



Pakistan National Shipping Corporation

**Un-Audited Report
For The First Quarter
Ended September 30, 2016**



CORPORATE INFORMATION

Board of Directors

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

Audit Committee of the Board

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

Chief Financial Officer

Syed 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.
Dagja House 241-C, Block 2, P.E.C.H.S
Off Sharah-e-Quaideen, Karachi

Bankers

Bank Al-Habib Limited
Bank Al-Falah Limited
Bank Alfalah, Bahrain
Bank Al-Habib Bahrain
Dubai Islamic Bank
Faysal Bank Limited
Habib Bank Limited
Habib Bank Limited New York
Meezan Bank
NIB Bank
National Bank of Pakistan, Hong Kong
National Bank of Pakistan, Tokyo
National Bank of Pakistan
Silk Bank Limited
Soneri Bank Limited
Standard Chartered Bank
UniCredit Bank, Italy
United Bank Limited
United Bank Limited, London



**PAKISTAN NATIONAL SHIPPING CORPORATION
DIRECTORS' REPORT
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2016**

The Directors of Pakistan National Shipping Corporation (PNSC) are pleased to present the Financial Statements for the first quarter ended September 30, 2016.

OVERVIEW

Group after Tax Profit of Rs 650 million has been achieved during this period against Rs 60 million in the same period last year. Earnings per Share for the group increased to Rs 4.92 from Rs 0.45 in the corresponding last period. Despite the pressure and major financial crunch faced by global shipping industry due to drastic reduction in 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 3,684 million (including Rs 2,309 million from PNSC) as compared to Rs 2,978 million (including Rs 1,086 million from PNSC) for the corresponding period last year, showing an increase of 24%. PNSC made substantial growth in revenue of 246% and 51% in the area of slot charter and foreign tanker business respectively, thereby offsetting losses incurred on Dry Bulk segment. Direct operating expenses nominally increased to Rs. 2,518 million (including Rs 1,445 million from PNSC) from Rs. 2,445 million (including Rs 1,301 million from PNSC), thereby resulting in Gross Profit of Rs 1,166 Million as against Rs 533 Million for the same period last year.

PNSC also started reaping the benefit of an early repayment of Rs 700 million, settlement of cross currency swap and swapping of expensive loans acquired in 2010 & 2014 at three months Kibor plus spread of 2.2% and 1.6% respectively with significantly reduced level of spreads at 0.4% and 0.5% respectively, thereby resulting in reduction of Finance Cost to Rs 91 million from Rs 223 million in the same period last year.

FUTURE PROSPECTS

PNSC plans to add more Oil tankers in its fleet. The Dry Bulk Market is however weak and we strive to keep Vessels deployed at best available rates.

PNSC while exploring new opportunities like Oil Storage facilities, both shore and floating, will soon venture into Ferry Service subject to approval from Government of Pakistan.

ARIF ELAHI P.A.S.

CHAIRMAN

Karachi : October 25, 2016



**PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES
CONDENSED INTERIM CONSOLIDATED BALANCE SHEET
AS AT SEPTEMBER, 2016**

	(Unaudited) September 30, 2016	(Audited) June 30, 2016
	------(Rupees in '000)-----	
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	4 24,060,865	24,215,418
Investment properties	2,191,683	2,191,683
Long-term investments in listed companies and an other entity	54,153	50,304
Long-term loans and advances	58	58
Long-term deposits	90	90
Deferred taxation	84,651	84,651
	26,391,500	26,542,204
CURRENT ASSETS		
Stores and spares	600,227	619,960
Trade debts - unsecured	5 800,779	609,646
Agents' and owners' balances - unsecured	10,065	11,371
Loans and advances	110,272	91,004
Trade deposits and short-term prepayments	40,478	38,915
Interest / mark-up accrued on bank deposits and investments	78,877	35,652
Other receivables	6 1,520,080	1,343,748
Incomplete voyages	58,983	88,678
Insurance claims	42,471	38,574
Taxation - net	1,006,202	1,196,720
Short-term investments	3,768,500	3,921,504
Cash and bank balances	2,554,221	2,000,069
	10,591,155	9,995,841
TOTAL ASSETS	36,982,655	36,538,045
EQUITY AND LIABILITIES		
EQUITY ATTRIBUTABLE TO OWNERS OF THE HOLDING COMPANY		
Share capital	1,320,634	1,320,634
Reserves	25,745,310	25,095,821
	27,065,944	26,416,455
NON-CONTROLLING INTEREST		
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP	3,400	3,316
	27,069,344	26,419,771
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET OF TAX		
	1,161,826	1,161,826
NON-CURRENT LIABILITIES		
Long term financing - secured	7 3,841,840	4,141,525
Deferred liabilities	599,406	612,767
	4,441,246	4,754,292
CURRENT LIABILITIES		
Trade and other payables	8 3,034,297	2,922,314
Provision against damage claims	24,342	23,078
Current maturity of long-term financing	7 1,210,172	1,210,172
Accrued mark-up on long-term financing	41,428	46,592
	4,310,239	4,202,156
TOTAL EQUITY AND LIABILITIES	36,982,655	36,538,045
CONTINGENCIES AND COMMITMENTS		
	9	

