



Pakistan National Shipping Corporation

**Un-Audited Report
For The Quarter and Nine Months
Period Ended March 31, 2017**



CORPORATE INFORMATION

Board of Directors

1. Mr. Arif Elahi	Chairman
2. Mr. Haque Nawaz	Member
3. Mr. Sa'ad Fazil Abbasi	Member
4. Ms. Ava A. Cowasjee	Member
5. Mr. Akbar Adil	Member
6. Mr. Khawaja Obaid Imran Ilyas	Member
7. Capt. Anwar Shah	Member

Audit Committee of the Board

1. Mr. Khawaja Obaid Imran Ilyas	Chairman
2. Mr. Akbar Adil	Member
3. Capt. Anwar Shah	Member
4. Ms. Zainab Suleman	Secretary

HR Committee

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

Commercial Committee

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

Chief Financial Officer

Mr. S. Jarar Haider Kazmi

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. EY Ford Rhodes & 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 Habib Limited
Bank Alfalah Limited
Bank Alfalah Limited, Bahrain
Bank Al Habib, Bahrain
Dubai Islamic Bank (Pakistan) Limited
Faysal Bank Limited
Habib Bank Limited
Habib Bank Limited, New York
Meezan Bank Limited
NIB Bank Limited
National Bank of Pakistan, Hong Kong
National Bank of Pakistan, Tokyo
National Bank of Pakistan
Silk Bank Limited
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
Summit Bank Limited
UniCredit Bank, Italy
United Bank Limited
United Bank Limited, London



PAKISTAN NATIONAL SHIPPING CORPORATION DIRECTORS' REPORT FOR THE QUARTER AND NINE MONTHS PERIOD ENDED MARCH 31, 2017

The Directors of Pakistan National Shipping Corporation (PNSC) are pleased to present the Financial Statements of PNSC Group for the nine months period ended March 31, 2017.

OVERVIEW

Group after Tax Profit of Rs 1,381 million has been achieved during this period against Rs 1,364 million in the same period last year showing an increase of 1.25%. Earnings per share for the group increased to Rs 10.46 from Rs 10.33 in the corresponding last period. Despite the pressure and major financial crunch faced by the global shipping industry with the fall in AFRA, World scale & Bulk freight rates internationally, PNSC achieved better results by focusing on more profitable ventures besides retaining its repute as one of the major contributors to sea borne trade in Pakistan. PNSC Group achieved a turnover of Rs 9,137 million (including Rs 5,427 million from PNSC) as compared to Rs 9,617 million (including Rs 4,078 million from PNSC) for the corresponding period last year.

PNSC made substantial growth in revenue of 45% and 24% in the area of foreign tanker and slot charter business respectively, thereby offsetting losses incurred on Dry Bulk segment. Direct operating expenses decreased to Rs 6,607 million (including Rs 3,019 million from PNSC) from Rs 6,734 million (including Rs 3,183 million from PNSC). While due to scheduled dry docking of 5 out of 9 owned vessels during the current nine months period, direct fixed operating cost affected the gross profit, thereby resulting in Gross Profit of Rs 2,529 million as against Rs 2,883 million for the same period last year. In addition to this, port congestion created by the rise in shipping traffic and revision in Karachi Port Trust (KPT) tariff, further aggravates the situation for the overall shipping industry in Pakistan while also affecting PNSC's margins.

Finance cost reduced to Rs 255 million from Rs 465 million in the same period last year as PNSC started reaping the benefit of swapping and negotiating the expensive loans acquired in 2010 & 2014 at three months KIBOR plus spread of 2.2% and 1.6% with significantly reduced level of spreads at 0.4% and 0.5% respectively. These reduced level of spreads also enhanced the loan repayment capacity of the Corporation that also positively supports our gearing structure.

Owing to the effective and efficient management of risks, consistent historical performance and optimal capital structure, PACRA has upgraded long-term credit rating of PNSC (Group) from AA- to AA indicating very strong capacity for timely payment of financial commitments.

FUTURE PROSPECTS

PNSC plans to add more oil tankers in its fleet. The Dry Bulk Market is showing signs of recovery and PNSC strive to keep vessels deployed at best available rates.

As a step forward in ferry service venture, PNSC has been granted a license from Ministry of Ports and Shipping and will soon start its service on clearance from all concerned. PNSC is also exploring new opportunities like oil storage facilities including both shore and floating.

PNSC plans to enter in new ventures with upcoming refineries, furthermore under CPEC many coal fired power plants expected to be operated in coming next two years, so PNSC aiming to venture for the transportation of the coal which is expected to be imported from foreign countries through its own bulk carriers.

ARIF ELAHI P.A.S.
CHAIRMAN

Karachi : April 27, 2017



PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES
CONDENSED INTERIM CONSOLIDATED BALANCE SHEET
AS AT MARCH 31, 2017

	Note	(Unaudited) March 31, 2017	(Audited) June 30, 2016
-----[Rupees in '000]-----			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	23,469,724	24,215,418
Investment properties		2,191,683	2,191,683
Long-term investments in listed companies and another entity		55,180	50,304
Long-term loans and advances		-	58
Long-term deposits		90	90
Deferred taxation		78,933	84,651
		25,795,610	26,542,204
CURRENT ASSETS			
Stores and spares		663,542	619,960
Trade debts - unsecured	6	656,868	609,646
Agents' and owners' balances - unsecured		5,513	11,371
Loans and advances		63,888	91,004
Trade deposits and short-term prepayments		31,488	38,915
Interest accrued on bank deposits and investments		73,131	35,652
Other receivables	7	1,933,366	1,343,748
Incomplete voyages		-	88,678
Insurance claims		99,633	38,574
Taxation - net		1,192,632	1,196,720
Short-term investments	8	3,876,695	3,921,504
Cash and bank balances		2,030,494	2,000,069
		10,627,250	9,995,841
		36,422,860	36,538,045
TOTAL ASSETS			
EQUITY AND LIABILITIES			
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE HOLDING COMPANY			
Share capital		1,320,634	1,320,634
Reserves		26,219,693	25,095,821
		27,540,327	26,416,455
NON-CONTROLLING INTEREST			
		3,711	3,316
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP			
		27,544,038	26,419,771
Surplus on revaluation of property, plant and equipment - net of tax		1,188,926	1,161,826
NON-CURRENT LIABILITIES			
Long term financing - secured	9	3,243,083	4,141,525
Deferred liabilities		606,841	612,767
		3,849,924	4,754,292
CURRENT LIABILITIES			
Trade and other payables	10	2,537,219	2,922,314
Provision against damage claims		22,024	23,078
Current portion of long-term financing	9	1,210,172	1,210,172
Incomplete Voyages		34,050	-
Accrued mark-up on long-term financing		36,507	46,592
		3,839,972	4,202,156
		36,422,860	36,538,045
TOTAL EQUITY AND LIABILITIES			
CONTINGENCIES AND COMMITMENTS			
	11		

The annexed notes 1 to 17 form an integral part of these condensed interim consolidated financial statements.


