
Pakistan National Shipping Corporation



**Un-Audited Report
For The Third Quarter
Ended March 31, 2015**



CORPORATE INFORMATION

Board of Directors

1. Mr. Arif Elahi	Chairman
2. Mr. Haq Nawaz	Member
3. Mr. M. Anwar Malik	Member
4. Ms. Ava A. Cowasjee	Member
5. Mr. Akbar Adil	Member
6. Mr. Khawaja Obaid Imran Ilyas	Member
7. Capt. Syed Anwar Shah	Member

Audit Committee

1. Mr. Khawaja Obaid Imran Ilyas	Chairman
2. Capt. Anwar Shah	Member
3. Mr. Akbar Adil	Member

Human Resource and Remuneration Committee

1. Capt. Anwar Shah	Chairman
2. Ms. Ava A. Cowasjee	Member
3. Mr. Akbar Adil	Member

Commercial Committee

1. Mr. Akbar Adil	Chairman
2. Ms. Ava A. Cowasjee	Member
3. Capt. Anwar Shah	Member

Chief Financial Officer

Mr. Imtiaz C. Agboatwala

Company Secretary

Ms. Zainab Suleman

Chief Internal Auditor

Mr. Babar 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

1. A. F. Ferguson & Co., Chartered Accountants
2. Ernst & Young Ford Rhodes Sidat Hyder & Co.,
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
Faysal Bank Limited
Habib Bank Limited
Habib Bank Limited, New York
NIB Bank Limited
National Bank of Pakistan
National Bank of Pakistan, Hong Kong
National Bank of Pakistan, Tokyo
Samba Bank Limited
Sindh 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 ENDED MARCH 31, 2015**

The Directors of Pakistan National Shipping Corporation (PNSC) are pleased to present the financial statements of PNSC Group for the quarter and nine months ended March 31, 2015. 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, 2015 were Rs 3,637 million (including Rs 1,668 million from PNSC), making a total of Rs 11,424 million (including Rs 5,828 million from PNSC) for the nine months period under review as against Rs 11,368 million for the corresponding period last year, showing a nominal increase of 0.5%. Net Profit after tax for the nine months up to March 31, 2015 was Rs 1,051 million as against Rs 1,366 million last year, direct operating costs increased during this period as chartering-in rates were very firm.

FUTURE PROSPECTS

The Corporation is working hard to keep costs under control and exploring new business ventures to maximize profits as well as adding more capacity to its fleet to cater to higher oil transportation needs.

Arif Elahi
Chairman and Chief Executive

Karachi; April 28, 2015



PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES
CONDENSED INTERIM CONSOLIDATED BALANCE SHEET
AS AT MARCH 31, 2015

		(Unaudited) March 31, 2015	Audited June 30 2014
	Note	----- (Rupees in '000)-----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	24,946,700	22,567,568
Investment properties		1,080,596	1,080,596
Long-term investments in listed companies and an other entity		46,102	53,669
Long-term loans		58	58
Long-term deposits		90	90
Deferred tax		105,156	90,777
		26,178,702	23,792,758
CURRENT ASSETS			
Stores and spares		657,339	637,847
Trade debts	5	2,392,906	2,439,569
Agents' and owners' balances		13,538	124,824
Loans and advances		66,314	58,564
Trade deposits and short-term prepayments		64,572	47,664
Interest / mark-up accrued		51,945	35,009
Other receivables	6	262,013	343,625
Incomplete voyages		9,728	-
Insurance claims		16,049	7,032
Taxation - net		828,989	749,726
Short-term investments		2,205,400	2,294,880
Cash and bank balances		1,826,944	1,852,441
		8,395,737	8,591,181
TOTAL ASSETS		34,574,439	32,383,939
EQUITY AND LIABILITIES			
EQUITY ATTRIBUTABLE TO OWNERS OF THE HOLDING COMPANY			
Share capital		1,320,634	1,320,634
Reserves		22,000,277	21,144,018
		23,320,911	22,464,652
NON-CONTROLLING INTEREST		2,951	2,515
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP		23,323,862	22,467,167
SURPLUS ON REVALUATION OF FIXED ASSETS			
- Owners of the holding company		763,527	770,549
- Non-controlling interest		524	524
		764,051	771,073
NON-CURRENT LIABILITIES			
Long term financing	7	6,190,294	4,568,861
Deferred liabilities		699,474	617,483
		6,889,768	5,186,344
CURRENT LIABILITIES AND PROVISIONS			
Trade and other payables	8	1,777,305	2,520,301
Provision against damage claims		17,377	31,973
Current maturity of long-term financing	7	1,702,054	1,316,882
Incomplete Voyages		1,175	11,684
Accrued mark-up on long-term financing		98,847	78,515
		3,596,758	3,959,355
TOTAL EQUITY AND LIABILITIES		34,574,439	32,383,939
CONTINGENCIES AND COMMITMENTS			
	9		

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

Arif Elahi
Chairman & Chief Executive

Khawaja Obaid Imran Ilyas
Director



**PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES
CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE QUARTER AND NINE MONTHS PERIOD ENDED MARCH 31, 2015 (UNAUDITED)**

