)-----	(Audited) June 30, 2013 -----
Upto three years		71,218	89,247
Three to five years		194	103,392
Five years and over		<u>167,378</u>	<u>60,175</u>
		<u>238,790</u>	<u>252,814</u>
	Note	(Unaudited) March 31, 2014 ------(Rupees in '000)-----	(Audited) June 30, 2013 -----
6. OTHER RECEIVABLES			
Rent receivable:			
- considered good		18,101	13,837
- considered doubtful		<u>4,211</u>	<u>4,211</u>
		22,312	18,048
Less: Provision for impairment of rent receivable		<u>4,211</u>	<u>4,211</u>
		18,101	13,837
Amount held by lawyer in respect of a gurantee provided to the court		-	72,719
Derivative instruments	6.1	589,149	-
Others:			
- considered good		164,956	81,422
- considered doubtful		<u>12,659</u>	<u>12,659</u>
		177,615	94,081
Less: Provision for impairment of other receivables		<u>12,659</u>	<u>12,659</u>
		<u>164,956</u>	<u>81,422</u>
		<u>772,206</u>	<u>167,978</u>



- 6.1 The Group has entered into a cross currency interest rate swap of Rs 9,995.300 million in respect of its borrowing (note 7). Under the terms of the cross currency swap arrangement, the Group is required to pay LIBOR plus 3.75% to the arranging bank on the borrowing denominated in USD (USD notional) for the purpose of cross currency swap, and receive KIBOR plus 2.20% from the arranging bank. Further, the Group shall pay / receive any exchange loss / gain on the USD notional outstanding at each quarter end. Further, 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 211.650 million (favourable) (June 30, 2013: Rs 140.098 million (unfavourable) and Rs 18.353 million (June 30, 2013: Rs 30.667 million) (favourable) to the Group as of the balance sheet date which has been increased by the net interest receivable and exchange loss aggregating Rs 359.146 million (June 30, 2013: receivable Rs 4.194 million) as at March 31, 2014.

On September 26, 2013, the Group has early terminated one of its cross currency swap contract having a notional amount aggregating Rs 11.993 million. The early termination resulted in the payment by the Group to Standard Chartered Bank aggregating Rs 87.624 million comprising of net effects of interest received aggregating Rs 7.982 million, exchange loss and swap spread paid amounting to Rs 60.565 million and Rs 35.041 million respectively.

7. LONG-TERM FINANCING

	Note	(Unaudited) March 31, 2014 ----- (Rupees in '000) -----	(Audited) June 30, 2013
Financing under syndicate term finance agreement	7.1	5,423,066	6,282,672
Current maturity shown under current liabilities		<u>(1,150,674)</u> 4,272,392	<u>(1,150,674)</u> 5,131,998
Term Finance Certificates	7.1	784,752	907,496
Current maturity shown under current liabilities		<u>(166,208)</u> 618,544	<u>(166,208)</u> 741,288
		<u>4,890,936</u>	<u>5,873,286</u>

- 7.1 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 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, 2014, the Holding company has drawn Rs 8,733.757 million (June 30, 2013: Rs 8,733.757 million) and Rs 1,261.543 million (June 30, 2013: Rs 1,261.543 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, 2013: Rs 103.507 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.

Third Quarter Report March 31, 2014



	Note	(Unaudited) March 31, 2014	(Audited) June 30, 2013
		----- (Rupees in '000) -----	
8. TRADE AND OTHER PAYABLES			
Creditors		71,722	286,024
Agents' and owners' balances		642,900	434,047
Accrued liabilities		746,488	665,087
Deposits	8.1	79,355	38,133
Derivative instruments	6.1	-	105,237
Sales tax payable		(83)	186
Bills payable		122,549	33,142
Unclaimed dividends		29,932	28,079
Advance from customers		135,405	136,678
Other liabilities			
- amounts retained from contractors		24,482	22,918
- others		164,205	104,780
		188,687	127,698
		<u>2,016,955</u>	<u>1,854,311</u>

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

9. CONTINGENCIES AND COMMITMENTS

9.1 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, 2013, except for the contingent liability in respect of claims not acknowledged as debts by the Group, which as at March 31, 2014 aggregated to Rs 209.398 million (June 30, 2013: Rs 313.873 million). These claims mainly relate to deficiencies in shipping documentation, delay in delivery of cargo and damages to cargo. These include Rs 2.227 million (June 30, 2013: Rs 5.429 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 190.359 million (June 30, 2013: Rs 152.058 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 19.039 million (June 30, 2013: Rs 22.338 million) against the aforementioned claims in these condensed interim financial statements.