 Arif Elahi P.A.S.
 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, 2017 (UNAUDITED)

	Quarter Ended March 31, 2017	Quarter Ended March 31, 2016	Nine Months Period Ended March 31, 2017	Nine Months Period Ended March 31, 2016
	-----[Rupees in '000]-----			
REVENUE				
Income from shipping business	2,614,753	2,717,548	8,993,629	9,489,534
Rental income	48,670	44,920	142,974	127,619
	<u>2,663,423</u>	<u>2,762,468</u>	<u>9,136,603</u>	<u>9,617,153</u>
EXPENDITURE				
Fleet expenses - direct	(1,970,442)	(1,645,640)	(6,501,542)	(6,621,767)
Fleet expenses - indirect	(4,236)	(10,375)	(16,021)	(26,748)
Real estate expenses	(28,541)	(25,384)	(89,576)	(85,181)
	<u>(2,003,219)</u>	<u>(1,681,399)</u>	<u>(6,607,139)</u>	<u>(6,733,696)</u>
GROSS PROFIT	<u>660,204</u>	<u>1,081,069</u>	<u>2,529,464</u>	<u>2,883,457</u>
Administrative expenses	(238,589)	(414,821)	(708,247)	(880,694)
Other expenses	(270,782)	(241,087)	(796,087)	(679,126)
Other income	363,515	371,887	1,054,956	763,375
	<u>(145,856)</u>	<u>(284,021)</u>	<u>(449,378)</u>	<u>(796,445)</u>
OPERATING PROFIT	<u>514,348</u>	<u>797,048</u>	<u>2,080,086</u>	<u>2,087,012</u>
Finance costs	(79,474)	(114,634)	(255,333)	(465,230)
PROFIT BEFORE TAXATION	<u>434,874</u>	<u>682,414</u>	<u>1,824,753</u>	<u>1,621,782</u>
Taxation	(84,165)	(128,872)	(443,977)	(257,866)
PROFIT AFTER TAXATION	<u>350,709</u>	<u>553,542</u>	<u>1,380,776</u>	<u>1,363,916</u>
Other comprehensive income	-	-	-	-
TOTAL COMPREHENSIVE INCOME	<u>350,709</u>	<u>553,542</u>	<u>1,380,776</u>	<u>1,363,916</u>
Attributable to:				
Equity holders of the Holding Company	350,553	553,413	1,380,381	1,363,592
Non-controlling interest	156	129	395	324
	<u>350,709</u>	<u>553,542</u>	<u>1,380,776</u>	<u>1,363,916</u>
	-----[Rupees]-----			
EARNINGS PER SHARE FOR PROFIT				
ATTRIBUTABLE TO EQUITY HOLDERS				
OF THE GROUP - BASIC & DILUTED	<u>2.66</u>	<u>4.19</u>	<u>10.46</u>	<u>10.33</u>

The annexed notes 1 to 17 form an integral part of these condensed interim consolidated financial statements.

Arif Elahi P.A.S.
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, 2017 (UNAUDITED)**

	Issued, subscribed and paid- up share capital	Capital Reserve	Revenue reserves		Non- controlling interest	Total
General Reserve			Remeasure- ment of post- retirement benefits obligation - net of tax (Rupees in '000)	Unappro- priated profit		
Balance at July 01, 2015	1,320,634	131,344	129,307	(342,905)	23,034,266	2,961 24,275,607
Final cash dividend for the year ended June 30, 2015 (Rs 1.5 per ordinary share of Rs. 10 each)	-	-	-	-	(198,095)	- (198,095)
Total comprehensive income for the nine months ended March 31, 2016	-	-	-	-	1,363,592	324 1,363,916
Transaction cost incurred for issue of further share capital of subsidiary	-	-	-	-	(27,125)	- (27,125)
Surplus on revaluation of property, plant and equipment realised during the period on account of incremental depreciation charged thereon - net of tax	-	-	-	-	13,385	- 13,385
Balance as at March 31, 2016	1,320,634	131,344	129,307	(342,905)	24,186,023	3,285 25,427,688
Balance at July 01, 2016	1,320,634	131,344	129,307	(309,809)	25,144,979	3,316 26,419,771
Final cash dividend for the year ended June 30, 2016 (Rs 2 per ordinary share of Rs. 10 each)	-	-	-	-	(264,127)	- (264,127)
Total comprehensive income for the nine months ended March 31, 2017	-	-	-	-	1,380,381	395 1,380,776
Surplus on revaluation of property, plant and equipment realised during the period on account of incremental depreciation charged thereon - net of tax	-	-	-	-	7,618	- 7,618
Balance as at March 31, 2017	1,320,634	131,344	129,307	(309,809)	26,268,851	3,711 27,544,038

The annexed notes 1 to 17 form an integral part of these condensed interim consolidated financial statements.

Arif Elahi P.A.S.
Chairman & Chief Executive

Khawaja 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, 2017 (UNAUDITED)**

	Note	Nine Months Period Ended March 31, 2017	Nine Months Period Ended March 31, 2016
------(Rupees in '000)-----			
Cash flows from operating activities			
Cash generated from operations	12	2,177,614	3,414,428
Employees' gratuity paid		(41,483)	(160,485)
Employees' compensated absences paid		(83,924)	(89,713)
Post retirement medical benefits paid		(19,076)	(26,144)
Finance costs paid		(256,230)	(429,395)
Payments under cross currency and interest rate swap - net		-	(25,559)
Taxes paid		(399,240)	(179,732)
Net cash generated from operating activities		1,377,661	2,503,400
Cash flows from investing activities			
Purchase of property, plant and equipment		(446,599)	(244,452)
Proceeds from disposal of property, plant and equipment		-	8,297
Short-term investments redeemed		501,500	383,225
Interest / mark-up received		221,152	158,874
Dividends received		1,485	531
Net cash generated from investing activities		277,538	306,475
Cash flows from financing activities			
Long-term financing paid		(907,630)	(5,110,481)
Long-term financing obtained		-	3,300,000
Transaction costs paid for issue of further share capital		-	(27,125)
Dividends paid		(260,453)	(195,493)
Net cash used in financing activities		(1,168,083)	(2,033,099)
Net increase in cash and cash equivalents		487,116	776,776
Cash and cash equivalents at the beginning of period		2,143,378	3,312,430
Cash and cash equivalents at the end of the period	13	2,630,494	4,089,206

The annexed notes 1 to 17 form an integral part of these condensed interim consolidated financial statements.


