Pakistan National Shipping Corporation

ANNUAL REPORT 2020

Shipping greener future to globe

Contents

ANNUAL REPORT 2020

Chairman's Review

Dear Shareholder,

It is a privilege for me to present my first review report as Chairman Pakistan National Shipping Corporation (Corporation) Board of Directors and Chief Executive of PNSC. On behalf of the Corporation's management and my own, I would like to appreciate the Ex-Chairman Mr. Rizwan Ahmed for his leadership role and valuable contribution towards the Corporation.

The unprecedented Coronavirus pandemic is causing global turmoil with an uncertain outlook everywhere. In such a distressful situation, on behalf of the Board, I hope that you and your beloved ones are safe and in good health.

Given the magnitude of the damage caused by the pandemic and public health concerns looming across the globe, on behalf of the Board of Directors, I hereby share with you the performance of PNSC for the year ended June 30, 2020.

Group Financial Performance

Despite the pandemic situation arising from COVID-19 and adverse macroeconomic indicators at the local and global level. PNSC achieved a top line growth of approximately 21% as compared to the preceding year due to the induction of two oil tankers, slight increase in average AFRA and World Scale which reflected in liquid cargo business and positive upward fluctuation in USD exchange rates.

During current year, PNSC (Group) consolidated profit after tax stood at PKR 2.414 billion, which is higher by 10% than prior year PKR 2.194 billion, which shows a good achievement considering the depressed bulk carrier cargo market.

PNSC-PACRA Credit Rating

The Corporation continues to maintain its long-term credit rating of AA and short-term rating of A1+ which signifies its ability to timely fulfill its financial obligations.

Corporate Social Responsibility

The goal of the Corporation’s CSR policy is to embrace responsibility through actions and make a positive impact through its activities upon its clients, employees, local communities, and the environment. In order to serve society during the COVID-19 pandemic, PNSC came forward to serve the community through contributions made to Indus Hospital for treatment of patients affected by coronavirus.

Board Performance Overview

I am also pleased to report that the performance of the Board remained excellent and their contribution effectively steered the Corporation which not only achieved targets but also maintained its reputation for good governance. PNSC remains focused on exploring new opportunities for enhancement of revenues, and optimization of costs, to maintain its growth momentum and is looking forward to deliver greater value going forward.

I would like to appreciate the entire management team of PNSC for their efforts and focused implementation of effective cost controls. The commitment of Corporation’s ashore and afloat employees has enabled the Corporation to achieve its strategic objectives.

Future Outlook

Keeping in view the dynamics of the global shipping market, PNSC remains on the look out for expansion of its fleet. The two oil tankers “M.T. Bolan” and “M.T. Khairpur” were inducted during 2019. PNSC intends to further expand its fleet of managed vessels during the financial year 2020-21.

During the current year, the State Bank of Pakistan included the shipping sector within the ambit of Long Term Finance Facility (LTFF). Under this scheme, financing will be available to PNSC at a cheaper rate of upto 6%. The financing under this scheme may be used for a tenure of upto ten years.

The recently approved shipping policy notified by the Federal Government would strengthen the overall shipping sector in Pakistan. As per the new policy, the shipping sector of Pakistan in general and PNSC in particular will greatly gain through various tax incentives available for inducting new ships. This recently approved shipping policy extended exemption from sales tax and custom duty upto FY 2030. This coupled with the availability of LTFF creates a huge opportunity for PNSC to expand its business.

Vote of Thanks

Lastly, on behalf of the Board of Directors, I would like to thank all the shareholders for their continued trust and confidence in the Corporation despite the difficult times. The employees’ performance has remained remarkable as they performed their duties diligently throughout the lockdowns and the risky period of COVID-19.

Mr. Shakeel Ahmed Mangnejo
Chairman and Chief Executive

میں اپنی کاوشوں اور لاگت کو کنٹرول کرنے کے مؤثر اقدامات پر پی این ایس سی کی پوری انتظامی ٹیم کو سراہتا ہوں۔ ساحل اور جہازوں میں کام کرنے والے کارپوریشن کے ملازمین کا عزم بے مثال ہے جس نے کارپوریشن کو اپنے سٹریٹیجک اہداف اور گروپ کی طویل مدتی کامیابی حاصل کرنے کے قابل بنایا۔

مستقبل کے امکانات

شپنگ کی عالمی مارکیٹ کو پیش نظر رکھتے ہوئے، پی این ایس سی ہمیشہ گروپ کے زیرِانتظام جہازوں کے فلیٹ کی توسیع کے منصوبہ کی جانب پیش رفت جاری رکھتی ہے۔ توسیعی منصوبہ کے مطابق دو آئل ٹینکرز ایم ٹی بولان اور ایم ٹی خیر پور سال 2019 میں شامل کیے گئے تھے، جبکہ پی این ایس سی مالی سال 21-2020 میں اپنے زیرِانتظام جہازوں کے فلیٹ میں ایک ایفرامیکس اور ایک LR-1 ٹینکر شامل کرنے کا ارادہ رکھتی ہے۔

موجودہ سال میں، اسٹیٹ بینک آف پاکستان نے طویل مدتی مالی سہولت (LTFF) اور اسلامی طویل مدتی مالی سہولت (ILTFF) کے دائرہ کار میں جہاز رانی کے شعبہ کو شامل کیا ہے۔ اس اسکیم کے تحت، پی این ایس سی کو سرمایہ 6٪ تک کے سستے نرخوں پر دستیاب ہوگا۔ اس سکیم کے تحت سرمایہ 10 سال تک کی مدت تک استعمال کیا جا سکتا ہے۔

وفاقی حکومت کی جانب سے حالیہ منظور شدہ جہاز رانی کی پالیسی پاکستان میں جہاز رانی کے شعبہ کو مجموعی طور پر مضبوط بنائے گی۔ نئی پالیسی کے تحت، عام طور پر شپنگ سیکٹر اور خاص طور پی این ایس سی متعدد ٹیکس مراعات اور رعایتی مالی سرمایہ کاری سے فائدہ اٹھائے گی۔ اس حالیہ منظور شدہ جہاز رانی کی پالیسی میں سیلز ٹیکس اور کسٹم ڈیوٹی میں مالی سال 2030 تک توسیع کی گئی ہے، نیز LTFF کی دستیابی نے پی این ایس سی کو شاندار توسیع کا زبردست موقع فراہم کیا ہے۔

اظہارِ تشکر

آخر میں، بورڈ آف ڈائریکٹرز کی جانب سے، مشکل صورتحال کے باوجود تمام حصص مالکان کے کارپوریشن پر متواتر بھروسے اور اعتماد کے لیے میں ان کا شکریہ ادا کرتا ہوں۔ ملازمین کی کارکردگی شاندار رہی، جیسا کہ انہوں نے لاک ڈاؤن اور COVID-19 کے خطرناک دورانیے میں خطرہ مول لیا اور اپنی ذمہ داریاں بہ احسن و خوبی نبھائیں۔

شکیل احمد منگنیجو

چیئرمین و چیف ایگزیکٹو

چیئرمین کا جائزہ

محترم حصص مالکان

پاکستان نیشنل شپنگ کارپوریشن کے بورڈ آف ڈائریکٹرز کے چیئرمین اور پی این ایس سی کے چیف ایگزیکٹیو کے طور پر اپنی پہلی جائزہ رپورٹ پیش کرنا میرے لیے باعث فخر ہے۔ میں، اپنی اور کارپوریشن انتظامیہ کی جانب سے، کارپوریشن کے لیے قائدانہ کردار ادا کرنے اور لائق تحسین خدمات پر سابقہ چیئرمین جناب رضوان احمد (پی اے ایس) کو خراج تحسین پیش کرنا چاہتا ہوں۔

کورونا وائرس کی غیر معمولی و باہر جگہ غیر یقینی تناظر کے ساتھ عالمی سطح پر ہلچل پیدا کر رہی ہے۔ ایسی پریشان کن صورتحال میں بورڈ کی جانب سے، میں امید کرتا ہوں کہ آپ اور آپ کے عزیز و اقارب بخیریت ہوں گے۔

وائرس سے ہونے والے نقصان کی شدت اور عالمی سطح پر صحت عامہ کو درپیش خدشات کو مد نظر رکھتے ہوئے میں بورڈ کی جانب سے اب آپ کے ساتھ سال اختتام از 30 جون، 2020 کی کارکردگی کا اشتراک کروں گا۔

گروپ کی مالی کارکردگی

COVID-19 کی وجہ سے ابھرتی ہوئی وبائی صورتحال اور مقامی و عالمی سطح پر منفی میکرو اکنامک اشاروں کے باوجود، پی این ایس سی نے گزشتہ سال کے مقابلے میں تقریباً 21 فیصد زائد آمدنی حاصل کی ہے جس کی وجہ دو آئل ٹینکرز کی حالیہ شمولیت اور اوسط ایفرا (AFRA) اور عالمی پیمانے پر معمولی اضافہ ہے، اور اس کی عکاسی مائع کارگو کے کاروبار اور امریکی ڈالر (USD) کی شرح مبادلہ میں اوپر کی طرف مثبت اتار چڑھاؤ سے ہو رہی ہے۔

موجودہ سال کے دوران، پی این ایس سی (گروپ) کا مجموعی منافع بعد از ٹیکس منافع 2.414 بلین روپے رہا جو گزشتہ منافع 2.194 بلین روپے سے 10٪ زائد ہے، اور یہ بلک کیریئر کارگو شعبہ کی پریشان کن صورتحال کو پیش نظر رکھتے ہوئے اچھی کامیابی ظاہر کرتا ہے۔

پی این ایس سی-PACRA کریڈٹ ریٹنگ

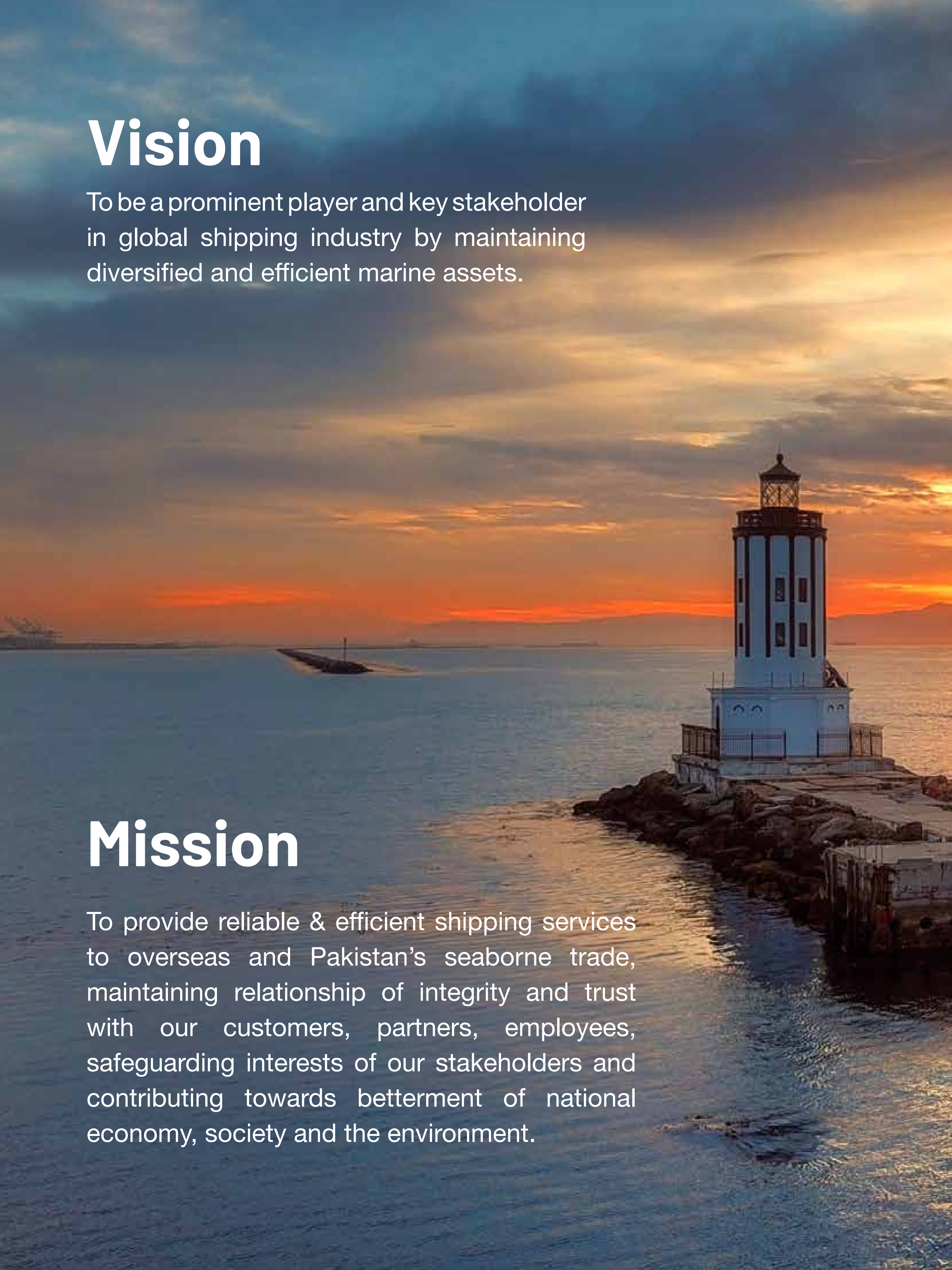
کارپوریشن اپنی طویل مدتی AA کریڈٹ ریٹنگ اور قلیل مدتی A1+ کریڈٹ ریٹنگ برقرار رکھے ہوئے ہے، جو اس کی مالی ذمہ داریاں بروقت پوری کرنے کی صلاحیت کی نشاندہی کرتا ہے۔

کارپوریٹ سماجی ذمہ داری

کارپوریشن کی کارپوریٹ سماجی ذمہ داری (CSR) کی پالیسی کا مقصد عملی اقدامات کے ذریعہ ذمہ داری قبول کرنا اور اپنی سرگرمیوں کے ذریعہ کلائنٹس، ملازمین، کاروباری کمیونٹیز اور ماحول پر مثبت اثر ڈالنا ہے۔ COVID-19 کی وبائی صورتحال کے دوران معاشرے کی خدمت کے لیے، پی این ایس سی نے کورونا وائرس سے متاثرہ افراد کے علاج کے لیے انڈس ہسپتال کی معاونت کرکے انسانیت کی خدمت میں اپنا کردار ادا کیا۔

بورڈ کی کارکردگی کا مجموعی جائزہ

میں بورڈ کی پورا سال شاندار کارکردگی کی رپورٹ پیش کرتے ہوئے بھی خوشی محسوس کر رہا ہوں اور ان کی خدمات نے کارپوریشن کو مؤثر طور پر نہ صرف اہداف حاصل کرنے، بلکہ بہتر نظم و نسق کی اپنی ساکھ برقرار رکھنے میں بھی مدد کی ہے۔ پی این ایس سی آمدن بڑھانے، اخراجات اور استعداد کار کو متناسب بنانے، اپنی ترقی کا تسلسل برقرار رکھنے اور آپ کو مستقبل میں کارپوریشن کی ترقی کے دوران بہتر قدر فراہم کرنے کے لیے نئے مواقع تلاش کرنے پر توجہ مرکوز رکھے ہوئے ہے۔



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. Shakeel Ahmed Mangnejo	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 Zubairi	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. Baber 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
KPMG Taseer Hadi & Co., Chartered Accountants
Grant Thornton Anjum Rahman, Chartered Accoun-
tants

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
Faysal Bank Limited
Habib Bank Limited
JS 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.

Board of Directors' Profile

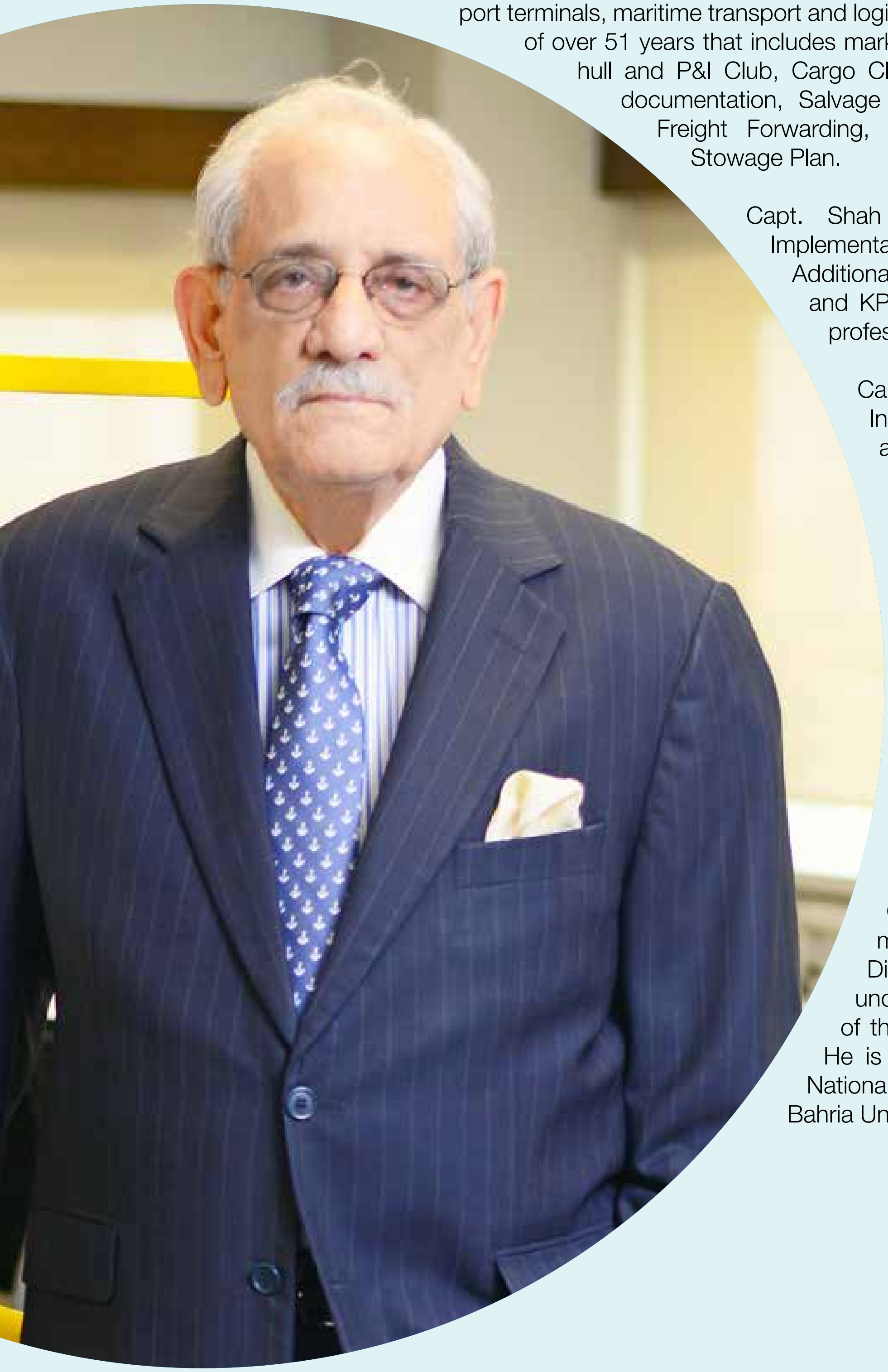
Mr. Shakeel Ahmed Mangnejo

Mr. Shakeel Ahmed Mangnejo is an officer of Pakistan Administrative Service. He joined Civil Services in 1996. Prior to posting as Chairman, Pakistan National Shipping Corporation, he has served as Director General, Ports and Shipping, Ministry of Maritime Affairs. He has held the position of Chief Executive Officer of Pakistan Reinsurance Company Limited and also served as Home Secretary, Secretary Social Welfare, Secretary Implementation, Special Secretary Finance and Managing Director Public Procurement Regulatory Authority in the Government of Sindh. He has also held the position of Director General Investment, EOBI and Director Finance, Trading Corporation of Pakistan in the Federal Government.

Mr. Shakeel Ahmed Mangnejo has served on the boards of National Investment Trust, Pakistan Industrial Development Corporation, Pakistan Steel Fabricating Company, PRIMACO and Sahara Insurance Co. (subsidiary of EOBI). He is currently serving on the Board of Gwadar Port Authority and Karachi Port Trust.

Mr. Mangnejo has a Masters degree in Management from London School of Economics, UK and a Masters degree in Economics. He also has a degree in Law and Civil Engineering. In addition, he has attended graduate level courses in Econometrics, Managerial Finance, Global Financial Markets & Asset Valuation. He has also attended several local and international professional training courses, workshops and conferences and has experience in Public Administration, Financial Management, Public Procurement, Criminal Administration and Human Resource Management. Mr. Mangnejo is a certified Director from the Pakistan Institute of Corporate Governance (PICG).

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.

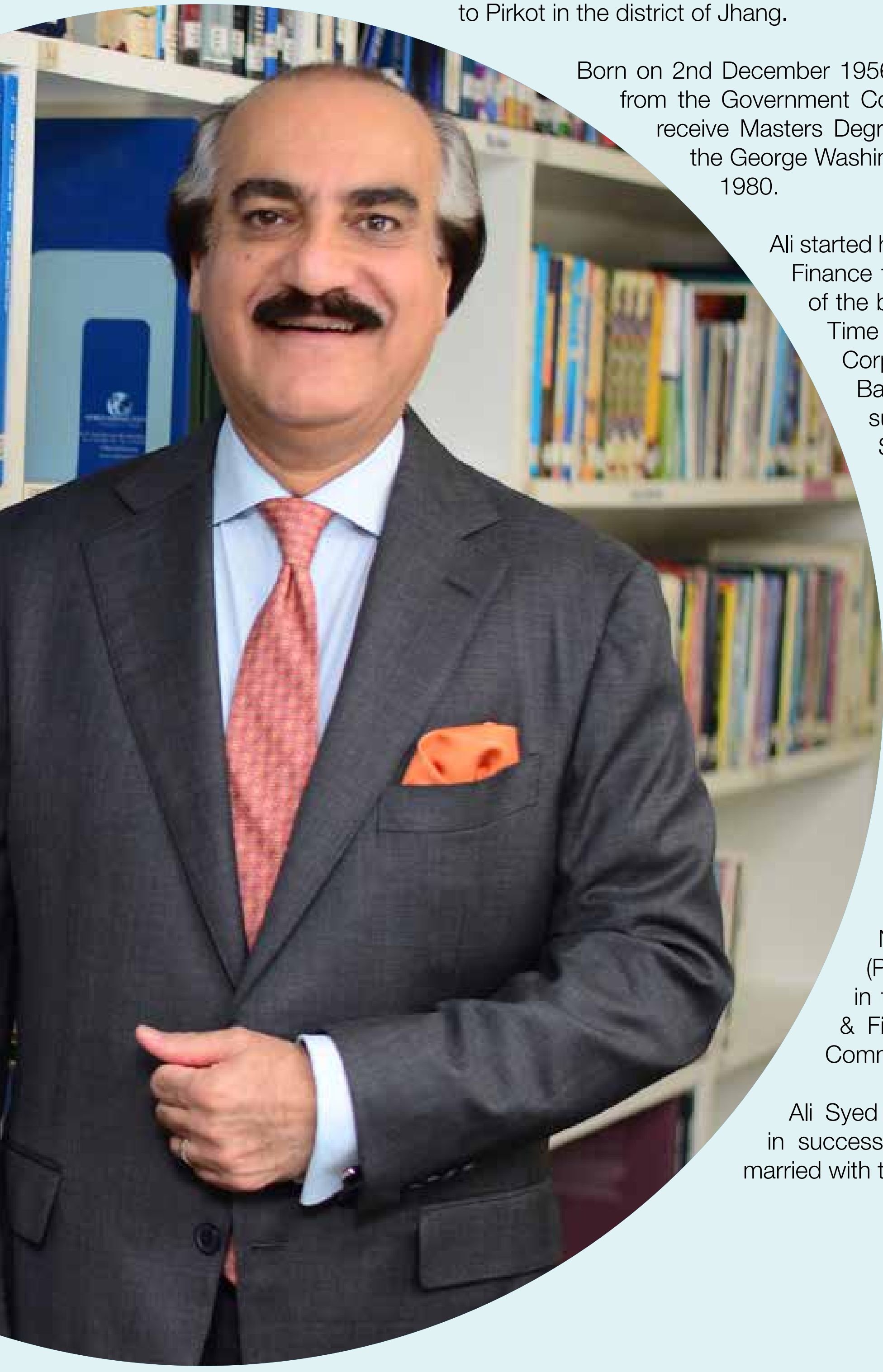
Mr. Khowaja Obaid Imran Ilyas

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 24 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 26 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 20 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. 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

Vessel: **M.T LAHORE** Built: Japan 2003

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

Vessel: **M.T QUETTA** Built: Japan 2003

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

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

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 SIBI Built: Japan 2009

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

Vessel: M.V MALAKAND Built: Japan 2004

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

Vessel: M.V MULTAN Built: Japan 2002

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

Vessel: M.V HYDERABAD Built: Japan 2004

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

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

PNSC Leadership Team

From left to right:

Mr. Khurrum Mirza	Executive Director (Special Projects and Planning / Administration)
Mr. Tariq Majeed	Executive Director (Ship Management)
Mr. Shakeel Ahmed Mangnejo	Chairman and Chief Executive
Capt. Muhammad Shakil	Executive Director (Commercial)

PNSC Leadership Team

Chairman & Chief Executive

Mr. Shakeel Ahmed Mangnejo is an officer of Pakistan Administrative Service. He joined Civil Services in 1996. Prior to posting as Chairman, Pakistan National Shipping Corporation, he has served as Director General, Ports and Shipping, Ministry of Maritime Affairs. He has held the position of Chief Executive Officer of Pakistan Reinsurance Company Limited and also served as Home Secretary, Secretary Social Welfare, Secretary Implementation, Special Secretary Finance and Managing Director Public Procurement Regulatory Authority in the Government of Sindh. He has also held the position of Director General Investment, EOBI and Director Finance, Trading Corporation of Pakistan in the Federal Government. He is currently holding the additional charge of Director General Ports & Shipping Wing, Government of Pakistan.

Mr. Shakeel Ahmed Mangnejo has served on the boards of National Investment Trust, Pakistan Industrial Development Corporation, Pakistan Steel Fabricating Company, PRIMACO and Sahara Insurance Co. (subsidiary of EOBI). He is currently serving on the Board of Gwadar Port Authority and Karachi Port Trust.

Mr. Mangnejo has a Masters degree in Management from London School of Economics, UK and a Masters degree in Economics. He also has a degree in Law and Civil Engineering. In addition, he has attended graduate level courses in Econometrics, Managerial Finance, Global Financial Markets & Asset Valuation. He has also attended several local and international professional training courses, workshops and conferences and has experience in Public Administration, Financial Management, Public Procurement, Criminal Administration and Human Resource Management. Mr. Mangnejo is a certified Director from the Pakistan Institute of Corporate Governance (PICG).

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 and has attended a maritime security course at the Pakistan Navy War College.

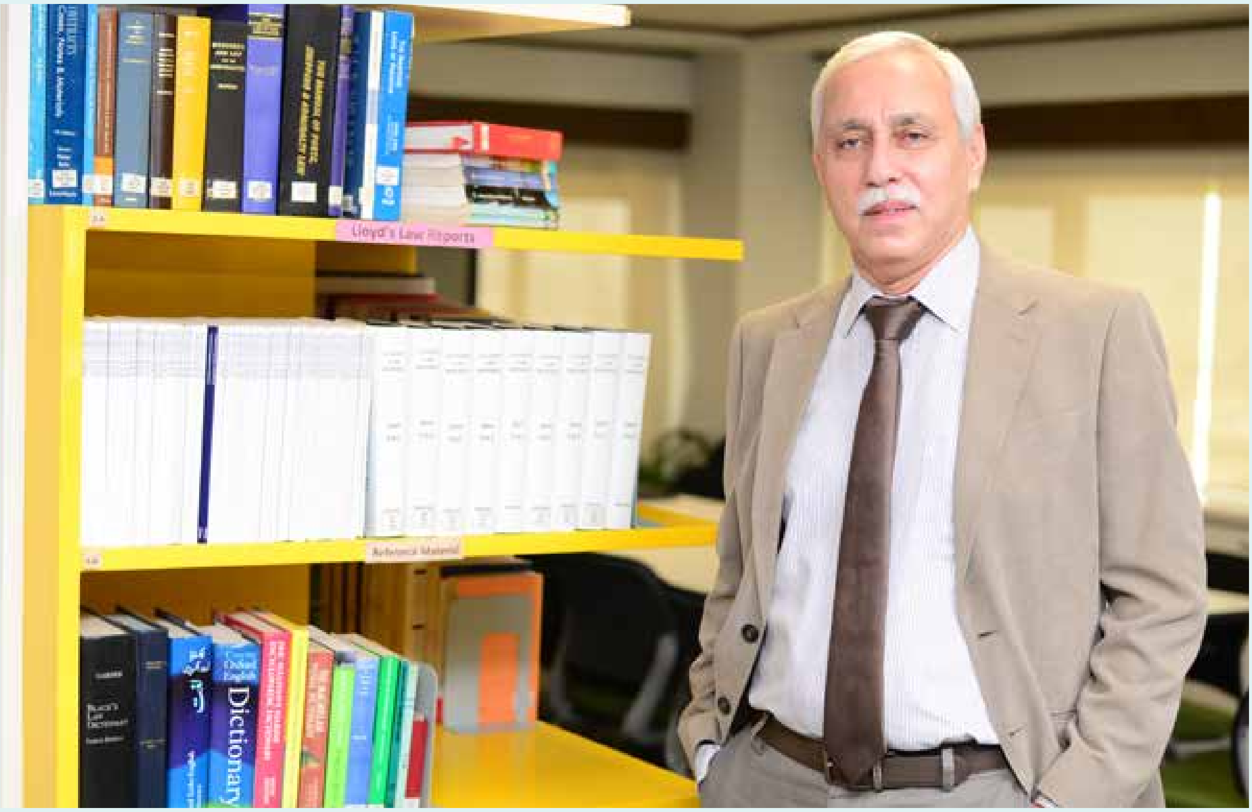
Mr. Khurrum Mirza assumed the office of Executive Director (Special Projects & Planning) at Pakistan National Shipping Corporation (PNSC, the Corporation) in March 2017. Subsequently, he also assumed the office of Executive Director (Administration) in June 2019.

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 in real time.

Prior to joining PNSC, he gained extensive knowledge and experience with the largest container terminal operator globally where he was involved in several international business developments projects and 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 US$ 400 million plus green field container terminal project at the 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 19 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:

- Fellow 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 20 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, 2020

The Board of Directors of Pakistan National Shipping Corporation Group (the Group/ PNSC) is delighted to submit the forty-second Annual Report, along with the audited financial statements for the year ended June 30, 2020.

BRIEF INTRODUCTION

Pakistan National Shipping Corporation (PNSC) is a statutory Corporation constituted under the Ordinance XX of 1979 (National Flag Carrier).

PNSC has a prosperous history in worldwide shipping with a variety of maritime related activities ranging from shipping & NVOCC/slot services to marine workshops. In addition to the maritime business, it is also engaged in real estate management which diversifies its revenue stream and decreases the concentration of business risk.