The annexed notes 1 to 14 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 ENDED SEPTEMBER 30, 2016 (UNAUDITED)**

	Quarter ended September 30, 2016	Quarter ended September 30, 2015
	-----[Rupees in '000]-----	
REVENUE		
Income from shipping business	3,638,027	2,936,068
Rental income	<u>45,923</u>	<u>41,764</u>
	3,683,950	2,977,832
EXPENDITURE		
Fleet expenses - direct	(2,482,905)	(2,409,592)
- indirect	(5,492)	(5,186)
Real estate expenses	<u>(29,202)</u>	<u>(30,392)</u>
	(2,517,599)	(2,445,170)
GROSS PROFIT	1,166,351	532,662
Administrative expenses	(243,694)	(217,845)
Other expenses	<u>(249,397)</u>	<u>(124,965)</u>
Other income	306,230	136,332
	<u>(186,861)</u>	<u>(206,478)</u>
OPERATING PROFIT	979,490	326,184
Finance costs	(90,879)	(222,551)
PROFIT BEFORE TAXATION	888,611	103,633
Taxation	(239,035)	(43,753)
PROFIT AFTER TAXATION	649,576	59,880
Other comprehensive income	-	-
TOTAL COMPREHENSIVE INCOME	649,576	59,880
Attributable to:		
Equity holders of the Holding Company	649,492	59,750
Non-controlling interest	<u>84</u>	<u>130</u>
	649,576	59,880
	-----[Rupees]-----	
EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE HOLDING COMPANY - BASIC & DILUTED	4.92	0.45

The annexed notes 1 to 14 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 QUARTER ENDED SEPTEMBER 30, 2016 (UNAUDITED)**

	Issued, subscribed and paid- up share capital	Capital Reserve	Revenue Reserves			Non- controlling interest	Total
			General Reserve	Remeas- urement of post retirement benefits obligation - net of tax	Unappro- priated profit		
----- (Rupees in '000) -----							
Balance at July 01, 2015	1,320,634	131,344	129,307	(342,905)	23,034,266	2,961	24,275,607
Total comprehensive income for the first quarter ended September 30, 2015	-	-	-	-	59,750	130	59,880
Transaction cost incurred for issue of further share capital of subsidiary	-	-	-	-	(10,112)	-	(10,112)
Total income credited to equity					49,638	130	49,768
Balance as at September 30, 2015	<u>1,320,634</u>	<u>131,344</u>	<u>129,307</u>	<u>(342,905)</u>	<u>23,083,904</u>	<u>3,091</u>	<u>24,325,375</u>
Balance at July 01, 2016	1,320,634	131,344	129,307	(309,809)	25,144,976	3,316	26,419,768
Total comprehensive income for the first quarter ended September 30, 2016	-	-	-	-	649,492	84	649,576
Balance as at September 30, 2016	<u>1,320,634</u>	<u>131,344</u>	<u>129,307</u>	<u>(309,809)</u>	<u>25,794,468</u>	<u>3,400</u>	<u>27,069,344</u>

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


 Arif Elahi P.A.S.
 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, 2016 (UNAUDITED)**