	Quarter ended March 31, 2015	Quarter ended March 31, 2014	Nine months period ended March 31, 2015	Nine months period ended March 31, 2014
	------(Rupees in '000)-----			
REVENUES				
Income from shipping business	3,597,259	3,545,946	11,309,506	11,255,825
Rental income	39,462	34,649	114,812	111,849
	3,636,721	3,580,595	11,424,318	11,367,674
EXPENDITURES				
Fleet expenses - direct	(2,818,436)	(2,845,437)	(9,206,451)	(8,968,346)
- indirect	(11,086)	(7,479)	(23,946)	(28,729)
Real estate expenses	(9,969)	(12,620)	(44,523)	(51,622)
	(2,839,491)	(2,865,536)	(9,274,920)	(9,048,697)
GROSS PROFIT	797,230	715,059	2,149,398	2,318,977
Administrative and general expenses	(191,053)	(215,250)	(695,679)	(580,450)
Other operating expenses	(207,736)	(38,621)	(505,067)	(608,844)
Other operating income	120,470	77,083	752,347	988,285
	(278,319)	(176,788)	(448,399)	(201,009)
OPERATING PROFIT	518,911	538,271	1,700,999	2,117,968
Finance costs	(212,351)	266,390	(522,844)	(407,956)
PROFIT BEFORE TAXATION	306,560	804,661	1,178,155	1,710,012
Taxation	(48,038)	(172,345)	(126,747)	(344,338)
PROFIT AFTER TAXATION	258,522	632,316	1,051,408	1,365,674
Other comprehensive income	-	-	-	-
TOTAL COMPREHENSIVE INCOME	258,522	632,316	1,051,408	1,365,674
Attributable to:				
Equity holders of the Group	258,429	632,332	1,050,972	1,365,545
Non-controlling interest	93	(16)	436	129
	258,522	632,316	1,051,408	1,365,674
	------(Rupees)-----			
EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP - BASIC & DILUTED	1.96	4.79	7.96	10.34

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


Arif Elahi
Chairman & Chief Executive


Khawaja Obaid Imran Ilyas
Director



**PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2015 (UNAUDITED)**

	Issued, subscribed and paid-up share capital	Capital Reserves	Revenue reserve			Non- controlling interest	Total
			General Reserves	Actuarial losses	Unappropri- ated profit		
	(Rupees in '000)						
Balance at July 01, 2013	1,320,634	131,344	129,307	(228,743)	19,092,511	2,132	20,447,185
Final cash dividend for the year ended June 30, 2013 (Rs 1 per ordinary share of Rs.10 each)	-	-	-	-	(132,063)	-	(132,063)
Total comprehensive income for the nine months periods ended March 31, 2014	-	-	-	-	1,365,545	129	1,365,674
Surplus on revaluation of property, plant and equipment realised during the period on account of incremental depreciation charged thereon - 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	1,320,634	131,344	129,307	(228,743)	20,332,201	2,261	21,687,004
Balance at July 01, 2014	1,320,634	131,344	129,307	(226,522)	21,109,889	2,515	22,467,167
Final cash dividend for the year ended June 30, 2014 (Rs 1.5 per ordinary share of Rs. 10 each)	-	-	-	-	(198,095)	-	(198,095)
Total comprehensive income for the first quarter ended March 31, 2015	-	-	-	-	1,050,972	436	1,051,408
Surplus on revaluation of property, plant and equipment realised during the period on account of incremental depreciation charged thereon - net of tax	-	-	-	-	3,382	-	3,382
Total income credited to equity					856,259	436	856,695
Balance as at March 31, 2015	1,320,634	131,344	129,307	(226,522)	21,966,148	2,951	23,323,862

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


Arif Elahi
Chairman & Chief Executive


Khowaja Obaid Imran Ilyas
Director



**PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES
CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2015 (UNAUDITED)**

		Nine Months Period Ended March 31, 2015	Nine Months Period Ended March 31, 2014
Note			
		----- (Rupees in '000) -----	
Cash flows from operating activities			
Cash generated from operations	10	1,694,711	2,246,937
Employees' gratuity paid		(5,518)	(6,394)
Employees' compensated absences paid		(32,719)	(55,286)
Post retirement medical benefits paid		(11,789)	(18,198)
Finance costs paid		(626,682)	(619,794)
(Receipts) / payments under cross currency and interest rate swap - net		150,770	(193,604)
Taxes paid		(224,030)	(345,147)
Net cash generated from operating activities		944,743	1,008,514
Cash flows from investing activities			
Fixed capital expenditure		(3,577,903)	(364,171)
Proceeds from disposal of property, plant and equipment		495,029	-
Disposal / (Purchase) of short term investments		296,990	-
Interest / mark-up received		211,383	177,124
Dividends received		69	401
Net cash used in investing activities		(2,574,432)	(186,646)
Cash flows from financing activities			
Long-term financing - net		2,006,605	(982,352)
Dividends paid		(194,903)	(130,210)
Net cash generated / (used in) from financing activities		1,811,702	(1,112,562)
Net increase / (decreased) in cash and cash equivalents		182,013	(290,694)
Cash and cash equivalents at the beginning of period		2,649,881	3,783,751
Cash and cash equivalents at the end of the period	11	2,831,894	3,493,057

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


Arif Elahi
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, 2015 (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, 2014: 73%) of the share capital of Pakistan Co-operative Ship Stores (Private) Limited and 100% (June 30, 2014: 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, Khairpur Shipping (Private) Limited, Islamabad Shipping (Private) Limited, Sargodha Shipping (Private) Limited, Kaghan Shipping (Private) Limited and Makran Shipping (Private) Limited which currently do not own any vessel / tanker.

2 BASIS OF PREPARATION

These condensed interim consolidated financial statements of the Group for the nine months period ended March 31, 2015 have been prepared in accordance with the requirements of approved accounting standards as applicable in Pakistan for interim financial reporting which comprise of the International Accounting Standard 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 should be read in conjunction with the consolidated financial statements for the year ended June 30, 2014 as they provide an update of previously reported information.



These condensed interim consolidated financial statements comprise of the condensed interim consolidated balance sheet as at March 31, 2015 and the condensed interim consolidated profit and loss account, the condensed interim consolidated statement of changes in equity, the condensed interim consolidated cash flow statement and notes thereto for the nine months period then ended. These condensed interim consolidated financial statements also include the condensed interim consolidated profit and loss account for the quarter ended March 31, 2015.

The comparative balance sheet presented in these condensed interim consolidated financial statements as at June 30, 2014 has been extracted from the annual audited consolidated financial statements of the Group for the year ended June 30, 2014 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 for the nine months period ended March 31, 2014 have been extracted from the condensed interim consolidated financial statements of the Group for the Nine months period ended March 31, 2014.

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, 2014.

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, 2014.