PRINCIPAL OPERATIONS AND PERFORMANCE REVIEW

PNSC has worldwide operations in the Dry Bulk segment of shipping market since incorporation and is involved in transportation of liquid cargo since 1998 locally and internationally. It is also involved in slot arrangements for Government Organizations and state owned enterprises and has carried strategic and defense cargo through Slot / NVOCC services.

PNSC being the national flag carrier of Pakistan, manages a modern fleet of dry bulk carriers and tankers. It operates in international waters and complies with the regulatory requirement of international maritime conventions having global acceptability and recognition.

The Group through efficient & effective business strategies, customer friendly pricing structure and proficient fleet management has been able to achieve sustainable financial growth during a period of recent turbulence in the global economy with subdued freight rates and trade wars.

PNSC is also engaged in streamlining the trade processes, providing amicable solutions to its customers and engages all stakeholders in decision making to strengthen the national fleet and maritime industry of Pakistan.

No change 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 an interest.

ECONOMIC OUTLOOK

PNSC's business is closely linked to world GDP. Since, PNSC is a shipping company which operates in the international market and has its revenue pegged to international freight indices, its cargo freight rates are entirely dependent on the health of the global economy.

As a result of COVID-19, global economic growth has sunk from +2.9% in 2019 to -4.9% in 2020. Estimates show COVID-19 related lockdowns and associated uncertainties have eroded global demand. Despite early expectations of a V-shaped recovery, its materialization remains elusive.

It appears that countries may not be able to return their economies to pre-coronavirus levels because of altered consumer behavior. Economic activity among advanced economies is anticipated to shrink by 7% in 2020 as domestic demand and supply contracts, thus adversely affecting per capita incomes.

With reduced global demand, shipping has also shown downward trend. The container segment witnessed a large number of blank sailings, with insufficient cargo to justify operation of many routes. In this scenario, we may see a spate of liquidations, mergers and acquisitions due to laying up of shipping companies' vessels. Since 2013, growth in seaborne trade has slowed down to just 53% of annual world GDP growth on average. Going forward global fleets built for that era's growth may have to be cut down significantly in order to meet reduced future growth rates.

Since past seven decades, Pakistan's GDP growth rate has fluctuated from 1% to 8%. The structural imbalances emnating from the expansionary fiscal policies and high current account deficits together with low savings and investment to GDP ratios have seriously constrained the growth of domestic economy. The slow growth will also adversely affect PNSC as it will limit local demand for shipping services in the long run.

GLOBAL SHIPPING MARKET OUTLOOK

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

Dry Bulk Market

The dry bulk market witnessed a significant impact as a result of COVID-19. BDI index remained at low level during the year. 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 may keep the dry bulk freight market suppressed.

Dry Bulk Outlook

The year 2020 is on track to be a challenging year for the bulker sector, with average earnings across the sector down 23% y-o-y, so far this year, despite recent improvements. Across the full year, dry bulk seaborne trade is projected to decline by 3.9%, with severe impact due to the pandemic (Covid-19).

Looking ahead, it appears that, overall volumes and earnings could improve next year. 5.5% increase in bulker demand is currently projected for 2021, against fleet growth of 1%. Nevertheless uncertainties and challenges continue to exist.

Tanker Market

The tanker segment, still reeling from weak oil demand, along with increased number of existing tankers and deliveries of new build tankers, have plunged the returns significantly in the tanker segment. The performance of world shipping industry will depend upon global economic trends, particularly those of large economies which are badly affected by COVID-19.

Tanker Outlook

Whilst the global oil supply and demand balance is expected to continue to improve from the major disruptions in Q2, the short-term outlook for the tanker market looks set to remain challenging. Oil trade growth is expected to be limited in the rest of 2020, with inventories at near record highs in many regions and pressure expected to persist from lower global oil supply, despite the easing of OPEC+ output cuts (from 9.6m bpd in July to c.8.8m bpd in August-September and 7.7m bpd in Q4). Meanwhile, the continued unwinding of floating storage is expected to add to available tanker supply, further pressuring market conditions.

Following historically robust conditions in March-May, negative demand-side impacts from the pandemic are now filtering through, alongside pressures from increasing available tanker supply, resulting in likely continued pressure in the short-term. However, there is potential for a return to more positive trends within 2021 as oil markets start to rebalance, although clear risks to the demand outlook remain.

SEGMENTAL REVIEW OF MARITIME BUSINESS PERFORMANCE

PNSC having a total DWT capacity of 831,711 metric tons, lifted cargo of about 8.808 million tons (FY 2019: 10.383 million tons) during the year under review which is equivalent to about 9.34% (FY 2019: 9.38%) of country's total 94.321 million tons (FY 2019: 110.693 million tons) seaborne trade by volume. Bifurcated statistics of Pakistan's seaborne trade for the current year (2019-20) and last year (2018-19) along with PNSC's own share is as under:

	Dry Bulk		Liquid Bulk		Total	
	2020	2019	**2020**	2019	**2020**	2019
	-------------------------------Figures in 'million tons--------------------------					
Pakistan Seaborne Trade	**66.585**	80.253	**27.736**	30.440	**94.321**	110.693
PNSC's Share	**1.533**	2.391	**7.275**	7.992	**8.808**	10.383

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

	Unit of Measurement	2019-2020	2018-2019
Dry Cargo (Bulk Carrier)	Million tons	**1.533**	2.342
Liquid Cargo (Tanker)	Million tons	**7.275**	7.992
Slot Charter			
– Break Bulk	Higher of MT or CBM (W/M)	**0.009**	0.049
– Containerized Cargo	Thousand TEUs	**1.679**	2.351

SIGNIFICANT RISKS

Threats are inherent factors in any business that may give rise to uncertainty. PNSC, as a global sea-freight operator, functions in a global market which experiences intensified competition in both dry and wet markets with subdued freight rates resulting from supply overhang as a significant commercial risk. The shipping sector benefited from global economic environment wherein GDP growth remained high in past years. However, with looming global recession, the demand continues to remain subdued and adversely impacted in all segments of world shipping i.e. freight, asset values and demolition prices.

There are some risks that are integral in the industries PNSC operates in and are therefore accepted as part of its operations and managed accordingly.

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. The factor could have a significant impact on the Group's operations or financial position. For mitigation of such risk the management is exercising pre and post fixture due diligence.

Risk of major accidents 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 marine environment, wildlife and community at large. This may also lead to severe impact on financials and our reputation and put our license to operate at risk. PNSC is vigilantly sustaining incident free operations to mitigate such risk and always ensures compliance with health and safety policies and good practices in vessels managed by PNSC. PNSC has further catered to this risk by obtaining appropriate insurance cover.

An interest rate risk affecting cash flows, particularly with financial liabilities based on variable interest rates. In order to minimize the interest rate risk, the Group strives to achieve a balanced mix and appropriate profiling of assets and liabilities with variable interest rates.

Armed Piracy in Gulf of Aden, Malacca strait and off the coast of Somalia, with ever extending boundaries, is the major operational risk for the world shipping including PNSC. The Group being mindful of such risks 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.

Trade Risk in Gulf of Oman / Strait of Hormuz, as PNSC's managed oil tankers mostly sail for transportation of Crude Oil, Furnace Oil and Refined Petroleum Products in Arabian Gulf. After some unpleasant events, last year 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 diplomatic support by Government of Pakistan, being the National Flag Carrier, this risk is mitigated by (additional) insurance cover provided by globally renowned and reputable insurers.

Volatility in fuel 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 impair PNSC's ability to operate and deliver our commitments, as the Group is involved in complex and wide 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 impact, PNSC has implemented strict data security controls which include Enterprise level antivirus with most updated Firewall and spam controlling softwares.

Changes in taxation polices could have a material impact on the Group's financials. However, based on extensive review, an appropriate strategy has been devised to reduce the impact of risks arising out of any unfavorable situation.

Other Risks

Some of the other inerent factors that may be key sources of uncertainty are mentioned below:

- Global recession.
- Higher costs of operations – ever increasing.
- Changing operational norms in the industry.

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 reduction measures taken by the management.

FINANCIAL HIGHLIGHTS

PNSC Group has complied with the provisions of Companies Act, 2017 relating to preparation of financial statements for the year ended June 30, 2020. The main highlights of our financial results in the outgoing year and its comparison with previous year is as follows:

	2020	2019	Change
	Rupees in '000		%
Revenue	**13,803,576**	11,389,059	21
Expenses	**(9,234,891)**	(8,276,828)	12
Gross Profit	**4,568,685**	3,112,231	47
Operating Profit	**3,717,210**	2,904,584	28
Profit before tax	**2,581,746**	2,454,431	5
Profit after tax	**2,413,878**	2,194,374	10
EPS (in Rupees)	**18.27**	16.61	10

PNSC Group has declared profit after tax of Rs. 2,414 million, an increase of 10% as compared to the last year's profit after tax of Rs. 2,194 million. Group has improved revenue from managed vessels by 45% (Rs. 12,280 million v/s Rs. 8,480 million last year), while there is 53% decline (Rs. 1,296 million v/s Rs. 2,741 million last year) in revenue from chartered segment.

During the year average charter out rate of bulk carriers experienced a declining trend during second and third quarters, while AFRA and World Scale increased to the benefit of the Group. The fluctuations gave tough time to bulk carrier segment, while tankers yielded better revenues than prior year.

The positive market elements along with rational and most economical use of resources resulted in a gross margin of 33% an increase of 6% from 27% last year. Net profit for the year increased by 10% during the year as compared to last year. Earnings per share of the Group stood at Rs.18.27 which has shown increase of 10% against previous year EPS of Rs.16.61.

The Group maintains a healthy statement of financial position and strong cash and investments position that enabled it 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 the future challenges.

Key operating and financial data for the last six financial years is summarized as annexed.

DIVIDEND ANNOUNCEMENT

The Board of Directors is pleased to recommend a cash dividend for the year ended June 30, 2020 on ordinary shares at 22.5% i.e. Rs. 2.25 per share, for the approval of the members in the upcoming 42nd Annual General Meeting.

BOARD AND ITS COMMITTEES

In accordance with the provisions of Pakistan National Shipping Corporation Ordinance XX of 1979, five directors are appointed by the Federal Government and two are elected by shareholders for three years. The names of directors and/or members of Board and Board Committees of the Corporation during the current financial year are tabulated below:

Sr. No.	Name of Director	Board	Audit and Finance Committee	HR and Remuneration Committee
1	Mr. Shakeel Ahmed Mangnejo (With effect from 9th June 2020)	Chairman / Chief Executive Officer	-	-
2	Mr. Rizwan Ahmed (up to 8th June 2020)	Chairman / Chief Executive Officer	-	-
3	Mr. Khowaja Obaid Imran Ilyas	Non-Executive Director	Chairman	Member
4	Capt. Anwar Shah	Non-Executive Director	Member	-
5	Dr. Arshad Mehmood Additional Finance Secretary (Expenditure) Finance Division Islamabad. (Ex-Officio Member). (upto August 05th, 2019)	Non-Executive Director	Member	

Sr. No.	Name of Director	Board	Audit and Finance Committee	HR and Remuneration Committee
6	Dr. Sohail Rajput Additional Finance Secretary (Int. Finance) Finance Division Islamabad. (Ex-Officio Member) (with effect from Aug 06th, 2019)	Non-Executive Director	Member	-
7	Mr. Kamran Farooq Ansari Sr. Joint Secretary /Joint Secretary, Ministry of Maritime Affairs Islamabad, (Ex-Officio Member)	Non-Executive Director	Member	-
8	Mr. Muhammad Ali	Non-Executive Director	-	Chairman
9	Mr. Ali Syed	Non-Executive Director	Member	Member

DIRECTORS' TRAINING PROGRAM

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

DIRECTORS' REMUNERATION

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

- The Corporation does not pay any remuneration to its 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 him 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, 2020 is annexed to this report.

COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 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 input from 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 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, 2019 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, 2019, 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

PNSC continues to take steps to attract new customers for maximum utilization of its cargo carrying capacity. Efforts are being made to reduce the laycan time of the ships calling at ports.

After extensive efforts of The Ministry of Maritime Affairs and PNSC, a new shipping policy was approved and notified on 15th November 2019. PNSC is in initial discussions with possible new entrants in LNG sector of Pakistan to benefit from the rights and entitlements available to PNSC under the policy.

In order to boost its environmental credentials, PNSC aims to be carbon neutral organization by 2050. This includes PNSC's vessels as well as its shore operations.

PNSC is also working on development of plans for maintenance and up gradation which take into account latest technologies to ensure low-cost provision of ship maintenance services to PNSC's existing fleet. This should lead to decrease in operating costs.

PNSC has business expansion plan and intends to induct one Aframax and one LR-1 product tanker in the fleet of its managed vessel during FY 2020-2021.

The newly approved shipping policy with extended extension from sales tax and customs duty upto FY 2030, coupled with the availability of cheaper financing in the form of Long Term Finance Facility (as SBP extended the availability of such financing to shipping sector too), creates a huge opportunity for PNSC to expand its fleet portfolio.

CORPORATE SOCIAL RESPONSIBILITY

Over the years the Corporation has been contributing significantly towards the welfare of the society in the shape of various socially responsible activities.

PNSC engages with the community in the areas around which it operates. The broad areas include healthcare, education, training and development, women's empowerment and environmental sustainability. The details of CSR activities carried out in current year are available in this Report.

STATUTORY AUDITORS

KPMG Taseer Hadi & Co., Chartered Accountants and Grant Thornton Anjum Rehman Chartered Accountants being joint auditors retired, and being eligible, offered themselves for re-engagement.

The Board on the recommendation of the Board Audit & Finance Committee advised the engagement of M/s. KPMG Taseer Hadi & Co., Chartered Accountants and M/s. Grant Thornton Anjum Rehman Chartered Accountants as joint auditors for the year year ending 2021.

GOING CONCERN

In the light of 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.

For and on behalf of the Board of Directors

Mr. Shakeel Ahmed Mangnejo
Chairman / Chief Executive Officer
Karachi

Director

September 30, 2020

Proud to have served as **"Essential Services"** to the Nation during COVID-19 lockdowns to ensure continuity in supply of essential goods all over the country and to keep the country's wheel moving.

No. SO(J-1)/HD/8-1(04)/2020-Corona
Government of Sindh
Home Department

کارپوریٹ سماجی ذمہ داری

سالہاسال سے ہماری کارپوریشن مختلف سماجی ذمہ داریوں کی سرگرمیوں کی صورت میں معاشرے کی بہبود میں نمایاں کردار ادا کررہی ہے۔

پی این ایس سی ان حصوں میں کمیونٹی کے ساتھ مصروف عمل ہے جن میں یہ کام کررہی ہے، بورڈ کے شعبوں میں نگہداشت صحت، تعلیم، تربیت اور ترقی، خواتین کو بااختیار بنانا اور ماحولیاتی استحکام شامل ہیں۔ مزید برآں، رواں سال انجام دی گئی CSR سرگرمیوں کی تفصیل اس رپورٹ میں دستیاب ہے۔

قانونی آڈیٹرز

کے پی ایم جی تاثیر ہادی اینڈ کو چارٹرڈ اکاؤنٹنٹس گرانٹ تھورنٹن انجم رحمان چارٹرڈ اکاؤنٹنٹس بطور مشترکہ آڈیٹر ریٹائر ہوئے اور اہل ہونے کے باعث ان کو دوبارہ شمولیت کی پیشکش کی گئی۔

بورڈ آڈٹ کمیٹی کی سفارش پر بورڈ نے میسرز کے پی ایم جی تاثیر ہادی اینڈ کو چارٹرڈ اکاؤنٹنٹس اور میسرز گرانٹ تھورنٹن انجم رحمان چارٹرڈ اکاؤنٹنٹس کو سالانہ جنرل میٹنگ برائے مالی سال اختتام از 2021 میں مشترکہ آڈیٹر کے طور پر شامل کرنے کی تجویز دی۔

کاروبار کی فعالیت

گروپ کی لیکویڈیٹی کی حیثیت، بیلنس شیٹ 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۔

اظہارِ تشکر

بورڈ حکومت پاکستان اور اپنے سٹریٹجک پارٹنرز بشمول مالیاتی اداروں، ریفائنریوں، جہاز رانوں، ایجنٹوں، اور دیگر کاروباری معاونین اور حصص مالکان کی جانب سے تعاون پر کا ممنون و مشکور ہے۔

اپنے پر خلوص ملازمین کی مستحکم افعال کی جانب لگن اور ان کی مسلسل معاونت اور سرپرستی پر ہم ان کے بھی مشکور ہیں۔

برائے اور بحیثیت نمائندہ بورڈ آف ڈائریکٹرز

شکیل احمد منگنیجو
چیئرمین / چیف ایگزیکٹو افسر
کراچی

ڈائریکٹر

30 ستمبر، 2020

شیئر ہولڈنگ کی بناوٹ

کمپنیز ایکٹ 2017 کے سیکشن 227(2)(f)(30) کے مطابق جون 2020 کو کارپوریشن کی شیئر ہولڈنگ کی وضع اس رپورٹ کے ساتھ منسلک ہے۔

لسٹڈ کمپنیوں کی تعمیل (کارپوریٹ گورننس کا ضابطہ) کے ضوابط، 2019 اور اندرونی اختیارات

اچھا نظم و نسق ہماری اقدار اور اخلاقی معیارات کی بنیاد ہے۔ بورڈ پاکستان میں اور عالمی طور پر اپنی ساکھ برقرار رکھنے کے ساتھ حصص مالکان، اقلیتوں کے حقوق کے تحفظ اور اسٹیک ہولڈرز کی جانب سے تاثرات کی اہمیت کی ذمہ داری سے بخوبی آگاہ ہے۔

کارپوریشن اچھے نظم و نسق اور بہترین طرز عمل کی اہمیت پر کامل یقین رکھتی ہے، اور اچھے نظم و نسق کا طریقہ کار کمپنیز ایکٹ 2017، PSX اصولوں، لسٹڈ کمپنیوں کے (کارپوریٹ گورننس کے ضابطہ) ضوابط، 2019 کے مطابق پیشہ وارانہ مہارت کے اعلیٰ ترین معیار، اخلاقی طرز عمل، احتساب اور شفافیت کا احاطہ کرتا ہے، جنھیں ضابطہ اخلاق، خطرے کی گھنٹی بجانے کی پالیسی اور کاروباری اخلاقیات کے ضابطے کے ذریعے نافذ کیا گیا ہے۔ چیف ایگزیکٹیو اور کارپوریشن کے ڈائریکٹر کی جانب سے دستخط شدہ لسٹڈ کمپنیوں (کارپوریٹ گورننس کا ضابطہ) کے ضوابط، 2019 کی تعمیل کا ایک الگ بیان اس رپورٹ کے ساتھ منسلک ہے۔

سٹاک ایکسچینج لسٹنگ ریگولیشنز میں دی گئی کارپوریٹ گورننس کے بہترین طرز عمل سے تجاوز نہیں کیا گیا۔

اندرونی اختیارات کے نظام کا ڈھانچہ درست ہے اور مؤثر طور پر نافذ العمل اور نگرانی شدہ ہے۔

حکمت عملی، مقاصد اور مستقبل کے امکانات

پی این ایس سی نے اپنی کارگو اٹھانے کی صلاحیت کا بھرپور استعمال کرتے ہوئے نئے گاہک حاصل کرنے کے لیے اقدامات کیے ہیں۔ پورٹس پر آنے والے جہازوں کی منسوخی کا وقت کم کرنے کے لیے کوششیں کی جا رہی ہیں۔

وزارت بحری امور اور پی این ایس سی کی اضافی کوششوں کے بعد، ایک نئی شپنگ پالیسی منظور کی گئی ہے اور 15 نومبر 2019 کو اسے جاری کیا گیا ہے۔ اس کے مطابق، پی این ایس سی نئی شپنگ پالیسی کے تناظر میں پاکستان کے ایل این جی سیکٹر میں نئے داخل ہونے والوں کے ساتھ بات چیت کے مراحل میں ہے۔ نئی منظور شدہ شپنگ پالیسی میں سیلز ٹیکس اور کسٹم ڈیوٹی میں مالی سال 2030 تک توسیع بھی کی گئی ہے۔

اپنے ماحولیاتی کوائف میں بہتری کے لیے، پی این ایس سی کا مقصد 2050 تک کاربن سے پاک ادارہ بننا ہے۔ اس میں پی این ایس سی کے جہاز، نیز اس کے ساحلی افعال شامل ہیں۔

مرمت/اپ گریڈیشن کے لیے ترقیاتی منصوبے، پی این ایس سی کے موجودہ فلیٹ کو جہازوں کی مرمت کی کم لاگت کی فراہمی یقینی بنانے کے لیے جدید ترین ٹیکنالوجیز کو پیش نظر رکھتے ہیں۔ یہ آپریٹنگ اخراجات کو مزید کم کرنے کا باعث بنے گا۔

پی این ایس سی کاروباری توسیع کا منصوبہ رکھتی ہے اور آئندہ مالی سال 2020-2021 میں اپنے زیر انتظام جہازوں کے فلیٹ میں ایک افرامیکس اور ایک LR-1 ٹینکر شامل کرنے کا ارادہ رکھتی ہے۔

نئی منظور شدہ شپنگ پالیسی جس میں سیلز ٹیکس اور کسٹم ڈیوٹی میں مالی سال 2030 تک توسیع شامل ہے، بمع طویل مدتی مالی سہولت اور اسلامی طویل مدتی مالی سہولت (جیسا کہ اسٹیٹ بینک آف پاکستان نے ایسی سرمایہ کاری کو شپنگ کے شعبہ تک توسیع دی ہے) کی صورت میں 6% تک مارک اپ کے ساتھ سستی سرمایہ کاری کی دستیابی نے شاندار ترقی کے لیے پی این ایس سی کے لیے شاندار موقع فراہم کیا ہے۔

بورڈ اور اس کی کمیٹیاں

پاکستان نیشنل شپنگ کارپوریشن کے آرڈیننس XX از 1979 کی شقوں کے مطابق، پانچ ڈائریکٹرز کا تقرر وفاقی حکومت کی جانب سے، اور دو کا انتخاب حصص مالکان کی جانب سے تین سال کے لیے کیا جاتا ہے۔ موجودہ مالی سال کے دوران ڈائریکٹرز اور/یا بورڈ ممبران، اور کارپوریشن کی بورڈ کمیٹیوں کے نام درج ذیل درج کیے گئے ہیں:

نمبر شمار	ڈائریکٹر کا نام	بورڈ	آڈٹ اور فنانس کمیٹی	ایچ آر اور ریمونریشن کمیٹی
1	جناب شکیل احمد منگنیجو (مؤثر بتاریخ 9 جون 2020)	چیئرمین / چیف ایگزیکٹو افسر	-	-
2	جناب رضوان احمد (8 جون 2020 تک)	چیئرمین / چیف ایگزیکٹو افسر	-	-
3	جناب خواجہ عبید عمران الیاس	نان ایگزیکٹو ڈائریکٹر	چیئرمین	ممبر
4	جناب کیپٹن انور شاہ	نان ایگزیکٹو ڈائریکٹر	ممبر	-
5	ڈاکٹر ارشد محمود ایڈیشنل فنانس سیکریٹری (اخراجات) فنانس ڈویژن اسلام آباد۔ (ایکس-آفیشیو ممبر)۔ (5 اگست، 2019 تک)	نان ایگزیکٹو ڈائریکٹر	ممبر	
6	ڈاکٹر سہیل راجپوت ایڈیشنل فنانس سیکرٹری (اندرونی مالیات) فنانس ڈویژن اسلام آباد۔ (ایکس-آفیشیو ممبر) (مؤثر بتاریخ 06 اگست، 2019)	نان ایگزیکٹو ڈائریکٹر	ممبر	-
7	جناب کامران فاروق انصاری سینیئر جوائنٹ سیکرٹری / جوائنٹ سیکرٹری، وزارت بحری امور اسلام آباد، (ایکس-آفیشیو ممبر)	نان ایگزیکٹو ڈائریکٹر	ممبر	-
8	جناب محمد علی	نان ایگزیکٹو ڈائریکٹر	-	چیئرمین
9	جناب علی سید	نان ایگزیکٹو ڈائریکٹر	ممبر	ممبر

ڈائریکٹرز کا تربیتی پروگرام

بورڈ آف ڈائریکٹرز کی نصف تعداد نے SECP کے منظور شدہ ادارے سے ڈائریکٹرز کے تربیتی پروگرام میں شمولیت کی ہے۔

ڈائریکٹرز کا معاوضہ

بورڈ آف ڈائریکٹرز 'ڈائریکٹرز حضرات کے لیے معاوضے کی پالیسی رکھتا ہے؛ جس کی نمایاں خصوصیات درج ذیل ہیں:

- بورڈ اور اس کے کمیٹیوں کے اجلاس میں شرکت کے طور پر میٹنگ فیس کے علاوہ کارپوریشن اپنے ڈائریکٹرز کو کوئی معاوضہ ادا نہیں کرے گی۔
- بورڈ آف ڈائریکٹرز یا اس کی کمیٹی کے اجلاس میں شرکت کرنے پر کسی ڈائریکٹر کے معاوضے کا وقتاً فوقتاً تعین کیا جائے گا اور بورڈ آف ڈائریکٹرز اس کی منظوری دیں گے۔
- ہر ڈائریکٹر کو بورڈ، اس کی کمیٹیوں اور/یا کارپوریشن کی جنرل میٹنگ میں شرکت پر کیے گئے سفری، اقامتی، سامان اور دیگر اخراجات فراہم یا واپس کیے جائیں گے۔

مالیاتی جھلکیاں

پی این ایس سی گروپ نے اختتام سال از 30 جون، 2020 کے مالیاتی گوشواروں کی تیاری میں کمپنیز ایکٹ 2017 کی شقوں کی تعمیل کی ہے۔ رواں سال کی ہمارے مالیاتی نتائج کی اہم جھلکیاں اور گزشتہ سال کے ساتھ اس کا موازنہ درج ذیل ہے:

	2020	2019	تبدیلی
	روپے '000 میں		%
آمدنی	**13,803,576**	11,389,059	21
اخراجات	**(9,234,891)**	(8,276,828)	12
مجموعی منافع	**4,568,685**	3,112,231	47
آپریٹنگ منافع	**3,717,210**	2,904,584	28
قبل از ٹیکس منافع	**2,581,746**	2,454,431	5
بعد از ٹیکس منافع	**2,413,878**	2,194,374	10
فی حصص آمدنی (روپے میں)	**18.27**	16.61	10

پی این ایس سی گروپ نے گزشتہ سال کے 2,194 ملین روپے کے مقابلے میں 10% اضافے کے ساتھ 2,414 ملین روپے بعد از ٹیکس منافع ظاہر کیا ہے۔ گروپ نے منتظم کردہ جہازوں سے حاصل ہونے والی آمدنی میں 45% (12,280 ملین روپے بمقابلہ گزشتہ سال کے 8,480 ملین روپے) بہتری حاصل کی ہے، جبکہ وفاقی کی جانب سے فرنس آئل کی درآمد پر پابندی کے سبب ٹینکروں کی طلب میں کمی کے باعث چارٹرڈ شعبہ کی آمدنی میں 53% (1,296 روپے بمقابلہ گزشتہ سال 2,741 روپے) کمی واقع ہوئی ہے۔

رواں سال، بلک کیریئرز کے اوسط چارٹر آؤٹ نرخ میں کمی کا رجحان دیکھا گیا جس میں خم کا زیریں حصہ دوسری اور تیسری سہ ماہی میں دیکھا گیا ہے، جبکہ AFRA اور عالمی پیمانے میں اضافہ گروپ کے لیے فائدہ مند ثابت ہوا ہے۔ ان تبدیلیوں سے بلک کیریئر کے شعبہ میں مشکل پیش آئی جبکہ ٹینکرز سے گزشتہ سال کے مقابلے میں بہتر آمدن حاصل ہوئی۔

وسائل کے عقلی اور سب سے باکفایت استعمال کے ساتھ ساتھ مثبت مارکیٹ کے عناصر کے نتیجے میں مجموعی مارجن میں 33% اضافہ ہوا جس کے نتیجے میں مجموعی مارجن میں گزشتہ سال کے 27% سے 6% اضافہ ہوا۔ سال کے نیٹ منافع میں رواں سال گزشتہ سال کے مقابلے میں 10% اضافہ ہوا۔ گروپ کی فی حصص آمدن 18.27 روپے رہی جس نے گزشتہ سال کی فی حصص آمدن 16.61 روپے کے مقابلے میں 10% کا اضافہ ظاہر کیا۔

گروپ، مالی حالت کی مستحکم اسٹیٹمنٹ، مستحکم زرِ نقد اور سرمایہ کاری کی ساکھ برقرار رکھتا ہے جو ہمیں شپنگ دورانیے کے اگلے مرحلے میں بھرپور حصہ لینے کا اہل بناتا ہے۔ گروپ کی مستحکم صحت، بمع مارکیٹ کے محرکات میں خوش آئند تبدیلی اور زیرِ انتظام جہازوں کے فلیٹ میں مسلسل توسیع مستقبل کی مشکلات سے نمٹنے کے لیے گروپ کی کلیدی قوت ہیں۔

گزشتہ چھ مالی سالوں کی اہم مالیاتی اور آپریشنل معلومات خلاصے کی صورت میں ساتھ منسلک ہیں۔

ڈویڈنڈ کا اعلان

آئندہ 42ویں سالانہ جنرل میٹنگ میں ممبران کی منظوری کے لیے بورڈ آف ڈائریکٹرز سال اختتام از 30 جون، 2020 کے لیے عمومی حصص پر 22.50 فیصد کے مطابق یعنی 2.25 روپے فی حصص نقد ڈویڈنڈ بخوشی تجویز کرتا ہے۔

خلیج عدن میں مسلح قزاقی، ریاست ملاکا اور صومالی ساحل تک اس کی بڑھتی ہوئی حدود عالمی شپنگ بشمول پی این ایس سی کے لئے مرکزی آپریشنل خطرات ہیں۔ ایسے خطرات سے آگاہ ہوتے ہوئے گروپ قزاقی کے خلاف ضروری انشورنس اختیار کرتا ہے۔ خطرناک علاقوں سے گزرتے وقت گروپ کے جہازوں کی حفاظت کے لیے، دنیا بھر میں نافذ العمل بہترین انتظامی لائحہ عمل (BMP-4) پر سختی سے عمل کیا جاتا ہے۔ جب بحری جہاز سنگین خطرے کے علاقوں میں ہوتے ہیں تو پی این ایس سی پاکستان بحریہ ہیڈ کوارٹرز کے ساتھ قریبی رابطے میں رہتی ہے۔

خلیج عمان/آبنائے ہرمز میں تجارتی خطرہ، چونکہ پی این ایس سی کے زیر انتظام آئل ٹینکرز زیادہ تر خلیج عرب میں خام تیل، فرنس آئل اور پیٹرولیم کی خالص مصنوعات کی نقل وحمل کے لیے چلتے ہیں۔ چند ناخوشگوار واقعات کے بعد، حال ہی میں جوائنٹ وار کمیٹی نے اس علاقے کو جنگی علاقہ قرار دے دیا ہے۔ اس علاقے میں داخل ہوتے وقت پی این ایس سی کے عملے کی غیر معمولی احتیاط اور دیکھ بھال، اور قومی پرچم بردار ہونے کے ناطے حکومت پاکستان کی جانب سے متواتر سفارتی تعاون کے ساتھ، خطرہ عالمی طور پر جانے مانے اور مقبول انشوررز کے ذریعہ اضافی انشورنس کور کے ساتھ بھی کم ہو جاتا ہے۔

