PROVEN PERFORMANCE
BUILDING MOMENTUM

2019
Annual Report

Pakistan National Shipping Corporation

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Chairman's Review

Dear Members

By the grace of the Almighty, a year full of achievements passed away guiding us towards uplifting on the ladder of success. Addition of tankers in managed portfolio of vessels gave new strength to the Group which also contributed towards positive results. Being the Chairman of the Corporation, it is an honour for me that despite of tough economic situation of the country, PNSC contributed positively towards national prosperity by adding net worth in the form of profitability of a public sector enterprise by Rs. 2,194 million, payment of Rs. 296 million to national exchequer as taxes and contribution of Rs. 20 million (out of which Rs. 6 million were contributed by employees) towards Diamer-Bhasha and Mohmand Dams Fund.

Due to addition of product oil tankers, PNSC is now actively participating in transportation of clean petroleum products, which is an addition to the range of services that PNSC provides globally. During the year, AFRA and World Scale moved upwards while Baltic Dry Index showed a mix trend resulting in good profitability in liquid cargo sector than in dry cargo sector, despite of the positive footing of dry cargo sector. After imposition of ban on import of furnace oil into the country by the Government of Pakistan, PNSC successfully utilized all of its managed tankers in charter out business to various customers in gulf region yielding a handsome return.

On an overall basis, the Group earned a net profit of Rs. 2,194 million, which is 34% higher as compared to Rs.1,641 million of prior year. The Corporation's credit rating remained constant at AA for long term and A1+ for short term, despite of significant gearing by raising Rs.7,568 million (net of arrangement fee) through debt financing from various schedule banks in Pakistan on commercial basis for financing the Group's expansion plans. The consistency in credit rating despite of such huge borrowing signifies the ability of the Group to timely fulfill financial obligations. However, dedicated and competent employees of PNSC are definitely a key success factor for all of these achievements.

PNSC is continuously enhancing the capabilities of itself and its people and is in the process of implementation of state of the art enterprise resource system to remain abreast with latest technology coupled with making full use of available resources for even more better and timely decision making.

To remain a front player in sustainability and healthy environment, PNSC always focused on preservation and protection of marine environment. To ensure a healthy and balanced eco system, PNSC use greener fuels and fully comply with international standards regarding use and disposal of oils and lubricants. The Corporation is committed to adopt in letter and spirit all the marine industry standards as and when they become applicable. Likewise, the Corporation is committed to the strictest safety practices for the safety of life at sea.

PNSC intends to add further vessels in the portfolio of its managed fleet for which one Afframax tanker is planned to be added in next financial year (i.e. 2019-20). PNSC is also planning expansion in other areas as per its long term strategy and various business avenues are in consideration by the management.

The continuous guidance and support of the Board and all of the committees formed by the Board provided a great courage and motivation in achieving the corporate objectives.

The Government of Pakistan is taking steps for the betterment of maritime sector in Pakistan, which is evident by approval of Shipping Policy, providing various tax and other incentives to public as well as private investors in maritime sector.

PNSC always remained focused on its core objective of representing Pakistan in marine sector around the globe proudly and profitably. PNSC is actively participating towards national prosperity and this journey of growth is continued with the trust of nation, support of government and dedication of our human capital. I can confidently say that the future of Pakistan and Pakistan National Shipping Corporation is bright and better.

Rizwan Ahmed

RIZWAN AHMED (P.A.S)
Chairman & Chief Executive

چیئرمین کا جائزہ

عزیز اراکین!

خدا کے فضل و کرم سے فتوحات سے بھرپور ایک سال اختتام پذیر ہوا، جس نے کامیابی کے زینے پر چڑھنے میں ہماری رہنمائی کی۔ زیرِ انتظام جہازوں کے پورٹ فولیو میں ٹینکروں کی شمولیت نے گروپ کو نئی تقویت بخشی، جن کی شراکت کے نتائج مثبت رہے۔ کارپوریشن کے چیئرمین کی حیثیت سے یہ میرے لیے اعزاز ہے کہ ملک کی مشکل معاشی صورتِ حال کے باوجود پی این ایس سی نے قومی فلاح میں مثبت کردار ادا کیا، جس میں عوامی شعبے کے ادارے کے طور پر اس نے 2,194 ملین روپے کا منافع حاصل کیا اور قومی خزانے میں محصولات کی مد میں 296 ملین روپے جمع کرائے اور دیامر بھاشا اور مہمند ڈیم فنڈ میں 20 ملین روپے (جس میں سے 6 ملین روپے پی این ایس سی کے ملازمین نے اپنی تنخواہوں) کا عطیہ دیا۔

مصنوعاتی آئل ٹینکروں کی شمولیت کے باعث اب پی این ایس سی صاف پیٹرولیم مصنوعات کی ترسیل کے لیے فعال طور پر کردار ادا کر رہا ہے، جو کہ پی این ایس سی کی عالمگیری خدمات میں ایک اضافہ ہے۔ سال کے دوران AFRA اور ورلڈ اسکیل بلندی کی جانب بڑھے، جبکہ بالٹک ڈرائی انڈیکس نے ملاجلا رجحان ظاہر کیا، جس کا نتیجہ لیکویڈ کارگو سیکٹر میں ڈرائی کارگو سیکٹر کی بہ نسبت اچھے منافع کی صورت میں نکلا۔ حکومتِ پاکستان کی جانب سے فرنس آئل کی درآمد پر پابندی کے نفاذ کے بعد پی این ایس نے اپنے تمام زیرِ انتظام ٹینکروں کو چارٹر کاروبار کے لیے خلیج میں مختلف گاہکوں کو فراہم کیا جس کے نتیجے میں بھاری منافع حاصل ہوا۔

مجموعی طور پر گروپ نے 2,194 ملین روپے کا خالص منافع حاصل کیا، جو کہ گزشتہ سال کے 1,641 ملین روپے کے مقابلے میں 34 فیصد زیادہ ہے۔ کارپوریشن کی کریڈٹ ریٹنگ مستقل طویل المیعاد بنیاد پر AA اور قلیل المیعاد ڈیپازٹ پر +A1 رہی، باوجود اس کے کہ گروپ کے توسیعی منصوبوں کے لیے پاکستان میں شیڈولڈ بینکوں سے قرضے کی بنیاد پر فنانسنگ کے ذریعے 7,568 ملین روپے (فیس منہا کرنے کے بعد) حاصل کیے گئے۔ اتنے بھاری قرضوں کے باوجود کریڈٹ ریٹنگ کا تسلسل اس بات کی علامت ہے کہ گروپ نے اپنی مالیاتی ذمہ داریوں کو بہ خوبی پورا کیا۔ پی این ایس سی کے فرض شناس اور اہل ملازمین ان تمام اہداف کے حصول میں یقینی طور پر کامیابی کی کلید کا درجہ رکھتے ہیں۔

پی این ایس سی اپنی اور اپنے لوگوں کو صلاحیتوں کو مسلسل پروان چڑھا رہا ہے اور ترقی کرتے ہوئے ادارہ جاتی وسائل کے نظام کے نفاذ کے عمل سے گزر رہا ہے، تاکہ جدید ٹیکنالوجی سے ہم آہنگ ہو کر بہتر اور بروقت فیصلہ سازی کے ذریعے دستیاب وسائل کا بھرپور استعمال کیا جاسکے۔

صحت مند ماحول برقرار رکھنے میں اہم کردار ادا کرنے کے لیے پی این ایس سی نے ہمیشہ بحری ماحول کے تحفظ اور حفاظت پر توجہ مرکوز رکھی ہے۔ صحت مند اور متوازن ماحولیاتی نظام یقینی بنانے کے لیے پی این ایس سی سبز ایندھن استعمال کرتا ہے؛ آئلز اور لبریکنٹس کو استعمال اور ٹھکانے لگانے کا عمل حوالے سے بین الاقوامی معیارات کے عین مطابق ہے۔ کارپوریشن بحری صنعت کے معیارات پر من و عن عمل کرتی ہے، جہاں پر بھی ان کا اطلاق ہو۔ اسی طرح کارپوریشن سمندر میں زندگی کی حفاظت کے لیے سخت ترین حفاظتی تدابیر کے لیے پرعزم ہے۔

پی این ایس کا مزید جہاز اپنے زیر انتظام بیڑے کے پورٹ فولیو میں شامل کرنے کا ارادہ ہے ، جس میں سے سے ایفرامیکس ٹینکر کو اگلے مالی سال 20-2019 کے دوران شامل کرنے کا منصوبہ ہے۔ اپنی طویل المیعاد حکمتِ عملی کے تحت پی این ایس سی دیگر شعبوں میں بھی توسیع کے منصوبے بنا رہا ہے اور انتظامیہ مختلف کاروباری مواقع پر غور کر رہی ہے۔

بورڈ اور بورڈ کی جانب سے تشکیل کردہ کمیٹیوں کی مسلسل رہنمائی اور تعاون نے کارپوریٹ مقاصد کے حصول میں عظیم حوصلہ اور تحریک فراہم کی ہے۔

پاکستان میں میری ٹائم شعبے کی ترقی کے لیے حکومتِ پاکستان اقدامات اٹھا رہی ہے، جو کہ شپنگ پالیسی کی منظوری سے واضح ہے، جس میں حکومتی اداروں کے ساتھ ساتھ نجی سرمایہ کاروں کو بحری امور کے شعبے میں مختلف محصولیاتی اور دیگر ترغیبات فراہم کی جارہی ہیں۔

پی این ایس سی نے ہمیشہ اس بنیادی مقصد پر توجہ مرکوز رکھی کہ بحری شعبے میں اور عالمی سطح پر پاکستان کی نمائندگی منافع بخش انداز میں فخریہ طور پر کرنی ہے۔ پی این ایس سی فعال انداز میں قومی فلاح و بہبود میں اپنا حصہ ڈال رہا ہے اور ترقی کا یہ سفر قوم کے اعتماد، حکومتی تعاون اور ہمارے انسانی سرمایے کی لگن کا مرہونِ منّت ہے۔ میں پر اعتماد انداز میں کہہ سکتا ہوں کہ پاکستان اور پاکستان نیشنل شپنگ کارپوریشن کا مستقبل بہتر اور تابناک ہے۔

Rizwan Ahmed

رضوان احمد (پی۔اے۔ایس۔)

چیئرمین و چیف ایگزیکٹو

Vision

To be a prominent player and key stakeholder in global shipping industry by maintaining diversified and efficient marine assets.

Mission

To provide reliable & efficient shipping services to overseas and Pakistan's seaborne trade, maintaining relationship of integrity and trust with our customers, partners, employees, safeguarding interests of our stakeholders and contributing towards betterment of national economy, society and the environment.

Strategic Objectives

- Persistent growth by strategic investment and diversification in marine sectors according to past performance and future outlook of industry.
- To be optimally profitable, viable, commercial organization and contribute to the national economy by securing a reasonable return on capital and minimize outflow of national foreign reserves.
- Ensure steady supplies to Pakistan defence forces in time of peace & war.
- To do highly ethical, environment friendly and socially responsible business practices.
- Ensuring that every employee feels proud of being part of PNSC team.
- To provide its clientele safe, secure, reliable and efficient shipping services.
- To practice & believe in Equal Opportunity for every one in every aspect of business.

Corporate Information

Board of Directors

1. Mr. Rizwan Ahmed	Chairman
2. Dr. Sohail Rajput Additional Finance Secretary (Internal Finance) Finance Division Islamabad, (Ex-Officio Member).	Member
3. Mr. Kamran Farooq Ansari Sr. Joint Secretary /Joint Secretary Ministry of Maritime Affairs Islamabad, (Ex-Officio Member).	Member
4. Mr. Ali Syed	Member
5. Mr. Muhammad Ali	Member
6. Mr. Khowaja Obaid Imran Ilyas	Member
7. Capt. Anwar Shah	Member

Audit & Finance Committee

Mr. Khowaja Obaid Imran Ilyas	Chairman
Dr. Sohail Rajput Additional Finance Secretary (Internal Finance) Finance Division Islamabad, (Ex-Officio Member).	Member
Mr. Kamran Farooq Ansari Sr. Joint Secretary /Joint Secretary Ministry of Maritime Affairs Islamabad, (Ex-Officio Member).	Member
Capt. Anwar Shah	Member
Mr. Ali Syed	Member
Mr. Baber Jamal Zuberi	Secretary

HR and Remuneration Committee

Mr. Muhammad Ali	Chairman
Mr. Ali Syed	Member
Mr. Khowaja Obaid Imran Ilyas	Member
Capt. Muhammad Shakil	Secretary

Chief Financial Officer
Mr. S. Jarar Haider Kazmi

Corporation & Board Secretary
Mr. Muhammad Javid

Chief Internal Auditor
Mr. Babar Jamal Zubairi

Head Office
PNSC Building, Moulvi Tamizuddin Khan Road,
P.O.Box No. 5350, Karachi-74000 Pakistan.
Phone: (92-21) 99203980-99 (20 Lines)
Fax: (92-21) 99203974, 35636658
www.pnsc.com.pk

Auditors
EY Ford Rhodes, Chartered Accountants
KPMG Taseer Hadi & Co., Chartered Accountants

Shares Registrar
CDC Share Registrar Services Limited
CDC House, 99-B, Block 'B',
S.M.C.H.S. Main Shahrah-e-Faisal, Karachi.

Bankers
Albaraka Bank Limited
Bank Alfalah Limited, Bahrain
Bank Al Habib Limited
Bank Al Habib Limited, Bahrain
Bank Islami Pakistan Limited
Dubai Islamic Bank (Pakistan) Limited
Faysal Bank Limited
Habib Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
National Bank of Pakistan, Hong Kong
National Bank of Pakistan, Tokyo
Silk Bank Limited
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
UniCredit Bank, Italy
United Bank Limited
United Bank Limited, London

Code of Coduct

In Pakistan National Shipping Corporation the Board, senior management and employees are committed to professionalism and understanding of themselves and others regarding accepted standards of the discipline.

The work related conduct requires a personal commitment to act in accordance with the accepted and especially professional standards of conduct and also to encourage such behaviour by employees and colleagues.

Corporation has always emphasized on the Business Ethics as a matter of policy. The Business Ethics include the principles of honesty, integrity, trust- worthiness, loyalty, fairness and justice. The business ethics are rules for conduct which raise awareness of acceptable and unacceptable behaviour. Furthermore, the ethical minds of individual employees significantly contribute to ethical business practices of the Corporation.

It is the duty and responsibilities of directors, senior management and all employees to faithfully follow the Business Ethics and comply with the policies and practices stated in this Code of Conduct. The Corporation's ultimate goal is to achieve its business objectives for the benefit of all stakeholders including the shareholders and the community at large.

POLICY STATEMENT

It is the Corporation's policy to conduct its business operations within the framework of the law and statutory rules and regulations, including the international law governing shipping operations.

The Corporation shall manage its affairs in accordance with concepts of good governance, with a high degree of integrity, transparency and accountability.

The Corporation shall constantly endeavour to formulate policies to ensure business growth, optimize operational efficiencies and profitability, and develop a corporate culture to reward merit and eliminate discrimination in all forms. It is the policy of the Corporation that professionalism is maintained in all recruiting, interviewing and hiring of individuals without regard to race, gender or religion.

There is no direct or indirect discrimination on grounds including, but not limited to race, gender, sex or marital status or religion or language and there is no harassment or victimization based on any of the aforesaid grounds.

DEVELOPMENT OF INTERNAL CONTROL SYSTEMS

It is the policy of the Corporation to maintain and update internal control systems, accounting/financial procedure, rules and regulations, in keeping with modern management practices, and ensure due compliance with regulatory requirements.

MAINTENANCE OF PROPER BOOKS OF ACCOUNT AND RECORDS

It is the policy of the Corporation to maintain proper books of account and supporting documents in accordance with law and regulatory requirements. No compromises as to the integrity of financial records or financial statements shall be permitted.

The Corporation shall ensure that all statutory records are properly maintained and that statutory returns are filed strictly according to the regulatory requirements.

All books of account, supporting documents, and statutory records shall be safeguarded and retained for such periods as may be prescribed by law or by the Corporation.

USE AND SAFEGUARDING OF CONFIDENTIAL INFORMATION

All information about the policies and business affairs of the Corporation is confidential. Information received from third parties under obligation of confidentiality belongs to those third parties and is confidential. Such information must not be used or disclosed except as permissible under the relevant agreements.

Employees shall not unauthorisedly remove any documents or tangible items which belong to the Corporation or which contain any confidential information, from the Corporation's premises, including vessels.

The responsibility to maintain the confidential nature of all nonpublic information in the Corporation's possession continues after cessation of employment.

It is the policy of the Corporation to ensure confidentiality of all inside information and do not leak any inside information out of the Corporation and no employee shall derive any personal benefit from such inside information not yet disclosed to the public and to maintain harmony among all co-workers and staff in the Corporation.

The Corporation has set up an important policy concerning the use of information of the Corporation in compliance with Good Corporate Governance and relevant regulations. The Corporation has advised its directors, senior management and employees to focus on confidential information especially internal information not yet disclosed to public or any data or information that may effect the business of the Corporation or its share price. They must not use information they receive from their directorships or employment for personal benefit or for conducting business or other activities in competition with the Corporation.

POLICY TOWARDS STAKEHOLDERS

The Corporation recognizes the rights of all stakeholders and therefore encourages cooperation between the Corporation and all the stakeholders including employees, creditors, government agencies, community and society at large.

POLICY ON SAFETY, OCCUPATIONAL HEALTH AND ENVIRONMENT

The Corporation is committed to conducting business with the highest standards of safety, occupational health and environment conditions fully complying with all legislation and regulations relating to safety, occupational health and environmental requirements at all locations in which the Corporation operates.

The Corporation shall follow practices that constantly ensure that its working environment is safe for the protection of property of the Corporation and life of its employees.

The Corporation shall encourage health and safety awareness at all levels and promote procedures and practices that ensure environmental protection taking into account the current legislation and industry codes and practices.

The Corporation shall fully disclose all information regarding its operations and standards in relation to safety, occupational health and environment.

It is the policy of the Corporation to take all necessary measures to protect the health and safety of its employees.

CONFLICT OF INTEREST

The Corporation has set up an important policy on conflict of interest. No directors, officer or employee shall have any financial interest in or be involved in the business activities of a competitor of the Corporation.

ACCEPTANCE OR GIVING OF BRIBES

No employee of the Corporation shall accept or give bribe or any illegal gratification in the conduct of the Corporation's business.

DISCIPLINE AND GENERAL CONDUCT

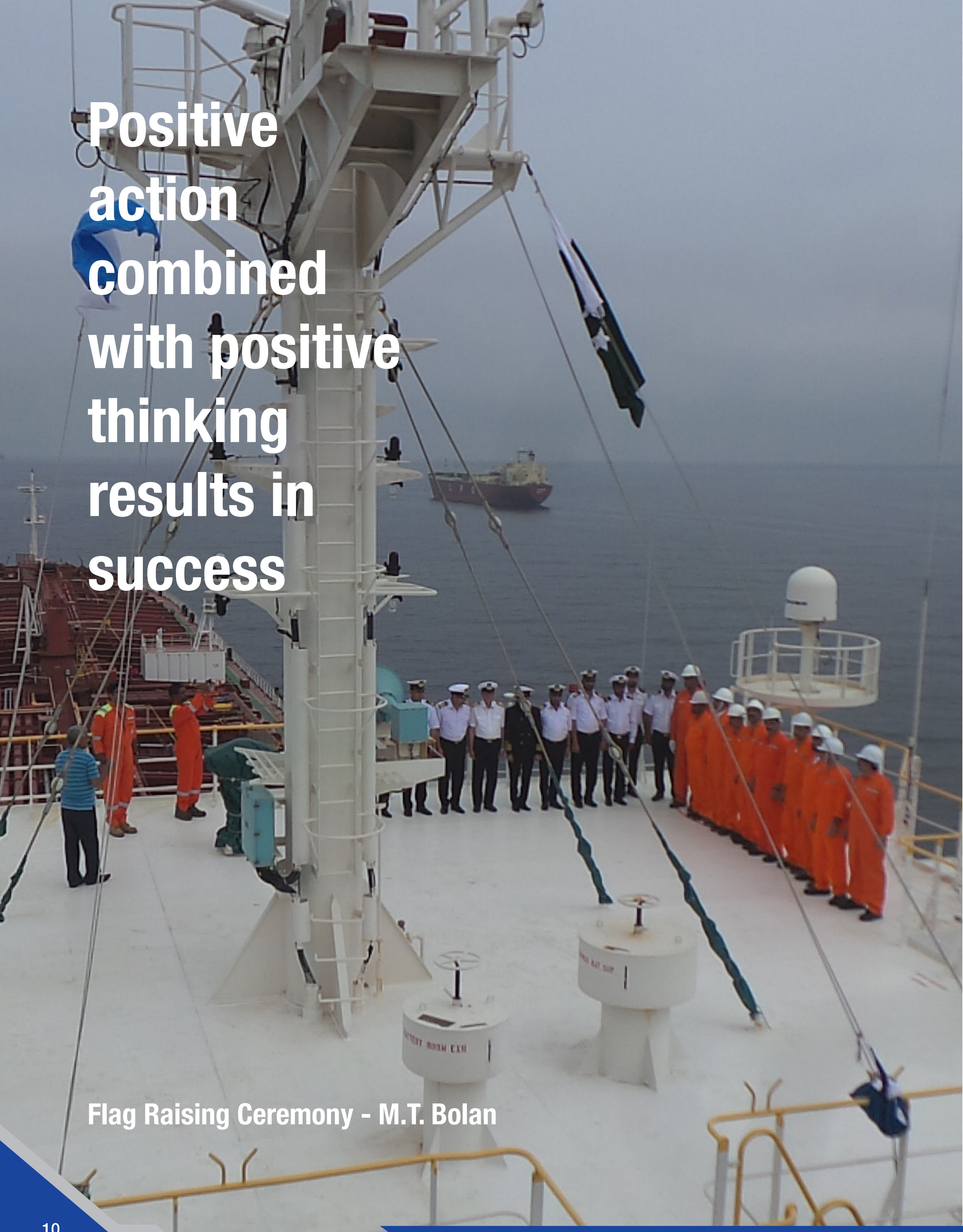
All employees shall conform to and abide by the rules and regulations of the Corporation, and shall observe, comply with and abide by all orders which may from time to time be given by any person under whose jurisdiction, superintendence or control an employee may for the time being be placed.

The Corporation expects that all directors, officers and employees will understand and adhere to this Code of Conduct. They shall be responsible for the consequences of any violation. If a violation of law is also implicated, civil or criminal liability may result.

It is expected of all to practice good / ethical behavior and to pay attention to emerging questions, challenges and stress points positively in their respective capacities.

The purpose of this Code of Conduct is to maintain and promote dignity and reputation of the Corporation and achieve excellence. Each employee is required to conduct himself/herself in a proper way, behave lawfully adhering to all laws, rules and regulations which are applicable.

Failure to comply with this code or guidance may result in disciplinary action depending on the severity of the misconduct and the Corporation's disciplinary record.



Positive action combined with positive thinking results in success

Flag Raising Ceremony - M.T. Bolan

Board of Directors' Profile

Mr. Rizwan Ahmed P.A.S.

Mr. Rizwan Ahmed is a BS-22 officer belonging to the Pakistan Administrative Service. He holds charge of the office of Chairman PNSC in addition to his own duties as Federal Secretary, Ministry of Maritime Affairs.

He did his two-year Master in Public Administration from Harvard University, USA. Other educational qualifications include:

- Master in Science (Social Sciences)
- Bachelor in Law (LLB)
- Bachelor in Engineering (Electronics)

He attended the Massachusetts Institute of Technology (MIT) Sloan School of Management with elective course in Power & Negotiation as a cross-registered student during his Master's degree from Harvard University. He is a Certified Director from Pakistan Institute of Corporate Governance.

Mr. Rizwan has more than 31 years of vast professional experience in law enforcement, administration, finance, management, personnel & human resource, public procurement and health. Some of the senior management positions where he served include:

- Additional Secretary– Cabinet Division, Government of Pakistan
- Additional Secretary– Establishment Division, Government of Pakistan
- Chairman – Trading Corporation of Pakistan, Government of Pakistan
- Managing Director – Pakistan Security Printing Corporation, Government of Pakistan
- Executive Director – Personnel & HR, Pakistan Steel Mills Limited, Government of Pakistan
- Secretary – Health Department, Government of Sindh
- Secretary – General Administration & Coordination Department, Government of Sindh
- Secretary to Governor Sindh, Government of Sindh
- Managing Director – Sindh Public Procurement Regulatory Authority, Government of Sindh
- Deputy Commissioner – District Hyderabad, Government of Sindh

He has attended various trainings and seminars around the world, which include Ministerial Workshop on International Cooperation in Capacity Building for Developing Countries in Beijing, China (2016), Senior Crisis Management Seminar in Washington D.C. (2012), seminars at the Asian Development Bank Headquarters in Philippines (2009 & 2004) & Hostage Negotiation in New Mexico, USA (2002). He also has teaching experience and worked as Directing Staff at National Institute of Management (NIM Karachi) and Teaching Fellow at the Harvard Kennedy School for Financial Management.

Captain Anwar Shah

Captain Anwar Shah is a reputed professional in the management and operation of port terminals, maritime transport and logistics industry with a vast experience of over 51 years that includes marketing, chartering, marine insurance hull and P&I Club, Cargo Claim Survey, Shipping and Trading documentation, Salvage of Ship and Damaged Cargoes, Freight Forwarding, NVOCC operations, Stevedoring, Stowage Plan.

Capt. Shah was Chairman Gawadar Port Implementation Authority and also held Additional charge of Chairman Port Qasim and KPT. He is also a master mariner by profession.

Capt. Shah is a Member of Chartered Institute of Ship Brokers London and a Fellow of Chartered Institute of Logistics & Transport London. He also served as Director General Ports and Shipping/Additional Secretary Ministry of Maritime Affairs in 2003 – 2007.

He was an expert on World Bank Panel, Ex-Governor World Maritime University Malmao (Sweden), Member UN-IMO Secretary General's Panel of Experts (London) and Advisor to President Karachi Chamber of Commerce and Industry.

Capt. Anwar Shah is an elected member on the PNSC Board of Directors. He is a certified director under the Directors' Training Program of the Code of Corporate Governance. He is Chief Advisor on Shipping to the National Maritime and Research Centre at Bahria University.

Mr. Khowaja Obaid Imran Ilyas

Khowaja Obaid Imran Ilyas is a graduate in Economics from Cornell University New York USA.

He is an ex-banker and served Standard Chartered Bank from year 2000 till year 2002 in Corporate and Industrial Banking. Currently he holds the position of Director Business Development in family owned business named IDSC (Pvt) Ltd in the business of indenting machinery and spares for the local industry.

He is serving as an elected director on the board of directors of PNSC and also as Chairman of The Audit and Finance Committee.

Mr. Ali Syed

Scion of a highly respected family of Lahore, Punjab, Ali Syed's ancestry can be traced to Pirkot in the district of Jhang.

Born on 2nd December 1956, Ali did his Masters in Economics from the Government College Lahore and then went on to receive Masters Degree in Business Administration from the George Washington University, Washington D.C. in 1980.

Ali started his illustrious career in Marketing and Finance from U.S.A. and worked with some of the best known companies such as The Time Life U.S.A., General Development Corporation and Tandy Corporation. Back home, he founded and managed successfully Amil (Pvt.) Ltd and Simzain International.

He is presently heading Alltrac (Pvt.) Ltd as Chief Executive Officer, CEO of a solar energy company namely IDC Pvt. Ltd., and an Executive Director and Advisor to The Board of Pak-Oasis Industries (Pvt.) Ltd., Pakistan's largest water engineering company.

He has remained on the Board of Directors of many companies including Pak Arab Refinery (Parco) and Port Qasim Authority. Presently, he is serving as a Director on the Board of Pakistan National Shipping Corporation (PNSC) and making his contributions in two important committees viz Audit & Finance and HR and Remuneration Committee.

Ali Syed is widely travelled and specialises in successful negotiating skills. Ali is happily married with two children.

Mr. Mohammed Ali

He has over 23 years of experience and expertise in Energy & Petrochemical Sectors; holding leading roles that oversaw development, construction, operations and management of mega-size projects. He is currently heading industrial portfolio of JS Group of companies where he looks after the group's oil and gas, power generation, energy storage handling/ businesses and other industrial business.

Previously he served as CEO of Engro Vopak Terminal - Pakistan's largest bulk liquid chemical import terminal, CEO of Engro Elengy Terminal - Pakistan's first LNG terminal and CEO of Engro Powergen Qadirpur Limited - a 220 MW gas- fired IPP. He also ran Engro's New Ventures division where he developed and operated an 84MW gas-fired IPP in Nigeria, developed and installed a 50MW Wind IPP in Pakistan, and ran the feasibility for a 450MW LNG to power plant. Prior to his power generation work at Engro, he was the Manager of Strategic Planning, Contracts and Procurement at Engro Fertilizer where he was a key leadership team member that developed and brought into production a $1.1 billion grassroots ammonia/urea plant, which at the time was the world's largest single train project of its kind.

He is currently serving as board member of the following companies:

1. Hub Power Company Limited
2. Pakistan National Shipping Corporation
3. Pakistan Refinery Limited
4. JS Petroleum (Private) Limited
5. Hawa Energy Limited
6. AzCorp Entertainment (Private) Limited
7. Jahangir Siddique & Company Ltd.
8. Narowal Energy Limited (NEL)
9. Punjab Thermal Power (Pvt) Limited (Chairman)
10. Nova Care (Private) Limited.

Previously he has been a board member of the Laraib Energy (84MW Hydro power IPP), Engro Powergen (developer and majority shareholder of Sindh Engro Coal Mining Company a Thar coal mining company), Engro Powergen Thar Ltd (660MW coal IPP), GEL Nigeria (84MW Nigerian IPP) and Petroleum Institute of Pakistan.

He hold a Bachelor's degree in Electrical Engineering from University of Engineering Technology Lahore and graduated from the Advanced Management Program from INSEAD in France.

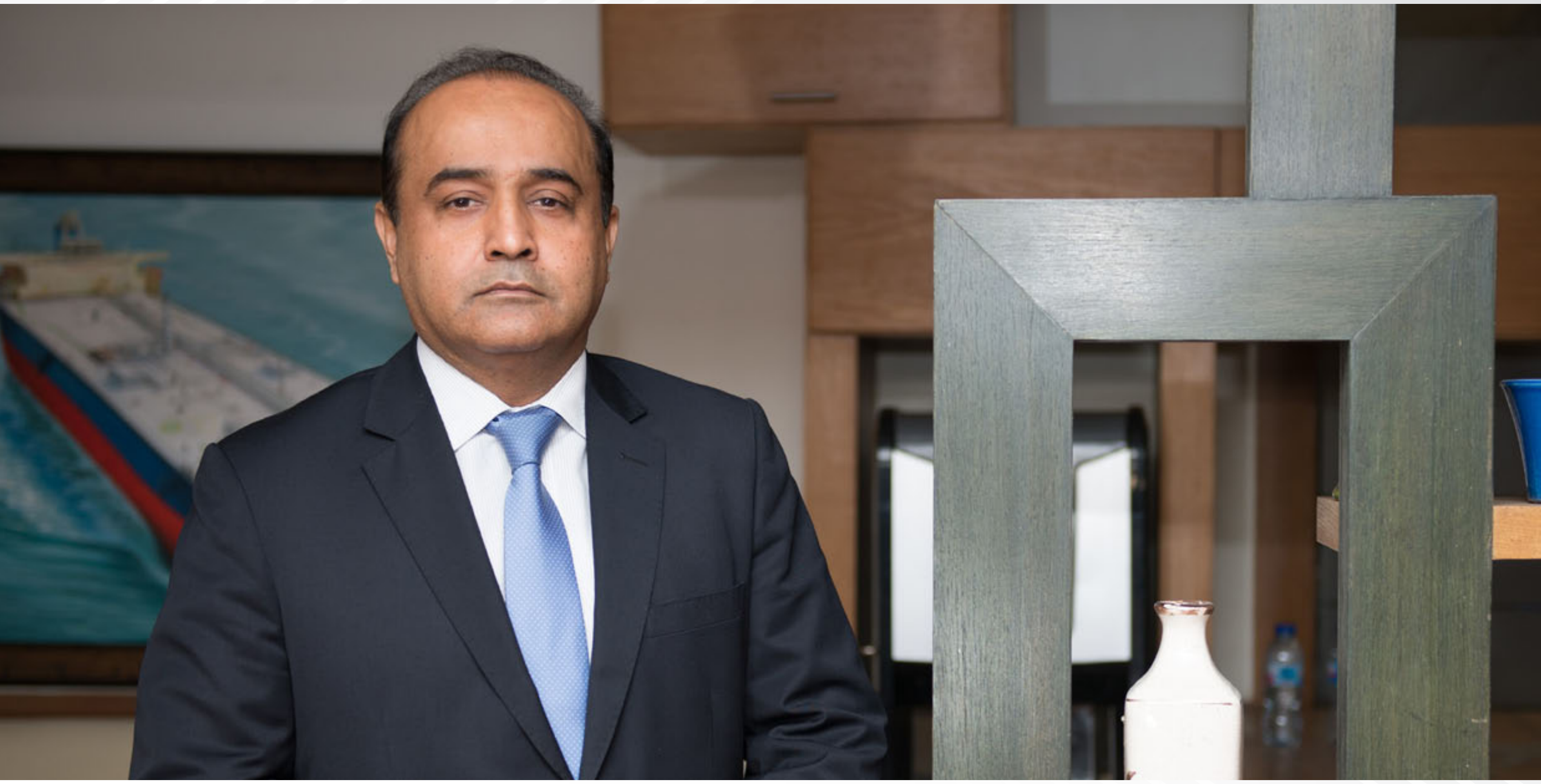
Mr. Mohammad Sohail Rajput

Mr. Mohammad Sohail Rajput, Additional Finance Secretary, Government of Pakistan, is a Senior Civil Servant with expertise in financial management and project development and management. He is appointed as a director on the board of Pakistan National Shipping Corporation in the month of August-2019. He has over 25 years of experience in civil services of Pakistan, which includes managing government finances and handling diversified development projects.

Mr. Mohammad Sohail Rajput got M.B;B.S degree in 1988 from Liaquat Medical College, Jamshoro, Post Graduate Diploma in Business Administration in 2004 from Institute of Business Administration ,Karachi and MPA in Economic Policy Management from Columbia University, New York. He was also awarded Hubert H. Humphrey Fellowship by US Department of State, in recognition of his leadership skills, under which he attended academic courses at University of North Carolina-Chapel Hill and the Duke University and did an internship at the world Bank.

During his career in Civil Services of Pakistan he has received training at Civil Services Academy, Lahore, National School of Public Policy, Lahore, University of Birmingham, England and Joint Vienna Institute, Austria.

Mr. Rajput's core areas of expertise include Public Finance Management and Project Development and Management, particularly in Energy Sector. He has proven capacity to work in a challenging atmosphere with diversified stakeholders and against strict timelines. Mr. Rajput's key achievements include developing Thar Coal mining and power project, improving fiscal health of Government of Sindh through effective financial management and establishing a robust delivery and monitoring system at Chief Minister's Secretariat in Sindh.



Mr. Kamran Farooq Ansari

Mr. Kamran Farooq Ansari, Joint Secretary, Ministry of Maritime Affairs, represents the Ministry on the Board of Pakistan National Shipping Corporation (PNSC).

Mr. Ansari supervises policy and administrative matters related to three (3) existing ports of Pakistan i.e, Karachi Port Trust, Port Qasim Authority, Gawadar Port Authority and the only Government owned shipping company i.e., Pakistan National Shipping Corporation (PNSC). He belongs to Civil Service of Pakistan having professional experience of 19 years with diverse experience of working in erstwhile Ministry of Water & Power, Economic Affairs Division, Benazir Income Support programme (BISP) and the Prime Minister's Office.

Mr. Ansari possesses a Master degree in Economics from University of Punjab Lahore and a Masters degree in Economics & Finance for Development from University of Bradford UK. Besides, Mr. Ansari has attended various short trainings related to Economics and Development from London School of Economics (LSE) and various local and international institutes of repute.

He is an appointed member on the PNSC Board of Directors.

PNSC Managed Fleet

TANKERS

Vessel: M.T QUETTA — Built: Japan 2003

Deadweight (MT): 107,215 — Length Overall (M): 246.80
Gross Tonnage (MT): 58,118

Vessel: M.T LAHORE — Built: Japan 2003

Deadweight (MT): 107,018 — Length Overall (M): 246.80
Gross Tonnage (MT): 58,157

Vessel: M.T KARACHI — Built: Japan 2003

Deadweight (MT): 107,081 — Length Overall (M): 246.80
Gross Tonnage (MT): 58,127

Vessel: M.T SHALAMAR — Built: Japan 2006

Deadweight (MT): 105,315 — Length Overall (M): 228.60
Gross Tonnage (MT): 55,894

TANKERS & BULK CARRIERS		
BUILT	DEADWEIGHT	GROSS TONNAGE
	MT	MT
TOTAL	831,711	455,922

BULK CARRIERS

Vessel: M.V CHITRAL — Built: Japan 2003

Deadweight (MT): 46,710 — Length Overall (M): 185.73
Gross Tonnage (MT): 26,395

Vessel: M.V MALAKAND — Built: Japan 2004

Deadweight (MT): 76,830 — Length Overall (M): 225.00
Gross Tonnage (MT): 40,040

Vessel: M.V HYDERABAD — Built: Japan 2004

Deadweight (MT): 52,951 — Length Overall (M): 188.50
Gross Tonnage (MT): 29,365

Vessel: M.V SIBI — Built: Japan 2009

Deadweight (MT): 28,442 — Length Overall (M): 169.37
Gross Tonnage (MT): 17,018

Vessel: M.V MULTAN — Built: Japan 2002

Deadweight (MT): 50,244 — Length Overall (M): 189.80
Gross Tonnage (MT): 27,984

NEW INDUCTION

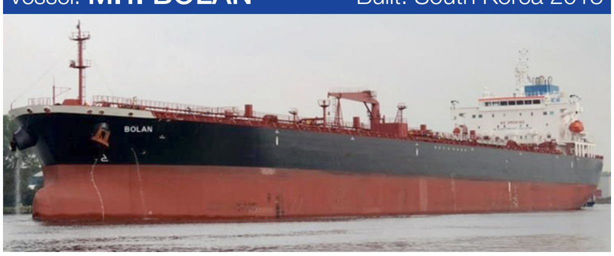
LONDON (2019) : Picture of vessel acquisition deal finalization.

PNSC acquired two (2) new tankers to strengthen it's managed fleet, these new acquisition took place in current financial reporting year.

1. Bolan
2. Khairpur

These fleet acquisition depicts the PNSC Management's approach towards Corporation's Vision, Mission and **"Proven Performance"** in this current year, making PNSC to **"Building Momentum"** for the coming future and meeting it's stakeholders expections.

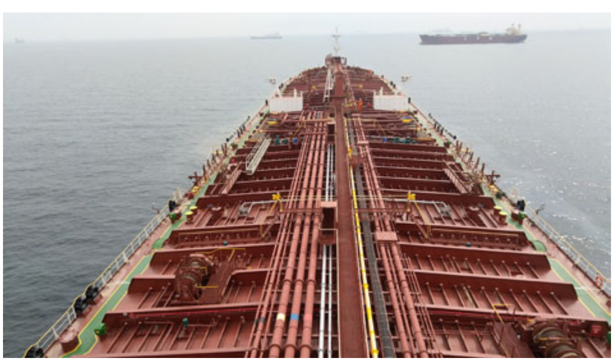
Vessel: **M.T. BOLAN** Built: South Korea 2013



Deadweight (MT): 74,919 Length Overall (M): 220.89
Gross Tonnage (MT): 42,411

Vessel: **M.T KHAIRPUR** Built: South Korea 2012

Deadweight (MT): 74,986 Length Overall (M): 220.89
Gross Tonnage (MT): 42,411



Outer Deck View of M.T. Bolan

Picture of M.T. Khairpur from the other side of ship

Inner View of M.T. Bolan

Engine room of M.T. Khairpur

PNSC Leadership Team

Sitting in centre:

Mr. Rizwan Ahmed P.A.S.	Chairman & Chief Executive

From left to right:

Mr. Khurrum Mirza	Executive Director (Special Projects and Planning / Administration)
Mr. S. Jarar Haider Kazmi	Executive Director (Finance) / CFO
Capt. Muhammad Shakil	Executive Director (Commercial)
Mr. Tariq Majeed	Executive Director (Ship Management)

PNSC Leadership Team

Chairman & Chief Executive

Mr. Rizwan Ahmed is a BS-22 officer belonging to the Pakistan Administrative Service. He holds charge of the office of Chairman PNSC in addition to his own duties as Federal Secretary, Ministry of Maritime Affairs.

He did his two-year Master in Public Administration from Harvard University, USA. Other educational qualifications include:

- Master in Science (Social Sciences)
- Bachelor in Law (LLB)
- Bachelor in Engineering (Electronics)

He attended the Massachusetts Institute of Technology (MIT) Sloan School of Management with elective course in Power & Negotiation as a cross-registered student during his Master's degree from Harvard University. He is a Certified Director from Pakistan Institute of Corporate Governance.

Mr. Rizwan has more than 31 years of vast professional experience in law enforcement, administration, finance, management, personnel & human resource, public procurement and health. Some of the senior management positions where he served include:

- Additional Secretary– Cabinet Division, Government of Pakistan
- Additional Secretary– Establishment Division, Government of Pakistan
- Chairman – Trading Corporation of Pakistan, Government of Pakistan
- Managing Director – Pakistan Security Printing Corporation, Government of Pakistan
- Executive Director – Personnel & HR, Pakistan Steel Mills Limited, Government of Pakistan
- Secretary – Health Department, Government of Sindh
- Secretary – General Administration & Coordination Department, Government of Sindh
- Secretary to Governor Sindh, Government of Sindh
- Managing Director – Sindh Public Procurement Regulatory Authority, Government of Sindh
- Deputy Commissioner – District Hyderabad, Government of Sindh

He has attended various trainings and seminars around the world, which include Ministerial Workshop on International Cooperation in Capacity Building for Developing Countries in Beijing, China (2016), Senior Crisis Management Seminar in Washington D.C. (2012), seminars at the Asian Development Bank Headquarters in Philippines (2009 & 2004) & Hostage Negotiation in New Mexico, USA (2002). He also has teaching experience and worked as Directing Staff at National Institute of Management (NIM Karachi) and Teaching Fellow at the Harvard Kennedy School for Financial Management.

Executive Director (Finance)/CFO

Mr. S. Jarar Haider Kazmi

Mr. S. Jarar Haider Kazmi is a Fellow Member of the Institute of Chartered Accountants of Pakistan. He assumed the office of Executive Director (Finance), Pakistan National Shipping Corporation on February 01, 2016. Earlier, he has been holding the key positions in Finance Department since October 2005.

He is also on the Board of Directors of various subsidiary companies of the Group. He oversees the functioning of Finance, Legal Affairs, Corporate Affairs & Shares and Insurance & Claims Departments. He has been a Member on various functional Committees.

He has developed and implemented Financial Systems, Strategies, processes and control that significantly improved P&L scenarios. He is a well-rounded professional with a thorough understanding of accounting and finance function as well as strategy development.

Mr. S. Jarar Haider Kazmi is a team player and leader, participated in various professional training programs, workshops, conferences and seminars including Derivative & Commodity Swaps, Treasury, International Shipping Finance and Mutual Insurance and claims at various international destinations from recognized institutes.

Executive Director (Special Projects & Planning / Administration)

Mr. Khurrum Mirza

Mr. Khurrum Mirza is a Certified Management Accountant (CMA) from the Institute of Management Accountants (IMA), USA. He did his Master in Business Administration (MBA) from the Institute of Business Administration (IBA), Karachi and has been actively involved in various business development projects in Pakistan and internationally. He also has a post graduate diploma in Project Management from the Pakistan Institute of Management.

Mr. Khurrum Mirza assumed the office of Executive Director (Special Projects & Planning) at Pakistan National Shipping Corporation (PNSC, the Corporation) in March 2017. Subsequently, he also assumed the office of Executive Director (Administration) in June 2019.

His major contributions to PNSC since joining the Corporation is towards spearheading a fleet development plan under which PNSC inducted two tanker vessels in 2019 and is currently in the process of inducting more tonnage. He is also the project lead for implementation of a computer based shipping ERP for the integration of all major functions of the Corporation and computerized linkage of all PNSC managed vessels with the head office on a real time basis.

Prior to joining PNSC, he was employed with the largest container terminal operator globally where he was involved in several international business developments projects and gradually rose up the ranks to a senior management position. He was also an integral part of the senior project team responsible for setting up a USD 400 million plus green field container terminal project at the Pakistan Deep Water Port in Karachi. This project was successfully delivered and commenced operations in 2016.

His professional interests include research, strategy formulation, project execution, relationship building, financial modeling and capacity building.

Executive Director (Commercial)

Capt. Muhammad Shakil

Capt. Muhammad Shakil is a Master Mariner (FG), and has been appointed as the Executive Director Commercial at Pakistan National Shipping Corporation effective 01st February 2016.

He joined the National Shipping Corporation in 1976 as a deck cadet and since then served in various capacities afloat including Master (FG) vessels. His sailing experience includes serving on General Cargo vessels, Bulk Carriers, Passenger Ships, Container Ships and Tankers. He also served on lien with the National Tanker Company in the Year 1996-1997.

In January 2003, he was transferred ashore in the PNSC Chartering department, where his responsibilities mainly included monitoring dry cargo/ liquid chartering and its operations. He has since then served ashore in various senior capacities including General Manager Commercial, Insurance and Claims, and Tankers.

Capt. Shakil has been instrumental and a pioneer in establishing the PNSC tanker department and developing tanker management systems both ashore and aboard.

He has vast and tremendous experience in Ship operations, Ship Chartering and Ship Management. He is very well versed and has extensive knowledge of Charter parties, International Shipping Arbitrations, contracts of affreightment, Marine Cargo and Insurance Claims.

Executive Director (Ship Management)

Mr. Tariq Majeed

Mr. Tariq Majeed has over 30 years of experience in Mercantile Marine and Oil and Gas industry. He has worked in Senior Leadership role with British Petroleum (BP) prior joining PNSC. He has sailed as Chief Engineer on board Tankers and Bulk Carriers.He holds First Class Certificate of Competency from Pakistan and a Master degree in Engineering Science from UK. He is Operations Academy graduate from Massachusetts Institute of Technology (MIT) USA.

Tariq Majeed is Fellow Institute of Marine Engineer (FIMarEST), Chartered Marine Engineer (CMarEng) and Chartered Engineer (CEng) from UK.

Regulatory Appointments

Chief Accountant

Mr. Zeeshan Taqvi

Mr. Zeeshan Taqvi is Head of Finance Department and Chief Accountant of PNSC Group since February 2016. He is associated with PNSC since March 2010. Mr. Zeeshan Taqvi is fellow member of ICAP with over 18 years diversified experience of financial, accounting and audit engagements.

He has vast experience of audit in Pakistan and Middle East with leading audit firm and post qualification experience of more than 10 years on senior position on other organization including banking sector. He has major experience in corporate taxation and treasury management. He is also extremely involved in ship financing / refinancing and swapping more than USD 300 million.

He has attended various workshops, seminar and conferences internationally and locally.

Corporation & Board Secretary

Mr. Muhammad Javid

Mr. Muhammad Javid, joined Pakistan National Shipping Corporation (PNSC)-the National Flag Carrier in February 2019 as a Corporation & Board Secretary.

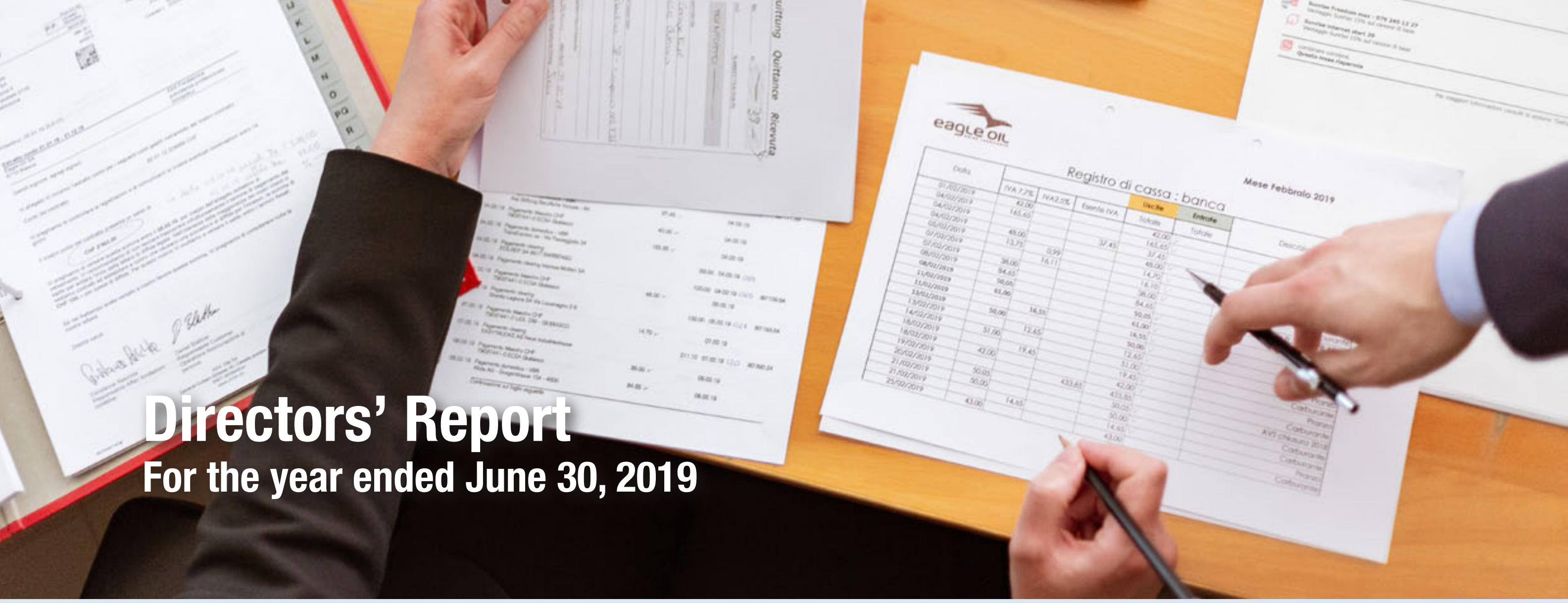
He is the member of following renowned professional bodies of Pakistan:

- Associate member of Institute of Cost Management Accountants of Pakistan (ICMAP).
- Fellow member of Institute of Corporate Secretaries of Pakistan (ICSP).
- Fellow member of Pakistan Institute of Public Finance Accountants (PIPFA).

In PNSC he has bring himself with more than 19 years of diversified professional experience, previously has served on key management positions in various organizations and has major experience in the field of corporate governance & secretarial compliance, finance and accounts, audit and taxation functions.

He has participated in various training workshops, seminars and conferences. He is a member of national council of ICSP and has served as active member of various committees formed by professional institutes.

Mr. Muhammad Javid is also Company Secretary in all the wholly owned 19 subsidiary companies of PNSC.



Directors' Report
For the year ended June 30, 2019

The Board of Directors of Pakistan National Shipping Corporation Group (the Group/ PNSC) is pleased to submit the forty-first Annual Report, along with the audited financial statements for the year ended June 30, 2019.

INTRODUCTION

Being a national flag carrier, Pakistan National Shipping Corporation has a rich history in global shipping. Over the years, PNSC's line of business has grown in area of basic shipping including Non-Vessel Operating Common Carrier "NVOCC" business, maritime engineering works and real estate. PNSC has evolved into an industrial provider of maritime freight and related services.

CORE BUSINESS

As far as maritime operations are concerned, the Group is mainly engaged in sea transportation trades of dry-bulk and liquid-bulk cargo as well as providing slot chartering services for dry-bulk cargo. Strategic cargo includes crude oil, petroleum products, raw materials and equipment of Defense Organizations. Majority of the crude oil and petroleum products are being brought from Arabian Gulf to Karachi through combination of PNSC's own crude oil tankers and chartered tankers.

No changes have occurred during the financial year concerning the nature of the business of the Corporation or of its subsidiaries, or any other company in which the Corporation has interest except addition of two LR-1 tankers in the fleet of managed vessels.

OPERATIONAL OVERVIEW

PNSC management's strategies and objectives have shown impressive results during the past years in terms of maintaining profitability since 2002 as well as significant contribution to national economy.

PNSC has successfully transported crude oil to fulfill the national requirement of the country. The utilization of national flag carrier for the purpose has been saving substantial foreign currency reserves for government in terms of freights.

During the FY 2019, PNSC arranged the shipment for various public sector organizations. Major strategic shipments were transported from USA, China, Russia and Korea coupled with small shipments from various parts of the world.

GLOBAL MARKET REVIEW

Forecast and uncertainties related to both dry and wet sectors that could affect entity's performance is explained below which is based on the global shipping market research.

Dry Bulk Market

On the supply side, It was estimated that 1.1% growth in overall dry bulk tonne-mile demand in 2019 negatively affected by a contraction in iron ore demand and flat coal demand steadily reducing net fleet growth for Handysize / Supramax from 5.7% in 2015 to 1.3% in 2020. In 2018, demolitions were historically low as rates recovered substantially from the trough of 2016. High demolitions are expected and robust demand bode well for dry bulk shipping in 2019. With approaching IMO regulations on ballast water and Sox emissions, scrapping activity will increase substantially in 2019.

On the demand side, major commodities demand is expected to be high in 2019 on the back of increasing steel consumption and rising energy need. In 2018, China's steel production surged to a record high amid steep growth in demand for steel products required for the expansion of the country's rail and road network.

Overall, with fleet growth expected to remain relatively limited, there is the potential for further gradual improvements to the balance of fundamentals in the bulk carrier sector

The approaching IMO regulations will require ship-owners to incur high costs to make their vessels compliant with the norms. More than 18% of the total dry bulk fleet is of 15 years or older. Consequently, owners of all such ships will have to take a call on operating them.

Tanker Market

Earnings in 2019 so far are improved compared to the bottom-of-the-cycle conditions seen during 2018, after strong recycling last year helped to reduced surplus tonnage. Whilst the fundamental balance in the tanker market appears weak on a full year 2019 basis, there is potential for an improvement. Seasonal improvements in demand and disruption related to the IMO 2020 sulphur cap may provide some support, whilst on the supply-side, potential for slower deliveries and a back-weighted scrubber retrofit schedule should help to limit the rate of 'active' tanker supply growth.

The outlook for the tanker market in 2020 appears positive. The IMO 2020 sulphur cap is expected to impact oil trade patterns and boost tanker demand growth to 5% in the crude sector and 6% in the products sector. It is expected that the new regulation might have a positive effect on the tanker market. For instance, one could expect an increase in crude tanker trade due to increased refinery utilization and throughput in order to produce more low-sulphur fuels. Furthermore, it could lead to an increase in clean tanker trade due to the increased production of low-sulphur fuel and the need to deliver these fuels to global bunker markets. Finally, it would lead to a higher floating storage demand for both clean products (building inventories of low-sulphur fuel prior to 2020) and dirty products (a need to store excess fuel oil post-2020).

