
Pakistan National Shipping Corporation



**Un-Audited Report
For The First Quarter Ended
September 30, 2014**



CORPORATE INFORMATION

Board of Directors

1. Mr. Muhammad Siddique Memon	Chairman
2. Mr. Shabbir Ahmed	Member
3. Mr. M. Anwar Malik	Member
4. Ms. Ava A. Cowasjee	Member
5. Mr. Akbar Adil	Member
6. Mr. Khowaja Obaid Imran Ilyas	Member
7. Capt. Syed Anwar Shah	Member

Audit Committee

1. Mr. Khowaja 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.
Dagja 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
Silk Bank Limited
Soneri Bank Limited
Standard Chartered Bank Limited Pakistan
United Bank Limited, London



**PAKISTAN NATIONAL SHIPPING CORPORATION
DIRECTORS' REPORT
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2014**

The Directors of Pakistan National Shipping Corporation (PNSC) are pleased to present the un-audited financial statements for the first quarter ended September 30, 2014.

OVERVIEW

The PNSC Group achieved a turnover of Rs 3,976 million (including Rs 2,302 million from PNSC) as compared to Rs 3,942 million (including Rs 2,222 million from PNSC) for the corresponding period last year showing steady progress. However, Gross Profit for the period ended September 30, 2014 was Rs 567 Million as against Rs 929 Million for the same period last year mainly attributable to the increase in chartering cost of vessels for oil cargoes due to firming up of international market and not having the required number of our owned vessels and this affected our profitability. A net After Tax Profit of Rs 187 Million was achieved during this period with an EPS of Rs 1.42 for the quarter.

FUTURE PROSPECTS

During the quarter, the Corporation contracted to acquire one AFRAMAX Oil Tanker. This will be shortly inducted thereby adding tonnage to PNSC fleet, which is badly needed for increased oil transportation sector.

We have captive business of refineries and Pakistan State Oil in hand and we are looking forward for coal and LNG business.

The Corporation is making all efforts to secure new businesses and further enhance performance in local and international shipping market.

MUHAMMAD SIDDIQUE MEMON

P.A.S.

CHAIRMAN


Karachi : October 29, 2014



**PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES
CONDENSED INTERIM CONSOLIDATED BALANCE SHEET
AS AT SEPTEMBER 30, 2014**

Note	(Unaudited)	Audited		
	September 30, 2014	June 30 2014		
------(Rupees in '000)-----				
ASSETS				
NON-CURRENT ASSETS				
	Property, plant and equipment	4	22,296,887	22,567,568
	Investment properties		1,080,596	1,080,596
	Long-term investments in listed companies and an other entity		49,054	53,669
	Long-term loans		58	58
	Long-term deposits		90	90
	Deferred tax		90,777	90,777
			23,517,462	23,792,758
CURRENT ASSETS				
	Stores and spares		533,664	637,847
	Trade debts	5	2,349,551	2,439,569
	Agents' and owners' balances		4,849	124,824
	Loans and advances		92,032	58,564
	Deposits and short-term prepayments		52,479	47,664
	Interest / mark-up accrued		65,037	35,009
	Other receivables	6	317,897	343,625
	Incomplete voyages		27,658	-
	Insurance claims		3,053	7,032
	Taxation - net		774,949	749,726
	Short-term investments		2,361,655	2,294,880
	Cash and bank balances		1,761,009	1,852,441
			8,343,833	8,591,181
	TOTAL ASSETS		31,861,295	32,383,939
EQUITY AND LIABILITIES				
EQUITY ATTRIBUTABLE TO OWNERS OF THE HOLDING COMPANY				
	Share capital		1,320,634	1,320,634
	Reserves		21,331,104	21,144,018
			22,651,738	22,464,652
NON-CONTROLLING INTEREST				
	EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP		2,498	2,515
			22,654,236	22,467,167
SURPLUS ON REVALUATION OF FIXED ASSETS				
	- Owners of the holding company		770,549	770,549
	- Non-controlling interest		524	524
			771,073	771,073
NON-CURRENT LIABILITIES				
	Long term financing	7	4,242,276	4,568,861
	Deferred liabilities		635,335	617,483
			4,877,611	5,186,344
CURRENT LIABILITIES AND PROVISIONS				
	Trade and other payables	8	2,079,843	2,520,301
	Provision against damage claims		31,973	31,973
	Current maturity of long-term financing	7	1,316,883	1,316,882
	Incomplete Voyages		59,496	11,684
	Accrued mark-up on long-term financing		70,180	78,515
			3,558,375	3,959,355
	TOTAL EQUITY AND LIABILITIES		31,861,295	32,383,939
CONTINGENCIES AND COMMITMENTS				
		9		