ایندھن کی قیمتوں میں تبدیلی جو عالمی سیاسی اور معاشی ماحول سے متاثر ہوتی ہے۔ گروپ عام طور پر قلیل مدتی سمندری سفر کا معاہدہ کرتا ہے جس کے لیے یہ معاہدوں کی قیمتوں کا تعین کرتے وقت ایندھن کی مروجہ قیمت پر توجہ دیتا ہے، اس لیے عام طور پر اضافی کوریج کی ضرورت نہیں ہوتی۔

سنگین سائبر حملہ ہمارے معاہدوں پر عمل درآمد اور ہمارے کام کرنے کی صلاحیت کے لئے اہم ثابت ہو سکتا ہے کیونکہ گروپ پیچیدہ اور وسیع خدمات میں ملوث ہے جو اسے بہترین آئی ٹی اور مواصلات کے نظام پر منحصر بناتے ہیں۔ سائبر حملے کی وجہ سے کاروباری رکاوٹ ہمارے بحری بیڑوں اور سمندر پار افعال پر اثر انداز ہو سکتی ہے۔ ایسے اثرات کو یکسر ختم کرنے کے لیے پی این ایس سی نے سخت ڈیٹا سیکیورٹی کنٹرولز لاگو کیے ہیں جس میں انٹرپرائز سطح پر اینٹی وائرس کے ساتھ اپ ڈیٹ شدہ فائر وال اور سپیم کنٹرول کرنے والے سافٹ ویئر شامل ہیں۔

ٹیکس کی پالیسیوں میں تبدیلیاں گروپ پر مادی طور پر اثر انداز ہو سکتی ہیں۔ تاہم، وسیع جائزوں کی بنیاد پر ایک موزوں حکمت عملی بنانے کی ضرورت ہے تاکہ کسی ناخوشگوار صورتحال کے نتیجے میں خطرات کے اثر کو کم کیا جاسکے۔

دیگر خطرات

بعض خلقی عوامل جو غیر یقینی صورتحال کے کلیدی ذرائع ہو سکتے ہیں درج ذیل ہیں:

- عالمی کساد بازاری
- افعال کی زیادہ لاگت - ہمیشہ بڑھتے رہنا۔
- صنعت کے ماحولیاتی (لاگت کم کرنے والے) جہازوں میں تبدیل ہوتی آپریشنل روایات۔

پی این ایس سی کی کریڈٹ ریٹنگ

پاکستان کریڈٹ ریٹنگ ایجنسی (پی اے سی آر اے) کی جانب سے کیے گئے کریڈٹ کی قابلیت کے سالانہ جائزے میں گروپ کی طویل مدتی قرضوں کے لیے کریڈٹ ریٹنگ 'AA' اور قلیل مدتی قرضوں کے لئے '+1A' کو برقرار رکھا گیا ہے۔ ریٹنگ پی این ایس سی کی مضبوط ملکیت - جس کا زیادہ تر حصہ حکومت پاکستان کی ملکیت ہے (~89.13%) - اور ملک کے قومی فلیگ کیریئر کے طور پر اس کی سٹریٹجک اہمیت کی عکاسی کرتی ہے۔ فلیٹ کے مؤثر استعمال اور انتظامیہ کی جانب سے لاگت کے نظم کے اقدامات سے حالیہ سالوں میں پی این ایس سی کی کاروباری پروفائل نے نمایاں استحکام حاصل کیا ہے۔

کے مساوی ہے۔ پاکستان کی سمندری تجارت برائے حالیہ سال (2019-20) اور گزشتہ سال (2018-19) کے الگ الگ اعداد و شمار اور پی این ایس سی کا حصہ درج ذیل ہے:

	خشک بلک 2020	خشک بلک 2019	مائع بلک 2020	مائع بلک 2019	کل 2020	کل 2019
	اعداد ملین ٹن میں					
پاکستان کی بحری تجارت	66.585	80.253	27.736	30.440	94.321	110.693
پی این ایس سی کا حصہ	1.533	2.391	7.275	7.992	8.808	10.383

پی این ایس سی کے ٹرانسپورٹ کیے جانے والے کل کارگو کی نوعیت/ترتیب درج ذیل ہے:

	پیمائش کا یونٹ	2019-2020	2018-2019
خشک کارگو (بلک کیریئر)	ملین ٹن	1.533	2.342
مائع کارگو (ٹینکر)	ملین ٹن	7.275	7.992
سلاٹ چارٹر			
۔بریک بلک	CBM (W/M) یا MT سے زیادہ	0.009	0.049
۔کنٹینر کا کارگو	ہزار TEU	1.679	2.351

نمایاں خطرات

ہر کاروبار کے بنیادی عوامل کے طور پر خطرات غیر یقینی کیفیت کو ابھار سکتے ہیں۔ بطور عالمی بحری فریٹ آپریٹر، پی این ایس سی ایسی عالمی منڈی میں کام کرتی ہے جسے خشک اور ویٹ دونوں منڈیوں میں اضافی گنجائش کے ساتھ شدید مقابلہ بازی کا سامنا ہے، خصوصاً مغلوب شدہ فریٹ نرخ جو نمایاں تجارتی خطرہ ہیں۔ شپنگ کے شعبے نے عالمی اقتصادی ماحول سے فائدہ اٹھایا جہاں گذشتہ سالوں میں جی ڈی پی کی نمو بلندی پر برقرار رہی۔ تاہم، عالمی معیشت میں بڑھتی تنزلی کے ساتھ، طلب مغلوب رہی ہے اور عالمی شپنگ کے تمام شعبوں یعنی فریٹ، اثاثہ جات کی قیمتوں اور مسمار کرنے کی قیمتوں پر سنگین/منفی اثر پڑا ہے۔

کچھ ایسے خطرات بھی ہیں جو ان صنعتوں کا لازمی حصہ ہیں جن میں ہم کام کرتے ہیں لہٰذا ہمارے کام میں انہیں قبولیت کا درجہ حاصل ہے اور اسی لحاظ سے ان سے نمٹا جاتا ہے۔

قانونی چارہ جوئی کے خطرات جیسا کہ اپنی سرگرمیوں کے دوران گروپ قانونی کاروائی اور تنازعات کا حصہ بن سکتا ہے۔ انشورنس کا تحفظ تمام مواقع پر موزوں نہیں ہو سکتا۔ یہ تمام عوامل گروپ کے افعال یا مالی ساکھ پر اثر انداز ہو سکتے ہیں۔ ایسے خطرات کو کم کرنے کے لئے ہم معاملات سے قبل اور بعد کی مطلوبہ احتیاط پر عمل کر رہے ہیں۔

بڑے حادثے یا تیل کے گرنے کا خطرہ شپنگ سرگرمیوں خصوصاً ٹینکر کے کاروبار میں ہمیشہ رہتا ہے۔ شدید نوعیت کا کوئی حادثہ ہمارے ملازمین کے ساتھ ساتھ آبی ماحول، جنگلی حیات، اور مقامی کمیونٹی کو خطرہ لاحق کر سکتا ہے۔ یہ مالیات، ہماری ساکھ اور ہمارے لائسنس کو بھی خطرے میں ڈالنے کا پیش خیمہ بن سکتا ہے۔ ایسے خطرات کو کم کرنے کے لئے پی این ایس سی محتاط انداز سے حادثات سے پاک سرگرمیوں کو برقرار رکھے ہوئے ہے اور ہمیشہ صحت اور سلامتی کی پالیسیوں اور اپنے جہازوں میں بہترین طریقوں کو رائج رکھنے کی یقین دہانی کراتی ہے۔ پی این ایس سی نے مناسب انشورنس کور حاصل کرکے بھی اس خطرے کو کم کیا ہے۔

کیش فلو پر اثر انداز ہونے والی شرح سود، خصوصاً متغیر شرح سود کی بنیاد پر مالیاتی واجبات۔ سود کی شرح کے خطرے کو کم کرنے کے لئے گروپ متغیر شرح سود کے ساتھ اثاثوں اور واجبات کے درمیان ایک متوازن مجموعہ حاصل کرنے کی کوشش کرتا ہے۔

گزشتہ سات دہائیوں سے، پاکستان کی جی ڈی پی کی نمو کی شرح 1% سے 8% تک رہی ہے۔ تجارتی سرمایہ کاری میں کمی، قانون، حکومتی پالیسیوں اور ہنر مند کارکنوں کی کمی نے پاکستان کو ترقی پذیر ملک کے طور پر ابھارا ہے۔ سست رفتار ترقی پی این ایس سی پر منفی اثر ڈالے گی کیونکہ اس سے طویل مدت میں شپنگ کی خدمات کے لیے مقامی طلب محدود ہو جائے گی۔

عالمی شپنگ مارکیٹ کا تناظر

خشک اور مائع دونوں شعبوں سے متعلقہ پیشین گوئیاں اور غیر یقینی کیفیت جو پی این ایس سی کی کارکردگی کو متاثر کر سکتی تھیں، ان کی ذیل میں وضاحت کی گئی ہے جو بین الاقوامی جہاز رانی کی منڈی کی تحقیق پر مبنی ہے۔

خشک بلک مارکیٹ

خشک بلک مارکیٹ پر COVID-19 کا کافی گہرا اثر ہوا ہے۔ دوران سال BDI انڈیکس کم سطح پر رہا۔ خشک بلک بیڑے کی رسد و طلب میں عدم توازن کے سبب شعبے میں غیر یقینی کی کیفیت تاحال برقرار ہے۔ چین اور امریکہ کے درمیان تجارتی تنازعوں کو بھی اس میں شامل کیا جائے تو یہ تنزلی کے رجحان پر اثر انداز ہو سکتا ہے۔

خشک بلک کا تناظر

سال 2020 بلک شعبہ کے لیے مشکل ثابت ہونے جا رہا ہے، جبکہ شعبہ میں حالیہ بہتریوں کے باوجود ابھی تک رواں سال اوسط آمدن 23 فیصد کم رہی ہے۔ سال بھر، وبا (Covid-19) کے شدید اثرات کے باعث خشک بلک سمندری تجارت میں 3.9% کمی کا امکان ہے۔

اگرچہ، حالیہ مہینوں میں مارکیٹ کے حالات میں قدرے بہتری آئی ہے، تاہم غیر یقینی صورتحال برقرار ہے۔ اچھے خام لوہے کی رسد اور چین کی متعدد اجناس کی طلب نے اس میں تعاون کیا ہے، جبکہ بعض علاقوں میں صنعتی سرگرمی کی بحالی دیکھی جا رہی ہے۔

آگے نظر دوڑاتے ہوئے، ایسا لگتا ہے کہ مجموعی حجم اور کمائی آئندہ سال بہتر ہو سکتی ہے۔ فلیٹ کی 1% نمو کے مقابلے میں 2021 تک بلکر کی طلب میں 5.5% اضافے کا تخمینہ لگایا گیا ہے، اگرچہ مشکلات اور COVID-19 سے متعلقہ خطرات واضح طور پر باقی ہیں۔

ٹینکر مارکیٹ

ٹینکر کے شعبے کی آمدنی کو تیل کی کم طلب، اور موجودہ ٹینکروں کی وافر تعداد اور نئے بننے والے ٹینکروں کی فراہمی نے خاطر خواہ متاثر کیا ہے۔ عالمی شپنگ کی صنعت کی کارکردگی کا دارومدار عالمی معاشی رجحانات پر ہوگا، خاص طور پر بڑی معیشتوں پر جو COVID-19 سے بری طرح متاثر ہوئی ہیں۔

ٹینکر کا تناظر

اگرچہ دوسری سہ ماہی میں اہم رکاوٹوں سے عالمی سطح پر تیل کی طلب اور رسد کے توازن میں 2020 کے باقی حصے میں بہتری آنے کی توقع ہے، تاہم ٹینکر مارکیٹ کے قلیل مدتی تناظر میں مشکلات برقرار رہنا جاری لگ رہا ہے۔ OPEC + پیداوار میں کمی (جولائی میں 9.6mbpd سے اگست میں c.8.8mbpd اور چوتھی سہ ماہی میں 7.7m bpd) کے باوجود، متعدد علاقوں میں انونٹری کے ریکارڈ سطح تک زیادہ ہونے، اور تیل کی عالمی رسد سے جاری رہنے والے دباؤ کے ساتھ 2020 کے باقی حصے میں تیل کی تجارت میں اضافہ محدود رہنے کی توقع ہے۔ دریں اثناء، فلوٹنگ اسٹوریج کی مسلسل کمی سے دستیاب ٹینکر کی رسد میں شامل ہونے کی توقع ہے، جس سے مارکیٹ کی صورتحال پر مزید دباؤ پڑ رہا ہے۔

مارچ تا مئی میں تاریخی طور پر مضبوط صورتحال کے بعد، وبا سے ہونے والے منفی طلب کے ضمنی اثرات اب فلٹر ہو رہے ہیں، نیز دستیاب ٹینکر کی رسد کے دباؤ کے ساتھ، قلیل مدت میں دباؤ جاری رہنے کا امکان ہے۔ تاہم، 2021 میں ہی مزید مثبت رجحانات کی واپسی کا امکان ہے کیونکہ تیل کی منڈیاں دوبارہ متوازن ہونا شروع ہو جائیں گی، اگرچہ طلب کے تناظر کے واضح خطرات باقی ہیں۔

بحری کاروباری کارکردگی کا شعبہ جاتی جائزہ

831,711 میٹرک ٹن DWT صلاحیت کی حامل پی این ایس سی نے سال زیرِ مشاہدہ کے دوران تقریباً 7.082 ملین ٹن کارگو اٹھایا (مالی سال 2019: 10.383 ملین ٹن) جو قریباً 9.34% (مالی سال 2019: 9.38%) کے مساوی ہے اور ملک کے کل سمندری تجارتی حجم 94.321 ملین ٹن (مالی سال 2019: 110.693 ملین ٹن)

ڈائریکٹر کی رپورٹ
برائے سال اختتام از 30 جون، 2020

پاکستان نیشنل شپنگ کارپوریشن گروپ (گروپ/پی این ایس سی) کا بورڈ آف ڈائریکٹرز کارپوریشن کے بیالیسویں سالانہ نتائج برائے 30 جون 2020 بمعہ آڈٹ شدہ مالیاتی گوشواروں کے بخوشی پیش کرتا ہے۔

مختصر تعارف

پاکستان نیشنل شپنگ کارپوریشن (پی این ایس سی) (قومی پرچم بردار) ایک قانونی ادارہ ہے جو کہ پی این ایس سی آرڈیننس 1979 کے تحت وجود میں آیا ہے۔ یہ ادارہ وزارت بحری امور، حکومت پاکستان کے زیر انتظام ہے۔

پی این ایس سی ناگزیر جہاز رانی اور بحری ورکشاپس کے لیے NVOCC/سلاٹ سروسز کے سلسلے میں مختلف بحری اور متعلقہ سرگرمیوں کے ساتھ عالمی جہاز رانی میں شاندار تاریخ رکھتی ہے۔ بحری کاروبار کے علاوہ، یہ ریئل اسٹیٹ سروسز میں بھی مصروف عمل ہے جو اس کی آمدنی کو متنوع بناتا ہے اور کاروباری خطرات میں کمی کا باعث بنتا ہے۔

بنیادی افعال اور کارکردگی کا جائزہ

پی این ایس سی قیام سے ہی شپنگ مارکیٹ کے خشک بلک شعبہ میں بین الاقوامی افعال انجام دے رہی ہے اور 1998 سے مقامی اور بین الاقوامی طور پر مائع کارگو کی نقل و حمل میں مصروف عمل ہے۔ یہ سرکاری محکموں اور خود مختار اداروں کے لیے سلاٹ انتظامات میں بھی شامل ہے اور یہ سلاٹ/NVOCC سروسز کے ذریعے اسٹریٹیجک اور دفاعی سامان لے جاتی رہی ہے۔

پاکستان کی قومی پرچم بردار ہونے کے ناطے پی این ایس سی خشک بلک کیریئرز اور ٹینکرز کا جدید فلیٹ رکھتی ہے۔ پی این ایس سی بین الاقوامی پانیوں میں کام کرتی ہے اور بین الاقوامی بحری کنونشنز کے انضباطی تقاضوں کی تعمیل کرتی ہے جو عالمی قبولیت اور پہچان رکھتے ہیں۔

مؤثر اور بہترین کاروباری حکمت عملیوں، صارف دوست نرخوں کے ڈھانچے اور فلیٹ کے ماہرانہ نظم کے ذریعے گروپ عالمی معیشت میں حالیہ تغیر کے دوران مستحکم مالیاتی نمو حاصل کرنے میں کامیاب رہا ہے جس میں فریٹ کے نرخ اور تجارتی جنگیں مختلف تجارتی راستوں کو متاثر کرتی رہی ہیں۔

پی این ایس سی تجارتی عمل کو ہموار کرنے، صارفین کو درپیش مشکلات کے دوستانہ حل کی فراہمی اور پاکستان کے قومی فلیٹ اور بحری صنعت کو مضبوط بنانے کے لئے تمام اسٹیک ہولڈرز کو فیصلہ سازی میں شامل کرنے میں مصروف عمل ہے۔

مالی سال کے دوران کارپوریشن یا اس کے ذیلی اداروں، یا کسی ایسی کمپنی کے کاروبار کی نوعیت میں کوئی تبدیلی واقع نہیں ہوئی جس میں کارپوریشن کا مفاد شامل ہو۔

اقتصادی تناظر

پی این ایس سی کا کاروبار عالمی جی ڈی پی کے ساتھ کافی مماثلت رکھتا ہے۔ چونکہ پی این ایس سی ایک شپنگ کمپنی ہے جو بین الاقوامی مارکیٹ میں کام کرتی ہے اور حتیٰ کہ اس کا ریونیو بین الاقوامی فریٹ انڈسز کے ساتھ مربوط ہے، تاہم اس کے کارگو اور فریٹ نرخ مکمل طور پر عالمی معیشت پر منحصر ہیں۔

COVID-19 کے نتیجے میں، نمو 2019 میں مثبت 2.9 سے 2020 میں منفی 4.9% تک گر چکی ہے۔ تخمینہ ظاہر کرتا ہے کہ اس نمو کے باعث لاک ڈاؤن کے بعد عالمی طلب کم ہو گئی ہے۔ V کی طرز پر بحالی کی ابتدائی توقعات کے باوجود اس کا حقیقت بننا مبہم ہے۔

صارفین کے بدلے ہوئے طرز عمل کی وجہ سے ہو سکتا ہے کہ ممالک اپنی معیشت کو کورونا وائرس سے پیشتر کی سطح پر واپس نہ لا سکیں۔ جدید معیشتوں میں سرگرمی کے 2020 میں 7% تک کم ہونے کی توقع ہے کیونکہ مقامی طلب و رسد کے معاہدے حتمی طور پر فی کس آمدنی پر منفی اثر ڈالتے ہیں۔

عالمی سطح پر طلب میں کمی کے ساتھ، شپنگ میں بھی مندی کا رجحان دیکھا گیا ہے۔ کنٹینر کے شعبہ کو بہت بار خالی جہاز رانی کا سامنا کرنا پڑا جب متعدد راستوں پر افعال جواز پیش کرنے کے لیے کارگو ناکافی تھا۔ شپنگ کمپنیوں کے جہاز چھوڑنے کے باعث خاتمے، انضمام اور حصول میں ہمیں تیزی نظر آ سکتی ہے۔ 2013 کے بعد، سمندری تجارت اوسطاً عالمی جی ڈی پی میں نمو کا صرف 53% رہ گئی ہے۔ آگے بڑھتے ہوئے، مستقبل کی نمو کی کم شرح کو پورا کرنے کے لیے اس دور کی نمو کے لیے تیار کردہ عالمی بیڑوں کو نمایاں طور پر کم کرنا ہوگا۔

Corporate Social Responsibility (CSR)

Highlights of the Year 2019-2020

PNSC's CSR policy functions as a built-in self-regulating mechanism whereby business monitoring ensures active compliance with the spirit of the law and maintaining ethical standards. The goal of the Corporation's CSR policy is to embrace responsibility through actions and make a positive impact through its activities on the clients, education, employees, business communities, and environment.

EDUCATION

- An educated and skilled nation is critical for socioeconomic development of a country. The Corporation believes that improving access to education & training is one of the most long-lasting investments it can make for the society. In this regard, following activities were carried out to support education & training:

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

- Being the only national shipping Corporation of Pakistan, PNSC provides internship to the university students, each year, during the semester break. This opportunity helps the students to gain practical experience in their field of specialization. Such programs give hands-on experience to interns which cannot be obtained in classrooms and is great way for them to acquaint themselves with the field of their interest. This also helps the Company to discover quality employees for future.

- To fulfill the social responsibility and to promote the gender equality, PNSC collaborated with Durbeen with the aim of promoting women's education in Pakistan. The idea behind this program is to provide free of cost degree and guaranteed job in Durbeen school chain to females and or their daughters.

COMMUNITY

- Due to the outbreak of global pandemic COVID-19, businesses all over the country were locked down by the Government to minimize the spread of the virus and the overall economic activity has come to a halt. Realizing this critical emergency situation major initiatives taken by PNSC are highlighted below:

- There was no deduction in salary of PNSC officers and staff and workers to support them in sustaining their livelihood during lockdown of economic activities. Furthermore, strict compliance with Government SOPs is being ensured at PNSC to prevent spread of the pandemic virus. Infra-red thermometers, masks, gloves, sanitizers and wash basins as protective equipment, Installation of disinfectant tunnels and thermal scanners at gates were installed since beginning of COVID wave.

- Contribution of amount PKR 50 Million made to **Indus Hospital** for treatment of COVID-19 patients and their families.

- A Blood Donation Drive was held during the health week as a joint effort of PNSC and Hussaini Blood Bank. Most of the employees donated blood by feeling "proud to be someone's life line".

- Sponsorship was made in international week of the Deaf at IDA RIEU Welfare Association (for Blind and Deaf).

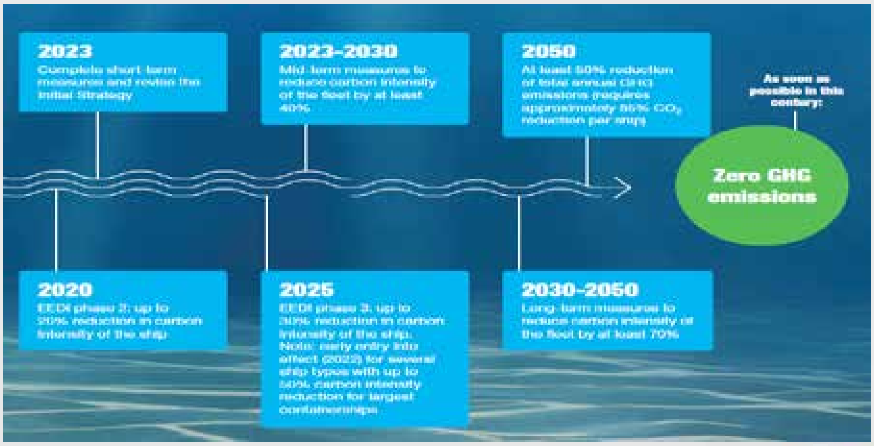
- PNSC organized a Health Week from 10th to 11th December, 2019 to create awareness and engage employees in healthy environment. The main idea was to promote employees value proposition and well being. Free of cost Glucose and Cholesterol blood screening test were carried out by Dr. Essa and Chughtai Lab for their health fitness. In addition, free body mass index (BMI) and basal metabolic rate (BMR) tests were conducted by PharmEvo, Dr. Essa and Chughtai Lab for the employees as they can maintain their lifestyle.

- PNSC made contribution to the Shifa International Hospital on account of patient treatment.

- Contribution was made for procurement of Interpretation Device to the world wide fund (WWF) Pakistan.

ENVIRONMENT

- In 2018 IMO set out an initial strategy which envisages a reduction in total GHG emissions from international shipping, in order to reduce CO_2 emissions and mitigating global warming. PNSC as per IMO requirement has developed Ship Energy Efficiency Measurement Plan (SEEMP) for its fleet.



- 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.

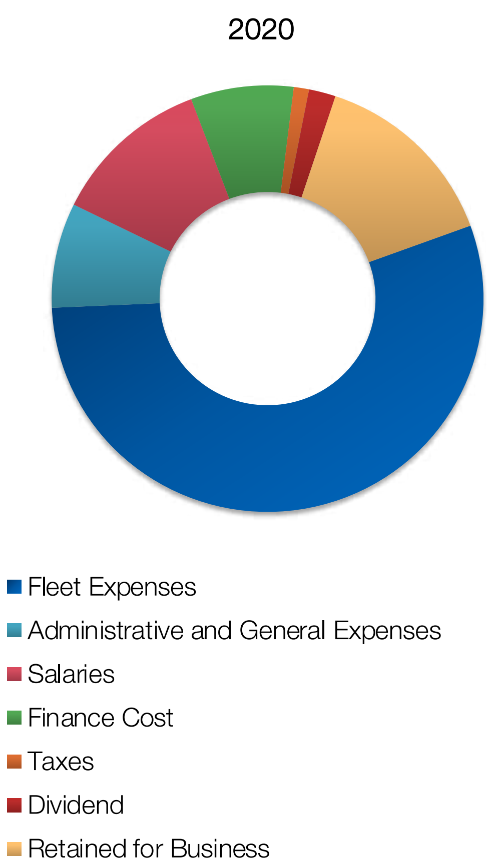
- PNSC ships also use sophisticated satellite equipment to chart courses which are economical on fuel use, saving the environment from excess carbon pollution.

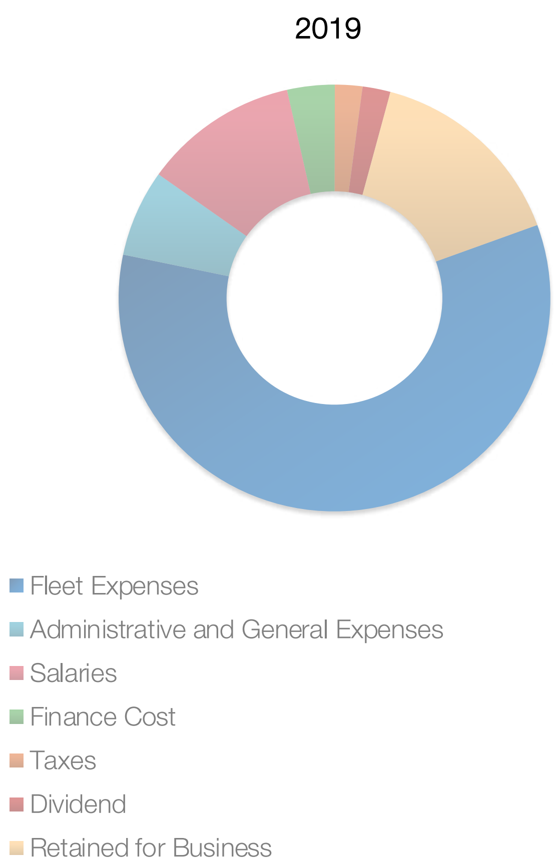
- PNSC is continuously striving for energy saving and as a step forward PNSC has installed digital metering system for monitoring and conservation of energy.