	Note	Quarter ended September 30, 2016	Quarter ended September 30, 2015
-----[Rupees in '000]-----			
Cash flows from operating activities			
Cash generated from operations	10	1,040,689	171,448
Employees' gratuity paid		(561)	(4,049)
Employees' compensated absences paid		(53,504)	(29,504)
Post retirement medical benefits paid		(5,481)	(6,274)
Finance costs paid		(96,043)	(172,108)
Receipts under cross currency and interest rate swap - net		-	21,156
Taxes paid		(48,517)	(41,900)
Net cash generated from / (used in) operating activities		836,583	(61,231)
Cash flows from investing activities			
Purchase of property, plant and equipment		(177,312)	(69,278)
Proceeds from disposal of operating fixed assets		-	7,767
Short-term investments redeemed		9,695	45,375
Interest / mark-up received		41,567	64,021
Dividends received		-	461
Net cash (used in) / generated from investing activities		(126,050)	48,346
Cash flows from financing activities			
Long-term financing repaid		(299,685)	(1,077,847)
Transaction costs paid for issue of further share capital		-	(10,112)
Dividends paid		(5)	(26)
Net cash (used in) financing activities		(299,690)	(1,087,985)
Net increase / (decrease) in cash and cash equivalents		410,843	(1,100,870)
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	11	2,554,221	2,211,560

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


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


Khowaja Obaid Imran Ilyas
Director



**PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL
STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2016 (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% (2015: 73%) of the share capital of Pakistan Co-operative Ship Stores (Private) Limited and 100% (2015: 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

These condensed interim consolidated financial statements of the Group for the first quarter ended September 30, 2016 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.



These condensed interim consolidated financial statements comprise of the condensed interim consolidated balance sheet as at September 30, 2016 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 first quarter ended September 30, 2016. These condensed interim consolidated financial statements also include the condensed interim consolidated profit and loss account, the condensed interim consolidated statement of changes in equity and condensed interim consolidated cash flow statement for the quarter ended September 30, 2015.

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 quarter ended September 30, 2015 have been extracted from the condensed interim consolidated financial statements of the Group for the quarter ended September 30, 2015.

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, 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.

		(Unaudited) September 30, 2016	(Audited) June 30, 2016
	Note	------(Rupees in '000)-----	
4. PROPERTY, PLANT AND EQUIPMENT			
- Operating fixed assets	4.1	23,439,280	23,474,089
- Major spare parts and stand-by equipment		294,893	285,282
- Capital work-in-progress		326,692	456,047
		<u>24,060,865</u>	<u>24,215,418</u>

		(Unaudited)	
		Quarter ended September 30, 2016	Quarter ended September 30, 2015
		------(Rupees in '000)-----	
4.1 Additions to fixed assets (including transfers from CWIP) during the period mainly include:			
Buildings on lease hold land		129,460	8,680
Office machines and appliances		371	222
Furniture and fixtures		22	150
Computer equipment		-	716
Spares capitalised		6,174	28,806
Class renewal and dry docking		244,778	42,064
Workshop machinery and equipment		41	29
Equipment on board		138	464
Total		<u>380,984</u>	<u>81,131</u>
4.2 Details of fixed assets disposed off during the period:			
Net book value of assets disposed off		<u>-</u>	<u>22</u>



	(Unaudited) September 30, 2016	(Audited) June 30, 2016
Note	----- (Rupees in '000) -----	
5. TRADE DEBTS - unsecured		
- considered good	800,779	609,646
- considered doubtful	<u>217,629</u>	<u>217,629</u>
	1,018,408	827,275
Less: provision for impairment	<u>217,629</u>	<u>217,629</u>
	<u>800,779</u>	<u>609,646</u>

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

Upto 1 month	515,457	279,404
1 month to 6 months	97,828	71,855
More than 6 months	<u>187,494</u>	<u>258,387</u>
	<u>800,779</u>	<u>609,646</u>

5.2 As at September 30, 2016, trade debts of Rs 217.629 million (June 30, 2016: Rs 217.629 million) were impaired and provided for.