3.1 New standards, amendments to approved accounting standards and new interpretations that are not yet effective and have not been early adopted by the Group:

There are certain amendments to the approved accounting standards and new interpretations issued by IFRIC which will be effective after July 1, 2014 but are considered not to be relevant or are expected to have any significant effect on the Group's operations and are, therefore, not disclosed in these consolidated financial statements.

	Note	(Unaudited) March 31, 2015	(Audited) June 30, 2014
		----- (Rupees in '000) -----	
4. PROPERTY, PLANT AND EQUIPMENT			
- Operating fixed assets	4.1	24,251,779	21,894,357
- Major spare parts and stand-by equipment		259,199	218,731
- Capital work-in-progress		435,722	454,480
		<u>24,946,700</u>	<u>22,567,568</u>
		Nine Months Period Ended March 31, 2015	Nine Months Period Ended March 31, 2014
		----- (Rupees in '000) -----	
4.1 Additions to fixed assets (including transfers from CWIP)			
during the period mainly include:			
Vessels		3,417,905	-
Buildings on lease hold land		2,476	3,250
Office machines and appliances		474	429
Furniture and fixtures		8	73
Computer equipment		5,607	2,931
Spares capitalised		43,245	35,405
Class renewal and dry docking		125,869	227,220
Workshop machinery and equipment		62	105
Equipment on board		4,703	850
Total		<u>3,600,349</u>	<u>270,263</u>



		(Unaudited)	
		Nine Months Period Ended March 31, 2015	Nine Months Period Ended March 31, 2014
		----- (Rupees in '000) -----	
4.2	Details of fixed assets disposed off during the period:		
	Net book value of assets disposed off	<u>389,065</u>	<u>-</u>
		(Unaudited) March 31, 2015	(Audited) June 30, 2014
		----- (Rupees in '000) -----	
5.	TRADE DEBTS - unsecured		
	- considered good	5.1 <u>2,392,906</u>	2,439,569
	- considered doubtful	<u>242,749</u>	<u>242,749</u>
		<u>2,635,655</u>	<u>2,682,318</u>
	Less: provision for impairment	5.2 <u>242,749</u>	<u>242,749</u>
		<u>2,392,906</u>	<u>2,439,569</u>
5.1	The ageing analysis of unimpaired trade debts is as follows:		
	Upto 1 month	<u>875,764</u>	1,031,717
	1 month to 6 months	<u>562,002</u>	933,226
	More than 6 months	<u>955,140</u>	474,626
		<u>2,392,906</u>	<u>2,439,569</u>
5.2	As at March 31, 2015, trade debts of Rs 242.749 million (June 30, 2014: Rs 242.749 million) were impaired and provided for.		
		(Unaudited) March 31, 2015	(Audited) June 30, 2014
		----- (Rupees in '000) -----	
6.	OTHER RECEIVABLES		
	Rent receivable:		
	- considered good	<u>12,892</u>	10,335
	- considered doubtful	<u>3,802</u>	<u>3,801</u>
		<u>16,694</u>	14,136
	Less: Provision for impairment of rent receivable	<u>3,802</u>	<u>3,801</u>
		<u>12,892</u>	10,335
	Amount held by lawyer in respect of a guarantee provided to the court	-	4,952
	Derivative instruments	6.1 <u>68,856</u>	147,209
	Others:		
	- considered good	<u>180,265</u>	181,129
	- considered doubtful	<u>12,659</u>	<u>12,659</u>
		<u>192,924</u>	193,788
	Less: Provision for impairment of other receivables	<u>12,659</u>	<u>12,659</u>
		<u>180,265</u>	181,129
		<u>262,013</u>	<u>343,625</u>



- 6.1 The Holding company 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 Holding company 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 Holding company shall pay / receive any exchange loss / gain on the USD notional outstanding at each quarter end. Further, the Holding company had also entered into an interest rate swap. Under the terms of the interest rate swap the Holding company receives a fixed interest of 13% per annum, whereas the Holding company 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 37.645 million (favourable) (June 30, 2014: Rs 86.851 million (favourable)) and Rs 11.169 million (favourable) (June 30, 2014: Rs 14.015 million) (favourable) to the Holding company as of the balance sheet date which has been increased by the net interest receivable and exchange loss aggregating Rs 20.042 million (June 30, 2014: receivable Rs 46.343 million) as at March 31, 2015.

7. LONG-TERM FINANCING

	Note	(Unaudited) March 31, 2015	(Audited) June 30, 2014
------(Rupees in '000)-----			
Financing under syndicate term finance agreement	7.1	6,277,957	5,142,882
Current maturity shown under current liabilities		1,407,455	(1,150,674)
		4,870,502	3,992,208
Term Finance Certificates	7.1	619,363	742,861
Current maturity shown under current liabilities		166,208	(166,208)
		453,155	576,653
Musharika Agreement		995,028	-
Less: Current maturity shown under current liabilities		128,391	-
		866,637	-
		<u>6,190,294</u>	<u>4,568,861</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, 2015, the Group has drawn Rs 8,733.757 million (June 30, 2014: Rs 8,733.757 million) and Rs 1,261.543 million (June 30, 2014: 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, which has been fully amortised.

- 7.2 During the period ended December 31, 2014, the Group obtained a financing facility of Rs 4,500 million. The financing was obtained in the form of syndicated term finance loan of Rs 3,000 million, with the remaining amount of Rs 1,500 million through a musharika agreement.

The financing carries mark-up at the rate of KIBOR+1.60%. The loan along with the mark-up is repayable on a quarterly basis with the last repayment date on November 6, 2022. The facility is secured by a first mortgage charge over certain vessels owned by Group.



During the period ended March 31, 2015, the Group has drawn Rs 2,054.250 million (June 30, 2014: Rs Nil) and Rs 1,027.125 million (June 30, 2014: Rs Nil) from syndicated term finance and musharika respectively. The Group has also paid loan arrangement fee amounting to Rs 45 million which was included fully in the amortised cost of the long term financing, whereas an amount of Rs 315,000 (June 30, 2014: Nil) is expensed out at the time of drawdown.