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

Value Added Statement

	2020		2019	
	Rs. in '000	%	Rs. in '000 (Reclassified)	%
Wealth Generated				
Income from Shipping Business	**13,575,492**	**92.0%**	11,220,410	88.7%
Rental Income	**228,084**	**1.6%**	168,649	1.3%
Other operating income	**946,170**	**6.4%**	1,255,068	10.0%
	14,749,746	**100.0%**	12,644,127	100.0%
Wealth Distributed				
Fleet Expenses	**8,092,834**	**54.9%**	7,437,005	58.8%
Administrative and General Expenses	**1,172,107**	**8.0%**	832,429	6.6%
Salaries	**1,767,595**	**12.0%**	1,470,109	11.6%
Finance Cost	**1,135,464**	**7.7%**	450,153	3.6%
Taxes	**167,868**	**1.1%**	260,057	2.0%
Dividend	**297,143**	**2.0%**	264,127	2.1%
Retained for Business	**2,116,735**	**14.3%**	1,930,247	15.3%
	14,749,746	**100.0%**	12,644,127	100.0%

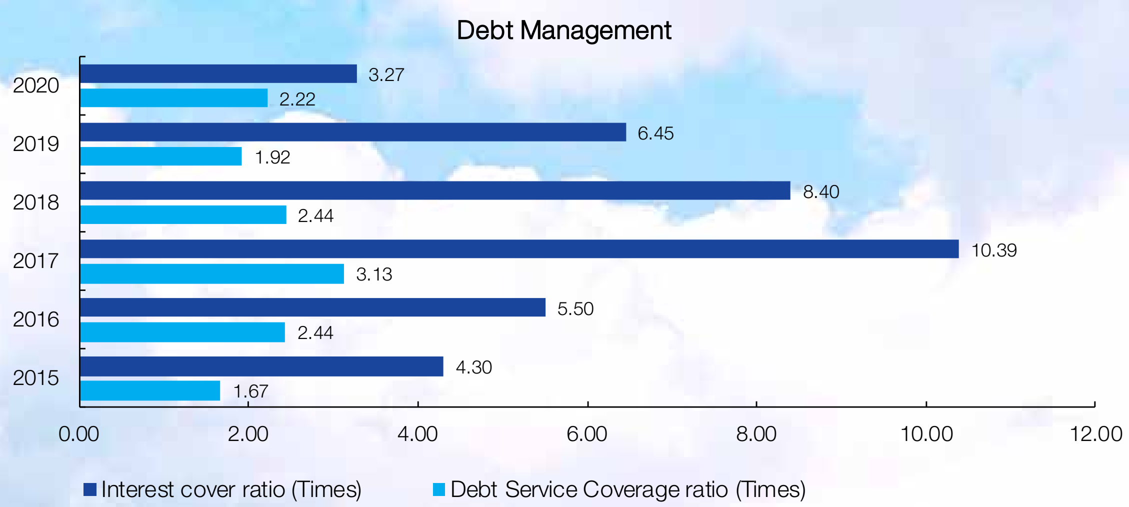


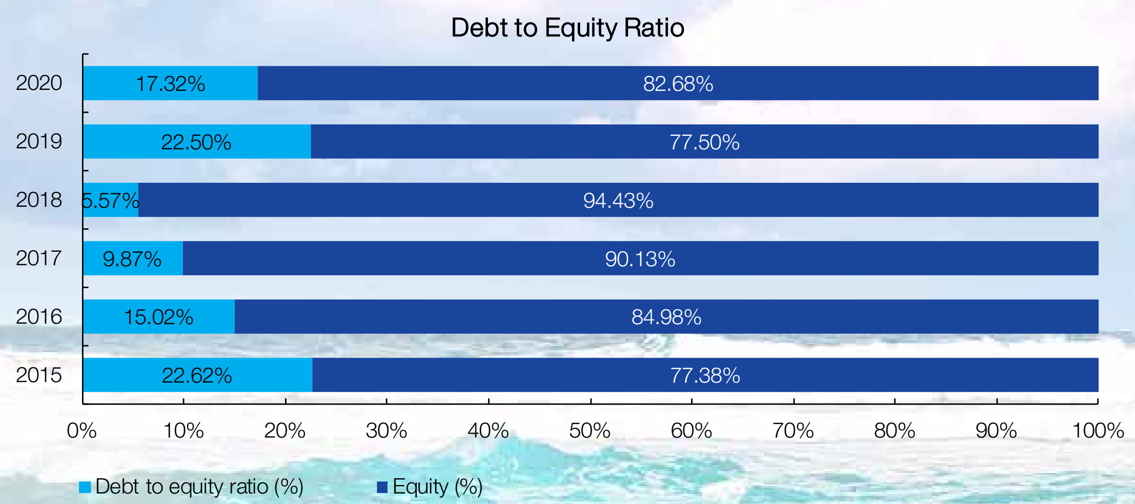


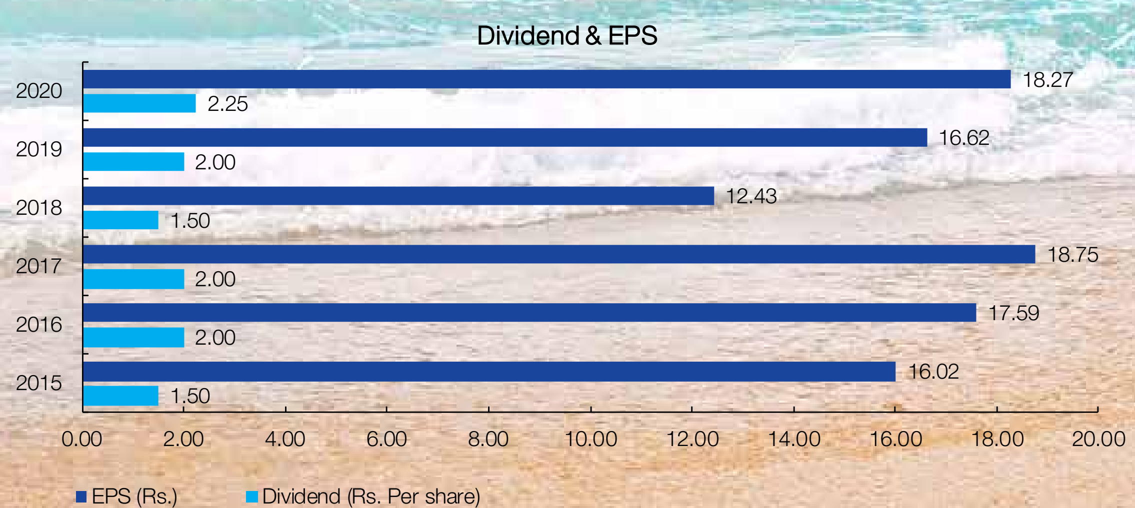
Financial Ratios

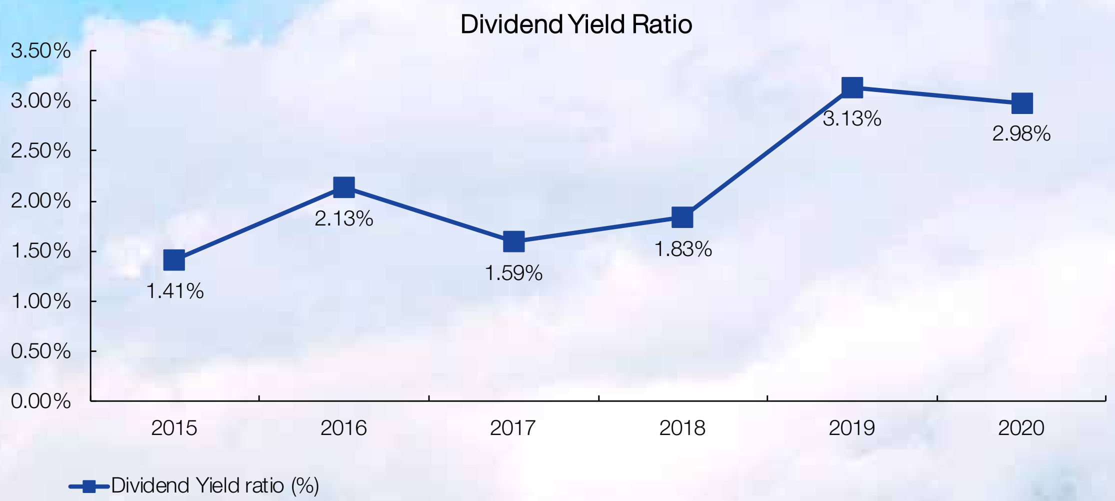
	UOM	2019-2020	2018-2019	2017-2018	2016-2017	2015-2016	2014-2015
			--------(Reclassified)--------				
Profitability Ratios							
Profit before tax	%	**18.70**	21.55	17.74	22.55	18.81	13.52
GP ratio	%	**33.10**	27.33	22.69	29.40	28.95	18.49
Profit after tax	%	**17.49**	19.27	15.71	18.01	17.37	12.93
EBITDA margin to sales	%	**26.93**	25.50	20.14	24.95	22.99	17.61
Operating leverage ratio	%	**131.97**	422.53	160.91	404.25	(36.16)	(204.19)
Return on equity	%	**6.96**	6.73	5.24	8.30	8.42	8.33
Return on capital employed	%	**5.81**	5.40	4.87	7.42	7.18	6.61
Liquidity Ratios							
Current Ratio	%	**3.16**	2.68	3.12	2.74	2.38	2.15
Cash to Current liabilities	Times	**1.06**	1.27	0.70	1.21	0.51	0.78
Cash flow from operations to Sales	Times	**0.19**	0.18	0.12	0.18	0.27	0.13
Activity/Turnover Ratios							
Debtor Turnover Ratio	Times	**4.80**	4.15	3.87	6.39	9.63	9.49
Asset Turnover ratio	Times	**0.30**	0.25	0.28	0.37	0.37	0.45
Fixed Assets turnover ratio	Times	**0.43**	0.34	0.41	0.53	0.50	0.60
Market Ratios							
Earnings per share	Rs.	**18.27**	16.62	12.43	18.75	17.59	16.02
Price Earning Ratio	Times	**4.14**	3.84	6.59	6.71	5.33	6.63
Price to book ratio	Times	**2.18**	1.87	2.88	4.42	3.39	3.87
Dividend Yield ratio	%	**2.98**	3.13	1.83	1.59	2.13	1.41
Dividend Payout ratio	Times	**0.12**	0.12	0.12	0.11	0.11	0.09
Dividend cover ratio	Times	**8.12**	8.31	8.28	9.38	8.80	10.68
Cash dividend	Rs.	**2.25**	2.00	1.50	2.00	2.00	1.50
Breakup value/share	Rs.	**262.71**	246.91	237.32	225.99	208.85	192.38
Share Price at year end	Rs.	**75.56**	63.85	81.94	125.90	93.70	106.25
Share Price - High	Rs.	**107.00**	88.99	155.25	213.00	127.90	187.90
Low	Rs.	**50.01**	47.13	80.00	90.37	63.01	56.68
Capital Structure Ratio							
Financial Leverage ratio	Times	**0.21**	0.28	0.09	0.14	0.19	0.29
Debt Service Coverage Ratio	Times	**2.22**	1.92	2.44	3.13	2.44	1.67
Debt to equity ratio	Times	**0.17**	0.22	0.06	0.10	0.15	0.23
Interest cover ratio	Times	**3.27**	6.45	8.40	10.39	5.50	4.30

Graphical Analysis

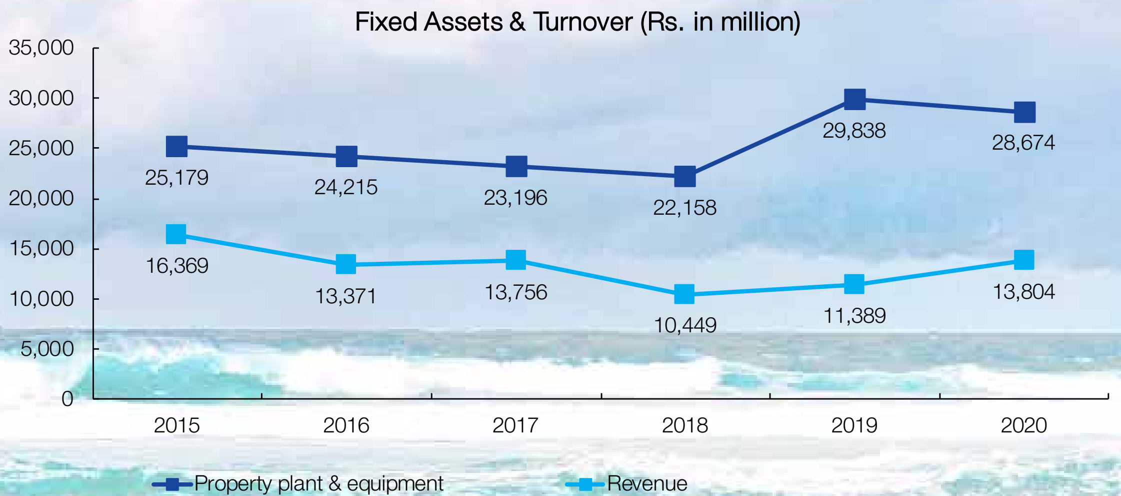




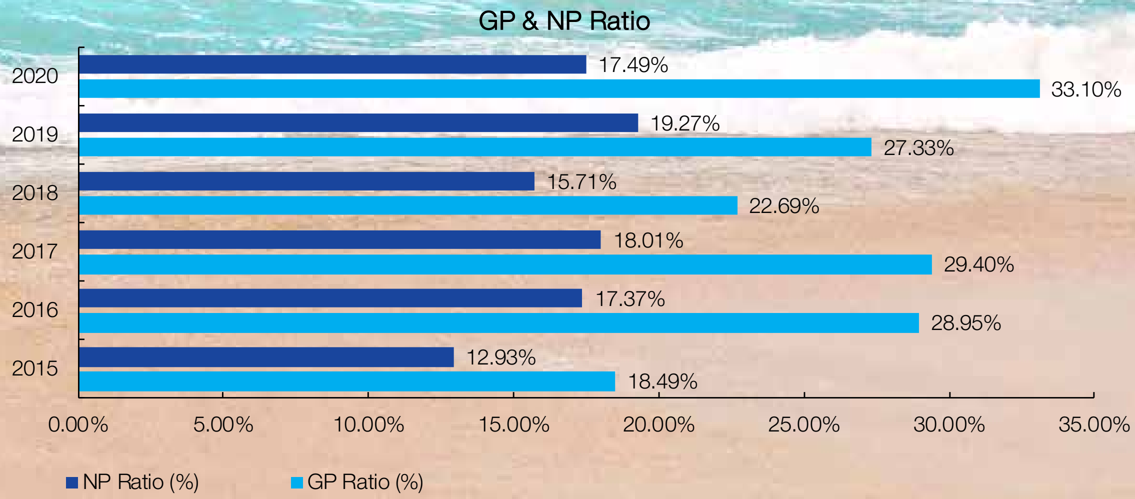




Dividend Yield Ratio
3.50%
3.00%
2.50%
2.00%
1.50%
1.00%
0.50%
0.00%
1.41%
2.13%
1.59%
1.83%
3.13%
2.98%
2015
2016
2017
2018
2019
2020
Dividend Yield ratio (%)

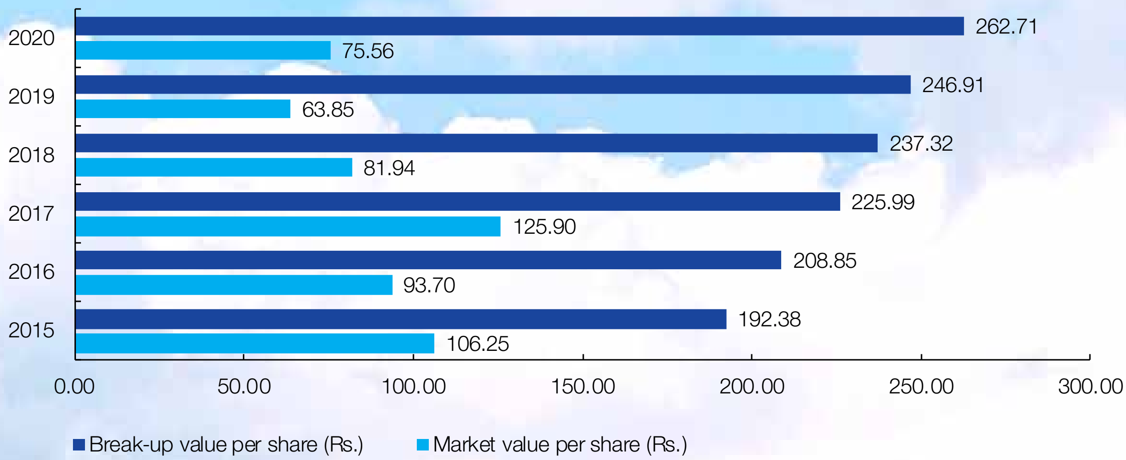


Fixed Assets & Turnover (Rs. in million)
35,000
30,000
25,000
20,000
15,000
10,000
5,000
0
25,179
24,215
23,196
22,158
29,838
28,674
16,369
13,371
13,756
10,449
11,389
13,804
2015
2016
2017
2018
2019
2020
Property plant & equipment
Revenue

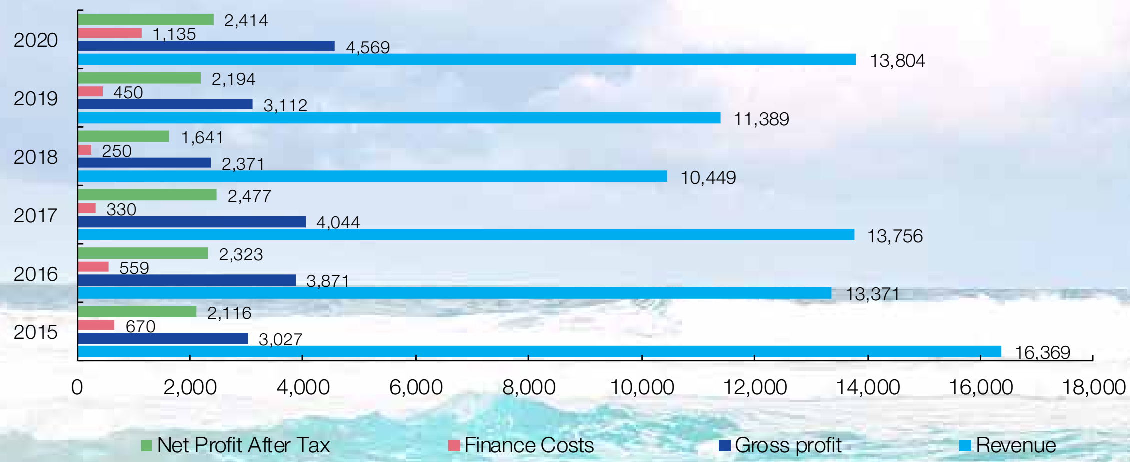


GP & NP Ratio
2020
17.49%
33.10%
2019
19.27%
27.33%
2018
15.71%
22.69%
2017
18.01%
29.40%
2016
17.37%
28.95%
2015
12.93%
18.49%
0.00%
5.00%
10.00%
15.00%
20.00%
25.00%
30.00%
35.00%
NP Ratio (%)
GP Ratio (%)

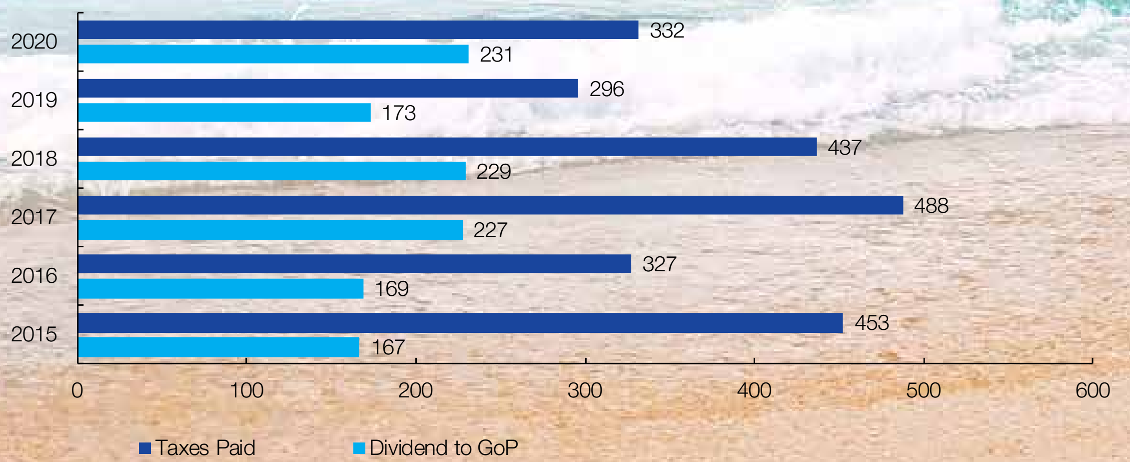
Market / Break-up value per share (Rs./share)



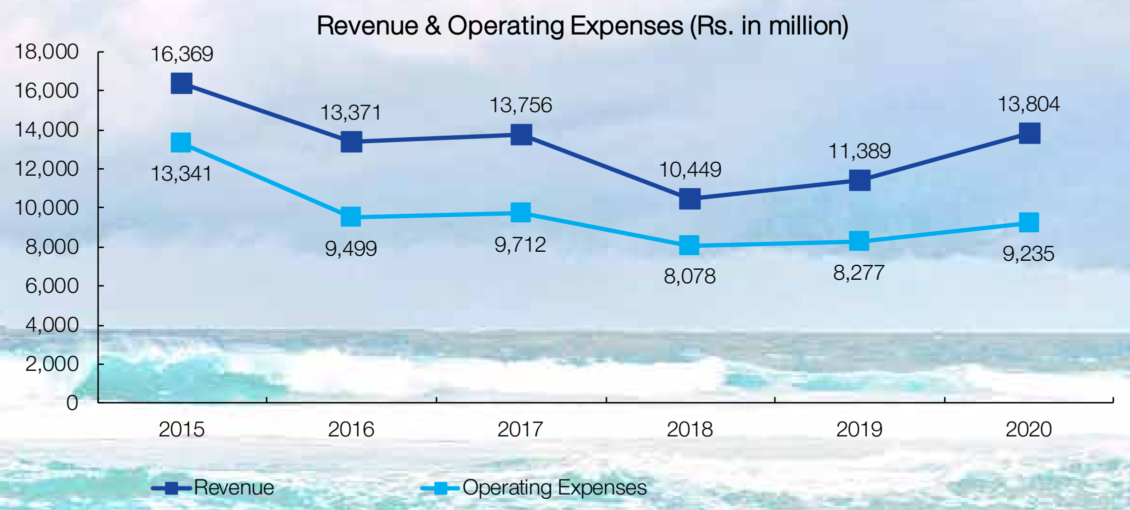
Turnover & Profitability (Rs. in million)



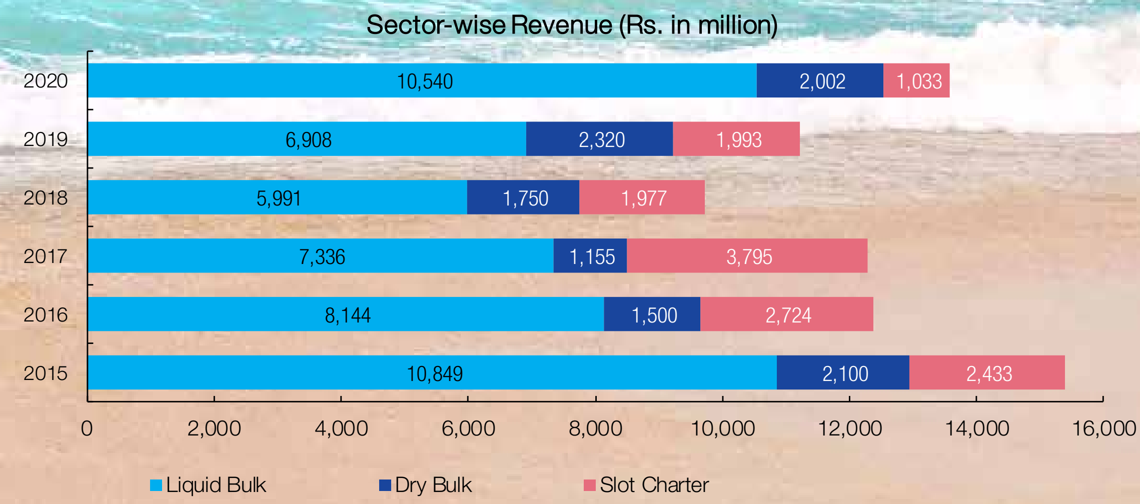
Payments to Federal Government (Rs. in million)



Price Earning Ratio (Times)
8.00
7.00
6.00
5.00
4.00
3.00
2.00
1.00
0.00
6.63
5.33
6.71
6.59
3.84
4.14
2015
2016
2017
2018
2019
2020
Price Earning Ratio



Revenue & Operating Expenses (Rs. in million)
18,000
16,000
14,000
12,000
10,000
8,000
6,000
4,000
2,000
0
16,369
13,371
13,756
10,449
11,389
13,804
13,341
9,499
9,712
8,078
8,277
9,235
2015
2016
2017
2018
2019
2020
Revenue
Operating Expenses



Sector-wise Revenue (Rs. in million)
2020
10,540
2,002
1,033
2019
6,908
2,320
1,993
2018
5,991
1,750
1,977
2017
7,336
1,155
3,795
2016
8,144
1,500
2,724
2015
10,849
2,100
2,433
0
2,000
4,000
6,000
8,000
10,000
12,000
14,000
16,000
Liquid Bulk
Dry Bulk
Slot Charter

Horizontal Analysis (Group)

	2020		2019	
	'000	% change	'000 (Reclassifed)	% change
PROFIT & LOSS				
Revenues	13,803,576	21%	11,389,059	9%
Expenditure	(9,234,891)	12%	(8,276,828)	2%
Gross profit	4,568,685	47%	3,112,231	31%
Administrative expenses	(1,120,281)	1%	(1,113,280)	4%
Impairment loss	(411,138)	608%	(58,039)	10%
Other expenses	(266,226)	-9%	(291,396)	7%
Finance costs	(1,135,464)	152%	(450,153)	80%
Other income	946,170	-25%	1,255,068	11%
Profit before taxation	2,581,746	5%	2,454,431	32%
Taxation	(167,868)	-35%	(260,057)	22%
PROFIT AFTER TAXATION	2,413,878	10%	2,194,374	34%
BALANCE SHEET				
Property, plant and equipment	28,674,222	-4%	29,837,872	35%
Other non-current assets	3,724,070	8%	3,441,979	8%
Trade debts	3,141,103	20%	2,615,138	-9%
Cash and bank balances	4,512,202	-19%	5,578,137	102%
Other current assets	5,776,090	61%	3,582,304	-46%
TOTAL ASSETS	45,827,687	2%	45,055,430	20%
Shareholder's equity	34,693,967	6%	32,608,336	4%
Employee benefits	763,520	7%	711,259	18%
Long term financing	6,010,153	-18%	7,335,925	321%
Other non current liabilities	109,204	0%	-	-
Current portion of long term financing	1,334,964	-24%	1,747,543	44%
Other current liabilities	2,915,879	10%	2,652,367	-2%
TOTAL EQUITY AND LIABILITIES	45,827,687	2%	45,055,430	20%
CASH FLOW STATEMENT				
Cash flows from operating activities	2,684,111	33%	2,017,662	59%
Cash flows from Investing activities	(1,647,488)	-68%	(5,131,477)	132%
Cash flows from financing activities	(2,102,739)	-135%	5,927,773	-506%
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(1,066,116)	-138%	2,813,958	-217%
OTHERS				
Profit before tax	2,581,746	5%	2,454,431	32%
Finance costs	1,135,464	152%	450,153	80%
Depreciation	1,770,877	34%	1,324,249	-9%
Amortisation	-	-	-	-
EBITDA	5,488,087	30%	4,228,833	19%
Profit before tax	2,581,746	5%	2,454,431	32%
Finance costs	1,135,464	152%	450,153	80%
EBIT	3,717,210	28%	2,904,584	38%

2018		2017		2016		2015	
‘000 (Reclassifed)	% change	‘000 (Reclassifed)	% change	‘000 (Reclassifed)	% change	‘000 (Reclassifed)	% change
10,448,805	-24%	13,755,959	3%	13,370,504	-18%	16,368,717	1%
(8,078,156)	-17%	(9,712,092)	2%	(9,499,130)	-29%	(13,341,383)	3%
2,370,649	-41%	4,043,867	4%	3,871,374	28%	3,027,334	-7%
(1,067,115)	6%	(1,007,062)	9%	(925,909)	-7%	(997,072)	24%
(52,963)	-85%	(361,635)	79%	(210,723)	7832%	(2,543)	-82%
(272,852)	25%	(218,250)	-48%	(419,301)	4%	(403,396)	132%
(250,402)	-24%	(330,411)	-41%	(558,581)	-17%	(669,949)	22%
1,126,720	16%	975,254	30%	749,492	-40%	1,258,674	83%
1,854,037	-40%	3,101,763	23%	2,515,352	14%	2,213,048	-8%
(212,916)	-66%	(624,948)	225%	(192,298)	99%	(96,638)	-62%
1,641,121	-34%	2,476,815	7%	2,323,054	10%	2,116,410	-2%
22,158,254	-4%	23,195,568	-4%	24,215,418	-4%	25,178,610	12%
3,195,784	15%	2,767,260	19%	2,326,786	21%	1,918,724	57%
2,868,460	13%	2,537,805	44%	1,766,217	75%	1,010,048	-59%
2,764,179	-46%	5,161,772	141%	2,143,378	-35%	3,312,430	79%
6,629,193	66%	3,989,974	-34%	6,086,246	25%	4,850,370	13%
37,615,870	0%	37,652,379	3%	36,538,045	1%	36,270,182	12%
31,340,940	5%	29,844,723	8%	27,581,597	9%	25,406,739	9%
600,933	1%	592,356	-3%	612,767	-28%	851,561	38%
1,744,186	-41%	2,944,191	-29%	4,141,525	-28%	5,748,035	26%
-	-	-	-	-	-	-	-
1,210,172	0%	1,210,172	0%	1,210,172	-29%	1,702,054	29%
2,719,639	-11%	3,060,937	2%	2,991,984	17%	2,561,793	-3%
37,615,870	0%	37,652,379	3%	36,538,045	1%	36,270,182	12%
1,270,944	-49%	2,499,823	-30%	3,589,130	72%	2,084,453	4%
(2,207,660)	-211%	1,989,539	-182%	(2,422,390)	-14%	(2,825,631)	69%
(1,460,877)	-1%	(1,470,968)	-37%	(2,335,792)	-266%	1,403,727	-196%
(2,397,593)	-179%	3,018,394	-358%	(1,169,052)	-276%	662,549	-158%
1,854,037	-40%	3,101,763	23%	2,515,352	14%	2,213,048	-8%
250,402	-24%	330,411	-41%	558,581	-17%	669,949	22%
1,457,896	5%	1,385,461	12%	1,233,255	15%	1,074,214	0%
-	-	-	-	-	-	-	-
3,562,335	-26%	4,817,635	12%	4,307,188	9%	3,957,211	-2%
1,854,037	-40%	3,101,763	23%	2,515,352	14%	2,213,048	-8%
250,402	-24%	330,411	-41%	558,581	-17%	669,949	22%
2,104,439	-39%	3,432,174	12%	3,073,933	7%	2,882,997	-2%

Vertical Analysis (Group)

	2020		2019	
	'000	% change	'000 (Reclassifed)	% change
PROFIT & LOSS				
Revenues	13,803,576	100%	11,389,059	100%
Expenditure	(9,234,891)	-67%	(8,276,828)	-73%
Gross profit	4,568,685	33%	3,112,231	27%
Administrative expenses	(1,120,281)	-8%	(1,113,280)	-10%
Impairment loss	(411,138)	-3%	(58,039)	-1%
Other expenses	(266,226)	-2%	(291,396)	-3%
Finance costs	(1,135,464)	-8%	(450,153)	-4%
Other income	946,170	7%	1,255,068	11%
Profit before taxation	2,581,746	19%	2,454,431	22%
Taxation	(167,868)	-1%	(260,057)	-2%
PROFIT AFTER TAXATION	2,413,878	17%	2,194,374	19%
BALANCE SHEET				
Property, plant and equipment	28,674,222	63%	29,837,872	66%
Other non-current assets	3,724,070	8%	3,441,979	8%
Trade debts	3,141,103	7%	2,615,138	6%
Cash and bank balances	4,512,202	10%	5,578,137	12%
Other current assets	5,776,090	13%	3,582,304	8%
TOTAL ASSETS	45,827,687	100%	45,055,430	100%
Shareholder's equity	34,693,967	76%	32,608,336	72%
Employee benefits	763,520	2%	711,259	2%
Long term financing	6,010,153	13%	7,335,925	16%
Other non-current liabilities	109,204	0.2%	-	-
Current portion of long term financing	1,334,964	3%	1,747,543	4%
Other current liabilities	2,915,879	6%	2,652,367	6%
TOTAL EQUITY AND LIABILITIES	45,827,687	100%	45,055,430	100%
CASH FLOW STATEMENT				
Cash flows from operating activities	2,684,111	-252%	2,017,662	72%
Cash flows from investing activities	(1,647,488)	155%	(5,131,477)	-182%
Cash flows from financing activities	(2,102,739)	197%	5,927,773	211%
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(1,066,116)	100%	2,813,958	100%
OTHERS				
Profit before tax	2,581,746	47%	2,454,431	58%
Finance costs	1,135,464	21%	450,153	11%
Depreciation	1,770,877	32%	1,324,249	31%
Amortisation	-	-	-	-
EBITDA	5,488,087	148%	4,228,833	88%
Profit before tax	2,581,746	69%	2,454,431	85%
Finance costs	1,135,464	31%	450,153	15%
EBIT	3,717,210	100%	2,904,584	100%

2018		2017		2016		2015	
‘000 (Reclassifed)	% change	‘000 (Reclassifed)	% change	‘000 (Reclassifed)	% change	‘000 (Reclassifed)	% change
10,448,805	100%	13,755,959	100%	13,370,504	100%	16,368,717	100%
(8,078,156)	-77%	(9,712,092)	-71%	(9,499,130)	-71%	(13,341,383)	-82%
2,370,649	23%	4,043,867	29%	3,871,374	29%	3,027,334	18%
(1,067,115)	-10%	(1,007,062)	-7%	(925,909)	-7%	(997,072)	-6%
(52,963)	-1%	(361,635)	-3%	(201,723)	-2%	(2,543)	0%
(272,852)	-3%	(218,250)	-2%	(419,301)	-3%	(403,396)	-2%
(250,402)	-2%	(330,411)	-2%	(558,581)	-4%	(669,949)	-4%
1,126,720	11%	975,254	7%	749,492	6%	1,258,674	8%
1,854,037	18%	3,101,763	23%	2,515,352	19%	2,213,048	14%
(212,916)	-2%	(624,948)	-5%	(192,298)	-1%	(96,638)	-1%
1,641,121	16%	2,476,815	18%	2,323,054	17%	2,116,410	13%
22,158,254	59%	23,195,568	62%	24,215,418	66%	25,178,610	69%
3,195,784	8%	2,767,260	7%	2,326,786	6%	1,918,724	5%
2,868,460	8%	2,537,805	7%	1,766,217	5%	1,010,048	3%
2,764,179	7%	5,161,772	14%	2,143,378	6%	3,312,430	9%
6,629,193	18%	3,989,974	11%	6,086,246	17%	4,850,370	13%
37,615,870	100%	37,652,379	100%	36,538,045	100%	36,270,182	100%
31,340,940	83%	29,844,723	79%	27,581,597	75%	25,406,739	70%
600,933	2%	592,356	2%	612,767	2%	851,561	2%
1,744,186	5%	2,944,191	8%	4,141,525	11%	5,748,035	16%
-	-	-	-	-	-	-	-
1,210,172	3%	1,210,172	3%	1,210,172	3%	1,702,054	5%
2,719,639	7%	3,060,937	8%	2,991,984	8%	2,561,793	7%
37,615,870	100%	37,652,379	100%	36,538,045	100%	36,270,182	100%
1,270,944	-53%	2,499,823	83%	3,589,130	-307%	2,084,453	315%
(2,207,660)	92%	1,989,539	66%	(2,422,390)	207%	(2,825,631)	-426%
(1,460,877)	61%	(1,470,968)	-49%	(2,335,792)	200%	1,403,727	212%
(2,397,593)	100%	3,018,394	100%	(1,169,052)	100%	662,549	100%
1,854,037	52%	3,101,763	64%	2,515,352	58%	2,213,048	56%
250,402	7%	330,411	7%	558,581	13%	669,949	17%
1,457,896	41%	1,385,461	29%	1,233,255	29%	1,074,214	27%
-	-	-	-	-	-	-	-
3,562,335	74%	4,817,635	100%	4,307,188	89%	3,957,211	82%
1,854,037	88%	3,101,763	90%	2,515,352	82%	2,213,048	77%
250,402	12%	330,411	10%	558,581	18%	669,949	23%
2,104,439	100%	3,432,174	100%	3,073,933	100%	2,882,997	100%