SEGMENTAL REVIEW OF MARITIME BUSINESS PERFORMANCE

PNSC having a total DWT capacity of 831,711 metric tons has lifted cargo about 10.383 million tons (FY 2018: 12.797 million tons) during the year under review which is equivalent to about 9.38% (FY 2018: 12.77%) of country's total 110.693 million tons(FY 2018: 100.247 million tons) seaborne trade by volume. Bifurcated statistics of Pakistan's seaborne trade for the current year 2018-19 and last year 2017-18 along with PNSC's share is appended below:

	--------------------------------Figures in 'million tons--------------------------					
	Dry Bulk		Liquid Bulk		Total	
	2019	2018	**2019**	2018	**2019**	2018
Pakistan Seaborne Trade	**80.253**	65.836	**30.440**	34.411	**110.693**	100.247
PNSC's Share	**2.391**	2.158	**7.992**	10.639	**10.383**	12.797

Nature/arrangement wise bifurcation of total cargo transported by PNSC is tabulated below:

	Unit of Measurement	2018-2019	2017-2018
Dry Cargo (Bulk Carrier)	Million tons	**2.342**	2.055
Liquid Cargo (Tanker)	Million tons	**7.992**	10.639
Slot Charter			
– Break Bulk	Higher of MT or CBM (W/M)	**0.049**	0.103
– Containerized Cargo	Thousand TEUs	**2.351**	3.456

SIGNIFICANT RISKS

Pakistan National Shipping Corporation, as a global sea-freight operator, functions in a global market which experiences intensified competition in both dry and wet markets with overcapacity particularly with subdued freight rates as a significant commercial risk. The shipping sector benefited from global economic environment wherein GDP growth remained high in past years. However with global economy starting to melt down from beginning of 2008, the demand as a result continues to remain subdued and seriously/adversely impacted on all segments of world shipping i.e. freight, asset values and demolition prices.

There are some risks as well that are integral in the industries we operate in and are therefore accepted as part of our operations and managed accordingly.

These risks may have the potential of adversely impacting our business in the short to medium term, such as,

Litigation Risks as in the course of its activities, the Group may become part to legal proceedings and disputes. Insurance protection may not be adequate in all instances. All of these factors could have a significant impact on the Group's operations or financial position. For mitigation of such risk we are exercising pre and post fixture due diligence.

Risk of major accident or oil spillage remains inherent in shipping operations particularly in tanker business. An incident with high severity would trigger a risk to our employees as well as potentially marine environment, wildlife and local community. This would also lead to the severe impact on financials, our reputation and put our license to operate at risk. PNSC is vigilantly sustaining incident free operations to mitigate such risk and always ensure compliance with all health and safety policies and good practices in vessels managed by PNSC. PNSC has also catered this risk by obtaining appropriate insurance cover.

An interest rate risks affecting cash flow, particularly with financial liabilities based on variable interest rates. In order to minimize the interest rate risk, the Group strives to achieve a balanced combination of assets and liabilities with variable and fixed interest rates.

Armed Piracy in Gulf of Aden, Malacca state and off the Somali coast with ever extending boundaries is the major operational risk for the world shipping including PNSC. The Group being mindful of such risk takes necessary insurance cover against piracy. To protect Group's Ships, when passing through the risky areas, Best Management practices (BMP-4) promulgated worldwide are being strictly adhered to. PNSC remains in close coordination with Pakistan Navy headquarters when ships are in high risk areas. PNSC has also catered this risk by obtaining appropriate insurance cover.

Trade Risk in Gulf of Oman / Strait of Hormuz, as PNSC's managed oil tankers mostly sail in this area for transportation of Crude Oil, Furnace Oil and Refined Petroleum Products in Arabian Gulf. After some unpleasant events, recently Joint War Committee declared this area as war zone. Besides PNSC's crews' extraordinary care and caution while entering in this area coupled with ongoing full time diplomatic support and military support by Government of Pakistan, being the National Flag Carrier, this risk is also mitigated by additional appropriate insurance cover by renowned and reputable insurers of world maritime industry.

Volatility variation in fuel oil costs, which are affected by the global political and economic environment. The Group usually have short term voyage contract for which it takes the current fuel costs into account when assessing contract pricing and therefore typically does not require additional specific coverage.

A serious cyber attack could prove to be vital to our ability to operate and deliver our commitments, as the Group is involved in complex and wider ranging services, making it highly dependent on well functioning IT and communication system. Business disruption due to cyber attack may impact our fleet and off shore operations adversely. In order to eliminate such impacts PNSC has implemented strict data security controls which include Enterprise level controlling antivirus with most updated Firewall and spam controlling softwares.

Changes in taxation polices could have a material impact on the Group. However, based on thorough reviews an appropriate strategy based on a consultative process is developed and deemed appropriate in the given circumstances to reduce the impact of risks arising out of any unfavorable situation.

PNSC CREDIT RATING

The annual review of Group's credit worthiness conducted by Pakistan Credit Rating Agency (PACRA) has resulted in maintenance of the credit rating at 'AA' for long term and 'A1+' for short term. The ratings reflect PNSC's strong ownership - majority owned by the Government of Pakistan (~89.13%) - and its strategic significance as the country's national flag carrier. PNSC's business profile has gained significant strength in recent years on account of efficient fleet utilization and cost management measures taken by the management.

FINANCIAL HIGHLIGHTS

PNSC Group has complied with the provision of Companies Act, 2017 relating to preparation of financial statement for the year ended June 30, 2019. The main factors influencing our financial results in the year were as follows:

	2019	2018	**Change**
	--------------------Rupees in '000	-------------------	**%**
Revenue	**10,862,459**	9,909,991	10
Expenses	**(8,154,103)**	(7,810,416)	4
Gross Profit	**2,708,356**	2,099,575	29
Operating Profit	**2,904,584**	2,104,439	38
Profit before tax	**2,454,431**	1,854,037	32
Profit after tax	**2,194,374**	1,641,121	34
EPS (in Rupees)	**16.61**	12.42	34

PNSC Group has declared profit after tax of Rs. 2,194 million, an increase of 34% as compared to last year Rs. 1,641 million.

Group has improved revenue from managed vessels by 41% (Rs. 7,953 million v/s Rs. 5,643 million last year), while there is 33% decline (Rs. 2,741 million v/s Rs. 4,075 million last year) in revenue from chartered segment. During the year average charter out rate of bulk carriers, AFRA and World Scale increased to the benefit of the Group. Further there is a devaluation of 25% in Pak Rupees versus US Dollars which provided benefit to the Group as all the revenue of managed vessels is directly indexed to US Dollar.

The positive market elements along with rational and most economical use of resources resulted in a gross margin of 25% resulting in increase in gross margin by 4% from 21% last year. Earnings per share of the Group Stood at Rs. 16.61 which has shown increase of 34% against previous year EPS of Rs. 12.42.

During the year, the Group added two vessels namely M.T. Bolan and M.T. Khairpur in its managed portfolio for USD 60.7 Million, which are financed 90% by schedule banks on commercial terms. Such activity resulted in significant increase in markup based financing thereby increasing finance cost by 80% as compared to prior year.

The group maintains a healthy statement of financial position and strong cash and investments position that enable us to actively participate in the next stage of the shipping cycle. Stable financial health of the Group coupled with favorable moves in market drivers and on-going expansion in fleet of managed vessels are the key strength of the Group to cope with future challenges.

Key operating and financial data of last six financial years in summary form is annexed.

DIVIDEND ANNOUNCEMENT

The Board of Directors is pleased to recommend a cash dividend for the year ended June 30, 2019 on ordinary shares at 20% i.e. Rs. 2.0 per share, for the approval of the members in the upcoming 41st Annual General Meeting.

BOARD AND ITS COMMITTEES

Five directors are appointed by the Federal Government and two are elected by shareholders for three years in accordance with the provisions of Pakistan National Shipping Corporation Ordinance, 1979. The names of the persons who, at any time during the financial year, were directors and/or member of Board Committee of the Corporation are as follows:

Sr. No.	Name of Director	Board	Audit Committee	HR Committee
1	Mr. Rizwan Ahmed	Chairman / Chief Executive Officer	-	-
2	Mr. Khowaja Obaid Imran Ilyas	Non-Executive Director	Chairman	Member
3	Capt. Anwar Shah	Non-Executive Director	Member	-
4	Dr. Arshad Mehmood Additional Finance Secretary (Expenditure) Finance Division Islamabad (Ex-Officio Member)	Non-Executive Director	Member	-
5	Mr. Waqar Ahmad Sr. Joint Secretary /Joint Secretary, Ministry of Maritime Affairs Islamabad (Ex-Officio Member) (upto Oct. 15th 2018)	Non-Executive Director	Member	-
6	Mr. Kamran Farooq Ansari Sr. Joint Secretary /Joint Secretary, Ministry of Maritime Affairs Islamabad (Ex-Officio Member) (w.e.f. Oct. 16th 2018)	Non-Executive Director	Member	-
7	Mr. Muhammad Ali	Non-Executive Director	-	Chairman
8	Mr. Ali Syed	Non-Executive Director	Member	Member

DIRECTORS' TRAINING PROGRAM

Half of the Board of Directors has attended Directors' Training Program from the Institute approved by the SECP.

DIRECTORS' REMUNERATION

The Board of Directors has a 'Remuneration Policy for Non-Executive Directors; the salient features of which are:

- The Corporation does not pay any remuneration to its non-executive directors except as meeting fee for attending the Board and its Committees' meetings.

- The remuneration of a director for attending meetings of the Board of Directors or its Committees shall from time to time be determined and approved by the Board of Directors.

- A director shall be provided or reimbursed for all travelling, boarding, lodging and other expenses incurred by them for attending meetings of the Board, its Committees and/or General Meetings of the Corporation.

PATTERN OF SHAREHOLDING

Pattern of shareholding of the Corporation in accordance with the Section 227 (2)(f) of the Companies Act, 2017 as at June 30, 2019 is annexed to this report.

COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017 AND INTERNAL CONTROLS

Good Governance lies at the core of our values and ethical standards. The Board is aware of its responsibilities towards the shareholders, protection of minority rights, value of inputs from our stakeholders, besides upholding the reputation of PNSC in Pakistan and globally.

The Corporation firmly believes in the importance of good governance and best practices, and the mechanism for good governance encompasses the highest standards of professionalism, ethical practices, accountability and transparency, in line with the Companies Act 2017, PSX Rules, Listed companies (Code of Corporate Governance) Regulations, 2017 implemented through the code of conduct, whistle blowing policy, and the Code of Business Ethics. A Separate statement of compliance with Listed Companies (Code of Corporate Governance) Regulations, 2017, duly signed by the Chief Executive and a director of the corporation is annexed with this Report.

There has been no material departure from the best practices of corporate governance, as detailed in the Pakistan Stock Exchange Limited Regulations.

The system of internal controls is sound in design and has been effectively implemented and monitored.

STRATEGIES, OBJECTIVES AND FUTURE PROSPECTS

A significant quantity of the strategic nature cargo such as crude oil, petroleum products, raw materials and equipment of defence organizations are being transported into Pakistan by PNSC. Crude oil and petroleum products are carried from The Arabian Gulf to Karachi through a combination of PNSC's own and chartered tankers.

The dry market improved slightly compared to last year; however, uncertainty still prevails in the sector due to an imbalance in supply & demand of the dry bulk fleet. This coupled with the trade disputes between China & United States of America can influence a downward trend.

The tanker segment, still reeling from weak oil demand, along with increased number of tankers available and deliveries of new build tankers have significantly plunged returns in the tanker segment. PNSC has taken steps to secure new business for maximum utilization of its cargo carrying capacity and efforts are being made to reduce the laycan time of the ships calling at ports.

PNSC, keeping in view the global shipping market prospects, is moving towards a fleet expansion program whereby it is increasing number of vessels managed by the Group. Accordingly, one Afframax Tanker is planned for procurement in upcoming financial year which will increase the number of vessels from 11 to 12.

The Economic Coordination Committee (ECC) of the Cabinet recently approved the new shipping policy, which would strengthen the overall shipping sector in Pakistan. Under new policy, once officially approved by the Federal Government, shipping activities in general and PNSC in particular will greatly gain through various tax incentives by inducting new ships into its fleet. Further, exemption from sales tax and customs duty on import of ships in highly expected to extend from 2020 to 2030.

Further, Pakistan resident ship-owning companies would continue to pay tonnage tax on Gross Register Tonnage (GRT) in lieu of income tax till 2030. No other direct taxes would be levied on ship-owning companies during the exemption period. These incentives are expected to have far reaching positive implications for the shipping sector in Pakistan.

CORPORATE SOCIAL RESPONSIBILITY

The activities undertaken by the Corporation with regard to Corporate Social Responsibility during the year is annexed to this Report.

STATUTORY AUDITORS

EY Ford Rhodes Chartered Accountants and KPMG Taseer Hadi & Co., Chartered Accountants being joint auditors retire, and being eligible, offered themselves for reengagement. The Board on the recommendation of the Board Audit Committee advised the engagement of M/s. EY Ford Rhodes Chartered Accountants and M/s. KPMG Taseer Hadi & Co., Chartered Accountants as joint auditors in last year AGM for the financial year ended 2019.

GOING CONCERN

In light of the Group's liquidity position, balance sheet strength, assets, employment, and continuing cash flows from operations, the Board confirms that the going concern assumption, upon which the Group's accounts are prepared, continues to be valid.

ACKNOWLEDGMENT

The Board wishes to express appreciation and its gratitude for the co-operation by Government of Pakistan and strategic partners including financial institutions, refineries, shippers, agents, other business associates and shareholders of Corporation.

We would also like to thank our dedicated employees for their commitment towards sustainable operations and their continued patronage and support.

For and on behalf of the Board of Directors

Rizwan Ahmed

Rizwan Ahmed (P.A.S)
CHAIRMAN / CHIEF EXECUTIVE

DIRECTOR

Karachi
September 26, 2019

کابینہ کی اقتصادی رابطہ کمیٹی (ای سی سی) نے حال ہی میں ایک نئی شپنگ پالیسی کی منظوری دی ہے، جو پاکستان میں مجموعی شپنگ شعبے کو تقویت بخشے گی۔ ایک بار وفاقی حکومت کی جانب سے منظوری کے بعد، نئی پالیسی کے تحت، عمومی طور پر شپنگ سرگرمیاں اور خصوصی طور پر پی این ایس سی نئے جہازوں کو بیڑے میں شامل کر کے مختلف محصولیاتی ترغیبات کے ذریعے بڑے پیمانے پر فائدہ حاصل کریں گے۔ مزید، جہازوں کی درآمد پر سیلز ٹیکس اور کسٹم ڈیوٹی سے استثنٰی کے بارے میں بہت زیادہ توقع ہے کہ اس کی توسیع کو 2020 سے بڑھا کر 2030 تک کر دیا جائے۔

مزید، پاکستان میں قیام پذیر جہاز رکھنے والی کمپنیاں 2030 تک انکم ٹیکس کے بجائے گراس رجسٹرڈ ٹنیج (جی آر ٹی) پر ٹنیج ٹیکس ادا کرنا جاری رکھیں گی۔ استثنٰی کے عرصے کے دوران کوئی براہ راست محصولات جہاز رکھنے والی کمپنیوں پر عائد نہیں ہوں گے۔ توقع ہے کہ ان ترغیبات کے پاکستان میں شپنگ کے شعبے پر دوررس مثبت اثرات مرتب ہوں۔

کارپوریٹ سماجی ذمہ داری

سال کے دوران کارپوریٹ سماجی ذمہ داری کے حوالے سے کارپوریشن کی جانب انجام دی جانے والی سرگرمیاں اس رپورٹ کے ساتھ منسلک ہیں۔

قانونی آڈیٹرز

میسرز ای وائی فورڈ رہوڈز چارٹرڈ اکاؤنٹنٹس اور میسرز کے پی ایم جی تاثیر ہادی اینڈ کو، بحیثیت مشترکہ تنقیح کار ریٹائر ہوتے ہیں، اور دوبارہ تقرری کی پیشکش کرنے کے لیے اہل ہیں۔ 2019 کو اختتام پذیر ہونے والے مالی سال کے لیے گزشتہ سال سالانہ عمومی اجلاس میں بورڈ آڈٹ کمیٹی کی تجویز پر بورڈ نے میسرز ای وائی فورڈ رہوڈز چارٹرڈ اکاؤنٹنٹس اور میسرز کے پی ایم جی تاثیر ہادی اینڈ کو، چارٹرڈ اکاؤنٹنٹس کی بحیثیت مشترکہ تنقیح کار تقرری کا مشورہ دیا۔

کاروبار کی فعالیت

گروپ کی لیکویڈٹی کی حیثیت، کھاتے کے گوشوارے کے استحکام، افعال سے اثاثے، ملازمت، اور کیش فلو کی روشنی میں بورڈ تصدیق کرتا ہے کہ کاروبار کی فعالیت، جس کی بنیاد پر گروپ کے کھاتے مرتب کیے گئے ہیں وہ تاحال قابل اطلاق ہے۔

اعتراف

بورڈ اس تعاون پر مسرت اور تشکّر کا اظہار کرتا ہے جو حکومتِ پاکستان اور تزویراتی شراکت داروں کی جانب سے فراہم کیا گیا، بشمول مالیاتی ادارے، ریفائنریز، شپرز، ایجنٹس، دیگر کاروباری ساتھی اور کارپوریشن کے حصص یافتگان۔

ہم اپنے خدمت کے جذبے سے سرشار ملازمین کا شکریہ ادا کرنا چاہیں گے جن کے عزم نے کام کے عمل کو برقرار رکھا اور مسلسل مدد اور تعاون کیا۔

برائے اور بحیثیت نمائندہ بورڈ آف ڈائریکٹرز

Rizwan Ahmed

رضوان احمد (پی۔اے۔ایس۔)
چیئرمین / چیف ایگزیکٹیو

ڈائریکٹر

کراچی
26 ستمبر 2019

شیئر ہولڈنگ کی بناوٹ

کمپنیز ایکٹ 2017 کے سیکشن (f)(2) 227 کے مطابق 30 جون 2019 کو کارپوریشن کی شیئر ہولڈنگ کی بناوٹ اس رپورٹ کے ساتھ منسلک ہے۔

فہرست شدہ کمپنیوں کے ساتھ مطابقت (کارپوریٹ انتظام کا ضابطہ) ضوابط، 2017 اور اندرونی اختیارات

اچھا انتظام ہماری اقدار اور اخلاقی معیارات میں جاگزیں ہے۔ بورڈ حصص یافتگان، اقلیتوں کے حقوق کے تحفظ، ہمارے شراکت داروں کی جانب سے فراہم کی جانے والی معلومات، اس کے علاوہ پاکستان میں اور عالمی سطح پر پی این ایس سی کی ساکھ کو برقرار رکھنے کے حوالے سے اپنی ذمہ داریوں سے آگاہ ہے۔

کارپوریشن اچھے انتظام کی اہمیت اور بہترین رواجوں پر پختہ یقین رکھتی ہے، اور اچھے انتظام کی ساخت پیشہ وری، بلند اخلاقی رواج، احتساب اور شفافیت اعلیٰ معیارات پر مبنی ہے، جو کہ کمپنیز ایکٹ 2017، پی ایس ایکس کے اصولوں، فہرست شدہ کمپنیز (کارپوریٹ انتظام کے ضابطے) ریگولیشنز، 2017 کے ساتھ ہم آہنگ ہیں، جن پر عمل در آمد ضابطہ اخلاق کے ساتھ ہوتا ہے، جبکہ پالیسی، اور کاروباری اخلاقیات کے ضابطے کو ساتھ لے کے چلا جارہا ہو۔ فہرست شدہ کمپنیز (کارپوریٹ انتظام کا ضابطہ) ریگولیشنز، 2017، جس پر چیف ایگزیکٹیو اور کارپوریشن کے ایک ڈائریکٹر کی جانب سے دستخط کیے گئے، اس رپورٹ کے ساتھ منسلک ہے۔

کارپوریٹ انتظام کی بہترین مشقوں میں کوئی بھی مادی انخلاء نہیں رہا ہے، جیسا کہ پاکستان اسٹاک ایکسچینج لمیٹڈ ریگولیشنز میں تفصیل سے بیان کیا گیا ہے۔

اندرونی اختیارات کا نظام ساخت کے لحاظ سے مستحکم ہے اور اس پر مؤثر انداز میں عملدرآمد اور نگرانی کی جاتی ہے۔

تزویرات، مقاصد اور مستقبل کے امکانات

تزویراتی نوعیت کے کارگو کی ایک قابلِ ذکر مقدار جیسے خام تیل، پیٹرولیم مصنوعات، خام مال اور دفاعی ساز و سامان کی پاکستان میں درآمد پی این ایس سی کے ذریعے کی جاتی ہے۔ خام تیل اور پیٹرولیم مصنوعات پی این ایس سی کے اپنے ذاتی اور چارٹرڈ ٹینکروں کے ذریعے خلیج عرب سے کراچی پہنچائی جاتی ہیں۔

خشک منڈی کا گزشتہ سال سے مبہم سا موازنہ کیا جاسکتا ہے؛ تاہم خشک تھوک بیڑے کی رسد و طلب میں عدم توازن کے باعث غیر یقینی کی کیفیت ابھی بھی برقرار ہے۔ یہ اور اس کے ساتھ چین اور امریکا کے مابین تجارتی تنازعات گراوٹ کے رجحان کو ظاہر کرسکتے ہیں۔

ٹینکر کا زمرہ، جو کہ ابھی بھی تیل کی کمزور طلب سے گزر رہا ہے، ساتھ ہی ٹینکروں کی بڑھتی تعداد کی دستیابی اور نئے تیار شدہ ٹینکروں کی آمد نے ٹینکر کے زمرے میں منافع کو نمایاں طور پر کم کردیا ہے۔ پی این ایس سی نے اپنے کارگو لے جانے کی استعداد کے زیادہ سے زیادہ استعمال کے لیے تاکہ نیا کاروبار حاصل کیا جاسکے، اقدامات اٹھائے ہیں اور بندرگاہوں پر پہنچنے والے جہازوں کا laycan وقت کم کرنے کے لیے کاوشیں کی جارہی ہیں۔

عالمی شپنگ منڈی کے امکانات کو دیکھتے ہوئے پی این ایس سی اپنے بیڑے کو توسیع دینے کے پروگرام پر عمل پیرا ہے، جہاں یہ گروپ کے زیرِ انتظام جہازوں کی تعداد میں اضافہ کررہا ہے۔ اس کے مطابق، ایک ایفرامیکس ٹینکر کے حصول کی منصوبہ بندی آئندہ مالی سال کے لیے کی گئی ہے، جو کہ جہازوں کی تعداد 11 سے بڑھا کر 12 کردے گا۔

بورڈ اور اس کی کمیٹیاں

وفاقی حکومت کی جانب سے پانچ ڈائریکٹرز کا تقرر کیا جاتا ہے اور دو کا انتخاب حصص یافتگان کی جانب سے سالانہ عمومی اجلاس میں تین سال کے لیے کیا جاتا ہے جو کہ پاکستان نیشنل شپنگ کارپوریشن آرڈیننس، 1979 کے مطابق ہے۔ ان افراد کے نام جو مالی سال کے دوران کسی وقت ڈائریکٹرز اور / یا کارپوریشن کی بورڈ کمیٹی کے رکن تھے، درج ذیل ہیں:

نمبر شمار	ڈائریکٹر کا نام	بورڈ	آڈٹ کمیٹی	ایچ آر کمیٹی
1	جناب رضوان احمد	چیئر مین / چیف ایگزیکٹیو آفیسر	–	–
2	جناب خواجہ عبید عمران الیاس	نان-ایگزیکٹیو ڈائریکٹر	چیئر مین	رکن
3	کیپٹن انور شاہ	نان-ایگزیکٹیو ڈائریکٹر	رکن	–
4	ڈاکٹر ارشد محمود ایڈیشنل فنانس سیکریٹری (اخراجات) فنانس ڈویژن اسلام آباد (ایکس-آفیشیو ممبر)	نان-ایگزیکٹیو ڈائریکٹر	رکن	–
5	جناب وقار احمد سینیر جوائنٹ سیکریٹری / جوائنٹ سیکریٹری، وزارت بحری امور، اسلام آباد (ایکس آفیشیو رکن) (15 اکتوبر 2018 تک)	نان-ایگزیکٹیو ڈائریکٹر	رکن	–
6	جناب کامران فاروق انصاری سینیر جوائنٹ سیکریٹری / جوائنٹ سیکریٹری، وزارت بحری امور، اسلام آباد (ایکس آفیشیو ممبر) (16 اکتوبر 2018 سے مؤثر)	نان ایگزیکٹیو ڈائریکٹر	رکن	–
7	جناب محمد علی	نان-ایگزیکٹیو ڈائریکٹر	–	چیئر مین
8	جناب علی سید	نان-ایگزیکٹیو ڈائریکٹر	رکن	رکن

ڈائریکٹرز کا تربیتی پروگرام

بورڈ آف ڈائریکٹرز کی نصف تعداد نے ایس ای سی پی جانب سے منظور شدہ ادارے میں ڈائریکٹرز کے تربیتی پروگرام کے لیے شرکت کی ہے۔

ڈائریکٹرز کا معاوضہ

بورڈ آف ڈائریکٹرز کے پاس نان-ایگزیکٹیو ڈائریکٹرز کے لیے معاوضے کی پالیسی ہے؛ جس کے چیدہ نکات ہیں:

- کارپوریشن اپنے نان-ایگزیکٹیو ڈائریکٹرز کو کوئی معاوضہ ادا نہیں کرتی ہے سوائے اجلاس میں شرکت کرنے کی فیس کے جو بورڈ اور کمیٹیوں کے اجلاس کے لیے ہے۔
- بورڈ آف ڈائریکٹرز یا اس کی کمیٹیوں کے اجلاسوں میں شرکت کے لیے ڈائریکٹر کے معاوضے کا تعین وقتاً فوقتاً لازمی طور پر ہوتا رہے گا اور جس کی منظوری بورڈ آف ڈائریکٹرز کی جانب سے دی جائے گی۔
- ہر ڈائریکٹر کو سفر، قیام، طعام اور دیگر اخراجات مد میں اس کی جانب سے خرچ کی جانے والی رقم ادا کی جائے گی جو کہ بورڈ کے، اس کی کمیٹی کے اجلاس اور / یا کارپوریشن کے عمومی اجلاسوں میں شرکت کی وجہ سے خرچ ہوئی۔

مالیاتی جھلکیاں

پی این ایس سی گروپ کمپنیز ایکٹ، 2017 کے تقاضوں سے ہم آہنگ ہے جو کہ 30 جون 2019 کو اختتام پذیر ہونے والے سال کے مالیاتی گوشوارے سے متعلق ہے۔
رواں سال میں ہمارے مالیاتی نتائج پر اثر انداز ہونے والے عوامل درج ذیل ہیں:

	2019	2018	تبدیلی
	---------روپے000' میں--------		٪
آمدنی	10,862,459	9,909,991	10
اخراجات	(8,154,103)	(7,810,416)	4
مجموعی منافع	2,708,356	2,099,575	29
عملیاتی منافع	2,904,584	2,104,439	38
قبل از ٹیکس منافع	2,454,431	1,854,037	32
بعد از ٹیکس منافع	2,194,374	1,641,121	34
آمدنی فی حصص (EPS) (روپے)	16.61	12.42	34

پی این ایس سی گروپ نے 2,194 ملین روپے کے بعد از محصول منافع کا اعلان کیا ہے، جو کہ گزشتہ سال کے 1,641 ملین روپیے کے مقابلے میں 34 فیصد اضافہ ہے۔

گروپ اپنے زیر انتظام جہازوں کے ذریعے آمدنی میں 41 فیصد بہتری لایا ہے (7,953 ملین روپے بمقابلہ 5,643 ملین روپے گزشتہ سال)، جبکہ چارٹرڈ زمرے سے آمدنی میں 33 فیصد کمی (2,741 ملین روپے بمقابلہ 4,075 ملین روپے گزشتہ سال) واقع ہوئی۔ سال کے دوران تھوک کیریئر کا چارٹر آوٹ نرخ، AFRA اور ورلڈ اسکیل گروپ کے مفاد میں بڑھے۔ مزید یہ کہ امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں 25 فیصد کمی واقع ہوئی، جو گروپ کے لیے فائدہ مند رہا اس کے ساتھ ہی زیر انتظام جہازوں کی آمدنی امریکی ڈالر میں رہی۔

مثبت مارکیٹ عناصر کے ساتھ وسائل کے باشعور اور کفایتی استعمال کے نتیجے میں 25 فیصد کا خام فرق سامنے آیا ہے جو کہ گزشتہ سال کے 21 فیصد کے مقابلے میں 4 فیصد زیادہ ہے۔ گروپ کی فی شیئر آمدنی 16 روپے 61 پیسے ہے جو کہ گزشتہ سال کی ای پی ایس 12 روپے 42 پیسے کے مقابلے میں 34 فیصد زیادہ ہے۔

رواں سال کے دوران گروپ نے ایم ٹی بولان اور ایم ٹی خیر پور نامی دو جہاز اپنے زیر انتظام پورٹ فولیو میں شامل کیے، جن کی امریکی ڈالر میں مالیت 60.7 ملین ڈالر ہے اور ان کی 90 فیصد فنانسنگ شیڈولڈ بینکوں نے تجارتی بنیادوں پر کی ہے۔ جس کے نتیجے میں مارک اپ کی بنیاد پر فنانسنگ بڑھی جس کے باعث گزشتہ سال کے مقابلے میں مالیاتی لاگت میں 80 فیصد اضافہ ہوا۔

گروپ کی مستحکم مالی حیثیت اور اعلیٰ سرمایہ کاری کی حالت ہمیں بتاتی ہے کہ ہم فعال طور پر شپنگ سائیکل کو مزید ترقی کی طرف گامزن کریں۔ گروپ کی مستحکم مالی حالت اور ساتھ میں مارکیٹ ڈرائیورز میں موافق پالیسی اور بیڑے میں زیر انتظام جہازوں کی توسیع گروپ کی کلیدی قوت ہے تاکہ مستقبل کے معرکوں سے نمٹا جا سکے۔ گزشتہ چھے مالیاتی برسوں کا کلیدی عملیاتی اور مالیاتی ڈیٹا خلاصے کی شکل میں منسلک ہے۔

منافع کا اعلان

30 جون 2019 کو اختتام پذیر ہونے والے سال کے لیے بورڈ آف ڈائریکٹرز عمومی حصص پر 20 فیصد کے حساب سے یعنی 2 روپے فی حصص کیش منافع کی تجویز بخوشی پیش کرتا ہے جس کی منظوری 41 ویں سالانہ عمومی اجلاس میں لی جائے گی۔

بڑے حادثے یا تیل کے رساؤ کا خطرہ شپنگ کے کام میں شامل رہا ہے، خاص طور پر ٹینکر کے کاروبار میں۔ کوئی شدید حادثہ ہمارے ملازمین کے ساتھ ساتھ بحری ماحول، جنگلی حیات اور مقامی برادری کے لیے خطرے کا باعث بن سکتا ہے۔ یہ مالیات، ہماری ساکھ پر بھی سخت اثرات مرتب کرے گا اور ہمارے لائسنس کو خطرے میں ڈالے گا۔ پی این ایس سی ہوشیاری سے حادثات سے پاک آپریشنز برقرار رکھ رہا ہے تاکہ ایسے خطرات کو کم کیا جا سکے پی این ایس سی کے زیرِ انتظام جہازوں میں تمام صحت اور تحفظ سے متعلق پالیسیوں اور اچھے رواجوں کے نفاذ کو یقینی بنایا جاتا ہے۔ پی این ایس سی اس خطرے سے نمٹنے کے لیے مناسب انشورنس کور کا انتظام بھی کرتا ہے۔

رقم کے بہاؤ کو متاثر کرنے والے شرح سود کے خطرات، خاص طور پر متغیر شرح سود کی بنیاد پر مالیاتی قرضے۔ شرح سود کا خطرہ کم کرنے کے لیے گروپ متغیر اور جامد شرح سود کے ساتھ اثاثوں اور قرضوں کے مابین توازن قائم رکھنے کی کوشش کرتا ہے۔

خلیج عدن میں مسلح قزاقی، ملاکا ریاست اور صومالی ساحل کے ارد گرد عالمی شپنگ اور پی این ایس سی کے لیے اہم آپریشنل خطرہ ہے۔ گروپ ایسے خطرے سے واقف ہے اور قزاقی کے خلاف ضروری انشورنس کور لیتا ہے۔ گروپ کے جہازوں کے تحفظ کے لیے، جب وہ خطرناک علاقوں سے گزرتے ہیں، تو بہترین انتظامی مشقوں (بی ایم پی-4) پر دنیا بھر میں سختی سے عمل درآمد کیا جاتا ہے۔ پی این ایس سی پاکستان بحریہ ہیڈکوارٹرز کے ساتھ رابطے میں رہتا ہے جب جہاز زیادہ خطرات والے علاقوں میں ہوتے ہیں۔ اس خطرے سے نمٹنے کے لیے پی این ایس سی انشورنس کور کا بھی اہتمام کرتا ہے۔

خلیج عمان / آبنائے ہرمز میں تجارتی خطرات، جیسا کہ پی این ایس سی کے زیر انتظام آئل ٹینکرز زیادہ تر اس علاقے میں خام تیل کی ترسیل، فرنس آئل، اور خالص پیٹرولیم مصنوعات لے کر خلیج عرب میں گزرتے ہیں۔ بعض ناخوشگوار واقعات کے بعد، حال ہی میں جوائنٹ وار کمیٹی نے اس علاقے کو وار زون قرار دیا ہے۔ پی این ایس سی کے عملے کی غیر معمولی احتیاط کے علاوہ اس علاقے میں سفارتی، عسکری تعاون حکومت پاکستان کی جانب سے حاصل ہوتا ہے، قومی پرچم بردار ہونے کی وجہ سے یہ خطرہ اضافی مناسب انشورنس کور کے ذریعے کم کیا جاتا ہے جو کہ معروف و مشہور عالمی بحری صنعت کے انشوررز کی جانب سے فراہم کیا جاتا ہے۔

ایندھن کے تیل کی قیمتوں عدم استحکام، جو کہ عالمی سیاسی اور معاشی ماحول سے متاثر ہوتی ہیں۔ گروپ کے پاس قلیل مدت کا سفری معاہدہ ہوتا ہے جس کے لیے یہ موجودہ ایندھن کی قیمتوں کا حساب رکھتا ہے، جب معاہدے کی قیمتوں کو جانچا جا رہا ہو اور اس کے لیے اضافی کور یج کی ضرورت نہیں ہے۔

ایک سنگین سائبر حملہ ہمارے وعدوں اور عزم پر عملدرآمد میں رکاوٹ بن سکتا ہے، جیسا کہ گروپ پیچیدہ اور کثیر الانتخاب خدمات کی فراہمی میں مصروف عمل ہے، جو کہ اس کا انحصار اچھے کام کرنے والے آئی ٹی اور کمیونیکیشن سسٹم پر بڑھا دیتا ہے۔ سائبر حملے کی وجہ سے کاروباری تعطل سے ہمارے بیڑے اور آف شور آپریشنز پر منفی اثر پڑتا ہے۔ ان اثرات کو ختم کرنے کے لیے پی این ایس سی نے سخت ڈیٹا سیکیورٹی کنٹرولز نافذ کیے ہیں، جو کہ انٹرپرائز لیول کنٹرولنگ اینٹی وائرس، اپ ڈیٹڈ فائروال اور اسپام کنٹرولنگ سافٹ ویئرز پہ مشتمل ہیں۔

محصولیاتی پالیسیوں میں تبدیلیاں گروپ کے اوپر مادی طور پر اثرانداز ہو سکتی ہیں۔ تاہم تفصیلی جائزوں کی بنیاد پر مشاورتی عمل کے ذریعے ایک مناسب حکمت عملی تیار کی جاتی ہے اور دیے گئے حالات میں مناسب تصور کی جاتی ہے تاکہ کسی غیر موافق صورت حال کے نتیجے میں پیدا ہونے والے خطرات کا اثر کم کیا جا سکے۔

پی این ایس سی کریڈٹ ریٹنگ

پاکستان کریڈٹ ریٹنگ ایجنسی (پی اے سی آر اے) کی جانب سے گروپ کی کریڈٹ کی قابلیت کے سالانہ جائزے میں طویل مدت کے قرضوں کے لیے 'AA' کریڈٹ ریٹنگ اور مختصر مدتی قرضوں کے لیے 'A1+' کو برقرار رکھا ہے۔ مذکورہ ریٹنگز پی این ایس سی کی مضبوط ملکیت، اکثریتی ملکیت حکومتِ پاکستان کے پاس (89.13٪)، اور اس کی تزویراتی اہمیت ملک کے قومی پرچم بردار ہونے کی عکاس ہے۔ حالیہ برسوں میں پی این ایس سی کے کاروباری پروفائل نے نمایاں قوت حاصل کر لی ہے، جس کی وجہ بیڑے کی مؤثر استعداد اور لاگت کے انتظامی اقدامات ہیں جو انتظامیہ نے اٹھائے ہیں۔

بحری کاروباری کارکردگی کا شعبہ جاتی جائزہ

831,711 میٹرک ٹن DWT صلاحیت کی حامل پی این ایس سی نے تقریباً 10.383 ملین ٹن کارگو سال کے دوران اٹھایا ہے (مالی سال 2018 : 12.797 ملین ٹن) جو حجم کے حساب سے کل ملکی سمندری تجارت 110.693 ملین ٹن (مالی سال 2018 : 100.247 ملین ٹن) کا تقریباً 9.38٪ (مالی سال 2018 : 12.77٪) کے برابر ہے۔ پاکستان کی سمندری تجارت کے اعداد و شمار برائے سالِ رواں 19-2018 اور گزشتہ سال 18-2017 ساتھ میں پی این ایس سی کی شراکت نیچے دکھائی گئی ہے:

------------------------ملین ٹن میں اعداد و شمار------------------------

	خشک تھوک		تر تھوک		مجموعہ	
	2019	2018	2019	2018	2019	2018
پاکستان کی سمندری تجارت	80.253	65.836	30.44	34.411	110.693	100.247
پی این ایس سی کا حصہ	2.391	2.158	7.992	10.639	10.383	12.797

ساخت / انتظامات کے لحاظ سے پی این ایس سی کی جانب سے کُل کارگو کی تقسیم:

	پیمائش کی اکائی	2018-2019	2017-2018
خشک کارگو (تھوک کیریئر)	ملین ٹنز	2.342	2.055
مائع کارگو (ٹینکر)	ملین ٹنز	7.992	10.639
سلاٹ چارٹر			
– بریک تھوک	ہائر آف ایم ٹی یا سی بی ایم (ڈبلیو / ایم)	0.049	0.103
– کنٹینر کیا گیا کارگو	ہزار ٹی ای یوز	2.351	3.456

نمایاں خطرات

بحیثیت ایک عالمی سمندری فریٹ آپریٹر، پاکستان نیشنل شپنگ کارپوریشن ایک ایسی عالمی منڈی میں کام کرتا ہے، جہاں شدید مسابقت ہے، خشک منڈی میں بھی اور مائع منڈی میں بھی، ساتھ ہی ضرورت سے زیادہ استعداد کم فریٹ ریٹس کو ایک تجارتی خطرہ سمجھا جاتا ہے۔ شپنگ کے شعبے نے عالمی معاشی ماحول سے فائدہ اٹھایا، جہاں جی ڈی پی کی ترقی گزشتہ برسوں کے دوران بلند رہی۔ تاہم 2008 کے آغاز سے عالمی معیشت کے سکڑنے سے طلب کم ہوئی جس نے منفی طور عالمی شپنگ کے تمام زمروں پر اثر ڈالا، یعنی فریٹ، اثاثے کی قدر اور انہدام کی قیمتیں۔

چند خطرات بھی ہیں جو کہ ان صنعتوں کا لازمی حصہ ہیں جہاں ہم کام کرتے ہیں لہذا ہمارے کام میں انہیں قبولیت کا درجہ حاصل ہے اور اسی لحاظ سے ان سے نمٹا جاتا ہے۔

یہ خطرات منفی طور پر ہمارے کاروبار کو قلیل سے وسط مدت کے لیے متاثر کرسکتے ہیں، جیسے کہ،

قانونی چارہ جوئی کے خطرات جیسے اپنی سرگرمیوں کے دوران گروپ قانونی چارہ جوئی اور تنازعات کا حصہ بن سکتا ہے۔ انشورنس کا تحفظ تمام مثالوں میں کافی نہیں ہے۔ یہ تمام عوامل گروپ کے کاموں اور مالیاتی حالت پر نمایاں اثر ڈال سکتے ہیں۔ ایسے خطرے کو کم کرنے کے لیے ہم فکسچر سے پہلے اور بعد کے دوران احتیاط لازمی قرار دیتے ہیں۔

عالمی منڈی کا جائزہ

خشک اور مائع دونوں شعبوں سے متعلق پیشگوئی اور غیر یقینی کیفیتیں جو کسی ادارے کی کارکردگی کو متاثر کر سکتی ہیں ان کی ذیل میں وضاحت کی گئی ہے جس کی بنیاد بین الاقوامی جہاز رانی کی تحقیق پر ہے۔

خشک تھوک کی منڈی

رسد کے شعبے میں یہ تخمینہ لگایا گیا کہ 2019 میں مجموعی خشک تھوک ٹن میل طلب میں 1.1٪ ترقی نے منفی اثر ڈالا، خام لوہے کی طلب سکڑی اور فلیٹ کوئلے کی طلب نے ہینڈی سائز / سپر میکس کے خالص بیڑے کو 2015 میں 5.7٪ سے 2020 میں 1.3٪ تک کم کیا۔ 2018 میں انہدام تاریخی طور پر پست تھے کیونکہ نرخ 2016 کے دور سے بحالی کی سطح پر آئے۔ بلند انہداموں کی توقع ہے اور مضبوط طلب 2019 میں خشک تھوک شپنگ کے لیے اچھی ہے۔ بلاسٹ واٹر اور سوکس ایمیشن پر آئی ایم او ضوابط لاگو ہونے سے 2019 میں اسکریپنگ سرگرمیاں بڑھیں گی۔

طلب کے لحاظ سے 2019 میں اہم اشیاء کی طلب بلند رہنے کی توقع ہے، جس کی وجہ اسٹیل کے استعمال میں اضافہ اور توانائی کی بڑھتی ضروریات ہیں۔ 2018 میں چین کی اسٹیل کی پیداوار نئی بلند سطح پر پہنچی، جس کی وجہ اسٹیل کی مصنوعات کی طلب میں اضافہ تھا، جو کہ ملک کے ریل اور روڈ نیٹ ورک کو توسیع دینے کی وجہ سے تھا۔

بحیثیتِ مجموعی بیڑے کی ترقی قدرے محدود رہنے کی توقع تھوک کیریئر کے شعبے میں اصولوں کے توازن کی وجہ سے مزید بہتری کے امکانات دیکھتی ہے۔ لاگو ہونے والے آئی ایم او ضوابط جہازوں کے مالکان سے تقاضا کریں گے کہ زیادہ لاگت برداشت کریں تاکہ ان کے جہاز ضابطوں سے ہم آہنگ ہوں۔ 18 فیصد سے زائد مجموعی خشک تھوک بیڑا 15 سال یا اس سے زیادہ عمر کا ہے۔ نتیجتاً، ایسے تمام جہازوں کے مالکان کو انہیں چلانے کے لیے ضابطوں سے ہم آہنگ کرنا ہوگا۔

ٹینکر منڈی

فی الحال 2019 میں آمدنیاں بہتر ہوئی ہیں، اگر اس کا موازنہ 2018 کے دور سے کیا جائے، جب مضبوط ری سائیکلنگ کی وجہ سے فالتو ٹنیج کم کرنے میں مدد کی۔ 2019 کے لحاظ سے دیکھا جائے تو ٹینکر منڈی میں بنیادی توازن کمزور نظر آتا ہے، لیکن بہتری کا امکان ہے۔ آئی ایم او 2020 میں طلب اور انتشار میں موسمیاتی بہتریاں سلفر کیپ کچھ مدد فراہم کر سکتا ہے، جبکہ رسد کے لحاظ سے ترسیل کا امکان اور back-weighted scrubber retrofit نظام الاوقات کو 'فعال' ٹینکر سپلائی کی ترقی کی شرح کو محدود کرنے میں مدد کرنی چاہیے۔

2020 میں ٹینکر کی منڈی کا منظر نامہ مثبت نظر آتا ہے۔ آئی ایم او 2020 سلفر کیپ کے بارے میں توقع ہے کہ وہ تیل کی تجارت منظر ناموں پر اثر انداز ہوگا اور ٹینکر کی طلب کی ترقی کو خام شعبے میں 5 فیصد اور مصنوعات کے شعبے میں 6 فیصد تک لے جائے گا۔ یہ توقع کی جاتی ہے کہ نیا ضابطہ ٹینکر کی منڈی پر مثبت اثر ڈال سکتا ہے۔ مثال کے طور پر خام ٹینکر کی تجارت میں اضافے کی توقع کی جاسکتی ہے، جس کی وجہ ریفائنری کی جانب سے زیادہ استعمال اور کم سلفر والے ایندھن کی پیداوار پر زور ہے۔ مزید یہ کہ صاف ٹینکر کی تجارت میں اضافے کا باعث بن سکتا ہے، جس کی وجہ کم سلفر والے ایندھن کی پیداوار میں اضافہ اور ان ایندھنوں کی عالمی بنکر منڈیوں تک ترسیل کی ضرورت ہے۔ بالآخر یہ زیادہ فلوٹنگ ذخیرے کی طلب کی وجہ بنے گا، دونوں صاف مصنوعات (2020 سے پہلے کم سلفر والے ایندھن کی مصنوعات اکٹھا کرنا) اور غیر صاف شدہ مصنوعات (2020 کے بعد اضافی ایندھن آئل کی ضرورت)۔

ڈائریکٹرز کی رپورٹ

برائے سال اختتام از30 جون، 2019

پاکستان نیشنل شپنگ کارپوریشن گروپ (گروپ / پی این ایس سی) کا بورڈ آف ڈائریکٹرز کارپوریشن کے اکتالیسویں سالانہ نتائج برائے 30 جون 2019 بمعہ آڈٹ شدہ مالیاتی گوشواروں کے بخوشی پیش کرتا ہے۔

تعارف

قومی پرچم بردار ہونے کے ناطے پاکستان نیشنل شپنگ کارپوریشن کی عالمی شپنگ میں ایک زرخیز تاریخ ہے۔ سالہا سال سے پی این ایس سی کی کاروباری تاریخ نے بنیادی شپنگ کے شعبے میں تقویت پائی ہے، بشمول نان ویسل آپریٹنگ کامن کیریئر "این وی او سی سی" بزنس، بحری انجینیرنگ ورکس اور جائیداد کا شعبہ۔ پی این ایس سی ارتقا پا کر بحری فریٹ اور متعلقہ خدمات میں ایک صنعتی فراہم کار بن گیا ہے۔

مرکزی کاروبار

جہاں تک بحری آپریشنز کا تعلق ہے، گروپ بنیادی طور پر خشک بلک اور مائع بلک کارگو کی سمندری مواصلات کی تجارت سے منسلک ہے۔ اس کے ساتھ ہی بلک کارگو کے لیے سلاٹ چارٹرنگ کی خدمات فراہم کرنا۔ تزویراتی کارگو میں خام تیل، پیٹرولیم مصنوعات، خام مال، اور دفاعی اداروں کے ساز و سامان شامل ہے۔ خام تیل اور پیٹرولیم مصنوعات کی اکثریت خلیج عرب سے کراچی لائی جارہی ہیں۔ اس میں پی این ایس سی کے اپنے خام تیل کے ٹینکرز اور چارٹرڈ ٹینکرز استعمال ہو رہے ہیں۔

رواں مالی سال کے دوران کارپوریشن کے کاروبار، یا کسی ملکیتی کمپنی یا کسی ایسی کمپنی میں کوئی تبدیلیاں وقوع پذیر نہیں ہوئی ہیں، جن سے کارپوریشن کا مفاد وابستہ ہے سوائے زیر انتظام جہازوں کے بیڑے میں دو ایل آر-1 ٹینکروں کی شمولیت کے۔

کاروباری جائزہ

پی این ایس سی انتظامیہ کی حکمت عملیوں اور مقاصد نے 2002 سے منافع بخشی برقرار رکھنے کے حوالے سے گزشتہ برسوں کے دوران متاثر کن نتائج ظاہر کیے ہیں، ساتھ ہی قومی معیشت میں نمایاں طور پر حصہ ڈالا ہے۔

پی این ایس سی نے ملک کی قومی ضرورت پوری کرنے کے لیے کامیابی سے تیل کی ترسیل کی ہے۔ اس مقصد کے لیے قومی پرچم بردار جہازوں کے استعمال نے کرائے کی میں حکومت کے لیے قیمتی زرِمبادلہ کی بچت کی ہے۔

مالی سال 2019 کے دوران پی این ایس سی نے مختلف قومی اداروں کے لیے ترسیل کا انتظام کیا ہے۔ اہم تزویراتی ترسیلات کی ترسیل امریکا، چین روس اور کوریا سے کی گئ جس کے ساتھ کچھ چھوٹی ترسیلات دنیا کے مختلف حصوں سے کی گئیں۔

Corporate Social Responsibility (CSR)

Highlights of the Year 2018-2019

Pakistan National Shipping Corporation (PNSC) being a responsible corporate citizen; committed to wellbeing of society through its contribution in the field of education, community and promoting environmental care remains always one of its highest priorities.

DIAMER BASHA DAM

Chairman (PNSC) presenting cheque to Honourable Chief Justice of Pakistan

- As a Corporate Social Responsibility, PNSC donated two days salary of its officers and one day salary of its staff and an additional donation from the company's profits as a contribution to Diamer Basha & Mohmand Dam Fund which is an initiative of the Prime Minister and Chief Justice of Pakistan in order to fulfill water needs of Pakistan in future.

EDUCATION

- PNSC promotes training and recruitment of Pakistani nationals in Marine Academy and other maritime training institutes to build qualified maritime work force.

- PNSC believes that our youth is future of Pakistan. To support this, under its internship scheme, PNSC provides training to fresh graduates from universities across the country, especially cadets of Pakistan Marine Academy in PNSC Workshop.

ENVIRONMENT

- As a proactive approach against the record high temperature across the country, a heat stroke Session was arranged at PNSC to aware the employees about heat stroke and tips for its prevention. The guest speakers also suggested ways to prevent heat stroke and First-Aid techniques which are important in case of cardiac/respiratory arrest.

- PNSC has also developed Environmental Management Plan for the head office, incorporating the requirements of ISO 14001 in the system.

- PNSC ships are running on cleaner fuels which help in reducing carbon footprint. While docked in harbours around the world, PNSC ships take strict measures not to dispense effluents harmful to marine life. PNSC ships also use sophisticated satellite equipment to chart courses which are economical on fuel use, saving the environment from excess carbon pollution.

- PNSC is continuously striving for energy saving and as a step forward PNSC has installed digital metering system for monitoring and conservation of energy.

- In order to reduce Co2 emissions and mitigating global warming, the International Maritime Organization (IMO), the main regulatory body for shipping has developed a number of technical and operational measures to control Green House Gases (GHG) emissions. PNSC as per IMO requirement has developed Ship Energy Efficiency Measurement Plan (SEEMP) for its fleet.

COMMUNITY

Blood donation drive at PNSC Head Office organized by Indus Hospital, Karachi.

- To make employees feel more responsible, the Corporation made efforts towards the betterment of society and organized a Blood Donation drive which was held as a result of joint efforts of PNSC and Indus Hospital. Many employees of PNSC participated in this drive and donated blood for the benefit of those in need. Certificates, gift items and souvenirs were also distributed to encourage the employees to take part in such activities in future.

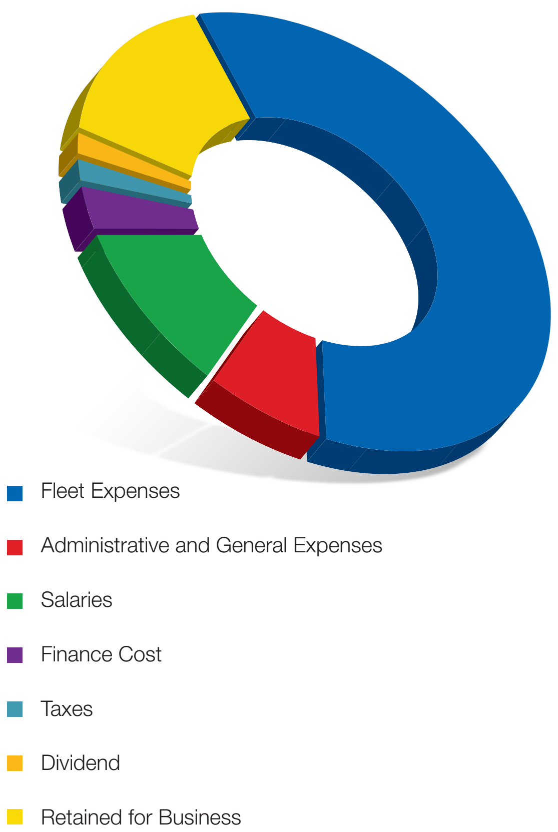
- PNSC provides fully funded support through open balloting program to its employees every year to perform Hajj. As a result of the balloting the month of February 2019, ten PNSC employees availed the benefit of performing Hajj. This was in continuation of its commitment to its employees.

Digitization and new technologies are rapidly changing all industries, forcing them to prepare for a tomorrow that is unpredictable. This also applies to the industry of shipping and logistics, which largely has been driven by the traditional business models focused on optimizing how you move goods.