		(Unaudited) March 31, 2015	(Audited) June 30, 2014
Note		----- (Rupees in '000) -----	
8. TRADE AND OTHER PAYABLES			
Creditors		77,187	102,188
Agents' and owners' balances		484,414	804,063
Accrued liabilities		740,441	1,262,344
Deposits	8.1	40,123	68,614
Sales tax payable		(345)	186
Bills payable		149,617	1,364
Unclaimed dividends		33,108	29,916
Advance from customers		86,731	128,305
Other liabilities			
- amounts retained from contractors		26,371	23,695
- others		139,658	99,626
		166,029	123,321
		<u>1,777,305</u>	<u>2,520,301</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 are no major changes in the status of contingencies and commitments as reported in the annual consolidated financial statements for the year ended June 30, 2014 except for those mentioned below.

9.2. The contingent liability in respect of claims not acknowledged as debts by the Group, which as at March 31, 2015 aggregated to Rs 177.906 million (June 30, 2014: Rs 368.244 million). These claims mainly relate to deficiencies in shipping documentation, delay in delivery of cargo and damages to cargo. These include Rs 2.281 million (June 30, 2014: Rs 2.225 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 160.529 million (June 30, 2014: Rs 273.186 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 17.377 million (June 30, 2014: Rs 31.973 million) against the aforementioned claims in these condensed interim financial statements.

9.3. During the year ended June 30, 2014, the Deputy Commissioner Inland Revenue (DCIR) issued assessment orders under section 161 of the ITO, 2001 in respect of tax years 2008 to 2013. According to the orders, the DCIR held that the Group was required to withhold tax under section 152 (2) of the Ordinance while making payments to non-resident shipping Companies, and the failure to deduct tax at source renders it personally liable to pay tax along with default surcharge on the unpaid amount of tax, under section 205 of the ITO, 2001. By virtue of above orders a total tax demand of Rs 2,695.502 million was raised by the tax authorities. The Group filed an appeal against the said orders with the Commissioner of Income Tax (Appeals) - CIR(A). During the nine months period ended March 31, 2015 the CIR(A) maintained the decision of DCIR and gave the decision in favour of the tax authorities. The Group filed an appeal against the said decision of CIR(A) before the Income tax Appellate Tribunal (ATIR) on which hearing has been concluded and the orders of ATIR is awaited.

Further during the nine months period ended March 31, 2015, the DCIR issued show cause notice u/s 161 of ITO, 2001 in respect of Tax year 2014 raising tax demand of Rs 1,324.077 million. The Group took up the matter to the High Court where the Honourable High Court has suspended the show cause notice till further notice.



- 9.4 During the year ended June 30, 2013, the Officer Inland Revenue (OIR) issued assessment orders under section 122 (5A) of the Income Tax Ordinance, 2001 in respect of tax year 2012. According to the order, the OIR made certain additions and determined additional tax demand of Rs 107.449 million. OIR disallowed a portion of administrative expenses by attributing the same to the subsidiary companies and further disallowed financial expenses incurred by the Group on the contention that the same is equity specific and hence being capital in nature. The Group has paid Rs 65 million under protest and filed an appeal with the CIT(A).

During the nine months ended March 31, 2015, the CIT(A) in his order has upheld certain additions and has given decisions in favour of the Group on certain matters, and has worked out tax demand of Rs 42.449 million. The Group has filed an appeal with ATIR against the aforementioned disallowances which at present is pending for hearing. The management of the Group is confident that the subject matter in respect of tax year 2012 will eventually be decided in favour of the Group.

		(Unaudited) March 31, 2015	(Audited) June 30, 2014
		------(Rupees in '000)-----	
Commitments			
9.5 Outstanding letters of guarantee		<u>5,126</u>	<u>5,126</u>
9.6 Commitment for capital expenditure		<u>121,980</u>	<u>193,057</u>
		(Unaudited)	(Unaudited)
		Nine Months March 31, 2015	Nine Months March 31, 2014
	Note	------(Rupees in '000)-----	
10. CASH GENERATED FROM OPERATIONS			
Profit before taxation		1,178,155	1,710,012
Adjustments for non-cash charges and other items:			
Depreciation		799,332	894,517
Profit on disposal of property, plant and equipment		(107,432)	-
Provision for employees' gratuity		42,932	28,412
Provision for employees' compensated absences		67,128	62,761
Provision for post retirement medical benefits		23,541	18,938
Dividend income		(69)	(401)
Interest / mark-up income		(228,319)	(187,420)
Interest / mark-up expense		647,014	604,345
Gain on cross currency interest rate swap		(124,470)	(501,217)
Loss on interest rate swap		52,053	437
Loss / (Gain) on revaluation of investments		7,567	(15,483)
Provision reversed against claims for damages	10.1	(17,699)	(4,912)
Provision made against claims for damages		1,678	1,614
Working capital changes		<u>(646,700)</u>	<u>(364,666)</u>
		<u>1,694,711</u>	<u>2,246,937</u>



(Unaudited)	
Nine Months Period Ended March 31, 2015	Nine Months Period Ended March 31, 2014
------(Rupees in '000)-----	

10.1 WORKING CAPITAL CHANGES

(Increase) / decrease in current assets:

Stores and spares

Trade debts

Agents' and owners' balances

Loans and advances

Deposits and prepayments

Other receivables

Incomplete voyages

Insurance claims

(19,492)	116,122
46,663	(875,552)
111,286	(49,070)
(7,750)	8,743
(16,908)	13,988
3,259	(15,079)
(8,553)	1,532
(9,017)	168,622
99,488	(630,694)

Increase / (Decrease) in current liabilities:

Trade and other payables

(746,188)	266,028
(646,700)	(364,666)

(Unaudited)	
March 31, 2015	March 31, 2014
------(Rupees in '000)-----	

11. CASH AND CASH EQUIVALENTS

Short-term investments having maturity of three months or less

Cash and bank balances

1,004,950	1,793,360
1,826,944	1,699,697
2,831,894	3,493,057

12. 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. Balances with related parties have been disclosed in the relevant notes to these condensed interim financial statements. 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:

		(Unaudited)	
Name and particulars	Relationship with the Group	Nine Months March 31, 2015	Nine Months March 31, 2014
------(Rupees in '000)-----			
Contribution to provident fund	Associate	6,632	8,243
Directors' fee	Associate	1,265	1,020
Key management personnel compensation		31,493	22,173

12.1 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.