Six Years at a Glance (PNSC)

	UOM	2019-2020	2018-2019 (Reclassified)	2017-2018 (Reclassified)	2016-2017 (Reclassified)	2015-2016 (Reclassified)	2014-2015 (Reclassified)
		---------------------	-------------------	-------(Rupees in '000)-------	-------------------	-------------------	-------------------
Profit & Loss							
Revenue		1,953,042	3,287,614	4,873,768	8,517,814	6,113,276	9,692,529
Expenditure		(1,752,593)	(2,823,489)	(3,484,147)	(5,396,502)	(5,169,099)	(8,311,932)
Gross profit		200,449	464,125	1,389,621	3,121,312	944,177	1,380,597
Administrative & other expenses		(408,772)	(545,417)	(614,048)	(632,376)	(571,936)	(878,178)
Impairment loss on financial assets		(302,617)	(37,264)	(27,852)	(202,407)	(432,980)	(727)
Other income		887,965	1,123,655	976,247	902,415	651,726	1,118,321
Finance costs		(1,129,661)	(445,490)	(247,210)	(328,107)	(555,028)	(667,235)
(Loss) / profit before taxation		(752,636)	559,609	1,476,758	2,860,837	35,959	952,778
Taxation		(88,206)	(205,585)	(173,119)	(585,426)	(152,706)	(60,005)
(Loss) / profit after taxation		(840,842)	354,024	1,303,639	2,275,411	(116,747)	892,773
Balance Sheet							
Non-current assets		42,655,967	42,519,747	33,789,362	33,337,092	32,910,510	29,209,782
Current assets		9,693,058	9,317,055	10,413,386	10,060,178	8,621,975	11,378,044
Total assets		52,349,025	51,836,802	44,202,748	43,397,270	41,532,485	40,587,826
Paid-up capital		1,320,634	1,320,634	1,320,634	1,320,634	1,320,634	1,320,634
Reserves		8,276,295	9,363,611	9,767,740	8,710,641	6,630,443	6,898,954
Surplus on revaluation of fixed assets		1,231,193	1,234,901	1,242,161	1,140,525	1,159,001	1,128,307
Share-holders' equity		10,828,122	11,919,146	12,330,535	11,171,800	9,110,078	9,347,895
Non-current liabilities		6,882,876	8,047,184	2,345,119	3,536,547	4,754,292	6,599,596
Current liabilities		34,638,027	31,870,472	29,527,094	28,688,923	27,668,115	24,640,335
		52,349,025	51,836,802	44,202,748	43,397,270	41,532,485	40,587,826
RATIOS							
Profitablility Ratios							
Gross profit ÷ operating revenue	%	10.26	14.12	28.51	36.64	15.44	14.24
(Loss) / profit before tax ÷ operating revenue	%	(38.54)	17.02	30.30	33.59	0.59	9.83
(Loss) / profit after tax ÷ operating revenue	%	(43.05)	10.77	26.75	26.71	(1.91)	9.21
Return on capital employed	%	(4.75)	1.77	8.88	15.47	(0.84)	5.60
Liquidity / Leverage Ratios							
Current ratio	Times	0.28	0.29	0.35	0.35	0.31	0.46
Fixed Assets turnover ratio	Times	0.05	0.09	0.15	0.26	0.20	0.34
Equity ÷ total assets	%	20.68	22.99	27.90	25.74	21.93	23.03
Return to Shareholders							
(Loss) / earnings per share	Rs.	(6.37)	2.68	9.87	17.23	(0.88)	6.76
Price / (loss) earning ratio	Rs.	(11.87)	23.82	8.30	7.31	(105.99)	15.72
Cash dividend	Rs. / share	2.25	2.00	1.50	2.00	2.00	1.50
Break-up value per share	Rs.	81.99	90.25	93.37	84.59	68.98	70.78
Share prices in Rupees							
High		107.00	88.99	155.25	213.00	127.90	187.90
Low		50.01	47.13	80.00	90.37	63.01	56.68

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

GRANT THORNTON ANJUM RAHMAN
CHARTERED ACCOUNTANTS
1ST & 3RD FLOOR, MODERN MOTORS HOUSE
BEAUMONT ROAD
KARACHI

To the members of Pakistan National Shipping Corporation

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 ('the Regulations") prepared by the Board of Directors of Pakistan National Shipping Corporation ('the Corporation") for the year ended June 30, 2020 in accordance with the requirements of regulation 36 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 for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of approval of related party transactions by the Board upon recommendation of the Audit Committee.

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 Corporations compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Corporation for the year ended June 30, 2020.

KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co.
Chartered Accountants
Date: October 04, 2020
Karachi

Grant Thornton Anjum Rahman
Chartered Accountants
Date: October 04, 2020
Karachi

KPMG

Grant Thornton
An instinct for growth™

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019

PAKISTAN NATIONAL SHIPPING CORPORATION
Year ended 30th June, 2020

The Corporation has complied with the requirements of Listed Companies (Code of Corporate Governance) Regulations, 2019 (“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. The composition of the Board of directors (the Board) is as follows:

Category*	Names
Chairman & Chief Executive	- Mr. Shakeel Ahmed Mangnejo
Non-Executive Directors (appointed by Federal Government under the PNSC Ordinance, 1979).	- Dr. Sohail Rajput Additional Finance Secretary (Internal Finance), 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 more than seven listed companies, including this Corporation.

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. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Corporation.

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 the Regulations.

7. The meetings of the Board were presided over by the Chairman. 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 Board 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 the Regulations.

9. As at 30 June 2020, half of the Board of the directors have attended the Directors’ Training Program.

10. No new appointment of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit, including a decision on their remuneration, has been made during the year and terms and conditions of employment and the Board has complied with relevant requirements

11. Chief Financial Officer and Chief Executive Officer 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:

Names	Category
- 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
- Captain Anwar Shah	Member
- Mr. Ali Syed	Member
- Mr. Baber Jamal Zuberi	Secretary

(b) HR and Remuneration Committee:

Names	Category
- 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 were as per following:

(a) Audit & Finance Committee
- September 26, 2019
- October 04, 2019
- October 25, 2019
- December 27, 2019
- February 24, 2020
- April 27, 2020
- June 22, 2020
- June 29, 2020

(b) HR and Remuneration Committee
- August 08, 2019
- October 24, 2019
- February 21, 2020
- June 29, 2020

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 and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer / chairman, chief financial officer, head of internal audit, company secretary or director of the company

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 requirements of regulations 3, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

19. Explanation for non-compliance with requirements, other than regulations 3, 8, 27, 32, 33 and 36 are below (if applicable):

* Section 505 1 (d) of the Companies Act, 2017 (the Act) allows companies governed by any special enactments to assume the provisions of their special enactments in case of any inconsistencies arise between the Act and their respective enactments. As the Corporation was established under PNSC Ordinance 1979, certain requirements of the PNSC Ordinance 1979 relating to composition of Board prevail over the provisions of the Act as follows:

- In accordance with the provisions of 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.

Shakeel Ahmed Mangnejo
Chairman / Chief Executive

Director

September 30, 2020

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

For the year ended
June 30, 2020

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

GRANT THORNTON ANJUM RAHMAN
CHARTERED ACCOUNTANTS
1ST & 3RD FLOOR, MODERN MOTORS HOUSE
BEAUMONT ROAD
KARACHI

INDEPENDENT AUDITOR'S REPORT

To the members of Pakistan National Shipping Corporation

Report on the Audit of the Consolidated Financial Statements

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 June 30, 2020, 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, 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, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2020 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 Accountant's *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 Matters

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.

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Following are the Key audit matters:

S.No	Key audit matters	How the matters were addressed in our audit
1	**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 June 30, 2020. 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 resultantly recognised an impairment loss of Rs 71.5 M in one of the vessels namely Sibi. 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 amongst others included the following: • Obtained an understanding of the methodology and assumptions used by management to estimate the valuein-use 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 expert and internal specialist 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 expert and internal specialist: - 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 consolidated financial statements.

S.No	Key audit matters	How the matters were addressed in our audit
2	**IFRS 9 – Financial Instruments**	
	As disclosed in note 6.9, 17, 18 and 21 to the annexed consolidated financial statements relating to IFRS 9 Financial Instruments. 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 assessment of ECL 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 amongst 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. • Reassessed the adequacy of related disclosures made in the annexed consolidated financial statements.

S.No	Key audit matters	How the matters were addressed in our audit
3	**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 33.1 to 33.17 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, recognition and measurement of any provision that may be required against such contingencies in the annexed consolidated financial statements. In our judgement the matter is considered to be fundamental to the user's understanding of the financial statements and 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 amongst others included the following: • Obtained an understanding of the Group'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 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. • Circularized 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 report 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 the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of the 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.

Board of Directors is 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 June 30, 2019 were audited by EY Ford Rhodes, Chartered Accountants and KPMG Taseer Hadi & Co., Chartered Accountants who expressed an unmodified opinion thereon dated October 04, 2019.

The engagement partners on the audit resulting in this independent auditor's report are Muhammad Taufiq (KPMG Taseer Hadi & Co.) and Khurram Jameel (Grant Thornton Anjum Rahman).

KPMG Taseer Hadi & Co.

KPMG TASEER HADI & CO.
Chartered Accountants
Karachi

Date: October 04, 2020

Grant Thornton Anjum Rahman

Grant Thornton Anjum Rahman
Chartered Accountants
Karachi

Date: October 04, 2020

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Consolidated Statement of Financial Position

As at June 30, 2020

	Note	June 30, 2020	June 30, 2019
		------------(Rupees in '000)------------	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	8	28,674,222	29,837,872
Right of use asset	9	118,145	-
Intangible asset	10	12,891	-
Investment properties	11	3,426,191	3,266,105
Long-term investments in:			
- Related party (an associate)	12	-	-
- Listed companies and an other entity	13	35,521	32,475
Long-term loans	14	11,827	17,313
Long-term deposits		90	90
Deferred taxation - net	15	119,405	125,996
		32,398,292	33,279,851
CURRENT ASSETS			
Stores and spares	16	1,345,749	1,062,835
Trade debts - unsecured	17	3,141,103	2,615,138
Agents' and owners' balances - unsecured	18	9,628	13,085
Loans and advances	19	74,833	69,996
Trade deposits and short-term prepayments	20	28,179	73,665
Interest accrued on bank deposits and short-term investments		39,939	23,986
Other receivables	21	620,356	302,796
Incomplete voyages	22	94,929	102,164
Insurance claims		89,219	96,179
Taxation-net		1,514,604	1,349,048
Short-term investments	23	3,999,025	3,182,550
Cash and bank balances	24	2,471,831	2,884,137
		13,429,395	11,775,579
TOTAL ASSETS		45,827,687	45,055,430
EQUITY AND LIABILITIES			
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE HOLDING COMPANY			
Share capital			
Authorised 200,000,000 (2019: 200,000,000) ordinary shares of Rs 10 each		2,000,000	2,000,000
Issued, subscribed and paid-up share capital	25	1,320,634	1,320,634
Capital reserve		131,344	131,344
Revenue reserves		32,293,867	30,220,643
Remeasurement of post retirement benefits obligation - net of tax		(291,117)	(306,621)
Surplus on revaluation of property, plant and equipment - net of tax		1,234,018	1,237,726
		34,688,746	32,603,726
NON-CONTROLLING INTEREST	26	5,221	4,610
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP		34,693,967	32,608,336
NON-CURRENT LIABILITIES			
Long-term financing - secured	27	6,010,153	7,335,925
Lease liabilities	28	109,204	-
Employee benefits	29	763,520	711,259
		6,882,877	8,047,184
CURRENT LIABILITIES			
Trade and other payables	30	2,563,914	2,293,766
Contract liabilities	31	228,576	218,551
Provision against damage claims	32	24,261	26,475
Current portion of long-term financing	27	1,334,964	1,747,543
Current portion of lease liabilities	28	6,323	-
Unclaimed dividend		68,987	60,064
Accrued mark-up on long-term financing		23,818	53,511
		4,250,843	4,399,910
TOTAL LIABILITIES		11,133,720	12,447,094
TOTAL EQUITY AND LIABILITIES		45,827,687	45,055,430
CONTINGENCIES AND COMMITMENTS	33		

The annexed notes 1 to 59 form an integral part of these consolidated financial statements.

Syed Jarar Haider Kazmi	**Shakeel Ahmed Mangnejo**	**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, 2020

	Note	June 30, 2020	June 30, 2019
		-----------(Rupees in '000)-----------	
REVENUE			
Income from shipping business	34	13,575,492	11,220,410
Rental income		228,084	168,649
		13,803,576	11,389,059
EXPENDITURE			
Fleet expenses - direct	35	(9,083,541)	(8,108,072)
Fleet expenses - indirect	36	(17,749)	(27,375)
Real estate expenses	37	(133,601)	(141,381)
		(9,234,891)	(8,276,828)
GROSS PROFIT		4,568,685	3,112,231
Administrative expenses	38	(1,120,281)	(1,113,280)
Impairment loss	39	(411,138)	(58,039)
Other expenses	40	(266,226)	(291,396)
Other income	41	946,170	1,255,068
		(851,475)	(207,647)
OPERATING PROFIT		3,717,210	2,904,584
Finance costs	42	(1,135,464)	(450,153)
PROFIT BEFORE TAXATION		2,581,746	2,454,431
Taxation	43	(167,868)	(260,057)
PROFIT FOR THE YEAR		2,413,878	2,194,374
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss			
- Remeasurement of post-retirement benefits obligation	29.1.8	18,753	(63,931)
- Related tax	15.1	(3,249)	12,431
		15,504	(51,500)
- Revaluation of property, plant and equipment		-	-
- Related tax	15.1	(1,559)	(5,178)
		(1,559)	(5,178)
OTHER COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR		13,945	(56,678)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		2,427,823	2,137,696
PROFIT ATTRBUTABLE TO:			
Equity holders of the Holding Company		2,413,267	2,193,928
Non-controlling interest	26	611	446
		2,413,878	2,194,374
TOTAL COMREHENSIVE INCOME ATTRBUTABLE TO:			
Equity holders of the Holding Company		2,427,212	2,137,250
Non-controlling interest	26	611	446
		2,427,823	2,137,696
		----------------(Rupees)----------------	
EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE HOLDING COMPANY - basic and diluted	44	18.27	16.61

The annexed notes 1 to 59 form an integral part of these consolidated financial statements.

Syed Jarar Haider Kazmi	**Shakeel Ahmed Mangnejo**	**Khowaja Obaid Imran Ilyas**
Chief Financial Officer	Chairman & Chief Executive	Director

Consolidated Statement of Changes in Equity

For the year ended June 30, 2020

	------------ 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 1, 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 1, 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 deferred tax	-	-	-	2,082	2,082	-	(2,082)	-	-	-
Total comprehensive income for the year										
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
Balance as at July 1, 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**
Transactions with owners										
Final cash dividend for the year ended June 30, 2019 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	-	-	-	2,149	2,149	-	(2,149)	-	-	-
Transaction cost on issue of further share capital of subsidiaries	-	-	-	(78,065)	(78,065)	-	-	(78,065)	-	(78,065)
Comprehensive income for the year										
Profit for the year	**-**	**-**	**-**	**2,413,267**	**2,413,267**	**-**	**-**	**2,413,267**	**611**	**2,413,878**
Other comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**15,504**	**(1,559)**	**13,945**	**-**	**13,945**
Total comprehensive income for the year	**-**	**-**	**-**	**2,413,267**	**2,413,267**	**15,504**	**(1,559)**	**2,427,212**	**611**	**2,427,823**
Balance as at June 30, 2020	**1,320,634**	**131,344**	**129,307**	**32,164,560**	**32,293,867**	**(291,117)**	**1,234,018**	**33,368,112**	**5,221**	**34,693,967**

* 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 59 form an integral part of these consolidated financial statements.

Syed Jarar Haider Kazmi	**Shakeel Ahmed Mangnejo**	**Khowaja Obaid Imran Ilyas**
Chief Financial Officer	Chairman & Chief Executive	Director

Consolidated Statement of Cash Flows

For the year ended June 30, 2020

	Note	June 30, 2020	June 30, 2019
		-------(Rupees in '000)-------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	45	4,281,364	2,853,438
Employees' gratuity paid	29.1.4	(11,478)	(26,756)
Employees' compensated absences paid	29.2.4	(80,885)	(81,852)
Post-retirement medical benefits paid	29.1.4	(25,692)	(27,229)
Long-term loans		5,486	1,737
Finance costs paid		(1,153,043)	(405,735)
Taxes paid		(331,641)	(295,941)
Net cash generated from operating activities		2,684,111	2,017,662
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	8.1 & 8.7	(678,706)	(9,030,695)
Proceeds from disposal of property, plant and equipment		15,963	-
Initial deposit for the acquisition of intangible asset	10	(12,891)	-
Additions to investment properties	11	(117)	-
Short-term investments (made) / redeemed		(1,470,285)	3,484,880
Interest received on short-term investments		497,398	410,391
Dividends received on long-term investments in listed companies	41	1,150	3,947
Net cash used in investing activities		(1,647,488)	(5,131,477)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term financing obtained	27.3	-	7,568,288
Long-term financing repaid	27.3	(1,758,939)	(1,449,615)
Lease rentals paid		(10,531)	-
Transaction cost paid for issuance of shares of subsidiaries		(78,065)	-
Dividends paid		(255,204)	(190,900)
Net cash (used in) / generated from financing activities		(2,102,739)	5,927,773
Net (decrease) / increase in cash and cash equivalents		(1,066,116)	2,813,958
Cash and cash equivalents at beginning of the year		5,578,137	2,764,179
Cash and cash equivalents at end of the year	46	4,512,021	5,578,137

The annexed notes 1 to 59 form an integral part of these consolidated financial statements.

Syed Jarar Haider Kazmi
Chief Financial Officer

Shakeel Ahmed Mangnejo
Chairman & Chief Executive

Khowaja Obaid Imran Ilyas
Director

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% (2019: 73%) of the share capital of Pakistan Co-operative Ship Stores (Private) Limited and 100% (2019: 100%) of the share capital of the remaining eighteen subsidiary companies. Each of wholly owned subsidiaries operate one vessel / tanker with the exception of Swat Shipping (Private) Limited, Lalazar Shipping (Private) Limited, Johar Shipping (Private) Limited, Kaghan Shipping (Private) Limited, Islamabad Shipping (Private) Limited, Sargodha Shipping (Private) Limited and Makran Shipping (Private) Limited which currently do not own any vessel.

1.2 During the year, the World Health Organization declared COVID-19 a pandemic. To reduce the impact on businesses and economies in general, regulators / governments across the globe introduced a host of measures on both the fiscal and economic fronts.

Shipping operations, which is the basic business of the Group has been permitted by the Government to operate with strict compliance of SOPs issued. Consequently, the Group's offices and vessels have continued to operate. However, COVID-19 has primarily impacted the Group on account of depression in the charter out business in its bulk carriers and reduced activities under slot charter segment. The Group remained up to date in all its financial committments. The management believes that the going concern assumption of the Group remains valid.

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

5.1 New or amendments / interpretations to existing standards, interpretation and forthcoming requirements

There are new and amended standards and interpretations that are mandatory for accounting periods beginning July 1, 2019 other than those disclosed in note 5.2. These are considered not to be relevant or do not have any significant effect on the Group's financial statements and are therefore not stated in these financial statements.

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

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after January 1, 2020:

- Amendment to IFRS 3 ‘Business Combinations’ – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after January 1, 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after January 1, 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.

- On March 29, 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallise. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of January 1, 2020, unless the new guidance contains specific scope outs.

- Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after January 1, 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the financial statements of the Group.

- Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after January 1, 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.

- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual period beginning on or after January 1, 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract. Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for the annual period beginning on or after January 1, 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

ANNUAL IMPROVEMENTS TO IFRS STANDARDS 2018-2020 CYCLE

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after January 1, 2022.

- IFRS 9- The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph 83.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

- IFRS 16 - The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

- IAS 41 - The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

The above improvements to standards are not likely to have material / significant impact on Group's financial statements.

The adoption of the above standards, interpretations, amendments and improvements to IFRSs did not have any effect on these financial statements, except for IFRS 16, detail of which is as follows:

IFRS 16 - ‘Leases’

During the year, IFRS 16 - Leases became applicable. IFRS 16 replaces existing guidance on accounting for leases, including IAS 17, Leases, IFRIC 4, Determining whether an Arrangement contains a Lease, SIC-15, Operating Leases - Incentive, and SIC-27, Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 introduces an on-balance sheet lease accounting model for leases entered by the lessee. A lessee recognizes a right-of-use asset representing its right of using the underlying asset and a corresponding lease liability representing its obligations to make lease payments. There are recognition exemptions for short term leases and leases of low value assets.

The Group has adopted IFRS 16 from July 01, 2019, using the modified retrospective and has not restated comparatives for the reporting period of 2018 - 2019, as permitted under the specific transitional provisions in the standard.

On adoption of IFRS 16, the Group has recognised liabilities in respect of leases which had previously been classified as operating leases under IAS 17. These liabilities were initially measured as the present value of the remaining lease payments, discounted using the Group’s incremental borrowing rate of 7.51% per annum as of July 01, 2019. The lease liability is subsequently measured at amortised cost using the effective interest rate method.

	As at June 30, 2020	As at July 01, 2019
	-----------------Rupees in '000-----------------	
Lease liability recognised	115,527	15,511

On adoption of IFRS 16, the associated right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of prepaid lease payments recognised in the statement of financial position immediately before the date of initial application.

The right-of-use assets recognised subsequent to the adoption are measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date. The right-of-use assets are depreciated on a straight line basis over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use assets are reduced by impairment losses, if any, and adjusted for certain remeasurements of lease liability.

	As at July 01, 2019 (Rupees in '000)
The recognised right-of-use assets relate to the following type of asset:	
Right-of-use assets Property	17,084
Impact on statement of financial position	
Increase in fixed assets - right-of-use assets	17,084
Decrease in prepaid rent,	(1,573)
Increase in total assets	15,511
Increase in other liabilities - lease liability against right-of-use assets	(15,511)
Decrease in net assets	-

	For the year ended June 30, 2020 (Rupees in '000)
Impact on statement of profit and loss account	
Increase in mark-up expense - lease liability against right-of-use assets	(3,898)
(Increase) / decrease in administrative expenses:	
- Depreciation on right-of-use assets	(5,588)
- Rent expense had the IFRS 16 not been applied	5,580
Decrease in profit before tax	**(3,906)**

In view of the application of above IFRS, the Group's accounting policy for right-of-use assets and its related lease liability are given in notes 6.3 & 6.15 to these financial statements.

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.

During the year, the Group reassessed the estimate regarding useful life of vessels managed by it. On such reassessment, the useful life of tankers decreased by 5 years. The impact of such decrease in useful life is applied prospectively as per the requirements of IAS-8 "Accounting Policies, Changes in Accounting Estimates and Errors". Due to such application, depreciation expense for the year is increased by Rs. 283.651 million.

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 Right-of-use asset

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Group does not recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are recognised as an expense on a straight line basis over the lease term.

6.4 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.

6.5 Investment properties

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

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.

6.6 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.

6.7 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.

6.7.1 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 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.

6.7.2 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 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 as 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 27 to these consolidated financial statements.

6.7.3 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.

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.

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.

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.

6.7.4 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 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.

6.8 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 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.

6.9 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 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.

6.10 Taxation

6.10.1 Current tax

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.

6.10.2 Deferred tax

Deferred tax is provided using the balance 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.

6.11 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.

6.12 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 Group.

6.13 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.

6.14 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.

6.15 Lease liabilities

At inception of a contract, the Group assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments include fixed payments less any incentive received, variable lease payment that are based on an index or a rate, amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option and if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in determination of lease term only when the Group is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Group's estimate of the amount expected to be payable under a residual value guarantee. The corresponding adjustment is made to the carrying amount of the right-to-use asset, or is recorded in profit and loss if the carrying amount of right-to-use asset has been reduced to zero.

The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate.

When there is a change in scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease is accounted for as a lease modification. The lease modification is accounted for as a separate lease if modification increase the scope of lease by adding the right-to-use one or more underlying assets and the consideration for lease increases by an amount that is commensurate with the stand-alone price for the increase in scope adjusted to reflect the circumstances of the particular contracts, if any. When the lease modification is not accounted for as a separate lease, the lease liability is remeasured and corresponding adjustment is made to right-of-use asset.

6.16 Staff retirement benefits

6.16.1 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.

6.16.2 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, 2020. 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.

The Group's crew members are also entitled to gratuity in accordance with the Pakistan Maritime Board Regulations. However, these employee benefits are recognised upon payment as the amounts involved are not material.

6.16.3 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.

During the year ended June 30, 2014, the Group introduced the policy of post-retirement medical benefits for its shore based contractual employees with effect from October 29, 2013.

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, 2020. 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.

6.17 Employees' compensated absences

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

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, 2020. The remeasurement of employees' compensated absences are charged to profit or loss for the year.

6.18 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.

6.19 Foreign currency translation

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.

6.20 Revenue recognition

The Group recognizes 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 recognizes trade debts when the performance obligations have been met, recognizing the corresponding revenue.

Moreover, the considerations received before satisfying the performance obligations are recognized as contract liabilities. Revenue from contract with customers is recognized 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 revenue is recognized 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 recognized 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 recognized 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.

6.21 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.

6.22 Benazir Employees' Stock Option Scheme

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

The Scheme provides for a cash payment to employees on retirement or termination based on the price of shares of respective entities. To administer this scheme, GoP shall transfer 12% of its investment in such SOEs and non-SOEs to a trust fund to be created for the purpose of such entities. The eligible employees would be allotted units by each Trust Fund in proportion to their respective length of service and on retirement or termination of such employees would be entitled to receive such amounts from Trust Funds in exchange for the surrendered units as would be determined based on market price of listed entities or breakup value of non-listed entities. The shares related to the surrendered units would be transferred back to GoP.

The Scheme also provides that 50% of dividend related to shares transferred to the respective Trust Fund would be distributed amongst the unit-holder employees. The balance 50% dividend would be transferred by the respective Trust Fund to the Central Revolving Fund managed by the Privatisation Commission of Pakistan for payment to employees against surrendered units. The deficits, if any, in Trust Funds to meet the re-purchase commitment would be met by GoP.

The Scheme, developed in compliance with the stated GoP policy of the empowerment of employees of State Owned Enterprises need to be accounted for by the covered entities, including the Group, under the provisions of amended International Financial Reporting Standard-2 'Share Based Payments' (IFRS 2). However, keeping in view the difficulties that may be faced by the entities covered under the Scheme, the Securities & Exchange Commission of Pakistan on receiving the representation from some of the entities covered under the Scheme and after having consulted the Institute of Chartered Accountants of Pakistan, has granted exemption vide SRO 587(I)/2011 dated June 7, 2011 to such entities from application of IFRS 2 to the 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 (2019: Rs 631.142 million) and reserves would have been higher by Rs 631.142 million (2019: Rs 631.142 million) based on independent actuarial valuations conducted as on June 30, 2014.

During the year ended June 30, 2017, the shares have not been transferred to the respective Trust Fund under the Scheme as the matter is pending with the Ministry of Finance, Revenue and Economic Affairs. The Scheme is being revamped by GoP and all claims and disbursements to the employees are kept in abeyance.

6.23 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 11);

(b) Determination of the residual values and useful lives of property, plant and equipment and intangible assets (notes 8 and 10);

(c) Allowance for ECL of on trade debts, agents' and owners' balances, other receivables and other financial assets (notes 17, 18, 21 & 20);

(d) Recognition of taxation and deferred taxation (notes 43 and 15);

(e) Accounting for provision against damage claims (note 32);

(f) Accounting for staff retirement benefits and compensated absences (note 29);

(g) Recognition of demurrage income, income from heating and miscellaneous claims (note 34).

(h) Contingencies and Commitments (note 6.21 & 33)

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, 2020	June 30, 2019
		------------(Rupees in '000)------------	
- Operating fixed assets	8.1	28,067,862	29,368,031
- Major spare parts and stand-by equipment	8.7	549,479	412,960
- Capital work-in-progress - buildings on leasehold land	8.9	56,881	56,881
		28,674,222	29,837,872

8.1 Operating fixed assets

	Leasehold land (note 8.2 - 8.5)	Buildings on leasehold land (note 8.2 - 8.5)	Vessel fleet			Vehicles	Office equipment	Furniture and fittings	Equipment on board	Beach huts (note 8.2 - 8.5)	Workshop machinery and equipment (note 8.4 & 8.5)	Computer equipment	Total
			Cost	Dry docking	Total								
	(Rupees in '000)												
As at July 01, 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	-	(26,828)	-	-	-	-	-	-	-	-	-	-	(26,828)
Depreciation charge for the year - note 8.7 & 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
Year ended June 30, 2020													
Opening 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
Additions	-	2,401	-	456,147	456,147	12,152	4,187	1,333	4,631	-	2,627	22,811	506,289
Disposals													
- Cost	-	-	-	-	-	(22,744)	-	-	-	-	-	-	(22,744)
- Accumulated Depreciation	-	-	-	-	-	22,744	-	-	-	-	-	-	22,744
	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to Investment property	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation charge for the year - note 8.7 & 8.8	-	(34,055)	(1,354,297)	(312,402)	(1,666,699)	(11,609)	(3,519)	(1,042)	(5,061)	(1,627)	(864)	(10,503)	(1,734,979)
Impairment	-	-	(71,479)	-	(71,479)	-	-	-	-	-	-	-	(71,479)
Closing net book value	**1,086,960**	**699,435**	**25,656,023**	**528,822**	**26,184,845**	**15,649**	**15,514**	**7,098**	**15,973**	**12,997**	**7,103**	**22,288**	**28,067,862**
As at June 30, 2020													
Cost or revalued amount	1,086,960	777,324	35,654,220	2,621,661	38,275,881	85,237	75,983	39,772	48,904	16,251	21,528	99,910	40,527,750
Accumulated depreciation	-	(68,236)	(9,926,718)	(2,092,839)	(12,019,557)	(69,588)	(60,469)	(32,674)	(32,931)	(3,254)	(14,425)	(77,622)	(12,378,756)
Accumulated impairment loss	-	(9,653)	(71,479)	-	(71,479)	-	-	-	-	-	-	-	(81,132)
Net book value	**1,086,960**	**699,435**	**25,656,023**	**528,822**	**26,184,845**	**15,649**	**15,514**	**7,098**	**15,973**	**12,997**	**7,103**	**22,288**	**28,067,862**
Annual rate of depreciation (%)													
2020	**-**	**3 to 20**	**3.33 to 4**	**20 to 40**		**20**	**15**	**10 to 15**	**10 to 15**	**10**	**5 to 10**	**33**	
2019	-	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 #	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 banglow	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 #	Class of asset	(Rupees in '000)
1	Leasehold land	923,916
2	Buildings on leasehold land	665,417
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, an independent valuer. Out of the total revaluation surplus, Rs 1,250.005 million (2019: Rs 1,251.285 million) remains undepreciated as at June 30, 2020.