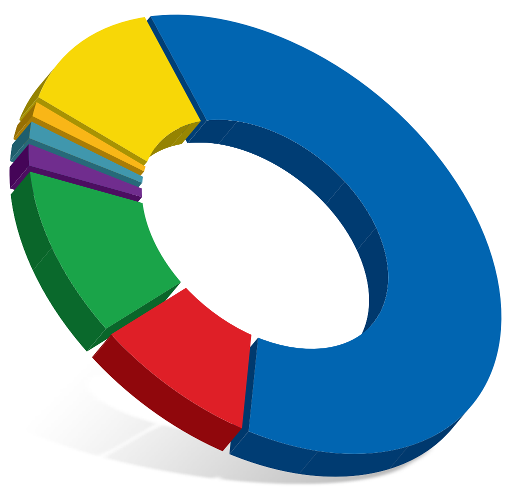
Value Added Statement

	2019		2018	
	Rs. In '000	%	Rs. In '000	%
Wealth Generated				
Income from Shipping Business	10,693,810	84.35%	9,717,647	83.42%
Rental Income	168,649	1.33%	192,344	1.65%
Other operating income	1,815,231	14.32%	1,738,594	14.93%
	12,677,690	100.00%	11,648,585	100.00%
Wealth Distributed				
Fleet Expenses	7,314,253	57.69%	6,943,643	59.60%
Administrative and General Expenses	988,717	7.80%	1,186,591	10.19%
Salaries	1,470,136	11.60%	1,413,912	12.14%
Finance Cost	450,153	3.55%	250,402	2.15%
Taxes	260,057	2.05%	212,916	1.83%
Dividend	264,127	2.08%	198,095	1.70%
Retained for Business	1,930,247	15.23%	1,443,026	12.39%
	12,677,690	100.00%	11,648,585	100.00%

2019



2018

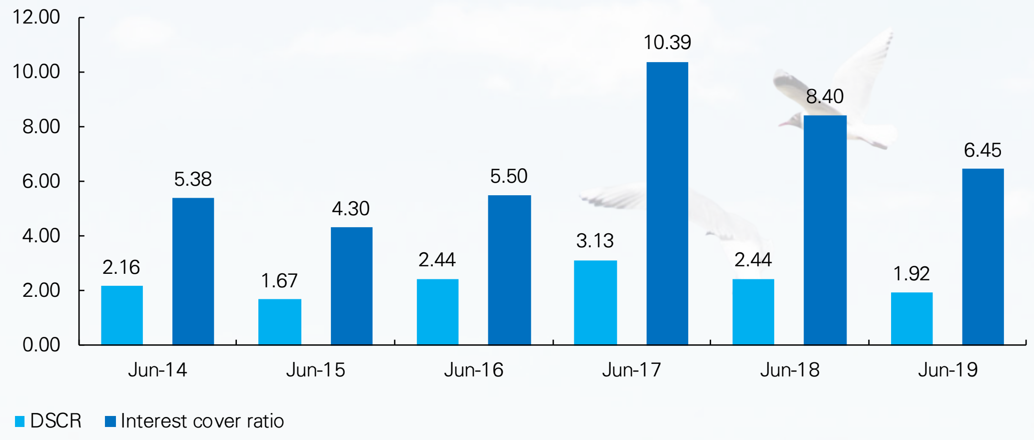


Financial Ratios

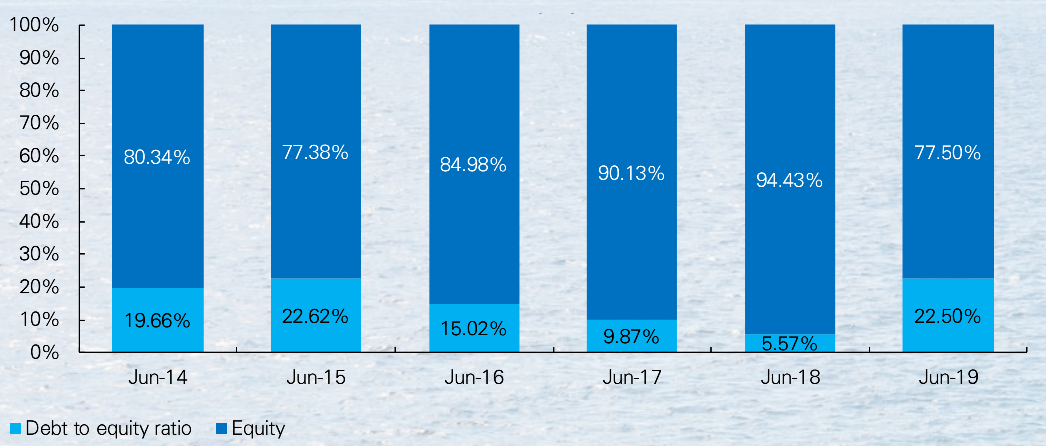
	UOM	2018-2019	2017-2018	2016-2017	2015-2016	2014-2015	2013-2014
Profitability Ratios							
Profit before tax	%	**22.60%**	18.71%	24.86%	20.05%	14.24%	15.28%
GP ratio	%	**24.93%**	21.19%	28.16%	28.33%	20.12%	21.50%
Profit after tax	%	**20.20%**	16.56%	19.85%	18.52%	13.62%	13.67%
EBITDA margin to sales	%	**38.93%**	35.95%	38.61%	34.34%	25.47%	25.62%
Operating leverage ratio	%	**395.60%**	187.99%	-2204.97%	-34.39%	190.69%	-23.02%
Return on equity	%	**6.73%**	5.24%	8.30%	8.42%	8.33%	9.25%
Return on capital employed	%	**5.40%**	4.87%	7.42%	7.18%	6.61%	7.56%
Liquidity Ratios							
Current Ratio	Times	**2.68**	3.12	2.74	2.38	2.15	2.17
Cash to Current liabilities	Times	**1.27**	0.70	1.21	0.51	0.78	0.47
Cash flow from operations to Sales	Times	**0.19**	0.13	0.20	0.29	0.13	0.13
Activity/Turnover Ratios							
Debtor Turnover Ratio	Times	**15.16**	15.02	18.89	15.49	9.01	8.70
Asset Turnover ratio	Times	**0.26**	0.26	0.34	0.34	0.45	0.50
Fixed Assets turnover ratio	Times	**0.33**	0.39	0.48	0.47	0.57	0.66
Market Ratios							
Earnings per share	Rs.	**16.62**	12.43	18.75	17.59	16.02	16.27
P/E Ratio	Times	**3.84**	6.59	6.71	5.33	6.63	4.37
Price to book ratio	Times	**1.87**	2.88	4.42	3.39	3.87	2.90
Dividend Yield ratio	%	**3.13%**	1.83%	1.59%	2.13%	1.41%	2.11%
Dividend Payout ratio	Times	**0.12**	0.12	0.11	0.11	0.09	0.09
Dividend cover ratio	Times	**8.31**	8.28	9.38	8.80	10.68	10.85
Cash dividend	Rs.	**2.00**	1.50	2.00	2.00	1.50	1.50
Breakup value/share	Rs.	**246.91**	237.32	225.99	208.85	192.38	175.96
Share Price at year end	Rs.	**63.85**	81.94	125.90	93.70	106.25	71.12
Share Price - High	Rs.	**88.99**	155.25	213.00	127.90	187.90	94.57
Low	Rs.	**47.13**	80.00	90.37	63.01	56.68	46.00
Capital Structure Ratio							
Financial Leverage ratio	Times	**0.28**	0.09	0.14	0.19	0.29	0.25
Debt Service Coverage Ratio	Times	**1.92**	2.44	3.13	2.44	1.67	2.16
Debt to equity ratio	Times	**0.22**	0.06	0.10	0.15	0.23	0.20
Interest cover ratio	Times	**6.45**	8.40	10.39	5.50	4.30	5.38

Graphical Analysis

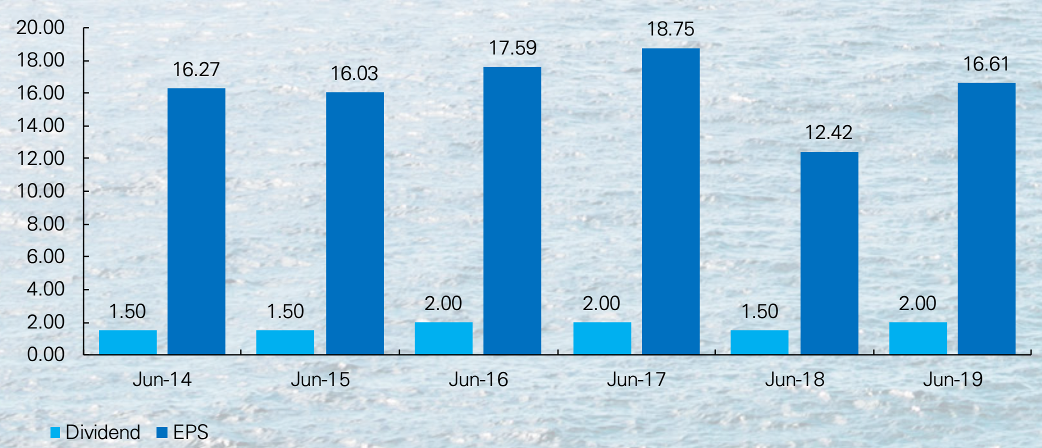
Debt Management



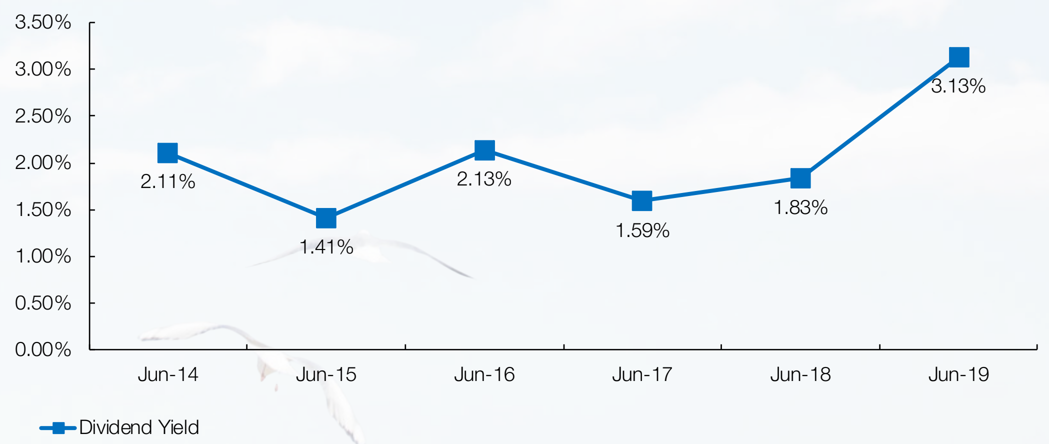
Debt to Equity Ratio



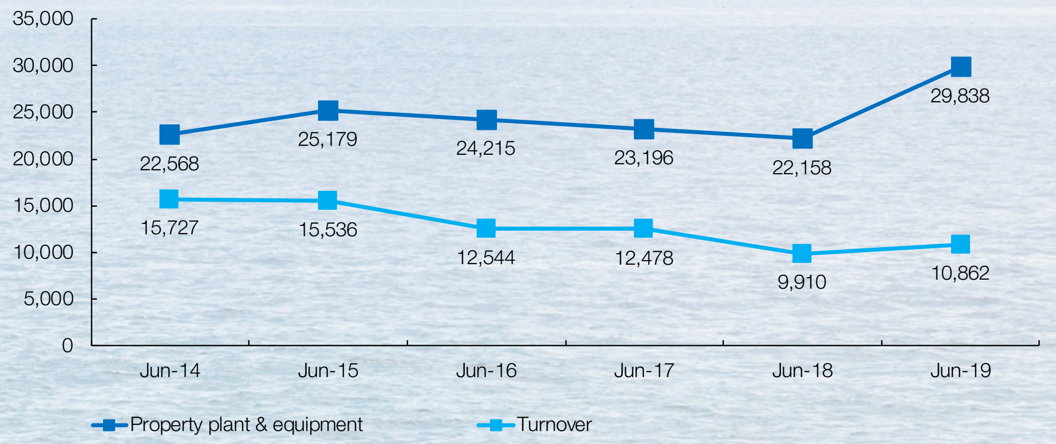
Dividend & EPS



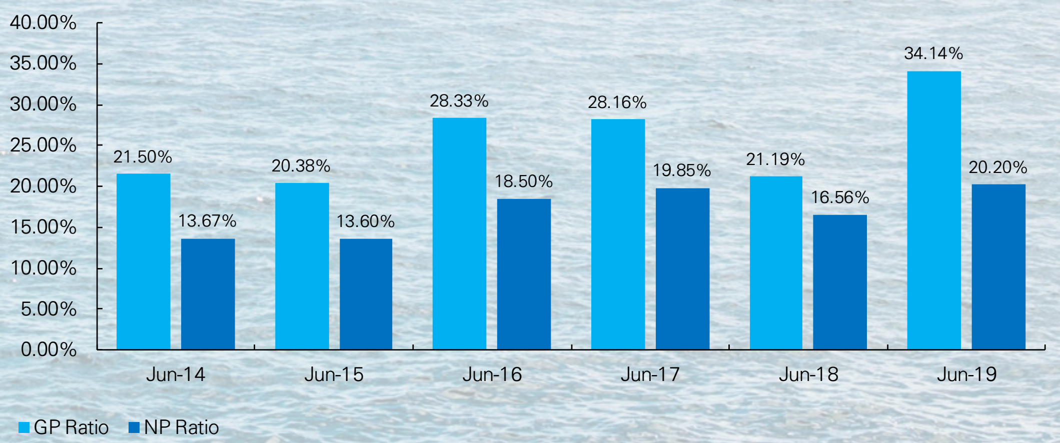
Dividend Yield



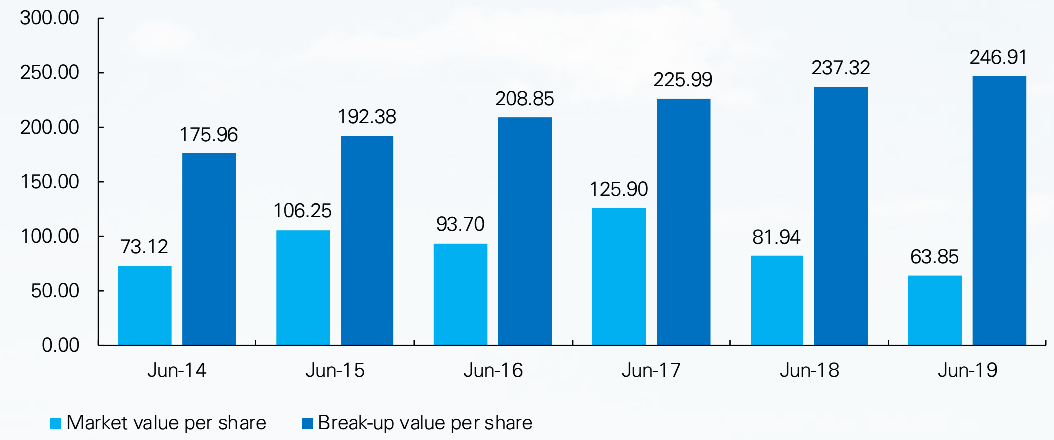
Fixed Assets & Turnover (Rs. in million)



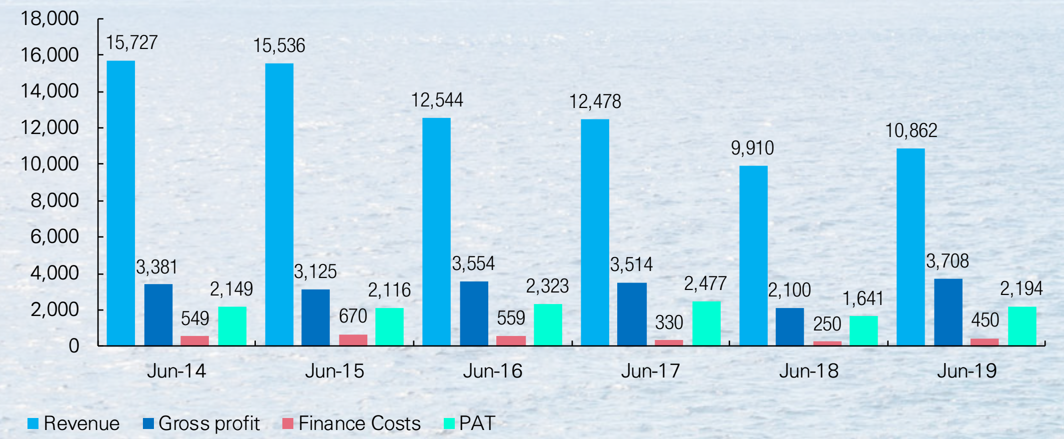
Gross Profit & Net Profit Margin



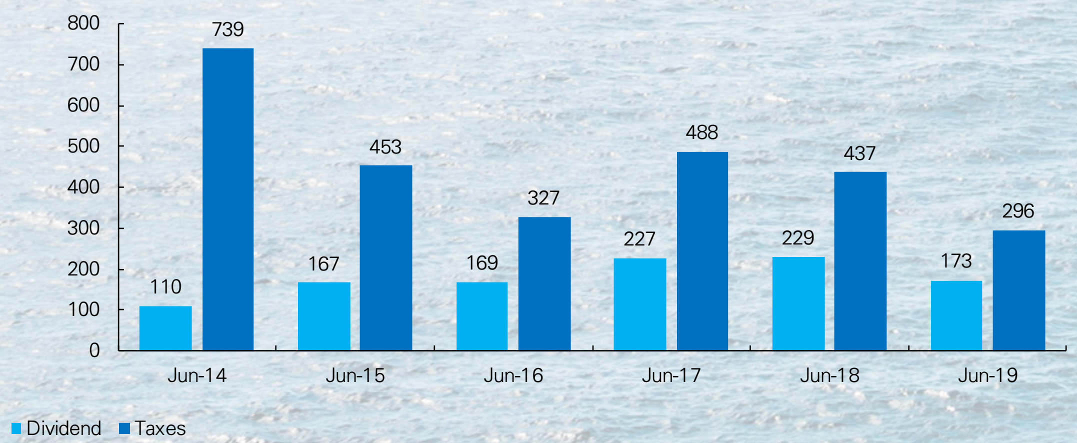
Market / Break-up value per share (Rs./share)



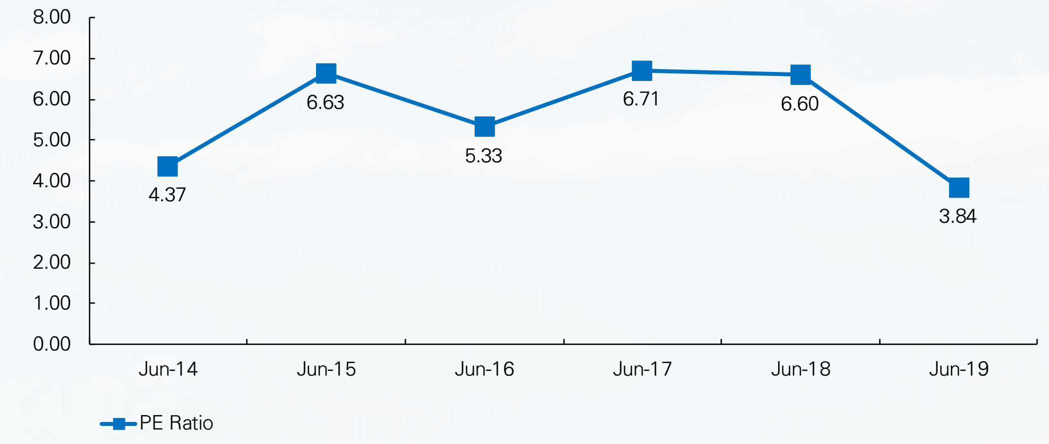
Turnover & Profitability (Rs. in million)



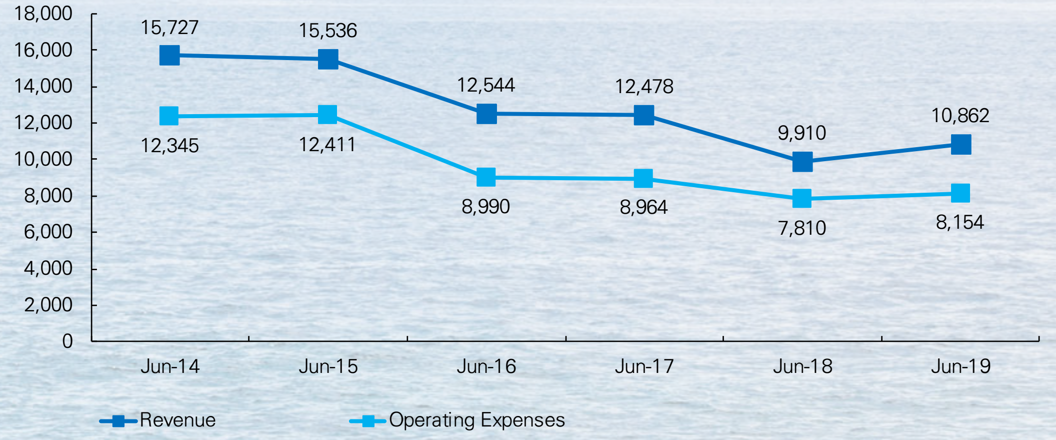
Payments to Federal Government (Rs. in million)



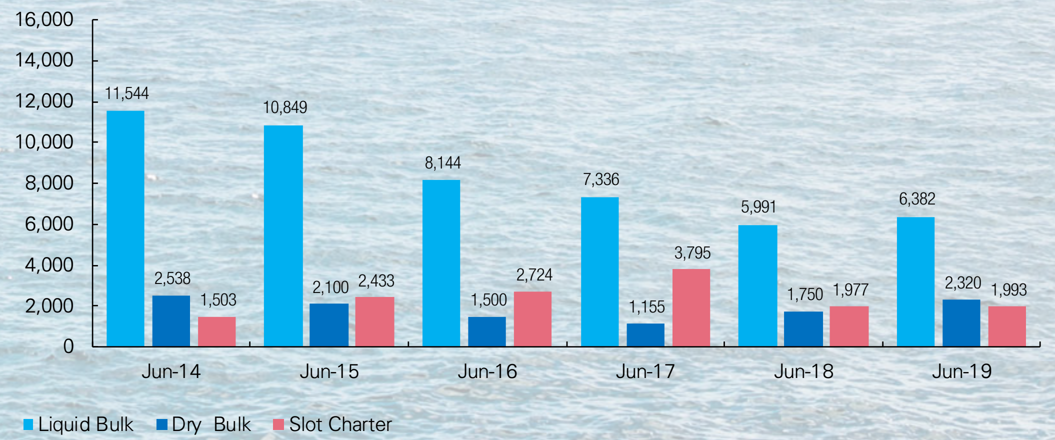
Price Earning Ratio



Revenue & Operating Expenses (Rs. in million)



Sector-wise Revenue (Rs. in million)



Horizontal Analysis (Group)

	2019		2018	
	'000	% change	'000	% change
PROFIT & LOSS				
Revenues	10,862,459	10%	9,909,991	-21%
Expenditure	8,154,103	4%	7,810,416	-13%
Gross profit	2,708,356	29%	2,099,575	-40%
Administrative expenses	1,113,280	4%	1,067,115	6%
Other expenses	505,723	-24%	666,615	-51%
Finance costs	450,153	80%	250,402	-24%
Other income	1,815,231	4%	1,738,594	-24%
Profit before taxation	2,454,431	32%	1,854,037	-40%
Taxation	260,057	22%	212,916	-66%
PROFIT AFTER TAXATION	2,194,374	34%	1,641,121	-34%
BALANCE SHEET				
Property, plant and equipment	29,837,872	35%	22,158,254	-4%
Other non-Current assets	3,441,979	8%	3,195,784	15%
Trade debts	870,512	55%	562,923	-26%
Cash and bank balances	5,578,137	102%	2,764,179	-46%
Other current assets	5,326,930	-40%	8,934,730	55%
TOTAL ASSETS	45,055,430	20%	37,615,870	-0%
Shareholder's equity	32,608,336	4%	31,340,940	5%
Deferred liabilites	711,259	18%	600,933	1%
Long term financing	7,335,925	321%	1,744,186	-41%
Current portion of long term financing	1,747,543	44%	1,210,172	0%
Other current liabilities	2,652,367	-2%	2,719,639	-11%
TOTAL EQUITY AND LIABILITIES	45,055,430	20%	37,615,870	-0%
CASH FLOW STATEMENT				
Cash flows from operating activities	2,017,662	59%	1,270,944	-49%
Cash flows from investing activities	(5,131,477)	132%	(2,207,660)	-211%
Cash flows from financing activities	5,927,773	-506%	(1,460,877)	-1%
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	2,813,958	-217%	(2,397,593)	-179%
OTHERS				
Profit before tax	2,454,431	32%	1,854,037	-40%
Finance costs	450,153	80%	250,402	-24%
Depreciation	1,324,244	-9%	1,457,896	5%
EBITDA	4,228,828	19%	3,562,335	-26%
Profit before tax	2,454,431	32%	1,854,037	-40%
Finance Costs	450,153	80%	250,402	-24%
EBIT	2,904,584	38%	2,104,439	-39%

2017		2016		2015		2014	
‘000	% change	‘000	% change	‘000	% change	‘000	% change
12,477,685	-1%	12,543,985	-19%	15,536,288	-1%	15,726,546	28%
8,963,790	-0%	8,989,808	-28%	12,411,017	1%	12,345,060	38%
3,513,895	-1%	3,554,177	14%	3,125,271	-8%	3,381,486	3%
1,007,062	9%	925,909	-7%	997,072	22%	816,516	-1%
1,353,745	15%	1,181,349	-14%	1,367,320	71%	799,616	277%
330,411	-41%	558,581	-17%	669,949	22%	548,845	-23%
2,279,086	40%	1,627,014	-23%	2,122,118	79%	1,185,721	32%
3,101,763	23%	2,515,352	14%	2,213,048	-8%	2,402,230	-2%
624,948	225%	192,298	99%	96,638	-62%	253,173	-44%
2,476,815	7%	2,323,054	10%	2,116,410	-2%	2,149,057	8%
23,195,568	-4%	24,215,418	-4%	25,178,610	12%	22,567,568	-3%
2,767,260	19%	2,326,786	21%	1,918,724	57%	1,225,190	2%
756,750	34%	564,157	-44%	1,010,048	-59%	2,439,569	107%
5,161,772	141%	2,143,378	-35%	3,312,430	79%	1,852,441	4%
5,771,029	-21%	7,288,306	50%	4,850,370	13%	4,299,171	20%
37,652,379	3%	36,538,045	1%	36,270,182	12%	32,383,939	5%
29,844,723	8%	27,581,597	9%	25,406,739	9%	23,238,240	9%
592,356	-3%	612,767	-28%	851,561	38%	617,483	9%
2,944,191	-29%	4,141,525	-28%	5,748,035	26%	4,568,861	-22%
1,210,172	0%	1,210,172	-29%	1,702,054	29%	1,316,882	0%
3,060,937	2%	2,991,984	17%	2,561,793	-3%	2,642,473	34%
37,652,379	3%	36,538,045	1%	36,270,182	12%	32,383,939	5%
2,499,823	-30%	3,589,130	72%	2,084,453	4%	2,001,668	22%
1,989,539	-182%	(2,422,390)	-14%	(2,825,631)	69%	(1,675,472)	30%
(1,470,968)	-37%	(2,335,792)	-266%	1,403,727	-196%	(1,460,066)	-996%
3,018,394	-358%	(1,169,052)	-276%	662,549	-158%	(1,133,870)	-320%
3,101,763	23%	2,515,352	14%	2,213,048	-8%	2,402,230	-2%
330,411	-41%	558,581	-17%	669,949	22%	548,845	-23%
1,385,461	12%	1,233,255	15%	1,074,214	-0%	1,078,662	4%
4,817,635	12%	4,307,188	9%	3,957,211	-2%	4,029,737	-4%
3,101,763	23%	2,515,352	14%	2,213,048	-8%	2,402,230	-2%
330,411	-41%	558,581	-17%	669,949	22%	548,845	-23%
3,432,174	12%	3,073,933	7%	2,882,997	-2%	2,951,075	-7%

Vertical Analysis (Group)

	2019		2018	
	'000	%	'000	%
PROFIT & LOSS				
Revenues	10,862,459	100%	9,909,991	100%
Expenditure	8,154,103	75%	7,810,416	79%
Gross profit	2,708,356	25%	2,099,575	21%
Administrative expenses	1,113,280	10%	1,067,115	11%
Other expenses	505,723	5%	666,615	7%
Finance costs	450,153	4%	250,402	3%
Other income	1,815,231	17%	1,738,594	18%
Profit before taxation	2,454,431	23%	1,854,037	19%
Taxation	260,057	2%	212,916	2%
PROFIT AFTER TAXATION	2,194,374	20%	1,641,121	17%
BALANCE SHEET				
Property, plant and equipment	29,837,872	66%	22,158,254	59%
Other non-current assets	3,441,979	8%	3,195,784	8%
Trade debts	870,512	2%	562,923	1%
Cash and bank balances	5,578,137	12%	2,764,179	7%
Other current assets	5,326,930	12%	8,934,730	24%
TOTAL ASSETS	45,055,430	100%	37,615,870	100%
Shareholder's equity	32,608,336	72%	31,340,940	83%
Deferred liabilites	711,259	2%	600,933	2%
Long term financing	7,335,925	16%	1,744,186	5%
Current portion of long term financing	1,747,543	4%	1,210,172	3%
Other current liabilities	2,652,367	6%	2,719,639	7%
TOTAL EQUITY AND LIABILITIES	45,055,430	100%	37,615,870	100%
CASH FLOW STATEMENT				
Cash flows from operating activities	2,017,662	72%	1,270,944	-53%
Cash flows from investing activities	(5,131,477)	-182%	(2,207,660)	92%
Cash flows from financing activities	5,927,773	211%	(1,460,877)	61%
NET INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS	2,813,958	100%	(2,397,593)	100%
OTHERS				
Profit before tax	2,454,431	51%	1,854,037	38%
Finance costs	450,153	9%	250,402	5%
Depreciation	1,324,244	27%	1,457,896	30%
EBITDA	4,228,828	88%	3,562,335	74%
Profit before tax	2,454,431	72%	1,854,037	54%
Finance costs	450,153	13%	250,402	7%
EBIT	2,904,584	85%	2,104,439	61%

2017		2016		2015		2014	
'000	%	'000	%	'000	%	'000	%
12,477,685	100%	12,543,985	100%	15,536,288	100%	15,726,546	100%
8,963,790	72%	8,989,808	72%	12,411,017	80%	12,345,060	78%
3,513,895	28%	3,554,177	28%	3,125,271	20%	3,381,486	22%
1,007,062	8%	925,909	7%	997,072	6%	816,516	5%
1,353,745	11%	1,181,349	9%	1,367,320	9%	799,616	5%
330,411	3%	558,581	4%	669,949	4%	548,845	3%
2,279,086	18%	1,627,014	13%	2,122,118	14%	1,185,721	8%
3,101,763	25%	2,515,352	20%	2,213,048	14%	2,402,230	15%
624,948	5%	192,298	2%	96,638	1%	253,173	2%
2,476,815	20%	2,323,054	19%	2,116,410	14%	2,149,057	14%
23,195,568	62%	24,215,418	66%	25,178,610	69%	22,567,568	70%
2,767,260	7%	2,326,786	6%	1,918,724	5%	1,225,190	4%
756,750	2%	564,157	2%	1,010,048	3%	2,439,569	8%
5,161,772	14%	2,143,378	6%	3,312,430	9%	1,852,441	6%
5,771,029	15%	7,288,306	20%	4,850,370	13%	4,299,171	13%
37,652,379	100%	36,538,045	100%	36,270,182	100%	32,383,939	100%
29,844,723	79%	27,581,597	75%	25,406,739	70%	23,238,240	72%
592,356	2%	612,767	2%	851,561	2%	617,483	2%
2,944,191	8%	4,141,525	11%	5,748,035	16%	4,568,861	14%
1,210,172	3%	1,210,172	3%	1,702,054	5%	1,316,882	4%
3,060,937	8%	2,991,984	8%	2,561,793	7%	2,642,473	8%
37,652,379	100%	36,538,045	100%	36,270,182	100%	32,383,939	100%
2,499,823	83%	3,589,130	-307%	2,084,453	315%	2,001,668	-177%
1,989,539	66%	(2,422,390)	207%	(2,825,631)	-426%	(1,675,472)	148%
(1,470,968)	-49%	(2,335,792)	200%	1,403,727	212%	(1,460,066)	129%
3,018,394	100%	(1,169,052)	100%	662,549	100%	(1,133,870)	100%
3,101,763	64%	2,515,352	52%	2,213,048	56%	2,402,230	61%
330,411	7%	558,581	12%	669,949	17%	548,845	14%
1,385,461	29%	1,233,255	26%	1,074,214	27%	1,078,662	27%
4,817,635	100%	4,307,188	89%	3,957,211	100%	4,029,737	102%
3,101,763	90%	2,515,352	82%	2,213,048	77%	2,402,230	81.40%
330,411	10%	558,581	18%	669,949	23%	548,845	18.60%
3,432,174	100%	3,073,933	100%	2,882,997	100%	2,951,075	100%

Six Years at a Glance (PNSC)

	UOM	2018-2019	2017-2018	2016-2017	2015-2016	2014-2015	2013-2014
		--(Rupees in '000)--					
Profit & Loss							
Revenue		3,230,026	4,495,712	7,570,799	5,806,588	8,896,385	8,727,685
Expenditure		2,700,764	3,146,737	4,635,561	4,635,218	7,350,551	7,051,185
Gross profit		529,262	1,348,975	2,935,238	1,171,370	1,545,834	1,676,500
Administrative & other expenses		720,188	981,527	1,606,545	1,538,797	1,840,286	1,183,539
Other income		1,196,025	1,356,520	1,860,251	958,414	1,914,465	1,073,431
Finance Costs		445,490	247,210	328,107	555,028	667,235	546,681
Profit / loss before taxation		559,609	1,476,758	2,860,837	35,959	952,778	1,019,711
Taxation		205,585	173,119	585,426	152,706	60,005	216,435
Profit / loss after taxation		354,024	1,303,639	2,275,411	(116,747)	892,773	803,276
Balance Sheet							
Non-current assets		42,519,747	33,789,362	33,337,092	32,910,510	29,209,782	28,057,057
Current assets		9,317,055	10,413,386	10,060,178	8,621,975	11,378,044	7,383,084
Total Assets		51,836,802	44,202,748	43,397,270	41,532,485	40,587,826	35,440,141
Paid-up Capital		1,320,634	1,320,634	1,320,634	1,320,634	1,320,634	1,320,634
Reserves		9,363,611	9,767,740	8,710,641	6,630,443	6,898,954	6,314,151
Surplus on revaluation of fixed assets		1,234,901	1,242,161	1,140,525	1,159,001	1,128,307	768,248
Share-holders' equity		11,919,146	12,330,535	11,171,800	9,110,078	9,347,895	8,403,033
Non-current liabilities		8,047,184	2,345,119	3,536,547	4,754,292	6,599,596	5,186,344
Current liabilities		31,870,472	29,527,094	28,688,923	27,668,115	24,640,335	21,850,764
		51,836,802	44,202,748	43,397,270	41,532,485	40,587,826	35,440,141
RATIOS							
Profitablility Ratios							
Gross Profit/ Operating Revenue	%	16.39	30.01	38.77	20.17	17.38	19.21
Profit Before Tax/Operating Revenue	%	17.33	32.85	37.79	0.62	10.71	11.68
Profit after Tax/Operating Revenue	%	10.96	29.00	30.06	-2.01	10.04	9.20
Return on Capital Employed	%	1.77	8.88	15.47	-0.84	5.60	5.91
Liquidity / Leverage Ratios							
Current Ratio	Times	0.29	0.35	0.35	0.31	0.46	0.34
Fixed Assets Turnover Ratio	Times	0.08	0.13	0.23	0.18	0.30	0.31
Equity / Total Assets	%	22.99	27.90	25.74	21.93	23.03	23.71
Return to Shareholders							
Earnings per share	Rs.	2.68	9.87	17.23	-0.88	6.76	6.08
Price Earning Ratio	Rs.	23.82	8.30	7.31	-105.99	15.72	12.02
Cash Dividend	Rs. / share	2	1.50	2	2	1.50	1.50
Break-up Value per share	Rs.	90.25	93.37	84.59	68.98	70.78	63.63
Share prices in Rupees							
High		88.99	155.25	213.00	127.90	187.90	94.57
Low		47.13	80.00	90.37	63.01	56.68	46.00

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SHEIKH SULTAN TRUST BUILDING NO.2
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PAKISTAN

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Pakistan National Shipping Corporation (the Corporation)

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations") prepared by the Board of Directors of Pakistan National Shipping Corporation ("the Corporation") for the year ended 30 June 2019 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Corporation. Our responsibility is to review whether the Statement of Compliance reflects the status of the Corporation's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Corporation's personnel and review of various documents prepared by the Corporation to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Corporation's corporate governance procedures and risks.

The Regulations require the Corporation to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Corporation's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Corporation's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Corporation for the year ended 30 June 2019.

EY Ford Rhodes

EY FORD RHODES
Chartered Accountants
Karachi

KPMG Taseer Hadi & Co.

KPMG TASEER HADI & Co.
Chartered Accountants
Karachi

04 October 2019

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2017

PAKISTAN NATIONAL SHIPPING CORPORATION
Year ended 30th June, 2019

The Corporation has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are seven as per the following:

   a) Male : 7
   b) Female : 0

2. In accordance with the provisions of the Pakistan National Shipping Corporation Ordinance, 1979, Ordinance No. XX of 1979, (the PNSC Ordinance), a statutory ordinance which is protected under the Eight Amendment (Act XVIII of 1985) to the Constitution of the Islamic Republic of Pakistan published in the Extra-Ordinary Gazette of Pakistan dated 11th November, 1985, five directors are appointed by the Federal Government and two directors are elected by the shareholders other than Federal Government. The composition of the board of directors (the board) is as follows:

Category	Names
Chairman & Chief Executive	- Mr. Rizwan Ahmed
Non-Executive Directors (appointed by Federal Government under the PNSC Ordinance, 1979).	- Dr. Arshad Mehmood Additional Secretary (Expenditure), Finance Division Islamabad, (Ex-Officio Member). - Mr. Kamran Farooq Ansari Sr. Joint Secretary /Joint Secretary, Ministry of Maritime Affairs Islamabad, (Ex-Officio Member). - Mr. Muhammad Ali - Mr. Ali Syed
Non-Executive Directors (elected by shareholders under the PNSC Ordinance, 1979).	- Mr. Khowaja Obaid Imran Ilyas - Captain Anwar Shah

3. The directors have confirmed that none of them is serving as a director on the board of more than five listed companies, including this Corporation (excluding the listed subsidiaries of listed holding companies where applicable).

4. The Corporation has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Corporation along with its supporting policies and procedures.

5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the Corporation. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the PNSC Ordinance, Companies Act, 2017 (the Act) and these Regulations.

7. The meetings of the board were presided over by the Chairman of the board. The board has complied with the requirements of the PNSC Ordinance, the Act and the Regulations with respect to frequency, recording and circulating minutes of meetings of the board.

8. The boards of directors have a formal policy and transparent procedures for remuneration/ meetings attendance fee of directors in accordance with the PNSC Regulations, 2004 framed under the PNSC Ordinance, the Act and these Regulations.

9. As at 30 June 2019, half of the board of the directors has attended the Directors' Training Program.

10. During the year, the Board has approved the appointment of Company Secretary, including his remuneration and terms and conditions. No new appointment of Chief Financial Officer (CFO) and Head of Internal Audit has been made during

the year except their remuneration and terms and conditions of employment which was approved by the board and the board complied with relevant requirements of the Regulations.

11. CFO and CEO duly endorsed the financial statements before approval of the board.

12. The board has formed committees comprising of members given below:

(a) Audit and Finance Committee:

- Mr. Khowaja Obaid Imran Ilyas	Chairman
- Dr. Arshad Mehmood Additional Secretary (Expenditure) Finance Division Islamabad, (Ex-Officio Member).	Member
- Mr. Kamran Farooq Ansari Sr. Joint Secretary /Joint Secretary Ministry of Maritime Affairs Islamabad, (Ex-Officio Member).	Member
- Captain Anwar Shah	Member
- Mr. Ali Syed	Member
- Mr. Baber Jamal Zuberi	Secretary

(b) HR and Remuneration Committee:

- Mr. Muhammad Ali	Chairman
- Mr. Ali Syed	Member
- Mr. Khowaja Obaid Imran Ilyas	Member
- Capt. Muhammad Shakil	Secretary

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings was as per following:

(a) Audit & Finance Committee meetings were held on the following dates:
- September 26, 2018
- October 25, 2018
- November 12, 2018
- January 28, 2019
- February 25, 2019
- April 26, 2019
- June 12, 2019

(b) HR and Remuneration Committee meetings were held on the following dates:
- September 19, 2018
- January 18, 2019
- June 21, 2019

15. The board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Corporation.

16. The statutory auditors of the Corporation have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP) and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firms, their spouses and minor children do not hold shares of the Corporation and that the firms and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

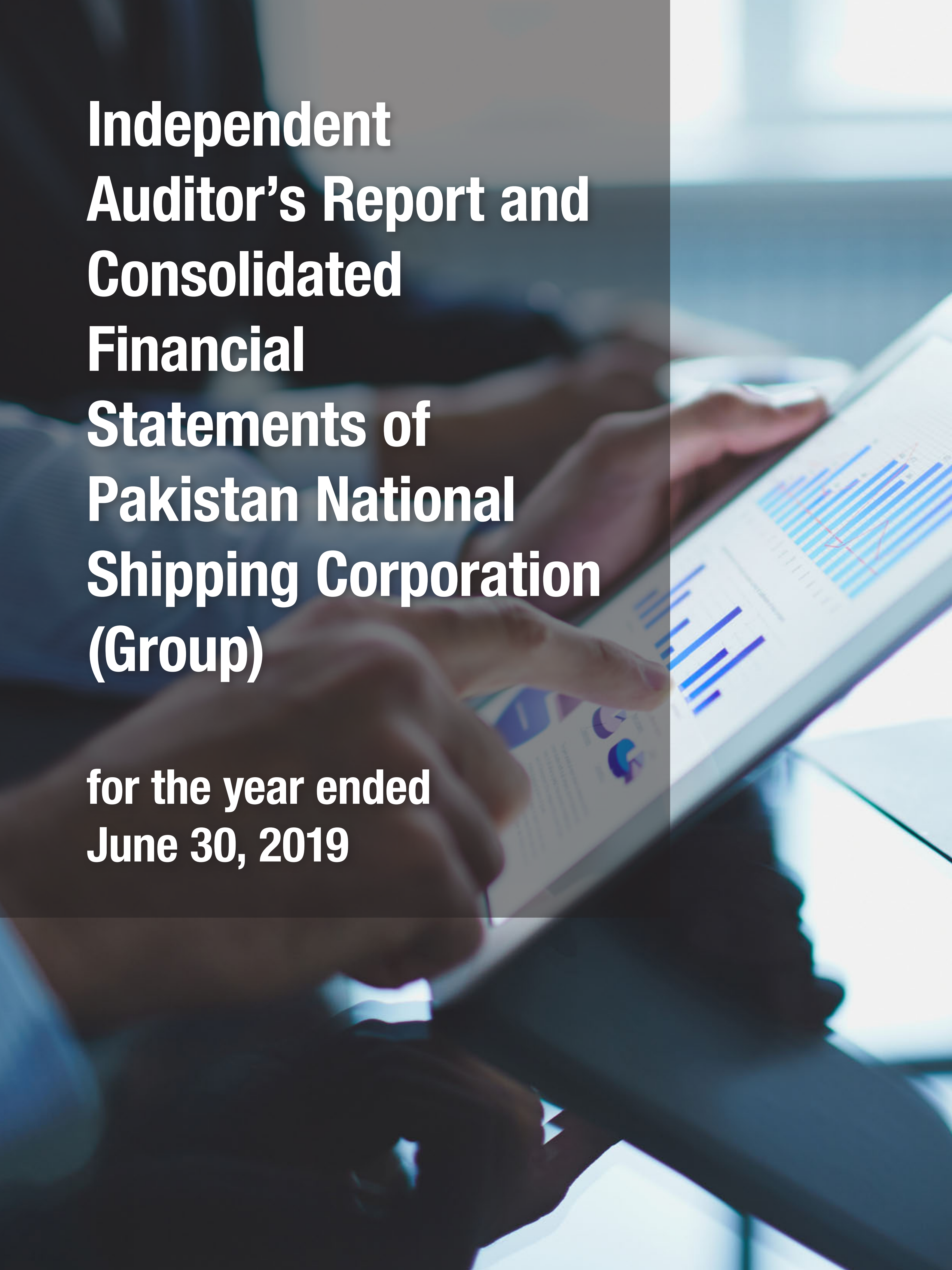
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all other requirements of the Regulations have been complied with.

Rizwan Ahmed

Chairman & Chief Executive **Director**

September 26, 2019



Independent Auditor's Report and Consolidated Financial Statements of Pakistan National Shipping Corporation (Group)

for the year ended
June 30, 2019

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INDEPENDENT AUDITOR'S REPORT

To the members of Pakistan National Shipping Corporation

Opinion

We have audited the annexed consolidated financial statements of Pakistan National Shipping Corporation and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 30 June 2019, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the annexed consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2019 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of the Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key Audit Matters:

S. No.	Key Audit Matter	How the matter was addressed in our audit
(i)	**Valuation of the Group's owned vessels**	
	The Group has owned vessels in its property plant and equipment as disclosed in note 8 to the annexed consolidated financial statements. The Group in accordance with IAS 36 Impairment of Assets" assessed whether there is any indication that a Cash Generating Unit (CGU) i.e. owned vessel may be impaired as at 30 June 2019. The challenging market conditions together with lower fair values in certain vessels are considered as possible indicators of impairment. Accordingly, management performed an impairment assessment of the vessels owned by the Group. For such assessment, the management has determined the recoverable amount of each vessel which is supported by value-in-use calculation. The value-in-use of each vessel is estimated by discounting future cash flow projections which involved exercise of significant estimates and judgments relating majorly to charter hire rates, inflation rates and discount rates. Management compared the carrying amount and the recoverable amount of its owned vessels and concluded that no impairment is required be recorded in the annexed consolidated financial statements. We considered this as a key audit matter due to the significant carrying value of the owned vessels as at reporting date and significance of judgments / estimates used by management in determining their value-in-use.	Our key audit procedures among others included the following: • Obtained an understanding of the methodology and assumptions used by the management to estimate the value-in-use of the carrying value of the Group's owned vessels. • Reviewed computations of value-in-use for accuracy and evaluated technical ability and competence of the management's expert. • Involved our experts to assess the appropriateness of the methodology and assumptions used by the management to determine the value-in-use of the Group's vessels. As part of these audit procedures, our experts: – compared the assumptions used with the historical results, published market and industry data and forecasts; and – reviewed the accuracy of key inputs used in the valuation including the charter hire rates, inflation rates and discount rates. • Reviewed the sensitivity analysis performed by the management in consideration of the potential impact of the reasonably possible change in the assumptions used and considered management's process for approving such estimates. • Reassessed the adequacy of the related disclosures made in the annexed consolidated financial statements.

S. No.	Key Audit Matter	How the matter was addressed in our audit
(ii)	**Adoption of IFRS 9 - Financial Instruments**	
	As referred to in note 5.1 to the annexed consolidated financial statements, the Group has adopted IFRS 9 with effect from 1 July 2018. The impact of adoption on the classification and carrying amount of the financial assets as at 1 July 2018 is disclosed in note 5.1.2 to the annexed consolidated financial statements. IFRS 9 requires the Group to calculate loss allowances for its financial assets using expected credit loss (ECL) model as against the incurred loss model previously applied by the management. Assessment of allowance for ECL against trade debts, agents' and owners' balances and other receivables requires significant judgement, estimates and assumptions applied by the management including historical credit loss experience adjusted with forward-looking macro-economic information. We have considered adoption of IFRS 9 as a key audit matter due to significance of the estimates and judgements used by the management related particularly to the calculation of allowance for ECL.	Our key audit procedures among others included the following: • Reviewed the methodology developed and applied by the management to estimate the allowance for ECL against trade debts, agents' and owners' balances and other receivables. • Considered and evaluated the assumptions used in applying the ECL model based on historical information and qualitative factors as relevant for such estimates. • Assessed the integrity and quality of the data used for allowance for ECL computation based on the accounting records and information system of the Group as well as the external sources used for this purpose. • Checked the mathematical accuracy of the ECL model by performing recalculation on test basis. • Reassessed the adequacy of related disclosures made in the annexed consolidated financial statements.

S. No.	Key Audit Matter	How the matter was addressed in our audit
(iii)	**Long-term financing**	
	During the year, the Group has obtained further long-term financing from commercial banks as disclosed in note 26 to the annexed consolidated financial statements. The Group's key operating / performance indicators including liquidity, gearing and finance costs are directly influenced by its portfolio of borrowings. Further, financing arrangements entail covenants that the Group is subject to compliance. We have considered long-term financing as a key audit matter due to the significance of the financing obtained during the year along with the sensitivity of the compliance with underlying debt covenants.	Our key audit procedures among others included the following: • Obtained an understanding with Group's process with respect to long-term financing and tested related controls established by the management of the Group. • Reviewed all the significant terms and conditions contained in the bank's facility letter and financing agreement executed during the year. • Reviewed Group's compliance with underlying debt covenants and inquired from management about future compliance with the debt covenants and any challenges expected in this regard. • Circularized confirmations to the financing banks with outstanding loan balances at the reporting date. • Reviewed the maturity analysis of the financing obtained to ascertain the classification of loans as per their remaining maturities. • Assessed the adequacy and appropriateness of the related disclosures made in the annexed consolidated financial statements.

S. No.	Key Audit Matter	How the matter was addressed in our audit
(iv)	**Contingencies**	
	The Group has various contingent liabilities in respect of income tax matters, sales tax matters and claims from employees and customers which are pending adjudication before the relevant regulatory authorities and the courts of law, details of which are disclosed in notes 31.1 to 31.17 to the annexed consolidated financial statements. Contingencies require management to make judgments and estimates in relation to the interpretation of laws, statutory rules, regulations and the probability of outcome and financial impact, if any, on the Group regarding disclosure and recognition and measurement of any provision that may be required against such contingencies in the annexed consolidated financial statements. Due to significance of amounts involved, inherent uncertainties with respect to the outcome of the matters and use of significant management judgments and estimates to assess the same including related financial impacts, we considered contingencies as a key audit matter.	Our key audit procedures among others included the following: • Obtained an understanding of the Group's processes and controls over litigations through meetings with the management, inhouse legal department and review of the minutes of the Board of Directors and Board Audit Committee. • Reviewed correspondence of the Group with regulatory departments, tax authorities (including judgments and orders passed by competent authorities from time to time, where applicable) and the Group's external counsel. Where relevant, also assessed external legal / tax advices obtained by the Group. • Discussed open matters and developments with the in-house legal department of the Group. • Involved internal tax professionals to assess management's conclusion on contingent tax matters and to evaluate the consistency of such conclusions with the views of the management and external tax advisors engaged by the Group. • Circularised confirmations to the Group's external legal and tax advisors for their views and assessment on the pending cases. • Reassessed the adequacy of related disclosures made in the annexed consolidated financial statements.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and unconsolidated financial statements and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

The consolidated financial statements of the Group for the year ended 30 June 2018 were audited by A.F.Ferguson and Co., Chartered Accountants and EY Ford Rhodes, Chartered Accountants who had expressed an unmodified opinion thereon dated 27 September 2018.

The engagement partners on the audit resulting in this independent auditor's report are Tariq Feroz Khan (EY Ford Rhodes) and Muhammad Taufiq (KPMG Taseer Hadi & Co.).

EY Ford Rhodes

EY Ford Rhodes
Chartered Accountants
Karachi

KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co.
Chartered Accountants
Karachi

04 October 2019

Consolidated Statement of Financial Position

As at June 30, 2019

	Note	June 30, 2019	June 30, 2018
		--------------(Rupees in '000)--------------	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	29,837,872	22,158,254
Intangible asset	9	-	-
Investment properties	10	3,266,105	3,061,632
Long-term investments in:			
- Related party (an associate)	11	-	-
- Listed companies and an other entity	12	32,475	51,199
Long-term loans	13	17,313	19,050
Long-term deposits		90	90
Deferred taxation - net	14	125,996	63,813
		33,279,851	25,354,038
CURRENT ASSETS			
Stores and spares	15	1,062,835	655,424
Trade debts - unsecured	16	870,512	562,923
Agents' and owners' balances - unsecured	17	13,085	19,041
Loans and advances	18	69,996	110,290
Trade deposits and short-term prepayments	19	73,665	21,692
Interest accrued on bank deposits and short-term investments		23,986	27,303
Other receivables	20	2,047,422	2,588,273
Incomplete voyages	21	102,164	86,305
Insurance claims		96,179	87,642
Taxation-net		1,349,048	1,365,330
Short-term investments	22	3,182,550	4,094,860
Cash and bank balances	23	2,884,137	2,642,749
		11,775,579	12,261,832
TOTAL ASSETS		45,055,430	37,615,870
EQUITY AND LIABILITIES			
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE HOLDING COMPANY			
Share capital			
Authorised 200,000,000 (2018: 200,000,000) ordinary shares of Rs 10 each		2,000,000	2,000,000
Issued, subscribed and paid-up share capital	24	1,320,634	1,320,634
Capital reserve		131,344	131,344
Revenue reserves		30,220,643	28,894,933
Remeasurement of post retirement benefits obligation - net of tax		(306,621)	(255,121)
Surplus on revaluation of property, plant and equipment - net of tax		1,237,726	1,244,986
		32,603,726	31,336,776
NON-CONTROLLING INTEREST	25	4,610	4,164
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP		32,608,336	31,340,940
NON-CURRENT LIABILITIES			
Long-term financing - secured	26	7,335,925	1,744,186
Deferred liabilities	27	711,259	600,933
		8,047,184	2,345,119
CURRENT LIABILITIES			
Trade and other payables	28	2,293,766	2,424,248
Contract liabilities	29	218,551	193,288
Provision against damage claims	30	26,475	23,193
Current portion of long-term financing	26	1,747,543	1,210,172
Unclaimed dividend		60,064	52,869
Accrued mark-up on long-term financing		53,511	26,041
		4,399,910	3,929,811
TOTAL LIABILITIES		12,447,094	6,274,930
TOTAL EQUITY AND LIABILITIES		45,055,430	37,615,870
CONTINGENCIES AND COMMITMENTS	31		

The annexed notes 1 to 56 form an integral part of these consolidated financial statements.

Syed Jarar Haider Kazmi	**Rizwan Ahmed** P.A.S.	**Khowaja Obaid Imran Ilyas**
Chief Financial Officer	Chairman & Chief Executive	Director

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended June 30, 2019

	Note	June 30, 2019	June 30, 2018
		(Rupees in '000)	
REVENUE			
Income from shipping business	32	10,693,810	9,717,647
Rental income		168,649	192,344
		10,862,459	9,909,991
EXPENDITURE			
Fleet expenses - direct	33	(7,985,347)	(7,631,497)
Fleet expenses - indirect	34	(27,375)	(28,979)
Real estate expenses	35	(141,381)	(149,940)
		(8,154,103)	(7,810,416)
GROSS PROFIT		2,708,356	2,099,575
Administrative expenses	36	(1,113,280)	(1,067,115)
Other expenses	37	(505,723)	(666,615)
Other income	38	1,815,231	1,738,594
		196,228	4,864
OPERATING PROFIT		2,904,584	2,104,439
Finance costs	39	(450,153)	(250,402)
PROFIT BEFORE TAXATION		2,454,431	1,854,037
Taxation	40	(260,057)	(212,916)
NET PROFIT FOR THE YEAR		2,194,374	1,641,121
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss			
- Remeasurement of post-retirement benefits obligation	27.1.8	(63,931)	631
- Impact of deferred tax	14.1	12,431	(93)
		(51,500)	538
- Revaluation of property, plant and equipment		-	54,276
- Impact of deferred tax	14.1	(5,178)	64,409
		(5,178)	118,685
OTHER COMPREHENSIVE (LOSS) / INCOME FOR THE YEAR		(56,678)	119,223
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		2,137,696	1,760,344
NET PROFIT ATTRBUTABLE TO:			
Equity holders of the Holding Company		2,193,928	1,640,671
Non-controlling interest	25	446	450
		2,194,374	1,641,121
TOTAL COMREHENSIVE INCOME ATTRBUTABLE TO:			
Equity holders of the Holding Company		2,137,250	1,759,894
Non-controlling interest	25	446	450
		2,137,696	1,760,344
		(Rupees)	
EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE HOLDING COMPANY - basic and diluted	41	16.61	12.42

The annexed notes 1 to 56 form an integral part of these consolidated financial statements.