Arif Elahi P.A.S.
Chairman & Chief Executive


Khawaja Obaid Imran Ilyas
Director



PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES NOTES TO AND FORMING PART OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2017 (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 Corporation 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% (2016: 73%) of the share capital of Pakistan Co-operative Ship Stores (Private) Limited and 100% (2016: 100%) of the share capital of the remaining eighteen subsidiary companies. All the wholly owned subsidiaries 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, Kaghan Shipping (Private) Limited, Khairpur Shipping (Private) Limited, Islamabad Shipping (Private) Limited, Sargodha Shipping (Private) Limited and Makran Shipping (Private) Limited which currently do not own any vessel / tanker.

2 BASIS OF PREPARATION

- 2.1 These condensed interim consolidated financial statements of the Group for the nine months period ended March 31, 2017 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, 2016 as they provide an update of previously reported information.



- 2.2 These condensed interim consolidated financial statements comprise of the condensed interim consolidated balance sheet as at March 31, 2017 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 ended March 31, 2017. These condensed interim consolidated financial statements also include the condensed interim consolidated profit and loss account for the quarter ended March 31, 2017.
- 2.3 The comparative balance sheet presented in these condensed interim consolidated financial statements as at June 30, 2016 has been extracted from the annual audited consolidated financial statements of the Group for the year ended June 30, 2016 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, 2016 have been extracted from the condensed interim consolidated financial statements of the Group for the nine months period then ended. The comparative condensed interim consolidated profit and loss account for the quarter ended March 31, 2016 are also included in these condensed interim consolidated financial statements.
- 2.4 These condensed interim consolidated financial statements do not include all the information & 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, 2016.

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, 2016.

3.1 New standards, amendments to approved accounting standards and new interpretations which became effective during the nine months period ended March 31, 2017.

There are certain amendments to approved accounting standards which are mandatory for the Group's annual accounting period which began on or after July 1, 2016. However, these do not have any significant impact on the Group's financial reporting and, therefore, have not been detailed in these condensed interim consolidated financial statements.

3.2 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 new standards and amendments to the approved accounting standards that will be mandatory for the Group's annual accounting periods beginning on or after July 1, 2017. However, these amendments will not have any significant impact on the financial reporting of the Group and, therefore, have not been disclosed in these condensed interim consolidated financial statements. Further, the new standards are yet to be adopted by the Securities and Exchange Commission of Pakistan.

4. SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

The preparation of condensed interim consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses, however, actual results may differ from these estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Revision to accounting estimates are recognised prospectively commencing from the period of revision.

In preparing these condensed interim consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the consolidated financial statements for the year ended June 30, 2016.

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended June 30, 2016.



	Note	(Unaudited) March 31, 2017	(Audited) June 30, 2016
		----- (Rupees in '000) -----	
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	22,842,763	23,474,089
Major spare parts and stand-by equipment		298,881	285,282
Capital work-in-progress		328,080	456,047
		<u>23,469,724</u>	<u>24,215,418</u>
		(Unaudited)	
		Nine Months Period Ended March 31, 2017	Nine Months Period Ended March 31, 2016
		----- (Rupees in '000) -----	
5.1 Additions to operating fixed assets (including transfers from CWIP) during the period mainly include:			
Buildings on lease hold land		138,141	139,148
Office machines and appliances		3,306	503
Furniture and fixtures		965	411
Vehicles		-	30,204
Computer equipment		988	4,291
Spares capitalised		39,620	50,034
Class renewal and dry docking		380,777	199,717
Workshop machinery and equipment		1,891	192
Equipment on board		7,041	1,127
Total		<u>572,729</u>	<u>425,627</u>
5.2 Depreciation charge for the period		<u>1,026,925</u>	<u>859,733</u>
		(Unaudited) March 31, 2017	(Audited) June 30, 2016
		----- (Rupees in '000) -----	
6. TRADE DEBTS - unsecured			
- considered good	6.1	656,868	609,646
- considered doubtful		201,452	217,629
		<u>858,320</u>	<u>827,275</u>
Less: provision for impairment	6.2	201,452	217,629
		<u>656,868</u>	<u>609,646</u>
6.1 The ageing analysis of unimpaired trade debts is as follows:			
Upto 1 month		331,577	279,404
1 month to 6 months		133,380	71,855
More than 6 months		191,911	258,387
		<u>656,868</u>	<u>609,646</u>
6.2 As at March 31, 2017, trade debts of Rs 201.45 million (June 30, 2016: Rs 217.629 million) were impaired and provided for .			



7. OTHER RECEIVABLES

Amount held by lawyer

- considered good
- considered doubtful

Less: Provision for impairment of other receivables

Note	(Unaudited) March 31, 2017	(Audited) June 30, 2016
	----- (Rupees in '000) -----	
	4,953	4,953
	1,928,413	1,338,795
	281,637	231,190
	2,210,050	1,569,985
	281,637	231,190
	1,928,413	1,338,795
	<u>1,933,366</u>	<u>1,343,748</u>

8. SHORT-TERM INVESTMENTS

Term deposits with banks, having maturity of:

- more than six months but less than twelve months
- three to six months
- three months or less

8.1	60,000	57,000
8.2	3,216,695	3,721,195
8.3	600,000	143,309
	<u>3,876,695</u>	<u>3,921,504</u>

- 8.1 The mark-up on these term deposits denominated in local currency ranges from 6.75% to 7.25% (June 30, 2016: 6.75% to 8.80%) per annum.
- 8.2 The mark-up on these term deposits denominated in local currency ranges from 6.20% to 6.60% (June 30, 2016: 6.50% to 7.05%) per annum, whereas mark-up on term deposits denominated in foreign currency ranges from 1.9% to 2.35% (June 30, 2016: 2.10% to 2.25%) per annum.
- 8.3 The mark-up on these term deposits denominated in local currency ranges from 6.10% to 6.50% (June 30, 2016: 6.70% to 9.80%) per annum.

9. LONG-TERM FINANCING - secured

Financing under syndicate term
finance agreement
Less: current portion

Musharika Agreement
Less: current portion

Note	(Unaudited) March 31, 2017	(Audited) June 30, 2016
	----- (Rupees in '000) -----	
9.1	1,460,435	1,648,705
	256,781	256,781
	1,203,654	1,391,924
9.1 & 9.2	2,992,820	3,702,992
	953,391	953,391
	2,039,429	2,749,601
	<u>3,243,083</u>	<u>4,141,525</u>

- 9.1 During the year ended June 30, 2015, the Holding Company obtained a financing facility of Rs 4,500 million from Nordic Investment Bank (NIB). This financing was obtained in November 2014 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 Holding Company had drawn Rs 2,054.250 million and Rs 1,027.125 million from syndicated term finance and Musharika respectively.

The financing carries mark-up of 3 month KIBOR + 1.60% which has been renegotiated during the year ended June 30, 2016 to mark-up of 3 month KIBOR + 0.5%. 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 one of the vessels owned by a subsidiary company of the Holding Company.