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

	June 30, 2020	June 30, 2019
	(Rupees in '000)	
Leasehold land, buildings on leasehold land and beach huts	600,768	636,991
Workshop machinery and equipment	4,221	5,085
	604,989	642,076

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, 2020	June 30, 2019
8.7 Major spare parts and stand-by equipment		(Rupees in '000)	
Opening net book value		412,960	346,186
Additions during the year		172,417	94,696
		585,377	440,882
Depreciation (rate 5% - 7%)		(35,898)	(27,922)
Closing net book value		549,479	412,960
8.8 The depreciation charge for the year has been allocated as follows:			
Fleet expenses - direct	35	1,707,659	1,270,937
Fleet expenses - indirect	36	698	617
Real estate expenses	37	28,091	27,617
Administrative expenses	38	34,430	25,078
		1,770,878	1,324,249
8.9 Capital work-in-progress - buildings on leasehold land			
Balance at beginning of the year		56,881	56,881
Additions during the year		-	-
Transferred to operating fixed assets		-	-
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, 2020. 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, 2020 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 11.56% and in case of oil tankers is 14.88%. 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 except for M.V Sibi, where the vessel was written down to its recoverable amount of Rs. 1,673.8 million, which was determined by reference to the value in use method. The resultant impairment loss of Rs 71.479 million is recognised in other expenses in the profit and loss account.

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 1,668.072 million (2019: Rs 2,247.626 million), whereas a similar decrease in the discount rate will have a positive effect of Rs 1,812.780 million (2019: Rs 2,461.906 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 751.212 million (2019: Rs 724.320 million) whereas a similar increase will have a positive effect of Rs 751.212 million (2019: Rs 729.445 million) on the recoverable amount.

9. RIGHT OF USE ASSET

	Note	June 30, 2020 (Rupees in '000)
As at July 1, 2019		17,084
Additions		106,649
Depreciation	9.2	(5,588)
As at June 30, 2020		118,145

9.1 The annual rate of depreciation for the right-of-use assets is 10%.

9.2 Depreciation charge on right of use assets for the year has been allocated as follows:

	Note	June 30, 2020 (Rupees in '000)
Administrative expenses	38	5,588
		5,588

10. INTANGIBLE ASSET

	June 30, 2020	June 30, 2019
	---------(Rupees in '000)-----------	
Capital work in progress (CWIP)		
Computer Software	12,891	-

Intangible also include 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.

11. INVESTMENT PROPERTIES

	Note	Leasehold land	Buildings on leasehold land	Total
		----------------(Rupees in '000)------------------------		
Balance as at July 1, 2019		3,190,784	75,321	3,266,105
Additions during the year			117	117
Gain on revaluation	41	159,541	428	159,969
Balance as at June 30, 2020		3,350,325	75,866	3,426,191
Balance as at July 1, 2018		3,013,684	47,948	3,061,632
Additions during the year		-	26,828	26,828
Gain on revaluation	41	177,100	545	177,645
Balance as at June 30, 2019		3,190,784	75,321	3,266,105

11.1 Particulars of immovable investment properties are as follows::

S #	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		1,088	5,675
3	Plot No. 6 & 6-A, Block H, Gulberg-II, Lahore		268	2,410
4	Plot bearing Survey No. 15, Main Talpur Road, off I.I. Chundrigar Road, Karachi		9,856	111,200

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

S #	Class of asset	June 30, 2020	June 30, 2019
		--------------(Rupees in '000)----	
1	Leasehold land	2,847,775	2,712,165
2	Buildings on leasehold land	64,082	63,618

11.3 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, 2020. As a result, a revaluation gain of Rs 159.541 million (2019: Rs 177.1 million) was determined in respect of leasehold land and a revaluation gain / (loss) was determined on buildings on leasehold land amounting to Rs 0.428 million (2019: Rs 0.545 million).

11.4 Valuation Techniques

The valuers have arranged inquiries and verifications from various estate agents, brokers and dealers, the location and condition of the property, size, utilization and current trends in price of real estate including assumptions that ready buyers are available in the current scenario and analyzed through detailed market surveys, the properties that have recently been sold or purchased or offered / quoted for sale into given vicinity to determine the better estimates of the fair value.

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

Equity Method

No. of shares - ordinary June 30, 2020	No. of shares - ordinary June 30, 2019	Name of the company	Country of incorporation	Share of net assets June 30, 2020	Share of net assets June 30, 2019	Latest available audited financial statements for the year ended	Percentage holding %	Face value per share (Rupees)	June 30, 2020	June 30, 2019
				------(Rupees in '000)------					--------(Rupees in '000)--------	
Associate - unlisted										
12,250	12,250	Muhammadi Engineering Works Limited	Pakistan	1,600	1,600	December 31, 1982	49	100	1,600	1,600
		Less: Accumulated impairment losses							1,600	1,600
									-	-

13. LONG-TERM INVESTMENTS IN LISTED COMPANIES AND AN OTHER ENTITY

	Note	June 30, 2020	June 30, 2019
		--------------(Rupees in '000)----	
Financial assets at fair value through profit or loss			
Listed companies			
Siemens (Pakistan) Engineering Company Limited 6,930 (2019: 6,930) fully paid ordinary shares of Rs 10 each Market value per share as at June 30, 2020 Rs 561.83 (2019: Rs 605.58)	13.1	3,894	4,197
Pakistan State Oil Company Limited 199,336 (2019: 166,114) fully paid ordinary shares of Rs. 10 each. Market value per share as at June 30, 2020 Rs 158.16 (2019: Rs 169.63)	13.2	31,527	28,178
		35,421	32,375
Other entity			
Pakistan Tourism Development Corporation Limited 10,000 (2019: 10,000) fully paid ordinary shares of Rs. 10 each.		100	100
		35,521	32,475

13.1 The Group holds 0.084% (2019: 0.084%) of the investee's share capital.

	Note	June 30, 2020	June 30, 2019
Balance at beginning of the year		4,197	7,036
Loss on revaluation of long-term investments in listed companies	40 & 41	(303)	(2,839)
Balance at end of the year		3,894	4,197

13.2 The Group holds 0.04246% (2019: 0.04246%) of the investee's share capital.

	Note	June 30, 2020	June 30, 2019
		--------(Rupees in '000)--------	
Balance at beginning of the year		28,178	44,063
Loss on revaluation of long-term investments in listed companies	41	3,349	(15,885)
Balance at end of the year		31,527	28,178

14. LONG-TERM LOANS

	Note	June 30, 2020	June 30, 2019
Considered good			
- due from executives	14.1, 14.2 & 14.3	12,772	18,158
- due from other employees		8,633	11,187
		21,405	29,345
Less: Recoverable within one year		9,578	12,032
		11,827	17,313

14.1 Reconciliation of carrying amount of loans to executives:

	June 30, 2020	June 30, 2019
Balance at beginning of the year	18,158	18,234
Disbursements	3,500	8,500
Repayments	(8,886)	(8,576)
Balance at end of the year	12,772	18,158

14.2 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.

14.3 The maximum aggregate amount of loans due from executives at the end of any month during the year was Rs 19.925 million (2019: Rs 18.427 million).

15. DEFERRED TAXATION - net

	June 30, 2020	June 30, 2019
	--------(Rupees in '000)--------	
Deductible temporary differences arising in respect of Provisions and deferred liabilities	142,286	147,600
Taxable temporary differences arising in respect of:		
- surplus on revaluation of property, plant and equipment	(17,686)	(15,668)
- accelerated tax depreciation	(5,195)	(5,936)
	(22,881)	(21,604)
	119,405	125,996

15.1 The movement in temporary differences is as follows:

	Balance as at July 1, 2018	Recognised in profit or loss	Recognised in other comprehensive income	Balance as at June 30, 2019	Recognised in profit or loss	Recognised in other comprehensive income	Balance as at June 30, 2020
Deductible temporary differences:							
- provisions and deferred liabilities	80,603	54,566	12,431	147,600	(2,065)	(3,249)	142,286
Taxable temporary differences:							
- surplus on revaluation of property, plant and equipment	(11,712)	1,222	(5,178)	(15,668)	(459)	(1,559)	(17,686)
- accelerated tax depreciation	(5,078)	(858)	-	(5,936)	741	-	(5,195)
	(16,790)	364	(5,178)	(21,604)	282	(1,559)	(22,881)
	63,813	54,930	7,253	125,996	(1,783)	(4,808)	119,405

16. STORES AND SPARES

	June 30, 2020	June 30, 2019
	--------(Rupees in '000)--------	
Stores		
- at depot	9,112	10,422
- at buildings	472	472
- on board	41,959	32,056
	51,543	42,950
Spares		
- at buildings	796	796
- in transit	33,010	53,275
- on board	632,440	384,703
	666,246	438,774
Bunker on board	627,960	581,111
	1,345,749	1,062,835

17. TRADE DEBTS - unsecured	Note	June 30, 2020	June 30, 2019
		------(Rupees in '000)------	
Considered good			
- Due from related parties	17.1	2,373,099	2,473,506
- Due from others	17.2	768,004	141,632
		3,141,103	2,615,138
Considered doubtful			
- Due from related parties	17.1	1,415,896	1,161,695
- Due from others		207,615	196,695
		1,623,511	1,358,390
		4,764,614	3,973,528
Less: Allowance for expected credit loss on trade debts	17.4	1,623,511	1,358,390
		3,141,103	2,615,138

17.1 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, 2020	As at June 30, 2019
	------(Rupees in '000)------				
Pakistan State Oil Company Limited	-	-	2,436,165	2,436,165	2,436,165
Pak Arab Refinery Limited	337,552	20,777	319,378	677,707	459,066
Pakistan Refinery Limited	20,124	8,893	161,329	190,346	179,755
Pakistan Security Printing Corporation	-	-	-	-	438
Sui Northern Gas Pipelines Limited	22,680	-	-	22,680	3,301
Sui Southern Gas Company Limited	61	-	-	61	657
Water and Power Development Authority	-	-	-	-	19
National Refinery Limited	2,416	-	118,537	120,953	118,362
Trading Corporation of Pakistan (Private) Limited	-	-	4,867	4,867	4,866
District Controller of Stores	78	-	2,768	2,846	4,001
Others	49,486	116,680	167,202	333,368	428,571
	432,397	146,350	3,210,246	3,788,993	3,635,201

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

	June 30, 2020	June 30, 2019
	------(Rupees in '000)------	
Upto 1 month	114,334	67,798
1 to 6 months	607,104	73,753
More than 6 months	46,566	81
	768,004	141,632

17.3 The maximum aggregate amount of receivable due from related parties at the end of any month during the year was Rs 3,789 million (2019: Rs 3,635 million).

17.4 Allowance for ECL on trade debts	Note	June 30, 2020	June 30, 2019
		------(Rupees in '000)------	
Balance at beginning of the year		1,358,390	625,382
Impact of initial application of IFRS 9		-	674,969
Adjusted balance at beginning of the year		1,358,390	1,300,351
Increase during the year	39	265,121	91,602
Reversed during the year	39	-	(33,563)
Balance at end of the year		1,623,511	1,358,390

17.5 The corresponding figures of demurrage receivables, heating claim receivables and additional war risk receivables are reclassified during the period from other receivables to trade debts along with their provisions as further explained in note 54.

18. AGENTS' AND OWNERS' BALANCES - unsecured	Note	**June 30, 2020**	June 30, 2019
		(Rupees in '000)	
- Considered good	18.1	**9,628**	13,085
- Considered doubtful		**8,725**	8,459
		18,353	21,544
Less: Allowance for expected credit loss on agents' and owners' balances	18.2	**8,725**	8,459
		9,628	13,085

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

	Note	**June 30, 2020**	June 30, 2019
		(Rupees in '000)	
Upto 1 month		**320**	2,779
1 to 6 months		**4,007**	7,409
More than 6 months		**5,301**	2,897
		9,628	13,085

18.2 Allowance for ECL on agents' and owners' balances

Balance at beginning of the year		**8,459**	6,307
Increase during the year	39	**266**	2,152
Balance at end of the year		**8,725**	8,459

19. LOANS AND ADVANCES - considered good

Current portion of long-term loans			
- due from executives		**5,826**	7,339
- due from other employees		**3,752**	4,693
	14	**9,578**	12,032
Advances - unsecured			
- employees		**45,447**	40,294
- contractors and suppliers	19.1	**19,808**	17,670
		65,255	57,964
		74,833	69,996

19.1 The maximum amount of advance to Port Qasim Authority at the end of any month during the year was nil (2019: Rs 8.867 million).

20. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS	Note	**June 30, 2020**	June 30, 2019
		(Rupees in '000)	
Trade deposits			
- Considered good	20.1	**16,224**	43,538
- Considered doubtful		**369**	369
		16,593	43,907
Less: Allowance for ECL on trade deposits		**369**	369
		16,224	43,538
Short-term prepayments		**11,955**	30,127
		28,179	73,665

20.1 This include Rs 2.102 million (2019: Rs 32.821 million) amount deposited with Karachi Port Trust (KPT), a related party.

21. OTHER RECEIVABLES	Note	**June 30, 2020**	June 30, 2019
		(Rupees in '000)	
Considered good			
- Due from related parties		**197,710**	-
- Due from others		**422,646**	302,311
		620,356	302,311
Considered doubtful			
- Due from related parties		**12,197**	12,197
- Due from others		**75,903**	1,631
		88,100	13,828
	21.2	**708,456**	316,139
Less: Allowance for ECL on other receivables	21.4	**88,100**	13,828
		620,356	302,311
Employees' gratuity scheme - funded	29.1.3	**-**	485
		620,356	302,796

21.1 The ageing analysis of other receivables, due from related party that are past due but not impaired is as follows:

	Note	June 30, 2020	June 30, 2019
		----------(Rupees in '000)----------	
Upto 1 month		13,450	4
1 to 6 months		1,869	547
More than 6 months		194,588	93,242
	21.3	209,907	93,793

21.2 This represents the following:

	Note	June 30, 2020	June 30, 2019
Receivable from sundry debtors	21.3	226,560	127,627
Sales tax refund claims		26,204	26,204
Others		455,692	162,308
		708,456	316,139

21.3 This includes an amount of Rs. 125.139 million (2019: Rs 79.117 million) due from the Government of Pakistan, Rs 46.28 million from Port Qasim Authority, Rs 10.4 million from Karachi Port Trust and Rs 13.67 million from Sindh Revenue Board.

21.4 Allowance for ECL on other receivables

	Note	June 30, 2020	June 30, 2019
		----------(Rupees in '000)----------	
Balance at beginning of the year		13,828	13,828
Increase during the year	39	74,272	-
Balance at end of the year		88,100	13,828

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

21.6 The maximum aggregate amount of receivable due from related parties at the end of any month during the year was Rs 255.974 million (2019: Rs 155.159 million).

21.7 The corresponding figures of demurrage receivables, heating claim receivables and additional war risk receivables are reclassified during the period from other receivables to trade debts along with their provisions as further explained in note 54.

22. INCOMPLETE VOYAGES

	Note	June 30, 2020	June 30, 2019
		----------(Rupees in '000)----------	
Salaries and allowances		12,640	47,914
Diesel, fuel and lubricants		64,299	39,196
Stores and spares consumed		2,984	7,171
Port, light, canal and customs dues		6,823	-
Insurance		6,357	4,485
Charter hire and related expenses		1,826	1,945
Victualling		-	1,453
		94,929	102,164

23. SHORT-TERM INVESTMENTS

Amortised cost

	Note	June 30, 2020	June 30, 2019
Term deposits with banks and treasury bills having maturity of			
- more than three but upto six months		1,958,835	488,550
- three months or less		2,040,190	2,694,000
	23.2	3,999,025	3,182,550

23.1 Short term investment includes investment in treasury bills having market value of Rs. 510.190 million (2019: nil).

23.2 Mark-up on these term deposits denominated in local currency ranges from 7.20% to 13.25% (2019: 11.00% to 12.80%) per annum, whereas mark-up on term deposits denominated in foreign currency was 2.30% (2019: 3.25%) per annum.

24. CASH AND BANK BALANCES

	Note	June 30, 2020	June 30, 2019
		----------(Rupees in '000)----------	
Cash in hand			
- foreign currency		**1,473**	1,747
Cash at bank			
- in current accounts			
- local currency	24.1	**234,170**	171,621
- foreign currency		**45,873**	75,045
		280,043	246,666
- in saving accounts			
- local currency	24.2	**997,830**	1,710,358
- foreign currency	24.3	**1,192,485**	925,366
		2,190,315	2,635,724
		2,471,831	2,884,137

24.1 This includes Rs 2.142 million (2019: Rs 2.142 million), Rs 5 million (2019: Rs 5 million) and Rs 11.777 million (2019: nil) held as security by Habib Bank Limited, PNSC branch, Soneri Bank, AKU branch and JS Bank Limited, Jheel Park Branch respectively against guarantees issued on behalf of the Holding Company.

24.2 Mark-up on these savings accounts ranges from 6.35% to 12.80% (2019: 3.9% to 12.25%) per annum.

24.3 Mark-up on these savings accounts ranges from 0.15% to 0.5% (2019: 0.15% to 0.5%) per annum.

25. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

June 30, 2020	June 30, 2019		June 30, 2020	June 30, 2019
----------(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

25.1 As at June 30, 2020, Government of Pakistan held 115,633,710 (2019: 115,293,360) ordinary shares, representing 87.56% (2019: 87.30%) shareholding of the Holding Company.

26. NON-CONTROLLING INTEREST

	June 30, 2020	June 30, 2019
	----------(Rupees in '000)----------	
Share of non-controlling interest in:		
- share capital	**59**	59
- general reserve	**10**	10
- opening unappropriated profit	**4,541**	4,095
- profit for the year	**611**	446
	5,221	4,610

		June 30, 2020	June 30, 2019
27. LONG-TERM FINANCING - secured	*Note*	(Rupees in '000)	
Financing under syndicate term finance agreement	*27.1*	**4,592,617**	5,431,480
Financing under musharika agreement	*27.2*	**2,752,500**	3,651,988
		7,345,117	9,083,468
Less: Current portion of long-term financing		**1,334,964**	1,747,543
		6,010,153	7,335,925

27.1 Financing under syndicate term finance agreement includes:

27.1.1 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 Group has drawn Rs 2,054.250 million to date.

27.1.2 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 Group 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.

27.2 Financing under musharika agreement includes:

27.2.1 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 Group has drawn Rs 1,027.125 million to date.

27.2.2 Financing obtained in June 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, has been fully paid off during the year ended June 30, 2020.

27.2.3 Financing obtained during the financial year 2018-19 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.

27.3 Following is the movement in long-term financing:

	June 30, 2020	June 30, 2019
	(Rupees in '000)	
Balance at beginning of the year	**9,083,468**	2,954,358
Additions	**-**	7,568,288
Repayments	**(1,758,939)**	(1,449,615)
Amortisation of arrangement fee	**20,588**	10,437
Balance at end of the year	**7,345,117**	9,083,468

28. LEASE LIABILITIES

28.1 Set out below the carrying amount of lease liabilities and the movement during the year

	June 30, 2020 (Rupees in '000)
As at July 1, 2019	**15,511**
Additions	**97,049**
Interest expense	**3,898**
Payments	**(931)**
As at June 30, 2020	**115,527**
Current	**6,323**
Non-current	**109,204**
	115,527

28.2 Lease liabilities are payable as follows:

	Minimum lease payment	Interest cost	Present value of minimum lease payment
	-----------------(Rupees in '000)----------------		
Less than one year	12,061	5,738	6,323
One to five years	63,433	29,752	33,681
More than five years	90,956	15,433	75,523
	166,450	50,923	115,527
Less: Current portion			6,323
			109,204

29. EMPLOYEE BENEFITS

	Note	June 30, 2020	June 30, 2019
		------------(Rupees in '000)---	
Employees' gratuity			
- funded	*29.1.3 & 21*	**4,496**	-
- unfunded	*29.1.3*	**340,547**	284,937
		345,043	284,937
Post-retirement medical benefits	*29.1.3*	**168,015**	166,407
Employees' compensated absences	*29.2.3*	**250,462**	259,915
		763,520	711,259

29.1 Retirement benefit schemes

29.1.1 The disclosures made in notes 29.1.2 to 29.1.16 of these consolidated financial statements are based on the information included in the actuarial valuation report as of June 30, 2020.

29.1.2 As stated in notes 6.16.2 and 6.16.3 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, 2020			June 30, 2019		
	Employees' gratuity		Post retirement medical benefits	Employees' gratuity		Post retirement medical benefits
	Funded	Unfunded		Funded	Unfunded	
Discount rate	**8.50%**	**8.50%**	**8.50%**	14.50%	14.50%	14.50%
Future salary increases - for permanent employees						
For the year 2019-20	**N/A**	**-**	**-**	N/A	-	-
For the year 2020-21	**5.60%**	**-**	**-**	5.60%	-	-
For the year 2021-22	**20.00%**	**-**	**-**	22.00%	-	-
For the year 2022-23	**5.60%**	**-**	**-**	5.60%	-	-
For the year 2023-24	**20.00%**	**-**	**-**	22.00%	-	-
For the year 2024-25	**5.60%**	**-**	**-**	14.50%	-	-
For the year 2025-26 and onwards	**8.50%**	**-**	**-**	N/A	-	-
Future salary increases - for contractual employees						
For the year 2019-20	**-**	**N/A**	**-**	-	N/A	-
For the year 2020-21	**-**	**8.50%**	**-**	-	13.00%	-
For the year 2021-22	**-**	**8.50%**	**-**	-	13.00%	-
For the year 2022-23	**-**	**8.50%**	**-**	-	13.00%	-
For the year 2023-24	**-**	**8.50%**	**-**	-	13.00%	-
For the year 2024-25	**-**	**8.50%**	**-**	-	13.00%	-
For the year 2025-26 and onwards	**-**	**8.50%**	**-**	-	14.50%	-
Medical escalation rate					-	14.50%
Death rate	based on SLIC (2001-05) Ultimate mortality tables.					

	June 30, 2020			June 30, 2019		
	Employees' gratuity		Post retirement medical benefits	Employees' gratuity		Post retirement medical benefits
	Funded	Unfunded		Funded	Unfunded	
	(Rupees in '000)					
29.1.3 Reconciliation of statement of financial position						
Present value of defined benefit obligation	103,487	340,547	168,015	149,565	284,937	166,407
Fair value of plan assets	(98,991)	-	-	(150,050)	-	-
Net (asset) / liability in the statement of financial position	4,496	340,547	168,015	(485)	284,937	166,407
29.1.4 Movement in present value of defined benefit obligation						
Balance at beginning of the year	149,565	284,937	166,407	151,778	224,946	165,706
Current service cost	3,454	38,525	9,659	3,747	34,163	9,924
Interest cost	17,795	43,214	23,316	13,423	23,471	16,422
Benefits paid	(62,294)	(11,478)	(25,692)	(43,719)	(26,756)	(27,229)
Remeasurements on obligation	(5,033)	(14,651)	(5,675)	24,336	29,113	1,584
Balance at end of the year	103,487	340,547	168,015	149,565	284,937	166,407
29.1.5 Movement in fair value of plan assets						
Balance at beginning of the year	150,050	-	-	185,983	-	-
Expected return on plan assets	17,841	-	-	16,684	-	-
Contribution	-	-	-	-	-	-
Benefits paid	(62,294)	-	-	(43,719)	-	-
Remeasurements on obligation	(6,606)	-	-	(8,898)	-	-
Balance at end of the year	98,991	-	-	150,050	-	-
29.1.6 Movement in net liability in the statement of financial position						
Balance at beginning of the year	(485)	284,937	166,407	(34,205)	224,946	165,706
Expense recognised for the year	3,408	81,739	32,975	486	57,634	26,346
Contributions made by the Holding Company / benefits paid	-	(11,478)	(25,692)	-	(26,756)	(27,229)
Remeasurements recognised in other comprehensive income	1,573	(14,651)	(5,675)	33,234	29,113	1,584
Balance at end of the year	4,496	340,547	168,015	(485)	284,937	166,407
29.1.7 The amounts recognised in profit or loss						
Current service cost	3,454	38,525	9,659	3,747	34,163	9,924
Net interest amount	(46)	43,214	23,316	(3,261)	23,471	16,422
Expense	3,408	81,739	32,975	486	57,634	26,346
29.1.8 Remeasurements recognised in other comprehensive income						
Gain / (loss) from changes in financial assumptions	7,786	10,976	(1,595)	(5,581)	(13,647)	1,140
Experience adjustment	(12,819)	(25,627)	(4,080)	29,917	42,760	3,278
Demographic assumptions	-	-	-	-	-	(2,834)
Remeasurement of fair value of plan assets	6,606	-	-	8,898	-	-
	1,573	(14,651)	(5,675)	33,234	29,113	1,584

		June 30, 2020		June 30, 2019	
		Rupees in '000	%	Rupees in '000	%
29.1.9	Categories / composition of plan assets				
	Cash and cash equivalents	**45,948**	**46.42%**	47,893	31.92%
	Term deposit receipts	**53,043**	**53.58%**	102,157	68.08%
		98,991	**100%**	150,050	100%

29.1.10 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 Holding Company with the subsidiary companies.

29.1.11 Actual gain on plan assets during the year ended June 30, 2020 was Rs 10.615 million (2019: Rs 7.886 million).

29.1.12 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 Increase in assumption	Funded Gratuity Scheme Decrease in assumption	Unfunded Gratuity Scheme Increase in assumption	Unfunded Gratuity Scheme Decrease in assumption
		--------(Rupees in '000)--------			
Discount rate	1%	(101,480)	105,583	(301,291)	387,478
Salary increase rate	1%	103,597	(103,376)	387,898	(300,261)

29.1.13 The weighted average duration of the defined benefit obligations for funded and unfunded gratuity scheme is 1.94 and 11.53 years.

29.1.14 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:

	Change in assumption	Increase / (decrease) in defined benefit obligation of` Post Retirement Medical Benefits – Permanent Employees Increase in assumption	Permanent Employees Decrease in assumption	Contractual Employees Increase in assumption	Contractual Employees Decrease in assumption
		--------(Rupees in '000)--------			
Discount rate	1%	(104,909)	108,305	(54,527)	69,711
Medical cost escalation rate	1%	108,423	(104,767)	69,787	(54,344)

29.1.15 The weighted average duration of the defined benefit obligations post retirement medical benefit scheme for permanent and contractual employees is 6.01 years.

29.1.16 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.

29.2 Employees' compensated absences

29.2.1 The disclosures made in notes 29.2.2 to 29.2.9 of these consolidated financial statements are based on the information included in the actuarial valuation as of June 30, 2020.

29.2.2 As stated in note 6.17 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, 2020	June 30, 2019
Discount rate	8.50%	14.50%
Future salary increases - for permanent employees		
For the year 2019-20	N/A	N/A
For the year 2020-21	5.60%	22.00%
For the year 2021-22	20.00%	5.60%
For the year 2022-23	5.60%	22.00%
For the year 2023-24	20.00%	5.60%
For the year 2024-25	5.60%	22.00%
For the year 2025-26 and onwards	8.50%	14.50%
Future salary increases - for contractual employees		
For the year 2019-20	N/A	N/A
For the year 2020-21	8.50%	13.00%
For the year 2021-22	8.50%	13.00%
For the year 2022-23	8.50%	13.00%
For the year 2023-24	8.50%	13.00%
For the year 2024-25	8.50%	13.00%
For the year 2025-26 and onwards	8.50%	14.50%

	June 30, 2020	June 30, 2019
	(Rupees in '000)	
29.2.3 Reconciliation of statement of financial position		
Present value of defined benefit obligation (recognised)	250,462	259,915
29.2.4 Movement in present value of defined benefit obligation		
Balance at beginning of the year	259,915	210,281
Current service cost	94,253	74,634
Interest cost	41,695	23,536
Remeasurements of obligation	(64,516)	33,316
Benefits paid	(80,885)	(81,852)
Balance at end of the year	250,462	259,915
29.2.5 Expense		
Current service cost	94,253	74,634
Interest cost	41,695	23,536
Remeasurements of obligation	(64,516)	33,316
Expense	71,432	131,486

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

	June 30, 2020	June 30, 2019
	(Rupees in '000)	
Present value of defined benefit obligation	250,462	259,915
Experience (gain) / loss on defined benefit obligation	(64,516)	33,316

29.2.7 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%	(127,545)	138,470	(127,631)	164,346
Salary growth rate	1%	134,836	(130,825)	164,522	(127,195)

29.2.8 The risks to which the scheme exposes the Group are disclosed in note 29.1.16 to these consolidated financial statements.

29.2.9 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 Holding Company with the subsidiary companies.

29.3 Expected retirement benefits costs for the year ending June 30, 2021 are as follows:

	(Rupees in '000)
Gratuity	
-funded	2,496
-unfunded	73,199
Post-retirement medical benefits	32,493
Compensated absences	123,676

29.4 During the year, the Group contributed Rs 7.767 million (2019: Rs 8.665 million) to the provident fund.

30. TRADE AND OTHER PAYABLES

	Note	June 30, 2020	June 30, 2019
		-----(Rupees in '000)--------------	
Creditors		448,792	279,528
Agents' and owners' balances		268,861	345,394
Accrued liabilities		1,640,940	1,454,889
Deposits	*30.1*	54,979	60,636
Bills payable		4,090	4,090
Withholding tax payable		49,197	54,490
Advance rent		26,333	24,696
Other liabilities			
- amounts retained from contractors		3,822	3,822
- others		66,900	66,221
		70,722	70,043
		2,563,914	2,293,766

30.1 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.

31. CONTRACT LIABILITIES

Represents advance received from various related parties and customers. Revenue recognized from amounts included in contract liabilities at the beginning of the year amounted to Rs 218.551 million (2019: Rs 110.290 million).

32. PROVISION AGAINST DAMAGE CLAIMS

	Note	June 30, 2020	June 30, 2019
		-----(Rupees in '000)--------------	
Balance at beginning of the year		26,475	23,193
Net (decrease) / increaseduring the year	*40*	(2,214)	3,282
Balance at end of the year		24,261	26,475

33. CONTINGENCIES AND COMMITMENTS

Contingencies

33.1 The contingent liability in respect of claims not acknowledged by the Holding Company, which as at June 30, 2020 aggregated to Rs 731.986 million (2019: Rs 756.213 million). These claims mainly relate to deficiencies in shipping documentation, delay in delivery of cargo and damages to cargo. These include Rs 2.794 million (2019: Rs 2.725 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 707.725 million (2019: Rs 729.738 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 24.261 million (2019: Rs 26.475 million) against the aforementioned claims in these financial statements.