	(Unaudited) September 30, 2016	(Audited) June 30, 2016
Note	----- (Rupees in '000) -----	

6. OTHER RECEIVABLES

Amount held by lawyer in respect of a guarantee provided to the court

4,953 4,953

Others:

- considered good
- considered doubtful

Less: Provision for impairment of other receivables

1,515,127	1,338,795
<u>231,190</u>	<u>231,190</u>
1,746,317	1,569,985
<u>231,190</u>	<u>231,190</u>
<u>1,515,127</u>	<u>1,338,795</u>
<u>1,520,080</u>	<u>1,343,748</u>

7. LONG-TERM FINANCING - secured

Financing under syndicate term
finance agreement
Less: current portion

7.1 **1,586,043** 1,648,705
256,781 256,781
1,329,262 1,391,924

Financing under Musharika Agreement
Less: current portion

7.1 **3,465,969** 3,702,992
953,391 953,391
2,512,578 2,749,601
3,841,840 4,141,525



7.1 During the year ended June 30, 2015, the Corporation obtained financing facility of PKR 4,500 million from NIB in the form of syndicated term finance facility (Rs. 3,000 million) and Musharika facility (Rs.1,500 million). The loan carries markup of KIBOR+1.6% which has been renegotiated to KIBOR+0.5%.

During the year ended June 30, 2016 the Corporation repaid the outstanding syndicated term finance facility balance of Standard Chartered Bank amounting to Rs 3,254 million bearing markup of 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 markup of KIBOR+0.4%.

	(Unaudited) September 30, 2016	(Audited) June 30, 2016
Note	-----[Rupees in '000]-----	
8. TRADE AND OTHER PAYABLES		
Creditors	403,613	336,942
Agents' and owners' balances	411,995	358,783
Accrued liabilities	1,923,014	1,787,557
Deposits	60,699	47,630
Unclaimed dividends	35,511	35,516
Bills payable	3,633	4,182
Withholding Tax Payable	-	720
Advance from customers	79,560	233,126
Other liabilities		
- amounts retained from contractors	25,398	25,398
- others	90,874	92,460
	116,272	117,858
	3,034,297	2,922,314

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

9. CONTINGENCIES AND COMMITMENTS

9.1 There are no major changes in the status of contingencies and commitments as reported in the annual consolidated financial statements for the year ended June 30, 2016.

	(Unaudited) September 30, 2016	(Audited) June 30, 2016
	-----[Rupees in '000]-----	
9.2 Outstanding letters of guarantee	5,126	8,126
9.3 Commitment for capital expenditure	32,571	32,571



		(Unaudited)	
		Quarter ended September 30, 2016	Quarter ended September 30, 2015
10. CASH GENERATED FROM OPERATIONS	Note	------(Rupees in '000) -----	
Profit before taxation		888,611	103,633
Adjustments for non-cash charges and other items:			
Depreciation		331,867	307,336
Profit on disposal of property, plant and equipment		-	(7,767)
Provision for employees' gratuity		14,286	20,687
Provision for employees' compensated absences		26,364	31,689
Provision for post retirement medical benefits		5,530	6,460
Dividend income		-	(461)
Interest / mark-up income		(84,792)	(54,854)
Interest / mark-up expense		90,879	171,764
Loss on cross currency interest rate swap		-	49,750
Gain on interest rate swap		-	34,796
(Gain) / Loss on revaluation of investments		(3,849)	12,471
Provision reversed against claims for damages		(2)	(257)
Provision made against claims for damages		1,266	5,110
Working capital changes	10.1	(229,471)	(508,909)
		<u>1,040,689</u>	<u>171,448</u>
10.1 WORKING CAPITAL CHANGES			
(Increase) / Decrease in current assets:			
Stores and spares		19,733	5,591
Trade debts - unsecured		(191,133)	(162,265)
Agents' and owners' balances - unsecured		1,306	5,182
Loans and advances		(19,268)	(18,974)
Deposits and prepayments		(1,563)	(19,168)
Other receivables		(176,332)	(12,133)
Incomplete voyages		29,695	(97,521)
Insurance claims		(3,897)	66
		<u>(341,459)</u>	<u>(299,222)</u>
Increase / (Decrease) in current liabilities:			
Trade and other payables		111,988	(209,687)
		<u>(229,471)</u>	<u>(508,909)</u>
11. CASH AND CASH EQUIVALENTS			
Short-term investments having maturity of three months or less		-	361,250
Cash and bank balances		2,554,221	1,850,310
		<u>2,554,221</u>	<u>2,211,560</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. Balances with related parties have been disclosed in the relevant notes to these condensed interim financial statements. Further, transactions entered into with the key management personnel as per their terms of employment are also included in related party transactions.