Syed Jarar Haider Kazmi	**Rizwan Ahmed** P.A.S.	**Khowaja Obaid Imran Ilyas**
Chief Financial Officer	Chairman & Chief Executive	Director

Consolidated Statement of Changes in Equity

For the year ended June 30, 2019

	Attributable to the owners of the Holding Company									
			Revenue reserves							
	Issued, subscribed and paid-up share capital	*Capital reserve	General reserve	Unappropriated profit	Sub-total revenue reserves	Remeasurement of post retirement benefits obligation - net of tax	Surplus on revaluation of property, plant and equipment - net of tax	Total reserves	Non-controlling interest	Total equity
	(Rupees in '000)									
Balance as at July 01, 2017 - restated	1,320,634	131,344	129,307	27,372,033	27,501,340	(255,659)	1,143,350	28,520,375	3,714	29,844,723
Transactions with owners										
Final cash dividend for the year ended June 30, 2017 paid to shareholders of the Holding Company @ Rs 2 per ordinary share	-	-	-	(264,127)	(264,127)	-	-	(264,127)	-	(264,127)
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of tax	-	-	-	17,049	17,049	-	(17,049)	-	-	-
Comprehensive income for the year										
Net profit for the year	-	-	-	1,640,671	1,640,671	-	-	1,640,671	450	1,641,121
Other comprehensive income for the year	-	-	-	-	-	538	118,685	119,223	-	119,223
Total comprehensive income for the year	-	-	-	1,640,671	1,640,671	538	118,685	1,759,894	450	1,760,344
Balance as at June 30, 2018	1,320,634	131,344	129,307	28,765,626	28,894,933	(255,121)	1,244,986	30,016,142	4,164	31,340,940
Balance as at July 01, 2018, as previously reported	1,320,634	131,344	129,307	28,765,626	28,894,933	(255,121)	1,244,986	30,016,142	4,164	31,340,940
Impact of initial application of IFRS 9 (note 5.1.2)	-	-	-	(674,969)	(674,969)	-	-	(674,969)	-	(674,969)
Impact of deferred tax	-	-	-	2,764	2,764	-	-	2,764	-	2,764
Net impact on initial application of IFRS 9	-	-	-	(672,205)	(672,205)	-	-	(672,205)	-	(672,205)
Balance as at July 01, 2018 - restated	1,320,634	131,344	129,307	28,093,421	28,222,728	(255,121)	1,244,986	29,343,937	4,164	30,668,735
Transactions with owners										
Final cash dividend for the year ended June 30, 2018 paid to shareholders of the Holding Company @ Rs 1.5 per ordinary share	-	-	-	(198,095)	(198,095)	-	-	(198,095)	-	(198,095)
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of tax	-	-	-	2,082	2,082	-	(2,082)	-	-	-
Comprehensive income for the year										
Net profit for the year	-	-	-	2,193,928	2,193,928	-	-	2,193,928	446	2,194,374
Other comprehensive loss for the year	-	-	-	-	-	(51,500)	(5,178)	(56,678)	-	(56,678)
Total comprehensive income for the year	-	-	-	2,193,928	2,193,928	(51,500)	(5,178)	2,137,250	446	2,137,696
Balance as at June 30, 2019	1,320,634	131,344	129,307	30,091,336	30,220,643	(306,621)	1,237,726	31,283,092	4,610	32,608,336

* This includes an amount transferred from shareholder's equity at the time of merger of former NSC and PSC. The reserve is not utilisable for the purpose of distribution to shareholders.

The annexed notes 1 to 56 form an integral part of these consolidated financial statements.

Syed Jarar Haider Kazmi
Chief Financial Officer

Rizwan Ahmed P.A.S.
Chairman & Chief Executive

Khowaja Obaid Imran Ilyas
Director

Consolidated Statement of Cash Flows

For the year ended June 30, 2019

	Note	June 30, 2019	June 30, 2018
		----------(Rupees in '000)-----------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	42	2,853,438	2,048,899
Employees' gratuity paid	27.1.4	(26,756)	(8,794)
Employees' compensated absences paid	27.2.4	(81,852)	(70,064)
Post-retirement medical benefits paid	27.1.4	(27,229)	(36,506)
Long-term loans		1,737	19,050
Finance costs paid		(405,735)	(245,091)
Taxes paid		(295,941)	(436,550)
Net cash generated from operating activities		2,017,662	1,270,944
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	8.1 & 8.7	(9,030,695)	(302,836)
Additions made to investment properties	10	-	(349)
Short-term investments redeemed / (made)		3,484,880	(2,296,385)
Interest received on short-term investments		410,391	389,026
Dividends received on long-term investments in listed companies	38	3,947	2,884
Net cash used in investing activities		(5,131,477)	(2,207,660)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term financing obtained	26.3 & 53	7,568,288	-
Long-term financing repaid	26.3 & 53	(1,449,615)	(1,210,472)
Dividends paid	53	(190,900)	(250,405)
Net cash generated from / (used in) financing activities		5,927,773	(1,460,877)
Net increase / (decrease) in cash and cash equivalents		2,813,958	(2,397,593)
Cash and cash equivalents at beginning of the year		2,764,179	5,161,772
Cash and cash equivalents at end of the year	43	5,578,137	2,764,179

The annexed notes 1 to 56 form an integral part of these consolidated financial statements.

Syed Jarar Haider Kazmi	Rizwan Ahmed P.A.S.	Khowaja Obaid Imran Ilyas
Chief Financial Officer	Chairman & Chief Executive	Director

Notes to and Forming Part of the Consolidated Financial Statements
For the year ended June 30, 2019

1. THE GROUP AND ITS OPERATIONS

1.1 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 repealed Companies Ordinance, 1984 (now the Companies Act, 2017), 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
- Quetta Shipping (Private) Limited
- Sargodha Shipping (Private) Limited
- Shalamar Shipping (Private) Limited
- Sibi Shipping (Private) Limited
- Swat Shipping (Private) Limited
- Pakistan Co-operative Ship Stores (Private) Limited

Associate

- Muhammadi Engineering Works (Private) Limited

The Holding Company owns 73% (2018: 73%) of the share capital of Pakistan Co-operative Ship Stores (Private) Limited and 100% (2018: 100%) of the share capital of the remaining eighteen subsidiary companies. Each of wholly owned subsidiaries operate one vessel / tanker with the exception of Islamabad Shipping (Private) Limited, Johar Shipping (Private) Limited, Kaghan Shipping (Private) Limited, Lalazar Shipping (Private) Limited, Makran Shipping (Private) Limited, Sargodha Shipping (Private) Limited and Swat Shipping (Private) Limited which currently do not own any vessel / tanker.

2. STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act); and

- Provisions of and directives issued under the Act.

Where provisions of and directives issued under the Act differ from the IFRSs, the provisions of and directives issued under the Act have been followed.

3. BASIS OF MEASUREMENT

3.1 These consolidated financial statements have been prepared under the historical cost convention except as otherwise stated in the respective notes to the consolidated financial statements.

3.2 These consolidated financial statements are presented in Pakistani Rupees, which is the Group's functional and presentation currency.

4. BASIS OF CONSOLIDATION

These consolidated financial statements include the financial statements of the Holding Company and all of its subsidiaries.

4.1 Subsidiaries

Subsidiaries are entities controlled by the Holding Company. Subsidiaries are those entities over which the Holding Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than fifty percent of the voting rights. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The assets, liabilities, income and expenses of subsidiary companies are consolidated on a line by line basis and carrying value of investments held by the Holding Company is eliminated against the subsidiary companies' shareholders' equity in these consolidated financial statements.

The financial statements of the subsidiaries are prepared for the same reporting year as the Holding Company, using consistent accounting policies.

All intra-group balances, transactions and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

Transactions with non-controlling interests

The Group treats transactions with non-controlling interest that do not result in loss of control as transactions with equity owners of the Group. For purchase of interest from non-controlling interests, the difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the equity is remeasured to its fair value, with the change in carrying amount recognised in the profit or loss. The fair value is the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate, joint venture or financial assets. In addition, any amount previously recognised in other comprehensive income in respect to that entity are accounted for as if the Group had directly disposed off the related assets and liabilities.

4.2 Associates

Associates are those entities in which the Holding Company has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Holding Company holds between 20 and 50 percent of the voting power of another entity or when the Holding Company has significant influence through common directorship(s).

5. STANDARDS, INTERPRETATIONS, AMENDMENTS AND IMPROVEMENTS APPLICABLE TO FINANCIAL STATEMENTS

5.1 New standards, interpretations, amendments and improvements effective during the year

The Group has adopted the following standards, interpretations, amendments and improvements to IFRSs which became effective for the current year:

IFRS 2: Share-based Payments: Classification and Measurement of Share Based Payments Transactions (Amendments)
IFRS 9: Financial Instruments
IFRS 15: Revenue from Contracts with Customers
IAS 40: Investment Property: Transfers of Investment Property (Amendments)
IFRIC 22: Foreign Currency Transactions and Advance Consideration

Improvements to IFRSs Issued by IASB in December 2016

IAS 28 — Investment in Associates and Joint Ventures: Clarification that measuring investees at fair value through profit or loss in an investment-by-investment choice.

The adoption of the above standards, interpretations, amendments and improvements to IFRSs did not have any effect on these consolidated financial statements, except for IFRS 9 and IFRS 15 as explained below:

5.1.1 IFRS 15 Revenue from Contracts with Customers

IFRS 15 ‘Revenue from contracts with customers’ - IFRS 15 replaces the previous revenue standards: IAS 18 ‘Revenue’, IAS 11 ‘Construction Contracts’, and the related interpretations on revenue recognition.

According to IFRS 15, revenue is recognised to depict the transfer of promised goods or services to a customer in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Revenue is recognised when, or as, the customer obtains control of the goods or services. IFRS 15 also includes guidance on the presentation of contract balances, that is, assets and liabilities arising from contracts with customers, depending on the relationship between the entity’s performance and the customers’ payment.

The Group has applied IFRS 15 using modified retrospective approach with initial application date of July 01, 2018 as notified by the Securities and Exchange Commission of Pakistan (SECP). The first-time application of IFRS 15 has not had any significant effects with regard to the amount of revenue recognised and when it is recognised. Hence, no cumulative adjustment amounts have been recognised to adjust the opening retained earnings as at July 01, 2018. Accordingly, the information presented for prior years has not been restated, as previously reported, under IAS 18 and related interpretations.

The management of the Group has assessed and concluded that the Group is in compliance with the requirements of IFRS 15. The new accounting policy in respect of revenue recognition is stated in note 6.18 to these consolidated financial statements. As a result of the application of IFRS 15, overage premium and ocean losses for the year amounting to Rs 71.945 million and Rs 74.631 million (2018: Rs 90.636 million and Rs 69.670 million) respectively that were classified in “Fleet expenses - direct” have now been netted off against “Voyage charter revenue”. Moreover, “Advance from customers” are presented as “Contract liabilities” amounting to Rs 218.45 million (2018: Rs 193.288 million) that were previously classified under “Trade and other payables” and “Incomplete voyages”.

5.1.2 IFRS 9 Financial Instruments

IFRS 9 ‘Financial Instruments’ replaces guidance in IAS 39 ‘Financial Instruments: Recognition and Measurement’. The Group has applied IFRS 9 using modified retrospective approach with initial application date of July 01, 2018 as notified by the SECP. IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. The adoption of IFRS 9 has fundamentally changed the Group’s accounting for impairment losses for financial assets by replacing IAS 39’s incurred loss approach with a forward-looking expected credit loss (ECL) approach.

The management of the Group has assessed and concluded that the Group is in compliance with the requirements of IFRS 9. The new accounting policy in respect of financial instruments is stated in note 6.6 to these consolidated financial statements.

The Group using modified retrospective approach has not restated the comparative information for prior periods with respect to classification and measurement (including impairment) requirement. Accordingly the information presented for prior year does not generally reflect the requirements of IFRS 9 but rather IAS 39. Upon application of IFRS 9, differences in carrying amount of financial assets as at July 01, 2018 are recognised in opening retained earnings as disclosed below.

Impact of adopting IFRS 9 on the classification and carrying amounts of financial assets

The effect of adopting IFRS 9 on the carrying amounts of financial assets at July 01, 2018 relates solely to the new impairment requirements. The following table explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for the class of the Group’s financial assets as at July 01, 2018.

Financial assets	Original category under IAS 39	New category under IFRS 9	Carrying amount under IAS 39 as at July 01, 2018	Effect of adoption of IFRS 9	Carrying amount under IFRS 9 as at July 01, 2018
			-----------------------	(Rupees in '000)	-----------------------
Trade debts	Loans and receivables	Amortised cost	562,923	(20,404)	542,519
Agents' and owners' balances	Loans and receivables	Amortised cost	19,041	-	19,041
Loans	Loans and receivables	Amortised cost	10,107	-	10,107
Trade deposits	Loans and receivables	Amortised cost	15,516	-	15,516
Interest accrued on bank deposits and short-term investments	Loans and receivables	Amortised cost	27,303	-	27,303
Other receivables	Loans and receivables	Amortised cost	2,554,068	(654,565)	1,899,503
Insurance claims	Loans and receivables	Amortised cost	87,642	-	87,642
Cash and bank balances	Loans and receivables	Amortised cost	2,642,749	-	2,642,749
Short-term investments	Held to maturity	Amortised cost	4,094,860	-	4,094,860
Long-term investments in listed companies	Designated at FVTPL	FVTPL	51,099	-	51,099
Long-term loans	Loans and receivables	Amortised cost	19,050	-	19,050
			10,084,358	(674,969)	9,409,389

5.2 Standards, interpretations, amendments and improvements to approved accounting standards that are not yet effective

The following standards, interpretations, amendments and improvements with respect to the IFRSs as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standards or Interpretations	Effective date (annual periods beginning on or after)
IFRS 3 -- Definition of a Business (Amendments)	January 01, 2020
IFRS 3 -- Business Combinations: Previously held interests in a joint operation	January 01, 2019
IFRS 9 -- Prepayment Features with Negative Compensation (Amendments)	January 01, 2019
IFRS 10 / IAS 28 -- Consolidated Financial Statements and Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IFRS 11 -- Joint Arrangements: Previously held interests in a joint operation	January 01, 2019
IFRS 16 -- Leases	January 01, 2019
IAS 1 / IAS 8 -- Definition of Material (Amendments)	January 01, 2019
IAS 12 -- Income Taxes: Income tax consequences of payments on financial instruments classified as equity	January 01, 2019

IAS 19 -- Plan Amendment, Curtailment or Settlement (Amendments)	January 01, 2019
IAS 23 -- Borrowing Costs - Borrowing costs eligible for capitalisation	January 01, 2019
IAS 28 -- Long-term Interests in Associates and Joint Ventures (Amendments)	January 01, 2019
IFRIC 23 -- Uncertainty over Income Tax Treatments	January 01, 2019

The above standards, interpretations and amendments are not expected to have any material impact on the Group's consolidated financial statements in the period of initial application except for IFRS 16 'Leases'. The management of the Group is currently evaluating the impact of this standard on the consolidated financial statements of the Group.

In addition to the above standards, interpretations and amendments, improvements to various IFRSs have also been issued by the IASB in December 2017. Such improvements are generally effective for accounting periods beginning on or after January 01, 2019. The Group expects that such improvements to the standards will not have any material impact on the Group's consolidated financial statements in the period of initial application.

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after January 01, 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan. The management of the Group expects that below new standards will not have any material impact on the Group's consolidated financial statements in the period of initial application.

Standards	Effective date (annual periods beginning on or after)
IFRS 1 -- First time adoption of IFRSs	January 01, 2004
IFRS 14 -- Regulatory Deferral Accounts	January 01, 2016
IFRS 17 -- Insurance Contracts	January 01, 2021

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

6.1 Property, plant and equipment

These are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses, if any, except for leasehold land, buildings on leasehold land, beach huts and workshop machinery and equipment which are carried at revalued amounts less subsequent accumulated depreciation and any subsequent accumulated impairment losses, if any. The revaluation of related assets is carried out at regular intervals to ensure that the carrying amounts do not differ materially from those which would have been determined using fair values at the date of statement of financial position.

The value assigned to leasehold land is not depreciated as the leases are expected to be renewed for further periods on payment of relevant rentals. Annual lease rentals are charged to profit or loss and premium paid at the time of renewal, if any, is amortised over the remaining period of the lease.

Depreciation is charged to profit or loss applying the straight line method whereby the depreciable amount of an asset is depreciated over its estimated useful life.

No depreciation is charged if the asset's residual value exceeds its carrying amount.

Full month's depreciation is charged from the month the asset is available for intended use and no depreciation is charged in the month of disposal. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Gains and losses on disposals determined by comparing proceeds with carrying amount of the relevant assets are included in profit or loss.

Residual values, useful lives and methods of depreciation are reviewed at each date of statement of financial position and adjusted, if expectations differ significantly from previous estimates.

Increase in the carrying amounts arising on revaluation of leasehold land, buildings on leasehold land, beach huts and workshop machinery and equipment is recognised, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss.

Decrease in the carrying amounts arising as a result of revaluation, that reverses previous increase of the same asset is first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decrease are charged to profit or loss.

Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the revaluation surplus on property, plant and equipment to unappropriated profit. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the assets and the net amount is restated to the revalued amount of the assets. Upon disposal, any revaluation reserve relating to the particular assets being sold is transferred to unappropriated profit.

Major spare parts and stand-by equipment qualify for recognition as property, plant and equipment when the Group expects to use them for more than one year.

Maintenance and normal repairs are charged to profit or loss as and when incurred. Major renewals, replacements and improvements are capitalised and assets so replaced, if any, are retired.

6.2 Capital work-in-progress

These are stated at cost less accumulated impairment losses, if any. All expenditure connected with specific assets incurred during installation and construction period are carried under this head. These are transferred to specific assets as and when these assets are available for intended use.

6.3 Intangible assets

These are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Amortisation is charged to profit or loss by applying straight-line method whereby the cost less residual value, if not insignificant, of an asset is written off over its estimated useful life to the Group. Full month's amortisation is charged from the month the asset is available for intended use and no amortisation is charged in the month of disposal. Gains and losses on disposals determined by comparing proceeds with carrying amount of the relevant assets are included in profit or loss.

6.4 Investment properties

Properties held for long-term rental yields which are significantly rented out by the Group are classified as investment properties.

Investment properties are measured initially at cost, including related transaction costs directly attributable to acquisition. After initial recognition at cost, investment properties are carried at their fair values based on market value determined by professional independent valuers with sufficient regularity. Fair values are based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. Gain or loss arising as a result of fair valuation is charged to profit or loss.

Additions to investment properties consist of costs of a capital nature. The profit on disposal is determined as the difference between the sales proceeds and the carrying amount of the asset at the commencement of the accounting period plus capital expenditure in the period.

6.5 Impairment of non-financial assets

The Group assesses at each date of statement of financial position whether there is any indication that the assets may be impaired. If such indications exist, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment charge is recognised in profit or loss except for impairment loss on revalued assets, which is recognised directly against revaluation surplus of the same asset to the extent that the impairment loss does not exceed the amount held in the revaluation surplus.

6.6 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

6.6.1 Financial assets

a) Initial recognition and measurement

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value through Other Comprehensive Income (FVOCI) – debt investment; FVOCI – equity investment; or Fair Value through Profit or Loss (FVTPL).

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income (OCI). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade debt without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

b) Subsequent measurement

Financial assets at FVTPL - These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses, if any. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI - These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI - These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses including on account of derecognition are recognised in OCI and are never reclassified to profit or loss.

6.6.2 Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Financial liabilities at fair value through profit or loss

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition at FVTPL. Gains or losses on liabilities held for trading are recognised in the consolidated statement of profit or loss. Financial liabilities designated upon initial recognition at FVTPL are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liability at FVTPL.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings. For more information, refer note 26 to these consolidated financial statements.

6.6.3 Impairment of financial assets

IFRS 9 replaces the ‘incurred loss’ model in IAS 39 with an ‘expected credit loss’ (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset’s original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

At each date of statement of financial position, the Group assesses whether financial assets are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the respective asset.

The Group uses the standard's simplified approach and calculates ECL based on life time ECL on its financial assets. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the financial assets and the economic environment.

6.6.4 Off-setting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the consolidated financial statements if the Group has a legally enforceable right to set-off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

6.7 Stores and spares

Stores are valued at weighted average cost while spares are valued at cost determined on first-in first-out basis. Stores and spares in transit are valued at cost incurred upto the date of consolidated statement of financial position.

Certain spares having low value and high consumption levels are charged to profit or loss at the time of purchase.

The Group reviews the carrying amount of stores and spares on a regular basis and provision is made for obsolescence, if there is any change in the usage pattern and physical form.

6.8 Trade debts, agents' and owners' balances, loans, deposits and other receivables

Trade debts, agents' and owners' balances, loans, deposits and other receivables are stated initially at fair value and subsequently measured at amortised cost using EIR less an allowance for ECL. Allowance for ECL is based on lifetime ECLs that result from all possible default events over the expected life of the trade debts, agents' and owners' balances, loans, deposits and other receivables. Bad debts, if any, are written off when considered irrecoverable.

6.9 Taxation

6.9.1 Current

The charge for current taxation is based on taxable income at the current prevailing rates of taxation in accordance with the Income Tax Ordinance, 2001. Current tax in respect of voyage charter is taxable under Final Tax Regime (FTR) under section 7A of the Income Tax Ordinance, 2001. The impact of prior year tax, if any is charged to profit or loss.

6.9.2 Deferred

Deferred tax is provided using the liability method for all temporary differences arising at the date of consolidated statement of financial position, between tax bases of assets and liabilities and their carrying amounts. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which these can be utilised. Deferred tax is recorded at the current prevailing rate of taxation.

6.10 Insurance claims

Insurance expenses relating to hull are charged to profit or loss and claims filed there against are taken to profit or loss when such claims are accepted by the underwriters.

Afloat medical expenses, cargo claims and other relevant amounts recoverable from underwriters are taken to insurance claims receivable.

6.11 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services, whether or not billed to the Group.

6.12 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are reviewed at each date of consolidated statement of financial position and adjusted to reflect the current best estimate.

6.13 Dividend and appropriations

Dividends declared and transfers between reserves made subsequent to the date of consolidated statement of financial position are considered as non-adjusting events and are recognised in the consolidated financial statements in the period in which such dividends are declared / transfers are made.

6.14 Staff retirement benefits

6.14.1 Defined contribution plan - Provident fund

The Group operates an approved provident fund scheme for all its permanent employees. Equal monthly contributions are made, both by the Group and its employees, to the fund at the rate of 10 percent of the basic salaries of employees. Contributions by the Group are charged to profit or loss for the year.

6.14.2 Defined benefit plans - Gratuity fund

The Group operates a funded retirement gratuity scheme for its permanent employees other than those who joined the Group on or after October 16, 1984. Further, the Group also operates an unfunded retirement gratuity scheme for contractual employees. Provisions are made in the consolidated financial statements to cover obligations on the basis of actuarial valuation carried out annually under the projected unit credit method. The latest valuation was carried out as at June 30, 2019. The remeasurement of defined benefit plan is recognised directly to equity through other comprehensive income.

The benefit is payable on completion of prescribed qualifying period of service under these schemes.

6.14.3 Defined benefit plan - Post-retirement medical benefits

The Group provides lump sum medical allowance and free medical facilities to its retired employees in accordance with the service regulations.

Provisions are made in the consolidated financial statements to cover obligations on the basis of actuarial valuation carried out annually using the projected unit credit method. The latest valuation was carried out as at June 30, 2019. The remeasurement of post-retirement benefit obligation is recognised directly to equity through OCI.

The benefit is payable on completion of prescribed qualifying period of service under these schemes.

6.15 Employees' compensated absences

The Group accounts for the liability in respect of employees' compensated absences in the year in which these are earned.

6.16 Cash and cash equivalents

Cash and cash equivalents include cash in hand, cheques in hand, bank balances and other short-term highly liquid investments with maturities of three months or less.

6.17 Foreign currency translation

These consolidated financial statements are presented in Pakistani Rupees, which is the Group's functional and presentation currency.

Foreign currency transactions are recorded using the exchange rates ruling at the dates of the transactions. Monetary assets and liabilities in foreign currencies are translated into Pakistan Rupee using the exchange rate ruling at the reporting date. Foreign exchange gain or losses resulting from the settlement of foreign currency transactions and translation of monetary assets and liabilities denominated in foreign currencies at the date of consolidated statement of financial position are recognised in profit or loss.

6.18 Revenue recognition

The Group recognises its revenue in accordance with the guidelines and principles of IFRS 15 i.e. upon the satisfaction of performance obligation as stated in below paragraphs at an amount that reflects the consideration to which the Group expects to be entitled in exchange for the services. The Group recognises trade debts when the performance obligations have been met, recognizing the corresponding revenue.

Moreover, the considerations received before satisfying the performance obligations are recognised as contract liabilities. Revenue from contract with customers is recognised net of variable consideration wherever applicable as more fully explained below.

Performance obligations

Information about the Group's performance obligations are summarised below:

Voyage charter revenue

Revenue in respect of voyage charter is recognised at a point in time when the cargo is discharged and control of the cargo is transferred to the customer i.e. on completion of the voyage. Voyages are taken as complete when a vessel arrives at the last port of discharge and completes discharge of entire cargo on or before the date of consolidated statement of financial position. Revenue from voyage charter revenue is recorded net of overage premium and ocean losses based on the respective contract with the customers and is shown as a deduction from gross revenue.

Time charter revenue

Revenue in respect of voyages chartered for a period of time i.e. on time charter basis are recognised over time on per day basis for the period for which the vessel is under the control of the customer.

Slot charter revenue

Revenue in respect of slot charter in foreign flag vessels is recognised at the point in time when the vessel arrives at the discharging port.

Others

- Fee for technical, commercial, administrative and financial services are recognised as revenue as and when the services are rendered.
- Rental income is recognised as revenue on a straight line basis over the term of the respective lease arrangements.
- Dividend income is recognised when the Group's right to receive the dividend is established.
- Markup on bank accounts, return on short-term investments and other income is recognised on accrual basis.
- Demurrage income due as per contractual terms is recognised on estimated basis, based on past experience of settlements and recent recovery trends.

6.19 Contingent liabilities

Contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

6.20 Benazir Employees' Stock Option Scheme

In June 2011, the SECP on receiving representations from some of entities covered under Benazir Employees' Stock Option Scheme (the Scheme) and after having consulted the ICAP, granted exemption, vide SRO 587(I)/2011 dated June 7, 2011, to such entities from the application of IFRS - 2 "Share-based Payment" to the Scheme. There has been no change in the status of the Scheme as stated in note 2.23 to the consolidated financial statements for the year ended June 30, 2017. The management has been informed that the Scheme is being revamped by the GoP and all claims and disbursements to the unit holders are kept in abeyance by the Privatisation Commission.

Had the exemption not been granted, the retained earnings would have been lower by Rs 631.142 million (2018: Rs 631.142 million) and reserves would have been higher by Rs 631.142 million (2018: Rs 631.142 million) based on independent actuarial valuations conducted as on June 30, 2014.

6.21 Transactions with related parties

The Group enters into transactions with related parties for providing services on mutually agreed terms in the normal course of business.

7. SIGNIFICANT ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make estimates, judgments and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

In the process of applying the accounting policies, management has made the following estimates and judgments which are significant to these consolidated financial statements:

(a) Valuation of certain property, plant and equipment and investment properties (notes 8 and 10);

(b) Determination of the residual values and useful lives of property, plant and equipment and intangible assets (notes 8 and 9);

(c) Allowance for ECL on trade debts, agents' and owners' balances, other receivables and other financial assets (notes 16, 17, 19 & 20);

(d) Recognition of taxation and deferred taxation (notes 14 and 40);

(e) Accounting for provision against damage claims (note 30);

(f) Accounting for staff retirement benefits and compensated absences (note 27);

(g) Recognition of demurrage income, income from heating and miscellaneous claims (note 38).

(h) Contingencies and Commitments (note 31)

Estimates and judgments 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.

8. PROPERTY, PLANT AND EQUIPMENT

	Note	June 30, 2019	June 30, 2018
		----------(Rupees in '000)----------	
- Operating fixed assets	8.1	29,368,031	21,755,187
- Major spare parts and stand-by equipment	8.7	412,960	346,186
- Capital work-in-progress - buildings on leasehold land	8.9	56,881	56,881
		29,837,872	22,158,254

8.1 Operating fixed assets:

	Leasehold land	Buildings on leasehold land	Vessel fleet Cost	Vessel fleet Dry docking	Vessel fleet Total	Vehicles	Office equipment	Furniture and fittings	Equipment on board	Beach huts	Workshop machinery and equipment	Computer equipment	Total
	(note 8.2 - 8.5)	(note 8.2 - 8.5)	(note 8.6)							(note 8.2 - 8.5)	(note 8.4 & 8.5)		
							-(Rupees in '000)-						
As at July 01, 2017													
Cost or revalued amount	775,312	878,535	27,106,393	1,604,947	28,711,340	87,924	63,501	33,392	35,245	13,913	17,672	67,901	30,684,735
Accumulated depreciation	-	(71,810)	(6,631,345)	(1,155,991)	(7,787,336)	(66,144)	(48,556)	(30,263)	(17,696)	(2,786)	(12,357)	(53,294)	(8,090,242)
Accumulated impairment loss	-	-	(36,372)	-	(36,372)	-	-	-	-	-	-	-	(36,372)
Net book value	775,312	806,725	20,438,676	448,956	20,887,632	21,780	14,945	3,129	17,549	11,127	5,315	14,607	22,558,121
Year ended June 30, 2018													
Opening net book value	775,312	806,725	20,438,676	448,956	20,887,632	21,780	14,945	3,129	17,549	11,127	5,315	14,607	22,558,121
Revaluation	311,648	(263,889)	-	-	-	-	-	-	-	6,517	-	-	54,276
Additions	-	14,109	-	191,305	191,305	7,905	5,307	2,080	6,621	-	428	4,520	232,275
Transfers from CWIP - note 8.9	-	284,314	-	-	-	-	-	-	-	-	-	-	284,314
Depreciation charge for the year - note 8.8	-	(45,346)	(993,438)	(333,891)	(1,327,329)	(7,743)	(4,815)	(583)	(5,352)	(1,393)	(587)	(7,370)	(1,400,518)
Impairment	-	(9,653)	36,372	-	36,372	-	-	-	-	-	-	-	26,719
Closing net book value	1,086,960	786,260	19,481,610	306,370	19,787,980	21,942	15,437	4,626	18,818	16,251	5,156	11,757	21,755,187
As at June 30, 2018													
Cost or revalued amount	1,086,960	796,682	27,106,393	1,796,252	28,902,645	95,829	68,808	35,472	41,866	16,251	18,100	72,421	31,135,034
Accumulated depreciation	-	(769)	(7,624,783)	(1,489,882)	(9,114,665)	(73,887)	(53,371)	(30,846)	(23,048)	-	(12,944)	(60,664)	(9,370,194)
Accumulated impairment loss	-	(9,653)	-	-	-	-	-	-	-	-	-	-	(9,653)
Net book value	1,086,960	786,260	19,481,610	306,370	19,787,980	21,942	15,437	4,626	18,818	16,251	5,156	11,757	21,755,187
Year ended June 30, 2019													
Opening net book value	1,086,960	786,260	19,481,610	306,370	19,787,980	21,942	15,437	4,626	18,818	16,251	5,156	11,757	21,755,187
Additions	-	5,069	8,547,827	369,262	8,917,089	-	2,988	2,967	2,407	-	801	4,678	8,935,999
Transfer to Investment property - note 10	-	(26,828)	-	-	-	-	-	-	-	-	-	-	(26,828)
Depreciation charge for the year - note 8.8	-	(33,412)	(947,638)	(290,555)	(1,238,193)	(6,836)	(3,579)	(786)	(4,822)	(1,627)	(617)	(6,455)	(1,296,327)
Closing net book value	1,086,960	731,089	27,081,799	385,077	27,466,876	15,106	14,846	6,807	16,403	14,624	5,340	9,980	29,368,031
As at June 30, 2019													
Cost or revalued amount	1,086,960	774,923	35,654,220	2,165,514	37,819,734	95,829	71,796	38,439	44,273	16,251	18,901	77,099	40,044,205
Accumulated depreciation	-	(34,181)	(8,572,421)	(1,780,437)	(10,352,858)	(80,723)	(56,950)	(31,632)	(27,870)	(1,627)	(13,561)	(67,119)	(10,666,521)
Accumulated impairment loss	-	(9,653)	-	-	-	-	-	-	-	-	-	-	(9,653)
Net book value	1,086,960	731,089	27,081,799	385,077	27,466,876	15,106	14,846	6,807	16,403	14,624	5,340	9,980	29,368,031
Annual rate of depreciation (%) 2019	-	3 to 20	3.33 to 4	20 to 40		20	15	10 to 15	10 to 15	10	5 to 10	33	
2018	-	3 to 20	3.33 to 4	20 to 40		20	15	10 to 15	10 to 15	10	5 to 10	33	

8.2 Particulars of immovable property (i.e. Leasehold land and Buildings on leasehold land) are as follows:

S No.	Location	Usage of immovable property	Total area (Sq. yards)	Covered area (Sq. feet)
1	PNSC Building, Plot No. 30-A, Off. M.T. Khan Road, Karachi	Registered office	7,833	257,093
2	Plot bearing No. 31-A, situated at M.T. Khan Road, Karachi	Leasehold land	1,834	9,000
3	Plot No. 17/1, West Wharf, Karachi	Storage facility	705	19,035
4	Plot No. 30, Township, Kemari, Karachi	Workshop	7,925	28,963
5	Plot No. D-51, Block - 5, Clifton, Karachi	Residential Bungalow	1,000	5,360
6	PNSC Beach Hut-I, No. 12-S, Sandspit, Karachi	Beach hut	417	1,990
7	PNSC Beach Hut-II, No. 37-N, Sandspit, Karachi	Beach hut	448	1,990
8	Plot No. 70/4, Timber hard, Keamari, Karachi	Storage facility	974	15,680

8.3 Forced sales value of the aforementioned immovable properties determined on the basis of latest revaluation carried out as at June 30, 2018 are as follows:

S No.	Class of asset	(Rupees in '000)
1	Leasehold land	923,916
2	Buildings on leasehold land	674,931
3	Beach huts	13,828

8.4 The revaluation of the ‘leasehold land’, ‘buildings on leasehold land’, ‘beach huts’ and ‘workshop machinery and equipment’ was carried out as of June 30, 2018 by Fair Water Property Valuers & Surveyors (Private) Limited. Out of the total revaluation surplus, Rs 1,254.109 million (2018: Rs 1,256.697 million) remains undepreciated as at June 30, 2019.

8.5 Had there been no revaluation, the carrying amount of revalued assets would have been as follows:

	June 30, 2019	June 30, 2018
	----------(Rupees in ‘000)----------	
Leasehold land, buildings on leasehold land and beach huts	636,991	691,270
Workshop machinery and equipment	5,085	4,862
	642,076	696,132

8.6 Cost and accumulated depreciation of vessel amounting to Rs 1.440 million relates to M.V Ilyas Bux. This vessel was seized by the Indian Authorities during the 1965 war and the Group does not have physical possession or control over the vessel.

	Note	June 30, 2019	June 30, 2018
		----------(Rupees in ‘000)----------	
8.7 Major spare parts and stand-by equipment			
Opening net book value		346,186	308,925
Additions during the year		94,696	57,888
		440,882	366,813
Depreciation (rate 5% - 7%)	8.8	(27,922)	(20,627)
Closing net book value		412,960	346,186

		Note	June 30, 2019	June 30, 2018
			----------(Rupees in '000)----------	
8.8	**The depreciation charge for the year has been allocated as follows:**			
	Fleet expenses - direct	33	1,270,937	1,353,216
	Fleet expenses - indirect	34	617	585
	Real estate expenses	35	27,617	36,276
	Administrative expenses	36	25,078	31,068
			1,324,249	1,421,145
8.9	**Capital work-in-progress - buildings on leasehold land**			
	Balance at beginning of the year		56,881	328,522
	Additions during the year		-	12,673
	Transferred to operating fixed assets	8.1	-	(284,314)
	Balance at end of the year		56,881	56,881

8.10 Vessels are carried at cost in the Group's statement of financial position as at June 30, 2019. The management of the Group considers the challenging market conditions and lower fair values of certain vessels as a possible indicator of impairment and accordingly the Group carries out periodic assessment to determine the value in use of its vessels. The Group considers international charter rates and carrying value of investments, amongst other factors, while reviewing for indicators of impairment. As a result, an impairment assessment was undertaken in respect of all its vessels as at June 30, 2019 and recoverable amount has been computed using 'value in use' method. In assessing the value in use, estimated future cash flows have been discounted to their present value using a discount rate (WACC) that reflects the current market assessments of the time value of money and the risks specific to the asset. The discount rate applied to the future cashflow projections in case of bulk carriers is 12.86% and in case of oil tankers is 13.60%. The cashflow projections have been made upto the remaining useful life of the vessel. As a result of the value-in-use exercise, the recoverable amount was higher than the carrying value and accordingly, no impairment loss has been recognised.

The determination of value in use is sensitive to certain key assumptions such as discount rate and projected charter rates. Any significant change in the key assumptions may have an effect on the carrying value of cash generating units.

Key assumptions used in value in use calculation:

The value in use calculation is most sensitive to the following assumptions:

Discount rate:

Discount rate takes into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances and is derived from its weighted average cost of capital (WACC). Increase of 1% in the discount rate will decrease the recoverable amount by Rs 2,247.626 million (2018: Rs 1,478.320 million), whereas a similar decrease in the discount rate will have a positive effect of Rs 2,461.906 million (2018: Rs 1,625.213 million) on the recoverable amount.

Projected charter rates:

Based on the external sources of information obtained from the shipping experts and the recent trends in the shipping industry, in case of dry cargo vessels, the estimated cashflows are based on current spot rates, which have been inflated using the inflation rates, over the remaining useful life of the vessels. For liquid cargo vessels, the management expects that for the foreseeable future, the tankers will generate revenue based on the Contract of Affreightment (CoA) with the customers. Decrease of 1% in the average charter rate assumed will decrease the recoverable amount by Rs 724.320 million (2018: Rs 750.064 million) whereas a similar increase will have a positive effect of Rs 729.445 million (2018: Rs 760.805 million) on the recoverable amount.

9. INTANGIBLE ASSET

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.

10. INVESTMENT PROPERTIES

	Note	Leasehold land	Buildings on leasehold land	Total
		--------------------(Rupees in ‘000)	--------------------	
Balance as at July 01, 2018		**3,013,684**	**47,948**	**3,061,632**
Transfer from property, plant and equipment	8.1	**-**	**26,828**	**26,828**
Gain on revaluation	10.3 & 38	**177,100**	**545**	**177,645**
Balance as at June 30, 2019		**3,190,784**	**75,321**	**3,266,105**
Balance as at July 01, 2017		2,620,597	50,446	2,671,043
Additions during the year		-	349	349
Gain / (loss) on revaluation	10.3 & 38	393,087	(2,847)	390,240
Balance as at June 30, 2018		3,013,684	47,948	3,061,632

10.1 Particulars of immovable investment properties are as follows:

S No.	Location	Usage of immovable property	Total area (Sq. yards)	Covered area (Sq. feet)
1	Plot bearing Survey No. 4/1-A, Main I. I. Chundrigar Road	Investment property	2,786	230,555
2	Plot No. 35-B, North circular avenue, DHA, Phase I, Karachi	Investment property	1,088	5,675
3	Plot No. 6 & 6-A, Block H, Gulberg-II, Lahore	Investment property	268	2,410
4	Plot bearing Survey No. 15, Main Talpur Road, off I.I. Chundrigar Road, Karachi	Investment property	9,856	111,200

10.2 Forced sales value of the aforementioned investment properties as of the reporting date are as follows:

S No.	Class of asset	June 30, 2019	June 30, 2018
		---------(Rupees in '000)---------	
1	Leasehold land	2,712,165	2,561,630
2	Buildings on leasehold land	63,618	40,351

10.3 The revaluation of the Group's investment properties was carried out by Fair Water Property Valuers and Surveyors (Private) Limited, an independent valuer as of June 30, 2019. As a result, a revaluation gain of Rs 177.1 million (2018: Rs 393.087 million) was determined in respect of leasehold land and a revaluation gain / (loss) was determined on buildings on leasehold land amounting to Rs 0.545 million (2018: Rs (2.847) million).

11. LONG-TERM INVESTMENT IN RELATED PARTY (AN ASSOCIATE)

Equity method

No. of shares - ordinary		Name of the company	Country of incorporation	Share of net assets		Latest available audited financial statements for the year ended	Percentage holding	Face value per share		
June 30, 2019	June 30, 2018			June 30, 2019	June 30, 2018				June 30, 2019	June 30, 2018
				(Rupees in '000)			%	(Rupees)	----(Rupees '000)----	
Associate - unlisted										
12,250	12,250	Muhammadi Engineering Works Limited	Pakistan	1,600	1,600	December 31, 1982 (unaudited)	49	100	1,600	1,600
		Less: Accumulated impairment losses							1,600	1,600
									-	-

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2019

	Note	June 30, 2019	June 30, 2018
		----------(Rupees in '000)----------	
12. LONG-TERM INVESTMENTS IN LISTED COMPANIES AND AN OTHER ENTITY			
Financial assets at fair value through profit or loss			
Listed companies			
Siemens (Pakistan) Engineering Company Limited 6,930 (2018: 6,930) fully paid ordinary shares of Rs 10 each. Market value per share as at June 30, 2019 Rs 605.58 (2018: Rs 1,015.25)	12.1	4,197	7,036
Pakistan State Oil Company Limited 166,114 (2018: 138,430) fully paid ordinary shares of Rs 10 each. Market value per share as at June 30, 2019 Rs 169.63 (2018: Rs 318.31)	12.2	28,178	44,063
		32,375	51,099
Financial assets at amortised cost			
Other entity			
Pakistan Tourism Development Corporation Limited 10,000 (2018: 10,000) fully paid ordinary shares of Rs 10 each		100	100
		32,475	51,199

12.1 The Group holds 0.084% (2018: 0.084%) of the investee's share capital

	Note	June 30, 2019	June 30, 2018
Balance at beginning of the year		7,036	4,782
(Loss) / gain on revaluation of long-term investments in listed companies	37 & 38	(2,839)	2,254
Balance at end of the year		4,197	7,036

12.2 The Group holds 0.04246% (2018: 0.04246%) of the investee's share capital

	Note	June 30, 2019	June 30, 2018
Balance at beginning of the year		44,063	44,684
Loss on revaluation of long-term investments in listed companies	38	(15,885)	(621)
Balance at end of the year		28,178	44,063

13. LONG-TERM LOANS

	Note	June 30, 2019	June 30, 2018
Considered good			
- due from executives*	13.1, 13.2 & 13.3	18,158	18,234
- due from other employees		11,187	10,923
		29,345	29,157
Less: Recoverable within one year	18	12,032	10,107
	13.2	17,313	19,050

		June 30, 2019	June 30, 2018
		----------(Rupees in '000)----------	
13.1	Reconciliation of carrying amount of loans to executives:		
	Balance at beginning of the year	18,234	-
	Disbursements	8,500	23,684
	Repayments	(8,576)	(5,450)
	Balance at end of the year	18,158	18,234

*Comparative figures have been restated to reflect changes in the definition of executives as per Companies Act, 2017.

13.2 These loans have been given to executives and other employees of the Holding Company for personal use in accordance with their terms of employment. These loans are to be repaid over a period of one to five years in equal monthly installments. Any outstanding loan due from an employee at the time of leaving the service of the Group is adjustable against final settlement.

13.3 The maximum aggregate amount of loans due from executives at the end of any month during the year was Rs 18.427 million (2018: Rs 18.560 million).

		June 30, 2019	June 30, 2018
		----------(Rupees in '000)----------	
14.	**DEFERRED TAXATION - net**		
	Deductible temporary differences arising in respect of provisions and deferred liabilities	147,600	80,603
	Taxable temporary differences arising in respect of:		
	- surplus on revaluation of property, plant and equipment	(15,668)	(11,712)
	- accelerated tax depreciation	(5,936)	(5,078)
		(21,604)	(16,790)
		125,996	63,813

14.1 The movement in temporary differences is as follows:

	Balance as at July 01, 2017	Recognised in profit or loss	Recognised in other comprehensive income	Balance as at June 30, 2018	Recognised in profit or loss	Recognised in other comprehensive income	Balance as at June 30, 2019
	-----------------------------(Rupees in '000)-----------------------------						
Deductible temporary differences:							
- provisions and deferred liabilities	130,101	(49,405)	(93)	80,603	54,566	12,431	147,600
Taxable temporary differences:							
- surplus on revaluation of property, plant and equipment	(78,791)	2,670	64,409	(11,712)	1,222	(5,178)	(15,668)
- accelerated tax depreciation	(4,749)	(329)	-	(5,078)	(858)	-	(5,936)
	(83,540)	2,341	64,409	(16,790)	364	(5,178)	(21,604)
	46,561	(47,064)	64,316	63,813	54,930	7,253	125,996

	Note	June 30, 2019	June 30, 2018
		----------(Rupees in '000)----------	
15. STORES AND SPARES			
Stores			
- at depot		10,422	11,577
- at buildings		472	472
- on board		32,056	24,767
		42,950	36,816
Spares			
- at buildings		796	796
- in transit		53,275	12,349
- on board		384,703	285,691
		438,774	298,836
Bunker on board		581,111	319,772
		1,062,835	655,424
16. TRADE DEBTS - unsecured			
Considered good			
- Due from related parties	16.1	798,507	540,823
- Due from others	16.2	72,005	22,100
		870,512	562,923
Considered doubtful			
- Due from related parties	16.1	22,953	6,758
- Due from others		196,695	180,455
		219,648	187,213
		1,090,160	750,136
Less: Allowance for ECL on trade debts	16.4	219,648	187,213
		870,512	562,923

16.1 Ageing analysis of amounts due from related parties, included in trade debts, are as follows:

	Upto 1 month	1 to 6 months	More than 6 months	As at June 30, 2019	As at June 30, 2018
	--------------------------		(Rupees in '000)		--------------------------
Pakistan State Oil Company Limited	-	-	10,020	10,020	244,617
Pak Arab Refinery Limited	187,164	-	55,054	242,218	170,081
Pakistan Security Printing Corporation	-	-	-	-	219
Sui Northern Gas Pipelines Limited	3,225	76	-	3,301	1,150
Sui Southern Gas Company Limited	658	-	-	658	-
Water and Power Development Authority	20	-	-	20	506
National Refinery Limited	65,720	-	1,740	67,460	46,788
Pakistan Refinery Limited	58,289	-	1,367	59,656	49
Trading Corporation Of Pakistan (Private) Limited	-	-	4,866	4,866	4,866
District Controller of Stores	1,135	111	2,755	4,001	-
Others	190,513	186,172	52,575	429,260	79,305
	506,724	186,359	128,377	821,460	547,581

16.2 The ageing analysis of trade debts, due from others that are past due but not impaired is as follows:

	June 30, 2019	June 30, 2018
	----------(Rupees in '000)----------	
Upto 1 month	67,798	4,693
1 to 6 months	4,126	4,316
More than 6 months	81	13,091
	72,005	22,100

16.3 The maximum aggregate amount of receivable due from related parties at the end of any month during the year was Rs 821.460 million (2018: Rs 783.557 million).

	Note	June 30, 2019	June 30, 2018
		----------(Rupees in '000)----------	
16.4 Allowance for ECL on trade debts			
Balance at beginning of the year		187,213	213,984
Impact of initial application of IFRS 9 (note 5.1.2)		20,404	-
Adjusted balance at beginning of the year		207,617	213,984
Increase during the year	37	12,559	4,689
Reversed during the year	38	(528)	(2,217)
Written off during the year		-	(29,243)
Balance at end of the year		219,648	187,213
17. AGENTS' AND OWNERS' BALANCES - unsecured			
- Considered good	17.1	13,085	19,041
- Considered doubtful		8,459	6,307
		21,544	25,348
Less: Allowance for ECL on agents' and owners' balances	17.2	8,459	6,307
		13,085	19,041

17.1 The ageing analysis of agents' and owners' balances that are past due but not impaired is as follows:

	June 30, 2019	June 30, 2018
	----------(Rupees in '000)----------	
Upto 1 month	2,779	11,990
1 to 6 months	7,409	426
More than 6 months	2,897	6,625
	13,085	19,041

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2019

		Note	June 30, 2019	June 30, 2018
			----------(Rupees in '000)----------	
17.2	Allowance for ECL on agents' and owners' balances			
	Balance at beginning of the year		6,307	5,444
	Increase during the year		2,152	863
	Balance at end of the year		8,459	6,307
18.	**LOANS AND ADVANCES - considered good**			
	Current portion of long-term loans			
	- due from executives		7,339	5,507
	- due from other employees		4,693	4,600
		13	12,032	10,107
	Advances - unsecured			
	- employees		40,294	41,672
	- contractors and suppliers		17,670	31,040
	- others	18.1	-	27,471
			57,964	100,183
			69,996	110,290

18.1 The maximum amount of advance to Port Qasim Authority at the end of any month during the year was Rs 8.867 million (2018: Rs 44.948 million).

		Note	June 30, 2019	June 30, 2018
			----------(Rupees in '000)----------	
19.	**TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS**			
	Trade deposits			
	- Considered good	19.1	43,538	15,516
	- Considered doubtful		369	369
			43,907	15,885
	Less: Allowance for ECL on trade deposits		369	369
			43,538	15,516
	Short-term prepayments		30,127	6,176
			73,665	21,692

19.1 This includes an amount of Rs 32.821 million (2018: Rs 2.102 million) deposited with Karachi Port Trust (KPT), a related party.

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2019

		Note	June 30, 2019	June 30, 2018
			-----------(Rupees in '000)-----------	
20.	**OTHER RECEIVABLES**			
	Considered good			
	- Due from related parties	20.3	1,674,997	2,293,793
	- Due from others		371,940	255,322
			2,046,937	2,549,115
	Considered doubtful			
	- Due from related parties	20.3	1,138,744	439,338
	- Due from others		13,828	12,661
			1,152,572	451,999
		20.1	3,199,509	3,001,114
	Less: Allowance for ECL on other receivables	20.4	1,152,572	451,999
			2,046,937	2,549,115
	Employees' gratuity scheme - funded	27.1.3	485	34,205
	Amount held by lawyer in respect of a guarantee		-	4,953
			2,047,422	2,588,273
20.1	This includes the following:			
	Demurrage receivable		2,799,337	2,645,748
	Heating and miscellaneous claim receivable		77,733	81,588
	Additional war risk receivable		2,600	17,539
	Receivable from sundry debtors	20.2	127,627	228,985
	Sales tax refund claims		26,204	26,204
	Others		166,008	1,050
			3,199,509	3,001,114

20.2 This includes an amount of Rs 79.117 million (2018: Rs 43.099 million) due from Government of Pakistan.

20.3 Ageing analysis of amounts due from related parties, included in other receivables, are as follows:

	Upto 1 month	1 to 6 months	More than 6 months	As at June 30, 2019	As at June 30, 2018
	---------------------------(Rupees in '000)---------------------------				
National Refinery Limited	1,103	1,690	48,109	50,902	68,939
Pak Arab Refinery Limited	4,016	14,516	198,063	216,595	159,701
Pakistan Refinery Limited	-	5,033	115,066	120,099	106,360
Pakistan State Oil Company Limited	-	-	2,426,145	2,426,145	2,398,131
	5,119	21,239	2,787,383	2,813,741	2,733,131

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2019

		Note	June 30, 2019	June 30, 2018
			-----------(Rupees in '000)-----------	
20.4	**Allowance for ECL on other receivables**			
	Balance at beginning of the year		**451,999**	404,159
	Impact of initial application of IFRS 9 (note 5.1.2)		**654,565**	-
	Adjusted balance at beginning of the year		**1,106,564**	404,159
	Increase during the year	37	**79,043**	50,245
	Reversed during the year	38 & 20.5	**(33,035)**	(1,173)
	Written off during the year		**-**	(1,232)
	Balance at end of the year		**1,152,572**	451,999

20.5 Represents amount reversed during the year on account of recoveries from certain receivables.

20.6 The maximum aggregate amount of receivable due from related parties at the end of any month during the year was Rs 2,813.741 million (2018: Rs 2,733.131 million).

		Note	June 30, 2019	June 30, 2018
			-----------(Rupees in '000)----------	
21.	**INCOMPLETE VOYAGES**			
	Salaries and allowances		**47,914**	11,235
	Diesel, fuel and lubricants		**39,196**	29,161
	Stores and spares consumed		**7,171**	5,248
	Insurance		**4,485**	1,554
	Charter hire and related expenses		**1,945**	22,939
	Victualling		**1,453**	659
	Others		**-**	15,509
			102,164	86,305
22.	**SHORT-TERM INVESTMENTS**			
	Term deposits with banks having maturity of			
	- more than six months but upto twelve months	22.1	**-**	12,000
	- three to six months	22.2	**488,550**	3,961,430
	- three months or less	22.2	**2,694,000**	121,430
			3,182,550	4,094,860

22.1 Mark-up on these term deposits denominated in local currency was Nil (2018: 6.60%) per annum.

22.2 Mark-up on these term deposits denominated in local currency ranges from 11.00% to 12.80% (2018: 6.05% to 6.90%) per annum, whereas mark-up on term deposits denominated in foreign currency was 3.25% (2018: 2.40%) per annum.

	Note	June 30, 2019	June 30, 2018
		-----------(Rupees in '000)----------	
23. CASH AND BANK BALANCES			
Cash in hand			
- foreign currency		1,747	3,345
Cash at bank			
- in current accounts			
- local currency	23.1	171,621	209,307
- foreign currency		75,045	888,085
		246,666	1,097,392
- in saving accounts			
- local currency	23.2	1,710,358	1,534,746
- foreign currency	23.3	925,366	7,266
		2,635,724	1,542,012
		2,884,137	2,642,749

23.1 This includes Rs 2.142 million (2018: Rs 2.126 million) and Rs 5 million (2018: Rs 3 million) held as security by Habib Bank Limited, PNSC branch and Soneri Bank, AKU branch respectively against guarantees issued on behalf of the Holding Company.