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


Muhammad Siddique Memon
Chairman & Chief Executive



Khowaja Obaid Imran Ilyas
Director



**PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES
CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE QUARTER ENDED SEPTEMBER 30, 2014 (UNAUDITED)**

	Quarter ended September 30, 2014	Quarter ended September 30, 2013
	------(Rupees in '000)-----	
REVENUES		
Income from shipping business	3,939,939	3,905,148
Rental income	<u>36,278</u>	<u>36,950</u>
	3,976,217	3,942,098
EXPENDITURES		
Fleet expenses - direct	<u>(3,380,530)</u>	<u>(2,987,208)</u>
- indirect	<u>(6,784)</u>	<u>(8,125)</u>
Real estate expenses	<u>(21,651)</u>	<u>(17,591)</u>
	<u>(3,408,965)</u>	<u>(3,012,924)</u>
GROSS PROFIT	567,252	929,174
Administrative and general expenses	<u>(232,743)</u>	<u>(181,577)</u>
Other operating expenses	<u>(81,857)</u>	<u>(130,430)</u>
Other operating income	<u>265,053</u>	<u>240,143</u>
	<u>(49,547)</u>	<u>(71,864)</u>
OPERATING PROFIT	517,705	857,310
Finance costs	<u>(270,523)</u>	<u>(547,886)</u>
PROFIT BEFORE TAXATION	<u>247,181</u>	<u>309,424</u>
Taxation	<u>(60,035)</u>	<u>(40,926)</u>
PROFIT AFTER TAXATION	<u>187,147</u>	<u>268,498</u>
Other comprehensive income	-	-
TOTAL COMPREHENSIVE INCOME	<u><u>187,147</u></u>	<u><u>268,498</u></u>
Attributable to:		
Equity holders of the Group	<u>187,087</u>	<u>268,430</u>
Non-controlling interest	<u>60</u>	<u>68</u>
	<u>187,147</u>	<u>268,498</u>
EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP - BASIC & DILUTED	<u><u>1.42</u></u>	<u><u>2.03</u></u>

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


 Muhammad Siddique Memon
 Chairman & Chief Executive



 Khowaja Obaid Imran Ilyas
 Director




**PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED SEPTEMBER 30, 2014 (UNAUDITED)**

	Issued, subscribed and paid-up share capital	Capital Reserves	Revenue reserve			Non- controll- ing interest	Total
			General Reserves	Actuarial losses	Unappropri- ated profit		
----- (Rupees in '000) -----							
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 first quarter ended September 30, 2013	-	-	-	-	268,430	68	268,498
Surplus on revaluation of property, plant and equipment realised through incremental depreciation charged on related assets during the period recognised directly in equity - net of tax	-	-	-	-	2,591	-	2,591
Total income credited to equity					271,021	68	271,089
Balance as at September 30, 2013	1,320,634	131,344	129,307	(228,743)	19,363,532	2,200	20,718,274
Balance at July 01, 2014	1,320,634	131,344	129,307	(226,522)	21,109,889	2,515	22,467,167
Total comprehensive income for the first quarter ended September 30, 2014	-	-	-	-	187,087	60	187,147
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	-	-	-	-	-	-	-
Total income credited to equity					187,087	60	187,147
Balance as at September 30, 2014	1,320,634	131,344	129,307	(226,522)	21,296,976	2,575	22,654,314

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


 Muhammad Siddique Memon
 Chairman & Chief Executive



 Khowaja Obaid Imran Ilyas
 Director



**PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES
CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT
FOR THE QUARTER ENDED SEPTEMBER 30, 2014 (UNAUDITED)**