13. CORRESPONDING FIGURES

For better presentation the following reclassifications in the corresponding figures have been made in the condensed interim profit and loss account:

		Nine months period ended March 31, 2014
		----- (Rupees in '000) -----
From	To	
Direct fleet expenses	Other operating expenses	455,891
Direct fleet expenses	Other income	354,504

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 28, 2015 by the Board of Directors of the Holding Company.

Arif Elahi
Chairman & Chief Executive

Khowaja Obaid Imran Ilyas
Director

PAKISTAN NATIONAL SHIPPING
CORPORATION

UN-AUDITED
INTERIM FINANCIAL STATEMENTS

FOR THE THIRD QUARTER ENDED
MARCH 31, 2015



PAKISTAN NATIONAL SHIPPING CORPORATION
CONDENSED INTERIM BALANCE SHEET
AS AT MARCH 31, 2015

	Note	(Unaudited) March 31, 2015	(Audited) June 30, 2014
------(Rupees in '000)-----			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	1,592,823	1,642,894
Investment properties		1,080,596	1,080,596
Long-term investments in:			
-Related parties (subsidiaries and an associate)		25,189,063	25,189,063
-Listed companies and an entity		46,102	53,669
		25,235,165	25,242,732
Long-term loans and advances			
-Related party (subsidiary)	5	3,402,698	-
-Others - due from employees		58	58
Deferred taxation - net		3,402,756	58
		105,156	90,777
		31,416,496	28,057,057
CURRENT ASSETS			
Stores and spares		12,806	11,402
Trade debts	6	1,755,676	1,987,993
Agents' and owners' balances		13,538	124,824
Loans and advances		66,504	58,564
Trade deposits and short-term prepayments		63,667	45,604
Interest / mark-up accrued on bank deposits and investments		51,475	34,539
Other receivables	7	156,272	239,755
Incomplete voyages		-	5,992
Taxation - net		820,933	737,000
Short-term investments		2,205,400	2,294,880
Cash and bank balances		1,816,098	1,842,531
		6,962,369	7,383,084
TOTAL ASSETS		38,378,865	35,440,141
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		5,924,392	6,314,151
		7,245,026	7,634,785
Surplus on revaluation of property, plant & equipment - net of tax		761,226	768,248
NON-CURRENT LIABILITIES			
Long-term financing	8	6,190,294	4,568,861
Deferred liabilities		699,474	617,483
		6,889,768	5,186,344
CURRENT LIABILITIES			
Trade and other payables	9	21,663,391	20,423,394
Provision against damage claims		17,377	31,973
Current portion of long-term financing	8	1,702,054	1,316,882
Incomplete voyage		1,176	-
Accrued mark-up on long-term financing		98,847	78,515
		23,482,845	21,850,764
TOTAL EQUITY AND LIABILITIES		38,378,865	35,440,141
CONTINGENCIES AND COMMITMENTS			
	10		

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.

Arif Elahi
Chairman & Chief Executive

Khawaja Obaid Imran Ilyas
Director



**PAKISTAN NATIONAL SHIPPING CORPORATION
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE QUARTER AND NINE MONTHS PERIOD ENDED MARCH 31, 2015 (UNAUDITED)**

	Quarter ended March 31, 2015	Quarter ended March 31, 2014	Nine months period ended March 31, 2015	Nine months period ended March 31, 2014
	------(Rupees in '000)-----			
REVENUE				
Chartering revenue	1,628,984	1,981,017	5,713,578	6,043,923
Services fee	78,731	62,596	223,772	208,476
Rental income	39,175	34,509	114,095	111,274
	<u>1,746,890</u>	<u>2,078,122</u>	<u>6,051,445</u>	<u>6,363,673</u>
EXPENDITURE				
Fleet expenses - direct	(1,382,384)	(1,519,223)	(4,992,660)	(4,711,530)
- indirect	(7,180)	(6,182)	(19,236)	(21,020)
Vessel management expenses	(97,497)	(86,137)	(307,458)	(263,397)
Real estate expenses	(9,969)	(12,623)	(44,523)	(51,622)
	<u>(1,497,030)</u>	<u>(1,624,165)</u>	<u>(5,363,877)</u>	<u>(5,047,569)</u>
GROSS PROFIT	<u>249,860</u>	<u>453,957</u>	<u>687,568</u>	<u>1,316,104</u>
Administrative and general expenses	(83,994)	(94,985)	(351,662)	(263,142)
Other operating expenses	(205,560)	(37,454)	(499,336)	(605,342)
Other income	119,171	76,570	589,343	951,502
	<u>(170,383)</u>	<u>(55,869)</u>	<u>(261,655)</u>	<u>83,018</u>
OPERATING PROFIT	<u>79,477</u>	<u>398,088</u>	<u>425,913</u>	<u>1,399,122</u>
Finance costs	(211,738)	266,982	(520,758)	(406,337)
(LOSS) / PROFIT BEFORE TAXATION	<u>(132,261)</u>	<u>665,070</u>	<u>(94,845)</u>	<u>992,785</u>
Taxation	(38,585)	(167,348)	(100,201)	(279,993)
(LOSS) / PROFIT AFTER TAXATION	<u>(170,846)</u>	<u>497,722</u>	<u>(195,046)</u>	<u>712,792</u>
	-	-	-	-
TOTAL COMPREHENSIVE (LOSS) / INCOME	<u>(170,846)</u>	<u>497,722</u>	<u>(195,046)</u>	<u>712,792</u>
	------(Rupees)-----			
(LOSS) / EARNING PER SHARE - BASIC AND DILUTED	<u>(1.29)</u>	<u>3.77</u>	<u>(1.48)</u>	<u>5.40</u>

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.