- 9.2 On November 23, 2015, the Holding Company repaid the outstanding syndicated term finance facility balance of SCB amounting to Rs 3,254 million bearing mark-up of 3 month KIBOR + 2.2%. The repayment was financed with a new Musharika facility obtained from Faysal Bank Limited (FBL) amounting to Rs 3,300 million bearing mark-up of 3 month KIBOR + 0.40%. The loan along with the mark-up is repayable on a quarterly basis with the first installment payable on February 23, 2016 while last repayment date is November 23, 2019. The facility is secured by first mortgage charge over two vessels owned by the subsidiary companies of the Holding Company. The Holding Company has also paid loan arrangement fee amounting to Rs 12.540 million which was included in the amortised cost of the long term financing, whereas an amount of Rs 3.300 million was expensed out at the time of agreement.

	Note	(Unaudited) March 31, 2017	(Audited) June 30, 2016
----- (Rupees in '000) -----			
10. TRADE AND OTHER PAYABLES			
Creditors		194,516	336,942
Agents' and owners' balances		281,456	358,783
Accrued liabilities		1,729,691	1,787,557
Deposits	10.1	60,769	47,630
Bills payable		20	4,182
Unclaimed dividends		39,190	35,516
Withholding tax payable		-	720
Advance from customers		76,771	233,126
Other liabilities			
- amounts retained from contractors		24,796	25,398
- others		130,010	92,460
		154,806	117,858
		<u>2,537,219</u>	<u>2,922,314</u>

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

11. CONTINGENCIES AND COMMITMENTS

- 11.1 There are no major changes in the status of contingencies as disclosed in the annual unconsolidated financial statements for the year ended June 30, 2016 except for note 28.1 and 28.7 thereto, as fully explained below:
- 11.2 The contingent liability in respect of claims not acknowledged by the Holding Company, which as at March 31, 2017 aggregated to Rs 189.568 million (June 30, 2016: Rs 194.453 million). These claims mainly relate to deficiencies in shipping documentation, delay in delivery of cargo and damages to cargo. Out of the total claims, a sum of Rs 167.544 million (June 30, 2016: Rs 171.375 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 Holding Company. As a matter of prudence, the management has made a total provision of Rs 22.024 million (June 30, 2016: Rs 23.078 million) against the aforementioned claims in these consolidated condensed interim financial statements.
- 11.3 During the current period, appeals filed by the Holding Company and tax department for tax year 2011 have been decided by the Appellate Tribunal Inland Revenue (ATIR). The ATIR, in its order has interalia deleted certain additions made by the Taxation Officer which were upheld by the Commissioner (Appeals). However, the appeal effect order is still pending.

	(Unaudited) March 31, 2017	(Audited) June 30, 2016
----- (Rupees in '000) -----		
Commitments		
11.4 Commitment for capital expenditure	36,924	32,571
11.5 Outstanding letters of guarantee	5,126	8,126



		(Unaudited)	
		Nine Months Period Ended March 31, 2017	Nine Months Period Ended March 31, 2016
Note		----- (Rupees in '000) -----	
12. CASH GENERATED FROM OPERATIONS			
Profit before taxation		1,824,753	1,621,782
Adjustments for non-cash charges and other items:			
Depreciation		1,026,925	859,733
Profit on disposal of property, plant and equipment		-	(8,297)
Provision for employees' gratuity		42,877	62,060
Provision for employees' compensated absences		79,093	95,068
Provision for post retirement medical benefits		16,589	19,379
Dividend income		(1,697)	(531)
Interest / mark-up income		(258,631)	(172,212)
Interest / mark-up expense		255,333	412,406
Loss on cross currency interest rate swap		-	49,480
Loss on interest rate swap		-	39,070
Longterm loan and advances written off		58	-
(Gain) / Loss on revaluation of investments		(4,876)	7,406
Provision for Doubtful debts (reversed) / made		(16,177)	212,988
Provision for Doubtful debts - written off		-	(210,982)
Provision for other receivables		50,447	-
Provision reversed against claims for damages		(3,874)	(1,346)
Provision made against claims for damages		2,820	8,414
Working capital changes	12.1	(836,026)	420,010
		2,177,614	3,414,428
12.1 Working capital changes			
(Increase) / Decrease in current assets:			
Stores and spares		(43,582)	1,261
Trade debts		(31,045)	43,682
Agents' and owners' balances		5,858	854
Loans and advances		27,116	27,642
Trade deposits and short-term prepayments		7,427	7,823
Other receivables		(640,065)	306,242
Incomplete voyages		122,728	(35,038)
Insurance claims		(61,059)	(36,612)
		(612,622)	315,854
(Decrease) / Increase in current liabilities:			
Trade and other payables		(223,404)	104,156
		(836,026)	420,010
13. CASH AND CASH EQUIVALENTS			
Short-term investments	8	600,000	1,750,000
Cash and bank balances		2,030,494	2,339,206
		2,630,494	4,089,206



14. TRANSACTIONS WITH RELATED PARTIES

The Group has related party relationships with its associate, employee benefit plans, state owned / controlled entities and its directors and executive officers (including their associates). Transactions with related parties essentially entail freight income, chartering revenue recovered and contribution to employees provident fund. Balances with related parties have been disclosed in the relevant notes to these condensed interim consolidated 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:

Name and particulars	Note	Relationship with the Group	(Unaudited)	
			Nine months period ended March 31, 2017	Nine months period ended March 31, 2016
			----- (Rupees in '000) -----	-----
Transactions with State controlled entities				
Revenue from Pakistan State Oil (PSO)	14.1		2,768,361	2,152,467
Transactions with other related parties				
Contribution to provident fund		Associate	6,496	8,022
Directors' fee		Associate	1,375	875
Key management personnel compensation			31,653	30,839

14.1 The Group recognises demurrage income from PSO in accordance with the terms of Contract of Affreightment (CoA).

14.2 The Corporation is engaged in providing carriage services to National Refinery Limited (NRL) and Pakistan Refinery Limited (PRL) and recognises related revenue / income in accordance with the terms of CoAs entered into with NRL and PRL.

15. CORRESPONDING FIGURES

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

From	To	Quarter ended March 31, 2016	Nine months period ended March 31, 2016
		----- (Rupees in '000) -----	
Administrative and general expenses	Other expenses	50	150
Fleet Expenses - direct	Other Income	(108)	5,958
Administrative and general expenses	Fleet Expenses - direct	11,453	27,421

16. GENERAL

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

17. DATE OF AUTHORISATION FOR ISSUE

These condensed interim consolidated financial statements were authorised for issue on April 27, 2017 by the Board of Directors of the Holding Company.