	Quarter ended September 30, 2014	Quarter ended September 30, 2013
Note		
	------(Rupees in '000)-----	
Cash flows from operating activities		
Cash generated from operations	10 379,000	1,084,161
Employees' gratuity paid	(3,279)	(5,183)
Employees' compensated absences paid	(18,759)	(21,901)
Post retirement medical benefits paid	(4,115)	(3,840)
Finance costs paid	(192,940)	(218,267)
Payments under cross currency interest rate swap	37,236	(335,801)
Taxes paid	(85,258)	(64,447)
Net cash generated from operating activities	111,885	434,722
Cash flows from investing activities		
Purchase of property, plant and equipment	(354,934)	(166,635)
Proceeds from disposal of property, plant and equipment	495,029	-
Interest / mark-up received	49,964	45,379
Net cash generated from / (used in) investing activities	190,059	(121,256)
Cash flows from financing activities		
Long-term financing - net	(326,584)	(326,271)
Dividends paid	(17)	(3)
Net cash used in financing activities	(326,601)	(326,274)
Net decrease in cash and cash equivalents	(24,657)	(12,808)
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 2,625,224	3,770,943

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


Muhammad Siddique Memon
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 ENDED SEPTEMBER 30, 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, 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, Shalamar 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 STATEMENT OF COMPLIANCE

These condensed interim consolidated financial statements of the Group for first quarter ended September 30, 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 September 30, 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 quarter ended September 30, 2014. These condensed interim consolidated financial statements also include the condensed interim consolidated profit and loss account for the Quarter ended September 30, 2013.

The comparative balance sheet, presented in these condensed interim consolidated financial statements, as at June 30, 2014 has been extracted from the 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 are for the quarter ended September 30, 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, 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.

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

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) September 30, 2014 (Rupees in '000)	(Audited) June 30, 2014
4. PROPERTY, PLANT AND EQUIPMENT			
- Operating fixed assets	4.1	21,286,220	21,894,357
- Major spare parts and stand-by equipment		221,262	218,731
- Capital work-in-progress		789,405	454,480
		<u>22,296,887</u>	<u>22,567,568</u>
		(Unaudited)	
		Quarter ended	Quarter ended
		September 30,	September 30,
		2014	2013
		(Rupees in '000)	
4.1 Additions to fixed assets (including transfers from CWIP) during the period mainly include:			
Buildings on lease hold land		834	-
Office machines and appliances		176	77
Furniture and fixtures		8	-
Computer equipment		389	579
Spares capitalised		4,337	23,354
Class renewal and dry docking		31,614	91,394
Workshop machinery and equipment		28	-
Equipment on board		166	328
Total		<u>37,552</u>	<u>115,732</u>
4.2 Details of fixed assets disposed off during the period:			
Net book value of assets disposed off		<u>37,552</u>	-



	(Unaudited) September 30, 2014	(Audited) June 30, 2014
5. TRADE DEBTS - unsecured		
- considered good	2,349,551	2,439,569
- considered doubtful	<u>242,749</u>	<u>242,749</u>
	2,592,300	2,682,318
Less: provision for impairment	5.2 <u>242,749</u>	<u>242,749</u>
	<u>2,349,551</u>	<u>2,439,569</u>

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

Upto 1 month	925,306	1,031,717
1 month to 6 months	803,619	933,226
More than 6 months	<u>620,626</u>	<u>474,626</u>
	<u>2,349,551</u>	<u>2,439,569</u>

5.2 As at September 30, 2014, trade debts of Rs 242.749 million (June 30, 2014: Rs 242.749 million) were impaired and provided for.