Arif Elahi
Chairman & Chief Executive


Khowaja Obaid Imran Ilyas
Director



PAKISTAN NATIONAL SHIPPING CORPORATION
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2015 (UNAUDITED)

	---Revenue Reserves---				
	Issued, subscribed and paid-up share capital	Capital Reserve	Remeasurement of post retirement benefits obligation - net of tax	Unappropriated profit	Total
	----- (Rupees in '000) -----				
Balance at July 01, 2013	1,320,634	126,843	(228,743)	5,735,168	6,953,902
Final cash dividend for the year ended June 30, 2013 (Re 1 per ordinary share of Rs. 10 each)	-	-	-	(132,063)	(132,063)
Total comprehensive income for the nine months period ended March 31, 2014	-	-	-	712,792	712,792
Surplus on revaluation of property, plant and equipment realised during the period on account of incremental depreciation charged thereon - net of tax	-	-	-	6,208	6,208
Total income 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>
Balance at July 01, 2014	1,320,634	126,843	(226,522)	6,413,830	7,634,785
Final cash dividend for the year ended June 30, 2014 (Rs 1.5 per ordinary share of Rs. 10 each)	-	-	-	(198,095)	(198,095)
Total comprehensive loss for the nine months period ended March 31, 2015	-	-	-	(195,046)	(195,046)
Surplus on revaluation of property, plant and equipment realised during the period on account of incremental depreciation charged thereon - net of tax	-	-	-	3,382	3,382
Total Loss credited to equity				(389,759)	(389,759)
Balance as at March 31, 2015	<u>1,320,634</u>	<u>126,843</u>	<u>(226,522)</u>	<u>6,024,071</u>	<u>7,245,026</u>

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.


Arif Elahi
Chairman & Chief Executive


Khowaja Obaid Imran Ilyas
Director



**PAKISTAN NATIONAL SHIPPING CORPORATION
CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2015 (UNAUDITED)**

		Nine months period ended March 31, 2015	Nine months period ended March 31, 2014
	Note		
		----- (Rupees in '000) -----	
Cash flows from operating activities			
Cash generated from operations	11	2,016,507	1,957,663
Employees' gratuity paid		(5,518)	(6,394)
Employees' compensated absences paid		(32,719)	(55,286)
Post retirement medical benefits paid		(11,789)	(18,198)
Finance costs paid		(624,896)	(619,330)
Receipts / (payments) under cross currency and interest rate swap - net		150,770	(193,604)
Taxes paid		(202,154)	(320,381)
Net cash generated from operating activities		1,290,201	744,470
Cash flows from investing activities			
Capital expenditure		(26,501)	(100,504)
Long-term loans and advances - related parties		(3,402,698)	-
Disposal / (Purchase) of short-term investments		296,990	-
Interest / mark-up received		211,383	177,121
Dividends received		69	401
Net cash (used in) / generated from investing activities		(2,920,826)	77,018
Cash flows from financing activities			
Long-term financing obtained / (repaid) - net		2,006,605	(982,350)
Dividends paid		(194,903)	(130,210)
Net cash generated / (used in) from financing activities		1,811,702	(1,112,560)
Net increase / (decrease) in cash and cash equivalents		181,077	(291,072)
Cash and cash equivalents at the beginning of period		2,639,971	3,774,447
Cash and cash equivalents at the end of the period	12	2,821,048	3,483,375

The annexed notes 1 to 16 form an integral part of these condensed interim financial statements.


Arif Elahi
Chairman & Chief Executive


Khawaja 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, 2015 (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 Honourable Supreme Court of Pakistan.

- 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. BASIS OF PREPARATION

- 2.1 These condensed interim financial statements of the Corporation for the nine months period ended March 31, 2015 have been prepared in accordance with the requirements of approved accounting standards as applicable in Pakistan for interim financial reporting which comprise of the International Accounting Standard 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 interim financial statements should be read in conjunction with the financial statements for the year ended June 30, 2014 as they provide an update of previously reported information.
- 2.2 These condensed interim financial statements comprise of the condensed interim balance sheet as at March 31, 2015 and the condensed interim profit and loss account, the condensed interim statement of changes in equity, the condensed interim cash flow statement and notes thereto for the nine months period ended. These condensed interim financial statements also include the condensed interim profit and loss account for the quarter ended March 31, 2015.
- 2.3 The comparative balance sheet presented in these condensed interim financial statements as at June 30, 2014 has been extracted from the annual audited financial statements of the Corporation for the year ended June 30, 2014 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, 2014.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- 3.1 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, 2014.
- 3.1.2 **New standards, amendments to approved accounting standards and new interpretations that are not yet effective and have not been early adopted by the Corporation:**

There are certain amendments to the approved accounting standards that are mandatory for accounting periods beginning after July 1, 2014, but are considered not to be relevant or have any significant effect on the Corporation's operations and are, therefore, not disclosed in these financial statements.