23.2 Mark-up on these savings accounts ranges from 3.9% to 12.25% (2018: 3.90% to 6.35%) per annum.

23.3 Mark-up on these savings accounts ranges from 0.15% to 0.5% (2018: 0.15% to 0.50%) per annum.

24. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

June 30, 2019	June 30, 2018		June 30, 2019	June 30, 2018
-----------(No. of shares)----------			----------(Rupees in '000)---------	
24,130,789	24,130,789	Ordinary shares of Rs 10 each issued as fully paid to shareholders of former National Shipping Corporation (NSC) and Pakistan Shipping Corporation (PSC) in consideration of their shareholdings in those companies	241,308	241,308
25,900,000	25,900,000	Ordinary shares of Rs 10 each issued as fully paid to the GoP for cash received in the year 1985	259,000	259,000
64,309,800	64,309,800	Ordinary shares of Rs 10 each issued as fully paid to the GoP on the financial restructuring of the Holding Company in the year 1989-90	643,098	643,098
17,722,791	17,722,791	Ordinary shares of Rs 10 each issued as fully paid bonus shares	177,228	177,228
132,063,380	132,063,380		1,320,634	1,320,634

24.1 As at June 30, 2019, GoP held 115,293,360 (2018: 114,578,625) ordinary shares representing 87.30% (2018: 86.76%) shareholding of the Holding Company.

	Note	June 30, 2019	June 30, 2018
		----------(Rupees in '000)----------	
25. NON-CONTROLLING INTEREST			
Share of non-controlling interest in:			
- share capital		**59**	59
- general reserve		**10**	10
- opening unappropriated profit		**4,095**	3,645
- profit for the year		**446**	450
		4,610	4,164
26. LONG-TERM FINANCING - secured			
Financing under syndicate term finance agreement	26.1	**5,431,480**	1,145,588
Financing under musharika agreement	26.2	**3,651,988**	1,808,770
		9,083,468	2,954,358
Less: Current portion of long-term financing		**1,747,543**	1,210,172
		7,335,925	1,744,186

26.1 Financing under syndicate term finance agreement includes:

26.1.1 Financing obtained in November 2014 amounting to Rs 3,000 million from MCB Bank Limited carrying mark-up at the rate of 3 month KIBOR + 1.60% which has been renegotiated to 3 month KIBOR + 0.5% during the year ended June 30, 2016 and further renegotiated to 3 month KIBOR + 0.20% during the year ended June 30, 2018. 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 way of first mortgage charge over a vessel owned by the subsidiary company of the Holding Company. The Holding Company has drawn Rs 2,054.250 million to date.

26.1.2 Financing obtained during the year amounting to Rs 6,500 million with a consortium led by Faysal Bank Limited carrying mark up at the rate of 3 month KIBOR + 0.35%. The loan along with mark-up is repayable on a quarterly basis with the last repayment date on March 22, 2027. As of the reporting date, the Holding Company has drawn Rs 2,340 million and Rs 2,363.734 million to finance its subsidiary companies namely Bolan Shipping (Private) Limited and Khairpur Shipping (Private) Limited respectively for purchase of vessels. The facility is secured by way of first mortgage charge over procured vessels owned by respective subsidiary company.

26.2 Financing under musharika agreement includes:

26.2.1 Financing obtained in November 2014 amounting to Rs 1,500 million from MCB Bank Limited carrying mark-up at the rate of 3 month KIBOR + 1.60% which has been renegotiated to 3 month KIBOR + 0.5% during the year ended June 30, 2016 and further renegotiated to 3 month KIBOR + 0.20% during the year ended June 30, 2018. 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 way of first mortgage charge over a vessel owned by the subsidiary company of the Holding Company. The Holding Company has drawn Rs 1,027.125 million to date.

26.2.2 Financing obtained during the year ended June 30, 2016 from Faysal Bank Limited amounting to Rs 3,300 million carrying mark-up of 3 month KIBOR + 0.40%, which has been renegotiated to 3 month KIBOR + 0.15% during the year ended June 30, 2018. The loan along with the mark-up is repayable on a quarterly basis with the last repayment date on November 23, 2019. The facility is secured by first mortgage charge over a vessel owned by the subsidiary company.

26.2.3 Financing obtained during the year amounting to Rs 4,000 million with a consortium led by Faysal bank limited carrying mark up at the rate of 3 month KIBOR + 0.35%. The loan along with mark-up is repayable on a quarterly basis with the last repayment date on March 22, 2027. As of the reporting date, the Holding Company has drawn Rs 1,440 million and Rs 1,454.606 million to finance its subsidiary companies namely Bolan Shipping (Private) Limited and Khairpur Shipping (Private) Limited respectively for purchase of vessels. The facility is secured by way of first mortgage charge over procured vessels owned by respective subsidiary company.

		Note	June 30, 2019	June 30, 2018
			----------(Rupees in '000)----------	
26.3	Following is the movement in long-term financing:			
	Balance at beginning of the year		**2,954,358**	4,154,363
	Additions		**7,568,288**	-
	Repayments		**(1,449,615)**	(1,210,472)
	Amortisation of arrangement fee		**10,437**	10,467
	Balance at end of the year		**9,083,468**	2,954,358
27.	**DEFERRED LIABILITIES**			
	Employees' gratuity			
	- funded	27.1.3 & 20	**-**	-
	- unfunded	27.1.3	**284,937**	224,946
			284,937	224,946
	Post-retirement medical benefits	27.1.3	**166,407**	165,706
	Employees' compensated absences	27.2.3	**259,915**	210,281
			711,259	600,933

27.1 Retirement benefit schemes

27.1.1 The disclosures made in notes 27.1.2 to 27.1.15 of these consolidated financial statements are based on the information included in the actuarial valuation report as of June 30, 2019.

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2019

27.1.2 As stated in notes 6.14.2 and 6.14.3 of these consolidated financial statements, the Group operates a funded retirement gratuity scheme for those permanent employees who joined the Group before October 16, 1984, an unfunded retirement gratuity scheme for contractual employees and an unfunded post-retirement medical benefit scheme for permanent and contractual employees. Liability is maintained against these schemes based on the actuarial recommendations. The following significant assumptions were used for the actuarial valuation of the defined benefit obligation schemes:

	June 30, 2019			June 30, 2018		
	Employees' gratuity		Post retirement medical benefits	Employees' gratuity		Post retirement medical benefits
	Funded	Unfunded		Funded	Unfunded	
Discount rate	14.50%	14.50%	14.50%	10.00%	10.00%	10.00%
Future salary increases - for permanent employees						
For the year 2018-19	N/A	-	-	5.60%	-	-
For the year 2019-20	22.00%	-	-	20.00%	-	-
For the year 2020-21	5.60%	-	-	5.60%	-	-
For the year 2021-22	22.00%	-	-	20.00%	-	-
For the year 2022-23	5.60%	-	-	5.60%	-	-
For the year 2023-24	22.00%			10.00%		
For the year 2024-25 and onwards	14.50%	-	-	10.00%	-	-
Future salary increases - for contractual employees						
For the year 2018-19	-	N/A	-	-	10.00%	-
For the year 2019-20	-	13.00%	-	-	10.00%	-
For the year 2020-21	-	13.00%	-	-	10.00%	-
For the year 2021-22	-	13.00%	-	-	10.00%	-
For the year 2022-23	-	13.00%	-	-	10.00%	-
For the year 2023-24		13.00%			10.00%	
For the year 2024-25 and onwards	-	14.50%	-	-	10.00%	-
Medical escalation rate	-	-	14.50%	-	-	10.00%
Death rate	based on SLIC (2001-05) Ultimate mortality tables.					

		June 30, 2019			June 30, 2018		
		Employees' gratuity		Post retirement medical benefits	Employees' gratuity		Post retirement medical benefits
		Funded	Unfunded		Funded	Unfunded	
		(Rupees in '000)					
27.1.3	**Reconciliation of statement of financial position**						
	Present value of defined benefit obligation	149,565	284,937	166,407	151,778	224,946	165,706
	Fair value of plan assets	(150,050)	-	-	(185,983)	-	-
	Net (asset) / liability in the statement of financial position	(485)	284,937	166,407	(34,205)	224,946	165,706
27.1.4	**Movement in present value of defined benefit obligation**						
	Balance at beginning of the year	151,778	224,946	165,706	226,245	198,335	168,237
	Current service cost	3,747	34,163	9,924	5,488	32,552	10,147
	Interest cost	13,423	23,471	16,422	15,214	16,103	12,194
	Benefits paid	(43,719)	(26,756)	(27,229)	(92,035)	(8,794)	(36,506)
	Remeasurements on obligation	24,336	29,113	1,584	(3,134)	(13,250)	11,634
	Balance at end of the year	149,565	284,937	166,407	151,778	224,946	165,706
27.1.5	**Movement in fair value of plan assets**						
	Balance at beginning of the year	185,983	-	-	264,096	-	-
	Expected return on plan assets	16,684	-	-	18,041	-	-
	Contribution	-	-	-	-	-	-
	Benefits paid	(43,719)	-	-	(92,035)	-	-
	Remeasurement on plan asset	(8,898)	-	-	(4,119)	-	-
	Balance at end of the year	150,050	-	-	185,983	-	-
27.1.6	**Movement in net liability in the statement of financial position**						
	Balance at beginning of the year	(34,205)	224,946	165,706	(37,852)	198,335	168,237
	Expense recognised for the year	486	57,634	26,346	2,662	48,655	22,341
	Contributions made by the Holding Company / benefits paid	-	(26,756)	(27,229)	-	(8,794)	(36,506)
	Remeasurements recognised in other comprehensive income	33,234	29,113	1,584	985	(13,250)	11,634
	Balance at end of the year	(485)	284,937	166,407	(34,205)	224,946	165,706
27.1.7	**The amounts recognised in profit or loss**						
	Current service cost	3,747	34,163	9,924	5,488	32,552	10,147
	Net interest amount	(3,261)	23,471	16,422	(2,826)	16,103	12,194
	Expense	486	57,634	26,346	2,662	48,655	22,341
27.1.8	**Remeasurements recognised in other comprehensive income**						
	Gain / (loss) from changes in financial assumptions	(5,581)	(13,647)	1,140	(53,955)	(20,682)	689
	Experience loss	29,917	42,760	3,278	50,821	7,432	10,945
	Demographic gain	-	-	(2,834)	-	-	-
	Remeasurement of fair value of plan assets	8,898	-	-	4,119	-	-
		33,234	29,113	1,584	985	(13,250)	11,634

	June 30, 2019		June 30, 2018	
	Rupees in '000	%	Rupees in '000	%
27.1.9 Categories / composition of plan assets				
Cash and cash equivalents	47,893	31.92%	70,348	37.83%
Investment in mutual funds - quoted	-	0.00%	115,635	62.17%
Term deposit receipts	102,157	68.08%	-	0.00%
	150,050	100%	185,983	100%

27.1.10 Actual gain on plan assets during the year ended June 30, 2019 was Rs 7.886 million (2018: Rs 17.001 million).

27.1.11 Assumed future salary increase rate and discount rate have a significant effect on the employees' gratuity. A one percentage point change in assumed future salary increase rate and discount rate would have the following effects:

	Change in assumption	Increase / (decrease) in defined benefit obligation of			
		Funded Gratuity Scheme		Unfunded Gratuity Scheme	
		Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
		----------------------------(Rupees in '000)----------------------------			
Discount rate	1%	(146,888)	152,357	(252,865)	323,111
Salary increase rate	1%	149,794	(149,337)	311,491	(261,659)

27.1.12 The weighted average duration of the defined benefit obligations funded and unfunded gratuity scheme is 2.18 and 11.16 years.

27.1.13 Assumed medical cost escalation rate and discount rate have a significant effect on the post-retirement medical benefit. A one percentage point change in assumed medical cost escalation rate and discount rate would have the following effects:

	Change in assumption	Increase / (decrease) in defined benefit obligation of Post Retirement Medical Benefits			
		Permanent Employees		Contractual Employees	
		Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
		----------------------------(Rupees in '000)----------------------------			
Discount rate	1%	(113,353)	117,242	(45,457)	57,934
Medical cost escalation rate	1%	117,367	(113,202)	57,995	(45,313)

27.1.14 The weighted average duration of the defined benefit obligations post retirement medical benefit scheme for permanent and contractual employees is 10.09 years.

27.1.15 The employee gratuity funded and unfunded scheme and post retirement medical benefit plans exposes the Group to the following risks:

Investment risk: The risk of the investment underperforming and not being sufficient to meet the liabilities.

Mortality risk: The risk that the actual mortality rate is different. The effect depends on the beneficiaries service / age distribution and the benefit.

Medical cost escalation risks: The risk that the hospitalisation cost could be higher than what we assumed.

Final salary risk: The risk that the final salary at the time of cessation of service is greater than what is assumed. Since the benefit is calculated on the final salary, the benefit amount increases similarly.

Withdrawal risk: The risk of higher or lower withdrawal experienced than assumed. The final effect could go either way depending on the beneficiaries' service / age distribution and the benefit.

27.2 Employees' compensated absences

27.2.1 The disclosures made in notes 27.2.2 to 27.2.8 of these consolidated financial statements are based on the information included in the actuarial valuation as of June 30, 2019.

27.2.2 As stated in note 6.15 of these consolidated financial statements, the Group operates an employees' compensated absences scheme. Provision is maintained against this scheme based on the actuarial recommendations. The following significant assumptions were used for the actuarial valuation of the scheme:

	June 30, 2019	June 30, 2018
Discount rate	14.50%	10.00%
Future salary increases - for permanent employees		
For the year 2018-19	N/A	5.60%
For the year 2019-20	22.00%	20.00%
For the year 2020-21	5.60%	5.60%
For the year 2021-22	22.00%	20.00%
For the year 2022-23	5.60%	5.60%
For the year 2023-24	22.00%	10.00%
For the year 2024-25 and onwards	14.50%	10.00%
Future salary increases - for contractual employees		
For the year 2018-19	N/A	0.00%
For the year 2019-20	13.00%	10.00%
For the year 2020-21	13.00%	10.00%
For the year 2021-22	13.00%	10.00%
For the year 2022-23	13.00%	10.00%
For the year 2023-24	13.00%	10.00%
For the year 2024-25 and onwards	14.50%	10.00%

	June 30, 2019	June 30, 2018
	----------(Rupees in '000)----------	
27.2.3 Reconciliation of statement of financial position		
Present value of defined benefit obligation (recognised)	259,915	210,281
27.2.4 Movement in present value of defined benefit obligation		
Balance at beginning of the year	210,281	225,784
Current service cost	74,634	84,497
Interest cost	23,536	19,559
Remeasurements of obligation	33,316	(49,495)
Benefits paid	(81,852)	(70,064)
Balance at end of the year	259,915	210,281
27.2.5 Expense		
Current service cost	74,634	84,497
Interest cost	23,536	19,559
Remeasurements of obligation	33,316	(49,495)
Expense	131,486	54,561

27.2.6 Amounts for the current period and prior period of the present value of defined benefit obligation are as follows:

	June 30, 2019	June 30, 2018
	----------(Rupees in '000)----------	
Present value of defined benefit obligation	259,915	210,281
Experience loss / (gain) on defined benefit obligation	33,316	(49,495)

27.2.7 Assumed future salary increase rate and discount rate have a significant effect on the employees' compensated absences. A one percentage point change in assumed future salary increase rate and discount rate would have the following effects:

		Increase / (decrease) in defined benefit obligation of Employees' Compensated Absences			
		Permanent Employees		Contractual Employees	
	Change in assumption	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
		----------(Rupees in '000)----------			
Discount rate	1%	(119,648)	127,181	(120,952)	155,356
Salary growth rate	1%	124,278	(122,344)	149,589	(125,313)

27.2.8 The risks to which the scheme exposes the Group are disclosed in note 27.1.15 to these consolidated financial statements.

27.3 Expected retirement benefits costs for the year ending June 30, 2020 are as follows:

	(Rupees in '000)
Gratuity	
-funded	3,408
-unfunded	80,597
Post-retirement medical benefits	32,493
Compensated absences	135,701

27.4 During the year, the Group contributed Rs 8.665 million (2018: Rs 9.160 million) to the provident fund.

28. TRADE AND OTHER PAYABLES

	Note	June 30, 2019	June 30, 2018
		----------(Rupees in '000)----------	
Creditors		279,528	183,486
Agents' and owners' balances		345,394	394,564
Accrued liabilities		1,454,889	1,574,295
Deposits	28.1	60,636	62,705
Bills payable		4,090	62,305
Withholding tax payable		54,490	17,583
Advance rent		24,696	22,420
Other liabilities			
- amounts retained from contractors		3,822	27,827
- others		66,221	79,063
		70,043	106,890
		2,293,766	2,424,248

28.1 These deposits are mark-up free and are repayable on demand or on completion of specific contracts. As per the requirements of section 217 of the Companies Act, 2017 deposits are utilised for the purpose of business and are kept in separate bank accounts.

29. CONTRACT LIABILITIES

Represents advance received from various related parties and customers. Revenue recognised from amounts included in contract liabilities at the beginning of the year amounted to Rs 110.290 million (2018: Rs 146.840 million).

	Note	June 30, 2019	June 30, 2018
		----------(Rupees in '000)----------	
30. PROVISION AGAINST DAMAGE CLAIMS			
Balance at beginning of the year		23,193	20,032
Net increase during the year	37	3,282	3,161
Balance at end of the year		26,475	23,193

31. CONTINGENCIES AND COMMITMENTS

Contingencies

31.1 The contingent liability in respect of claims not acknowledged by the Holding Company, which as at June 30, 2019 aggregated to Rs 756.213 million (2018: Rs 739.743 million). These claims mainly relate to deficiencies in shipping documentation, delay in delivery of cargo and damages to cargo. These include Rs 2.725 million (2018: Rs 2.049 million) approximately in respect of insurance claims which, if accepted, will be borne by the Holding Company as the P&I Club, Oceanus Mutual Underwriting Association (Bermuda) Limited has gone into liquidation. Out of the remaining claims, a sum of Rs 729.738 million (2018: Rs 716.550 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 26.475 million (2018: Rs 23.192 million) against the aforementioned claims in these consolidated financial statements.

31.2 Chittagong Steamship Corporation Limited and Trans Oceanic Steamship Company Limited had initiated litigation that involved the Government of Pakistan and the Holding Company, the litigations relating to compensation to the former owners and the legal suits are pending in the Honourable High Court of Sindh. The amounts claimed are approximately Rs 1.300 million (2018: Rs 1.300 million) and Rs 66.800 million (2018: Rs 66.800 million) respectively. The Holding Company disclaims any liability in respect of the above mentioned amounts and any accretions to it upto final determination and settlement of the matters.

31.3 Certain other claims have been filed against the Holding Company in respect of employees' matters for an aggregate amount of approximately Rs 93.701 million (2018: Rs 95.910 million). These cases are pending and the management is confident that the outcome of these cases will be in the Holding Company's favour and accordingly no provision for above claims has been made in these consolidated financial statements.

31.4 While framing the tax assessment for the income year ended June 30, 1990, the assessing officer had made an addition to income of Rs 3,974.455 million, being the remission of liabilities due to the Federal Government under the scheme of financial restructuring of the Holding Company. The resultant tax liability including additional taxes for late payment of tax amounted to Rs 1,293.694 million, part of which was paid by the Holding Company and the remaining amount of Rs 1,233.694 million was directly discharged at source by the Federal Government. The assessing officer while framing the order of income year ended June 30, 1996 had treated the aforementioned payment of tax liability by the Government as the income of the Holding Company. Appellate Tribunal Inland Revenue (ATIR) has given the decision in favour of the Holding Company on the appeals filed against the above orders. However, the department has filed an appeal with the Honourable High Court of Sindh against the aforementioned orders of ATIR. The Honourable High Court of Sindh has decided the appeal against the Holding Company. The leave to appeal filed by the Holding Company has been accepted by the Honourable Supreme Court of Pakistan and the decision of the Honourable High Court of Sindh has been suspended. Hearing of the appeal was pending in the Honourable Supreme Court of Pakistan. During the year ended June 30, 2018, this hearing has been remanded to the Honourable High Court of Sindh. The management, in consultation with its legal advisor is confident that the matter will eventually be decided in favour of the Holding Company.

31.5 During the year ended June 30, 2011, the Officer Inland Revenue (OIR) issued assessment orders under section 122 (5A) of the Income Tax Ordinance, 2001 (ITO, 2001) in respect of tax years 2008, 2009 and 2010. According to the orders, the OIR had made certain additions and determined additional tax demand of Rs 363.421 million. OIR had disallowed a portion of administrative expenses by attributing the same to the subsidiary companies and further disallowed a portion of contribution made to the approved gratuity fund (only in respect of tax year 2008) on the contention that the same is attributable to the subsidiary companies. The Holding Company paid Rs 170 million under protest and filed an appeal with the Commissioner of Inland Revenue (Appeals). The Commissioner of Inland Revenue (Appeals) in his order upheld certain additions and had given decision in favour of the Holding Company on certain matters resulting in refund of Rs 90.579 million, out of which Rs 3.581 million has been adjusted in tax year 2013 and remaining Rs 86.918 million in tax year 2014. The management had provided for all the matters that were decided against the Holding Company, with the exception of disallowance of allocation of common expenses to profit on debt for tax years 2008 and 2009 which might have resulted in increase of tax liability by Rs 17.848 million.

The Holding Company had filed an appeal with the ATIR in respect of aforementioned disallowances. The aforementioned appeals have been decided by the ATIR through the combined appellate order whereby certain disallowances have been deleted interalia including disallowances of common expenses allocated to profit on debt. During the year ended June 30, 2018, Additional Commissioner Inland Revenue (ACIR) gave effect to the directions of the ATIR. However, on the grounds that ACIR has not correctly given effect to the directions of ATIR on the issue of disallowance of administrative expenses and allocating the same to the subsidiary companies, the Holding Company has filed an appeal before the Commissioner (Appeals) on July 20, 2018. The Holding Company has filed a reference to Honorable High Court of Sindh in respect of certain disallowances maintained in the aforesaid order of ATIR. Subsequent to the year end, Commissioner (Appeal) in his order dated July 11, 2019 has remanded back the matter to the ACIR with the direction to re-adjudicate the issue regarding disallowance of administrative expenses in the light of directions given by the Honorable ATIR. The management, in consultation with its legal advisor is confident that the matter in the Honorable High Court of Sindh will eventually be decided in favour of the Holding Company.

31.6 During the year ended June 30, 2012, the OIR issued assessment orders under section 122 (5A) of the ITO, 2001 in respect of tax year 2011. According to the orders, the OIR has made certain additions and determined additional tax demand of Rs 251.092 million. OIR has disallowed a portion of administrative expenses by attributing the same to the subsidiary companies and further disallowed financial expenses incurred by the Holding Company on the contention that the same is equity specific and hence being capital in nature. The Holding Company had paid Rs 160.513 million and adjusted Rs 90.579 million against refunds relating to tax year 2008, 2009 and 2010 under protest. During the year ended June 30, 2015, Commissioner of Inland Revenue (Appeals) in his order has upheld certain additions and has given decisions in favour of the Holding Company on certain matters, and has worked out refund of Rs 15.068 million. The Holding Company and the department have filed appeals with the ATIR in respect of aforementioned disallowances, which have been decided by the ATIR. The ATIR, in its order has interalia deleted certain additions made by the OIR which were upheld by the Commissioner (Appeals). However, while giving effect to the order of the ATIR, the taxation officer has disallowed the expenses allocated to dividend income.

Accordingly, the Holding Company has filed an appeal before the Commissioner (Appeals) on July 20, 2018. Further, being aggrieved by the decision of the appellate tribunal, the department has filed a reference application which is pending before the Honourable High Court of Sindh. The management, in consultation with its legal advisor, is confident that the matter will eventually be decided in favour of the Holding Company.

31.7 During the year ended June 30, 2013, the OIR issued assessment orders under section 122 (5A) of the ITO, 2001 in respect of tax year 2012. According to the orders, the OIR has made certain additions and determined additional tax demand of Rs 107.499 million. OIR has disallowed a portion of administrative expenses by attributing the same to the subsidiary companies and further disallowed financial expenses incurred by the Holding Company on the contention that the same is equity specific and hence being capital in nature. The Holding Company has paid Rs 65 million under protest and filed an appeal with the Commissioner of Inland Revenue (Appeals). During the year ended June 30, 2015, Commissioner of Inland Revenue (Appeals) in his order has upheld certain additions and has given decisions in favour of the Holding Company on certain matters, and has worked out refund of Rs 24.022 million. The Holding Company and the department have filed appeals with the ATIR in respect of aforementioned disallowances. The ATIR vide appellate order dated August 7, 2018 has interalia deleted certain additions made by the taxation officer. However, the appeal effect order is still pending. The management, in consultation with its tax advisor, is confident that the matter will eventually be decided in favour of the Holding Company.

31.8 During the year ended June 30, 2014, the OIR has issued assessment orders under section 122 (5A) of the ITO, 2001 in respect of tax year 2013. According to the orders, the OIR has made certain additions and determined additional tax demand of Rs 303.333 million. OIR has disallowed a portion of retirement benefit expenses by attributing the same to the subsidiary companies and further disallowed financial expenses incurred by the Holding Company on the contention that the same is equity specific and hence being capital in nature. Moreover, OIR also disallowed the basis of apportionment of expenses. The Holding Company has paid Rs 288.265 million under protest and adjusted refund of Rs 3.581 million and Rs 15.068 million available for the tax year 2008 and 2011 respectively. Further the management has filed an appeal with the Commissioner of Inland Revenue (Appeals) who in his order has upheld certain additions and has given decisions in favour of the Holding Company on certain matters, and worked out a Nil demand. The Holding Company and the department have filed appeals with the ATIR in respect of aforementioned disallowances. Subsequent to the year end, ATIR in his order maintained certain addition and directed to allocate expenses against service fee. Further, being aggrieved by the decision of the appellate tribunal, the Holding Company has filed a reference application which is pending before the Honourable High Court of Sindh. The management, in consultation with its legal advisor, is confident that the matter will eventually be decided in favour of the Holding Company.

31.9 During the year ended June 30, 2015, ACIR issued assessment order under section 122 (5A) of the ITO, 2001 in respect of tax year 2014. According to the order the ACIR made certain additions and determined additional tax demand of Rs 184.059 million in respect of certain disallowances regarding financial expenses, administrative costs and post-retirement benefits. The Holding Company paid Rs 83.438 million under protest and adjusted Rs 86.998 million against refunds available for tax year 2008, 2009 and 2010. The Holding Company had filed an appeal before the Commissioner of Inland Revenue (Appeals) who passed his order and maintained the decision of the ACIR. The Holding Company had filed an appeal with the ATIR in respect of aforementioned order of the Commissioner Inland Revenue (Appeals) in respect of aforementioned disallowances. The management, in consultation with its tax advisor, is confident that the subject matters in respect of tax year 2014 will eventually be decided in favour of the Holding Company.

31.10 During the year ended June 30, 2014, the Holding Company received assessment orders from the taxation authorities in respect of tax years 2008-2013. The taxation officer has held that the Holding Company is liable to deduct withholding tax under section 152(2) of the ITO, 2001, while making payments to the non-resident shipping companies and in the event of default to do so the Holding Company becomes personally liable to pay tax under section 161 along with default surcharge under section 205 of the Ordinance. By virtue of above orders a cumulative tax demand was raised by the taxation authorities amounting to Rs 2,695.496 million. The Holding Company filed an appeal with the Commissioner of Inland Revenue (Appeals) who maintained the orders passed by the Deputy Commissioner Inland Revenue (DCIR) and consequently an appeal was filed before the ATIR. The ATIR, in the appellate order, has held that the payments made by the Holding Company to the non-resident shipping companies are in the nature of “Royalty” and the rate of tax withholding applicable on such payments would be 15 percent. Accordingly, the tax demand originally raised was reduced to Rs 1,659.485 million. The Holding Company lodged rectification applications in respect of the orders passed by ATIR. However, during the year ended June 30, 2016, the said rectification applications have been rejected. Without prejudice to the rectification applications, the Holding Company has also filed a petition before the Honourable Sindh High Court in respect of the aforesaid orders passed by ATIR seeking protection from any adverse action. The Honourable Sindh High Court has granted an interim order restraining FBR from taking any coercive action, the said interim order is still operative. Further, the aforementioned cases are still pending with the Honourable Sindh High Court.

Further, during the year ended June 30, 2015, the DCIR had issued show cause notice under section 161 of the ITO, 2001 in respect of tax year 2014 proposing to raise tax demand of Rs 1,324.077 million on the same matter. The Holding Company took up the matter to the Honourable High Court and the Court has granted an interim order which is still operating and suspended the show cause notice. However, in light of the Supreme Court order dated June 27, 2018 the Holding Company had to withdraw from the suit and no assessment order in this regards is issued as of the reporting date. The management is committed to respond if the show cause proceedings are again initiated by the tax authorities.

31.11 During the year ended June 30, 2018, the DCIR vide order dated June 29, 2018 proceeded to amend the assessment under the provisions of section 122(5A) of the Ordinance in respect of tax year 2016. The taxable income has been recomputed by allocating expenses against dividend income, and disallowances made on account of interest on long term finances and payments claimed against staff retirement benefits. Brought forward business losses and unabsorbed depreciation for tax year 2016 have also been adjusted in the computation of taxable income. By virtue of the aforementioned order passed by the ACIR a tax demand amounting to Rs 91.592 million was raised, which is amply covered by the refunds available for prior tax years. Furthermore, the Holding Company has filed an appeal with the Commissioner Inland Revenue (Appeals) on July 23, 2018. Subsequent to the year end, Commissioner Inland Revenue (Appeals) has decided the appeal vide order dated July 11, 2019. The CIR(A) in its order has decided all the matters in favour of the Holding Company by deleting the all the additions made by the ACIR. However, the appeal effect order is still pending. The management, in consultation with its tax advisor, is confident that the subject matters in respect of tax year 2017 will eventually be decided in favour of the Holding Company.

31.12 During the year ended June 30, 2018, the ACIR vide order dated June 29, 2018 proceeded to amend the assessment under the provisions of section 122(5A) of the Ordinance in respect of tax year 2017. The taxable income has been recomputed by allocating expenses against dividend income, and disallowances made on account of interest on long term finances and payments claimed against staff retirement benefits. By virtue of the aforementioned order passed by the ACIR a tax demand amounting to Rs 318.212 million was raised, out of which the Holding Company has made a payment of Rs 75 million under protest. Furthermore, the Holding Company has filed an appeal with the Commissioner Inland Revenue (Appeals) on July 23, 2018. Subsequent to the year end, Commissioner Inland Revenue (Appeals) has decided the appeal vide order dated July 11, 2019. The CIR(A) in its order has decided all the matters in favour of the Holding Company by deleting the all the additions made by the ACIR. However, the appeal effect order is still pending. The management, in consultation with its tax advisor, is confident that the subject matters in respect of tax year 2017 will eventually be decided in favour of the Holding Company.

31.13 During the year ended June 30, 2015, the SRB issued show cause notice dated April 17, 2015 under the provisions of section 23 and 47 of the Sindh Sales Tax on Services Act, 2011.The SRB officer had selected the revenue from the consolidated financial statements and allegedly raised sales tax demand in respect of the revenue appearing in the audited consolidated financial statements for the years 2012-2014.The Holding Company had filed a suit before the Honourable Sindh High Court in respect of the aforesaid show cause notice and the Honourable Sindh High Court had granted an interim stay order restraining SRB from taking any coercive action. However, in light of the Supreme Court order dated June 27, 2018 the Holding Company had to withdraw from the suit and continued the proceedings of show cause notice. After, considering the submissions of the Holding Company the SRB had passed an assessment order dated March 13, 2019 and raised Sales Tax demand of Rs. 2,668.906 million on the revenue of freight income and services fee for the financial years 2012-2014. The Holding Company had filed an appeal before the Commissioner (Appeals) SRB and obtained stay from Honourable Sindh High Court against the sales tax demand, which is still operating. The management, in consultation with its tax advisor, is confident that the subject matters will eventually be decided in favour of the Holding Company.

31.14 The Taxation Officer (TO) issued an amended assessment order under section 122(5A) of the ITO, 2001 in respect of tax year 2003 against the subsidiary company namely Karachi Shipping (Private) Limited (KSPL). According to the amended order, TO made additions to taxable income of KSPL aggregating to Rs 163.523 million mainly on account of interest income and gain on sale of fixed assets, which have been taxed separately. KSPL made payment of Rs 70.315 million under protest, being the additional tax demand raised by the TO in his order and filed an appeal against the subject order with Commissioner Income Tax (Appeals) - CIT(A). Consequently, KSPL also filed a petition to Alternate Dispute Resolution Committee (ADRC) with respect to the said matter. During the year ended June 30, 2009, the ADRC upheld the decision of TO and decided the matter against KSPL. As KSPL was not satisfied with the order, KSPL continued to pursue its remedy against CIT(A) which is, at present, pending for hearing. The management is confident that the matter in the appeal shall eventually be decided in its favour. Without prejudice to the contentions of the management, the management has as a matter of prudence provided for amount aggregating Rs 70.315 million as payment under protest during the year ended June 30, 2008.

31.15 While framing tax assessment for income of the year ended June 30, 2005, the TO issued an order under section 122(5A) of the ITO, 2001 whereby demand of Rs 139.118 million was raised by the tax department against the subsidiary company namely Lalazar Shipping (Private) Limited (LSPL). According to the order, the TO is of the view that the income appearing under the head ‘other income’ in the annual audited financial statements for the said year is taxable under Normal Tax Regime with reference to section 39 of the ITO, 2001. LSPL had filed appeals with the Commissioner Income Tax (Appeals) and Income Tax Appellate Tribunal, however, the appeals were decided in favour of the tax department.

Subsequently, LSPL filed an appeal in the Honourable High Court and during the year ended June 30, 2011, the Honourable High Court had heard the appeal filed by LSPL and reduced the tax demand raised by TO to Rs 68.284 million. LSPL had paid the reduced tax demand under protest and filed an appeal with the Honourable Supreme Court for which leave to appeal was granted to the LSPL. Further, the tax department had also filed an appeal with the Honourable Supreme Court against the order and the matter is at present pending for hearing. The management of LSPL, based on the advise of its tax advisor, is confident that the matter shall eventually be decided in favour of LSPL.

31.16 The DCIR passed an order dated April 20, 2017 under section 161 and 205 as against a show cause notice relating to non deduction of tax on deemed dividend raising a tax demand of Rs. 26.325 million against the subsidiary company namely Chitral Shipping (Private) Limited (CSPL) in respect of tax year 2015. CSPL obtained stay order from High Court against the said demand and also filed an appeal before Commissioner Inland Revenue (Appeals). The Commissioner Inland Revenue (Appeals) in its order dated June 30, 2017 maintained the decision of Tax Officer. CSPL filed an appeal with the ATIR.

During the year ended June 30, 2018, the appeal before the ATIR has been decided vide order dated August 3, 2018. The ATIR has vacated the orders passed by the Commissioner Inland Revenue (Appeals) and the Tax Officer. The ATIR has held that the department has not correctly appreciated the facts of the case and has remanded back the same to the TO for re-adjudication. The management, in consultation with its tax advisor, is confident that the subject matters will eventually be decided in favour of the CSPL.

31.17 The Additional Commissioner Inland Revenue (ACIR) issued an amended assessment order dated March 24, 2014, under section 124/122(5A) of the ITO, 2001 in respect of tax year 2012 against the subsidiary company namely Sargodha Shipping (Private) Limited (SSPL). According to the amended order, ACIR had only considered the original purchase price of the vessel for the computation of capital gain, as per annual audited financial statements for the year ended June 30, 2003 and ignored the capitalization of spare, equipment on board and dry docking expenditure. By virtue of the aforementioned order passed by the ACIR a tax demand amounting to Rs. 35.545 million was raised. SSPL being aggrieved with the above said order, had filed an appeal with the Commissioner (Appeals) who had decided the matter in the favour of the SSPL and consequently an appeal was filed before the ATIR. The ATIR in his order dated November 21, 2016 upheld the same decision of the Commissioner (Appeal). During the current year, the tax department has filed a suit before the Honorable Sindh High Court, which is still pending. The management, in consultation with its tax advisor, is confident that the subject matters will eventually be decided in favour of the SSPL.

Commitments

31.18 Commitments in respect of capital expenditure amounted to Rs 32.571 million (2018: 32.571 million).

31.19 Outstanding letters of guarantee amounted to Rs 7.142 million (2018: Rs 5.126 million).

31.20 The Holding Company has provided an undertaking amounting to USD 11.6 million (Rs 1,856 million) to one of the vendor / supplier of another state owned entity. This undertaking has been provided due to arrest of two of it's managed vessels operated by its subsidiaries which have been released subsequently. However, the Government of Pakistan has provided a counter guarantee to the Holding Company in relation to the aforesaid undertaking.

31.21 Commitments in respect of Enterprise Resource Planning (ERP) implementation and maintenance amounting to USD 0.48 million (Rs 76.8 million) and USD 0.19 million (Rs 30.4 million) respectively.

	Note	June 30, 2019	June 30, 2018
		----------(Rupees in '000)----------	
32. INCOME FROM SHIPPING BUSINESS			
Owned vessels			
Bulk carriers		2,319,541	1,750,086
Oil tankers		5,721,427	3,988,096
Less: Overage premium		40,101	32,932
Less: Ocean losses		47,771	62,330
		5,633,555	3,892,834
		7,953,096	5,642,920
Chartered vessels - Foreign flag vessels			
Voyage charter revenue		806,708	2,163,072
Less: Overage premium		31,844	57,704
Less: Ocean losses		26,860	7,340
		748,004	2,098,028
Slot charter revenue		1,992,710	1,976,699
		10,693,810	9,717,647
33. FLEET EXPENSES - direct			
Diesel, fuel and lubricants consumed		2,111,139	1,476,748
Stevedoring and transhipment expenses		1,782	4,256
Port, light, canal and customs dues		894,969	800,801
Salaries, benefits and allowances		696,828	709,419
Charter hire and related expenses	33.1	1,641,713	2,190,631
Fleet communication expenses		24,955	18,583
Agency commission and brokerage		173,127	98,373
Victualling expenses		105,932	81,985
Insurance		303,505	241,722
Claim charges		781	20,907
Stores and spares consumed		238,491	254,326
Repairs, maintenance and special surveys		170,470	111,504
Depreciation	8.8	1,270,937	1,353,216
Exchange losses		184,442	127,325
Services sales tax expense		4,059	3,380
Additional war risk		-	-
Travelling and conveyance		78,154	49,010
Sundry expenses		84,063	89,311
		7,985,347	7,631,497

	Note	June 30, 2019	June 30, 2018
		----------(Rupees in '000)----------	
33.1 Charter hire and related expenses			
Foreign flag vessels			
- voyage charter expenses		767,439	1,314,010
- slot charter expenses		874,274	876,621
		1,641,713	2,190,631
34. FLEET EXPENSES - indirect			
Salaries, benefits and allowances	34.1	1,614	7,414
Agents' and other general expenses	34.2	25,144	20,128
Depreciation	8.8	617	585
General establishment expenses		-	852
		27,375	28,979

34.1 This includes Rs 0.123 million (2018: Rs 0.202 million) in respect of provident fund contribution. The investments out of provident fund have been made in accordance with the provisions of Section 218 of the Act and conditions specified thereunder.

	Note	June 30, 2019	June 30, 2018
		----------(Rupees in '000)----------	
34.2 Agents' and other general expenses			
Legal and professional charges		18,742	14,527
Printing and stationery		-	80
Advertisement and publicity		1,348	1,355
Telephone, telex and postage		3,214	2,744
Air freight		1,484	1,126
Bank charges and commission		356	296
		25,144	20,128
35. REAL ESTATE EXPENSES			
Salaries, benefits and allowances	35.1	58,058	57,355
General establishment expenses	35.2	41,721	39,820
Rent, rates and taxes		7,426	11,937
Insurance		5,595	4,049
Depreciation	8.8	27,617	36,276
Legal and professional charges		964	503
		141,381	149,940

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2019

35.1 This includes Rs 0.643 million (2018: Rs 0.737 million) in respect of provident fund contribution. The investments out of provident fund have been made in accordance with the provisions of Section 218 of the Act and conditions specified thereunder.

	Note	June 30, 2019	June 30, 2018
		----------(Rupees in '000)----------	
35.2 General establishment expenses			
Repairs and maintenance		17,309	18,101
Medical expenses			
Security charges		10,664	12,081
Light, power and water		13,496	9,429
Vehicle running, repairs and maintenance expenses		252	209
		41,721	39,820

36. ADMINISTRATIVE EXPENSES

	Note	June 30, 2019	June 30, 2018
Workshop management expense		91,581	86,179
Salaries, benefits and allowances	36.1	713,609	639,724
General establishment expenses	36.2	192,226	218,257
Rent, rates and taxes		22,038	17,215
Scholarship and training expenses		3,024	1,861
Insurance		4,724	4,790
Depreciation	8.8	25,078	31,068
Directors' fee	44.1 & 49	5,531	2,044
Legal and professional charges		32,906	45,191
Sales tax expenses		22,563	20,456
Sundry expenses		-	330
		1,113,280	1,067,115

36.1 This includes Rs 7.900 million (2018: Rs 8.221 million) in respect of provident fund contribution. The investments out of provident fund have been made in accordance with the provisions of Section 218 of the Act and conditions specified thereunder.

	June 30, 2019	June 30, 2018
	----------(Rupees in '000)----------	
36.2 General establishment expenses		
Repairs and maintenance	11,784	18,209
Medical expenses	37,931	54,483
Contribution to group term insurance	827	996
Security charges	4,262	4,290
Travelling and conveyance	13,528	16,704
Entertainment and canteen subsidy	4,625	5,207
Books, periodicals and subscription	9,366	7,439
Uniform and liveries	1,766	2,020
Hajj expenses	4,270	58
Printing and stationery	4,652	4,446
Telephone, telex and postage	9,196	13,527
Light, power and water	11,039	13,311
Computer expenses	10,638	12,629
Advertisement and publicity	13,701	23,930
Vehicle running, repairs and maintenance expenses	24,202	21,722
Ship inspection expenses	1,473	1,849
Sundry expenses	28,966	17,437
	192,226	218,257

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2019

	Note	June 30, 2019	June 30, 2018
		----------(Rupees in '000)----------	
37. OTHER EXPENSES			
Donations	37.1	13,787	120
Auditors' remuneration	37.2	8,640	8,745
Demurrage expenses		2,594	337,410
Employees' gratuity			
- funded	27.1.7	486	2,662
- unfunded	27.1.7	57,634	48,655
		58,120	51,317
Post-retirement medical benefits	27.1.7	26,346	22,341
Employees' compensated absences	27.2.5	131,486	54,561
Loss on revaluation of long-term investments in listed companies	12.1 & 12.2	18,724	-
Impairment loss on revaluation of buildings on leasehold land	8.1	-	9,653
Allowance for ECL on trade debts	16.4	12,559	4,689
Allowance for ECL on other receivables	20.4	79,043	50,245
Trade debts written off		-	1,419
Loss on disposal of stores		30,716	2,041
Net increase in provision against damage claims	30	3,282	3,161
Sundries		-	-
Sindh sales tax		295	292
Exchange loss on demurrage		120,131	120,621
		505,723	666,615

37.1 Represents donation made to Diamer-Bhasha and Mohmand Dams Fund. No director or his spouse had any interest in the donee.

	June 30, 2019			June 30, 2018		
	EY Ford Rhodes	KPMG Taseer Hadi & Co.	Total	EY Ford Rhodes	A.F. Ferguson & Co.	Total
	----------(Rupees in '000)----------					
37.2 Auditors' remuneration						
Statutory audit fee - the Holding Company	1,310	1,310	2,620	1,310	1,310	2,620
Audit fee - subsidiaries	1,860	1,860	3,720	1,860	1,860	3,720
Fee for review of half yearly financial statements	459	459	918	459	459	918
Fee for review report on CCG	140	140	280	140	140	280
Fee for audit of the consolidated financial statements	166	166	332	166	166	332
Statutory certifications	80	40	120	75	150	225
Out of pocket expenses	325	325	650	325	325	650
	4,340	4,300	8,640	4,335	4,410	8,745

		Note	June 30, 2019	June 30, 2018
			----------(Rupees in '000)----------	
38.	**OTHER INCOME**			
	Income from financial assets			
	Income from saving account and term deposits		407,074	368,136
	Dividend income from investment in listed companies		3,947	2,884
	Agency fee		8,324	17,709
	Gain on revaluation of investment properties	10	177,645	390,240
	Cargo claim		2,147	1,577
	Gain on revaluation of long-term investments in listed companies	12.1 & 12.2	-	1,633
	Income from loans to employees		3,378	1,635
	Demurrage income		513,518	585,453
	Reversal of allowance for ECL on other receivables (demurrage)	20.4	23,321	-
			536,839	585,453
	Income from heating claims		-	1,446
	Insurance claims	38.1	17,676	55,702
	Reversal of allowance for ECL on trade debts	16.4	528	2,217
	Reversal of allowance for ECL on other receivables	20.4	9,714	1,173
	Reversal of impairment	8.1	-	36,372
	Income from miscellaneous claims		13,082	21,585
	Exchange gain		403,844	143,088
			1,584,198	1,630,850
	Income from non-financial assets			
	Liabilities no longer payable written back		158,880	54,360
	Sundry income	38.2	72,153	53,384
			231,033	107,744
			1,815,231	1,738,594

38.1 This represents recoveries from hull, cargo and other claims according to the insurance policies.

		June 30, 2019	June 30, 2018
		----------(Rupees in '000)----------	
38.2	This includes the following:		
	Income earned by the Holding Company Work Shop	13,710	13,234
	Cost of tender document	-	551
	Recovery of HV AC charges	3,457	4,998
	Others	54,986	34,601
		72,153	53,384

	Note	June 30, 2019	June 30, 2018
		----------(Rupees in '000)----------	
39. FINANCE COSTS			
Mark-up on long-term financing		443,642	246,017
Bank charges		6,511	4,385
		450,153	250,402
40. TAXATION			
Tax charge for:			
- current year		326,326	360,954
- prior year		(14,103)	(195,102)
		312,223	165,852
- deferred		(52,166)	47,064
	40.1	260,057	212,916

40.1 Relationship between tax expense and accounting profit

	June 30, 2019	June 30, 2018
Accounting profit before tax	2,454,431	1,854,037
Tax rate	29%	30%
Tax on accounting profit	711,785	556,211
Tax effect in respect of inadmissible expenses	(18,450)	(89,104)
Tax effect due to lower tax rates		
Income under section 7A	62,202	(82,891)
Lower tax rates on subsidiaries profit	(495,110)	(73,391)
Dividend income	(553)	(433)
Effect of charging deferred tax on different rate than current tax	(12,694)	15,070
Effect of minimum tax on services	25,731	18,467
Effect of prior year	(14,103)	(195,102)
Effect of super tax	15,915	27,566
Others (including the impact arising as a consequence of change in allocation ratio of revenue chargeable under FTR and NTR tax regime)	(14,666)	36,523
Tax expense for the year	260,057	212,916

41. EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE HOLDING COMPANY - basic and diluted

	June 30, 2019	June 30, 2018
	----------(Rupees in '000)----------	
Net profit for the year	2,193,928	1,640,671
	-----------(No. of Shares)-----------	
Weighted average ordinary shares in issue during the year	132,063,380	132,063,380
	--------------(Rupees)---------------	
Earnings per share - basic and diluted	16.61	12.42

41.1 There were no dilutive potential ordinary shares outstanding as at June 30, 2019 and 2018.

	Note	June 30, 2019	June 30, 2018
		----------(Rupees in '000)----------	
42. CASH GENERATED FROM OPERATIONS			
Profit before taxation		2,454,431	1,854,037
Adjustments for non-cash charges and other items:			
Depreciation	8.8	1,324,249	1,421,145
Loss on disposal of stores	37	30,716	2,041
Net increase in provision against damage claims	37	3,282	3,161
Provision for employees' gratuity	27.1.7	58,120	51,317
Provision for employees' compensated absences	27.2.5	131,486	54,561
Provision for post retirement medical benefits	27.1.7	26,346	22,341
Dividend income from investment in listed companies	38	(3,947)	(2,884)
Allowance for ECL on trade debts	16.4	12,559	4,689
Allowance for ECL on other receivables	20.4	79,043	50,245
Reversal of Impairment	38	-	(36,372)
Liabilities no longer required written back	38	(158,880)	(54,360)
Reversal of allowance for ECL on trade debts	16.4 & 20.4	(528)	(3,390)
Reversal of allowance for ECL on other receivables	20.4	(33,035)	-
Impairment loss on revaluation of buildings on leasehold land	37	-	9,653
Income from saving account and term deposit	38	(407,074)	(368,136)
Mark-up on long-term financing	39	443,642	246,017
Loss / (gain) on revaluation of long-term investments in listed companies	37 & 38	18,724	(1,633)
Gain on revaluation of investment properties	38	(177,645)	(390,240)
Working capital changes	42.1	(948,051)	(813,293)
		2,853,438	2,048,899

		Note	June 30, 2019	June 30, 2018
			----------(Rupees in '000)----------	
42.1	**Working capital changes**			
	(Increase) / decrease in current assets:			
	Stores and spares		(438,127)	12,614
	Trade debts - unsecured		(340,024)	191,355
	Agents' and owners' balances - unsecured		5,956	(10,618)
	Loans and advances		40,294	(37,992)
	Trade deposits and short-term prepayments		(51,973)	39,259
	Other receivables		(193,442)	(638,835)
	Incomplete voyages		(15,859)	37,506
	Insurance claims		(8,537)	(53,394)
			(1,001,712)	(460,105)
	Increase / (decrease) in current liabilities:			
	Trade and other payables		28,398	(404,571)
	Contract liabilities		25,263	51,383
			(948,051)	(813,293)

43. CASH AND CASH EQUIVALENTS

	Note	June 30, 2019	June 30, 2018
Short-term investments having maturity of three months or less	22	2,694,000	121,430
Cash and bank balances	23	2,884,137	2,642,749
		5,578,137	2,764,179

44. REMUNERATION OF CHAIRMAN & CHIEF EXECUTIVE, DIRECTORS AND OTHER EXECUTIVES

The aggregate amount of remuneration including all benefits payable to the Chairman and Chief Executive, Executive Directors and Executives of the Group were as follows:

	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
	Chairman & Chief Executive		Executive Directors*		Other Executives	
	----------------	----------------	----------(Rupees in '000)	----------	----------------	----------------
Managerial remuneration and allowances	1,346	1,756	30,270	25,159	249,741	219,787
Retirement benefits - note 44.2	-	-	-	-	7,202	6,621
House rent	2,250	2,992	12,274	8,297	111,045	90,684
Conveyance	637	801	2,708	1,987	7,403	4,935
Entertainment	6	8	-	-	4,458	3,864
Medical	384	192	1,869	1,971	12,703	10,232
Utilities	-	811	1,862	2,030	22,724	21,277
Personal staff subsidy	-	-	-	-	368	320
Club membership fee and expenses	562	271	340	306	-	-
Bonus	858	1,413	3,258	5,670	23,918	46,788
Other allowances	1,861	854	3,361	1,826	136,604	141,004
	7,904	9,098	55,942	47,246	576,166	545,512
Number of persons	1	1	5	5	129	121

*Executive Directors represent the designation of the personnel and are not the members of Board of Directors of the Group.

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2019

44.1 The aggregate amount charged in the consolidated financial statements for fee to 6 (2018: 6) non-executive directors was Rs 5.531 million (2018: Rs 2.044 million).

44.2 Retirement benefits represent amount contributed towards various retirement benefit plans. The executives of the Group are entitled to retirement benefits as outlined in note 6.14 and 6.15 to these consolidated financial statements. The Chairman & Chief Executive, Directors and other Executives are provided with the Group owned and maintained cars.

	June 30, 2019	June 30, 2018
	----------(Rupees in '000)----------	
45. FINANCIAL INSTRUMENTS BY CATEGORY		
FINANCIAL ASSETS		
Fair value through profit or loss		
Long-term investments - listed companies	32,375	51,099
Amortised cost		
Trade debts - unsecured	870,512	562,923
Agents' and owners' balances - unsecured	13,085	19,041
Loans - employees	12,032	10,107
Trade deposits	43,538	15,516
Interest accrued on bank deposits and short-term investments	23,986	27,303
Other receivables	2,046,937	2,554,068
Insurance claims	96,179	87,642
Short-term investments	3,182,550	4,094,860
Cash and bank balances	2,884,137	2,642,749
Long-term loans	17,313	19,050
Long-term investments - other entity	100	100
	9,190,369	10,033,359
	9,222,744	10,084,458
FINANCIAL LIABILITIES		
Amortised cost		
Trade and other payables	2,214,580	2,384,245
Unclaimed dividend	60,064	52,869
Long-term financing - unsecured	9,083,468	2,954,358
Accrued mark-up on long-term financing	53,511	26,041
	11,411,623	5,417,513

46. FINANCIAL RISK MANAGEMENT

46.1 Financial risk factors

The Group finances its operations through equity and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimise risk. Taken as a whole, the Group is exposed to market risk (including interest rate risk, currency risk and other price risk), credit risk and liquidity risk. The Group's principal financial liabilities comprise of trade and other payables and long term financing. The Group also has various financial assets such as trade debts, other receivables, bank balances and short-term investments which are directly related to its operations. No changes were made in the objectives, policies or processes and assumptions during the year ended June 30, 2019. The policies for managing each of these risk are summarised below:

46.1.1 Concentration of credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers, including trade receivables and committed transactions. Credit risk represents the accounting loss that would be recognised at the date of statement of financial position if counter parties fail completely to perform as contracted.

As at June 30, 2019, out of the total financial assets of Rs 9,222.744 million (2018: Rs 10,084.458 million), the financial assets which are subject to credit risk amounted to Rs 9,220.997 million (2018: Rs 10,081.113 million). The management continuously monitors the credit exposure towards the customers and recognise an allowance for ECL on balances considered doubtful of recovery.

Moreover, a significant component of the receivable balances of the Group relates to amounts due from the Public Sector organisations. Due to the Group's long standing business relationships with these counterparties and after giving due consideration to their related credit standing, management does not expect non–performance by those counter parties on their obligations to the Group.

46.1.2 Market Risk

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. The Group faces foreign currency risk on receivable and payable transactions at foreign ports.

As at June 30, 2019, if the currency had weakened / strengthened by 5% against the US dollar with all other variables held constant, profit before taxation for the year would have been higher / lower by Rs 15.974 million (2018: Rs 74.409 million), mainly as a result of foreign exchange gains / losses on translation of US dollar denominated assets and liabilities.

As at June 30, 2019, the effect of fluctuations in other foreign currency denominated assets or liabilities balances would not be material, therefore, not disclosed.

Cash flow and fair value interest rate risk

The Group has interest bearing liabilities that have floating interest rates. At June 30, 2019, if interest rates on borrowings had been 100 basis points higher / lower with all other variables held constant, profit after taxation for the year would have been lower / higher by Rs 64.493 million (2018: Rs 20.681 million).

Price risk

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The effects of changes in fair value of investments made by the Group, on the future profits are not considered to be material in the overall context of these consolidated financial statements.

46.1.3 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in raising funds to meet commitments associated with financial instruments. The Group believes that it is not exposed to any significant level of liquidity risk.