	(Unaudited) September 30, 2014	(Audited) June 30, 2014
6. OTHER RECEIVABLES		
Rent receivable:		
- considered good	11,597	10,335
- considered doubtful	<u>3,802</u>	<u>3,801</u>
	15,399	14,136
Less: Provision for impairment of rent receivable	<u>3,802</u>	<u>3,801</u>
	11,597	10,335
Amount held by lawyer in respect of a guarantee provided to the court	4,952	4,952
Derivative instruments	6.1 103,589	147,209
Others:		
- considered good	197,758	181,129
- considered doubtful	<u>12,659</u>	<u>12,659</u>
	210,417	193,788
Less: Provision for impairment of other receivables	<u>12,659</u>	<u>12,659</u>
	<u>197,758</u>	<u>181,129</u>
	<u>317,897</u>	<u>343,625</u>



6.1 The Holding Company 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 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 Rs84.659 million (favourable) (June 30, 2014: Rs 86.851 million (favourable)) and Rs11.145 million (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 7.785 million (June 30, 2014: receivable Rs 46.343 million) as at September 30, 2014.

On September 26, 2013, the Holding Company has early terminated one of its cross currency swap contract having a notional amount aggregating Rs 1,244.880 million. The early termination resulted in a payment by the Holding Company to the arranging 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) September 30, 2014	(Audited) June 30, 2014
(Rupees in '000)			
Financing under syndicate term finance agreement	7.1	4,852,772	5,142,882
Current maturity shown under current liabilities		<u>(1,150,674)</u>	<u>(1,150,674)</u>
		3,702,098	3,992,208
Term Finance Certificates	7.1	706,386	742,861
Current maturity shown under current liabilities		<u>(166,208)</u>	<u>(166,208)</u>
		<u>540,178</u>	576,653
		4,242,276	4,568,861

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 September 30, 2014, the Holding Company has drawn Rs 8,733.757 million (June 30, 2014: Rs 8,733.757 million) and Rs 1,261.543 million (2013: Rs 1,261.543 million) from syndicated term finance and TFCs respectively. The Holding Company has also paid loan arrangement fee amounting to Rs 106.662 million, out of which Rs Nil (June 30, 2014: Nil) 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 on September 7, 2012.



	(Unaudited) September 30, 2014	(Audited) June 30, 2014
8. TRADE AND OTHER PAYABLES		
Creditors	56,420	102,188
Agents' and owners' balances	726,258	804,063
Accrued liabilities	822,555	1,262,344
Deposits	72,554	68,614
Sales tax payable	95	186
Bills payable	96,640	1,364
Unclaimed dividends	29,899	29,916
Advance from customers	88,186	128,305
Other liabilities		
- amounts retained from contractors	26,658	23,695
- others	160,578	99,626
	187,236	123,321
	2,079,843	2,520,301

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 no material change in the status of contingencies reported in the financial statements of the Group for the year ended June 30, 2014.

	(Unaudited) September 30, 2014	(Audited) June 30, 2014
9.2 Outstanding letters of guarantee	5,126	5,126
9.3 Commitment for capital expenditure	3,229,984	193,057



	(Unaudited)	(Unaudited)
	September 30, 2014	September 30, 2013
	Note	(Rupees in '000)
10. CASH GENERATED FROM OPERATIONS		
Profit before taxation		247,182 309,424
Adjustments for non-cash charges and other items:		
Depreciation		246,931 275,718
Profit on disposal of property, plant and equipment		13,783 -
Provision for employees' gratuity		107,432 9,471
Provision for employees' compensated absences		22,376 6,349
Provision for post retirement medical benefits		7,847 20,884
Interest / mark-up income		(79,992) (65,356)
Interest / mark-up expense		184,605 210,507
Loss on cross currency interest rate swap		- 336,973
Gain on interest rate swap		(5,062) (103,232)
Unwinding of Cross currency interest rate swap		- 87,624
(Gain) / Loss on revaluation of investments		(4,615) 4,367
Working capital changes	10.1	(146,623) (8,568)
		<u>379,000</u> <u>1,084,161</u>
10.1 WORKING CAPITAL CHANGES		
(Increase) / decrease in current assets:		
Stores and spares	104,183	(68,317)
Trade debts	90,018	(258,803)
Agents' and owners' balances	119,975	1,989
Loans and advances	(33,468)	(9,241)
Deposits and prepayments	(4,815)	10,839
Other receivables	(17,892)	(26,906)
Incomplete voyages	31,838	(1,700)
Insurance claims	3,979	167,284
	293,818	(184,855)
Increase / (Decrease) in current liabilities:		
Trade and other payables	<u>(440,441)</u>	176,287
	<u>(146,623)</u>	<u>(8,568)</u>
		(Unaudited)
	September 30, 2014	September 30, 2013
		(Rupees in '000)
11. CASH AND CASH EQUIVALENTS		
Short-term investments having maturity of three months or less		864,215 1,929,900
Cash and bank balances		1,761,009 1,841,042
		<u>2,625,224</u> <u>3,770,942</u>