	(Unaudited) March 31, 2014	(Audited) June 30, 2013
	----- (Rupees in '000) -----	
9.3 Commitment for capital expenditure	239,294	285,589

10 The Group has entered into cross currency SWAP arrangement as explained in Note 6.1, during the current quarter PKR appreciated against US Dollar by approximately 6.85% which has resulted in the net gain under such arrangement & reduction in related Finance Costs.



Pakistan National Shipping Corporation

	(Unaudited) Nine months period ended March 31, 2014	(Unaudited) Nine months period ended March 31, 2013
Note	----- (Rupees in '000) -----	
11. CASH GENERATED FROM OPERATIONS		
Profit before taxation	1,710,012	1,632,455
Adjustments for non-cash charges and other items:		
Depreciation	894,517	763,756
Profit on disposal of property, plant and equipment	-	(1,354)
Provision for employees' gratuity	28,412	41,472
Provision for employees' compensated absences	62,761	57,426
Provision for post retirement medical benefits	18,938	14,990
Dividend income	(401)	(1,014)
Interest / mark-up income	(187,420)	(188,703)
Interest / mark-up expense	604,345	740,922
Gain on cross currency interest rate swap	(501,217)	(257,558)
Loss / (gain) on interest rate swap	437	(25,755)
(Gain) / Loss on revaluation of investments	(15,483)	3,345
Provision reversed against claims for damages	(4,912)	(5,154)
Provision made against claims for damages	1,614	10,221
Provision for doubtful receivable	-	92,941
Working capital changes	11.1 (364,666)	(773,132)
	<u>2,246,937</u>	<u>2,104,858</u>
11.1 WORKING CAPITAL CHANGES		
Increase) / decrease in current assets:		
Stores and spares	116,122	(107,597)
Trade debts	(875,552)	(623,361)
Agents' and owners' balances	(49,070)	(8,703)
Loans and advances	8,743	(6,594)
Deposits and prepayments	13,988	13,078
Other receivables	(15,079)	(51,979)
Incomplete voyages	1,532	(31,491)
Insurance claims	168,622	10,357
	(630,694)	(806,290)
Increase / (Decrease) in current liabilities:		
Trade and other payables	266,028	33,158
	<u>(364,666)</u>	<u>(773,132)</u>
	(Unaudited) March 31, 2014	(Audited) June 30, 2013
	----- (Rupees in '000) -----	
12. CASH AND CASH EQUIVALENTS		
Short-term investments	1,793,360	1,600,280
Cash and bank balances	1,699,697	1,812,622
	<u>3,493,057</u>	<u>3,412,902</u>



13. 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)	
		Nine months March 31, 2014	Nine months March 31, 2013
		----- (Rupees in '000) -----	
Contribution to provident fund	Associate	8,243	9,158
Directors' fee	Associate	1,020	660
Key management personnel compensation		22,173	23,942

13.1 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.

14. GENERAL

Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.

15. DATE OF AUTHORISATION FOR ISSUE

These condensed interim consolidated financial statements were authorised for issue on April 25, 2014 by the Board of Directors of the Holding Company.