The management forecasts the liquidity of the Group on basis of expected cash flow considering the level of liquid assets necessary to meet such risk. This involves monitoring statement of financial position, liquidity ratios and maintaining debt financing plans.

Financial liabilities in accordance with their contractual maturities are presented below:

	Total Contractual cash flows	Less than 1 year	Between 1 to 2 years	Between 2 to 5 years	More than 5 years
June 30, 2019	----------------------------	----------------	(Rupees in '000)	----------------	----------------------------
Long-term financing	**9,083,469**	**1,747,543**	**1,325,896**	**3,403,233**	**2,606,797**
Unclaimed dividend	**60,064**	**60,064**	**-**	**-**	**-**
Trade and other payables	**2,214,580**	**2,214,580**	**-**	**-**	**-**
Accrued mark-up on long-term financing	**53,511**	**53,511**	**-**	**-**	**-**
	11,411,624	**4,075,698**	**1,325,896**	**3,403,233**	**2,606,797**
June 30, 2018					
Long-term financing	3,313,910	1,375,839	887,560	1,050,511	-
Unclaimed dividend	52,869	52,869	-	-	-
Trade and other payables	2,384,245	2,384,245	-	-	-
Accrued mark-up on long-term financing	26,041	26,041	-	-	-
	5,777,065	3,838,994	887,560	1,050,511	-

46.1.4 Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

Fair value hierarchy

As at June 30, 2019, the Group's all assets and liabilities are carried at amortised cost except for those mentioned below:

The Group'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 accumulated depreciation and subsequent accumulated impairment losses, if any. The latest fair valuation of the Group's leasehold land, buildings on leasehold land, beach huts and workshop machinery and equipment was performed by Fairwater Property Valuers & Surveyors (Private) Limited (an independent valuer) as at June 30, 2018.

The Group classifies investment properties and long-term investments in listed companies measured at fair value in the statement of financial position. The latest fair valuation of the Group's investment properties was performed by Fairwater Property Valuers & Surveyors (Private) Limited (an independent valuer) as at June 30, 2019.

The valuation techniques and inputs used to develop fair value measurements of aforementioned assets are as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities;

Level 2: Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: Those whose inputs for the asset or liability that are not based on observable market date (unobservable inputs).

There were no transfers between level 1, 2 or 3 of the fair value hierarchy during the year.

Details of fair value hierarchy and information relating to fair value of Group's leasehold land, buildings on leasehold land, beach huts, workshop machinery and equipment, investment categorised as fair value through profit or loss and investment properties are as follows:

	Note	June 30, 2019			
		Level 1	Level 2	Level 3	Total
		----------------------------(Rupees in '000)----------------------------			
Assets carried at fair value					
Long-term investments - fair value through profit or loss	12	32,375	-	-	32,375
Leasehold land		-	1,086,960	-	1,086,960
Buildings on leasehold land		-	731,089	-	731,089
Beach huts		-	14,624	-	14,624
Workshop machinery and equipment		-	5,340	-	5,340
Investment properties		-	3,266,105	-	3,266,105
		-	5,104,118	-	5,104,118

		June 30, 2018			
		Level 1	Level 2	Level 3	Total
		----------------------------(Rupees in '000)----------------------------			
Assets carried at fair value					
Long-term investments - fair value through profit or loss	12	51,099	-	-	51,099
Leasehold land		-	1,086,960	-	1,086,960
Buildings on leasehold land		-	786,260	-	786,260
Beach huts		-	16,251	-	16,251
Workshop machinery and equipment		-	5,156	-	5,156
Investment properties		-	3,061,632	-	3,061,632
		-	4,956,259	-	4,956,259

47 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages its capital structure by monitoring return on net assets and makes adjustment to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares.

The Group is in compliance with externally imposed capital requirements applicable at consolidated financial statements level. The debt equity ratios as at June 30, 2019 and 2018 were as follows:

	June 30, 2019	June 30, 2018
	---------(Rupees in '000)----------	
Long-term financing (note 26)	9,083,468	2,954,358
Total equity	32,603,726	31,336,776
Total	41,687,194	34,291,134
Debt-to-equity ratio	28:72	9:91

48. ENTITY WIDE INFORMATION

48.1 The Group constitutes a single reportable segment, the principal classes of services provided are transportation of dry cargo, liquid cargo and rental income.

48.2 Information about services

The Group's principal classes of services accounted for the following amount of revenue:

	June 30, 2019	June 30, 2018
	---------(Rupees in '000)----------	
Transportation of dry cargo	4,312,251	3,726,785
Transportation of liquid cargo	6,381,559	5,990,862
Rental income	168,649	192,344
	10,862,459	9,909,991

48.3 Information about geographical areas

The Group does not hold non-current assets in any foreign country.

48.4 Information about major customers

The Group has the following exposure to concentration of credit risk with clients representing greater than 10 % of the total revenue balances:

	2019 Revenue		2018 Revenue	
	(Rupees in '000)	% of Total	(Rupees in '000)	% of Total
Client 1	2,811,942	25.89	2,276,197	22.97
Client 2	1,604,479	14.77	2,107,060	21.26
Client 3	-	-	1,067,378	10.77
	4,416,421	40.66	5,450,635	55.00

49. RELATED PARTY DISCLOSURES

Related parties comprise of companies affiliated to the Holding Company and the directors, chief executives of the Holding Company and employee funds maintained by the Holding Company. Particulars of remuneration to key personnel are disclosed in note 44 to these consolidated financial statements.

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

Nature of transactions	Relationship with the Group	June 30, 2019	June 30, 2018
		----------(Rupees in '000)----------	
Freight Income	State owned / controlled entities	7,557,493	8,126,094
Rental income	State owned / controlled entities	4,235	3,647
Demurrage income (Note 38)	State owned / controlled entities	123,641	585,453
Contributions to Provident Fund	Employees fund	8,665	9,160
Directors' fee and travelling allowance	Key management personnel	5,813	2,044
Compensation to key management personnel (Note 44)	Key management personnel*	107,219	56,344
Dividend to Government of Pakistan	Government holding	172,940	229,157
Dividend income	State owned / controlled entities	2,907	2,884

*The amount has been restated to include the remuneration and other benefits of Company Secretary in compliance of S.R.O 1194(1)/2018, dated October 02, 2018

49.1 Outstanding balances due from / due to related parties have been disclosed in notes 11, 13, 16, 18, 19, 20 and 28 to these consolidated financial statements.

Notes to and Forming Part of the Consolidated Financial Statements
For the year ended June 30, 2019

49.2 Following are the related parties with whom the Group had entered into transactions or have arrangements / agreements in place.

S.No.	Name	Basis of relationship	Aggregate % of shareholding in the Company
1	Muhammadi Engineering Works (Private) Limited	Associate	N/A
2	Employees' Gratuity Fund	Staff retirement benefits	N/A
3	Employees' Contributory Provident Fund	Staff retirement benefits	N/A
4	Civil Aviation Authority	State owned/controlled entity	N/A
5	Central Power Generation Company Limited	State owned/controlled entity	N/A
6	Heavy Industries Taxila	State owned/controlled entity	N/A
7	Mari Petroleum Company Limited	State owned/controlled entity	N/A
8	Pakistan Petroleum Limited	State owned/controlled entity	N/A
9	Karachi Port Trust	State owned/controlled entity	N/A
10	Wah Brass Mills (Private) Limited	State owned/controlled entity	N/A
11	National Bank of Pakistan	State owned/controlled entity	N/A
12	National Telecommunication Corporation	State owned/controlled entity	N/A
13	Karachi Water and Severage Board	State owned/controlled entity	N/A
14	National Refinery Limited	State owned/controlled entity	N/A
15	Pak Arab Refinery Limited	State owned/controlled entity	N/A
16	National Insurance Company Limited	State owned/controlled entity	N/A
17	Pakistan International Airlines	State owned/controlled entity	N/A
18	Pakistan Machine Tool Factory	State owned/controlled entity	N/A
19	Pakistan Refinery Limited	State owned/controlled entity	N/A
20	Pakistan Security Printing Corporation	State owned/controlled entity	N/A
21	Pakistan State Oil	State owned/controlled entity	N/A
22	Pakistan Telecommunication Limited	State owned/controlled entity	N/A
23	District Controller of Stores	State owned/controlled entity	N/A
24	Port Qasim Authority	State owned/controlled entity	N/A
25	Sui Northern Gas Pipelines Limited	State owned/controlled entity	N/A
26	Sui Southern Gas Company Limited	State owned/controlled entity	N/A
27	Trading Corporation of Pakistan (Private) Limited	State owned/controlled entity	N/A
28	Water and Power Development Authority	State owned/controlled entity	N/A
29	Directors / Executives	Key management personnel	0.002

Notes to and Forming Part of the Consolidated Financial Statements
For the year ended June 30, 2019

50. LISTING OF SUBSIDIARY COMPANIES AND AN ASSOCIATE

Name of Subsidiaries	Financial year end
- Bolan Shipping (Private) Limited	June 30
- Chitral Shipping (Private) Limited	June 30
- Hyderabad Shipping (Private) Limited	June 30
- Islamabad Shipping (Private) Limited	June 30
- Johar Shipping (Private) Limited	June 30
- Kaghan Shipping (Private) Limited	June 30
- Karachi Shipping (Private) Limited	June 30
- Khairpur Shipping (Private) Limited	June 30
- Lahore Shipping (Private) Limited	June 30
- Lalazar Shipping (Private) Limited	June 30
- Makran Shipping (Private) Limited	June 30
- Malakand Shipping (Private) Limited	June 30
- Multan Shipping (Private) Limited	June 30
- Quetta Shipping (Private) Limited	June 30
- Sargodha Shipping (Private) Limited	June 30
- Shalamar Shipping (Private) Limited	June 30
- Sibi Shipping (Private) Limited	June 30
- Swat Shipping (Private) Limited	June 30
- Pakistan Co-operative Ship Stores (Private) Limited	June 30
Name of Associate	
- Muhammadi Engineering Works (Private) Limited	December 31

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2019

50.1 Set out below is summarised financial information of Pakistan Co-operative Ship Stores (Private) Limited that has Non-Controlling Interest (NCI). The following amounts are disclosed before inter-company eliminations.

	June 30, 2019	June 30, 2018
	-----------(Percentage)---------	
Non-controlling interest (NCI)	27%	27%

	June 30, 2019	June 30, 2018
	--------(Rupees in '000)--------	
Non-current assets	541	570
Current assets	17,449	15,934
Non-current liabilities	-	-
Current liabilities	1,206	1,371
Net assets attributable to NCI	4,610	4,164
Revenue	1,974	1,826
Expenses	322	162
Profit after tax for the year	1,652	1,664
Profit attributable to NCI	446	450
Other comprehensive income for the year	-	-
Other comprehensive income attributable to NCI	-	-
Total comprehensive income attributable to NCI	446	450
Net cash flows from operating activities	784	1,198
Net cash flows from investing activities	(713)	(1,342)
Net cash flows from financing activities	-	-

51. CORRESPONDING FIGURES

Corresponding figures have been reclassified wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison in accordance with the accounting and reporting standards as applicable in Pakistan.

52. NUMBER OF EMPLOYEES

The average and total number of employees during the year and as at June 30, 2019 and 2018 respectively are as follows:

	June 30, 2019	June 30, 2018
	-------(No of employees)-------	
Average number of employees during the year	675	680
Number of employees as at end of the year	680	670

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2019

53. RECONCILIATION OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	2019		2018	
	Long-term financing	Unclaimed dividend	Long-term financing	Unclaimed dividend
	Rupees in '000			
Balance at beginning of the year	2,954,358	52,869	4,154,363	39,147
Changes from financing cash flows				
Proceeds received	7,568,288	-	-	-
Repayment	(1,449,615)	-	(1,210,472)	-
Dividend paid	-	(190,900)	-	(250,405)
Total changes from financing activities	6,118,673	(190,900)	(1,210,472)	(250,405)
Other changes				
Amortisation of arrangement fee	10,437	-	10,467	-
Final dividend for the year ended June 30, 2018	-	198,095	-	264,127
Total other changes	10,437	198,095	10,467	264,127
Balance at end of the year	9,083,468	60,064	2,954,358	52,869

54. SUBSEQUENT EVENTS

The Board of Directors at their meeting held on September 26, 2019 have proposed for the year ended June 30, 2019 cash dividend of Rs 2 per share (2018: Rs 1.50 per share), amounting to Rs 264.127 million (2018: Rs 198.095 million) subject to the approval of the members at the annual general meeting to be held on October 28, 2019. These consolidated financial statements for the year ended June 30, 2019 do not include the effect of this appropriation which will be accounted for subsequent to the year end.

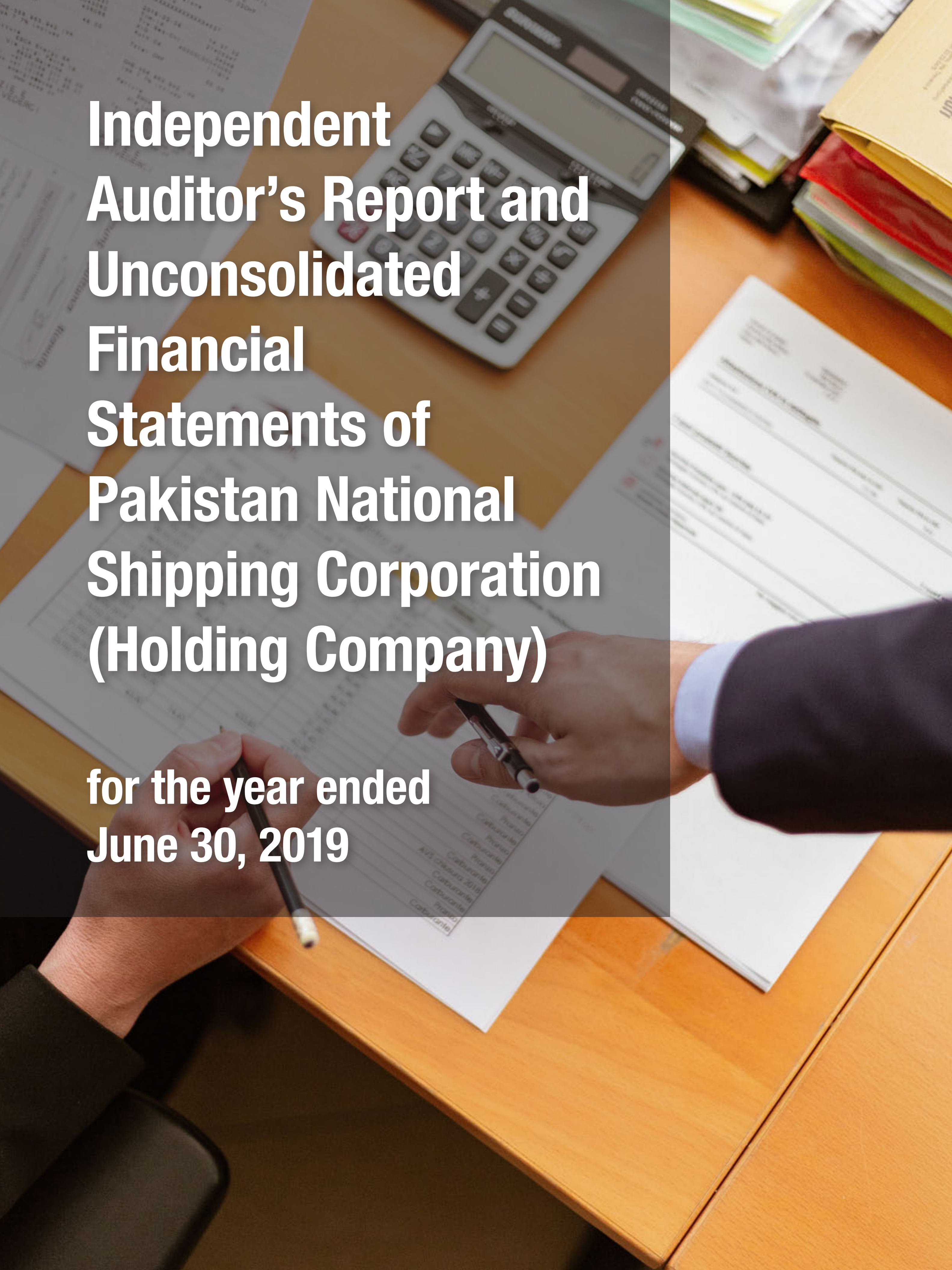
55. GENERAL

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

56. DATE OF AUTHORISATION

These consolidated financial statements were authorised for issue on September 26, 2019 by the Board of Directors of the Holding Company.

Syed Jarar Haider Kazmi	Rizwan Ahmed P.A.S.	Khowaja Obaid Imran Ilyas
Chief Financial Officer	Chairman & Chief Executive	Director



Independent Auditor's Report and Unconsolidated Financial Statements of Pakistan National Shipping Corporation (Holding Company)

for the year ended June 30, 2019

EY FORD RHODES
CHARTERED ACCOUNTANTS
PROGRESSIVE PLAZA
BEAUMONT ROAD
KARACHI 75530
PAKISTAN

KPMG TASEER HADI & CO.
CHARTERED ACCOUNTANTS
SHEIKH SULTAN TRUST BUILDING NO.2
BEAUMONT ROAD
KARACHI 75530
PAKISTAN

INDEPENDENT AUDITOR'S REPORT

To the members of Pakistan National Shipping Corporation

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of Pakistan National Shipping Corporation (the Corporation), which comprise the unconsolidated statement of financial position as at 30 June 2019, and the unconsolidated statement of profit or loss and other comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated statement of profit or loss and other comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Corporation's affairs as at 30 June 2019 and of the profit and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements* section of our report. We are independent of the Corporation in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key Audit Matters:

S. No.	Key Audit Matter	How the matter was addressed in our audit
(i)	**Valuation of the Corporation's investment in vessel owned subsidiaries** As disclosed in note 10 to the annexed unconsolidated financial statements, the Corporation has investment in vessel owned subsidiaries. The Corporation in accordance with IAS 36 "Impairment of Assets", assessed whether there is any indication that a Cash Generating Unit (CGU) i.e. vessel owned subsidiary may be impaired as at 30 June 2019. The challenging market conditions together with lower fair values in certain vessels are considered as possible indicators of impairment. Accordingly, management performed an impairment assessment of its investment in vessel owned subsidiaries. For such assessment, the management has determined the recoverable amount of each vessel owned subsidiaries which is supported by value-in-use calculation. The value-in-use of each vessel is estimated by discounting future cash flow projections which involved exercise of significant estimates and judgments relating majorly to charter hire rates, inflation rates and discount rates. Management compared the carrying amount and the recoverable amount of its investment in vessel owned subsidiaries and concluded that no impairment is required to be recorded in the annexed unconsolidated financial statements. We considered this as a key audit matter due to the significant value of investment in the vessel owned subsidiaries as at reporting date and significance of judgments / estimates used by management in determining the value-in-use.	Our key audit procedures among others included the following: • Obtained an understanding of the methodology and assumptions used by the management to estimate the value-in-use of the Corporation's investment in vessel owned subsidiaries. • Reviewed computations of value-in-use for accuracy and evaluated technical ability and competence of the management's expert. • Involved our experts to assess the appropriateness of the methodology and assumptions used by the management to determine the value-in-use of the Corporation's investment in vessel owned subsidiaries. As part of these audit procedures, our experts: – compared the assumptions used with the historical results, published market and industry data and forecasts; and – reviewed the accuracy of key inputs used in the valuation including the charter hire rates, inflation rates and discount rates. • Reviewed the sensitivity analysis performed by the management in consideration of the potential impact of the reasonably possible change in the assumptions used and considered management's process for approving such estimates. • Reassessed the adequacy of related disclosures made in the annexed unconsolidated financial statements.

S. No.	Key Audit Matter	How the matter was addressed in our audit
(ii)	**Adoption of IFRS 9 - Financial Instruments**	
	As referred to in note 4.1 to the annexed unconsolidated financial statements, the Corporation has adopted IFRS 9 with effect from 1 July 2018. The impact of adoption on the classification and carrying amount of the financial assets as at 1 July 2018 is disclosed in note 4.1.2 to the annexed unconsolidated financial statements. IFRS 9 requires the Corporation to calculate loss allowances for its financial assets using expected credit loss (ECL) model as against the incurred loss model previously applied by the management. Assessment of allowance for ECL against trade debts, agents' and owners' balances and other receivables requires significant judgement, estimates and assumptions applied by the management including historical credit loss experience adjusted with forward-looking macro-economic information. We have considered adoption of IFRS 9 as a key audit matter due to significance of the estimates and judgements used by the management related particularly to the calculation of allowance for ECL.	Our key audit procedures among others included the following: • Reviewed the methodology developed and applied by the management to estimate the allowance for ECL against trade debts, agents' and owners' balances and other receivables. • Considered and evaluated the assumptions used in applying the ECL model based on historical information and qualitative factors as relevant for such estimates. • Assessed the integrity and quality of the data used for allowance for ECL computation based on the accounting records and information system of the Corporation as well as the external sources used for this purpose. • Checked the mathematical accuracy of the ECL model by performing recalculation on test basis. • Reassessed the adequacy of related disclosures made in the annexed unconsolidated financial statements.

S. No.	Key Audit Matter	How the matter was addressed in our audit
(iii)	**Long-term financing**	
	During the year, the Corporation has obtained further long-term financing from commercial banks as disclosed in note 23 to the annexed unconsolidated financial statements to finance its subsidiary companies namely Bolan Shipping (Private) Limited and Khairpur Shipping (Private) Limited for the purchase of respective vessels. The Corporation's key operating / performance indicators including liquidity, gearing and finance costs are directly influenced by its portfolio of borrowings. Further, financing arrangements entail covenants that the Corporation is subject to compliance. We have considered long-term financing as a key audit matter due to the significance of the financing obtained during the year along with the sensitivity of the compliance with underlying debt covenants.	Our key audit procedures among others included the following: • Obtained an understanding of the Corporation's process with respect to long-term financing and tested related controls established by the management of the Corporation. • Reviewed all the significant terms and conditions contained in the bank's facility letter and financing agreement executed during the year. • Reviewed Corporation's compliance with underlying debt covenants and inquired from management about future compliance with the debt covenants and any challenges expected in this regard. • Circularized confirmations to the financing banks with outstanding loan balances at the reporting date. • Reviewed the maturity analysis of the financing obtained to ascertain the classification of loans as per their remaining maturities. • Assessed the adequacy and appropriateness of the related disclosures made in the annexed unconsolidated financial statements.

S. No.	Key Audit Matter	How the matter was addressed in our audit
(iv)	**Contingencies**	
	The Corporation has various contingent liabilities in respect of income tax matters, sales tax matters and claims from employees and customers which are pending adjudication before the relevant regulatory authorities and the courts of law, details of which are disclosed in notes 28.1 to 28.13 to the annexed unconsolidated financial statements. Contingencies require management to make judgments and estimates in relation to the interpretation of laws, statutory rules, regulations and the probability of outcome and financial impact, if any, on the Corporation regarding disclosure, recognition and measurement of any provision that may be required against such contingencies in the annexed unconsolidated financial statements. Due to significance of amounts involved, inherent uncertainties with respect to the outcome of the matters and use of significant management judgments and estimates to assess the same including related financial impacts, we considered contingencies as a key audit matter.	Our key audit procedures among others included the following: • Obtained an understanding of the Corporation's processes and controls over litigations through meetings with the management, in-house legal department and review of the minutes of the Board of Directors and Board Audit Committee. • Reviewed correspondence of the Corporation with regulatory departments, tax authorities (including judgments and orders passed by competent authorities from time to time, where applicable) and the Corporation's external counsel. Where relevant, also assessed external legal/tax advices obtained by the Corporation. • Discussed open matters and developments with the in-house legal department of the Corporation. • Involved internal tax professionals to assess management's conclusion on contingent tax matters and to evaluate the consistency of such conclusions with the views of the management and external tax advisors engaged by the Corporation. • Circularised confirmations to the Corporation's external legal and tax advisors for their views and assessment on the pending cases. • Reassessed the adequacy of related disclosures made in the annexed unconsolidated financial statements.

Information Other than the Unconsolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and unconsolidated financial statements and our auditor's reports thereon .

Our opinion on the unconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of the Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern . If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

(a) proper books of account have been kept by the Corporation as required by the Companies Act, 2017 (XIX of 2017);

(b) the unconsolidated statement of financial position, the unconsolidated statement of profit or loss and other comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

(c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Corporation's business; and

(d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Corporation and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Other Matter

The unconsolidated financial statements of the Corporation for the year ended 30 June 2018 were audited by A.F. Ferguson and Co., Chartered Accountants and EY Ford Rhodes, Chartered Accountants who had expressed an unmodified opinion thereon dated 27 September 2018.

The engagement partners on the audit resulting in this independent auditor's report are Tariq Feroz Khan (EY Ford Rhodes) and Muhammad Taufiq (KPMG Taseer Hadi & Co.).

EY Ford Rhodes

EY Ford Rhodes
Chartered Accountants
Karachi

KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co.
Chartered Accountants
Karachi

04 October 2019

Unconsolidated Statement of Financial Position

As at June 30, 2019

	Note	June 30, 2019	June 30, 2018
ASSETS		-------------(Rupees in '000)-------------	
NON-CURRENT ASSETS			
Property, plant and equipment	7	1,938,270	2,001,907
Intangible asset	8	-	-
Investment properties	9	3,266,105	3,061,632
Long-term investments in:			
- Related parties (subsidiaries and an associate)	10	28,591,761	28,591,761
- Listed companies and an other entity	11	32,475	51,199
		28,624,236	28,642,960
Long-term loans and advances	12	8,565,140	19,050
Deferred taxation - net	13	125,996	63,813
		42,519,747	33,789,362
CURRENT ASSETS			
Stores and spares	14	11,690	12,845
Trade debts - unsecured	15	437,974	344,864
Agents' and owners' balances - unsecured	16	13,085	19,041
Loans and advances	17	69,996	110,290
Trade deposits and short-term prepayments	18	71,714	20,863
Interest accrued on bank deposits and short-term investments		23,896	26,462
Other receivables	19	1,298,774	1,782,911
Incomplete voyages		1,862	22,939
Taxation-net		1,338,785	1,350,896
Short-term investments	20	3,168,550	4,082,860
Cash and bank balances	21	2,880,729	2,639,415
		9,317,055	10,413,386
TOTAL ASSETS		51,836,802	44,202,748
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital			
Authorised 200,000,000 (2018: 200,000,000) ordinary shares of Rs 10 each		2,000,000	2,000,000
Issued, subscribed and paid-up share capital	22	1,320,634	1,320,634
Capital reserve		126,843	126,843
Revenue reserve		9,543,389	9,896,018
Remeasurement of post retirement benefits obligation - net of tax		(306,621)	(255,121)
Surplus on revaluation of property, plant and equipment - net of tax		1,234,901	1,242,161
		11,919,146	12,330,535
NON-CURRENT LIABILITIES			
Long-term financing - secured	23	7,335,925	1,744,186
Deferred liabilities	24	711,259	600,933
		8,047,184	2,345,119
CURRENT LIABILITIES			
Trade and other payables	25	29,841,365	28,094,815
Contract liabilities	26	141,514	120,004
Provision against damage claims	27	26,475	23,193
Current portion of long-term financing	23	1,747,543	1,210,172
Unclaimed dividend		60,064	52,869
Accrued markup on long-term financing		53,511	26,041
		31,870,472	29,527,094
TOTAL LIABILITIES		39,917,656	31,872,213
TOTAL EQUITY AND LIABILITIES		51,836,802	44,202,748
CONTINGENCIES AND COMMITMENTS	28		

The annexed notes 1 to 54 form an integral part of these unconsolidated financial statements.

Syed Jarar Haider Kazmi	Rizwan Ahmed P.A.S.	Khowaja Obaid Imran Ilyas
Chief Financial Officer	Chairman & Chief Executive	Director

Unconsolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended June 30, 2019

	Note	June 30, 2019	June 30, 2018
		-----------(Rupees in '000)---------	
REVENUE			
Freight income - foreign flag vessels	29	2,740,714	4,074,727
Service fees - net	30	321,638	229,528
Rental income		167,674	191,457
		3,230,026	4,495,712
EXPENDITURE			
Fleet expenses - direct	31	(1,735,990)	(2,273,290)
Fleet expenses - indirect	32	(16,058)	(19,617)
Vessel management expenses	33	(807,335)	(703,890)
Real estate expenses	34	(141,381)	(149,940)
		(2,700,764)	(3,146,737)
GROSS PROFIT		529,262	1,348,975
Administrative expenses	35	(290,806)	(347,402)
Other expenses	36	(429,382)	(634,125)
Other income	37	1,196,025	1,356,520
		475,837	374,993
OPERATING PROFIT		1,005,099	1,723,968
Finance costs	38	(445,490)	(247,210)
PROFIT BEFORE TAXATION		559,609	1,476,758
Taxation	39	(205,585)	(173,119)
NET PROFIT FOR THE YEAR		354,024	1,303,639
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss			
- Remeasurement of post-retirement benefits obligation	24.1.8	(63,931)	631
- Impact of deferred tax	13.1	12,431	(93)
		(51,500)	538
- Revaluation of property, plant and equipment		-	54,276
- Impact of deferred tax	13.1	(5,178)	64,409
		(5,178)	118,685
OTHER COMPREHENSIVE (LOSS) / INCOME FOR THE YEAR		(56,678)	119,223
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		297,346	1,422,862
		------------------(Rupees)----------------	
EARNINGS PER SHARE - basic and diluted	40	2.68	9.87

The annexed notes 1 to 54 form an integral part of these unconsolidated financial statements.

Syed Jarar Haider Kazmi	Rizwan Ahmed P.A.S.	Khowaja Obaid Imran Ilyas
Chief Financial Officer	Chairman & Chief Executive	Director

Unconsolidated Statement of Changes in Equity

For the year ended June 30, 2019

	Issued, subscribed and paid-up share capital	Capital reserve*	Revenue reserve - unappropriated profit	Remeasurement of post- retirement benefits obligation - net of tax	Surplus on revaluation of property, plant and equipment - net of tax	Total equity
	(Rupees in '000)					
Balance as at July 01, 2017 - restated	1,320,634	126,843	8,839,457	(255,659)	1,140,525	11,171,800
Transaction with owners						
Final cash dividend for the year ended June 30, 2017 @ Rs 2 per ordinary share	-	-	(264,127)	-	-	(264,127)
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax	-	-	17,049	-	(17,049)	-
Comprehensive income for the year						
Net profit for the year	-	-	1,303,639	-	-	1,303,639
Other comprehensive income for the year	-	-	-	538	118,685	119,223
Total comprehensive income for the year	-	-	1,303,639	538	118,685	1,422,862
Balance as at June 30, 2018	1,320,634	126,843	9,896,018	(255,121)	1,242,161	12,330,535
Balance as at July 01, 2018, as previously reported	1,320,634	126,843	9,896,018	(255,121)	1,242,161	12,330,535
Impact of initial application of IFRS 9 (note 4.1.2)	-	-	(513,404)	-	-	(513,404)
Impact of deferred tax	-	-	2,764	-	-	2,764
Net impact of initial application of IFRS 9	-	-	(510,640)	-	-	(510,640)
Balance as at July 01, 2018 - restated	1,320,634	126,843	9,385,378	(255,121)	1,242,161	11,819,895
Transaction with owners						
Final cash dividend for the year ended June 30, 2018 @ Rs 1.5 per ordinary share	-	-	(198,095)	-	-	(198,095)
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax	-	-	2,082	-	(2,082)	-
Comprehensive income for the year						
Net profit for the year	-	-	354,024	-	-	354,024
Other comprehensive loss for the year	-	-	-	(51,500)	(5,178)	(56,678)
Total comprehensive income for the year	-	-	354,024	(51,500)	(5,178)	297,346
Balance as at June 30, 2019	**1,320,634**	**126,843**	**9,543,389**	**(306,621)**	**1,234,901**	**11,919,146**

* This includes an amount transferred from shareholder's equity at the time of merger between former NSC and PSC. The reserve is not utilisable for the purpose of distribution to shareholders.

The annexed notes 1 to 54 form an integral part of these unconsolidated financial statements.

Syed Jarar Haider Kazmi	Rizwan Ahmed P.A.S.	Khowaja Obaid Imran Ilyas
Chief Financial Officer	Chairman & Chief Executive	Director

Unconsolidated Statement of Cash Flows

For the year ended June 30, 2019

	Note	June 30, 2019	June 30, 2018
		----------(Rupees in '000)---------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	41	2,335,985	1,778,069
Employees' gratuity paid	24.1.4	(26,756)	(8,794)
Employees' compensated absences paid	24.2.4	(81,852)	(70,064)
Post-retirement medical benefits paid	24.1.4	(27,229)	(36,506)
Long-term loans and advances		(8,546,090)	(19,050)
Finance costs paid		(405,735)	(245,091)
Taxes paid		(245,640)	(394,273)
Net cash (used in) / generated from operating activities		(6,997,317)	1,004,291
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	7.1	(16,503)	(37,369)
Additions made to investment properties	9	-	(349)
Short-term investments redeemed / (made)		3,472,880	(2,294,385)
Interest received on short-term investments		409,104	388,369
Dividends received on long-term investments in listed companies	37	3,947	2,884
Net cash generated from / (used in) investing activities		3,869,428	(1,940,850)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term financing repaid	23.3	(1,449,615)	(1,210,472)
Long-term financing obtained	23.3	7,568,288	-
Dividends paid		(190,900)	(250,405)
Net cash generated from / (used in) financing activities		5,927,773	(1,460,877)
Net increase / (decrease) in cash and cash equivalents		2,799,884	(2,397,436)
Cash and cash equivalents at beginning of the year		2,760,845	5,158,281
Cash and cash equivalents at end of the year	42	5,560,729	2,760,845

The annexed notes 1 to 54 form an integral part of these unconsolidated financial statements.

Syed Jarar Haider Kazmi	**Rizwan Ahmed** P.A.S.	**Khowaja Obaid Imran Ilyas**
Chief Financial Officer	Chairman & Chief Executive	Director

Notes to and Forming Part of the Unconsolidated Financial Statements

For the year ended June 30, 2019

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 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.

2. STATEMENT OF COMPLIANCE

These unconsolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act); and

- Provisions of and directives issued under the Act.

Where provisions of and directives issued under the Act differ from the IFRSs, the provisions of and directives issued under the Act have been followed.

3. BASIS OF MEASUREMENT

3.1 These unconsolidated financial statements have been prepared under the historical cost convention except as otherwise stated in the respective notes to the unconsolidated financial statements.

3.2 These unconsolidated financial statements are presented in Pakistani Rupees, which is the Corporation's functional and presentation currency.

4. STANDARDS, INTERPRETATIONS, AMENDMENTS AND IMPROVEMENTS APPLICABLE TO FINANCIAL STATEMENTS

4.1 New standards, interpretations, amendments and improvements effective during the year

The Corporation has adopted the following standards, interpretations, amendments and improvements to IFRSs which became effective for the current year:

IFRS 2:	Share-based Payments: Classification and Measurement of Share Based Payments Transactions (Amendments)
IFRS 9:	Financial Instruments
IFRS 15:	Revenue from Contracts with Customers
IAS 40:	Investment Property: Transfers of Investment Property (Amendments)
IFRIC 22:	Foreign Currency Transactions and Advance Consideration

Improvements to IFRSs Issued by IASB in December 2016

IAS 28 — Investment in Associates and Joint Ventures: Clarification that measuring investees at fair value through profit or loss in an investment-by-investment choice.

The adoption of the above standards, interpretations, amendments and improvements to IFRSs did not have any effect on these unconsolidated financial statements, except for IFRS 9 and IFRS 15 as explained below:

4.1.1 IFRS 15 Revenue from Contracts with Customers

IFRS 15 'Revenue from contracts with customers' - IFRS 15 replaces the previous revenue standards: IAS 18 'Revenue', IAS 11 'Construction Contracts', and the related interpretations on revenue recognition.

According to IFRS 15, revenue is recognised to depict the transfer of promised goods or services to a customer in an amount that reflects the consideration to which the Corporation expects to be entitled in exchange for those goods or services. Revenue is recognised when, or as, the customer obtains control of the goods or services. IFRS 15 also includes guidance on the presentation of contract balances, that is, assets and liabilities arising from contracts with customers, depending on the relationship between the entity's performance and the customers' payment.

The Corporation has applied IFRS 15 using modified retrospective approach with initial application date of July 01, 2018 as notified by the Securities and Exchange Commission of Pakistan (SECP). The first-time application of IFRS 15 has not had any significant effects with regard to the amount of revenue recognised and when it is recognised. Hence, no cumulative adjustment amounts have been recognised to adjust the opening retained earnings as at July 01, 2018. Accordingly, the information presented for prior years has not been restated, as previously reported, under IAS 18 and related interpretations.

The management of the Corporation has assessed and concluded that the Corporation is in compliance with the requirements of IFRS 15. The new accounting policy in respect of revenue recognition is stated in note 5.19 to these unconsolidated financial statements. As a result of the application of IFRS 15, overage premium and ocean losses for the year amounting to Rs 31.844 million and Rs 26.860 million (2018: Rs 57.704 million and Rs 7.340 million) respectively that were classified in "Fleet expenses - direct" have now been netted off against "Voyage charter revenue". Moreover, "Advance from customers" are presented as "Contract liabilities" amounting to Rs 141.514 million (2018: Rs 120.004 million) that were previously classified under "Trade and other payables" and "Incomplete voyages".

4.1.2 IFRS 9 Financial Instruments

IFRS 9 'Financial Instruments' replaces guidance in IAS 39 'Financial Instruments: Recognition and Measurement'. The Corporation has applied IFRS 9 using modified retrospective approach with initial application date of July 01, 2018 as notified by the SECP. IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. The adoption of IFRS 9 has fundamentally changed the Corporation's accounting for impairment losses of financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

The management of the Corporation has assessed and concluded that the Corporation is in compliance with the requirements of IFRS 9. The new accounting policy in respect of financial instruments is stated in note 5.7 to these unconsolidated financial statements.

The Corporation using modified retrospective approach has not restated the comparative information for prior periods with respect to classification and measurement (including impairment) requirement. Accordingly the information presented for prior year does not generally reflect the requirements of IFRS 9 but rather IAS 39. Upon application of IFRS 9, differences in carrying amount of financial assets as at July 01, 2018 are recognised in opening retained earnings as disclosed below.

Impact of adopting IFRS 9 on the classification and carrying amounts of financial assets

The effect of adopting IFRS 9 on the carrying amounts of financial assets at July 01, 2018 relates solely to the new impairment requirements. The following table explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for the class of the Corporation's financial assets as at July 01, 2018.

Financial assets	Original category under IAS 39	New category under IFRS 9	Carrying amount under IAS 39 as at July 01, 2018	Effect of adoption of IFRS 9	Carrying amount under IFRS 9 as at July 01, 2018
			-----------------------	(Rupees in '000)	-----------------------
Trade debts	Loans and receivables	Amortised cost	344,864	(20,404)	324,460
Agents' and owners' balances	Loans and receivables	Amortised cost	19,041	-	19,041
Loans	Loans and receivables	Amortised cost	10,107	-	10,107
Trade deposits	Loans and receivables	Amortised cost	15,263	-	15,263
Interest accrued on bank deposits and short-term investments	Loans and receivables	Amortised cost	26,462	-	26,462
Other receivables	Loans and receivables	Amortised cost	1,782,911	(493,000)	1,289,911
Cash and bank balances	Loans and receivables	Amortised cost	2,639,415	-	2,639,415
Short-term investments	Held to maturity	Amortised cost	4,082,860	-	4,082,860
Long-term investments in listed companies	Designated at FVTPL	FVTPL	51,099	-	51,099
Long-term loans	Loans and receivables	Amortised cost	19,050	-	19,050
			8,991,072	(513,404)	8,477,668

4.2 Standards, interpretations, amendments and improvements to approved accounting standards that are not yet effective

The following standards, interpretations, amendments and improvements with respect to the IFRSs as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standards or Interpretations	Effective date (annual periods beginning on or after)
IFRS 3 -- Definition of a Business (Amendments)	January 01, 2020
IFRS 3 -- Business Combinations: Previously held interests in a joint operation	January 01, 2019
IFRS 9 -- Prepayment Features with Negative Compensation (Amendments)	January 01, 2019

IFRS 10 / IAS 28 -- Consolidated Financial Statements and Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IFRS 11 -- Joint Arrangements: Previously held interests in a joint operation	January 01, 2019
IFRS 16 -- Leases	January 01, 2019
IAS 1 / IAS 8 -- Definition of Material (Amendments)	January 01, 2019
IAS 12 -- Income Taxes: Income tax consequences of payments on financial instruments classified as equity	January 01, 2019
IAS 19 -- Plan Amendment, Curtailment or Settlement (Amendments)	January 01, 2019
IAS 23 -- Borrowing Costs - Borrowing costs eligible for capitalisation	January 01, 2019
IAS 28 -- Long-term Interests in Associates and Joint Ventures (Amendments)	January 01, 2019
IFRIC 23 -- Uncertainty over Income Tax Treatments	January 01, 2019

The above standards, interpretations and amendments are not expected to have any material impact on the Corporation's unconsolidated financial statements in the period of initial application except for IFRS 16 'Leases'. The management of the Corporation is currently evaluating the impact of this standard on the unconsolidated financial statements of the Corporation.

In addition to the above standards, interpretations and amendments, improvements to various IFRSs have also been issued by the IASB in December 2017. Such improvements are generally effective for accounting periods beginning on or after January 01, 2019. The Corporation expects that such improvements to the standards will not have any material impact on the Corporation's unconsolidated financial statements in the period of initial application.

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March, 2018 which is effective for annual periods beginning on or after January 01, 2020 for preparers of unconsolidated financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan. The management of the Corporation expects that below new standards will not have any material impact on the Corporation's unconsolidated financial statements in the period of initial application.

Standards	Effective date (annual periods beginning on or after)
IFRS 1 -- First time adoption of IFRSs	January 01, 2004
IFRS 14 -- Regulatory Deferral Accounts	January 01, 2016
IFRS 17 -- Insurance Contracts	January 01, 2021

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 Property, plant and equipment

These are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses, if any, except for leasehold land, buildings on leasehold land, beach huts and workshop machinery and equipment which are carried at revalued amounts less subsequent accumulated depreciation and any subsequent accumulated impairment losses, if any. The revaluation of related assets is carried out at regular intervals to ensure that the carrying amounts do not differ materially from those which would have been determined using fair values at the date of statement of financial position.

The value assigned to leasehold land is not depreciated as the leases are expected to be renewed for further periods on payment of relevant rentals. Annual lease rentals are charged to profit or loss and premium paid at the time of renewal, if any, is amortised over the remaining period of the lease.

Depreciation is charged to profit or loss applying the straight line method whereby the depreciable amount of an asset is depreciated over its estimated useful life.

No depreciation is charged if the asset's residual value exceeds its carrying amount.

Full month's depreciation is charged from the month the asset is available for intended use and no depreciation is charged in the month of disposal. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Gains and losses on disposals determined by comparing proceeds with carrying amount of the relevant assets are included in profit or loss.

Residual values, useful lives and methods of depreciation are reviewed at each date of unconsolidated statement of financial position and adjusted, if expectations differ significantly from previous estimates.

Increase in the carrying amounts arising on revaluation of leasehold land, buildings on leasehold land, beach huts and workshop machinery and equipment is recognised, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss.

Decrease in the carrying amounts arising as a result of revaluation, that reverses previous increase of the same asset is first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decrease are charged to profit or loss.

Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the revaluation surplus on property, plant and equipment to unappropriated profit. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the assets and the net amount is restated to the revalued amount of the assets. Upon disposal, any revaluation reserve relating to the particular assets being sold is transferred to unappropriated profit.

Major spare parts and stand-by equipment qualify for recognition as property, plant and equipment when the Corporation expects to use them for more than one year.

Maintenance and normal repairs are charged to profit or loss as and when incurred. Major renewals, replacements and improvements are capitalised and assets so replaced, if any, are retired.

5.2 Capital work-in-progress

These are stated at cost less accumulated impairment losses, if any. All expenditure connected with specific assets incurred during installation and construction period are carried under this head. These are transferred to specific assets as and when these assets are available for intended use.

5.3 Intangible assets

These are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Amortisation is charged to profit or loss by applying straight-line method whereby the cost less residual value, if not insignificant, of an asset is written off over its estimated useful life to the Corporation. Full month's amortisation is charged from the month the asset is available for intended use and no amortisation is charged in the month of disposal. Gains and losses on disposals determined by comparing proceeds with carrying amount of the relevant assets are included in profit or loss.

5.4 Investment properties

Properties held for long-term rental yields which are significantly rented out by the Corporation are classified as investment properties.

Investment properties are measured initially at cost, including related transaction costs directly attributable to acquisition. After initial recognition at cost, investment properties are carried at their fair values based on market value determined by professional independent valuers with sufficient regularity. Fair values are based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. Gain or loss arising as a result of fair valuation is charged to profit or loss.

Additions to investment properties consist of costs of a capital nature. The profit on disposal is determined as the difference between the sales proceeds and the carrying amount of the asset at the commencement of the accounting period plus capital expenditure in the period.

5.5 Impairment of non-financial assets

The Corporation assesses at each date of statement of financial position whether there is any indication that the assets may be impaired. If such indications exist, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment charge is recognised in profit or loss except for impairment loss on revalued assets, which is recognised directly against revaluation surplus of the same asset to the extent that the impairment loss does not exceed the amount held in the revaluation surplus.

5.6 Investments in subsidiaries and associate

Investments in subsidiaries and associate are stated at cost less provision for impairment, if any. The management of the Corporation assesses at each reporting date the recoverable amount of its investment in subsidiaires as more fully explained in note 10.1 to the unconsolidated financial statements.

5.7 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

5.7.1 Financial assets

a) Initial recognition and measurement

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value through Other Comprehensive Income (FVOCI) – debt investment; (FVOCI) – equity investment; or Fair Value through Profit or Loss (FVTPL).

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Corporation may irrevocably elect to present subsequent changes in the investment's fair value in Other Comprehensive Income (OCI). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Corporation may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade debt without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

b) Subsequent measurement

Financial assets at FVTPL - These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses, if any. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI - These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI - These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses including on account of derecognition are recognised in OCI and are never reclassified to profit or loss.

5.7.2 Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, payables or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Financial liabilities at fair value through profit or loss

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVPTL. Gains or losses on liabilities held for trading are recognised in the unconsolidated statement of profit or loss. Financial liabilities designated upon initial recognition at FVTPL are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Corporation has not designated any financial liability at FVTPL.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the unconsolidated statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings. For more information, refer Note 23 to these unconsolidated financial statements.

5.7.3 Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model approach in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Corporation expects to receive. The shortfall is then discounted at an approximation to the asset's original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. However, in certain cases, the Corporation may also consider a financial asset to be in default when internal or external information indicates that the Corporation is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Corporation.

At each date of unconsolidated statement of financial position, the Corporation assesses whether financial assets are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the respective asset.

The Corporation uses the standard's simplified approach and calculates ECL based on life time ECL on its financial assets. The Corporation has established a provision matrix that is based on the Corporation's historical credit loss experience, adjusted for forward-looking factors specific to the financial assets and the economic environment.

5.7.4 Off-setting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the unconsolidated financial statements if the Corporation has a legally enforceable right to set-off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

5.8 Stores and spares

Stores are valued at weighted average cost while spares are valued at cost determined on first-in first-out basis. Stores and spares in transit are valued at cost incurred upto the date of unconsolidated statement of financial position.

Certain spares having low value and high consumption levels are charged to profit or loss at the time of purchase.

The Corporation reviews the carrying amount of stores and spares on a regular basis and provision is made for obsolescence, if there is any change in the usage pattern and physical form.

5.9 Trade debts, agents' and owners' balances, loans, deposits and other receivables

Trade debts, agents' and owners' balances, loans, deposits and other receivables are stated initially at fair value and subsequently measured at amortised cost using the EIR method less an allowance for ECL. Allowance for ECL is based on lifetime ECLs that result from all possible default events over the expected life of the trade debts, agents' and owners' balances, loans, deposits and other receivables. Bad debts, if any, are written off when considered irrecoverable.

5.10 Taxation

5.10.1 Current

The charge for current taxation is based on taxable income at the current prevailing rates of taxation in accordance with the Income Tax Ordinance, 2001. Current tax in respect of voyage charter is taxable under Final Tax Regime (FTR) under section 7A of the Income Tax Ordinance, 2001. The impact of prior year tax, if any is charged to profit or loss.

5.10.2 Deferred

Deferred tax is provided using the liability method for all temporary differences arising at the date of unconsolidated statement of financial position, between tax bases of assets and liabilities and their carrying amounts. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which these can be utilised. Deferred tax is recorded at the current prevailing rate of taxation.

5.11 Insurance claims

Insurance expenses relating to hull are charged to profit or loss and claims filed there against are taken to profit or loss when such claims are accepted by the underwriters.

Afloat medical expenses, cargo claims and other relevant amounts recoverable from underwriters are taken to insurance claims receivable.

5.12 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services, whether or not billed to the Corporation.

5.13 Provisions

Provisions are recognised when the Corporation has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are reviewed at each date of unconsolidated statement of financial position and adjusted to reflect the current best estimate.

5.14 Dividend and appropriations

Dividends declared and transfers between reserves made subsequent to the date of unconsolidated statement of financial position are considered as non-adjusting events and are recognised in the unconsolidated financial statements in the period in which such dividends are declared / transfers are made.

5.15 Staff retirement benefits

5.15.1 Defined contribution plan - Provident fund

The Corporation operates an approved provident fund scheme for all its permanent employees. Equal monthly contributions are made, both by the Corporation and its employees, to the fund at the rate of 10 percent of the basic salaries of employees. Contributions by the Corporation are charged to profit or loss for the year.

5.15.2 Defined benefit plans - Gratuity fund

The Corporation operates a funded retirement gratuity scheme for its permanent employees other than those who joined the Corporation on or after October 16, 1984. Further, the Corporation also operates an unfunded retirement gratuity scheme for contractual employees. Provisions are made in the unconsolidated financial statements to cover obligations on the basis of actuarial valuation carried out annually under the projected unit credit method. The latest valuation was carried out as at June 30, 2019. The remeasurement of defined benefit plan is recognised directly to equity through other comprehensive income net of tax.

The benefit is payable on completion of prescribed qualifying period of service under these schemes.

5.15.3 Defined benefit plan - Post-retirement medical benefits

The Corporation provides lump sum medical allowance and free medical facilities to its retired employees in accordance with the service regulations.

Provisions are made in the unconsolidated financial statements to cover obligations on the basis of actuarial valuation carried out annually using the projected unit credit method. The latest valuation was carried out as at June 30, 2019. The remeasurement of post-retirement benefit obligation is recognised directly to equity through other comprehensive income.

The benefit is payable on completion of prescribed qualifying period of service under these schemes.

5.16 Employees' compensated absences

The Corporation accounts for the liability in respect of employees' compensated absences in the year in which these are earned.

Provisions are made in the unconsolidated financial statements to cover obligations on the basis of actuarial valuation carried out annually using the projected unit credit method. The latest valuation was carried out as at June 30, 2019. The remeasurement of employees' compensated absences are charged to profit or loss for the year.

5.17 Cash and cash equivalents

Cash and cash equivalents include cash in hand, cheques in hand, bank balances and other short-term highly liquid investments with maturities of three months or less.

5.18 Foreign currency translation

These unconsolidated financial statements are presented in Pakistani Rupees, which is the Corporation's functional and presentation currency.

Foreign currency transactions are recorded using the exchange rates ruling at the dates of the transactions. Monetary assets and liabilities in foreign currencies are translated into Pakistani Rupee using the exchange rate ruling at the reporting date. Foreign exchange gain or losses resulting from the settlement of foreign currency transactions and translation of monetary assets and liabilities denominated in foreign currencies at the date of unconsolidated statement of financial position are recognised in profit or loss.

5.19 Revenue recognition

The Corporation recognises its revenue in accordance with the guidelines and principles of IFRS 15 i.e. upon the satisfaction of performance obligation as stated in below paragraphs at an amount that reflects the consideration to which the Corporation expects to be entitled in exchange for the services. The Corporation recognises trade debts when the performance obligations have been met, recognising the corresponding revenue.

Moreover, the considerations received before satisfying the performance obligations are recognised as contract liabilities. Revenue from contract with customers is recognised net of variable consideration wherever applicable as more fully explained below.

Performance obligations

Information about the Corporation's performance obligations are summarised below:

Voyage charter revenue

Revenue in respect of voyage charter is recognised at a point in time when the cargo is discharged and control of the cargo is transferred to the customer i.e. on completion of the voyage. Voyages are taken as complete when a vessel arrives at the last port of discharge and completes discharge of entire cargo on or before the date of unconsolidated statement of financial position. Revenue from voyage charter is recorded net of overage premium and ocean losses based on the respective contract with the customers and is shown as a deduction from gross revenue.

Slot charter revenue

Revenue in respect of slot charter in foreign flag vessels is recognised at the point in time when the vessel arrives at the discharging port.

Others

- Fee for technical, commercial, administrative and financial services are recognised as revenue as and when the services are rendered.

- Rental income is recognised as revenue on a straight line basis over the term of the respective lease arrangements.

- Dividend income is recognised when the Corporation's right to receive the dividend is established.

- Markup on bank accounts, return on short term investments and other income is recognised on accrual basis.

- Demurrage income due as per contractual terms is recognised on estimated basis, based on past experience of settlements and recent recovery trends.

5.20 Contingent liabilities

Contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Corporation; or

- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

5.21 Benazir Employees' Stock Option Scheme

In June 2011, the SECP on receiving representations from some of entities covered under Benazir Employees' Stock Option Scheme (the Scheme) and after having consulted the ICAP, granted exemption, vide SRO 587(I)/2011 dated June 7, 2011, to such entities from the application of IFRS - 2 "Share-based Payment" to the Scheme. There has been no change in the status of the Scheme as stated in note 2.23 to the unconsolidated financial statements for the year ended June 30, 2017. The management was informed that the Scheme is being revamped by the Government of Pakistan and all claims and disbursements to the unit holders are kept in abeyance by the Privatisation Commission.

Had the exemption not been granted, the retained earnings would have been lower by Rs 631.142 million (2018: Rs 631.142 million) and reserves would have been higher by Rs 631.142 million (2018: Rs 631.142 million) based on independent actuarial valuations conducted as on June 30, 2014.

5.22 Transactions with related parties

The Corporation enters into transactions with related parties for providing services on mutually agreed terms in the normal course of business.

6. SIGNIFICANT ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS

The preparation of the Corporation's unconsolidated financial statements requires management to make estimates, judgments and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

In the process of applying the accounting policies, management has made the following estimates and judgments which are significant to these unconsolidated financial statements:

(a) Valuation of certain property, plant and equipment and investment properties (notes 7 and 9);

(b) Determination of the residual values and useful lives of property, plant and equipment and intangible assets (notes 7 and 8);

(c) Recoverable amount of long-term investment in related parties - subsidiaries (note 10);

(d) Allowance for ECL of on trade debts, agents' and owners' balances, other receivables and other financial assets (notes 15, 16, 18 & 19);

(e) Recognition of taxation and deferred taxation (notes 13 and 39);

(f) Accounting for provision against damage claims (note 27);

(g) Accounting for staff retirement benefits and compensated absences (note 24);

(h) Recognition of demurrage income, income from heating and miscellaneous claims (note 37).