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. 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)	
		September 30, 2014	September 30, 2013
(Rupees in '000)			
Contribution to provident fund	Associate	2,326	3,018
Directors' fee	Associate	545	240
Key management personnel compensation		10,435	6,173


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. GENERAL

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

14. DATE OF AUTHORISATION FOR ISSUE

These condensed interim consolidated financial statements were authorised for issue on October 29, 2014 by the Board of Directors of the Holding Company.


 Muhammad Siddique Memon
 Chairman & Chief Executive


 Khowaja Obaid Imran Ilyas
 Director

Pakistan National Shipping Corporation

Un-Audited

Interim Financial Statements

For The First Quarter Ended


September 30, 2014



**PAKISTAN NATIONAL SHIPPING CORPORATION
CONDENSED INTERIM BALANCE SHEET
AS AT SEPTEMBER 30, 2014**

	Note	(Unaudited) September 30, 2014 (Rupees in '000)	(Audited) June 30, 2014
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	1,630,820	1,642,894
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		49,054	53,669
		25,238,118	25,242,732
Long term loans and advances			
- Advance against shares	5	334,935	-
- Others		58	58
		334,993	58
Deferred tax		90,777	90,777
		28,375,304	28,057,057
CURRENT ASSETS			
Stores and spares		11,769	11,402
Trade debts	6	1,754,851	1,987,993
Agents' and owners' balances		4,849	124,824
Loans and advances		92,032	58,564
Deposits and short-term prepayments		50,353	45,604
Interest / mark-up accrued		64,568	34,539
Other receivables	7	196,624	239,755
Incomplete voyages		37,600	5,992
Taxation - net		764,188	737,000
Short-term investments		2,361,655	2,294,880
Cash and bank balances		1,751,061	1,842,531
		7,089,550	7,383,084
		35,464,854	35,440,141
TOTAL ASSETS			
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		6,106,424	6,314,151
		7,427,058	7,634,785
SURPLUS ON REVALUATION OF FIXED ASSETS		768,248	768,248
NON-CURRENT LIABILITIES			
Long-term financing	8	4,242,276	4,568,861
Deferred liabilities		635,335	617,483
		4,877,611	5,186,344
CURRENT LIABILITIES			
Trade and other payables	9	20,972,902	20,423,394
Provision against damage claims		31,973	31,973
Current maturity of long-term financing	8	1,316,882	1,316,882
Accrued mark-up on long-term financing		70,180	78,515
		22,391,937	21,850,764
		35,464,854	35,440,141
CONTINGENCIES AND COMMITMENTS			
	10		

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


 Muhammad Siddique Memon
 Chairman & Chief Executive



 Khowaja Obaid Imran Ilyas
 Director



**PAKISTAN NATIONAL SHIPPING CORPORATION
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE QUARTER ENDED SEPTEMBER 30, 2014 (UNAUDITED)**

	Quarter ended September 30, 2014	Quarter ended September 30, 2013
REVENUE		
Chartering revenue	2,265,920	2,184,910
Services fee	66,961	68,815
Rental income	<u>36,089</u>	<u>36,738</u>
	2,368,970	2,290,463
EXPENDITURE		
Fleet expenses - direct	(2,083,056)	(1,659,486)
- indirect	(6,212)	(6,908)
Vessel management expenses	(91,865)	(86,096)
Real estate expenses	<u>(21,651)</u>	<u>(17,591)</u>
	(2,202,784)	(1,770,081)
GROSS PROFIT	166,186	520,382
Administrative and general expenses	(127,772)	(83,675)
Other operating expenses	(80,080)	(129,271)
Other operating income	<u>154,614</u>	<u>238,603</u>
	(53,238)	25,657
OPERATING PROFIT	112,948	546,039
Finance costs	(269,771)	(547,480)
LOSS BEFORE TAXATION	(156,823)	(1,441)
Taxation	(50,904)	(32,438)
LOSS AFTER TAXATION	(207,727)	(33,879)
Other comprehensive income	-	-
TOTAL COMPREHENSIVE LOSS	(207,727)	(33,879)
LOSS PER SHARE - Basic and Diluted	(1.57)	(0.26)