Arif Elahi P.A.S.
Chairman & Chief Executive


Khawaja Obaid Imran Ilyas
Director



PAKISTAN NATIONAL SHIPPING CORPORATION

(UN-AUDITED)

UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

**FOR THE NINE MONTHS PERIOD ENDED
MARCH 31, 2017**

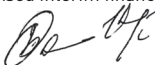


PAKISTAN NATIONAL SHIPPING CORPORATION
UNCONSOLIDATED CONDENSED INTERIM BALANCE SHEET
AS AT MARCH 31, 2017

	Note	(Unaudited) March 31, 2017	(Audited) June 30, 2016
----- (Rupees in '000) -----			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	1,960,548	1,992,053
Intangible asset	6	-	-
Investment properties		2,191,683	2,191,683
Long-term investments in:			
- Related parties (subsidiaries and an associate)		28,591,761	28,591,761
- Listed companies and another entity		55,180	50,304
		28,646,941	28,642,065
Long-term loans and advances		-	58
Deferred taxation		78,933	84,651
		32,878,105	32,910,510
CURRENT ASSETS			
Stores and spares		11,876	11,834
Trade debts - unsecured	7	424,593	455,371
Agents' and owners' balances - unsecured		5,513	11,371
Loans and advances		63,888	91,004
Trade deposits and short-term prepayments		25,998	27,230
Interest accrued on bank deposits and investments		72,503	34,924
Other receivables	8	1,283,233	879,642
Incomplete voyages		-	16,412
Taxation - net		1,181,763	1,185,051
Short-term investments	9	3,866,695	3,914,504
Cash and bank balances		2,027,210	1,994,632
		8,963,272	8,621,975
		41,841,377	41,532,485
TOTAL ASSETS			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital			
Authorised (200,000,000 Ordinary shares of Rs 10 each)		2,000,000	2,000,000
Reserves			
Issued, subscribed and paid-up		1,320,634	1,320,634
		7,594,900	6,630,443
		8,915,534	7,951,077
Surplus on revaluation of property, plant and equipment - net of tax		1,186,101	1,159,001
NON-CURRENT LIABILITIES			
Long-term financing - secured	10	3,243,083	4,141,525
Deferred liabilities		606,841	612,767
		3,849,924	4,754,292
CURRENT LIABILITIES			
Trade and other payables	11	26,611,585	26,388,273
Provision against damage claims		22,024	23,078
Incomplete voyages		9,530	-
Current portion of long-term financing	10	1,210,172	1,210,172
Accrued mark-up on long-term financing		36,507	46,592
		27,889,818	27,668,115
		41,841,377	41,532,485
TOTAL EQUITY AND LIABILITIES			
CONTINGENCIES AND COMMITMENTS			
	12		

The annexed notes 1 to 18 form an integral part of these unconsolidated condensed interim financial statements.


Arif Elahi P.A.S.
Chairman & Chief Executive


Khawaja Obaid Imran Ilyas
Director



PAKISTAN NATIONAL SHIPPING CORPORATION
UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE QUARTER AND NINE MONTHS PERIOD ENDED MARCH 31, 2017 (UNAUDITED)

	Quarter ended March 31, 2017	Quarter ended March 31, 2016	Nine months period ended March 31, 2017	Nine months period ended March 31, 2016
----- (Rupees in '000) -----				
REVENUE				
Chartering revenue	1,397,075	1,022,424	5,284,790	3,950,993
Services fees	48,708	67,748	148,354	221,484
Rental income	48,469	44,730	142,370	127,069
	<u>1,494,252</u>	<u>1,134,902</u>	<u>5,575,514</u>	<u>4,299,546</u>
EXPENDITURE				
Fleet expenses - direct	(773,108)	(694,474)	(2,917,914)	(3,078,213)
Fleet expenses - indirect	(3,603)	(6,779)	(10,850)	(19,622)
Vessel management expenses	(145,510)	(117,724)	(395,163)	(364,122)
Real estate expenses	(28,541)	(25,385)	(89,576)	(85,181)
	<u>(950,762)</u>	<u>(844,362)</u>	<u>(3,413,503)</u>	<u>(3,547,138)</u>
GROSS PROFIT	<u>543,490</u>	<u>290,540</u>	<u>2,162,011</u>	<u>752,408</u>
Administrative expenses	(90,829)	(296,962)	(301,285)	(508,948)
Other expenses	(264,327)	(237,971)	(775,405)	(661,727)
Other income	281,755	192,387	804,138	515,500
	<u>(73,401)</u>	<u>(342,546)</u>	<u>(272,552)</u>	<u>(655,175)</u>
OPERATING PROFIT / (LOSS)	<u>470,089</u>	<u>(52,006)</u>	<u>1,889,459</u>	<u>97,233</u>
Finance costs	(79,009)	(113,634)	(253,735)	(462,497)
PROFIT / (LOSS) BEFORE TAXATION	<u>391,080</u>	<u>(165,640)</u>	<u>1,635,724</u>	<u>(365,264)</u>
Taxation	(74,420)	(108,889)	(414,758)	(218,406)
PROFIT / (LOSS) AFTER TAXATION	<u>316,660</u>	<u>(274,529)</u>	<u>1,220,966</u>	<u>(583,670)</u>
Other comprehensive income	-	-	-	-
TOTAL COMPREHENSIVE INCOME	<u>316,660</u>	<u>(274,529)</u>	<u>1,220,966</u>	<u>(583,670)</u>
----- Rupees -----				
EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED	<u>2.40</u>	<u>(2.08)</u>	<u>9.25</u>	<u>(4.42)</u>

The annexed notes 1 to 18 form an integral part of these unconsolidated condensed interim financial statements.

Arif Elahi P.A.S.
Chairman & Chief Executive

Khowaja Obaid Imran Ilyas
Director



PAKISTAN NATIONAL SHIPPING CORPORATION
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2017 (UNAUDITED)

	Issued, subscribed and paid-up share capital	Capital reserve	Revenue reserves Remeasurement of post- retirement benefits obligation - net of tax	Un - appropriated profit	Total
			(Rupees in '000)		
Balance as at July 1, 2015	1,320,634	126,843	(342,905)	7,115,016	8,219,588
Final cash dividend for the year ended June 30, 2015 (Rs 1.5 per ordinary share of Rs 10 each)	-	-	-	(198,095)	(198,095)
Total comprehensive income for the nine months period ended March 31, 2016	-	-	-	(583,670)	(583,670)
Surplus on revaluation of property, plant and equipment realised during the period on account of incremental depreciation charged thereon - net of tax	-	-	-	13,385	13,385
Balance as at March 31, 2016	<u>1,320,634</u>	<u>126,843</u>	<u>(342,905)</u>	<u>6,346,636</u>	<u>7,451,208</u>
Balance as at July 1, 2016	1,320,634	126,843	(309,809)	6,813,409	7,951,077
Final cash dividend for the year ended June 30, 2016 (Rs 2 per ordinary share of Rs 10 each)	-	-	-	(264,127)	(264,127)
Total comprehensive income for the nine months period ended March 31, 2017	-	-	-	1,220,966	1,220,966
Surplus on revaluation of property, plant and equipment realised during the period on account of incremental depreciation charged thereon - net of tax	-	-	-	7,618	7,618
Balance as at March 31, 2017	<u>1,320,634</u>	<u>126,843</u>	<u>(309,809)</u>	<u>7,777,866</u>	<u>8,915,534</u>

The annexed notes 1 to 18 form an integral part of these unconsolidated condensed interim financial statements.