Muhammad Siddique Memon
P.A.S
Chairman & Chief Executive

Khowaja Obaid Imran Ilyas
Director

PAKISTAN NATIONAL SHIPPING CORPORATION

UNAUDITED

INTERIM FINANCIAL STATEMENTS

FOR THE THIRD QUARTER

ENDED MARCH 31, 2014

Third Quarter Report March 31, 2014



PAKISTAN NATIONAL SHIPPING CORPORATION CONDENSED INTERIM BALANCE SHEET AS AT MARCH 31, 2014

	Note	(Unaudited) March 31, 2014 ------(Rupees in '000)-----	(Audited) June 30, 2013 -----
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	1,581,521	1,535,411
Investment properties		1,080,596	1,080,596
Long-term investments in:			
Related parties (subsidiaries and an associate)		25,189,064	25,189,063
Listed companies and an entity		53,694	38,211
		25,242,758	25,227,274
Long-term loans		58	58
Deferred tax		73,385	80,552
		27,978,318	27,923,891
CURRENT ASSETS			
Stores and spares		40,349	100,381
Trade debts	5	1,515,020	771,219
Agents' and owners' balances		58,061	8,991
Loans and advances		58,801	67,544
Deposits and short-term prepayments		22,984	37,126
Interest / mark-up accrued		30,109	19,836
Other receivables	6	699,915	35,450
Incomplete voyages		46,968	50,242
Taxation - net		300,145	252,591
Short-term investments		1,793,360	1,995,450
Cash and bank balances		1,690,015	1,778,997
		6,255,727	5,117,827
TOTAL ASSETS		34,234,045	33,041,718
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		6,220,205	5,633,268
		7,540,839	6,953,902
SURPLUS ON REVALUATION OF FIXED ASSETS		766,693	776,064
NON-CURRENT LIABILITIES			
Long-term financing	7	4,890,936	5,873,286
Deferred liabilities		596,807	566,574
		5,487,743	6,439,860
CURRENT LIABILITIES			
Trade and other payables	8	19,027,210	17,441,585
Provision against damage claims		19,040	22,338
Current maturity of long-term financing	7	1,316,882	1,316,882
Accrued mark-up on long-term financing		75,638	91,087
		20,438,770	18,871,892
TOTAL EQUITY AND LIABILITIES		34,234,045	33,041,718
CONTINGENCIES AND COMMITMENTS			
	9		

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

Muhammad Siddique Memon
P.A.S
Chairman & Chief Executive

Khowaja Obaid Imran Ilyas
Director



Pakistan National Shipping Corporation

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, 2014 (UNAUDITED)

	Quarter Ended March 31 2014	Quarter Ended March 31 2013	Nine Months Period Ended March 31 2014	Nine Months Period Ended March 31 2013
Note	----- (Rupees in '000) -----			
RREVENUE				
Chartering revenue	1,981,017	1,549,603	6,043,923	3,071,342
Services fee	62,596	65,138	208,476	201,954
Rental income	34,509	32,275	111,274	89,999
	<u>2,078,122</u>	<u>1,647,016</u>	<u>6,363,673</u>	<u>3,363,295</u>
EXPENDITURE				
Fleet expenses - direct	(1,519,223)	(989,167)	(4,812,917)	(1,846,646)
- indirect	(6,182)	(4,789)	(21,020)	(19,835)
Vessel management expenses	(86,137)	(100,148)	(263,397)	(344,885)
Real estate expenses	(12,623)	(12,867)	(51,622)	(43,229)
	<u>(1,624,165)</u>	<u>(1,106,971)</u>	<u>(5,148,956)</u>	<u>(2,254,595)</u>
GROSS PROFIT	<u>453,957</u>	<u>540,045</u>	<u>1,214,717</u>	<u>1,108,700</u>
Administrative and general expenses	(94,985)	(83,359)	(263,142)	(166,428)
Other operating expenses	(37,454)	(53,150)	(149,451)	(129,188)
Other operating income	76,570	45,200	596,998	393,355
	<u>(55,869)</u>	<u>(91,309)</u>	<u>184,405</u>	<u>97,739</u>
OPERATING PROFIT	<u>398,088</u>	<u>448,736</u>	<u>1,399,122</u>	<u>1,206,439</u>
Finance costs	10 266,982	(201,745)	(406,337)	(593,122)
PROFIT BEFORE TAXATION	<u>665,070</u>	<u>246,991</u>	<u>992,785</u>	<u>613,317</u>
Taxation	(167,348)	(93,260)	(279,993)	(354,950)
PROFIT AFTER TAXATION	<u>497,722</u>	<u>153,731</u>	<u>712,792</u>	<u>258,367</u>
Other comprehensive income	-	-	-	-
TOTAL COMPREHENSIVE INCOME	<u>497,722</u>	<u>153,731</u>	<u>712,792</u>	<u>258,367</u>
	----- (Rupees) -----			
EARNINGS PER SHARE -				
Basic and Diluted	<u>3.77</u>	<u>1.16</u>	<u>5.40</u>	<u>1.96</u>