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


Muhammad Siddique Memon
Chairman & Chief Executive



Khowaja Obaid Imran Ilyas
Director



**PAKISTAN NATIONAL SHIPPING CORPORATION
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED SEPTEMBER 30, 2014 (UNAUDITED)**

	Issued, subscribed and paid-up share capital	Capital Reserve	---Revenue Reserves---		Total
			Actuarial losses	Unappropriated profit	
------(Rupees in '000)-----					
Balance at July 01, 2013	1,320,634	126,843	(228,743)	5,735,168	6,953,902
Total comprehensive loss for the first quarter ended September 30, 2013	-	-	-	(33,879)	(33,879)
Surplus on revaluation of property, plant and equipment realised through incremental depreciation charged on related assets during the period recognised directly in equity - net of tax	-	-	-	2,591	2,591
Total income debited to equity				(31,288)	(31,288)
Balance as at September 30, 2013	<u>1,320,634</u>	<u>126,843</u>	<u>(228,743)</u>	<u>5,703,880</u>	<u>6,922,614</u>
Balance at July 01, 2014	1,320,634	126,843	(226,522)	6,413,830	7,634,785
Total comprehensive loss for the first quarter ended September 30, 2014	-	-	-	(207,727)	(207,727)
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	-	-	-	-	-
Total loss credited to equity				(207,727)	(207,727)
Balance as at September 30, 2014	<u>1,320,634</u>	<u>126,843</u>	<u>(226,522)</u>	<u>6,206,103</u>	<u>7,427,058</u>

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


 Muhammad Siddique Memon
 Chairman & Chief Executive



 Khowaja Obaid Imran Ilyas
 Director



**PAKISTAN NATIONAL SHIPPING CORPORATION
CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE QUARTER ENDED SEPTEMBER 30, 2014 (UNAUDITED)**

	Quarter ended September 30, 2014	Quarter ended September 30, 2013
	Note	
		(Rupees in '000)
Cash flows from operating activities		
Cash generated from operations	11 930,472	950,485
Employees' gratuity paid	(3,279)	(5,183)
Employees' compensated absences paid	(18,759)	(21,901)
Post retirement medical benefits paid	(4,115)	(3,840)
Finance costs paid	(192,188)	(218,267)
Payments under cross currency interest rate swap	(37,236)	(335,801)
Taxes paid	(78,092)	(57,575)
	<hr/>	<hr/>
Net cash generated from operating activities	596,803	307,918
Cash flows from investing activities		
Fixed capital expenditure	(9,924)	(39,940)
Long-term loans and advances - related parties	(334,935)	-
Interest / mark-up received	49,963	45,379
	<hr/>	<hr/>
Net cash (used in) / generated from investing activities	(294,896)	5,439
Cash flows from financing activities		
Long-term financing - net	(326,585)	(326,272)
Dividends paid	(17)	(3)
	<hr/>	<hr/>
Net cash used in from financing activities	(326,602)	(326,275)
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	(24,695)	(12,918)
Cash and cash equivalents at the beginning of period	2,639,971	3,774,447
	<hr/>	<hr/>
Cash and cash equivalents at the end of the period	2,615,276	3,761,529

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


Muhammad Siddique Memon
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 QUARTER ENDED SEPTEMBER 30, 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 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. STATEMENT OF COMPLIANCE

These condensed interim financial statements of the Corporation for first quarter ended September 30, 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 September 30, 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 first quarter ended September 30, 2014. These condensed interim financial statements also include the condensed interim profit and loss account for the quarter ended September 30, 2013.