Arif Elahi P.A.S.
 Chairman & Chief Executive

Khawaja Obaid Imran Ilyas
 Director



**PAKISTAN NATIONAL SHIPPING CORPORATION
UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2017 (UNAUDITED)**

	Note	Nine months period ended March 31, 2017	Nine months period ended March 31, 2016
----- (Rupees in '000) -----			
Cash flows from operating activities			
Cash generated from operations	13	1,717,456	3,151,597
Employees' gratuity paid		(41,483)	(160,485)
Employees' compensated absences paid		(83,924)	(89,713)
Post-retirement medical benefits paid		(19,076)	(26,144)
Finance costs paid		(254,633)	(429,395)
Payments under cross currency and interest rate swap - net		-	(25,559)
Taxes paid		(370,821)	(148,919)
Net cash generated from operating activities		947,519	2,271,382
Cash flows from investing activities			
Purchase of property, plant and equipment		(16,830)	(39,643)
Proceeds from disposal of property, plant and equipment		-	8,297
Dividend received		1,485	531
Short-term investments redeemed		504,500	383,225
Interest received on bank deposits and investments		220,678	158,170
Net cash generated from / (used in) investing activities		709,833	510,580
Cash flows from financing activities			
Long-term financing paid		(907,630)	(5,110,481)
Long-term financing obtained		-	3,300,000
Dividend paid		(260,453)	(195,493)
Net cash used in financing activities		(1,168,083)	(2,005,974)
Net increase / (decrease) in cash and cash equivalents		489,269	775,988
Cash and cash equivalents at the beginning of the period		2,137,941	3,308,371
Cash and cash equivalents at the end of the period	14	2,627,210	4,084,359

The annexed notes 1 to 18 form an integral part of these unconsolidated condensed interim financial statements.


Arif Elahi P.A.S.
Chairman & Chief Executive


Khawaja Obaid Imran Ilyas
Director



PAKISTAN NATIONAL SHIPPING CORPORATION NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2017 (UNAUDITED)

1. GENERAL INFORMATION

- 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 its subsidiaries and 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 Pakistan Stock Exchange. The Corporation's registered office is situated at PNSC Building, Moulvi Tamizuddin Khan Road, Karachi.
- 1.2 These unconsolidated 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. SIGNIFICANT ACCOUNTING INFORMATION AND POLICIES

2.1 Basis of preparation and statement of compliance

These unconsolidated condensed interim financial statements of the Corporation for the nine months period ended March 31, 2017 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 shall be followed. These unconsolidated condensed interim financial statements do not include all the information and disclosures required in an annual audited financial statements and should be read in conjunction with the financial statements for the year ended June 30, 2016 as they provide an update of previously reported information.

- 2.2 These unconsolidated condensed interim financial statements comprise of the unconsolidated condensed interim balance sheet as at March 31, 2017 and the unconsolidated condensed interim profit and loss account, the unconsolidated condensed interim statement of changes in equity, the unconsolidated condensed interim cash flow statement and notes thereto for the nine months period then ended. These unconsolidated condensed interim financial statements also include the unconsolidated condensed interim profit and loss account for the quarter ended March 31, 2017 which has neither been reviewed nor audited.
- 2.3 The comparative balance sheet presented in these unconsolidated condensed interim financial statements as at June 30, 2016 has been extracted from the annual audited financial statements of the Corporation for the year ended June 30, 2016 whereas the comparative unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of changes in equity and unconsolidated condensed interim cash flow statement for the nine months period ended March 31, 2016 have been extracted from the unconsolidated condensed interim financial statements of the Corporation for the nine months period then ended, which were neither subjected to a review nor audited. The comparative unconsolidated condensed interim profit and loss account for the quarter ended March 31, 2016 included in these unconsolidated condensed interim financial statements was neither subjected to a review nor audited.

3. SIGNIFICANT ACCOUNTING POLICIES

- 3.1 The accounting policies and the methods of computation adopted in the preparation of these unconsolidated condensed interim financial statements are consistent with those applied in the preparation of the financial statements for the year ended June 30, 2016.
- 3.2 **Change in accounting standards, interpretations and amendments to published approved accounting standards**

(a) Amendments to published approved accounting standards which are effective

There are certain amendments to approved accounting standards which are mandatory for the Corporation's annual accounting period which began on July 1, 2016. However, these do not have any significant impact on the Corporation's financial reporting and therefore, have not been detailed in these unconsolidated condensed interim financial statements.



(b) Standards and amendments to published approved accounting standards that are not yet effective

There are certain new standards and amendments to the approved accounting standards that will be mandatory for the Corporation's annual accounting periods beginning on or after July 1, 2017. However, these amendments will not have any significant impact on the financial reporting of the Corporation and therefore, have not been disclosed in these unconsolidated condensed interim financial statements. Further, the new standards are yet to be notified by the Securities and Exchange Commission of Pakistan.

3.3 Benazir Employees' Stock Option Scheme (BESOS)

On August 14, 2009, the Government of Pakistan (GoP) launched Benazir Employees' Stock Option Scheme (the Scheme) for employees of certain State Owned Enterprises (SOEs) and non-State Owned Enterprises where GoP holds significant investments (non-SOEs). The scheme is applicable to permanent and contractual employees who were in employment of these entities on the date of launch of the Scheme, subject to completion of five years vesting period by all contractual employees and by permanent employees in certain instances.

The Scheme, developed in compliance with the stated GoP policy of the empowerment of employees of State Owned Enterprises need to be accounted for by the covered entities, including the Corporation, under the provisions of amended International Financial Reporting Standard - 2 'Share Based Payments' (IFRS 2). However, keeping in view the difficulties that may be faced by the entities covered under the Scheme, the Securities & Exchange Commission of Pakistan on receiving the representation from some of the entities covered under the Scheme and after having consulted the Institute of Chartered Accountants of Pakistan, has granted exemption vide SRO 587(II)/2011 dated June 7, 2011 to such entities from application of IFRS 2 to the Scheme.

During the nine months period ended March 31, 2017, the shares have not been transferred to the respective Trust Fund under the Scheme as the matter is pending with the Ministry of Finance, Revenue, Economic Affairs, Statistics and Privatisation (Privatisation Commission). The Scheme is being revamped by GoP and all claims and disbursements to the employees are kept in abeyance.