Muhammad Siddique Memon
P.A.S
Chairman & Chief Executive

Khowaja Obaid Imran Ilyas
Director

Third Quarter Report March 31, 2014



PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER AND NINE MONTHS PERIOD ENDED MARCH 31, 2014 (UNAUDITED)

	Issued, subscribed and paid-up share Capital	Capital Reserves	-----Revenue reserve----- Actuarial losses	Unappropri- ated profit	Total
	(Rupees in '000)				
Balance at July 01, 2012	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 (Re 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 debited to equity				196,859	196,859
Balance as at March 31, 2013	<u>1,320,634</u>	<u>126,843</u>	<u>(154,433)</u>	<u>5,331,527</u>	<u>6,624,571</u>
Balance at July 01, 2013	1,320,634	126,843	(228,743)	5,735,168	6,953,902
Total comprehensive income for the nine months period ended March 31, 2014	-	-	-	712,792	712,792
Final cash dividend for the year ended June 30, 2013 (Rs 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	-	-	-	6,208	6,208
Total loss credited to equity				586,937	586,937
Balance as at March 31, 2014	<u>1,320,634</u>	<u>126,843</u>	<u>(228,743)</u>	<u>6,322,105</u>	<u>7,540,839</u>

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

Muhammad Siddique Memon
P.A.S
Chairman & Chief Executive

Khowaja Obaid Imran Ilyas
Director



Pakistan National Shipping Corporation

PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT FOR THE QUARTER AND NINE MONTHS PERIOD ENDED MARCH 31, 2014 (UNAUDITED)

	Note	Nine months period ended March 31, 2014 ------(Rupees in '000)-----	Nine months period ended March 31, 2013 -----
Cash flows from operating activities			
Cash generated from operations	11	1,957,663	1,936,744
Employees' gratuity paid		(6,394)	(101,505)
Employees' compensated absences paid		(55,286)	(46,562)
Post retirement medical benefits paid		(18,198)	(14,076)
Long-term loans and advances		-	35
Finance costs paid		(619,330)	(768,820)
Payments under cross currency interest rate swap		(193,604)	(14,414)
Taxes paid		(320,381)	(145,470)
Net cash generated from operating activities		744,470	845,932
Cash flows from investing activities			
Fixed capital expenditure		(100,504)	(38,661)
Proceeds from disposal of property, plant and equipment		-	1,889
Long-term loans and advances - related parties		-	(1,336,115)
Interest / mark-up received		177,121	177,379
Dividends received		401	1,014
Net cash generated from / (used in) investing activities		77,018	(1,194,494)
Cash flows from financing activities			
Long-term financing - net		(982,350)	552,395
Dividends paid		(130,210)	(64,640)
Net cash (used in) / generated from financing activities		(1,112,560)	487,755
Net (decrease) / Increase in cash and cash equivalents		(291,072)	139,193
Cash and cash equivalents at the beginning of period		3,774,447	3,265,502
Cash and cash equivalents at the end of the period	12	3,483,375	3,404,695

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

Muhammad Siddique Memon
P.A.S
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, 2014 (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 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, 2014 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, 2014 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, 2014. These condensed interim financial statements also include the condensed interim profit and loss account for the quarter ended March 31, 2014.

The comparative balance sheet, presented in these condensed interim financial statements, as at June 30, 2013 has been extracted from the audited financial statements of the Corporation for the year ended June 30, 2013 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, 2013.

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, 2013.

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, 2013.

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



Pakistan National Shipping Corporation

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.