33.2 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 (2019: Rs 1.300 million) and Rs 66.800 million (2019: 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.

33.3 Certain other claims have been filed against the Holding Company in respect of employees' matters for an aggregate amount of approximately Rs 92.597 million (2019: Rs 93.701 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 unconsolidated financial statements.

33.4 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.

33.5 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. The Commissioner (Appeal) in his order dated July 11, 2019 has remanded back the matter to the ADCIR with the direction to re-adjudicate the issue regarding disallowance of administrative expenses in the light of directions given by the Honorable ATIR. Appeal effect proceeding in respect of appellate order was initiated through notice dated October 4, 2019 and same has been responded by Tax Advisor. No further correspondence has been made in this regard. 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.

33.6 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 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.

33.7 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. Appeal effect proceeding in respect of appellate order was initiated through notice dated October 4, 2019 and same has been responded by Tax Advisor. The management, in consultation with its tax advisor, is confident that the matter will eventually be decided in favour of the Holding Company.

33.8 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. 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. Appeal effect proceeding in respect of appellate order was initiated through notice dated October 4, 2019 and same has been responded by Tax Advisor. 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.

33.9 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.

33.10 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, 2019, the DCIR vide order dated June 29, 2020 has treated the Holding Company assessee in default for not withholding tax: Payment to Non-Resident, Payment of Dividend, Interest free advance to Employees & Closing balance of advances to employees and others and on salaries and demanded Tax of Rs. 899.5 Million. Subsequent to the year end being aggrieved with the order, the Holding Company had filed an appeal before the Commissioner Inland Revenue (Appeal). The CIR(A) had fixed the hearing for July 20, 2020 and had granted the Holding Company a stay from recovery of tax demand till August 10, 2020. On August 7, 2020, written arguments were submitted on behalf of Holding Company and the hearing was re-fixed for August 21, 2020. However, due to transfers and postings, the stay granted by the CIR(A) could not be extended and the Holding Company had to approach Honorable Sindh High Court (SHC) for grant of stay. The SHC has granted the Holding Company a stay from recovery of tax demand vide order dated August 11, 2020. The appeal fileçi before the CIR(A) is pending. The management, in consultation with its legal advisor, is confident that the subject matters in respect of tax year 2017 will eventually be decided in favour of the Holding Company.

33.11 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. 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 till pending. The management, in consultation with its tax advisor, is confident that the subject matters in respect of tax year 2016 will eventually be decided in favour of the Holding Company.

33.12 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. 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 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.

33.13 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 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.

33.14 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.

33.15 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 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.

33.16 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 .

33.17 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

33.18 Commitments in respect of capital expenditure amounted to Rs 32.571 million (2019: Rs 32.571 million).

33.19 Outstanding letters of guarantee amounted to Rs 18.919 million (2019: Rs 7.142 million).

33.20 The Holding Company has provided an undertaking amounting to USD 11.6 million (Rs 1,954.25 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.

33.21 Commitments in respect of Enterprise Resource Planning (ERP) implementation and maintenance amounting to USD 0.417 million (Rs 70.216 million) and USD 0.192 million (Rs 32.303 million) respectively.

		Note	June 30, 2020	June 30, 2019
34.	**INCOME FROM SHIPPING**		----------(Rupees in '000)----------	
	Bulk carriers			
	Freight revenue		2,001,798	2,319,541
	Oil tankers			
	Freight revenue		8,752,540	5,721,427
	Demurrage income		1,189,370	513,518
	Income from miscellaneous claims		430,300	13,082
	Less: overage premium		31,435	40,101
	Less: ocean losses		62,939	47,771
			10,277,836	6,160,155
			12,279,634	8,479,696
	Chartered vessels - Foreign flag vessels			
	Freight revenue		241,926	806,708
	Demurrage income		9,562	
	Income from miscellaneous claims		12,825	
	Less: overage premium		1,679	31,844
	Less: ocean losses		-	26,860
			262,634	748,004
	Slot charter revenue		1,033,224	1,992,710
			13,575,492	11,220,410
35.	**FLEET EXPENSES - direct**			
	Diesel, fuel and lubricants consumed		3,027,886	2,111,139
	Stevedoring and transhipment expenses		677	1,782
	Port, light, canal and customs dues		1,087,821	894,969
	Salaries, benefits and allowances		1,007,843	696,828
	Charter hire and related expenses	*35.1*	629,798	1,641,713
	Demurrage expense		-	2,594
	Fleet communication expenses		29,777	24,955
	Agency commission and brokerage		277,520	173,127
	Victualling expenses		143,739	105,932
	Insurance		514,472	303,505
	Claim charges		6,902	781
	Stores and spares consumed		336,171	238,491
	Repairs, maintenance and special surveys		97,648	170,470
	Depreciation	*8.8*	1,707,659	1,270,937
	Exchange loss		49,839	304,573
	Services sales tax expense		6,369	4,059
	Travelling and conveyance		41,580	78,154
	Survey fee		63,827	-
	Sundry expenses		54,013	84,063
			9,083,541	8,108,072
35.1	**Charter hire and related expenses**			
	Foreign flag vessels			
	- voyage charter expenses		195,765	767,439
	- slot charter expenses		434,033	874,274
			629,798	1,641,713

		Note	June 30, 2020	June 30, 2019
36.	**FLEET EXPENSES - indirect**		--------------(Rupees in '000)------	
	Salaries, benefits and allowances	36.1	613	1,614
	Agents' and other general expenses	36.2	16,438	25,144
	Depreciation	8.8	698	617
			17,749	27,375

36.1 This includes Rs 0.041 million (2019: Rs 0.123 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, 2020	June 30, 2019
36.2	**Agents' and other general expenses**		--------------(Rupees in '000)------	
	Legal and professional charges		9,326	18,742
	Printing and stationery		48	-
	Advertisement and publicity		1,497	1,348
	Telephone, telex and postage		3,681	3,214
	Air freight		1,273	1,484
	Bank charges and commission		611	356
			16,436	25,144
37.	**REAL ESTATE EXPENSES**			
	Salaries, benefits and allowances	37.1	49,935	58,058
	General establishment expenses	37.2	38,741	41,721
	Rent, rates and taxes		12,006	7,426
	Insurance		4,070	5,595
	Depreciation	8.8	28,091	27,617
	Legal and professional charges		758	964
			133,601	141,381

37.1 This includes Rs 0.522 million (2019: Rs 0.643 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, 2020	June 30, 2019
37.2	**General establishment expenses**		--------------(Rupees in '000)------	
	Repairs and maintenance		6,207	17,309
	Security charges		12,308	10,664
	Light, power and water		19,952	13,496
	Vehicle running, repairs and maintenance expenses		274	252
			38,741	41,721
38.	**ADMINISTRATIVE EXPENSES**			
	Workshop management expense		93,282	91,581
	Salaries, benefits and allowances	38.1	709,202	713,609
	General establishment expenses	38.2	195,540	192,226
	Rent, rates and taxes		17,557	22,038
	Scholarship and training expenses		1,025	3,024
	Insurance		6,238	4,724
	Depreciation	8.8	34,430	25,078
	Depreciation on right-of-use assets	9.2	5,588	-
	Directors' fee	44.1 & 49	6,795	5,531
	Legal and professional charges		26,179	32,906
	Sales tax expenses		24,445	22,563
			1,120,281	1,113,280

38.1 This includes Rs 7.245 million (2019: Rs 7.9 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, 2020	June 30, 2019
38.2	**General establishment expenses**	*Note*	----(Rupees in '000)----	
	Repairs and maintenance		**21,438**	11,784
	Medical expenses		**38,853**	37,931
	Contribution to group term insurance		**1,037**	827
	Security charges		**4,736**	4,262
	Travelling and conveyance		**9,866**	13,528
	Entertainment and canteen subsidy		**3,632**	4,625
	Books, periodicals and subscription		**11,265**	9,366
	Uniform and liveries		**1,880**	1,766
	Hajj expenses		**2,278**	4,270
	Printing and stationery		**6,404**	4,652
	Telephone, telex and postage		**9,105**	9,196
	Light, power and water		**13,405**	11,039
	Computer expenses		**9,136**	10,638
	Advertisement and publicity		**12,187**	13,701
	Vehicle running, repairs and maintenance expenses		**18,340**	24,202
	Ship inspection expenses		**15,931**	1,473
	Sundry expenses		**16,047**	28,966
			195,540	192,226
39.	**IMPAIRMENT LOSS**			
	On financial receivables			
	Allowance of expected credit loss on trade receivables	*17.4*	**265,121**	91,602
	Allowance of expected credit loss on agent and owner balances	*18.2*	**266**	-
	Allowance of expected credit loss on other receivables	*21.4*	**74,272**	-
	Less: reversal of allowance of expected credit loss	*17.4*	**-**	33,563
			339,659	58,039
	On property, plant and equipment		**71,479**	-
			411,138	58,039
40.	**OTHER EXPENSES**			
	Donations	*40.1*	**50,615**	13,787
	Auditors' remuneration -	*40.2*	**8,640**	8,640
	Employees' gratuity			
	- funded	*29.1.7*	**81,739**	486
	- unfunded	*29.1.7*	**3,408**	57,634
			85,147	58,120
	Post-retirement medical benefits	*29.1.7*	**32,975**	26,346
	Employees' compensated absences	*29.2.5*	**71,432**	131,486
	Loss on revaluation of long-term investments in listed companies	*13.1 & 13.2*	**-**	18,724
	Loss on disposal of stores		**-**	30,716
	Loss on sale of bunker		**19,325**	-
	Net increase in provision against damage claims	*32*	**(2,214)**	3,282
	Sindh sales tax		**291**	295
	Others		**15**	-
			266,226	291,396

40.1 This includes donation made to Indus Hospital -Covid-19 Fund amounting to Rs. 50 million (2019: Rs. 13.787 million to Mohmand Dams Fund) . No director or his spouse had any interest in the donee.

40.2 Auditors' remuneration

	June 30, 2020			June 30, 2019		
	Grant Thornton Anjum Rahman	**KPMG Taseer Hadi & Co.**	**Total**	EY Ford Rhodes	KPMG Taseer Hadi & Co.	Total
	----(Rupees in '000)----					
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	60	60	**120**	80	40	120
Out of pocket expenses	325	325	**650**	325	325	650
	4,320	**4,320**	**8,640**	4,340	4,300	8,640

41. OTHER INCOME

	Note	June 30, 2020	June 30, 2019
		(Rupees in '000)	
Income from financial assets			
Income from saving account and term deposits		513,351	407,074
Income from loans to employees		4,050	3,378
Dividend income from investment in listed companies		1,150	3,947
Gain on revaluation of long-term investments		3,046	
Insurance claim income	41.1	16,006	17,676
Exchange gain		115,682	403,844
		653,285	835,919
Income from non-financial assets			
Gain on revaluation of investment properties	11	159,969	177,645
Agency fee		1,526	8,324
Cargo claim		-	2,147
Liabilities no longer payable written back		45,662	158,880
Gain on disposal of operating fixed assets		15,963	
Net income from manning contract		12,758	-
Sundry income	41.2	57,007	72,153
		292,885	419,149
		946,170	1,255,068

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

41.2 This includes the following:

	Note	June 30, 2020	June 30, 2019
		(Rupees in '000)	
Income earned by the Holding Company Work Shop		27,266	13,710
Recovery of HVAC charges		-	3,457
Others		29,741	54,986
		57,007	72,153

42. FINANCE COSTS

	June 30, 2020	June 30, 2019
Mark-up on long-term financing	1,123,350	443,642
Mark-up on lease liability	3,898	-
Bank charges	8,216	6,511
	1,135,464	450,153

43. TAXATION

	Note	June 30, 2020	June 30, 2019
Tax charge for:			
- current year		166,085	326,326
- prior year		-	(14,103)
		166,085	312,223
- deferred		1,783	(52,166)
	43.1	167,868	260,057

43.1 Relationship between tax expense and accounting profit

	June 30, 2020	June 30, 2019
Accounting profit before tax	2,581,746	2,454,431
Tax rate	29%	29%
Tax on accounting profit	748,706	711,785
Tax effect in respect of inadmissible expenses (including business loss)	86,524	(18,450)
Tax effect due to lower tax rates		
Income under section 7A	3,256	62,202
Lower tax rates on subsidiaries profit	(887,308)	(495,102)
Dividend income	(161)	(553)
Effect of charging deferred tax on different rate than current tax	12,531	(12,694)
Effect of minimum tax on services	34,414	25,731
Effect of prior year	-	(14,103)
Effect of super tax	-	15,915
Unrecognised deferred tax on business loss	164,152	
Others (including the impact arising as a consequence of change in allocation ratio of revenue chargeable under FTR and NTR tax regime)	5,754	(14,666)
Tax expense for the year	167,868	260,065

43.2 During the current year, the Holding Company has incurred taxable losses amounting to Rs. 508.581 million, deferred tax asset on these losses amounted to Rs. 164.152 million has not been recorded in the financial statements due to the uncertainty over the realisation of such losses.

		June 30, 2020	June 30, 2019
44.	**EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE HOLDING COMPANY - basic and diluted**	------(Rupees in '000)------	
	Net profit for the year	2,413,267	2,193,928
		----------(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	18.27	16.61

44.1 There were no dilutive potential ordinary shares outstanding as at June 30, 2020 and 2019.

		Note	June 30, 2020	June 30, 2019
45.	**CASH GENERATED FROM OPERATIONS**		------(Rupees in '000)------	
	Profit before taxation		2,581,746	2,454,431
	Adjustments for non-cash charges and other items:			
	Depreciation	8.8	1,770,878	1,324,249
	Depreciation on right-of-use assets	9.2	5,588	-
	Amortisation of arrangement fee		20,588	-
	Impairment loss	39.	411,138	91,602
	Loss on disposal of stores	40	-	30,716
	Net (decrease) / increase in provision against damage claims	40	(2,214)	3,282
	Provision for employees' gratuity	29.1.7	85,147	58,120
	Provision for employees' compensated absences	29.2.5	71,432	131,486
	Provision for post retirement medical benefits	29.1.7	32,975	26,346
	Dividend income from investment in listed companies	41	(1,150)	(3,947)
	Reversal of allowance for expected credit loss on financial assets		-	(33,563)
	Liabilities no longer required written back	41	(45,662)	(158,880)
	Income from saving account and term deposit	41	(513,351)	(407,074)
	Mark-up on long-term financing	42.	1,123,350	443,642
	Mark-up on lease liability	42.	3,898	-
	(Gain) / loss on revaluation of long-term investments in listed companies	40 & 41	(3,046)	18,724
	Gain on disposal of property, plant and equipment		(15,963)	-
	Gain on revaluation of investment properties	41	(159,969)	(177,645)
	Working capital changes	45.1	(1,084,021)	(948,051)
			4,281,364	2,853,438
45.1	**Working capital changes**			
	(Increase) / decrease in current assets:			
	Stores and spares		(282,914)	(438,127)
	Trade debts - unsecured		(791,086)	(340,024)
	Agents' and owners' balances - unsecured		3,191	5,956
	Loans and advances		(4,837)	40,294
	Trade deposits and short-term prepayments		43,913	(51,973)
	Other receivables		(392,317)	(193,442)
	Incomplete voyages		7,235	(15,859)
	Insurance claims		6,960	(8,537)
			(1,409,855)	(1,001,712)
	Increase / (decrease) in current liabilities:			
	Incomplete voyages			
	Trade and other payables		315,809	28,398
	Contract liabilities		10,025	25,263
			(1,084,021)	(948,051)
46.	**CASH AND CASH EQUIVALENTS**			
	Short-term investments having maturity of three months or less	23	2,040,190	2,694,000
	Cash and bank balances	24	2,471,831	2,884,137
			4,512,021	5,578,137

47. 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:

	Chairman & Chief Executive		Executive Directors*		Other Executives	
	June 30, 2020	June 30, 2019	**June 30, 2020**	June 30, 2019	**June 30, 2020**	June 30, 2019
	(Rupees in '000)					
Managerial remuneration and allowances		1,346	**24,420**	30,270	**336,229**	249,741
Retirement benefits - note 47.2	**-**	-	**-**	-	**6,748**	7,202
House rent	**-**	2,250	**9,935**	12,274	**122,488**	111,045
Conveyance	**636**	637	**1,954**	2,708	**7,059**	7,403
Entertainment	**-**	6	**96**	-	**4,631**	4,458
Medical	**86**	384	**1,230**	1,869	**13,526**	12,703
Utilities	**-**	-	**1,680**	1,862	**34,051**	22,724
Personal staff subsidy	**-**	-	**-**	-	**370**	368
Club membership fee and expenses	**251**	562	**398**	340	**-**	-
Bonus	**-**	858	**3,711**	3,258	**19,867**	23,918
Other allowances	**-**	1,861	**147**	3,361	**191,250**	136,604
	973	7,904	**43,571**	55,942	**736,219**	576,166
Number of persons	**1**	1	**4**	5	**157**	129

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

47.1 The aggregate amount charged in the unconsolidated financial statements for fee to 6 (2019: 6) non-executive directors was Rs 6.795 million (2019: Rs 5.531 million).

47.2 Retirement benefits represent amount contributed towards various retirement benefit plans. The Executives of the Group are entitled to retirement benefits as outlined in note 6.16 to these unconsolidated financial statements. The Chairman & Chief Executive, Executive Directors and other Executives are provided with the Group owned and maintained cars.

48. FINANCIAL INSTRUMENTS BY CATEGORY

	June 30, 2020	June 30, 2019
	(Rupees in '000)	
FINANCIAL ASSETS		
Fair value through profit or loss		
Long-term investments - listed companies	**35,421**	32,375
Long-term investments - other entity	**100**	100
	35,521	32,475
Amortised cost		
Trade debts - unsecured	**3,141,103**	2,615,138
Agents' and owners' balances - unsecured	**9,628**	13,085
Loans - employees	**9,578**	12,032
Trade deposits	**16,224**	43,538
Interest accrued on bank deposits and short-term investments	**39,939**	23,986
Other receivables	**620,356**	302,796
Insurance claims	**89,219**	96,179
Short-term investments	**3,999,025**	3,182,550
Cash and bank balances	**2,471,831**	2,884,137
Long-term loans	**11,827**	17,313
	10,408,730	9,190,754
	10,444,251	9,223,229
FINANCIAL LIABILITIES		
Amortised cost		
Trade and other payables	**2,488,384**	2,384,245
Unclaimed dividend	**68,987**	52,869
Long-term financing - unsecured	**7,345,117**	2,954,358
Accrued mark-up on long-term financing	**23,818**	26,041
	9,926,306	5,417,513

49. FINANCIAL RISK MANAGEMENT

49.1 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, 2020. The policies for managing each of these risk are summarised below:

49.1.1 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, 2020, out of the total financial assets of Rs 10,444.241 million (2019: Rs 9,223.229 million) the financial assets which are subject to credit risk amounted to Rs 10,444.251 million (2019: Rs. 9,220.997 million). The management continuously monitors the credit exposure towards the customers and recognize 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.

The sector wise analysis of gross amounts of receivables, comprising trade debts, agents' and owners' balances and deposits is given below:

	June 30, 2020	June 30, 2019
	-----------(Rupees in '000)---------	
Public Sector	3,788,993	3,635,201
Private Sector	993,974	359,871
	4,782,967	3,995,072

Out of Rs.4,782.967 million (2019: 3,995.072 million), the corporation has recognized an allowance of ECL amounting to Rs. 1,632.236 million (2019: Rs 1,366.849 million).

49.1.2 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 (2019: Rs 15.974 million), mainly as a result of foreign exchange gains / losses on translation of US dollar denominated assets and liabilities.

As at June 30, 2020, 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 47.411 million (2019: Rs 64.493 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.

49.1.3 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:

June 30, 2020	Total Contractual cash flows	Less than 1 year	Between 1 to 2 years	Between 2 to 5 years	More than 5 years
	(Rupees in '000)				
Long-term financing	7,345,117	1,334,964	1,334,964	3,012,813	1,662,376
Unclaimed dividend	68,987	68,987	-	-	-
Trade and other	2,488,384	2,488,384	-	-	-
Accrued mark-up on long-term financing	23,818	23,818	-	-	-
	9,926,306	3,916,153	1,334,964	3,012,813	1,662,376

June 30, 2019	Total Contractual cash flows	Less than 1 year	Between 1 to 2 years	Between 2 to 5 years	More than 5 years
	(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	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

49.1.4 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, 2020, 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, 2020.

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, 2020			
		Level 1	Level 2	Level 3	Total
		(Rupees in '000)			
Assets carried at fair value					
Long-term investments in listed companies	13	35,421	-	-	35,421
Leasehold land		-	1,086,960	-	1,086,960
Buildings on leasehold land		-	699,435	-	699,435
Beach huts		-	12,997	-	12,997
Workshop machinery and equipment		-	7,103	-	7,103
Investment properties		-	3,426,191	-	3,426,191
		-	5,232,686	-	5,232,686

	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	*13*	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

50 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, 2020 and 2019 were as follows:

	June 30, 2020	June 30, 2019
	------------(Rupees in '000)---------	
Long-term financing - secured	**7,345,117**	9,083,468
Total equity	**34,688,746**	32,603,726
Total	**42,033,863**	41,687,194
Debt-to-equity ratio	**21:79**	28:72

51. ENTITY WIDE INFORMATION

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

51.2 Information about services

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

	June 30, 2020	June 30, 2019
	------------(Rupees in '000)---------	
Transportation of dry cargo	**3,035,022**	4,312,251
Transportation of liquid cargo	**10,540,470**	6,908,159
Rental income	**228,084**	168,649
	13,803,576	11,389,059

51.3 Information about geographical areas

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

51.4 Information about major customers

The Group has the following exposure to concentration of credit risk with clients representing significant percentage of the total revenue balances:

	2020 Revenue		2019 Revenue	
	(Rupees in '000)	**% of Total**	(Rupees in '000)	% of Total
Client 1	**2,763,884**	**20.36**	2,811,942	25.89
Client 2	**1,446,238**	**10.65**	1,604,479	14.77
Client 3	**1,335,682**	**9.84**	-	-
	5,545,804	**40.85**	4,416,421	40.66

52. 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 47 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, 2020	June 30, 2019
		----------(Rupees in '000)----------	
Revenue from shipping business	State owned / controlled entities	**6,326,190**	7,681,134
Rental income	State owned / controlled entities / Common director	**11,715**	4,235
Contributions to provident fund	Employees benefit plan	**7,808**	8,665
Directors' fee and travelling allowance	Key management personnel	**6,795**	5,813
Compensation to key management personnel	Key management personnel	**44,544**	107,219
Dividend to Government of Pakistan	Government holding	**231,267**	172,940
Dividend income	State owned / controlled entities	**831**	2,907
Rental expense	State owned / controlled entities	**13,401**	-

52.1 Outstanding balances due from / due to related parties have been disclosed in notes 12, 14, 17, 19, 20 and 21 to these consolidated financial statements.

52.2 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	Pakistan Petroleum Limited	State owned/controlled entity	N/A
8	Karachi Port Trust	State owned/controlled entity	N/A
9	National Bank of Pakistan	State owned/controlled entity/Common director	N/A
10	National Telecommunication Corporation	State owned/controlled entity	N/A
11	National Refinery Limited	State owned/controlled entity	N/A
12	National Insurance Company Limited	State owned/controlled entity	N/A
13	Pak Arab Refinery Limited	State owned/controlled entity	N/A
14	Pakistan International Airlines	State owned/controlled entity	N/A
15	Pakistan Machine Tool Factory	State owned/controlled entity	N/A
16	Pakistan Refinery Limited	State owned/controlled entity	N/A
17	Pakistan Security Printing Corporation	State owned/controlled entity	N/A
18	Pakistan State Oil	State owned/controlled entity	N/A
19	Pakistan Telecommunication Limited	State owned/controlled entity	N/A
20	District Controller of Stores	State owned/controlled entity	N/A
21	Port Qasim Authority	State owned/controlled entity	N/A
22	Sui Northern Gas Pipelines Limited	State owned/controlled entity	N/A
23	Sui Southern Gas Company Limited	State owned/controlled entity	N/A
24	Kot Addu Power Company	State owned/controlled entity	N/A
25	Lahore Electric Supply Company	State owned/controlled entity	N/A
26	National Transmission & Despatch Company	State owned/controlled entity	N/A
27	Water and Power Development Authority	State owned/controlled entity	N/A
28	Gawadar Port Authority	State owned/controlled entity	N/A
29	Directors / Executives	Key management personnel	0.002

53. 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

53.1 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, 2020	June 30, 2019
	-----(Percentage)---	
Non-controlling	27%	27%
	--(Rupees in '000)---	
Non-current assets	514	541
Current assets	20,254	17,449
Current liabilities	1,745	1,206
Net assets attributable to NCI	5,188	4,610
Revenue	3,884	1,974
Expenses	1,645	322
Profit after tax for the year	2,239	1,652
Profit attributable to NCI	611	446
Other comprehensive income for the year	-	-
Other comprehensive income attributable to NCI	-	-
Total comprehensive income attributable to NCI	611	446
Net cash flows from operating activities	467	784
Net cash flows from investing activities	(54)	(713)
Net cash flows from financing activities	-	-

54. 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.

From	To	June 30, 2020
Other income	Income from shipping business	526,600
Other income	Impairment loss on trade debts and other receivables-net	(33,563)
Other expenses	Fleet expenses - direct	122,725
Other expenses	Impairment loss on trade debts and other receivables-net	91,602
Other receivables	Trade debts - unsecured	1,744,626

55. NUMBER OF EMPLOYEES

The average and total number of employees during the year and as at June 30, 2020 and 2019 respectively are as follows:

	June 30, 2020	June 30, 2019
	------(No of employees)------	
Average number of employees during the year	668	675
Number of employees as at end of the yeaı	655	680

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

	2020			2019		
	Long-term financing	Unclaimed dividend	Lease Liability	Long-term financing	Unclaimed dividend	Lease Liability
	---(Rupees in '000)---					
Balance at beginning of the year	9,083,468	60,064	15,511	2,954,358	52,869	-
Changes from financing cash flows						
Proceeds received	-	-	-	7,568,288	-	-
Repayment	(1,758,939)	-	(931)	(1,449,615)	-	-
Lease obligation entered during the year			97,049			
Dividend paid	-	(255,204)	-	-	(190,900)	-
Total changes from financing activities	(1,758,939)	(255,204)	96,118	6,118,673	(190,900)	-
Other changes						
Amortisation of arrangement fee	20,588	-	-	10,437	-	-
Accretion of interest	-	-	3,898	-	-	-
Final dividend for the year ended 2019	-	264,127	-	-	198,095	-
Total other changes	20,588	264,127	3,898	10,437	198,095	-
Balance at end of the year	7,345,117	68,987	115,527	9,083,468	60,064	-

57. SUBSEQUENT EVENTS

The Board of Directors at their meeting held on September 30, 2020 have proposed for the year ended June 30, 2020 cash dividend of Rs 2.25 per share (2019: Rs 2.0 per share), amounting to Rs 297.143 million (2019: Rs 264.127 million) subject to the approval of the members at the annual general meeting to be held on October 26, 2020. These consolidated financial statements for the year ended June 30, 2020 do not include the effect of this appropriation which will be accounted for subsequent to the year end.

58. GENERAL

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

59. DATE OF AUTHORISATION

These consolidated financial statements were authorised for issue on September 30, 2020 by the Board of Directors of the Holding Company.

Syed Jarar Haider Kazmi	Shakeel Ahmed Mangnejo	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, 2020

KPMG TASEER HADI & CO. CHARTERED ACCOUNTANTS SHEIKH SULTAN TRUST BUILDING NO. 2, BEAUMONT ROAD KARACHI	GRANT THORNTON ANJUM RAHMAN CHARTERED ACCOUNTANTS 1ST & 3RD FLOOR, MODERN MOTORS HOUSE BEAUMONT ROAD KARACHI

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 June 30, 2020, 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 June 30, 2020 and of the loss and other comprehensive income, 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 Matters

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 matters	How the matters were addressed in our audit
1	**Valuation of the Corporation's investment in vessel owned subsidiaries**	
	As disclosed in note 11 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 2020. 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 resultantly recognized an impairment loss of Rs 129 M in its investment in Sibi Shipping (Private) Limited. 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 amongst 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 expert and internal specialist 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 expert and internal specialist: - 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 matters	How the matters were addressed in our audit
2	**IFRS 9 – Financial Instruments**	
	As disclosed in notes 5.10, 16, 17 and 20 to the annexed unconsolidated financial statements relating to IFRS 9 Financial Instruments. 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 assessment of ECL 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 amongst 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 matters	How the matters were addressed in our audit
3	**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 30.1 to 30.13 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. In our judgement the matter is considered to be fundamental to the user's understanding of the financial statements and 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 amongst 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 report 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 Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of the 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.

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 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;

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 June 30, 2019 were audited by EY Ford Rhodes, Chartered Accountants and KPMG Taseer Hadi & Co., Chartered Accountants who expressed an unmodified opinion in their report date October 04, 2019.

The engagement partners on the audit resulting in this independent auditor's report are Muhammad Taufiq (KPMG Taseer Hadi & Co.) and Khurram Jameel (Grant Thornton Anjum Rahman).

KPMG TASEER HADI & CO.
Chartered Accountants
Karachi

Date: October 04, 2020

Grant Thornton Anjum Rahman
Chartered Accountants
Karachi

Date: October 04, 2020

Unconsolidated Statement of Financial Position

As at June 30, 2020

	Note	June 30, 2020	June 30, 2019
ASSETS		(Rupees in '000)	
NON-CURRENT ASSETS			
Property, plant and equipment	7	1,920,562	1,938,270
Right of use asset	8	118,145	-
Intangible asset	9	12,891	-
Investment properties	10	3,426,191	3,266,105
Long-term investments in:			
- Related parties (subsidiaries and an associate)	11	37,011,425	28,591,761
- Listed companies and an other entity	12	35,521	32,475
		37,046,946	28,624,236
Long-term loans and advances	13	11,827	8,565,140
Deferred taxation - net	14	119,405	125,996
		42,655,967	42,519,747
CURRENT ASSETS			
Stores and spares	15	10,447	11,690
Trade debts - unsecured	16	1,359,755	1,593,763
Agents' and owners' balances - unsecured	17	9,628	13,085
Loans and advances	18	74,833	69,996
Trade deposits and short-term prepayments	19	25,795	71,714
Interest accrued on bank deposits and short-term investments		39,030	23,896
Other receivables	20	219,219	142,985
Incomplete voyages		6,651	1,862
Taxation-net		1,495,485	1,338,785
Short-term investments	21	3,984,025	3,168,550
Cash and bank balances	22	2,468,190	2,880,729
		9,693,058	9,317,055
TOTAL ASSETS		52,349,025	51,836,802
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital			
Authorised 200,000,000 (2019: 200,000,000) ordinary shares of Rs 10 each		2,000,000	2,000,000
Issued, subscribed and paid-up share capital	23	1,320,634	1,320,634
Capital reserve		126,843	126,843
Revenue reserve		8,440,569	9,543,389
Remeasurement of post retirement benefits obligation - net of tax		(291,117)	(306,621)
Surplus on revaluation of property, plant and equipment - net of tax		1,231,193	1,234,901
		10,828,122	11,919,146
NON-CURRENT LIABILITIES			
Long-term financing - secured	24	6,010,152	7,335,925
Lease liabilities	25	109,204	-
Employee benefits	26	763,520	711,259
		6,882,876	8,047,184
CURRENT LIABILITIES			
Trade and other payables	27	33,033,542	29,841,365
Contract liabilities	28	146,132	141,514
Provision against damage claims	29	24,261	26,475
Current portion of long-term financing	24	1,334,965	1,747,543
Current portion of lease liabilities	25	6,323	-
Unclaimed dividend		68,987	60,064
Accrued markup on long-term financing		23,817	53,511
		34,638,027	31,870,472
TOTAL LIABILITIES		41,520,903	39,917,656
TOTAL EQUITY AND LIABILITIES		52,349,025	51,836,802
CONTINGENCIES AND COMMITMENTS	30		

The annexed notes 1 to 58 form an integral part of these unconsolidated financial statements.