Had the exemption not been granted, the retained earnings would have been lower by Rs 631.142 million (June 30, 2016: Rs 631.142 million) and reserves would have been higher by Rs 631.142 million (June 30, 2016: Rs 631.142 million) based on the independent actuarial valuations conducted as on June 30, 2014.

4. SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS, ASSUMPTIONS AND FINANCIAL RISK MANAGEMENT

The preparation of unconsolidated condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses, however, actual results may differ from these estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Revision to accounting estimates are recognised prospectively commencing from the period of revision.

Judgements and estimates made by the management in the preparation of these unconsolidated condensed interim financial statements are the same as those applied in the Corporation's annual financial statements for the year ended June 30, 2016.

The Corporation's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2016.

5. PROPERTY, PLANT AND EQUIPMENT

	Note	(Unaudited) March 31, 2017	(Audited) June 30, 2016
		----- (Rupees in '000) -----	
Operating fixed assets	5.1 & 5.2	1,632,468	1,536,006
Capital work-in-progress (CWIP) - buildings on leasehold land		<u>328,080</u>	<u>456,047</u>
		<u>1,960,548</u>	<u>1,992,053</u>



		(Unaudited)	
		Nine months period ended March 31, 2017	Nine months period ended March 31, 2016
		----- (Rupees in '000) -----	
5.1	Additions to operating fixed assets (including transfers from CWIP) during the period:		
	Buildings on leasehold land	138,141	139,148
	Vehicles	-	30,204
	Furniture and fixtures	965	411
	Office equipment	3,306	503
	Workshop machinery and equipment	1,891	192
	Computer equipment	485	3,984
		<u>144,788</u>	<u>174,442</u>
5.2	Depreciation charge for the period	<u>48,298</u>	<u>51,200</u>

6. INTANGIBLE

This represents cost of Rs 16.503 million of software "Ship Management Expert System" (SES). SES was being amortised over the useful life of five years and was fully amortised during the year ended June 30, 2009, however, it is still in active use.

		(Unaudited)		(Audited)	
		Note	March 31, 2017	June 30, 2016	
		----- (Rupees in '000) -----			
7.	TRADE DEBTS - unsecured				
	- considered good	7.1	424,593	455,371	
	- considered doubtful		<u>17,748</u>	<u>23,448</u>	
			442,341	478,819	
	Less: Provision for doubtful debts	7.2	<u>17,748</u>	<u>23,448</u>	
			<u>424,593</u>	<u>455,371</u>	

7.1 The ageing analysis of these trade debts that are past due but not impaired is as follows:

		(Unaudited)		(Audited)	
		March 31, 2017	June 30, 2016		
		----- (Rupees in '000) -----			
	Upto 1 month	122,397	192,027		
	1 to 6 months	127,203	30,014		
	More than 6 months	<u>174,993</u>	<u>233,330</u>		
		<u>424,593</u>	<u>455,371</u>		

7.2 Provision for doubtful debts

Balance at the beginning	23,448	21,808
Provision made during the period	5,967	1,640
Reversal made during the period	<u>(11,667)</u>	-
Balance at the end	<u>17,748</u>	<u>23,448</u>

As at March 31, 2017, trade debts of Rs 17.748 million (June 30, 2016: Rs 23.448 million) were impaired and provided for. These balances were outstanding for more than three years.



8. OTHER RECEIVABLES

	Note	(Unaudited) March 31, 2017	(Audited) June 30, 2016
		----- (Rupees in '000) -----	
- considered good	8.1	1,283,233	879,642
- considered doubtful		<u>279,042</u>	<u>231,190</u>
		1,562,275	1,110,832
Less: Provision for doubtful other receivables		<u>279,042</u>	<u>231,190</u>
		<u>1,283,233</u>	<u>879,642</u>

- 8.1 As at March 31, 2017, amounts aggregating Rs 1,283.233 million (June 30, 2016: Rs 879.642 million) are past due but not impaired. These receivables have been outstanding for less than three years.

9. SHORT-TERM INVESTMENTS

	Note	(Unaudited) March 31, 2017	(Audited) June 30, 2016
		----- (Rupees in '000) -----	
Term deposits with banks, having maturity of:			
- more than six months but less than twelve months	9.1	50,000	50,000
- three to six months	9.2	3,216,695	3,721,195
- three months or less	9.3	<u>600,000</u>	<u>143,309</u>
		<u>3,866,695</u>	<u>3,914,504</u>

- 9.1 The mark-up on this term deposit denominated in local currency is 7.25% (June 30, 2016: 6.75% to 8.80%) per annum.
- 9.2 The mark-up on these term deposits denominated in local currency ranges from 6.20% to 6.60% (June 30, 2016: 6.50% to 7.05%) per annum, whereas mark-up on term deposits denominated in foreign currency ranges from 1.90% to 2.35% (June 30, 2016: 2.10% to 2.25%) per annum.
- 9.3 The mark-up on these term deposits denominated in local currency ranges from 6.10% to 6.50% (June 30, 2016: 6.70% to 9.80%) per annum.

10. LONG-TERM FINANCING - secured

	Note	(Unaudited) March 31, 2017	(Audited) June 30, 2016
		----- (Rupees in '000) -----	
Financing under syndicated term finance agreement	10.1	1,460,435	1,648,705
Less: Current portion		<u>256,781</u>	<u>256,781</u>
		1,203,654	1,391,924
Financing under musharika agreement	10.1 & 10.2	<u>2,992,820</u>	<u>3,702,992</u>
Less: Current portion		<u>953,391</u>	<u>953,391</u>
		<u>2,039,429</u>	<u>2,749,601</u>
		<u>3,243,083</u>	<u>4,141,525</u>

- 10.1 During the year ended June 30, 2015, the Corporation obtained a financing facility of Rs 4,500 million from Nordic Investment Bank (NIB). This financing was obtained in November 2014 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 Corporation had drawn Rs 2,054.250 million and Rs 1,027.125 million from syndicated term finance and Musharika respectively.

The financing carries mark-up of 3 month KIBOR + 1.60% which has been renegotiated during the year ended June 30, 2016 to mark-up of 3 month KIBOR + 0.5%. 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 one of the vessels owned by a subsidiary company of the Corporation.



- 10.2 On November 23, 2015, the Corporation repaid the outstanding syndicated term finance facility balance of SCB amounting to Rs 3,254 million bearing mark-up of 3 month KIBOR + 2.2%. The repayment was financed with a new Musharika facility obtained from Faysal Bank Limited (FBL) amounting to Rs 3,300 million bearing mark-up of 3 month KIBOR + 0.40%. The loan along with the mark-up is repayable on a quarterly basis with the first installment payable on February 23, 2016 while last repayment date is November 23, 2019. The facility is secured by first mortgage charge over two vessels owned by the subsidiary companies of the Corporation. The Corporation has also paid loan arrangement fee amounting to Rs 12.540 million which was included in the amortised cost of the long term financing, whereas an amount of Rs 3.300 million was expensed out at the time of agreement.