		(Unaudited) March 31, 2015	(Audited) June 30, 2014
	Note	----- (Rupees in '000) -----	
4. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	1,157,102	1,188,414
Capital work-in-progress		435,721	454,480
		<u>1,592,823</u>	<u>1,642,894</u>
		(Unaudited)	
		Nine months period ended March 31, 2015	Nine months period ended March 31, 2014
		----- (Rupees in '000) -----	
4.1 Additions to fixed assets (including transfers from CWIP) during the period mainly include:			
Buildings on leasehold land		2,476	3,250
Office machines and appliances		474	429
Furniture and fixtures		8	73
Workshop machinery and equipment		62	105
Computer equipment		4,654	2,458
		<u>7,674</u>	<u>6,315</u>
4.2 Depreciation charge for the period		<u>32,762</u>	<u>54,266</u>
		(Unaudited) March 31, 2015	(Audited) June 30, 2014
	Note	----- (Rupees in '000) -----	
5. LONG-TERM LOANS AND ADVANCES			
Related party (subsidiary)	5.1	<u>3,402,698</u>	-
5.1 This represents amount paid by the Corporation, as an advance against future issue of shares, to its wholly owned subsidiary, Shalamar Shipping (Private) Limited.			
		(Unaudited) March 31, 2015	(Audited) June 30, 2014
	Note	----- (Rupees in '000) -----	
6. TRADE DEBTS - unsecured			
Considered good	6.1	1,755,676	1,987,993
Considered doubtful		<u>17,280</u>	<u>17,280</u>
		<u>1,772,956</u>	<u>2,005,273</u>
Less: Provision for impairment	6.2	<u>17,280</u>	<u>17,280</u>
		<u>1,755,676</u>	<u>1,987,993</u>
6.1 The ageing analysis of these trade debts that are past due but not impaired is as follows:			
		(Unaudited) March 31, 2015	(Audited) June 30, 2014
		----- (Rupees in '000) -----	
Upto 1 month		406,956	787,061
1 month to 6 months		450,565	744,299
More than 6 months		898,155	456,633
		<u>1,755,676</u>	<u>1,987,993</u>
6.2 As at March 31, 2014, trade debts of Rs 17.280 million (June 30, 2014: Rs 17.280 million) were impaired and provided for. These balances were outstanding for more than three years.			



	Note	(Unaudited) March 31, 2015 ----- (Rupees in '000) -----	(Audited) June 30, 2014
7. OTHER RECEIVABLES			
Rent receivable:			
- considered good		12,892	10,282
- considered doubtful		3,801	3,801
		16,693	14,083
Less: Provision for impairment of rent receivable		3,801	3,801
		12,892	10,282
Derivative instruments	7.1	68,856	147,209
Others:			
- considered good		74,524	82,264
- considered doubtful		12,659	12,659
		87,183	94,923
Less: Provision for impairment of other receivables		12,659	12,659
		74,524	82,264
		156,272	239,755

- 7.1 The Corporation has entered into a cross currency interest rate swap of Rs 9,995.300 million in respect of its borrowing (note 8). Under the terms of the cross currency swap arrangement, the Corporation is required to pay LIBOR plus 3.75% to the arranging bank on the borrowing denominated in USD (USD notional) for the purpose of cross currency swap, and receive KIBOR plus 2.20% from the arranging bank. Further, the Corporation shall pay / receive any exchange loss / gain on the USD notional outstanding at each quarter end. 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 37.645 million (favourable) (June 30, 2014: Rs 86.851 million (favourable)) and Rs 11.169 million (favourable) (June 30, 2014: Rs 14.015 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 20.042 million (June 30, 2014: receivable Rs 46.343 million) as at March 31, 2015.

	Note	(Unaudited) March 31, 2015 ----- (Rupees in '000) -----	(Audited) June 30, 2014
8. LONG-TERM FINANCING			
Financing under Syndicate term finance agreement	11.1 & 11.2	6,277,957	5,142,882
Current maturity shown under current liabilities		1,407,455	1,150,674
		4,870,502	3,992,208
Term Finance Certificates	8.1	619,363	742,861
Current maturity shown under current liabilities		166,208	166,208
		453,155	576,653
Musharika Agreement	8.2	995,028	-
Less: Current maturity shown under current liabilities		128,391	-
		866,637	-
		6,190,294	4,568,861



- 8.1 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 March 31, 2015, the Corporation has drawn Rs 8,733.757 million (June 30, 2014: Rs 8,733.757 million) and Rs 1,261.543 million (June 30, 2014: 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, which has been fully amortised.

- 8.2 'During the period ended December 31, 2014, the Corporation obtained a financing facility of Rs 4,500 million. The financing was obtained in the form of syndicated term finance loan of Rs 3,000 million, with the remaining amount of Rs 1,500 million through a musharika agreement.

The financing carries mark-up at the rate of KIBOR+1.60%. The loan along with the mark-up is repayable on a quarterly basis with the last repayment date on November 6, 2022. The facility is secured by a first mortgage charge over certain vessels owned by its subsidiary companies.

'During the period ended March 31, 2015, the Corporation has drawn Rs 2,054.250 million (June 30, 2014: Rs Nil) and Rs 1,027.125 million (June 30, 2014: Rs Nil) from syndicated term finance and musharika respectively. The Corporation has also paid loan arrangement fee amounting to Rs 45 million which was included fully in the amortised cost of the long term financing, whereas an amount of Rs 315,000 (June 30, 2014: Nil) is expensed out at the time of drawdown.

9. TRADE AND OTHER PAYABLES

	Note	(Unaudited) March 31, 2015 ------(Rupees in '000)-----	(Audited) June 30, 2014
Creditors		44,638	37,149
Current account balances with subsidiary companies		20,395,519	18,628,307
Agents' and owners' balances		484,414	804,063
Accrued liabilities		412,786	630,121
Deposits	9.1	40,123	42,212
Unclaimed dividends		33,108	29,916
Advance from customers		86,731	128,305
Other liabilities			
- amounts retained from contractors		26,371	23,695
- others		139,701	99,626
		166,072	123,321
		<u>21,663,391</u>	<u>20,423,394</u>

- 9.1 These deposits include interest free deposit on containers, deposits from suppliers and tenants and are repayable on demand or on completion of specific contracts.

10. CONTINGENCIES AND COMMITMENTS

Contingencies

- 10.1 There are no major changes in the status of contingencies and commitments as reported in the annual unconsolidated financial statements for the year ended June 30, 2014 except for those mentioned below.