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

Name and particulars	Relationship with the Group	(Unaudited)	
		Quarter ended September 30, 2016	Quarter ended September 30, 2015
-----[Rupees in '000]-----			
Contribution to provident fund	Associate	2,246	2,869
Directors' fee	Associate	450	310
Key management personnel compensation		8,493	10,567

- 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 25, 2016 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 CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS

**FOR THE FIRST QUARTER ENDED
SEPTEMBER 30, 2016**



**PAKISTAN NATIONAL SHIPPING CORPORATION
CONDENSED INTERIM UNCONSOLIDATED BALANCE SHEET
AS AT SEPTEMBER, 2016**

	Note	(Unaudited) September 30, 2016	(Audited) June 30, 2016
------(Rupees in '000)-----			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	1,975,361	1,992,053
Investment properties		2,191,683	2,191,683
Long-term investments in:			
-Related parties (subsidiaries and an associate)		28,591,762	28,591,761
-Listed companies and an entity		54,153	50,304
		28,645,915	28,642,065
Long-term loans and advances		58	58
Deferred taxation		84,651	84,651
		32,897,668	32,910,510
CURRENT ASSETS			
Stores and spares		12,553	11,834
Trade debts - unsecured	5	476,472	455,371
Agents' and owners' balances - unsecured		10,065	11,371
Loans and advances		110,272	91,004
Trade deposits and short-term prepayments		33,588	27,230
Interest / mark-up accrued on bank deposits and investments		78,029	34,924
Other receivables	6	1,000,751	879,642
Incomplete voyages		365	16,412
Taxation - net		996,168	1,185,051
Short-term investments		3,761,500	3,914,504
Cash and bank balances		2,548,868	1,994,632
		9,028,631	8,621,975
TOTAL ASSETS		41,926,299	41,532,485
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
Issued, subscribed and paid-up capital		1,320,634	1,320,634
Reserves		7,110,471	6,630,443
		8,431,105	7,951,077
Surplus on revaluation of property, plant & equipment - net of tax		1,159,001	1,159,001
NON-CURRENT LIABILITIES			
Long-term financing - secured	7	3,841,840	4,141,525
Deferred liabilities		599,406	612,767
		4,441,246	4,754,292
CURRENT LIABILITIES			
Trade and other payables	8	26,619,005	26,388,273
Provision against damage claims		24,342	23,078
Current portion of long-term financing	7	1,210,172	1,210,172
Accrued mark-up on long-term financing		41,428	46,592
		27,894,947	27,668,115
TOTAL EQUITY AND LIABILITIES		41,926,299	41,532,485
CONTINGENCIES AND COMMITMENTS			
	9		

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


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


Khawaja Obaid Imran Ilyas
Director



**PAKISTAN NATIONAL SHIPPING CORPORATION
CONDENSED INTERIM UNCONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE QUARTER ENDED SEPTEMBER 30, 2016 (UNAUDITED)**

	Quarter ended September 30, 2016	Quarter ended September 30, 2015
	-----[Rupees in '000]-----	
REVENUE		
Chartering revenue	2,263,423	1,044,349
Services fee	54,984	75,669
Rental income	45,801	41,597
	<u>2,364,208</u>	<u>1,161,615</u>
EXPENDITURE		
Fleet expenses - direct	(1,294,185)	(1,152,219)
- indirect	(2,636)	(4,986)
Vessel management expenses	(119,242)	(113,464)
Real estate expenses	(29,202)	(30,392)
	<u>(1,445,265)</u>	<u>(1,301,061)</u>
GROSS PROFIT / (LOSS)	<u>918,943</u>	<u>(139,446)</u>
Administrative expenses	(119,788)	(92,693)
Other expenses	(247,538)	(119,428)
Other income	248,001	115,159
	<u>(119,325)</u>	<u>(96,962)</u>
OPERATING PROFIT / (LOSS)	<u>799,618</u>	<u>(236,408)</u>
Finance costs	(90,269)	(221,705)
PROFIT / (LOSS) BEFORE TAXATION	<u>709,349</u>	<u>(458,113)</u>
Taxation	(229,313)	(34,040)
PROFIT / (LOSS) AFTER TAXATION	<u>480,036</u>	<u>(492,153)</u>
Other comprehensive income	-	-
TOTAL COMPREHENSIVE PROFIT / (LOSS)	<u>480,036</u>	<u>(492,153)</u>
	-----[Rupees]-----	
EARNING / (LOSS) PER SHARE - BASIC AND DILUTED	<u>3.63</u>	<u>(3.73)</u>