The comparative balance sheet, presented in these condensed interim financial statements, as at June 30, 2014 has been extracted from the 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 first quarter ended September 30, 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, 2014.

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

There are certain amendments to the approved accounting standards and new interpretation 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 Corporation's operations and are, therefore, not disclosed in these financial statements.



	Note	(Unaudited) September 30, 2014 (Rupees in '000)	(Audited) June 30, 2014
4. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	1,176,511	1,188,414
Capital work-in-progress		<u>454,309</u>	<u>454,480</u>
		<u>1,630,820</u>	<u>1,642,894</u>
----- (Unaudited) -----			
		Quarter ended September 30, 2014 (Rupees in '000)	Quarter ended September 30, 2013
4.1 Additions to fixed assets (including transfers from CWIP) during the period mainly include:			
Buildings on leasehold land		834	-
Office machines and appliances		176	77
Furniture and fixtures		8	-
Equipment on board		-	60
Workshop machinery and equipment		28	-
Computer equipment		<u>389</u>	<u>465</u>
		<u>1,435</u>	<u>602</u>
		(Unaudited) September 30, 2014 (Rupees in '000)	(Audited) June 30, 2014
5. ADVANCE AGAINST SHARES			
Related party (subsidiary)	5.1	<u>334,935</u>	<u>-</u>
5.1 This represents amount paid by the Corporation, as an advance against future issue of shares, to its wholly owned subsidiary, Shalamar Shipping (Private) Limited.			
		(Unaudited) September 30, 2014 (Rupees in '000)	(Audited) June 30, 2014
6. TRADE DEBTS - unsecured			
Considered good	6.1	1,754,851	1,987,993
Considered doubtful		<u>17,280</u>	<u>17,280</u>
		1,772,131	2,005,273
Provision for impairment	6.2	<u>(17,280)</u>	<u>(17,280)</u>
		<u>1,754,851</u>	<u>1,987,993</u>
6.1 The ageing analysis of unimpaired trade debts is as follows:			
Upto 1 month		592,943	787,061
1 month to 6 months		600,866	744,299
More than 6 months		<u>561,042</u>	<u>456,633</u>
		<u>1,754,851</u>	<u>1,987,993</u>



- 6.2 As at September 30, 2014, trade debts of Rs 17.280 million (June 30, 2014: Rs 17.280 million) were impaired and provided for. These receivable balances have been outstanding for more than three years:

	Note	(Unaudited) September 30, 2014	(Audited) June 30, 2014
(Rupees in '000)			
7. OTHER RECEIVABLES			
Rent receivable:			
- considered good		11,597	10,282
- considered doubtful		3,802	3,801
		15,399	14,083
Less: Provision for impairment of rent receivable		<u>3,802</u>	<u>3,801</u>
		11,597	10,282
Derivative instruments	7.1	103,589	147,209
Others:			
- considered good		81,438	82,264
- considered doubtful		12,659	12,659
		94,097	94,923
Less: Provision for impairment of other receivables		<u>12,659</u>	<u>12,659</u>
		81,438	82,264
		<u>196,624</u>	<u>239,755</u>

- 7.1 The Corporation has entered into a cross currency interest rate swap arrangement of Rs 9,995.300 million in respect of its borrowing (note 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. 84.659 million (favourable) (June 30, 2014: Rs 86.851 million (favourable)) and Rs11.145 million (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 7.785 million (June 30, 2014: receivable Rs 46.343 million) as at September 30, 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. The early termination resulted in a payment by the Corporation to the arranging 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.

	Note	(Unaudited) September 30, 2014	(Audited) June 30, 2014
(Rupees in '000)			
8. LONG-TERM FINANCING			
Financing under Syndicate term finance agreement	8.1	4,852,772	5,142,882
Current maturity shown under current liabilities		<u>1,150,674</u>	<u>1,150,674</u>
		3,702,098	3,992,208
Term Finance Certificates	8.1	706,386	742,861
Current maturity shown under current liabilities		<u>166,208</u>	<u>166,208</u>
		540,178	576,653
		<u>4,242,276</u>	<u>4,568,861</u>



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 September 30, 2014, the Corporation has drawn Rs 8,733.757 million (June 30, 2014: Rs 8,733.757 million) and Rs 1,261.543 million (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 Nil (June 30, 2014: Nil) 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 on September 7, 2012.