Note	(Unaudited) March 31, 2017	(Audited) June 30, 2016
	----- (Rupees in '000) -----	
11. TRADE AND OTHER PAYABLES		
Creditors	24,719	62,821
Current account balances with subsidiary companies	24,630,788	24,210,338
Agents' and owners' balances	281,456	358,783
Accrued liabilities	1,343,091	1,322,200
Deposits	60,769	47,630
Unclaimed dividends	39,190	35,516
Advances from customers	76,771	233,126
Other liabilities		
- amounts retained from contractors	24,796	25,398
- others	130,005	92,461
	154,801	117,859
	<u>26,611,585</u>	<u>26,388,273</u>

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

12. CONTINGENCIES AND COMMITMENTS

Contingencies

- 12.1 There are no major changes in the status of contingencies as disclosed in the unconsolidated financial statements for the year ended June 30, 2016 except for note 25.1 and 25.7 thereto, as fully explained below:
- 12.2 The contingent liability in respect of claims not acknowledged by the Corporation, which as at March 31, 2017 aggregated to Rs 189.568 million (June 30, 2016: Rs 194.453 million). These claims mainly relate to deficiencies in shipping documentation, delay in delivery of cargo and damages to cargo. Out of the total claims, a sum of Rs 167.544 million (June 30, 2016: Rs 171.375 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 22.024 million (June 30, 2016: Rs 23.078 million) against the aforementioned claims in these unconsolidated condensed interim financial statements.
- 12.3 During the current period, appeals filed by the Corporation and tax department for tax year 2011 have been decided by the Appellate Tribunal Inland Revenue (ATIR). The ATIR, in its order has interalia deleted certain additions made by the Taxation Officer which were upheld by the Commissioner (Appeals). However, the appeal effect order is still pending.

	(Unaudited) March 31, 2017	(Audited) June 30, 2016
	----- (Rupees in '000) -----	
Commitments		
12.4 Commitments for capital expenditure	<u>36,924</u>	<u>32,571</u>
12.5 Outstanding letters of guarantee	<u>5,126</u>	<u>8,126</u>



		(Unaudited)	
	Note	Nine months period ended March 31, 2017	Nine months period ended March 31, 2016
		----- (Rupees in '000) -----	
13. CASH GENERATED FROM OPERATIONS			
Profit / (loss) before taxation		1,635,724	(365,264)
Adjustments for non-cash charges and other items:			
Depreciation		48,298	51,200
Gain on disposal of operating fixed assets		-	(8,297)
Provision for employees' gratuity		41,763	60,769
Provision for employees' compensated absences		77,758	94,289
Provision for post-retirement medical benefits		16,296	19,148
Provision reversed against damage claims		(3,874)	(1,346)
Provision made against damage claims		2,820	8,414
Provision for doubtful debts		5,967	210,982
Provision for doubtful debts - written off		-	(210,982)
Provision for doubtful other receivables		47,852	-
Provision reversed against doubtful debts		(11,667)	-
Long-term loans and advances written off		58	-
Interest income on bank deposits and investments		(258,258)	(171,724)
Interest expense on bank deposits and investments		253,735	412,406
Loss on cross currency interest rate swap derivative		-	49,480
Loss on interest rate swap derivative		-	39,070
Dividend income		(1,697)	(531)
(Gain) / loss on revaluation of investments		(4,876)	7,406
Working capital changes	13.1	(132,443)	2,956,577
		<u>1,717,456</u>	<u>3,151,597</u>
13.1 Working capital changes			
(Increase) / decrease in current assets:			
Stores and spares		(42)	(2,974)
Trade debts		36,478	358,423
Agents' and owners' balances		5,858	854
Loans and advances		27,116	27,641
Trade deposits and short-term prepayments		1,232	16,038
Other receivables		(451,443)	(15,968)
Incomplete voyages		25,942	(26,265)
		(354,859)	357,749
(Decrease) / increase in current liabilities:			
Trade and other payables		222,416	2,598,828
		<u>(132,443)</u>	<u>2,956,577</u>
14. CASH AND CASH EQUIVALENTS			
Short-term investments	9	600,000	1,750,000
Cash and bank balances		2,027,210	2,334,359
		<u>2,627,210</u>	<u>4,084,359</u>

The Corporation's activities expose it to a variety of financial risks: market risk (including interest rate risk, currency risk and price risk), credit risk and liquidity risk.

These unconsolidated condensed interim financial statements do not include all financial risk management information and disclosures which are required in the annual financial statements and should be read in conjunction with the Corporation's annual financial statements as at June 30, 2016. There have been no changes in any risk management policies since the year end.



15.2 Fair value estimation

As at June 30, 2016, the Corporation's all assets and liabilities are carried at amortised cost except for those mentioned below:

The Corporation's leasehold land, buildings on leasehold land, beach huts and workshop machinery and equipment are stated at revalued amounts, being the fair value at the date of revaluation, less any subsequent depreciation and subsequent accumulated impairment losses, if any.

The Corporation classifies investment properties and long-term investments in listed companies measured in the balance sheet at fair values.

The carrying value of all financial and non-financial assets and liabilities measured at other than amortised cost in these unconsolidated condensed interim financial statements approximate their fair values.

16. TRANSACTIONS WITH RELATED PARTIES

The Corporation has related party relationships with its subsidiaries, associate, employee benefit plans, state owned / controlled entities 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 related notes to these unconsolidated 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)	
	Note	Nine months period ended March 31, 2017	Nine months period ended March 31, 2016
		----- (Rupees in '000) -----	
Transactions with State controlled entities			
Revenue from Pakistan State Oil (PSO)	16.2	1,852,021	1,447,541
Transactions with subsidiary companies			
Service fee charged to subsidiary companies		148,354	221,484
Rental expense of Pakistan Co-operative Ship Stores (Private) Limited		589	536
Delivery of stores and spares to subsidiary companies		17,260	27,350
Retirement benefits costs charged to subsidiary companies		2,741	2,301
Transactions with other related parties			
Contribution to provident fund		6,496	8,022
Directors' fee		1,375	875
Key management personnel compensation		31,653	30,839
Dividend to GoP		227,387	168,703



- 16.1 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 with the subsidiary companies.
- 16.2 The Corporation recognises demurrage income from PSO in accordance with the terms of Contract of Affreightment (CoA).
- 16.3 The Corporation is engaged in providing carriage services to National Refinery Limited (NRL) and Pakistan Refinery Limited (PRL) and recognises related revenue / income in accordance with the terms of CoAs entered into with NRL and PRL.

17. GENERAL

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

18. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorised for issue on April 27, 2017 by the Board of Directors of the Corporation.

Arif Elahi P.A.S.
Chairman & Chief Executive

Khowaja Obaid Imran Ilyas
Director



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