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


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


 Khowaja Obaid Imran Ilyas
 Director



**PAKISTAN NATIONAL SHIPPING CORPORATION
CONDENSED INTERIM UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED SEPTEMBER 30, 2016 (UNAUDITED)**

	Issued, subscribed and paid-up share capital	Capital Reserve	Revenue Reserves		Total
			Remeasurement of post retirement benefits obligation - net of tax	Unappropriated profit	
------(Rupees in '000)-----					
Balance at July 01, 2015	1,320,634	126,843	(342,905)	7,115,016	8,219,588
Total comprehensive loss for the first quarter ended September 30, 2015	-	-	-	(492,153)	(492,153)
Balance as at September 30, 2015	<u>1,320,634</u>	<u>126,843</u>	<u>(342,905)</u>	<u>6,622,863</u>	<u>7,727,435</u>
Balance at July 01, 2016	1,320,634	126,843	(309,809)	6,813,401	7,951,069
Total comprehensive income for the first quarter ended September 30, 2016	-	-	-	480,036	480,036
Balance as at September 30, 2016	<u>1,320,634</u>	<u>126,843</u>	<u>(309,809)</u>	<u>7,293,437</u>	<u>8,431,105</u>

The annexed notes 1 to notes14 form an integral part of these condensed interim unconsolidated financial statements.


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


Khowaja Obaid Imran Ilyas
Director



PAKISTAN NATIONAL SHIPPING CORPORATION
CONDENSED INTERIM UNCONSOLIDATED CASH FLOW STATEMENT
FOR THE QUARTER ENDED SEPTEMBER 30, 2016 (UNAUDITED)

	Quarter ended September 30, 2016	Quarter ended September 30, 2015
Note		
	----- (Rupees in '000) -----	
Cash flows from operating activities		
Cash generated from operations	10 855,147	98,326
Employees' gratuity paid	(561)	(4,049)
Employees' compensated absences paid	(53,504)	(29,504)
Post retirement medical benefits paid	(5,481)	(6,274)
Finance costs paid	(95,433)	(172,108)
Receipts under cross currency and interest rate swap - net	-	21,156
Taxes paid	(40,430)	(42,492)
Net cash generated from / (used in) operating activities	659,738	(134,945)
Cash flows from investing activities		
Purchase of property, plant and equipment	(503)	(5,119)
Proceeds from disposal of operating fixed assets	-	7,767
Short-term investments redeemed	9,695	45,375
Interest / mark-up received	41,687	64,021
Dividends received	-	461
Net cash generated from investing activities	50,879	112,044
Cash flows from financing activities		
Long-term financing repaid	(299,685)	(1,077,847)
Dividends paid	(5)	(26)
Net cash (used in) financing activities	(299,690)	(1,077,873)
Net increase / (decrease) in cash and cash equivalents	410,927	(1,100,774)
Cash and cash equivalents at the beginning of period	2,137,941	3,308,371
Cash and cash equivalents at the end of the period	11 <u>2,548,868</u>	<u>2,207,597</u>

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


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


 Khowaja Obaid Imran Ilyas
 Director



**PAKISTAN NATIONAL SHIPPING CORPORATION
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM UNCONSOLIDATED FINANCIAL
STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2016 (UNAUDITED)**

1. THE CORPORATION AND ITS OPERATIONS

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 Pakistan Stock Exchange. The Corporation's registered office is situated at PNSC Building, Moulvi Tamizuddin Khan Road, Karachi.

These condensed interim unconsolidated financial statements are separate financial statements of the Corporation in which investments in subsidiaries and associates are accounted for on the basis of direct equity interest and are not consolidated.

2. BASIS OF PREPARATION

These condensed interim unconsolidated financial statements of the Corporation for the first quarter ended September 30, 2016 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 unconsolidated financial statements should be read in conjunction with the unconsolidated financial statements for the year ended June 30, 2016 as they provide an update of previously reported information.