	Note	(Unaudited) March 31, 2014 ----- (Rupees in '000) -----	(Audited) June 30, 2013 ----- (Rupees in '000) -----
4. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	1,189,980	1,220,151
Capital work-in-progress		<u>391,541</u>	<u>315,260</u>
		<u>1,581,521</u>	<u>1,535,411</u>
		(Unaudited) Nine months period ended March 31, 2014 ----- (Rupees in '000) -----	(Audited) Nine months period ended March 31, 2013 ----- (Rupees in '000) -----
4.1 Additions to fixed assets (including transfers from CWIP) during the period mainly include:			
Buildings on leasehold land		3,250	11,512
Office machines and appliances		429	701
Furniture and fixtures		73	35
Workshop machinery and equipment		105	9
Computer equipment		<u>2,458</u>	<u>762</u>
		<u>6,315</u>	<u>13,019</u>
		(Unaudited) March 31, 2014 ----- (Rupees in '000) -----	(Audited) June 30, 2013 ----- (Rupees in '000) -----
5. TRADE DEBTS			
Considered good	5.1	1,515,020	771,219
Considered doubtful		<u>18,161</u>	<u>18,265</u>
		1,533,181	789,484
Provision for impairment	5.2	<u>(18,161)</u>	<u>(18,265)</u>
		<u>1,515,020</u>	<u>771,219</u>
5.1 The ageing analysis of unimpaired trade debts is as follows:			
Upto 1 month		686,253	581,226
1 month to 6 months		536,976	128,412
More than 6 months		<u>291,791</u>	<u>61,581</u>
		<u>1,515,020</u>	<u>771,219</u>
5.2 As at March 31, 2014, trade debts of Rs 18.161 million (June 30, 2013: Rs 18.265 million) were impaired and provided for. These receivable balances have been outstanding for more than three years:			
		(Unaudited) March 31, 2014 ----- (Rupees in '000) -----	(Audited) June 30, 2013 ----- (Rupees in '000) -----
6. OTHER RECEIVABLES			
Rent receivable:			
- considered good		18,101	13,792
- considered doubtful		<u>4,211</u>	<u>4,211</u>
		22,312	18,003
Less: Provision for impairment of rent receivable		<u>4,211</u>	<u>4,211</u>
		18,101	13,792

Third Quarter Report March 31, 2014



	Note	(Unaudited) March 31, 2014	(Audited) June 30, 2013
		----- (Rupees in '000) -----	
Derivative instruments	6.1	589,149	-
Others:			
- considered good		92,665	21,658
- considered doubtful		12,659	12,659
		105,324	34,317
		12,659	12,659
Less: Provision for impairment of other receivables		92,665	21,658
		699,915	35,450

- 6.1 The Corporation has entered into a cross currency interest rate swap arrangement of Rs 9,995.300 million 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% 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. Further, 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 211.650 million (favourable) (June 30, 2013: Rs 140.098 million (unfavourable)) and Rs 18.353 million (June 30, 2013: Rs 30.667 million) (favourable) to the Corporation as of the balance sheet date which has been increased by the net interest receivable and exchange loss aggregating Rs 359.146 million (June 30, 2013: receivable Rs 4.194 million) as at March 31, 2014.

On September 26, 2013, the Corporation has early terminated one of its cross currency swap contract having a notional amount aggregating Rs 1,244.880 million. Accordingly, Corporation made payment to the arranging bank in respect of unwinding cost amounting to Rs 35.041 million.

	Note	(Unaudited) March 31, 2014	(Audited) June 30, 2013
		----- (Rupees in '000) -----	
7. LONG-TERM FINANCING			
Financing under Syndicate term finance agreement	7.1	5,423,066	6,282,672
Current maturity shown under current liabilities		(1,150,674)	(1,150,674)
		4,272,392	5,131,998
Term Finance Certificates	7.1	784,752	907,496
Current maturity shown under current liabilities		(166,208)	(166,208)
		618,544	741,288
		4,890,936	5,873,286

- 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 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.



Pakistan National Shipping Corporation

As at March 31, 2014, the Corporation has drawn Rs 8,733.757 million (June 30, 2013: Rs 8,733.757 million) and Rs 1,261.543 million (June 30, 2013: Rs 1,261.543 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, 2013: Rs 103.507 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

		(Unaudited) March 31, 2014	(Audited) June 30, 2013
Note		----- (Rupees in '000) -----	
Creditors		28,712	141,510
Current account balances with subsidiary companies		17,493,113	16,189,570
Agents' and owners' balances		642,900	434,047
Accrued liabilities		491,753	240,633
Deposits	8.1	52,960	38,133
Derivative instruments	6.1	-	105,237
Unclaimed dividends		29,932	28,079
Advance from customers		135,405	136,678
Other liabilities			
amounts retained from contractors		24,482	22,918
others		127,953	104,780
		152,435	127,698
		<u>19,027,210</u>	<u>17,441,585</u>

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

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, 2013, except for the contingent liability in respect of claims not acknowledged as debts by the Corporation, which as at March 31, 2014 aggregated to Rs 209.398 million (June 30, 2013: Rs 313.873 million). These claims mainly relate to deficiencies in shipping documentation, delay in delivery of cargo and damages to cargo. These include Rs 2.227 million (June 30, 2013: Rs 5.429 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 190.359 million (June 30, 2013: Rs 152.058 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 19.039 million (June 30, 2013: Rs 22.338 million) against the aforementioned claims in these condensed interim financial statements.