9. TRADE AND OTHER PAYABLES

	Note	September 30, 2014	(Audited) June 30, 2014
(Rupees in '000)			
Creditors		13,565	37,149
Current account balances with subsidiary companies		19,491,018	18,628,307
Agents' and owners' balances		726,254	804,063
Accrued liabilities		426,009	630,121
Deposits	9.1	46,159	42,212
Unclaimed dividends		29,899	29,916
Advance from customers		88,186	128,305
Other liabilities			
amounts retained from contractors		26,658	23,695
others		125,154	99,626
		151,812	123,321
		20,972,902	20,423,394

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

10. CONTINGENCIES AND COMMITMENTS

Contingencies

10.1 There has no material change in the status of contingencies reported in the financial statements of the Corporation for the year ended June 30, 2014.

	(Unaudited) September 30, 2014	(Audited) June 30, 2014
(Rupees in '000)		
Commitments		
10.2 Outstanding letters of guarantee	5,126	5,126
10.3 Commitments for capital expenditure	130,865	193,057



(Unaudited)		
Note	Quarter ended September 30, 2014	Quarter ended September 30, 2013
(Rupees in '000)		
11. CASH GENERATED FROM OPERATIONS		
(loss) / profit before taxation	(156,823)	(1,441)
Adjustments for non-cash charges and other items:		
Depreciation	22,986	18,543
Provision for employees' gratuity	13,326	9,201
Provision for employees' compensated absences	22,011	6,249
Provision for post retirement medical benefits	7,679	20,820
Interest / mark-up income	(79,992)	(65,356)
Interest / mark-up expense	183,853	210,507
Loss on cross currency interest rate swap	85,918	336,973
Gain on interest rate swap	(5,062)	(103,232)
Unwinding of Cross currency interest rate swap	-	87,624
Loss on revaluation of investments	4,615	4,367
Working capital changes	11.1 831,961	426,230
	<u>930,472</u>	<u>950,485</u>
11.1 WORKING CAPITAL CHANGES		
(Increase) / decrease in current assets:		
Stores and spares	(367)	(17,990)
Trade debts	233,142	(147,665)
Agents' and owners' balances	119,975	1,989
Loans and advances	(33,468)	(9,241)
Deposits and prepayments	(4,749)	10,838
Other receivables	(489)	(23,488)
Incomplete voyages	(31,608)	(168,257)
	282,436	(353,814)
Decrease in current liabilities:		
Trade and other payables	549,525	780,044
	<u>831,961</u>	<u>426,230</u>
----- (Unaudited) -----		
	September 30, 2014	September 30, 2013
(Rupees in '000)		
12. CASH AND CASH EQUIVALENTS		
Short-term investments having maturity of three months or less	864,215	1,929,900
Cash and bank balances	1,751,061	1,831,629
	<u>2,615,276</u>	<u>3,761,529</u>
13. TRANSACTIONS WITH RELATED PARTIES		
<p>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.</p>		



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	Quarter ended	Quarter ended
		September 30, 2014	September 30, 2013
(Rupees in '000)			
Service fee charged to subsidiary companies	Subsidiary	66,961	68,815
Rental expense of Pakistan Co-operative Ship Stores (Private) Limited	Subsidiary	108	134
Delivery of stores and spares to subsidiary companies	Subsidiary	4,891	5,904
Retirement benefit costs charged to subsidiaries	Subsidiary	989	433
Contribution to provident fund		2,342	3,018
Directors' fee		545	240
Key management personnel compensation		10,435	6,173
Advance against future issue of shares to Shalamar Shipping (Private) Limited	Subsidiary	334,935	-


- 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 October 29, 2014 by the Board of Directors of the Corporation.


Muhammad Siddique Memon
Chairman & Chief Executive


Khowaja Obaid Imran Ilyas
Director