These condensed interim unconsolidated financial statements comprise of the condensed interim unconsolidated balance sheet as at September 30, 2016 and the condensed interim unconsolidated profit and loss account, the condensed interim unconsolidated statement of changes in equity, the condensed interim unconsolidated cash flow statement and notes thereto for the first quarter ended September 30, 2016. These condensed interim unconsolidated financial statements also include the condensed interim unconsolidated profit and loss account for the quarter ended September 30, 2015.

The comparative balance sheet presented in these condensed interim unconsolidated financial statements as at June 30, 2016 has been extracted from the annual audited unconsolidated financial statements of the Corporation for the year ended June 30, 2016 whereas the comparative condensed interim unconsolidated profit and loss account, condensed interim unconsolidated statement of changes in equity and condensed interim unconsolidated cash flow statement for the quarter ended September 30, 2015 have been extracted from the condensed interim unconsolidated financial statements of the Corporation for the quarter ended September 30, 2015.

These condensed interim unconsolidated 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, 2016.

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, 2016.



	Note	(Unaudited) September 30, 2016	(Audited) June 30, 2016
------(Rupees in '000)-----			
4. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	1,648,669	1,536,006
Capital work-in-progress (CWIP)		326,692	456,047
		<u>1,975,361</u>	<u>1,992,053</u>
(Unaudited)			
		Quarter ended September 30, 2016	Quarter ended September 30, 2015
------(Rupees in '000)-----			
4.1 Additions to fixed assets (including transfers from CWIP) during the current period mainly include:			
Buildings on leasehold land		129,460	8,680
Office machines and appliances		371	222
Furniture and fixtures		22	150
Workshop machinery and equipment		41	29
Computer equipment		-	1,104
		<u>129,894</u>	<u>10,185</u>
Net book value of assets disposed off		-	22
		<u>-</u>	<u>22</u>
(Unaudited)			
	Note	September 30, 2016	(Audited) June 30, 2016
------(Rupees in '000)-----			
5. TRADE DEBTS - unsecured			
Unsecured			
Considered good	5.1	476,472	455,371
Considered doubtful		23,448	23,448
		<u>499,920</u>	<u>478,819</u>
Less: Provision for impairment	5.2	23,448	23,448
		<u>476,472</u>	<u>455,371</u>
5.1 The ageing analysis of these trade debts that are past due but not impaired is as follows:			
		(Unaudited) September 30, 2016	(Audited) June 30, 2016
Upto 1 month		258,072	192,027
1 to 6 months		62,427	30,014
More than 6 months		155,973	233,330
		<u>476,472</u>	<u>455,371</u>
5.2 As at September 30, 2016, trade debts of Rs 23,448 million (June 30, 2016: Rs 23,448 million) were impaired and provided for. These balances were outstanding for more than three years.			



6. OTHER RECEIVABLES

- considered good
- considered doubtful

Less: Provision for impairment of other receivables

Note	(Unaudited) September 30, 2016	(Audited) June 30, 2016
------(Rupees in '000)-----		
	1,000,751	879,642
	231,189	231,190
	1,231,940	1,110,832
	231,189	231,190
	<u>1,000,751</u>	<u>879,642</u>
	<u>1,000,751</u>	<u>879,642</u>

7. LONG-TERM FINANCING - secured

Financing under Syndicate term
finance agreement
Less: Current portion

7.1	1,586,043	1,648,705
	256,781	256,781
	<u>1,329,262</u>	<u>1,391,924</u>

Financing under Musharika Agreement
Less: Current portion

7.1	3,465,969	3,702,992
	953,391	953,391
	<u>2,512,578</u>	<u>2,749,601</u>
	<u>3,841,840</u>	<u>4,141,525</u>

- 7.1** During the year ended June 30, 2015, the Corporation obtained financing facility of PKR 4,500 million from NIB in the form of syndicated term finance facility (Rs. 3,000 million) and Musharika facility (Rs.1,500 million). The loan carries markup of KIBOR+1.6% which has been renegotiated to KIBOR+0.5%.

During the year ended June 30, 2016 the Corporation repaid the outstanding syndicated term finance facility balance of Standard Chartered Bank amounting to Rs 3,254 million bearing markup of 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 markup of KIBOR+0.4%.