(i) Contingencies and commitments (note 28).

Estimates and judgments 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.

	Note	June 30, 2019	June 30, 2018
		----------(Rupees in '000)---------	
7. PROPERTY, PLANT AND EQUIPMENT			
- Operating fixed assets	7.1	1,881,389	1,945,026
- Capital work-in-progress (CWIP) - buildings on leasehold land	7.8	56,881	56,881
		1,938,270	2,001,907

7.1 Operating fixed assets:

	Leasehold land	Buildings on leasehold land	Vessel	Vehicles	Office equipment	Furniture and fittings	Equipment on board	Beach huts	Workshop machinery and equipment	Computer equipment	Total
	(note 7.2 - 7.5)	(note 7.2 - 7.5)	(note 7.6)					(note 7.2 - 7.5)	(note 7.4 - 7.5)		
	----------	----------	----------	----------	----------	(Rupees in '000)	----------	----------	----------	----------	----------
As at July 1, 2017											
Cost or revalued amount	775,312	874,349	1,440	87,656	63,468	33,380	1,736	13,913	17,674	67,901	1,936,829
Accumulated depreciation	-	(71,071)	(1,440)	(65,876)	(48,478)	(30,242)	(1,644)	(2,786)	(12,359)	(53,294)	(287,190)
Net book value	775,312	803,278	-	21,780	14,990	3,138	92	11,127	5,315	14,607	1,649,639
Year ended June 30, 2018											
Opening net book value	775,312	803,278	-	21,780	14,990	3,138	92	11,127	5,315	14,607	1,649,639
Revaluation	311,648	(263,889)	-	-	-	-	-	6,517	-	-	54,276
Additions	-	14,109	-	7,905	5,307	2,080	-	-	428	4,520	34,349
Transfers from CWIP - note 7.8	-	284,314	-	-	-	-	-	-	-	-	284,314
Depreciation charge for the year - note 7.7	-	(45,316)	-	(7,743)	(4,815)	(583)	(92)	(1,393)	(587)	(7,370)	(67,899)
Impairment	-	(9,653)	-	-	-	-	-	-	-	-	(9,653)
Closing net book value	1,086,960	782,843	-	21,942	15,482	4,635	-	16,251	5,156	11,757	1,945,026
As at June 30, 2018											
Cost or revalued amount	1,086,960	792,496	1,440	95,561	68,775	35,460	1,736	16,251	18,102	72,421	2,189,202
Accumulated depreciation	-	-	(1,440)	(73,619)	(53,293)	(30,825)	(1,736)	-	(12,946)	(60,664)	(234,523)
Accumulated impaiment	-	(9,653)	-	-	-	-	-	-	-	-	(9,653)
Net book value	1,086,960	782,843	-	21,942	15,482	4,635	-	16,251	5,156	11,757	1,945,026
Year ended June 30, 2019											
Opening net book value	1,086,960	782,843	-	21,942	15,482	4,635	-	16,251	5,156	11,757	1,945,026
Additions	-	5,069	-	-	2,988	2,967	-	-	801	4,678	16,503
Transfer to Investment property - note 9	-	(26,828)	-	-	-	-	-	-	-	-	(26,828)
Depreciation charge for the year - note 7.7	-	(33,412)	-	(6,836)	(3,579)	(786)	-	(1,627)	(617)	(6,455)	(53,312)
Closing net book value	1,086,960	727,672	-	15,106	14,891	6,816	-	14,624	5,340	9,980	1,881,389
As at June 30, 2019											
Cost or revalued amount	1,086,960	770,737	1,440	95,561	71,763	38,427	1,736	16,251	18,903	77,099	2,178,877
Accumulated depreciation	-	(33,412)	(1,440)	(80,455)	(56,872)	(31,611)	(1,736)	(1,627)	(13,563)	(67,119)	(287,835)
Accumulated impairment	-	(9,653)	-	-	-	-	-	-	-	-	(9,653)
Net book value	1,086,960	727,672	-	15,106	14,891	6,816	-	14,624	5,340	9,980	1,881,389
Annual rate of depreciation (%)											
2019		3 to 20	4	20	15	10 to 15	10 to 15	10	5 to 10	33	
2018		3 to 20	4	20	15	10 to 15	10 to 15	10	5 to 10	33	

7.2 Particulars of immovable property (i.e. leasehold land, buildings on lease hold land and beach hut) are as follows:

S.No.	Location	Usage of immovable property	Total area (Sq. yards)	Covered area (Sq. feet)
1	PNSC Building, Plot No. 30-A, Off. M.T. Khan Road, Karachi	Registered office	7,833	257,093
2	Plot bearing No. 31-A, situated at M.T. Khan Road, Karachi	Leasehold land	1,834	9,000
3	Plot No. 17/1, West Wharf, Karachi	Storage facility	705	19,035
4	Plot No. 30, Township, Kemari, Karachi	Workshop	7,925	28,963
5	Plot No. D-51, Block - 5, Clifton, Karachi	Residential Bungalow	1,000	5,360
6	PNSC Beach Hut-I, No. 12-S, Sandspit, Karachi	Beach hut	417	1,990
7	PNSC Beach Hut-II, No. 37-N, Sandspit, Karachi	Beach hut	448	1,990

7.3 Forced sales value of the aforementioned immovable properties determined on the basis of latest revaluation carried out as at June 30, 2018 are as follows:

S.No.	Class of asset	(Rupees in '000)
1	Leasehold land	923,916
2	Buildings on leasehold land	665,417
3	Beach huts	13,828

7.4 The revaluation of the 'leasehold land', 'buildings on leasehold land', 'beach huts' and 'workshop machinery and equipment' was carried out as of June 30, 2018 by Fair Water Property Valuers & Surveyors (Private) Limited. Out of the total revaluation surplus, Rs 1,251.285 million (2018: Rs 1,253.872 million) remains undepreciated as at June 30, 2019.

7.5 Had there been no revaluation, the carrying amount of revalued assets would have been as follows:

	June 30, 2019	June 30, 2018
	----------(Rupees in '000)----------	
Leasehold land, buildings on leasehold land and beach huts	636,450	690,700
Workshop machinery and equipment	5,085	4,862
	641,535	695,562

7.6 Cost and accumulated depreciation of vessel amounting to Rs 1.440 million relates to M.V Ilyas Bux. This vessel was seized by the Indian Authorities during the 1965 war and the Corporation does not have physical possession or control over the vessel.

7.7 The depreciation charge for the year has been allocated as follows:

	Note	June 30, 2019	June 30, 2018
		----------(Rupees in '000)----------	
Fleet expenses - indirect	32	617	585
Vessel management expenses	33	22,682	27,934
Real estate expenses	34	27,617	36,276
Administrative expenses	35	2,396	3,104
		53,312	67,899

7.8 Capital work-in-progress - buildings on leasehold land

	Note	June 30, 2019	June 30, 2018
Balance at beginning of the year		56,881	328,522
Additions during the year		-	12,673
Transferred to operating fixed assets	7.1	-	(284,314)
Balance at end of the year		56,881	56,881

8. INTANGIBLE ASSET

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.

9. INVESTMENT PROPERTIES

	Note	Leasehold land	Buildings on leasehold land	Total
		--------------------(Rupees in '000)--------------------		
Balance as at July 01, 2018		3,013,684	47,948	3,061,632
Transferred from property, plant and equipment	7.1	-	26,828	26,828
Gain on revaluation	9.3 & 37	177,100	545	177,645
Balance as at June 30, 2019		3,190,784	75,321	3,266,105
Balance as at July 01, 2017		2,620,597	50,446	2,671,043
Additions during the year		-	349	349
Gain / (loss) on revaluation	9.3 & 37	393,087	(2,847)	390,240
Balance as at June 30, 2018		3,013,684	47,948	3,061,632

9.1 Particulars of immovable investment properties are as follows:

S.No.	Location	Usage of immovable property	Total area (Sq. yards)	Covered area (Sq. feet)
1	Plot bearing Survey No. 4/1-A, Main I. I. Chundrigar Road	Investment property	2,786	230,555
2	Plot No. 35-B, North circular avenue, DHA, Phase I, Karachi	Investment property	1,088	5,675
3	Plot No. 6 & 6-A, Block H, Gulberg-II, Lahore	Investment property	268	2,410
4	Plot bearing Survey No. 15, Main Talpur Road, off I.I. Chundrigar Road, Karachi	Investment property	9,856	111,200

9.2 Forced sales value of the aforementioned investment properties as of the reporting date are as follows:

S.No.	Class of asset	June 30, 2019	June 30, 2018
		---------(Rupees in '000)---------	
1	Leasehold land	2,712,165	2,561,630
2	Buildings on leasehold land	63,618	40,351

9.3 The revaluation of the Corporation's investment properties was carried out by Fair Water Property Valuers and Surveyors (Private) Limited, an independent valuer as of June 30, 2019. As a result, a revaluation gain of Rs 177.1 million (2018: Rs 393.087 million) was determined in respect of leasehold land and a revaluation gain / (loss) was determined on buildings on leasehold land amounting to Rs 0.545 million (2018: Rs (2.847) million).

Notes to and Forming Part of the Unconsolidated Financial Statements

For the year ended June 30, 2019

10. LONG-TERM INVESTMENTS IN RELATED PARTIES (SUBSIDIARIES AND AN ASSOCIATE)

No. of shares - ordinary		Name of the company	Country of incorporation	Latest available audited financial statements for the year ended	Percentage holding		Face value per share		
June 30, 2019	June 30, 2018				June 30, 2019	June 30, 2018		June 30, 2019	June 30, 2018
							---(Rupees)---	-----(Rupees in '000)-----	
(i) Subsidiary companies - private									
10,000,000	10,000,000	Bolan Shipping (Private) Limited	Pakistan	June 30, 2019	100	100	10	100,000	100,000
275,344,100	275,344,100	Chitral Shipping (Private) Limited	Pakistan	June 30, 2019	100	100	10	2,753,441	2,753,441
226,825,500	226,825,500	Hyderabad Shipping (Private) Limited	Pakistan	June 30, 2019	100	100	10	2,268,255	2,268,255
15,686,000	15,686,000	Islamabad Shipping (Private) Limited	Pakistan	June 30, 2019	100	100	10	156,860	156,860
36,000	36,000	Johar Shipping (Private) Limited	Pakistan	June 30, 2019	100	100	10	360	360
7,286,000	7,286,000	Kaghan Shipping (Private) Limited	Pakistan	June 30, 2019	100	100	10	72,860	72,860
330,000,000	330,000,000	Karachi Shipping (Private) Limited	Pakistan	June 30, 2019	100	100	10	3,451,994	3,451,994
16,736,000	16,736,000	Khairpur Shipping (Private) Limited	Pakistan	June 30, 2019	100	100	10	167,360	167,360
340,000,000	340,000,000	Lahore Shipping (Private) Limited	Pakistan	June 30, 2019	100	100	10	3,400,000	3,400,000
14,686,000	14,686,000	Lalazar Shipping (Private) Limited	Pakistan	June 30, 2019	100	100	10	146,860	146,860
9,486,000	9,486,000	Makran Shipping (Private) Limited	Pakistan	June 30, 2019	100	100	10	94,860	94,860
336,016,700	336,016,700	Malakand Shipping (Private) Limited	Pakistan	June 30, 2019	100	100	10	3,360,167	3,360,167
140,547,500	140,547,500	Multan Shipping (Private) Limited	Pakistan	June 30, 2019	100	100	10	1,405,475	1,405,475
1,600	1,600	Pakistan Co-operative Ship Stores (Private) Limited	Pakistan	June 30, 2019	73	73	100	868	868
500,000,000	500,000,000	Quetta Shipping (Private) Limited	Pakistan	June 30, 2019	100	100	10	5,000,000	5,000,000
6,936,000	6,936,000	Sargodha Shipping (Private) Limited	Pakistan	June 30, 2019	100	100	10	69,360	69,360
347,055,800	347,055,800	Shalamar Shipping (Private) Limited	Pakistan	June 30, 2019	100	100	10	3,470,558	3,470,558
254,012,300	254,012,300	Sibi Shipping (Private) Limited	Pakistan	June 30, 2019	100	100	10	2,540,123	2,540,123
13,236,000	13,236,000	Swat Shipping (Private) Limited	Pakistan	June 30, 2019	100	100	10	132,360	132,360
								28,591,761	28,591,761
(ii) Associate - unlisted									
12,250	12,250	Muhammadi Engineering Works Limited	Pakistan	December 31, 1982 (unaudited)	49	49	100	1,600	1,600
		Less: Accumulated impairment losses						1,600	1,600
								-	-
								28,591,761	28,591,761

10.1 Investments in subsidiaries are carried at cost in the Corporation's statement of financial position as at June 30, 2019. The management of the Corporation considers the challenging market condition and lower fair values of certain vessels as a possible indicator of impairment and accordingly, the Corporation carries out periodic assessment to determine the value in use of its investment in subsidiaries. As a result, an impairment assessment was undertaken in respect of its investments in subsidiaries as at June 30, 2019 and recoverable amount has been computed using 'value in use' method. In assessing the value in use, estimated future cash flows have been discounted to their present value using a discount rate (WACC) that reflects the current market assessments of the time value of money and the risks specific to the asset. The discount rate applied to the future cashflow projections in case where subsidiaries own and operate a bulk carrier is 12.86% and in case where subsidiaries own and operate an oil tanker is 13.60%. The cashflow projections have been made upto the remaining useful life of the vessel. As a result of the value-in-use exercise, the recoverable amount was higher than the carrying value and accordingly, no impairment loss has been recognised.

The determination of value in use is sensitive to certain key assumptions such as discount rate and projected charter rates. Any significant change in the key assumptions may have an effect on the carrying value of cash generating units.

Key assumptions used in 'value in use' calculations:

The value in use calculation is most sensitive to the following assumptions:

Discount rate:

Discount rate takes into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances and is derived from its weighted average cost of capital (WACC). Increase of 1% in the discount rate will decrease the recoverable amount by Rs 2,247.626 million (2018: Rs 1,478.320 million), whereas a similar decrease in the discount rate will have a positive effect of Rs 2,461.906 million (2018: Rs 1,625.213 million) on the recoverable amount.

Projected revenue rates:

Based on the external sources of information obtained from the shipping experts and the recent trends in the shipping industry, in case of dry cargo vessels, the estimated cashflows are based on current spot rates, which have been inflated using the inflation rates, over the remaining useful life of the vessels. For liquid cargo vessels, the management expects that for the foreseeable future, the tankers will generate revenue based on the Contract of Affreightment (CoA) with the customers. Decrease of 1% in the average charter rate assumed will decrease the recoverable amount by Rs 724.320 million (2018: Rs 750.064 million) whereas a similar increase will have a positive effect of Rs 729.445 million (2018: Rs 760.805 million) on the recoverable amount.

	Note	June 30, 2019	June 30, 2018
		----------(Rupees in '000)----------	
11. LONG-TERM INVESTMENTS IN LISTED COMPANIES AND AN OTHER ENTITY			
Financial assets at fair value through profit or loss			
Listed companies			
Siemens (Pakistan) Engineering Company Limited 6,930 (2018: 6,930) fully paid ordinary shares of Rs 10 each. Market value per share as at June 30, 2019 Rs 605.58 (2018: Rs 1,015.25)	11.1	4,197	7,036
Pakistan State Oil Company Limited 166,114 (2018: 138,430) fully paid ordinary shares of Rs 10 each. Market value per share as at June 30, 2019 Rs 169.63 (2018: Rs 318.31)	11.2	28,178	44,063
		32,375	51,099
Financial assets at amortised cost			
Other entity			
Pakistan Tourism Development Corporation Limited 10,000 (2018: 10,000) fully paid ordinary shares of Rs 10 each.		100	100
		32,475	51,199

11.1 The Corporation holds 0.084% (2018: 0.084%) of the investee's share capital.

	Note	June 30, 2019	June 30, 2018
Balance at beginning of the year		7,036	4,782
(Loss) / gain on revaluation of long-term investments in listed companies	36 & 37	(2,839)	2,254
Balance at end of the year		4,197	7,036

11.2 The Corporation holds 0.04246% (2018: 0.04246%) of the investee's share capital.

	Note	June 30, 2019	June 30, 2018
Balance at beginning of the year		44,063	44,684
Loss on revaluation of long-term investments in listed companies	36	(15,885)	(621)
Balance at end of the year		28,178	44,063

	Note	June 30, 2019	June 30, 2018
		----------(Rupees in '000)----------	
12. LONG-TERM LOANS AND ADVANCES			
Loans - considered good			
- due from executives*	12.1 & 12.3	18,158	18,234
- due from other employees		11,187	10,923
		29,345	29,157
Less: Recoverable within one year	17	12,032	10,107
	12.2	17,313	19,050
Advances - considered good			
- to subsidiaries against future issue of shares	12.4	8,547,827	-
		8,565,140	19,050

12.1 Reconciliation of carrying amount of loans to executives:

	June 30, 2019	June 30, 2018
Balance at beginning of the year	18,234	-
Disbursements	8,500	23,684
Repayments	(8,576)	(5,450)
Balance at end of the year	18,158	18,234

* Comparative figures have been restated to reflect changes in the definition of executives as per Companies Act, 2017.

12.2 These loans have been given to executives and other employees of the Corporation for personal use in accordance with their terms of employment. These loans are to be repaid over a period of one to five years in equal monthly installments. Any outstanding loan due from an employee at the time of leaving the service of the Corporation is adjustable against final settlement.

12.3 The maximum aggregate amount of loans due from executives at the end of any month during the year was Rs 18.427 million (2018: Rs 18.560 million).

12.4 Represents advance given during the year to subsidiary companies namely Bolan Shipping (Private) Limited and Khairpur Shipping (Private) Limited to finance the purchase of respective vessel. This advance will be adjusted against the issue of shares by the respective subsidiary company.

	June 30, 2019	June 30, 2018
	----------(Rupees in '000)----------	
13. DEFERRED TAXATION - net		
Deductible temporary differences arising in respect of		
- provisions and deferred liabilities	147,600	80,603
Taxable temporary differences arising in respect of:		
- surplus on revaluation of property, plant and equipment	(15,668)	(11,712)
- accelerated tax depreciation	(5,936)	(5,078)
	(21,604)	(16,790)
	125,996	63,813

13.1 The movement in temporary differences is as follows:

	Balance as at July 01, 2017	Recognised in profit or loss	Recognised in other comprehensive income	Balance as at June 30, 2018	Recognised in profit or loss	Recognised in other comprehensive income	Balance as at June 30, 2019
	--------	--------	--------	(Rupees in '000)	--------	--------	--------
Deductible temporary difference:							
-provisions and deferred liabilities	130,101	(49,405)	(93)	80,603	54,566	12,431	147,600
Taxable temporary difference:							
- surplus on revaluation of property, plant and equipment	(78,791)	2,670	64,409	(11,712)	1,222	(5,178)	(15,668)
- accelerated tax depreciation	(4,749)	(329)	-	(5,078)	(858)	-	(5,936)
	(83,540)	2,341	64,409	(16,790)	364	(5,178)	(21,604)
	46,561	(47,064)	64,316	63,813	54,930	7,253	125,996

	Note	June 30, 2019	June 30, 2018
		(Rupees in '000)	
14. STORES AND SPARES			
Stores			
- at depot		10,422	11,577
- at buildings		472	472
		10,894	12,049
Spares			
- at buildings		796	796
		11,690	12,845
15. TRADE DEBTS - unsecured			
Considered good			
- Due from related parties	15.1	428,007	322,764
- Due from others	15.2	9,967	22,100
		437,974	344,864
Considered doubtful			
- Due from related parties	15.1	22,953	6,758
- Due from others		16,893	653
		39,846	7,411
		477,820	352,275
Less: Allowance for ECL on trade debts	15.4	39,846	7,411
		437,974	344,864

15.1 Ageing analysis of amounts due from related parties, included in trade debts, are as follows:

	Upto 1 month	1 to 6 months	More than 6 months	As at June 30, 2019	As at June 30, 2018
	(Rupees in '000)				
Pakistan State Oil Company Limited	-	-	8,449	8,449	243,046
Pakistan Refinery Limited	-	-	49	49	49
Pakistan Security Printing Corporation	64	374	-	438	219
Sui Northern Gas Pipelines Limited	3,225	76	-	3,301	1,150
Sui Southern Gas Company Limited	657	-	-	657	-
Water and Power Development Authority	19	-	-	19	506
National Refinery Limited	-	-	609	609	610
Trading Corporation of Pakistan (Private) Limited	-	-	4,866	4,866	4,866
District Controller of Stores	1,135	111	2,755	4,001	16,262
Others	190,280	185,715	52,576	428,571	59,316
	195,380	186,276	69,304	450,960	326,024

15.2 The ageing analysis of trade debts, due from others that are past due but not impaired is as follows:

	June 30, 2019	June 30, 2018
	(Rupees in '000)	
Upto 1 month	5,943	4,693
1 to 6 months	3,943	4,316
More than 6 months	81	13,091
	9,967	22,100

15.3 The maximum aggregate amount of receivable due from related parties at the end of any month during the year was Rs 509.444 million (2018: Rs 573.294 million).

15.4 **Allowance for ECL on trade debts**

	Note	June 30, 2019	June 30, 2018
		(Rupees in '000)	
Balance at beginning of the year		7,411	34,182
Impact of initial application of IFRS 9 (note 4.1.2)		20,404	-
Adjusted balance at beginning of the year		27,815	34,182
Increase during the year	36	12,559	4,689
Reversed during the year	37	(528)	(2,217)
Written off during the year		-	(29,243)
Balance at end of the year		39,846	7,411

Notes to and Forming Part of the Unconsolidated Financial Statements
For the year ended June 30, 2019

		Note	June 30, 2019	June 30, 2018
			----------(Rupees in '000)----------	
16.	**AGENTS' AND OWNERS' BALANCES - unsecured**			
	- Considered good	16.1	13,085	19,041
	- Considered doubtful		8,459	6,307
			21,544	25,348
	Less: Allowance for ECL on agents' and owners' balances	16.2	8,459	6,307
			13,085	19,041

16.1 The ageing analysis of agents' and owners' balances that are past due but not impaired is as follows:

		Note	June 30, 2019	June 30, 2018
			----------(Rupees in '000)----------	
	Upto 1 month		2,779	11,990
	1 to 6 months		7,409	426
	More than 6 months		2,897	6,625
			13,085	19,041
16.2	**Allowance for ECL on agents' and owners' balances**			
	Balance at beginning of the year		6,307	5,444
	Increase during the year		2,152	863
	Balance at end of the year		8,459	6,307
17.	**LOANS AND ADVANCES - considered good**			
	Current portion of long-term loans			
	- due from executives		7,339	5,507
	- due from other employees		4,693	4,600
		12	12,032	10,107
	Advances - unsecured			
	- employees		40,294	41,672
	- contractors and suppliers		17,670	31,040
	- others	17.1	-	27,471
			57,964	100,183
			69,996	110,290

17.1 The maximum aggregate amount of advance to Port Qasim Authority, a related party, at the end of any month during the year was Rs 8.867 million (2018: Rs 44.948 million).

Notes to and Forming Part of the Unconsolidated Financial Statements

For the year ended June 30, 2019

	Note	June 30, 2019	June 30, 2018
		----------(Rupees in '000)----------	
18. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS			
Trade deposits			
- Considered good	18.1	43,285	15,263
- Considered doubtful		369	369
		43,654	15,632
Less: Allowance for ECL on trade deposits		369	369
		43,285	15,263
Short-term prepayments		28,429	5,600
		71,714	20,863

18.1 This includes an amount of Rs 32.821 million (2018: Rs 2.102 million) deposited with Karachi Port Trust (KPT), a related party.

	Note	June 30, 2019	June 30, 2018
		----------(Rupees in '000)----------	
19. OTHER RECEIVABLES			
Considered good			
- Due from related parties	19.3	1,155,789	1,630,354
- Due from others		142,500	118,352
		1,298,289	1,748,706
Considered doubtful			
- Due from related parties	19.3	813,745	295,512
- Due from others		12,659	12,659
		826,404	308,171
	19.1	2,124,693	2,056,877
Less: Allowance for ECL on other receivables	19.4	826,404	308,171
		1,298,289	1,748,706
Employees' gratuity scheme - funded	24.1.3	485	34,205
		1,298,774	1,782,911

19.1 This represents the following:

	Note	June 30, 2019	June 30, 2018
Demurrage receivable	19.3	1,934,045	1,883,956
Heating and miscellaneous claims receivable	19.3	34,815	38,670
Additional war risk receivable	19.3	674	3,240
Receivable from sundry debtors	19.2	127,627	104,102
Sales tax refund claims		25,864	25,865
Others		1,668	1,044
		2,124,693	2,056,877

19.2 This includes an amount of Rs. 79.117 million (2018: Rs 43.099 million) due from the Government of Pakistan.

19.3 Ageing analysis of amounts due from related parties, included in other receivables, are as follows:

	Upto 1 month	1 to 6 months	More than 6 months	As at June 30, 2019	As at June 30, 2018
	--------------------------------(Rupees in '000)				--------------------------------
National Refinery Limited	-	-	24,964	24,964	36,930
Pak Arab Refinery Limited	4,015	2,916	65,005	71,936	49,350
Pakistan Refinery Limited	-	5,032	26,218	31,250	26,217
Pakistan State Oil Company Limited	-	-	1,841,384	1,841,384	1,813,369
	4,015	7,948	1,957,571	1,969,534	1,925,866

19.4 Allowance for ECL on other receivables

	Note	June 30, 2019	June 30, 2018
		----------(Rupees in '000)	----------
Balance at beginning of the year		308,171	282,791
Impact of initial application of IFRS 9 (note 4.1.2)		493,000	-
Adjusted balance at beginning of the year		801,171	282,791
Increase during the year	36	39,487	25,380
Reversed during the year	37 & 19.6	(14,254)	-
Balance at end of the year		826,404	308,171

19.5 The maximum aggregate amount of receivable due from related parties at the end of any month during the year was Rs 1,969.534 million (2018: Rs 1,925.865 million).

19.6 Represents amount reversed during the year on account of recoveries from certain receivables.

20. SHORT-TERM INVESTMENTS

	Note	June 30, 2019	June 30, 2018
		----------(Rupees in '000)	----------
Term deposits with banks having maturity of:			
- more than three but upto six months		488,550	3,961,430
- three months or less		2,680,000	121,430
	20.1	3,168,550	4,082,860

20.1 Mark-up on these term deposits denominated in local currency ranges from 11.00% to 12.80% (2018: 6.05% to 6.90%) per annum, whereas mark-up on term deposits denominated in foreign currency was 3.25% (2018: 2.40%) per annum.

	Note	June 30, 2019	June 30, 2018
		----------(Rupees in '000)----------	
21. CASH AND BANK BALANCES			
Cash in hand			
- foreign currency		1,747	3,345
Cash at bank			
- in current accounts			
- local currency	21.1	168,213	203,104
- foreign currency		75,045	37,263
		243,258	240,367
- in savings accounts			
- local currency	21.2	1,710,358	1,537,616
- foreign currency	21.3	925,366	858,087
		2,635,724	2,395,703
		2,880,729	2,639,415

21.1 This includes Rs 2.142 million (2018: Rs 2.126 million) and Rs 5 million (2018: Rs 3 million) held as security by Habib Bank Limited, PNSC branch and Soneri Bank, AKU branch respectively against guarantees issued on behalf of the Corporation.

21.2 Mark-up on these savings accounts ranges from 3.90% to 12.25% (2018: 3.90% to 6.35%) per annum.

21.3 Mark-up on these savings accounts ranges from 0.15% to 0.50% (2018: 0.15% to 0.50%) per annum.

22. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

June 30, 2019	June 30, 2018		June 30, 2019	June 30, 2018
-------------(No. of shares)---------			----------(Rupees in '000)---------	
24,130,789	24,130,789	Ordinary shares of Rs 10 each issued as fully paid to shareholders of former National Shipping Corporation (NSC) and Pakistan Shipping Corporation (PSC) in consideration of their shareholdings in those companies	241,308	241,308
25,900,000	25,900,000	Ordinary shares of Rs 10 each issued as fully paid to GoP for cash received in the year 1985	259,000	259,000
64,309,800	64,309,800	Ordinary shares of Rs 10 each issued as fully paid to the GoP on the financial restructuring of the Corporation in the year 1989-90	643,098	643,098
17,722,791	17,722,791	Ordinary shares of Rs 10 each issued as fully paid bonus shares	177,228	177,228
132,063,380	132,063,380		1,320,634	1,320,634

22.1 As at June 30, 2019, Government of Pakistan held 115,293,360 (2018: 114,578,625) ordinary shares, representing 87.30% (2018: 86.76%) shareholding of the Corporation.

	Note	June 30, 2019	June 30, 2018
23. LONG-TERM FINANCING - secured		----------(Rupees in '000)----------	
Financing under syndicate term finance agreement	23.1	5,431,480	1,145,588
Financing under musharika agreement	23.2	3,651,988	1,808,770
		9,083,468	2,954,358
Less: Current portion of long-term financing		1,747,543	1,210,172
		7,335,925	1,744,186

23.1 Financing under syndicate term finance agreement includes:

23.1.1 Financing obtained in November 2014 amounting to Rs 3,000 million from MCB Bank Limited carrying mark-up at the rate of 3 month KIBOR + 1.60% which has been renegotiated to 3 month KIBOR + 0.5% during the year ended June 30, 2016 and further renegotiated to 3 month KIBOR + 0.20% during the year ended June 30, 2018. 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 way of first mortgage charge over a vessel owned by the subsidiary company. The Corporation has drawn Rs 2,054.250 million to date.

23.1.2 Financing obtained during the year amounting to Rs 6,500 million with a consortium led by Faysal bank limited carrying mark up at the rate of 3 month KIBOR + 0.35%. The loan along with mark-up is repayable on a quarterly basis with the last repayment date on March 22, 2027. As of the reporting date, the Corporation has drawn Rs 2,340 million and Rs 2,363.734 million to finance its subsidiary companies namely Bolan Shipping (Private) Limited and Khairpur Shipping (Private) Limited respectively for purchase of vessels. The facility is secured by way of first mortgage charge over procured vessels owned by respective subsidiary company.

23.2 Financing under musharika agreement includes:

23.2.1 Financing obtained in November 2014 amounting to Rs 1,500 million from MCB Bank Limited carrying mark-up at the rate of 3 month KIBOR + 1.60% which has been renegotiated to 3 month KIBOR + 0.5% during the year ended June 30, 2016 and further renegotiated to 3 month KIBOR + 0.20% during the year ended June 30, 2018. 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 way of first mortgage charge over a vessel owned by the subsidiary company. The Corporation has drawn Rs 1,027.125 million to date.

23.2.2 Financing obtained during the year ended June 30, 2016 from Faysal Bank Limited amounting to Rs 3,300 million carrying mark-up of 3 month KIBOR + 0.40%, which has been renegotiated to 3 month KIBOR + 0.15% during the year ended June 30, 2018. The loan along with the mark-up is repayable on a quarterly basis with the last repayment date on November 23, 2019. The facility is secured by first mortgage charge over a vessel owned by the subsidiary company of the Corporation.

23.2.3 Financing obtained during the year amounting to Rs 4,000 million with a consortium led by Faysal bank limited carrying mark up at the rate of 3 month KIBOR + 0.35%. The loan along with mark-up is repayable on a quarterly basis with the last repayment date on March 22, 2027. As of the reporting date, the Corporation has drawn Rs 1,440 million and Rs 1,454.606 million to finance its subsidiary companies namely Bolan Shipping (Private) Limited and Khairpur Shipping (Private) Limited respectively for purchase of vessels. The facility is secured by way of first mortgage charge over procured vessels owned by respective subsidiary company.

23.3 Following is the movement in long-term financing:

	Note	June 30, 2019	June 30, 2018
		----------(Rupees in '000)----------	
Balance at beginning of the year		2,954,358	4,154,363
Additions		7,568,288	-
Repayments		(1,449,615)	(1,210,472)
Amortisation of arrangement fee		10,437	10,467
Balance at end of the year		9,083,468	2,954,358

24. DEFERRED LIABILITIES

	Note	June 30, 2019	June 30, 2018
Employees' gratuity			
- funded	24.1.3 & 19	-	-
- unfunded	24.1.3	284,937	224,946
		284,937	224,946
Post-retirement medical benefits	24.1.3	166,407	165,706
Employees' compensated absences	24.2.3	259,915	210,281
		711,259	600,933

24.1 Retirement benefit schemes

24.1.1 The disclosures made in notes 24.1.2 to 24.1.16 of these unconsolidated financial statements are based on the information included in the actuarial valuation reports as of June 30, 2019.

24.1.2 As stated in notes 5.15.2 and 5.15.3 of these unconsolidated financial statements, the Corporation operates a funded retirement gratuity scheme for those permanent employees who joined the Corporation before October 16, 1984, an unfunded retirement gratuity scheme for contractual employees and an unfunded post-retirement medical benefit scheme for permanent and contractual employees. Liability is maintained against these schemes based on the actuarial recommendations. The following significant assumptions were used for the actuarial valuation of the defined benefit obligation schemes:

	June 30, 2019			June 30, 2018		
	Employees' gratuity		Post retirement medical benefits	Employees' gratuity		Post retirement medical benefits
	Funded	Unfunded		Funded	Unfunded	
Discount rate	14.50%	14.50%	14.50%	10.00%	10.00%	10.00%
Future salary increases - for permanent employees						
For the year 2018-19	N/A	-	-	5.60%	-	-
For the year 2019-20	22.00%	-	-	20.00%	-	-
For the year 2020-21	5.60%	-	-	5.60%	-	-
For the year 2021-22	22.00%	-	-	20.00%	-	-
For the year 2022-23	5.60%	-	-	5.60%	-	-
For the year 2023-24	22.00%	-	-	10.00%	-	-
For the year 2024-25 and onwards	14.50%	-	-	10.00%	-	-
Future salary increases - for contractual employees						
For the year 2018-19	-	N/A	-	-	10.00%	-
For the year 2019-20	-	13.00%	-	-	10.00%	-
For the year 2020-21	-	13.00%	-	-	10.00%	-
For the year 2021-22	-	13.00%	-	-	10.00%	-
For the year 2022-23	-	13.00%	-	-	10.00%	-
For the year 2023-24	-	13.00%	-	-	10.00%	-
For the year 2024-25 and onwards	-	14.50%	-	-	10.00%	-
Medical escalation rate	-	-	14.50%	-	-	10.00%
Death rate	based on SLIC (2001-05) Ultimate mortality tables.					

		June 30,2019			June 30, 2018		
		Employees' gratuity		Post-retirement medical benefits	Employees' gratuity		Post-retirement medical benefits
		Funded	Unfunded		Funded	Unfunded	
		-----------------------------------(Rupees in '000)---------------------------------					
24.1.3	**Reconciliation of statement of financial position**						
	Present value of defined benefit obligation	149,565	284,937	166,407	151,778	224,946	165,706
	Fair value of plan assets	(150,050)	-	-	(185,983)	-	-
	Net (asset) / liability in the statement of financial position	(485)	284,937	166,407	(34,205)	224,946	165,706
24.1.4	**Movement in present value of defined benefit obligation**						
	Balance at beginning of the year	151,778	224,946	165,706	226,245	198,335	168,237
	Current service cost	3,747	34,163	9,924	5,488	32,552	10,147
	Interest cost	13,423	23,471	16,422	15,214	16,103	12,194
	Benefits paid	(43,719)	(26,756)	(27,229)	(92,035)	(8,794)	(36,506)
	Remeasurement on obligation	24,336	29,113	1,584	(3,134)	(13,250)	11,634
	Balance at end of the year	149,565	284,937	166,407	151,778	224,946	165,706
24.1.5	**Movement in fair value of plan assets**						
	Balance at beginning of the year	185,983	-	-	264,096	-	-
	Expected return on plan assets	16,684	-	-	18,041	-	-
	Contribution	-	-	-	-	-	-
	Benefits paid	(43,719)	-	-	(92,035)	-	-
	Remeasurement on plan assets	(8,898)	-	-	(4,119)	-	-
	Balance at end of the year	150,050	-	-	185,983	-	-
24.1.6	**Movement in net liability in the statement of financial position**						
	Balance at beginning of the year	(34,205)	224,946	165,706	(37,851)	198,335	168,237
	Expense recognised for the year	486	57,634	26,346	2,661	48,655	22,341
	Contributions made by the Corporation / benefits paid	-	(26,756)	(27,229)	-	(8,794)	(36,506)
	Remeasurements recognised in other comprehensive income	33,234	29,113	1,584	985	(13,250)	11,634
		(485)	284,937	166,407	(34,205)	224,946	165,706
24.1.7	**The amounts recognised in profit or loss**						
	Current service cost	3,747	34,163	9,924	5,488	32,552	10,147
	Net interest amount	(3,261)	23,471	16,422	(2,827)	16,103	12,194
		486	57,634	26,346	2,661	48,655	22,341
	Less: charged to subsidiaries	-	548	340	89	587	347
	Expense	486	57,086	26,006	2,572	48,068	21,994
24.1.8	**Remeasurements recognised in other comprehensive income**						
	Gain / (loss) from changes in financial assumptions	(5,581)	(13,647)	1,140	(53,955)	(20,682)	689
	Experience loss	29,917	42,760	3,278	50,821	7,432	10,945
	Demographic gain	-	-	(2,834)	-	-	-
	Remeasurement of fair value of plan assets	8,898	-	-	4,119	-	-
		33,234	29,113	1,584	985	(13,250)	11,634

		June 30,2019		June 30, 2018	
		(Rupees in '000)	%	(Rupees in '000)	%
24.1.9	**Categories / composition of plan assets**				
	Cash and cash equivalents	47,893	31.92%	70,348	37.82%
	Investment in mutual funds	-	0.00%	115,635	62.18%
	Term deposit receipts	102,157	68.08%	-	0.00%
		150,050	100.00%	185,983	100.00%

24.1.10 The expenses in respect of employees' gratuity and post-retirement medical benefits have been charged on the basis of actuarial recommendations and are in accordance with the Administrative and Financial Services Agreement of the Corporation with the subsidiary companies.

24.1.11 Actual gain on plan assets during the year ended June 30, 2019 was Rs 7.886 million (2018: Rs 17.001 million).

24.1.12 Assumed future salary increase rate and discount rate have a significant effect on the employee's gratuity. A one percentage point change in assumed future salary increase rate and discount rate would have the following effects:

		Increase / (decrease) in defined benefit obligation of			
		Funded Gratuity Scheme		Unfunded Gratuity Scheme	
	Change in assumption	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
		--------------------------(Rupees in '000)--------------------------			
Discount rate	1%	(146,888)	152,357	(252,865)	323,111
Salary increase rate	1%	149,794	(149,337)	311,491	(261,659)

24.1.13 The weighted average duration of the defined benefit obligations for funded and unfunded gratuity scheme is 2.18 and 11.16 years.

24.1.14 Assumed medical cost escalation rate and discount rate have a significant effect on the post-retirement medical benefit. A one percentage point change in assumed medical cost escalation rate and discount rate would have the following effects:

		Increase / (decrease) in defined benefit obligation of			
		Post Retirement Medical Benefits			
		Permanent Employees		Contractual Employees	
	Change in assumption	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
		--------------------------(Rupees in '000)--------------------------			
Discount rate	1%	(113,353)	117,242	(45,457)	57,934
Medical cost escalation rate	1%	117,367	(113,202)	57,995	(45,313)

24.1.15 The weighted average duration of the defined benefit obligations post retirement medical benefit scheme for permanent and contractual employees is 10.09 years.

24.1.16 The employee gratuity funded and unfunded scheme and post retirement medical benefit plans exposes the Corporation to the following risks:

Investment risk: The risk of the investment underperforming and not being sufficient to meet the liabilities.

Mortality risk: The risk that the actual mortality rate is different. The effect depends on the beneficiaries service / age distribution and the benefit.

Medical cost escalation risks: The risk that the hospitalisation cost could be higher than what we assumed.

Final salary risk: The risk that the final salary at the time of cessation of service is greater than what is assumed. Since the benefit is calculated on the final salary, the benefit amount increases similarly.

Withdrawal risk: The risk of higher or lower withdrawal experienced than assumed. The final effect could go either way depending on the beneficiaries' service / age distribution and the benefit.

24.2 Employees' compensated absences

24.2.1 The disclosures made in notes 24.2.2 to 24.2.9 of these unconsolidated financial statements are based on the information included in the actuarial valuation report as of June 30, 2019.

24.2.2 As stated in note 5.16 to these unconsolidated financial statements the Corporation operates an employees' compensated absences scheme. Provision is maintained against this scheme based on the actuarial recommendations. The following significant assumptions were used for the actuarial valuation of the scheme:

	June 30, 2019	June 30, 2018
Discount rate	14.50%	10.00%
Future salary increases - for permanent employees		
For the year 2018-19	N/A	5.60%
For the year 2019-20	22.00%	20.00%
For the year 2020-21	5.60%	5.60%
For the year 2021-22	22.00%	20.00%
For the year 2022-23	5.60%	5.60%
For the year 2023-24	22.00%	10.00%
For the year 2024-25 and onwards	14.50%	10.00%
Future salary increases - for contractual employees		
For the year 2018-19	N/A	0.00%
For the year 2019-20	13.00%	10.00%
For the year 2020-21	13.00%	10.00%
For the year 2021-22	13.00%	10.00%
For the year 2022-23	13.00%	10.00%
For the year 2023-24	13.00%	10.00%
For the year 2024-25 and onwards	14.50%	10.00%

		June 30, 2019	June 30, 2018
		----------(Rupees in '000)----------	
24.2.3	Reconciliation of statement of financial position		
	Present value of defined benefit obligation (recognised)	259,915	210,281
24.2.4	Movement in present value of defined benefit obligation		
	Balance at beginning of the year	210,281	225,784
	Current service cost	74,634	84,497
	Interest cost	23,536	19,559
	Remeasurements of obligation	33,316	(49,495)
	Benefits paid	(81,852)	(70,064)
	Balance at end of the year	259,915	210,281
24.2.5	Expense		
	Current service cost	74,634	84,497
	Interest cost	23,536	19,559
	Remeasurements of obligation	33,316	(49,495)
		131,486	54,561
	Less: charged to subsidiaries	1,166	549
	Expense	130,320	54,012

24.2.6 Amounts for the current period and prior period of the present value of defined benefit obligation are as follows:

	June 30, 2019	June 30, 2018
	----------(Rupees in '000)----------	
Present value of defined benefit obligation	259,915	210,281
Experience loss / (gain) on defined benefit obligation	33,316	(49,495)

24.2.7 Assumed future salary increase rate and discount rate have a significant effect on the employees' compensated absences. A one percentage point change in assumed future salary increase rate and discount rate would have the following effects:

		Increase / (decrease) in defined benefit obligation of Employees Compensated Absences			
		Permanent Employees		Contractual Employees	
	Change in assumption	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
		----------(Rupees in '000)----------			
Discount rate	1%	(119,648)	127,181	(120,952)	155,356
Salary growth rate	1%	124,278	(122,344)	149,589	(125,313)

24.2.8 The risks to which the scheme exposes the Corporation are disclosed in note 24.1.16 of these unconsolidated financial statements.

24.2.9 The expenses in respect of employees' compensated absences have been charged on the basis of actuarial recommendations and are in accordance with the Administrative and Financial Services Agreement of the Corporation with the subsidiary companies.

24.3 Expected retirement benefits costs for the year ending June 30, 2020 are as follows:

	(Rupees in '000)
Gratuity	
-funded	3,408
-unfunded	80,597
Post-retirement medical benefits	32,493
Compensated absences	135,701

24.4 During the year, the Corporation contributed Rs 8.665 million (2018: Rs 9.160 million) to the provident fund.

	Note	June 30, 2019	June 30, 2018
		----------(Rupees in '000)----------	
25. TRADE AND OTHER PAYABLES			
Creditors		**44,054**	103,685
Current account balances with subsidiary companies	25.1	**28,540,308**	26,296,280
Agents' and owners' balances		**345,394**	394,564
Accrued liabilities		**756,234**	1,108,271
Deposits	25.2	**60,636**	62,705
Advance rent		**24,696**	22,420
Other liabilities			
- amounts retained from contractors		**3,822**	27,827
- others		**66,221**	79,063
		70,043	106,890
		29,841,365	28,094,815

25.1 The break-up of current account balances with subsidiary companies is as follows:

	June 30, 2019	June 30, 2018
	----------(Rupees in '000)----------	
Bolan Shipping (Private) Limited	884,874	859,003
Chitral Shipping (Private) Limited	1,692,091	1,473,299
Hyderabad Shipping (Private) Limited	1,175,055	1,153,878
Islamabad Shipping (Private) Limited	648,452	648,816
Kaghan Shipping (Private) Limited	1,324,663	1,325,028
Khairpur Shipping (Private) Limited	329,765	447,528
Makran Shipping (Private) Limited	314,460	314,881
Malakand Shipping (Private) Limited	1,224,831	895,645
Multan Shipping (Private) Limited	952,650	713,388
Sargodha Shipping (Private) Limited	196,322	196,722
Sibi Shipping (Private) Limited	885,155	717,715
Shalamar Shipping (Private) Limited	3,364,168	2,854,277
Swat Shipping (Private) Limited	1,170,910	1,171,275
Lalazar Shipping (Private) Limited	744,296	744,660
Johar Shipping (Private) Limited	1,226,981	1,227,345
Lahore Shipping (Private) Limited	3,856,600	3,615,624
Karachi Shipping (Private) Limited	3,828,446	3,300,671
Quetta Shipping (Private) Limited	4,720,589	4,636,525
	28,540,308	26,296,280

25.2 These deposits are mark-up free and are repayable on demand or on completion of specific contracts. As per the requirements of section 217 of the Companies Act, 2017 deposits are kept in separate bank accounts.

26. CONTRACT LIABILITES

Represents advance received from various related parties. Revenue recognised from amounts included in contract liabilites at the beginning of the year amounted to Rs 37.007 million (2018: Rs 5.713 million).

27. PROVISION AGAINST DAMAGE CLAIMS

	Note	June 30, 2019	June 30, 2018
		----------(Rupees in '000)----------	
Balance at beginning of the year		23,193	20,032
Net increase during the year	36	3,282	3,161
Balance at end of the year		26,475	23,193

28. CONTINGENCIES AND COMMITMENTS

Contingencies

28.1 The contingent liability in respect of claims not acknowledged by the Corporation, which as at June 30, 2019 aggregated to Rs 756.213 million (2018: Rs 739.743 million). These claims mainly relate to deficiencies in shipping documentation, delay in delivery of cargo and damages to cargo. These include Rs 2.725 million (2018: Rs 2.049 million) approximately in respect of insurance claims which, if accepted, will be borne by the Corporation as the P&I Club, Oceanus Mutual Underwriting Association (Bermuda) Limited has gone into liquidation. Out of the remaining claims, a sum of Rs 729.738 million (2018: Rs 716.550 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 26.475 million (2018: Rs 23.192 million) against the aforementioned claims in these financial statements.

28.2 Chittagong Steamship Corporation Limited and Trans Oceanic Steamship Company Limited had initiated litigation that involved the Government of Pakistan and the Corporation, the litigations relating to compensation to the former owners and the legal suits are pending in the Honourable High Court of Sindh. The amounts claimed are approximately Rs 1.300 million (2018: Rs 1.300 million) and Rs 66.800 million (2018: Rs 66.800 million) respectively. The Corporation disclaims any liability in respect of the above mentioned amounts and any accretions to it upto final determination and settlement of the matters.

28.3 Certain other claims have been filed against the Corporation in respect of employees' matters for an aggregate amount of approximately Rs 93.701 million (2018: Rs 95.910 million). These cases are pending and the management is confident that the outcome of these cases will be in the Corporation's favour and accordingly no provision for above claims has been made in these unconsolidated financial statements.

28.4 While framing the tax assessment for the income year ended June 30, 1990, the assessing officer had made an addition to income of Rs 3,974.455 million, being the remission of liabilities due to the Federal Government under the scheme of financial restructuring of the Corporation. The resultant tax liability including additional taxes for late payment of tax amounted to Rs 1,293.694 million, part of which was paid by the Corporation and the remaining amount of Rs 1,233.694 million was directly discharged at source by the Federal Government. The assessing officer while framing the order of income year ended June 30, 1996 had treated the aforementioned payment of tax liability by the Government as the income of the Corporation. Appellate Tribunal Inland Revenue (ATIR) has given the decision in favour of the Corporation on the appeals filed against the above orders. However, the department has filed an appeal with the Honourable High Court of Sindh against the aforementioned orders of ATIR. The Honourable High Court of Sindh has decided the appeal against the Corporation. The leave to appeal filed by the Corporation has been accepted by the Honourable Supreme Court of Pakistan and the decision of the Honourable High Court of Sindh has been suspended. Hearing of the appeal was pending in the Honourable Supreme Court of Pakistan. During the year ended June 30, 2018, this hearing has been remanded to the Honourable High Court of Sindh. The management, in consultation with its legal advisor is confident that the matter will eventually be decided in favour of the Corporation.

28.5 During the year ended June 30, 2011, the Officer Inland Revenue (OIR) issued assessment orders under section 122 (5A) of the Income Tax Ordinance, 2001 (ITO, 2001) in respect of tax years 2008, 2009 and 2010. According to the orders, the OIR had made certain additions and determined additional tax demand of Rs 363.421 million. OIR had disallowed a portion of administrative expenses by attributing the same to the subsidiary companies and further disallowed a portion of contribution made to the approved gratuity fund (only in respect of tax year 2008) on the contention that the same is attributable to the subsidiary companies. The Corporation paid Rs 170 million under protest and filed an appeal with the Commissioner of Inland Revenue (Appeals). The Commissioner of Inland Revenue (Appeals) in his order upheld certain additions and had given decision in favour of the Corporation on certain matters resulting in refund of Rs 90.579 million, out of which Rs 3.581 million has been adjusted in tax year 2013 and remaining Rs 86.918 million in tax year 2014. The management had provided for all the matters that were decided against the Corporation, with the exception of disallowance of allocation of common expenses to profit on debt for tax years 2008 and 2009 which might have resulted in increase of tax liability by Rs 17.848 million.

The Corporation had filed an appeal with the ATIR in respect of aforementioned disallowances. The aforementioned appeals have been decided by the ATIR through the combined appellate order whereby certain disallowances have been deleted interalia including disallowances of common expenses allocated to profit on debt. During the year ended June 30, 2018, Additional Commissioner Inland Revenue (ACIR) gave effect to the directions of the ATIR. However, on the grounds that ACIR has not correctly given effect to the directions of ATIR on the issue of disallowance of administrative expenses and allocating the same to the subsidiary companies, the Corporation has filed an appeal before the Commissioner (Appeals) on July 20, 2018. The Corporation has filed a reference to Honorable High Court of Sindh in respect of certain disallowances maintained in the aforesaid order of ATIR. Subsequent to the year end, Commissioner (Appeal) in his order dated July 11, 2019 has remanded back the matter to the ACIR with the direction to re-adjudicate the issue regarding disallowance of administrative expenses in the light of directions given by the Honorable ATIR. The management, in consultation with its legal advisor is confident that the matter in the Honorable High Court of Sindh will eventually be decided in favour of the Corporation.

28.6 During the year ended June 30, 2012, the OIR issued assessment orders under section 122 (5A) of the ITO, 2001 in respect of tax year 2011. According to the orders, the OIR has made certain additions and determined additional tax demand of Rs 251.092 million. OIR has disallowed a portion of administrative expenses by attributing the same to the subsidiary companies and further disallowed financial expenses incurred by the Corporation on the contention that the same is equity specific and hence being capital in nature. The Corporation had paid Rs 160.513 million and adjusted Rs 90.579 million against refunds relating to tax year 2008, 2009 and 2010 under protest. During the year ended June 30, 2015, Commissioner of Inland Revenue (Appeals) in his order has upheld certain additions and has given decisions in favour of the Corporation on certain matters, and has worked out refund of Rs 15.068 million. The Corporation and the department have filed appeals with the ATIR in respect of aforementioned disallowances, which have been decided by the ATIR. The ATIR, in its order has interalia deleted certain additions made by the OIR which were upheld by the Commissioner (Appeals). However, while giving effect to the order of the ATIR, the taxation officer has disallowed the expenses allocated to dividend income. Accordingly, the Corporation has filed an appeal before the Commissioner (Appeals) on July 20, 2018. Further, being aggrieved by the decision of the appellate tribunal, the department has filed a reference application which is pending before the Honourable High Court of Sindh. The management, in consultation with its legal advisor, is confident that the matter will eventually be decided in favour of the Corporation.

28.7 During the year ended June 30, 2013, the OIR issued assessment orders under section 122 (5A) of the ITO, 2001 in respect of tax year 2012. According to the orders, the OIR has made certain additions and determined additional tax demand of Rs 107.499 million. OIR has disallowed a portion of administrative expenses by attributing the same to the subsidiary companies and further disallowed financial expenses incurred by the Corporation on the contention that the same is equity specific and hence being capital in nature. The Corporation has paid Rs 65 million under protest and filed an appeal with the Commissioner of Inland Revenue (Appeals). During the year ended June 30, 2015, Commissioner of Inland Revenue (Appeals) in his order has upheld certain additions and has given decisions in favour of the Corporation on certain matters, and has worked out refund of Rs 24.022 million. The Corporation and the department have filed appeals with the ATIR in respect of aforementioned disallowances. The ATIR vide appellate order dated August 7, 2018 has interalia deleted certain additions made by the taxation officer. However, the appeal effect order is still pending. The management, in consultation with its tax advisor, is confident that the matter will eventually be decided in favour of the Corporation.

28.8 During the year ended June 30, 2014, the OIR has issued assessment orders under section 122 (5A) of the ITO, 2001 in respect of tax year 2013. According to the orders, the OIR has made certain additions and determined additional tax demand of Rs 303.333 million. OIR has disallowed a portion of retirement benefit expenses by attributing the same to the subsidiary companies and further disallowed financial expenses incurred by the Corporation on the contention that the same is equity specific and hence being capital in nature. Moreover, OIR also disallowed the basis of apportionment of expenses. The Corporation has paid Rs 288.265 million under protest and adjusted refund of Rs 3.581 million and Rs 15.068 million available for the tax year 2008 and 2011 respectively. Further, the management has filed an appeal with the Commissioner of Inland Revenue (Appeals) who in his order has upheld certain additions and has given decisions in favour of the Corporation on certain matters, and worked out a Nil demand. The Corporation and the department have filed appeals with the ATIR in respect of aforementioned disallowances. Subsequent to the year end, ATIR in his order maintained certain addition and directed to allocate expenses against service fee. Further, being aggrieved by the decision of the appellate tribunal, the corporation has filed a reference application which is pending before the Honourable High Court of Sindh. The management, in consultation with its legal advisor, is confident that the matter will eventually be decided in favour of the Corporation.