- 10.2 The contingent liability in respect of claims not acknowledged as debts by the Corporation, which as at March 31, 2015 aggregated to Rs 177.906 million (June 30, 2014: Rs 368.244 million). These claims mainly relate to deficiencies in shipping documentation, delay in delivery of cargo and damages to cargo. These include Rs 2.281 million (June 30, 2014: Rs 2.225 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 160.529 million (June 30, 2014: Rs 273.186 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 17.377 million (June 30, 2014: Rs 31.973 million) against the aforementioned claims in these condensed interim financial statements.
- 10.3 During the year ended June 30, 2014, the Deputy Commissioner Inland Revenue (DCIR) issued assessment orders under section 161 of the ITO, 2001 in respect of tax years 2008 to 2013. According to the orders, the DCIR held that the Corporation was required to withhold tax under section 152 (2) of the Ordinance while making payments to non-resident shipping Companies, and the failure to deduct tax at source renders it personally liable to pay tax along with default surcharge on the unpaid amount of tax, under section 205 of the ITO, 2001. By virtue of above orders a total tax demand of Rs 2,695.502 million was raised by the tax authorities. The Corporation filed an appeal against the said orders with the Commissioner of Income Tax (Appeals) - CIR(A). During the nine months period ended March 31, 2015, the CIR(A) maintained the decision of DCIR and gave the decision in favour of the tax authorities. The Corporation filed an appeal against the said decision of CIR(A) before the Income tax Appellate Tribunal (ATIR) on which hearing has been concluded and the orders of ATIR is awaited.

Further during the nine months period ended March 31, 2015, the DCIR issued show cause notice u/s 161 of ITO, 2001 in respect of Tax year 2014 raising tax demand of Rs 1,324.077 million. The Corporation took up the matter to the High Court where the Honourable High Court has suspended the show cause notice till further notice.

- 10.4 During the year ended June 30, 2013, the Officer Inland Revenue (OIR) issued assessment orders under section 122 (5A) of the Income Tax Ordinance, 2001 in respect of tax year 2012. According to the order, the OIR made certain additions and determined additional tax demand of Rs 107.449 million. OIR disallowed a portion of administrative expenses by attributing the same to the subsidiary companies and further disallowed financial expenses incurred by the Corporation on the contention that the same is equity specific and hence being capital in nature. The Corporation has paid Rs 65 million under protest and filed an appeal with the CIT(A).

During the nine months ended March 31, 2015, the CIT(A) in his order has upheld certain additions and has given decisions in favour of the Corporation on certain matters, and has worked out tax demand of Rs 42.449 million. The Corporation has filed an appeal with ATIR against the aforementioned disallowances which at present is pending for hearing. The management of the Corporation is confident that the subject matter in respect of tax year 2012 will eventually be decided in favour of the Corporation.

	(Unaudited) March 31, 2015	(Audited) June 30, 2014
	------(Rupees in '000)-----	
Commitments		
10.4 Outstanding letters of guarantee	<u>5,126</u>	<u>5,126</u>
10.5 Commitments for capital expenditure	<u>121,980</u>	<u>193,057</u>



Note	(Unaudited)	
	Nine months Period ended March 31, 2015	Nine months Period ended March 31, 2014
------(Rupees in '000)-----		
CASH GENERATED FROM OPERATIONS		
11. Profit before taxation	(94,845)	992,785
Adjustments for non-cash charges and other items:		
Depreciation	32,762	54,266
Provision for employees' gratuity	41,562	27,603
Provision for employees' compensated absences	66,033	62,461
Provision for post retirement medical benefits	23,038	18,746
Dividend income	(69)	(401)
Interest / mark-up income	(228,319)	(187,394)
Interest / mark-up expense	645,228	602,147
Gain on cross currency interest rate swap	(124,470)	(501,219)
Loss on interest rate swap	52,053	437
Loss / (Gain) on revaluation of investments	7,567	(15,483)
Provision reversed against claims for damages	(17,699)	(4,912)
Provision made against claims for damages	1,678	1,614
Working capital changes	11.1 1,611,988	907,013
	<u>2,016,507</u>	<u>1,957,663</u>
11.1 WORKING CAPITAL CHANGES		
(Increase) / decrease in current assets:		
Stores and spares	(1,404)	60,032
Trade debts	232,317	(743,801)
Agents' and owners' balances	111,286	(49,070)
Loans and advances	(7,940)	8,743
Trade deposits and short-term prepayments	(18,063)	14,142
Other receivables	5,130	(75,316)
Incomplete voyages	7,168	3,274
	328,494	(781,996)
Decrease in current liabilities:		
Trade and other payables	1,283,494	1,689,009
	<u>1,611,988</u>	<u>907,013</u>
(Unaudited)		
	March 31, 2015	March 31, 2014
------(Rupees in '000)-----		
12. CASH AND CASH EQUIVALENTS		
Short-term investments having maturity of three months or less	1,004,950	1,793,360
Cash and bank balances	1,816,098	1,690,015
	<u>2,821,048</u>	<u>3,483,375</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. Balances with related parties have been disclosed in the relevant notes to these condensed interim financial statements. 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:

(Unaudited)			
Name and particulars	Relationship with the Corporation	Nine months period ended March 31, 2015	Nine months period ended March 31, 2014
		----- (Rupees in '000) -----	
Service fee charged to subsidiary companies	Subsidiary	223,837	208,476
Rental expense of Pakistan Co-operative Ship Stores (Private) Limited	Subsidiary	497	398
Delivery of stores and spares to subsidiary companies	Subsidiary	18,566	17,411
Retirement benefit costs charged to subsidiaries	Subsidiary	2,968	1,300
Contribution to provident fund		6,632	6,980
Directors' fee		1,265	1,020
Key management personnel compensation		31,493	22,173
Advance against future issue of shares to Shalamar Shipping (Private) Limited	Subsidiary	3,402,698	-

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



14. CORRESPONDING FIGURES

For better presentation the following reclassifications in the corresponding figures have been made in the condensed interim profit and loss account:

		Nine months period ended March 31, 2014
		----- (Rupees in '000) -----
From	To	
Direct fleet expenses	Other operating expenses	455,891
Direct fleet expenses	Other income	354,504

15. GENERAL

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

16. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on April 28, 2015 by the Board of Directors of the Corporation.

Arif Elahi
Chairman & Chief Executive

Khawaja Obaid Imran Ilyas
Director