8. TRADE AND OTHER PAYABLES

Creditors
Current account balances with subsidiary companies
Agents' and owners' balances
Accrued liabilities
Deposits
Unclaimed dividends
Advance from customers
Other liabilities
- amounts retained from contractors
- others

Note	(Unaudited) September 30, 2016	(Audited) June 30, 2016
------(Rupees in '000)-----		
	30,207	62,821
	24,385,929	24,210,338
	411,995	358,783
	1,498,842	1,322,200
8.1	60,699	47,630
	35,511	35,516
	79,560	233,126
	25,398	25,398
	90,864	92,461
	<u>116,262</u>	<u>117,859</u>
	<u>26,619,005</u>	<u>26,388,273</u>

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



9. CONTINGENCIES AND COMMITMENTS

Contingencies

9.1 There are no major changes in the status of contingencies and commitments as reported in the annual unconsolidated financial statements for the year ended June 30, 2016.

Commitments

	(Unaudited) September 30, 2016	(Audited) June 30, 2016
	------(Rupees in '000)-----	
9.2 Outstanding letters of guarantee	<u>5,126</u>	<u>8,126</u>
9.3 Commitments for capital expenditure	<u><u>32,571</u></u>	<u><u>32,571</u></u>

	(Unaudited) Quarter ended September 30, 2016	Quarter ended September 30, 2015
	------(Rupees in '000)-----	
Note		

CASH GENERATED FROM OPERATIONS

10. Profit / (Loss) before taxation	709,349	(458,113)
Adjustments for non-cash charges and other items:		
Depreciation	17,195	14,995
Profit on disposal of fixed assets	-	(7,767)
Provision for employees' gratuity	14,282	20,256
Provision for employees' compensated absences	26,364	31,430
Provision for post retirement medical benefits	5,530	6,383
Dividend income	-	(461)
Interest / mark-up income	(84,792)	(54,675)
Interest / mark-up expense	90,269	171,764
Loss on cross currency interest rate swap	-	49,750
Loss on interest rate swap	-	34,796
(Gain) / Loss on revaluation of investments	(3,849)	12,471
Provision reversed against claims for damages	(2)	(257)
Provision made against claims for damages	1,266	5,110
Working capital changes	10.1 <u>79,535</u>	<u>272,644</u>
	<u><u>855,147</u></u>	<u><u>98,326</u></u>

WORKING CAPITAL CHANGES

10.1 (Increase) / decrease in current assets:		
Stores and spares	(719)	(400)
Trade debts - unsecured	(21,101)	(66,323)
Agents' and owners' balances - unsecured	1,306	5,182
Loans and advances	(19,268)	(18,974)
Trade deposits and short-term prepayments	(6,358)	(17,878)
Other receivables	(121,109)	(6,453)
Incomplete voyages	16,047	(63,003)
	<u>(151,202)</u>	<u>(167,849)</u>
Increase in current liabilities:		
Trade and other payables	<u>230,737</u>	<u>440,493</u>
	<u><u>79,535</u></u>	<u><u>272,644</u></u>



	(Unaudited)	
	Quarter ended September 30, 2016	Quarter ended September 30, 2015
	------(Rupees in '000)-----	
11. CASH AND CASH EQUIVALENTS		
Short-term investments having maturity of three months or less	-	361,250
Cash and bank balances	<u>2,548,868</u>	<u>1,846,347</u>
	<u>2,548,868</u>	<u>2,207,597</u>

12. TRANSACTIONS WITH RELATED PARTIES

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

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

Name and particulars	Relationship with the Corporation	(Unaudited)	
		Quarter ended September 30, 2016	Quarter ended September 30, 2015
		------(Rupees in '000)-----	
Service fee charged to subsidiary companies	Subsidiary	54,984	75,669
Rental expense of Pakistan Co-operative Ship Stores (Private) Limited	Subsidiary	131	179
Delivery of stores and spares to subsidiary companies	Subsidiary	5,524	7,280
Retirement benefit costs charged to subsidiaries	Subsidiary	914	767
Contribution to provident fund		2,246	2,869
Directors' fee		450	310
Key management personnel compensation		8,493	10,567

12.1 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.

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 financial statements were authorised for issue on October 25, 2016 by the Board of Directors of the Corporation.


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


 Khowaja Obaid Imran Ilyas
 Director