28.9 During the year ended June 30, 2015, ACIR issued assessment order under section 122 (5A) of the ITO, 2001 in respect of tax year 2014. According to the order the ACIR made certain additions and determined additional tax demand of Rs 184.059 million in respect of certain disallowances regarding financial expenses, administrative costs and post-retirement benefits. The Corporation paid Rs 83.438 million under protest and adjusted Rs 86.998 million against refunds available for tax year 2008, 2009 and 2010. The Corporation had filed an appeal before the Commissioner of Inland Revenue (Appeals) who passed his order and maintained the decision of the ACIR. The Corporation had filed an appeal with the ATIR in respect of aforementioned order of the Commissioner Inland Revenue (Appeals) in respect of aforementioned disallowances. The management, in consultation with its tax advisor, is confident that the subject matters in respect of tax year 2014 will eventually be decided in favour of the Corporation.

28.10 During the year ended June 30, 2014, the Corporation received assessment orders from the taxation authorities in respect of tax years 2008-2013. The taxation officer has held that the Corporation is liable to deduct withholding tax under section 152(2) of the ITO, 2001, while making payments to the non-resident shipping companies and in the event of default to do so the Corporation becomes personally liable to pay tax under section 161 along with default surcharge under section 205 of the Ordinance. By virtue of above orders a cumulative tax demand was raised by the taxation authorities amounting to Rs 2,695.496 million. The Corporation filed an appeal with the Commissioner of Inland Revenue (Appeals) who maintained the orders passed by the Deputy Commissioner Inland Revenue (DCIR) and consequently an appeal was filed before the ATIR. The ATIR, in the appellate order, has held that the payments made by the Corporation to the non-resident shipping companies are in the nature of "Royalty" and the rate of tax withholding applicable on such payments would be 15 percent. Accordingly, the tax demand originally raised was reduced to Rs 1,659.485 million. The Corporation lodged rectification applications in respect of the orders passed by ATIR. However, during the year ended June 30, 2016, the said rectification applications have been rejected. Without prejudice to the rectification applications, the Corporation has also filed a petition before the Honourable Sindh High Court in respect of the aforesaid orders passed by ATIR seeking protection from any adverse action. The Honourable Sindh High Court has granted an interim order restraining FBR from taking any coercive action, the said interim order is still operative. Further, the aforementioned cases are still pending with the Honourable Sindh High Court.

Further, during the year ended June 30, 2015, the DCIR had issued show cause notice under section 161 of the ITO, 2001 in respect of tax year 2014 proposing to raise tax demand of Rs 1,324.077 million on the same matter. The Corporation took up the matter to the Honourable High Court and the Court has granted an interim order and suspended show cause notice. However, in light of the Supreme Court order dated June 27, 2018 the Corporation had to withdraw from the suit and no assessment order in this regards is issued as of the reporting date. The management is committed to respond if the show cause proceedings are again initiated by the tax authorities.

28.11 During the year ended June 30, 2018, the DCIR vide order dated June 29, 2018 proceeded to amend the assessment under the provisions of section 122(5A) of the Ordinance in respect of tax year 2016. The taxable income has been recomputed by allocating expenses against dividend income, and disallowances made on account of interest on long term finances and payments claimed against staff retirement benefits. Brought forward business losses and unabsorbed depreciation for tax year 2016 have also been adjusted in the computation of taxable income. By virtue of the aforementioned order passed by the ACIR a tax demand amounting to Rs 91.592 million was raised, which is amply covered by the refunds available for prior tax years. Furthermore, the Corporation has filed an appeal with the Commissioner Inland Revenue (Appeals) on July 23, 2018. Subsequent to the year end, Commissioner Inland Revenue (Appeals) has decided the appeal vide order dated July 11, 2019. The CIR(A) in its order has decided all the matters in favour of the corporation by deleting the all the additions made by the ACIR. However, the appeal effect order is till pending. The management, in consultation with its tax advisor, is confident that the subject matters in respect of tax year 2017 will eventually be decided in favour of the Corporation.

28.12 During the year ended June 30, 2018, the ACIR vide order dated June 29, 2018 proceeded to amend the assessment under the provisions of section 122(5A) of the Ordinance in respect of tax year 2017. The taxable income has been recomputed by allocating expenses against dividend income, and disallowances made on account of interest on long term finances and payments claimed against staff retirement benefits. By virtue of the aforementioned order passed by the ACIR a tax demand amounting to Rs 318.212 million was raised, out of which the Corporation has made a payment of Rs 75 million under protest. Furthermore, the Corporation has filed an appeal with the Commissioner Inland Revenue (Appeals) on July 23, 2018. Subsequent to the year end, Commissioner Inland Revenue (Appeals) has decided the appeal vide order dated July 11, 2019. The CIR(A) in its order has decided all the matters in favour of the Corporation by deleting all the additions made by the ACIR. However, the appeal effect order is still pending. The management, in consultation with its tax advisor, is confident that the subject matters in respect of tax year 2017 will eventually be decided in favour of the Corporation.

28.13 During the year ended June 30, 2015, the SRB issued show cause notice dated April 17, 2015 under the provisions of section 23 and 47 of the Sindh Sales Tax on Services Act, 2011.The SRB officer had selected the revenue from the unconsolidated financial statements and allegedly raised sales tax demand in respect of the revenue appearing in the audited unconsolidated financial statements for the years 2012-2014.The Corporation had filed a suit before the Honourable Sindh High Court in respect of the aforesaid show cause notice and the Honourable Sindh High Court had granted an interim stay order restraining SRB from taking any coercive action. However, in light of the Surpreme Court order dated June 27, 2018 the Corporation had to withdraw from the suit and continued the proceedings of show cause notice. After, considering the submissions of the Corporation the SRB had passed an assessment order dated March 13, 2019 and raised Sales Tax demand of Rs. 2,668.906 million on the revenue of freight income and services fee for the financial years 2012-2014. The Corporation had filed an appeal before the Commisioner (Appeals) SRB and obtained stay from Honourable Sindh High Court against the sales tax demand, which is still operating. The management, in consultation with its tax advisor, is confident that the subject matters will eventually be decided in favour of the Corporation.

Commitments

28.14 Commitments in respect of capital expenditure amounted to Rs 32.571 million (2018: Rs 32.571 million).

28.15 Outstanding letters of guarantee amounted to Rs 7.142 million (2018: Rs 5.126 million).

28.16 The Corporation has provided an undertaking amounting to USD 11.60 million (Rs 1,856 million) to one of the vendor / supplier of another state owned entity. This undertaking has been provided due to arrest of two of its managed vessels operated by its subsidiaries which have been released subsequently. However, the Government of Pakistan has provided a counter guarantee to the Corporation in relation to the aforesaid undertaking.

28.17 Commitments in respect of Enterprise Resource Planning (ERP) implementation and maintenance amounting to USD 0.48 million (Rs 76.80 million) and USD 0.19 million (Rs 30.40 million) respectively.

	June 30, 2019	June 30, 2018
	----------(Rupees in '000)----------	
29. FREIGHT INCOME - foreign flag vessels		
Voyage charter revenue	806,708	2,163,072
Less: Overage premium	31,844	57,704
Less: Ocean losses	26,860	7,340
	748,004	2,098,028
Slot charter revenue	1,992,710	1,976,699
	2,740,714	4,074,727
30. SERVICE FEES - net		
Technical and commercial services fee	244,276	174,682
Administrative and financial services fee	81,425	58,227
Less: sales tax	4,063	3,381
	321,638	229,528

		Note	June 30, 2019	June 30, 2018
			----------(Rupees in '000)----------	
31.	**FLEET EXPENSES - direct**			
	Charter, hire and related expenses	31.1	1,641,713	2,190,631
	Exchange loss		94,277	82,659
			1,735,990	2,273,290
31.1	Charter, hire and related expenses - foreign flag vessels			
	- voyage charter expenses		767,439	1,314,010
	- slot charter expenses		874,274	876,621
			1,641,713	2,190,631
32.	**FLEET EXPENSES - indirect**			
	Salaries, benefits and allowances	32.1	1,614	7,414
	Agents' and other general expenses	32.2	13,827	10,766
	Depreciation	7.7	617	585
	General establishment expenses		-	852
			16,058	19,617

32.1 This includes Rs 0.123 million (2018: Rs 0.202 million) in respect of provident fund contribution. The investments out of provident fund have been made in accordance with the provisions of Section 218 of the Act and conditions specified thereunder.

		Note	June 30, 2019	June 30, 2018
			----------(Rupees in '000)----------	
32.2	**Agents' and other general expenses**			
	Printing and stationery		-	80
	Advertisement and publicity		1,348	1,355
	Telephone, telex and postage		3,214	2,744
	Commission charges		254	259
	Legal and professional charges		7,527	5,202
	Air freight		1,484	1,126
			13,827	10,766
33.	**VESSEL MANAGEMENT EXPENSES**			
	Workshop management expenses		91,581	86,179
	Salaries, benefits and allowances	33.1	563,022	451,789
	General establishment expenses	33.2	105,118	117,459
	Rent, rates and taxes		20,659	16,218
	Insurance		4,273	4,311
	Depreciation	7.7	22,682	27,934
			807,335	703,890

33.1 This includes Rs 6.247 million (2018: Rs 5.808 million) in respect of provident fund contribution. The investments out of provident fund have been made in accordance with the provisions of Section 218 of the Act and conditions specified thereunder.

	Note	June 30, 2019	June 30, 2018
		----------(Rupees in '000)----------	
33.2 General establishment expenses			
Repairs and maintenance		9,297	12,860
Medical expenses		29,927	38,477
Security charges		3,363	3,030
Travelling and conveyance		10,673	11,793
Entertainment and canteen subsidy		3,649	3,677
Uniform and liveries		1,597	1,818
Printing and stationery		3,651	3,115
Telephone, telex and postage		6,970	9,218
Light, power and water		8,671	9,377
Computer expenses		8,225	8,753
Vehicle running, repairs and maintenance expenses		19,095	15,341
		105,118	117,459
34. REAL ESTATE EXPENSES			
Salaries, benefits and allowances	34.1	58,058	57,355
General establishment expenses	34.2	41,721	39,820
Rent, rates and taxes		7,426	11,937
Insurance		5,595	4,049
Depreciation	7.7	27,617	36,276
Legal and professional charges		964	503
		141,381	149,940

34.1 This includes Rs 0.643 million (2018: Rs 0.737 million) in respect of provident fund contribution. The investments out of provident fund have been made in accordance with the provisions of Section 218 of the Act and conditions specified thereunder.

	June 30, 2019	June 30, 2018
34.2 General establishment expenses	----------(Rupees in '000)----------	
Repairs and maintenance	17,309	18,101
Security charges	10,664	12,081
Light, power and water	13,496	9,429
Vehicle running, repairs and maintenance	252	209
	41,721	39,820

	Note	June 30, 2019	June 30, 2018
		----------(Rupees in '000)----------	
35. ADMINISTRATIVE EXPENSES			
Salaries, benefits and allowances	35.1	150,587	187,935
General establishment expenses	35.2	76,683	89,894
Rent, rates and taxes		2,181	1,802
Scholarship and training expenses		3,024	1,861
Insurance		451	479
Depreciation	7.7	2,396	3,104
Directors' fee		5,531	2,044
Legal and professional charges		27,390	39,827
Sales tax expenses		22,563	20,456
		290,806	347,402

35.1 This includes Rs 1.653 million (2018: Rs 2.413 million) in respect of provident fund contribution. The investments out of provident fund have been made in accordance with the provisions of Section 218 of the Act and conditions specified thereunder.

	June 30, 2019	June 30, 2018
	----------(Rupees in '000)----------	
35.2 General establishment expenses		
Repairs and maintenance	2,487	5,349
Medical expenses	8,004	16,006
Contribution to group term insurance	827	996
Hajj expenses	4,270	58
Security charges	899	1,260
Travelling and conveyance	2,855	4,906
Entertainment and canteen subsidy	976	1,530
Books, periodicals and subscription	8,841	6,843
Uniform and liveries	169	202
Printing and stationery	976	1,296
Telephone, telex and postage	1,864	3,835
Light, power and water	2,319	3,901
Computer expenses	2,200	3,641
Advertisement and publicity	13,450	20,814
Vehicle running, repairs and maintenance expenses	5,107	6,381
Sundry expenses	21,439	12,876
	76,683	89,894

	Note	June 30, 2019	June 30, 2018
		----------(Rupees in '000)----------	
36. OTHER EXPENSES			
Donations	36.1	13,787	120
Auditors' remuneration	36.2	4,920	5,025
Demurrage expenses		2,594	337,410
Impairment loss on revaluation of buildings on leasehold land	7.1	-	9,653
Exchange loss on demurrage		120,131	120,622
Employees' gratuity			
- funded	24.1.7	486	2,572
- unfunded	24.1.7	57,086	48,068
		57,572	50,640
Post-retirement medical benefits	24.1.7	26,006	21,994
Employees' compensated absences	24.2.5	130,320	54,012
Loss on revaluation of long-term investments in listed companies	11.1 & 11.2	18,724	-
Allowance for ECL on trade debts	15.4	12,559	4,689
Allowance for ECL on other receivables	19.4	39,487	25,380
Trade debts written off		-	1,419
Net increase in provision against damage claims	27	3,282	3,161
		429,382	634,125

36.1 Represents donation made to Diamer-Bhasha and Mohmand Dams Fund. No director or his spouse had any interest in the donee.

	June 30, 2019			June 30, 2018		
	EY Ford Rhodes	KPMG Taseer Hadi & Co.	Total	EY Ford Rhodes	A. F. Ferguson & Co.	Total
	----------(Rupees in '000)----------					
36.2 Auditors' remuneration						
Statutory audit fee	1,310	1,310	2,620	1,310	1,310	2,620
Fee for review of half yearly financial statements	459	459	918	459	459	918
Fee for review report on CCG	140	140	280	140	140	280
Fee for audit of consolidated financial statements	166	166	332	166	166	332
Statutory certifications	80	40	120	75	150	225
Out of pocket expenses	325	325	650	325	325	650
	2,480	2,440	4,920	2,475	2,550	5,025

Notes to and Forming Part of the Unconsolidated Financial Statements

For the year ended June 30, 2019

		Note	June 30, 2019	June 30, 2018
			----------(Rupees in '000)----------	
37.	**OTHER INCOME**			
	Income from financial assets			
	Income from saving accounts and term deposits		406,538	367,427
	Agency fee		8,324	17,709
	Dividend income		3,947	2,884
	Exchange gain		400,785	138,564
	Gain on revaluation of long-term investments in listed companies	11.1 & 11.2	-	1,633
	Gain on revaluation of investment properties	9	177,645	390,240
	Insurance claim income		2,080	-
	Reversal of allowance for ECL on trade debts	15.4	528	2,217
	Reversal of allowance for ECL on other receivable (additional war risk)	19.4	2,566	-
	Income from loans to employees		3,378	1,635
	Income from miscellaneous claims		1,050	-
	Demurrage income		56,538	378,056
	Reversal of allowance for ECL on other receivable (demurrage)	19.4	11,688	-
			68,226	378,056
			1,075,067	1,300,365
	Income from non - financial assets			
	Liabilities no longer required written off		85,689	24,918
	Sundry income	37.1	35,269	31,237
			120,958	56,155
			1,196,025	1,356,520
37.1	This includes the following:			
	Income earned by PNSC Work Shop		13,710	13,234
	Recovery of HV AC charges		3,457	4,998
	Others		18,102	13,005
			35,269	31,237
38.	**FINANCE COSTS**			
	Mark-up on long-term financing		443,642	246,017
	Bank charges		1,848	1,193
			445,490	247,210
39.	**TAXATION**			
	Tax charge for:			
	- current year		271,854	321,157
	- prior year		(14,103)	(195,102)
			257,751	126,055
	- deferred		(52,166)	47,064
			205,585	173,119

		June 30, 2019	June 30, 2018
		----------(Rupees in '000)----------	
39.1	**Relationship between tax expense and accounting profit**		
	Accounting profit before tax	559,609	1,476,758
	Tax rate	29%	30%
	Tax on accounting profit	162,287	443,027
	Tax effect in respect of inadmissible expenses	(18,534)	(89,104)
	Tax effect due to lower tax rates		
	- Income under Section 7A	62,202	(82,891)
	- Dividend income	(553)	(433)
	Effect of charging deferred tax on different rate than current tax	(12,694)	15,070
	Effect of minimum tax on services	25,731	18,467
	Effect of prior year	(14,103)	(195,102)
	Effect of super tax	15,915	27,566
	Others (including the impact arising as a consequence of change in allocation ratio of revenue chargeable under FTR and NTR tax regime)	(14,666)	36,519
		43,298	(269,908)
	Tax expense for the year	205,585	173,119
40.	**EARNINGS PER SHARE - basic and diluted**		
	Net profit for the year attributable to ordinary shareholders	354,024	1,303,639
		------------(No. of shares)-----------	
	Weighted average ordinary shares in issue during the year	132,063,380	132,063,380
		---------------(Rupees)--------------	
	Earnings per share - basic and diluted	2.68	9.87

40.1 There are no dilutive potential ordinary shares outstanding as at June 30, 2019 and 2018.

	Note	June 30, 2019	June 30, 2018
		----------(Rupees in '000)----------	
41. CASH GENERATED FROM OPERATIONS			
Profit before taxation		559,609	1,476,758
Adjustments for non-cash charges and other items:			
Depreciation	7.7	53,312	67,899
Net increase in damage claims	27	3,282	3,161
Provision for employees' gratuity	24.1.7	57,572	50,640
Provision for post-retirement medical benefits	24.1.7	26,006	21,994
Provision for employees' compensated absences	24.2.5	130,320	54,012
Dividend income	37	(3,947)	(2,884)
Allowance for ECL on trade debts	36	12,559	4,689
Allowance for ECL on other receivables	36	39,487	25,380
Trade debts written off	36	-	1,419
Reversal of allowance for ECL on trade debts	37	(528)	(2,217)
Reversal of allowance for ECL on other receivables	37	(14,254)	-
Allowance for ECL on trade debts and other receivables written off		-	(29,243)
Liabilities no longer required written back	37	(85,689)	(24,918)
Income from saving accounts and term deposits	37	(406,538)	(367,427)
Finance cost	38	443,642	246,017
Gain on revaluation of investment properties	37	(177,645)	(390,240)
Loss / (gain) on revaluation of long-term investments in listed companies	36	18,724	(1,633)
Working capital changes	41.1	1,680,073	644,662
		2,335,985	1,778,069

41.1 Working capital changes

		June 30, 2019	June 30, 2018
(Increase) / decrease in current assets:			
Stores and spares		1,155	(2,282)
Trade debts - unsecured		(125,545)	170,716
Agents' and owners' balances - unsecured		5,956	(10,618)
Loans and advances		40,294	(18,942)
Trade deposits and short-term prepayments		(50,851)	36,314
Other receivables		(67,816)	(424,182)
Incomplete voyages		21,077	73,344
		(175,730)	(175,650)
Increase / (decrease) in current liabilities:			
Trade and other payables		1,834,293	1,128,954
Contract liabilities		21,510	(308,642)
		1,855,803	820,312
		1,680,073	644,662

	Note	June 30, 2019	June 30, 2018
		----------(Rupees in '000)----------	
42. CASH AND CASH EQUIVALENTS			
Short-term investments having maturity of three months or less	20	2,680,000	121,430
Cash and bank balances	21	2,880,729	2,639,415
		5,560,729	2,760,845

43. REMUNERATION OF CHAIRMAN & CHIEF EXECUTIVE, EXECUTIVE DIRECTORS AND OTHER EXECUTIVES

The aggregate amount of remuneration including all benefits to the Chairman & Chief Executive, Executive Directors and other Executives of the Corporation were as follows:

	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
	Chairman & Chief Executive		Executive Directors*		Other Executives	
	------------------------------ (Rupees in '000) ------------------------------					
Managerial remuneration and allowances	1,346	1,756	30,270	25,159	249,741	219,787
Retirement benefits - note 43.2	-	-	-	-	7,202	6,621
House rent	2,250	2,992	12,274	8,297	111,045	90,684
Conveyance	637	801	2,708	1,987	7,403	4,935
Entertainment	6	8	-	-	4,458	3,864
Medical	384	192	1,869	1,971	12,703	10,232
Utilities	-	811	1,862	2,030	22,724	21,277
Personal staff subsidy	-	-	-	-	368	320
Club membership fee and expenses	562	271	340	306	-	-
Bonus	858	1,413	3,258	5,670	23,918	46,788
Other allowances	1,861	854	3,361	1,826	136,604	141,004
	7,904	9,098	55,942	47,246	576,166	545,512
Number of persons	1	1	5	5	129	121

*Executive Directors represent the designation of the personnel and are not the members of Board of Directors of the Corporation.

43.1 The aggregate amount charged in the unconsolidated financial statements for fee to 6 (2018: 6) non-executive directors was Rs 5.813 million (2018: Rs 2.044 million).

43.2 Retirement benefits represent amount contributed towards various retirement benefit plans. The Executives of the Corporation are entitled to retirement benefits as outlined in note 5.15 and 5.16 to these unconsolidated financial statements. The Chairman & Chief Executive, Executive Directors and other Executives are provided with the Corporation owned and maintained cars.

	June 30, 2019	June 30, 2018
	----------(Rupees in '000)----------	
44. FINANCIAL INSTRUMENTS BY CATEGORY		
FINANCIAL ASSETS		
Fair value through profit or loss		
Long term investments - listed companies	32,375	51,099
Amortised Cost		
Trade debts - unsecured	437,974	344,864
Agents' and owners' balances - unsecured	13,085	19,041
Loans - employees	12,032	10,107
Trade deposits	43,285	15,263
Interest accrued on bank deposits and short-term investments	23,896	26,462
Other receivables	1,298,774	1,782,911
Short-term investments	3,168,550	4,082,860
Cash and bank balances	2,880,729	2,639,415
Long-term loans	17,313	19,050
Long-term investments - other entity	100	100
	7,895,738	8,940,073
	7,928,113	8,991,172
FINANCIAL LIABILITIES		
Amortised cost		
Trade and other payables	29,816,669	28,072,395
Unclaimed dividend	60,064	52,869
Long-term financing	9,083,468	2,954,358
Accrued mark-up on long-term financing	53,511	26,041
	39,013,712	31,105,663

45. FINANCIAL RISK MANAGEMENT

45.1 Financial risk factors

The Corporation finances its operations through equity and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimise risk. Taken as a whole, the Corporation is exposed to market risk (including interest rate risk, currency risk and other price risk), credit risk and liquidity risk. The Corporation's principal financial liabilities comprise trade and other payables and long term financing. The Corporation also has various financial assets such as trade debts, other receivables, bank balances and short-term investments which are directly related to its operations. No changes were made in the objectives, policies or processes and assumptions during the year ended June 30, 2019. The policies for managing each of these risk are summarised below:

45.1.1 Concentration of credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers, including trade receivables and committed transactions. Credit risk represents the accounting loss that would be recognised at the date of statement of financial position if counter parties fail completely to perform as contracted.

As at June 30, 2019, out of the total financial assets of Rs 7,928.113 million (2018: Rs 8,991.172 million) the financial assets which are subject to credit risk amounted to Rs 7,926.366 million (2018: Rs 8,987.827 million). The management continuously monitors the credit exposure towards the customers and recognise an allowance for ECL on balances considered doubtful of recovery.

Moreover, a significant component of the receivable balances of the Corporation relates to amounts due from the Public Sector organisations. Due to the Corporation's long standing business relationships with these counterparties and after giving due consideration to their related credit standing, management does not expect non–performance by those counter parties on their obligations to the Corporation.

The sector wise analysis of gross amounts of receivables, comprising trade debts, agents' and owners' balances and deposits is given below:

	June 30, 2019	June 30, 2018
	----------(Rupees in '000)----------	
Public Sector	486,164	329,522
Private Sector	56,854	63,733
	543,018	393,255

Out of Rs. 543.018 million (2018: 393.255 million), the Corporation has recognised an allowance of ECL amounting to Rs. 48.674 million (2018: Rs 14.087 million).

45.1.2 Market risk

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. The Corporation faces foreign currency risk on receivable and payable transactions at foreign ports.

As at June 30, 2019, if the currency had weakened / strengthened by 5% against the US dollar with all other variables held constant, profit before taxation for the year would have been higher / lower by Rs 39.997 million (2018: Rs 53.248 million), mainly as a result of foreign exchange gains / losses on translation of US dollar denominated assets and liabilities.

As at June 30, 2019, the affect of fluctuations in other foreign currency denominated assets or liabilities balances would not be material, therefore, not disclosed.

Cash flow and fair value interest rate risk

The Corporation has interest bearing liabilities that have floating interest rates. At June 30, 2019, if interest rates on borrowings had been 100 basis points higher / lower with all other variables held constant, profit after taxation for the year would have been lower / higher by Rs 64.493 million (2018: Rs 20.681 million).

Price risk

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The effects of changes in fair value of investments made by the Corporation, on the future profits are not considered to be material in the overall context of these unconsolidated financial statements.

45.1.3 Liquidity risk

Liquidity risk is the risk that the Corporation will encounter difficulties in raising funds to meet commitments associated with financial instruments. The Corporation believes that it is not exposed to any significant level of liquidity risk.

The management forecasts the liquidity of the Corporation on basis of expected cash flow considering the level of liquid assets necessary to meet such risk. This involves monitoring statement of financial position, liquidity ratios and maintaining debt financing plans.

Financial liabilities in accordance with their contractual maturities are presented below:

	Total contractual cash flows	Less than 1 year	Between 1 to 2 years	Between 2 to 5 years	More than 5 years
June 30, 2019	----------------------------	----------------(Rupees in '000)	----------------------------		
Long-term financing	9,083,469	1,747,543	1,325,896	3,403,233	2,606,797
Unclaimed dividend	60,064	60,064	-	-	-
Trade and other payables	29,816,669	29,816,669	-	-	-
Accrued mark-up on long-term financing	53,511	53,511	-	-	-
	39,013,713	31,677,787	1,325,896	3,403,233	2,606,797
June 30, 2018					
Long-term financing	3,313,910	1,375,839	887,560	1,050,511	-
Unclaimed dividend	52,869	52,869	-	-	-
Trade and other payables	28,072,395	28,072,395	-	-	-
Accrued mark-up on long-term financing	26,041	26,041	-	-	-
	31,465,215	29,527,144	887,560	1,050,511	-

45.1.4 Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

Fair value hierarchy

As at June 30, 2019, 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 accumulated depreciation and subsequent accumulated impairment losses, if any. The latest fair valuation of the Corporation's leasehold land, buildings on leasehold land, beach huts and workshop machinery and equipment was performed by Fairwater Property Valuers & Surveyors (Private) Limited (an independent valuer) as at June 30, 2018.

The Corporation classifies Investment properties and long-term investments in listed companies measured at fair value in the unconsolidated statement of financial position. The latest fair valuation of the Corporation's investment properties was performed by Fairwater Property Valuers & Surveyors (Private) Limited (an independent valuer) as at June 30, 2019.

The valuation techniques and inputs used to develop fair value measurements of aforementioned assets are as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities;

Level 2: Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: Those whose inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There were no transfers between level 1, 2 or 3 of the fair value hierarchy during the year.

Details of fair value hierarchy and information relating to fair value of Corporation's leasehold land, buildings on leasehold land, beach huts, workshop machinery and equipment, investment categorised as fair value through profit or loss and investment properties are as follows:

	Note	June 30, 2019			
		Level 1	Level 2	Level 3	Total
		--------------------------(Rupees in '000)			-------------------------
Assets carried at fair value					
Long-term investments in listed companies	11	32,375	-	-	32,375
Leasehold land		-	1,086,960	-	1,086,960
Buildings on leasehold land		-	727,672	-	727,672
Beach huts		-	14,624	-	14,624
Workshop machinery and equipment		-	5,340	-	5,340
Investment properties		-	3,266,105	-	3,266,105
		-	5,100,701	-	5,100,701

	Note	June 30, 2018			
		Level 1	Level 2	Level 3	Total
		--------------------------(Rupees in '000)			-------------------------
Assets carried at fair value					
Long-term investments at fair value through profit or loss	11	51,099	-	-	51,099
Leasehold land		-	1,086,960	-	1,086,960
Buildings on leasehold land		-	782,843	-	782,843
Beach huts		-	16,251	-	16,251
Workshop machinery and equipment		-	5,156	-	5,156
Investment properties		-	3,061,632	-	3,061,632
		-	4,952,842	-	4,952,842

46 Capital risk management

The Corporation's objectives when managing capital are to safeguard the Corporation's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Corporation manages its capital structure by monitoring return on net assets and makes adjustment to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Corporation may adjust the amount of dividends paid to shareholders or issue new shares.

The Corporation is in compliance with the externally imposed capital requirements, which are applicable at the consolidated financial statements level. The debt equity ratios as at June 30, 2019 and 2018 were as follows:

	June 30, 2019	June 30, 2018
	----------(Rupees in '000)---------	
Long-term financing - secured (note 23)	9,083,468	2,954,358
Total equity	11,919,146	12,330,535
Total	21,002,614	15,284,893
Debt-to-equity ratio	76:24	24:76

47. ENTITY WIDE INFORMATION

47.1 The Corporation constitutes as a single reportable segment, the principal classes of services provided are transportation of dry cargo and liquid cargo through chartered vessels, rental income and service fees.

47.2 Information about services

The Corporation's principal classes of services accounted for the following amount of revenue:

	June 30, 2019	June 30, 2018
	----------(Rupees in '000)---------	
Transportation of dry cargo	1,992,710	1,976,699
Transportation of liquid cargo	748,004	2,098,028
Rental income	167,674	191,457
Services fee - net	321,638	229,528
	3,230,026	4,495,712

47.3 Information about geographical areas

The Corporation does not hold non-current assets in any foreign country.

47.4 Information about major customers

The Corporation has the following exposure to concentration of credit risk with clients representing greater than 10 % of the total revenue balances:

	June 30, 2019		June 30, 2018	
	Revenue		Revenue	
	(Rupees in '000)	% of Total	(Rupees in '000)	% of Total
Client 1	597,064	18.48	1,837,670	40.29
Client 2	503,178	15.58	696,394	15.25
Client 3	342,733	10.61	-	-
	1,442,975	44.67	2,534,064	55.54

48. RELATED PARTY DISCLOSURES

The Corporation has related party relationships with its subsidiaries, associate, GoP and its related parties, associated companies, 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, service fees charged on account of rendering of technical, commercial, administrative and financial services, expenses charged to subsidiary companies on actual cost basis etc. Service fees 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. Investment in and balances with related parties have been disclosed in respective notes to these unconsolidated financial statements. Significant transactions with related parties durirng the year are as follows:

Nature of transactions	Relationship with the Corporation	June 30, 2019	June 30, 2018
		----------(Rupees in '000)---------	
Freight income - foreign flag vessels	State owned / controlled entities	2,799,375	4,137,998
Service fee - note 30	Subsidiaries	321,638	229,528
Rental income	State owned / controlled entities	4,235	3,647
Rental expense	Subsidiary	998	940
Demurrage income - note 37	State owned / controlled entities	68,226	378,056
Transfer of stores	Subsidiaries	23,914	24,808
Retirement benefit costs charged	Subsidiaries	1,955	1,572
Contribution to provident fund	Employees benefit plan	8,665	9,160
Dividend to Government of Pakistan	Government holding	172,940	229,157
Dividend income	State owned / controlled entities	2,907	2,884
Advance against future issue of shares:			
- Bolan Shipping (Private) Limited	Subsidiary	4,295,904	-
- Khairpur Shipping (Private) Limited	Subsidiary	4,251,923	-
Remuneration and Other Benefits	Key management Personal	107,219	61,638
Directors' fee and traveling allownce	Key management Personal	5,813	2,044

*The amount has been restated to include the remuneration and other benefits of Company Secretary in compliance of S.R.O. 1194(1)/2018, dated October 02, 2018.

48.1 In addition, the Corporation is substantially engaged in making 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 a current account of the subsidiary companies.

48.2 Following are the details of related parties with whom the Corporation had entered into transactions or have arrangements / agreements in place, except subsidiaries, which have been disclosed in note 10 to these unconsolidated financial statements:

S.No.	Name	Basis of relationship	Aggregate % of shareholding in the Company
1	Muhammadi Engineering Works (Private) Limited	Associate	N/A
2	Employees' Gratuity Fund	Staff retirement benefits	N/A
3	Employees' Contributory Provident Fund	Staff retirement benefits	N/A
4	Civil Aviation Authority	State owned/controlled entity	N/A
5	Central Power Generation Company Limited	State owned/controlled entity	N/A
6	Heavy Industries Taxila	State owned/controlled entity	N/A
7	Mari Petroleum Company Limited	State owned/controlled entity	N/A
8	Pakistan Petroleum Limited	State owned/controlled entity	N/A
9	Karachi Port Trust	State owned/controlled entity	N/A
10	Wah Brass Mills (Private) Limited	State owned/controlled entity	N/A
11	National Bank of Pakistan	State owned/controlled entity	N/A
12	National Telecommunication Corporation	State owned/controlled entity	N/A
13	Karachi Water and Severage Board	State owned/controlled entity	N/A
14	National Refinery Limited	State owned/controlled entity	N/A
15	Pak Arab Refinery Limited	State owned/controlled entity	N/A
16	National Insurance Company Limited	State owned/controlled entity	N/A
17	Pakistan International Airlines	State owned/controlled entity	N/A
18	Pakistan Machine Tool Factory	State owned/controlled entity	N/A
19	Pakistan Refinery Limited	State owned/controlled entity	N/A
20	Pakistan Security Printing Corporation	State owned/controlled entity	N/A
21	Pakistan State Oil	State owned/controlled entity	N/A
22	Pakistan Telecommunication Limited	State owned/controlled entity	N/A
23	District Controller of Stores	State owned/controlled entity	N/A
24	Port Qasim Authority	State owned/controlled entity	N/A
25	Sui Northern Gas Pipelines Limited	State owned/controlled entity	N/A
26	Sui Southern Gas Company Limited	State owned/controlled entity	N/A
27	Trading Corporation of Pakistan (Private) Limited	State owned/controlled entity	N/A
28	Water and Power Development Authority	State owned/controlled entity	N/A
29	Directors / Executives	Key management personnel	0.002

49. CORRESPONDING FIGURES

Corresponding figures have been reclassified wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison in accordance with the accounting and reporting standards as applicable in Pakistan.

50. NUMBER OF EMPLOYEES

The average and total number of employees during the year and as at June 30, 2019 and 2018 respectively are as follows:

	June 30, 2019	June 30, 2018
	---------(No of employees)---------	
Average number of employees during the year	675	680
Number of employees as at the end of the year	680	670

51. RECONCILIATION OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	2019		2018	
	Long-term financing	Unclaimed dividend	Long-term financing	Unclaimed dividend
	------------------------ Rupees in '000 ------------------------			
Balance at beginning of the year	2,954,358	52,869	4,154,363	39,147
Changes from financing cash flows				
Proceeds received	7,568,288	-	-	-
Repayment	(1,449,615)	-	(1,210,472)	-
Dividend paid	-	(190,900)	-	(250,405)
Total changes from financing activities	6,118,673	(190,900)	(1,210,472)	(250,405)
Other changes				
Amortisation of arrangment fee	10,437	-	10,467	-
Final dividend for the year ended June 30, 2018	-	198,095	-	264,127
Total other changes	10,437	198,095	10,467	264,127
Balance at end of the year	9,083,468	60,064	2,954,358	52,869

52. SUBSEQUENT EVENTS

The Board of Directors in their meeting held on September 26, 2019 have proposed for the year ended June 30, 2019 cash dividend of Rs 2 per share (2018: Rs 1.50 per share), amounting to Rs 264.127 million (2018: Rs 198.095 million) subject to the approval of the members at the annual general meeting to be held on October 28, 2019. These unconsolidated financial statements for the year ended June 30, 2019 do not include the effect of this appropriation which will be accounted for subsequent to the year end.

53. GENERAL

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

54. DATE OF AUTHORISATION

These unconsolidated financial statements were authorised for issue on September 26, 2019 by the Board of Directors of the Corporation.

Syed Jarar Haider Kazmi	**Rizwan Ahmed** P.A.S.	**Khowaja Obaid Imran Ilyas**
Chief Financial Officer	Chairman & Chief Executive	Director

Pattern of Shareholding

As at June 30, 2019

# Of Shareholders	Shareholdings' Slab			Total Shares Held
11231	1	to	100	373,057
3372	101	to	500	832,383
1024	501	to	1000	787,131
911	1001	to	5000	2,070,943
122	5001	to	10000	902,764
39	10001	to	15000	500,074
17	15001	to	20000	303,242
13	20001	to	25000	294,103
8	25001	to	30000	228,762
4	30001	to	35000	128,500
6	35001	to	40000	236,075
5	40001	to	45000	219,000
3	45001	to	50000	146,500
1	50001	to	55000	53,000
4	55001	to	60000	226,865
1	65001	to	70000	70,000
2	70001	to	75000	147,000
1	75001	to	80000	75,700
2	95001	to	100000	200,000
2	105001	to	110000	215,500
1	110001	to	115000	110,500
2	150001	to	155000	305,700
1	155001	to	160000	158,812
1	180001	to	185000	184,500
1	195001	to	200000	200,000
1	250001	to	255000	254,500
1	360001	to	365000	360,600
1	430001	to	435000	432,564
1	605001	to	610000	608,707
1	1230001	to	1235000	1,230,173
1	2410001	to	2415000	2,413,364
1	2495001	to	2500000	2,500,000
1	115290001	to	115295000	115,293,360
16782				**132,063,379**

Categories of Shareholders

As of June 30, 2019

Categories of Shareholders	Shareholders	Shares Held	Percentage
Government Holding			
DIRECTOR GENERAL MARITIME AFFAIRS	1	115,293,360	87.30
Directors and their spouse(s) and minor children			
MR. ANWAR SHAH	1	100	0.00
KHOWAJA OBAID IMRAN ILYAS	1	2,414	0.00
Associated Companies, undertakings and related parties			
MOHAMMADI ENGG. WORKS LTD	1	4,766	0.00
M/S PNSC EMPLOYEES EMPOWERMENT TRUST	1	2,413,364	1.83
Executives	–	–	–
Public Sector Companies and Corporations	14	1,906,328	1.44
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds	84	199,337	0.15
Mutual Funds			
CDC - TRUSTEE NBP ISLAMIC SARMAYA IZAFA FUND	1	152,200	0.12
CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND	1	75,700	0.06
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	432,564	0.33
CDC - TRUSTEE NAFA ISLAMIC STOCK FUND	1	17,000	0.01
CDC - TRUSTEE NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND	1	110,500	0.08
CDC - TRUSTEE PICIC INVESTMENT FUND	1	55,500	0.04
CDC - TRUSTEE PICIC GROWTH FUND	1	105,500	0.08
CDC - TRUSTEE HBL - STOCK FUND	1	46,500	0.04
CDC - TRUSTEE HBL MULTI - ASSET FUND	1	13,000	0.01
CDC-TRUSTEE HBL ISLAMIC STOCK FUND	1	56,000	0.04
CDC - TRUSTEE HBL EQUITY FUND	1	4,000	0.00
CDC - TRUSTEE HBL IPF EQUITY SUB FUND	1	27,000	0.02
CDC - TRUSTEE HBL PF EQUITY SUB FUND	1	40,000	0.03
CDC - TRUSTEE HBL ISLAMIC EQUITY FUND	1	23,500	0.02
CDC - TRUSTEE HBL ISLAMIC ASSET ALLOCATION FUND	1	53,000	0.04
General Public			
a. Local*	16533	9,549,771	7.23
b. Foreign	3	25,200	0.02
Foreign Companies	9	397,986	0.30
Others	119	1,058,789	0.80
Totals	**16782**	**132,063,379**	**100.00**

Share holders holding 5% or more	Shares Held	Percentage
DIRECTOR GENERAL MARITIME AFFAIRS	115,293,360	87.30

*Including 3656 shareholders whose current domicile is not known

Notice of Annual General Meeting

Notice is hereby given that the 41st Annual General Meeting of the shareholders of Pakistan National Shipping Corporation will be held at FTC Auditorium, Finance & Trade Centre, Shahra-e-Faisal Karachi on Monday, the 28th October, 2019 at 1100 hours to transact the following ordinary business.

ORDINARY BUSINESS:

1. To confirm minutes of the 40th Annual General Meeting of the Shareholders of the Corporation held on 24th October, 2018.

2. To consider and adopt the audited financial statements of the Corporation and the consolidated financial statements of the PNSC Group together with the reports of Auditors and Directors for the year ended 30th June, 2019.

3. To consider and approve Board's recommendation to pay 20% Cash Dividend (i.e.) Rs.2/- per share to the shareholders.

4. To elect two directors for a period of three years in accordance with the provisions of section 14 (1) (b) of the Pakistan National Shipping Corporation Ordinance,1979 (XX of 1979) in place of the following retiring directors, who are eligible for re-election:

   a) Capt. Anwar Shah
   b) Mr. Khowaja Obaid Imran Ilyas

5. To consider re-appointment/appointment of joint auditors of the Corporation for the year ending 2019-2020, and to fix their remuneration.

6. To transact any other business that may be placed before the meeting with the permission of the chair.

By Order of the Board

Muhammad Javid
Corporation Secretary

Karachi
Dated: October 1st, 2019

Notes:

i) The Share Transfer Books of the Corporation will remain closed from 22nd October, 2019 to 28th October, 2019 (both days inclusive).

ii) A shareholder entitled to attend and vote at this meeting is also entitled to appoint his/her proxy to attend the meeting. Proxies must be received at the Head Office of the Corporation not less than 48 hours before the time of holding the meeting. **CDC Accounts Holders** will further have to follow the guidelines as laid down in Circular 1, dated January 26, 2000 issued by the Securities & Exchange Commission of Pakistan. The shareholders are requested to promptly notify Share Registrar of the Corporation of any change in their addresses.

A) For Attending Meeting:

a) In case of individuals. the account holder or sub-account holder and/or the person whose securities are in group account and their registration detail is uploaded as per the Regulation, shall authenticate their identity by showing his/her original Identify Card (**"CNIC"**) / original passport at the time of attending the meeting.

b) In case of corporate entity, Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless provided earlier) at the time of the meeting.

B) For Appointing Proxies:

a) In case of individuals, the account holder or sub-account holder is and / or the person whose securities are in group account and their registration detail is uploaded as per the CDC Regulations, shall submit the proxy form as per the above requirement.

b) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

c) Attested copies of the CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.

d) The proxy shall produce his / her original CNIC or original passport at the time of the meeting.

e) In case of corporate entities board of directors' resolution / power of attorney with specimen signature of the nominee shall be submitted (unless provided earlier) along with the proxy form to Corporation.

C) CNIC / NTN Number on Dividend Warrant (Mandatory)

As has already been notified from time to time, the Securities and Exchange Commission of Pakistan (SECP) vide Notification SRO 275(1)/2016 dated March 31, 2016 read with Notification SRO 19(1)/2014 dated January 10, 2014 and Notification SRO 831(1)/2012 dated July 5, 2012 required that the Dividend Warrant(s) should also bear the Computerized National Identity Card (CNIC) Number of the registered shareholder or the authorized person, except in case of minor(s) and corporate shareholder(s). Henceforth, issuance of dividend warrant(s) will be subject to submission of CNIC (individuals) NTN (corporate entitles) by shareholders.

D) Withholding Tax on Dividend (Mandatory)

Pursuant to the provision of the Finance Act 2019 the rates of deduction of Income tax from dividend payments under the Income Tax Ordinance, 2001 are as follows:

a)	For filers of income tax returns	15%
b)	For non-filers of income tax returns	30%

Shareholders who are filers, are advised to make sure that their names are entered into latest Active Tax Payers List (ATL) provided on the website of FBR at the time of dividend payment, otherwise they shall be treated as non-fliers and tax on their cash dividend will be deducted at the rate of 30% instead of 15%.

E) Withholding Tax on Dividend in case of Joint Account Holders

a) According to clarification received from Federal Board of Revenue (FBR), withholding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as joint-holder(s) based on their shareholding proportions in case of joint accounts.

b) In this regard all shareholders who hold shares jointly are requested to provide shareholding Proportions of Principal shareholder and Joint-holder(s) in respect of shares held by them to our Share Registrar, in writing as follows:

Corporation Name	Folio/CDS Account No.	Total Status	Principal Shareholder		Joint Shareholder(s)	
			Name & CNIC No	Shareholding proportion (No. Shares)	Name & CNIC No	Shareholding Proportion. (No.of Shares)

c) The required information must reach our Share Registrar within 10 days of this notice; otherwise it will be assumed that the shares are equally held by Principal Shareholder and Joint Holder(s).

d) As per FBR Circulars C. No.1 (29) WHT/2006 dated 30 June 2010 and C. No.1 (43) DG (WHT) 2008- Vol. 11-664174-R dated 12 May 2015, the valid exemption certificate is mandatory to claim exemption of withholding tax U/S 150 of the Income Tax Ordinance, 2001 (tax on dividend amount) where the statutory exemption under clause 47B of Part-IV of Second Schedule is available. The shareholders who fall in the category mentioned in above clause and want to avail exemption U/S 150 of the Ordinance, must provide valid Tax Exemption Certificate to our Share Registrar M/s. Central Depository Company of Pakistan Limitedbefore book closure otherwise tax will be deducted on dividend as per applicable rates.

e) The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participant, whereas corporate physical shareholders should send a copy of their NTN certificate to our Share Registrar M/s. Central Depository Company of Pakistan Limited. The shareholders while sending NTN or NTN certificate, as the case may be, must quote Corporation name and their respective folio numbers.

F) Dividend Mandate

The provision of Section 242 of the Companies Act, 2017 (the "Act") provides that any dividend declared by a listed company shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders.

Further SECP through Circular No.18/2017 dated 1st August, 2017 has required the listed companies to approach their shareholders for obtaining electronic dividend mandate. In this connection please refer to the Corporation's announcement published in Daily Dawn & Daily Jang previously.Therefore, all shareholders are hereby advised once again to provide, if not already provided, details of their bank mandates at their earliest in the format also available on PNSC website www.pnsc.com.pk

G) Distribution of Annual Report through emails

Pursuant to S.R.O. 787(1)/2014 dated 8th September 2014 SECP has permitted companies to circulate Annual Audited Financial Statements along with Notice of Annual General Meeting to its members through e-mail. A Standard **Consent Form** is available at the Corporation's website: www.pnsc.com.pk Members, who wish to avail this facility, should send duly filled-in Consent Form along with a copy of CNIC or valid passport (in case of foreign shareholder) to Corporation's Secretary at Registered Office of the Corporation. It will be the responsibility of members to intimate any change in their valid registered email address to the Corporation in timely manner.

H) Unclaimed Dividends & Bonus Shares

Shareholders, who by any reason, could not claim their dividend or bonus shares or did not collect their physical shares, are advised to contact our Share Registrar M/s. CDC Share Registrar Services Limited,to collect / enquire about their unclaimed dividend or pending shares, if any.

Please note that in compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated procedure, all dividends unclaimed for a period of three years from the date due and payable shall be deposited to the credit of the Federal Government and in case of shares, shall be delivered to the Securities & Exchange Commission of Pakistan.

I) Consent for Video Conference Facility

Members may participate in the meeting via video-link facility, if the Corporation receives a demand from members holding an aggregate 10% or more shareholding residing at a geographical location outside Karachi, to participate in the meeting through video link must intimate at least 10 days prior to the date of meeting, the Corporation will arrange video link facility in that city subject to availably of suchfacility in that city.

In this regard, Members who wish to participate through video-link facility should send a duly signed request as per the following format to the registered address of the Corporation.

The Company will intimate members regarding venue of video conference facility at least 5 days before the date of the Annual General Meeting along with complete information necessary to enable them to access such facility.

I / We, ______________________of___________________, being a member of Pakistan National Shipping Corporation holder of ordinary share(s) as per Registered Folio/CDC Account No. ________________hereby opt for video link facility at ____________________.

____
Signature of member

For any query/information, shareholders may contact the Corporation's Shares Registrar M/s. CDC Share Registrar Services Limited, CDC House, 99-B, Block B, SMCHS, Main Shahra-e-Faisal, Karachi 74400. Phone: (92-21) 111-111-500, Fax no. (92-21) 34326031, email: info@cdcsrsl.com

J) Code of Conduct for Shareholders in General Meeting

I. Pursuant to the provision of Section 215 of Companies Act, 2017 (the "Act")

   a. A member of a company shall act in good faith while exercising its powers as a shareholder at the general meetings and shall not conduct themselves in a manner that is considered disruptive to proceedings of the meeting.

   b. Without prejudice to his rights under this Act, a member of the company shall not exert influence or approach the management directly for decisions which may lead to create hurdle in the smooth functioning of management.

   c. Any shareholder who fails to conduct in the manner provided in this section and as specified by the Commission shall be guilty of an offence under this section and shall be liable to a penalty not exceeding of level 1 on the standard scale.

II. In compliance with Section 185 of Companies Act, 2017 Corporation shall not distribute gifts in any form to its members in its meeting.

K) Availability of Audited Financial Statements on Corporation's website

The audited financial statements of the Corporation for the year ended 30th June, 2019 will be available in due course on the Corporation's website https://pnsc.com.pk/financial-statements.html

Pakistan National Shipping Corporation

41st Annual General Meeting – 2019

Form of Proxy

I/We ____

of____ (full address)

being a member of Pakistan National Shipping Corporation and holder of______________________ordinary shares

as per Registered Folio No. _______________and / or CDC Participant I.D no. ___________________________

and Sub Account no. ____________________here by appoint______________________________________

of ____(full address)

or falling him ____

of ____ (full address)

as my/our proxy to vote for me/us and on my/our behalf at the 41st Annual General Meeting of the Corporation to be held on Monday, October 28, 2019 at 11:00 am and at any adjournment thereof.

Please affix Revenue Stamp of Rs. 5

Signed by me/us this _____________day of ______________2019.

Witnesses:

1. Signature ___________________

   Name: ___________________

   CNIC No: ___________________

   Address: ___________________

   ____

____

Signature of Member

(Signature should agree with the specimen signature registered with the corporation)

2. Signature ___________________

   Name: ___________________

   CNIC No: ___________________

   Address: ___________________

   ____

Important:

1. A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote instead of him/her such proxy must be a member of the Corporation.

2. The instrument appointing a proxy and the power of attorney or other authority under which it is signed or a notarially attested copy of power of attorney must be deposited at the Registered Office of the Corporation situated at PNSC Building, Moulvi Tamizuddin Khan Road.P.O.Box No.5350, Karachi-74000, Pakistan at least 48 hours before the time of the meeting.

3. CDC Shareholders or their Proxies are each requested to attach an attested photocopy of their National Identity Card or Passport with this Proxy Form before submission to the Corporation.

پاکستان نیشنل شپنگ کارپوریشن
اکتالیسواں سالانہ اجلاسِ عام-2019

پراکسی فارم

میں / ہم ____

ساکن ____ (مکمل پتہ)

پاکستان نیشنل شپنگ کارپوریشن کے ممبر کی حیثیت سے ______________ عمومی شیئرز کی تحویل رکھتے ہیں۔

رجسٹرڈ فولیو نمبر______________ کے مطابق اور / یا سی ڈی سی شریک آئی ڈی نمبر______________ اور ذیلی اکاؤنٹ نمبر______________ ہے

میں / ہم بذریعہ ہذا جناب/محترمہ ____

ساکن ____ (مکمل پتہ)

یا ان کی جگہ جناب / محترمہ ____

ساکن ____ (مکمل پتہ)

کا تقرر کرتا / کرتی ہوں کہ وہ بروز پیر 28 اکتوبر 2019 کو صبح 11:00 بجے یا التوا کی صورت میں کسی بھی دیگر وقت مقررہ پر منعقد ہونے والے کمپنی کے 41 ویں سالانہ اجلاس عام میں میرے / ہمارے پراکسی کی حیثیت سے شرکت کریں اور ووٹ دیں۔

اس پر میری/ ہماری طرف سے ______________ 2019 کو دستخط کئے گئے۔

5 روپے کا رسیدی
ٹکٹ چسپاں کریں

گواہان:-

1 دستخط ______________

نام ______________

CNIC نمبر: ______________

پتہ: ______________

____

2 دستخط ______________

نام ______________

CNIC نمبر: ______________

پتہ: ______________

____

____

ممبر کا دستخط (یہ دستخط کمپنی کے پاس
رجسٹرڈ کردہ نمونہ دستخط کے مطابق ہو)

اہم نوٹ:

1) اجلاس ہذا میں شرکت کرنے اور ووٹ دینے کا اہل ممبر اپنی جانب سے شرکت اور ووٹ دینے کے لیے کسی دوسرے فرد کو اپنا پراکسی مقرر کرسکتا ہے۔ پراکسی کا کمپنی کا ممبر ہونا لازمی ہے۔

2) پراکسی دستاویز اور پاور آف اٹارنی جس کے تحت اس پراکسی پر دستخط کیے گئے ہوں یا اس پاور آف اٹارنی کی نوٹری سے تصدیق شدہ نقل، اجلاس کے مقررہ وقت سے کم از کم 48 گھنٹے قبل کمپنی کے رجسٹرڈ دفتر بمقام مولوی تمیز الدین خان روڈ، پی او بکس نمبر۔5350، کراچی 74000 میں جمع کروائی جائیں۔

3) CDC شیئرز ہولڈرز یا ان کے پراکسیز اپنے اصل قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقل اس پراکسی فارم کو کمپنی میں جمع کروانے سے قبل ساتھ منسلک کریں۔

Electronic Payment of Cash Dividends

To   Date: ____________________

SUBJECT: **Bank account details for payment of Dividend through electronic mode**

Dear Sir / Madam,

I/We/Messers.,____, being a / the shareholder(s) of **Pakistan National Shipping Corporation** (the "Corporation"), hereby, authorize the Corporation, to directly credit cash dividends declared by it, if any, in my/ our bank account as detailed below:

(i) Shareholder's details:	
Name of Shareholder	
CDC Participant ID & Sub-Account No./CDC IAS/Folio No.	
CNIC/NICOP/Passport/NTN No. (please attach copy)	
Contact Number (Landline & Cell Nos.)	
Shareholder's Address	
(ii) Shareholder's Bank Account details:	
Title of Bank Account	
IBAN (See Note 1 below)	
Bank's Name	
Branch Name & Code No.	
Branch Address	

It is stated that the above particulars given by me / us are correct and I/we shall keep the Corporation informed in case of any change(s) in the said particulars in future.

Yours truly,

____

Signature of Shareholder
(Please affix company stamp in case of a corporate entity)

Note:

1. Please provide complete IBAN, after checking with your concerned bank/branch to enable electronic credit directly into your bank account.
2. In case of shares held in electronic form, this letter must be sent to shareholder's participants/CDC Investor Account Services which maintains his/her CDC account for incorporation of bank account details for direct credit of cash dividend declared by PNSC from time to time.
3. In case of shares held in paper certificate form, this letter must be sent to the Corporation's Share Registrar, CDC Share Registrar Services Limited, CDC House, 99-B, Block 'B', S.M.C.H.S. Main Shahra-e-Faisal, Karachi.

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Moulvi Tamizuddin Khan Road,
P.O.Box No. 5350, Karachi-74000 Pakistan.
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