		(Unaudited) March 31, 2014	(Audited) June 30, 2013
Note		----- (Rupees in '000) -----	
Commitments			

9.3 Commitments for capital expenditure 239,294 285,589

10 The Corporation has entered into cross currency SWAP arrangement as explained in Note 6.1, during the current quarter PKR appreciated against US Dollar by approximately 6.85% which has resulted in the net gain under such arrangement & reduction in related Finance Costs.

Third Quarter Report March 31, 2014



		(Unaudited) Nine months period ended March 31, 2014	(Unaudited) Nine months period ended March 31, 2013
	Note	----- (Rupees in '000) -----	
11. CASH GENERATED FROM OPERATIONS			
(loss) / profit before taxation		992,785	613,317
Adjustments for non-cash charges and other items:			
Depreciation		54,266	36,301
Profit on disposal of property, plant and equipment		-	(1,354)
Provision for employees' gratuity		27,603	38,993
Provision for employees' compensated absences		62,461	55,895
Provision for post retirement medical benefits		18,746	14,334
Dividend income		(401)	(1,014)
Interest / mark-up income		(187,394)	(188,703)
Interest / mark-up expense		602,147	740,922
Gain on cross currency interest rate swap		(501,219)	(257,558)
Loss / (gain) on interest rate swap		437	(25,755)
(Gain) / loss on revaluation of investments		(15,483)	3,345
Provision reversed against claims for damages		(4,912)	(5,154)
Provision made against claims for damages		1,614	10,221
Provision for doubtful receivables		-	3,165
Working capital changes	11.1	907,013	899,789
		<u>1,957,663</u>	<u>1,936,744</u>
11.1 WORKING CAPITAL CHANGES			
(Increase) / decrease in current assets:			
Stores and spares		60,032	25
Trade debts		(743,801)	(351,582)
Agents' and owners' balances		(49,070)	(8,703)
Loans and advances		8,743	(6,610)
Deposits and prepayments		14,142	12,448
Other receivables		(75,316)	(17,636)
Incomplete voyages		3,274	(11,682)
Insurance claims		-	47
		(781,996)	(383,693)
Decrease in current liabilities:			
Trade and other payables		1,689,009	1,283,482
		<u>907,013</u>	<u>899,789</u>
		(Unaudited)	(Unaudited)
		March 31, 2014	March 31, 2013
		----- (Rupees in '000) -----	
12. CASH AND CASH EQUIVALENTS			
Short-term investments		1,793,360	1,594,280
Cash and bank balances		1,690,015	1,810,415
		<u>3,483,375</u>	<u>3,404,695</u>



13. TRANSACTIONS WITH RELATED PARTIES

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

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

Name and particulars	Relationship with the Corporation	(Unaudited)	
		Nine months March 31, 2014	Nine months March 31, 2013
		----- (Rupees in '000) -----	
Service fee charged to subsidiary companies	Subsidiary	208,476	201,954
Rental expense of Pakistan Co-operative Ship Stores (Private) Limited	Subsidiary	398	358
Delivery of stores and spares to subsidiary companies	Subsidiary	17,411	11,846
Retirement benefit costs charged to subsidiaries	Subsidiary	1,300	4,666
Contribution to provident fund		6,980	8,214
Directors' fee		1,020	660
Key management personnel compensation		22,173	23,942
Advance against future issue of shares to Multan Shipping (Private) Limited	Subsidiary	-	1,336,115

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

14. GENERAL

Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.

15. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on April 25, 2014 by the Board of Directors of the Corporation.

Muhammad Siddique Memon
P.A.S
Chairman & Chief Executive

Khowaja Obaid Imran Ilyas
Director