Syed Jarar Haider Kazmi	Shakeel Ahmed Mangnejo	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, 2020

	Note	June 30, 2020	June 30, 2019
		(Rupees in '000)	
REVENUE			
Freight income - foreign flag vessels	31	1,273,471	2,740,714
Service fees - net	32	430,173	321,638
Rental income		227,011	167,674
Other operating activities	33	22,387	57,588
		1,953,042	3,287,614
EXPENDITURE			
Fleet expenses - direct	34	(672,515)	(1,858,715)
Fleet expenses - indirect	35	(10,560)	(16,058)
Vessel management expenses	36	(935,917)	(807,335)
Real estate expenses	37	(133,601)	(141,381)
		(1,752,593)	(2,823,489)
GROSS PROFIT		200,449	464,125
Administrative expenses	38	(165,663)	(290,806)
Impairment loss on financial assets	39	(302,617)	(37,264)
Other expenses	40	(243,109)	(254,611)
Other income	41	887,965	1,123,655
		176,576	540,974
OPERATING PROFIT		377,025	1,005,099
Finance costs	42	(1,129,661)	(445,490)
(LOSS) / PROFIT BEFORE TAXATION		(752,636)	559,609
Taxation	43	(88,206)	(205,585)
(LOSS) / PROFIT FOR THE YEAR		(840,842)	354,024
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss			
- Remeasurement of post-retirement benefits obligation	26.1.8	18,753	(63,931)
- Related tax	14.1	(3,249)	12,431
		15,504	(51,500)
- Revaluation of property, plant and equipment		-	-
- Related tax	14.1	(1,559)	(5,178)
		(1,559)	(5,178)
OTHER COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR		13,945	(56,678)
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE YEAR		(826,897)	297,346
		(Rupees)	
(LOSS) / EARNINGS PER SHARE - basic and diluted	44	(6.37)	2.68

The annexed notes 1 to 58 form an integral part of these unconsolidated financial statements.

Syed Jarar Haider Kazmi	Shakeel Ahmed Mangnejo	Khowaja Obaid Imran Ilyas
Chief Financial Officer	Chairman & Chief Executive	Director

Unconsolidated Statement of Changes in Equity

For the year ended June 30, 2020

	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 1, 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	-	-	(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 1, 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)	-
Total 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
Balance as at July 1, 2019	1,320,634	126,843	9,543,389	(306,621)	1,234,901	11,919,146
Transaction with owners						
Final cash dividend for the year ended June 30, 2019 @ 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	-	-	2,149	-	(2,149)	-
Comprehensive loss for the year						
Net loss for the year	-	-	(840,842)	-	-	(840,842)
Other comprehensive income for the year	-	-	-	15,504	(1,559)	13,945
Total comprehensive loss for the year	-	-	(840,842)	15,504	(1,559)	(826,897)
Balance as at June 30, 2020	**1,320,634**	**126,843**	**8,440,569**	**(291,117)**	**1,231,193**	**10,828,122**

* 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 58 form an integral part of these unconsolidated financial statements.

Syed Jarar Haider Kazmi	**Shakeel Ahmed Mangnejo**	**Khowaja Obaid Imran Ilyas**
Chief Financial Officer	Chairman & Chief Executive	Director

Unconsolidated Statement of Cash Flows

For the year ended June 30, 2020

	Note	June 30, 2020	June 30, 2019
		---------------(Rupees in '000)---------------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	*45*	3,332,549	2,335,985
Employees' gratuity paid	*26.1.4*	(11,478)	(26,756)
Employees' compensated absences paid	*26.2.4*	(80,885)	(81,852)
Post-retirement medical benefits paid	*26.1.4*	(25,692)	(27,229)
Long-term loans and advances		8,553,313	(8,546,090)
Finance costs paid		(1,132,456)	(405,735)
Taxes paid		(243,123)	(245,640)
Net cash generated / (used in) from operating activities		10,392,228	(6,997,317)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	*7.1*	(45,511)	(16,503)
Long term investment in subsidiaries		(8,419,664)	-
Initial deposit for the acquisition of intangible asset		(12,891)	-
Additions to investment properties		(117)	-
Proceeds from disposal of property, plant and equipment		15,963	-
Short-term investments redeemed / (made)		(1,455,285)	3,472,880
Interest received on short-term investments		496,452	409,104
Dividends received on long-term investments in listed companies	*41*	1,150	3,947
Net cash (used in) / generated from investing activities		(9,419,903)	3,869,428
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term financing repaid	*24.3*	(1,758,939)	(1,449,615)
Long-term financing obtained	*24.3*	-	7,568,288
Lease rentals paid		(10,531)	-
Dividends paid		(255,204)	(190,900)
Net cash (used in) / generated from financing activities		(2,024,674)	5,927,773
Net (decrease) / increase in cash and cash equivalents		(1,052,349)	2,799,884
Cash and cash equivalents at beginning of the year		5,560,729	2,760,845
Cash and cash equivalents at end of the year	*46*	4,508,380	5,560,729

The annexed notes 1 to 58 form an integral part of these unconsolidated financial statements.

Syed Jarar Haider Kazmi	Shakeel Ahmed Mangnejo	Khowaja Obaid Imran Ilyas
Chief Financial Officer	Chairman & Chief Executive	Director

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.

Details of the Corporation's investment in subsidiaries and associated company are stated in note 11 to these unconsolidated financial statements.

1.1 During the year, the World Health Organization declared COVID-19 a pandemic. To reduce the impact on businesses and economies in general, regulators / governments across the globe introduced a host of measures on both the fiscal and economic fronts.

Shipping operations, which is the basic business of the Corporation has been permitted by the Government to operate with strict compliance of SOPs issued. Consequently, the Corporation's offices and vessels have continued to operate. However, COVID-19 has primarily impacted the Corporation on account of depression in the charter out business in its bulk carriers and reduced activities under slot charter segment.The Corporation remained up to date in all its financial committments.The management beleives that the going concern assumption of the Corporation remains valid.

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):
- 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. New or amendments / interpretations to existing standards, interpretation and forthcoming requirements

There are new and amended standards and interpretations that are mandatory for accounting periods beginning July 1, 2019 other than those disclosed in note 4.1. These are considered not to be relevant or do not have any significant effect on the Corporation's financial statements and are therefore not stated in these financial statements.

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

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 January 2020:

- Amendment to IFRS 3 ‘Business Combinations’ – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.

- On March 29, 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallise. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.

- Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after January 1, 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the financial statements of the Corporation.

- Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after 1 January 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.

- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37) effective tor the annual period beginning on or after January 1, 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for the annual period beginning on or after 1 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

ANNUAL IMPROVEMENTS TO IFRS STANDARDS 2018-2020 CYCLE

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after January 1, 2022.

- IFRS 9- The amendment clarifies that an entity includes only fees paid or received between the entity {the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph 83.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

- IFRS 16 - The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

- IAS 41 - The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

The above improvements to standards are not likely to have material / significant impact on Corporation's financial statements.

The adoption of the above standards, interpretations, amendments and improvements to IFRSs did not have any effect on these financial statements, except for IFRS 16, detail of which is as follows:

IFRS 16 - 'Leases'

During the year, IFRS 16 - Leases became applicable. IFRS 16 replaces existing guidance on accounting for leases, including IAS 17, Leases, IFRIC 4, Determining whether an Arrangement contains a Lease, SIC-15, Operating Leases - Incentive, and SIC-27, Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 introduces an on-balance sheet lease accounting model for leases entered by the lessee. A lessee recognizes a right-of-use asset representing its right of using the underlying asset and a corresponding lease liability representing its obligations to make lease payments. There are recognition exemptions for short term leases and leases of low value assets.

The Corporation has adopted IFRS 16 from July 01, 2019, using the modified retrospective and has not restated comparatives for the reporting period of 2018 - 2019, as permitted under the specific transitional provisions in the standard.
On adoption of IFRS 16, the Corporation has recognised liabilities in respect of leases which had previously been classified as operating leases under IAS 17. These liabilities were initially measured as the present value of the remaining lease payments, discounted using the Corporation's incremental borrowing rate of 7.51% per annum as of July 01, 2019. The lease liability is subsequently measured at amortised cost using the effective interest rate method.

	As at June 30, 2020	As at July 01, 2019
	---------------(Rupees in '000)---------------	
Lease Liability recognised	115,527	15,511

On adoption of IFRS 16, the associated right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of prepaid lease payments recognised in the statement of financial position immediately before the date of initial application.

The right-of-use assets recognised subsequent to the adoption are measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date. The right-of-use assets are depreciated on a straight line basis over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use assets are reduced by impairment losses, if any, and adjusted for certain remeasurements of lease liability.

	As at July 01, 2019 (Rupees in '000)
The recognised right-of-use assets relate to the following type of asset:	
Right-of-use assets property	17,084
Impact on statement of financial position	
Increase in fixed assets - right-of-use assets	17,084
Decrease in prepaid rent,	(1,573)
Increase in total assets	15,511
Increase in other liabilities - lease liability against right-of-use assets	(15,511)
Decrease in net assets	-

Impact on unconsolidated statement of profit or loss for the year ended June 30, 2020

	For the year ended June 30, 2020 (Rupees in '000)
Impact on Statement of profit or loss account	
Increase in mark-up expense - lease liability against right-of-use assets	(3,898)
(Increase) / decrease in administrative expenses:	
- Depreciation on right-of-use assets	(5,588)
- Rent expense had the IFRS 16 not been applied	5,580
Decrease in profit before tax	**(3,906)**

In view of the application of above IFRS, the Corporation's accounting policy for right-of-use assets and its related lease liability are given in notes 5.3 & 5.13 to these unconsolidated financial statements.

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 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 surplus on revaluation of fixed assets in statement of changes in 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 Right-of-use asset

The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Corporation does not recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are recognised as an expense on a straight line basis over the lease term.

5.4 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.

5.5 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.

5.6 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.

5.7 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 11.1 to the unconsolidated financial statements.

5.8 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.

5.8.1 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 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 or 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.

5.8.2 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 as 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.

5.8.3 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.

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.

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.

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.

5.8.4 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.

5.9 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.

5.10 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 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.

5.11 Taxation

5.11.1 Current tax

Provision for current taxation is based on taxable income for the year at corporate tax or alternative corporate tax, whichever is higher.

Corporate tax means tax payable by the Corporation at the current rates of taxation after taking into account tax credits and tax rebates available, if any, and tax paid on final tax basis or minimum tax on turnover whichever is higher.

Alternative corporate tax means the tax payable by the Corporation at prescribed rate applied on accounting profit before tax.

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.

5.11.2 Deferred tax

Deferred tax is provided using the Balance sheet 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.

5.12 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.

5.13 Lease liabilities

At inception of a contract, the Corporation assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Corporation.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Corporation's incremental borrowing rate.

Lease payments include fixed payments less any incentive received, variable lease payment that are based on an index or a rate, amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option and if the lessee is reasonably certain to exercise that option, payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option, less any lease incentives receivable. The extension and termination options are incorporated in determination of lease term only when the Corporation is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Corporation's estimate of the amount expected to be payable under a residual value guarantee. The corresponding adjustment is made to the carrying amount of the right-to-use asset, or is recorded in profit and loss if the carrying amount of right-to-use asset has been reduced to zero.

The Corporation applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Corporation reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate.

When there is a change in scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease is accounted for as a lease modification. The lease modification is accounted for as a separate lease if modification increase the scope of lease by adding the right-to-use one or more underlying assets and the consideration for lease increases by an amount that is commensurate with the stand-alone price for the increase in scope adjusted to reflect the circumstances of the particular contracts, if any. When the lease modification is not accounted for as a separate lease, the lease liability is remeasured and corresponding adjustment is made to right-of-use asset.

5.14 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.

5.15 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.

5.16 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.

5.17 Staff retirement benefits

5.17.1 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.

5.17.2 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, 2020. 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.

The Corporation's crew members are also entitled to gratuity in accordance with the Pakistan Maritime Board Regulations. However, these employee benefits are recognised upon payment as the amounts involved are not material.

5.17.3 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.

During the year ended June 30, 2014, the Corporation introduced the policy of post-retirement medical benefits for its shore based contractual employees with effect from October 29, 2013.

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, 2020. 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.

5.18 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, 2020. The remeasurement of employees' compensated absences are charged to profit or loss for the year.

5.19 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.

5.20 Foreign currency translation

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.

5.21 Revenue recognition

The Corporation recognizes 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.

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 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.

5.22 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.

5.23 Benazir Employees' Stock Option Scheme

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

The Scheme provides for a cash payment to employees on retirement or termination based on the price of shares of respective entities. To administer this scheme, GoP shall transfer 12% of its investment in such SOEs and non-SOEs to a trust fund to be created for the purpose of such entities. The eligible employees would be allotted units by each Trust Fund in proportion to their respective length of service and on retirement or termination of such employees would be entitled to receive such amounts from Trust Funds in exchange for the surrendered units as would be determined based on market price of listed entities or breakup value of non-listed entities. The shares related to the surrendered units would be transferred back to GoP.

The Scheme also provides that 50% of dividend related to shares transferred to the respective Trust Fund would be distributed amongst the unit-holder employees. The balance 50% dividend would be transferred by the respective Trust Fund to the Central Revolving Fund managed by the Privatisation Commission of Pakistan for payment to employees against surrendered units. The deficits, if any, in Trust Funds to meet the re-purchase commitment would be met by GoP.

The Scheme, developed in compliance with the stated GoP policy of the empowerment of employees of State Owned Enterprises need to be accounted for by the covered entities, including the Corporation, under the provisions of amended International Financial Reporting Standard-2 'Share Based Payments' (IFRS 2). However, keeping in view the difficulties that may be faced by the entities covered under the Scheme, the Securities & Exchange Commission of Pakistan on receiving the representation from some of the entities covered under the Scheme and after having consulted the Institute of Chartered Accountants of Pakistan, has granted exemption vide SRO 587(I)/2011 dated June 7, 2011 to such entities from application of IFRS 2 to the 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 (2019: Rs 631.142 million) and reserves would have been higher by Rs 631.142 million (2019: Rs 631.142 million) based on independent actuarial valuations conducted as on June 30, 2014.

During the year ended June 30, 2017, the shares have not been transferred to the respective Trust Fund under the Scheme as the matter is pending with the Ministry of Finance, Revenue and Economic Affairs. The Scheme is being revamped by GoP and all claims and disbursements to the employees are kept in abeyance.

5.24 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 10);

(b) Determination of the residual values and useful lives of property, plant and equipment and intangible assets (notes 7 and 9);

(c) Recoverable amount of long-term investment in related parties - subsidiaries (note 11);

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

(e) Recognition of taxation and deferred taxation (notes 14 and 43);

(f) Accounting for provision against damage claims (note 29);

(g) Accounting for staff retirement benefits and compensated absences (note 26);

(h) Recognition of demurrage income and income from miscellaneous claims (note 33).

(i) Contingencies and commitments (note 5.22 & 30).

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, 2020	June 30, 2019
		(Rupees in '000)	
7. PROPERTY, PLANT AND EQUIPMENT			
- Operating fixed assets	*7.1*	**1,863,681**	1,881,389
- Capital work-in-progress (CWIP) - buildings on leasehold land	*7.8*	**56,881**	56,881
		1,920,562	1,938,270

7.1 Operating fixed assets:

	Leasehold land (note 7.2 - 7.5)	Buildings on leasehold land (note 7.2 - 7.5)	Vessel (note 7.6)	Vehicles	Office equipment	Furniture and fittings	Equipment on board	Beach huts (note 7.2 - 7.5)	Workshop machinery and equipment (note 7.4 - 7.5)	Computer equipment	Total
	(Rupees in '000)										
As at July 1, 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 impairment	-	(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
Year ended June 30, 2020											
Opening net book value	1,086,960	727,672	-	15,106	14,891	6,816	-	14,624	5,340	9,980	1,881,389
Additions	-	2,401	-	12,152	4,187	1,333	-	-	2,627	22,811	45,511
Disposals:											
Cost or revalued amount	-	-	-	(22,744)	-	-	-	-	-	-	(22,744)
Accumulated depreciation	-	-	-	22,744	-	-	-	-	-	-	22,744
	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-	-
Depreciation charge for the year - note 7.7	-	(34,055)	-	(11,609)	(3,519)	(1,042)	-	(1,627)	(864)	(10,503)	(63,219)
Closing net book value	1,086,960	696,018	-	15,649	15,559	7,107	-	12,997	7,103	22,288	1,863,681
As at June 30, 2020											
Cost or revalued amount	1,086,960	773,138	1,440	84,969	75,950	39,760	1,736	16,251	21,530	99,910	2,201,644
Accumulated depreciation	-	(67,467)	(1,440)	(69,320)	(60,391)	(32,653)	(1,736)	(3,254)	(14,427)	(77,622)	(328,310)
Accumulated impairment	-	(9,653)	-	-	-	-	-	-	-	-	(9,653)
Net book value	**1,086,960**	**696,018**	**-**	**15,649**	**15,559**	**7,107**	**-**	**12,997**	**7,103**	**22,288**	**1,863,681**
Annual rate of depreciation (%) 2020		**3 to 20**	**3 to 4**	**20**	**15**	**10 to 15**	**10 to 15**	**10**	**5 to 10**	**33**	
2019		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

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:

7.3

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 an independent valuer. Out of the total revaluation surplus, Rs 1,250.005 million (2019: Rs 1,251.285 million) remains undepreciated as at June 30, 2020.

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

	June 30, 2020	June 30, 2019
	(Rupees in '000)	
Leasehold land, buildings on leasehold land and beach huts	600,768	636,450
Workshop machinery and equipment	4,221	5,085
	604,989	641,535

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, 2020	June 30, 2019
		(Rupees in '000)	
Fleet expenses - indirect	35	698	617
Vessel management expenses	36	31,561	22,682
Real estate expenses	37	28,091	27,617
Administrative expenses	38	2,869	2,396
		63,219	53,312

		Note	June 30, 2020	June 30, 2019
			--------(Rupees in '000)--------	
7.8	**Capital work-in-progress - buildings on leasehold land**			
	Balance at beginning of the year		56,881	56,881
	Additions during the year		-	-
	Transferred to operating fixed assets		-	-
	Balance at end of the year		56,881	56,881

		Note	June 30, 2020 (Rupees in '000)
8.	**RIGHT OF USE ASSET**		
	As at July 1, 2019		17,084
	Additions		106,649
	Depreciation	8.2	(5,588)
	As at June 30, 2020		118,145

8.1 The annual rate of depreciation for the right-of-use assets is 10%.

		Note	June 30, 2020 (Rupees in '000)
8.2	Depreciation charge on right of use assets for the year has been allocated as follows:		
	Vessel Management Expenses	36	5,588
			5,588

		June 30, 2020	June 30, 2019
		--------(Rupees in '000)--------	
9.	**INTANGIBLE ASSET**		
	Capital work in progress (CWIP)		
	Computer Software	12,891	-

Intangible also include 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 1, 2019		3,190,784	75,321	3,266,105
Additions during the year		-	117	117
Gain on revaluation	10.3 & 41	159,541	428	159,969
Balance as at June 30, 2020		3,350,325	75,866	3,426,191
Balance as at July 1, 2018		3,013,684	47,948	3,061,632
Additions during the year		-	26,828	26,828
Gain / (loss) on revaluation	10.3 & 41	177,100	545	177,645
Balance as at June 30, 2019		3,190,784	75,321	3,266,105

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, Karachi	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, 2020	June 30, 2019
		--------(Rupees in '000)--------	
1	Leasehold land	2,847,775	2,712,165
2	Buildings on leasehold land	64,082	63,618

10.3 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, 2020. As a result, a revaluation gain of Rs 159.541 million (2019: Rs 177.1 million) was determined in respect of leasehold land and a revaluation gain / (loss) was determined on buildings on leasehold land amounting to Rs 0.428 million (2019: Rs 0.545 million).

10.4 Valuation Techniques

The valuers have arranged inquiries and verifications from various estate agents, brokers and dealers, the location and condition of the property, size, utilization and current trends in price of real estate including assumptions that ready buyers are available in the current scenario and analyzed through detailed market surveys, the properties that have recently been sold or purchased or offered / quoted for sale into given vicinity to determine the better estimates of the fair value.

11. LONG-TERM INVESTMENTS IN RELATED PARTIES (SUBSIDIARIES AND AN ASSOCIATE)

No. of shares - ordinary June 30, 2020	No. of shares - ordinary June 30, 2019	Name of the company	Country of incorpo-ration	Latest available audited financial statements for the year ended	Percentage holding June 30, 2020	Percentage holding June 30, 2019	Face value per share	June 30, 2020	June 30, 2019
							(Rupees)	-----(Rupees in '000)-----	
(i) Subsidiary companies - unquoted									
439,599,957	10,000,000	Bolan Shipping (Private) Limited	Pakistan	June 30, 2020	100	100	10	4,396,000	100,000
275,344,100	275,344,100	Chitral Shipping (Private) Limited	Pakistan	June 30, 2020	100	100	10	2,753,441	2,753,441
226,825,500	226,825,500	Hyderabad Shipping (Private) Limited	Pakistan	June 30, 2020	100	100	10	2,268,255	2,268,255
15,686,000	15,686,000	Islamabad Shipping (Private) Limited	Pakistan	June 30, 2020	100	100	10	156,860	156,860
36,000	36,000	Johar Shipping (Private) Limited	Pakistan	June 30, 2020	100	100	10	360	360
7,286,000	7,286,000	Kaghan Shipping (Private) Limited	Pakistan	June 30, 2020	100	100	10	72,860	72,860
330,000,000	330,000,000	Karachi Shipping (Private) Limited	Pakistan	June 30, 2020	100	100	10	3,451,994	3,451,994
441,997,735	16,736,000	Khairpur Shipping (Private) Limited	Pakistan	June 30, 2020	100	100	10	4,419,977	167,360
340,000,000	340,000,000	Lahore Shipping (Private) Limited	Pakistan	June 30, 2020	100	100	10	3,400,000	3,400,000
14,686,000	14,686,000	Lalazar Shipping (Private) Limited	Pakistan	June 30, 2020	100	100	10	146,860	146,860
9,486,000	9,486,000	Makran Shipping (Private) Limited	Pakistan	June 30, 2020	100	100	10	94,860	94,860
336,016,700	336,016,700	Malakand Shipping (Private) Limited	Pakistan	June 30, 2020	100	100	10	3,360,167	3,360,167
140,547,500	140,547,500	Multan Shipping (Private) Limited	Pakistan	June 30, 2020	100	100	10	1,405,475	1,405,475
1,600	1,600	Pakistan Co-operative Ship Stores (Private) Limited	Pakistan	June 30, 2020	73	73	100	868	868
500,000,000	500,000,000	Quetta Shipping (Private) Limited	Pakistan	June 30, 2020	100	100	10	5,000,000	5,000,000
6,936,000	6,936,000	Sargodha Shipping (Private) Limited	Pakistan	June 30, 2020	100	100	10	69,360	69,360
347,055,800	347,055,800	Shalamar Shipping (Private) Limited	Pakistan	June 30, 2020	100	100	10	3,470,558	3,470,558
254,012,300	254,012,300	Sibi Shipping (Private) Limited	Pakistan	June 30, 2020	100	100	10	2,540,123	2,540,123
		Less: Accumulated impairment losses						(128,953)	-
								2,411,170	2,540,123
13,236,000	13,236,000	Swat Shipping (Private) Limited	Pakistan	June 30, 2020	100	100	10	132,360	132,360
								37,011,425	28,591,761
(ii) Associate - unquoted									
12,250	12,250	Muhammadi Engineering Works Limited	Pakistan	December 31, 1982	49	49	100	1,600	1,600
		Less: Accumulated impairment losses		(unaudited)				1,600	1,600
								-	-
								37,011,425	28,591,761

11.1 Vessels are carried at cost in the Corporation's statement of financial position as at June 30, 2020. The management of the Corporation considers the challenging market conditions 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. The Corporation 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, 2020 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 carriers is 11.56% and in case where subsidiaries own and operate a tankers is 14.88%. 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 except for investment in Sibi Shipping (Private) Limited, where the investment was written down to its recoverable amount of Rs. 2,411.170 million, which was determined by reference to the value in use method. The resultant impairment loss of Rs 128.953 million is recognised in other expenses in the profit and loss account.

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 1,668.072 million (2019: Rs 2,247.626 million), whereas a similar decrease in the discount rate will have a positive effect of Rs 1,812.780 million (2019: Rs 2,461.906 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 751.212 million (2019: Rs 724.320 million) whereas a similar increase will have a positive effect of Rs 751.212 million (2019: Rs 729.445 million) on the recoverable amount.

12. LONG-TERM INVESTMENTS IN LISTED COMPANIES AND AN OTHER ENTITY

	Note	June 30, 2020	June 30, 2019
Financial assets at fair value through profit or loss		------------(Rupees in '000)------------	
Listed companies			
Siemens (Pakistan) Engineering Company Limited 6,930 (2019: 6,930) fully paid ordinary shares of Rs 10 each. Market value per share as at June 30, 2020 Rs 561.83 (2019: Rs 605.58)	12.1	3,894	4,197
Pakistan State Oil Company Limited 199,336 (2019: 166,114) fully paid ordinary shares of Rs 10 each. Market value per share as at June 30, 2020 Rs 158.16 (2019: Rs 169.63)	12.2	31,527	28,178
		35,421	32,375
Other entity			
Pakistan Tourism Development Corporation Limited 10,000 (2019: 10,000) fully paid ordinary shares of Rs 10 each.		100	100
		35,521	32,475

12.1 The Corporation holds 0.084% (2019: 0.084%) of the investee's share capital.

	Note	June 30, 2020	June 30, 2019
Balance at beginning of the year		4,197	7,036
Loss on revaluation of long-term investments in listed companies	40	(303)	(2,839)
Balance at end of the year		3,894	4,197

12.2 The Corporation holds 0.04246% (2019: 0.04246%) of the investee's share capital.

	Note	June 30, 2020	June 30, 2019
Balance at beginning of the year		28,178	44,063
Gain / (loss) on revaluation of long-term investments in listed companies	40 & 41	3,349	(15,885)
Balance at end of the year		31,527	28,178

13. LONG-TERM LOANS AND ADVANCES

	Note	June 30, 2020	June 30, 2019
Loans - considered good			
- due from executives	13.1 &13.2 &13.3	12,772	18,158
- due from other employees		8,633	11,187
		21,405	29,345
Less: Recoverable within one year		9,578	12,032
		11,827	17,313
Advances - considered good			
- to subsidiaries against future issue of shares	13.4	-	8,547,827
		11,827	8,565,140

13.1 Reconciliation of carrying amount of loans to executives:

	June 30, 2020	June 30, 2019
Balance at beginning of the year	18,158	18,234
Disbursements	3,500	8,500
Repayments	(8,886)	(8,576)
Balance at end of the year	12,772	18,158

13.2 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.

13.3 The maximum aggregate amount of loans due from executives at the end of any month during the year was Rs 19.925 million (2019: Rs 18.427 million).

13.4 Represents advance given in year ended June 30, 2019 to subsidiary companies namely Bolan Shipping (Private) Limited and Khairpur Shipping (Private) Limited to finance the purchase of respective vessel. This advance is adjusted during the year against the issue of shares by the respective subsidiary company.

14. DEFERRED TAXATION - net

	June 30, 2020	June 30, 2019
	-------(Rupees in '000)--------	
Deductible temporary differences arising in respect of		
- provisions and deferred liabilities	142,286	147,600
Taxable temporary differences arising in respect of:		
- surplus on revaluation of property, plant and equipment	(17,686)	(15,668)
- accelerated tax depreciation	(5,195)	(5,936)
	(22,881)	(21,604)
	119,405	125,996

14.1 The movement in temporary differences is as follows:

	Balance as at July 1, 2018	Recognised in profit or loss	Recognised in other comprehensive income	Balance as at June 30, 2019	Recognised in profit or loss	Recognised in other comprehensive income	Balance as at June 30, 2020
Deductible temporary difference:							
-provisions and deferred liabilities	80,603	54,566	12,431	147,600	(2,065)	(3,249)	142,286
Taxable temporary							
- surplus on revaluation of property, plant and equipment	(11,712)	1,222	(5,178)	(15,668)	(459)	(1,559)	(17,686)
- accelerated tax depreciation	(5,078)	(858)	-	(5,936)	741	-	(5,195)
	(16,790)	364	(5,178)	(21,604)	282	(1,559)	(22,881)
	63,813	54,930	7,253	125,996	(1,783)	(4,808)	119,405

15. STORES AND SPARES

	Note	June 30, 2020	June 30, 2019
		-------(Rupees in '000)--------	
Stores			
- at depot		9,179	10,422
- at buildings		472	472
		9,651	10,894
Spares			
- at buildings		796	796
		10,447	11,690

16. TRADE DEBTS - unsecured

	Note	June 30, 2020	June 30, 2019
Considered good			
- Due from related parties	*16.1*	1,348,921	1,583,796
- Due from others	*16.3*	10,834	9,967
		1,359,755	1,593,763
Considered doubtful			
- Due from related parties	*16.1*	977,956	836,698
- Due from others		27,813	16,893
		1,005,769	853,591
		2,365,524	2,447,354
Less: Allowance for ECL on trade debts	*16.5*	1,005,769	853,591
		1,359,755	1,593,763

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, 2020	As at June 30, 2019
	Rupees in '000				
Pakistan State Oil Company Limited	-	-	1,849,834	1,849,834	1,849,833
Pak Arab Refinery Limited	-	-	56,282	56,282	71,936
Pakistan Refinery Limited	-	-	31,300	31,300	31,299
Pakistan Security Printing Corporation	-	-	-	-	438
Sui Northern Gas Pipelines Limited	22,680	-	-	22,680	3,301
Sui Southern Gas Company Limited	61	-	-	61	657
Water and Power Development Authority	-	-	-	-	19
National Refinery Limited	-	-	25,642	25,642	25,573
Trading Corporation of Pakistan (Private) Limited	-	-	4,866	4,866	4,866
District Controller of Stores	78	-	2,768	2,846	4,001
Others	49,487	154,279	129,600	333,366	428,571
	72,306	154,279	2,100,292	2,326,877	2,420,494

16.2 The corresponding figures of demurrage receivables, heating claim receivables and additional war risk receivables are reclassified during the period from other receivables to trade debts, along with their provisions, as further explained in note 53.

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

	June 30, 2020	June 30, 2019
	(Rupees in '000)	
Upto 1 month	5,290	5,943
1 to 6 months	5,506	3,943
More than 6 months	38	81
	10,834	9,967

16.4 The maximum aggregate amount of receivable due from related parties at the end of any month during the year was Rs 2,585.062 million (2019: Rs 2,420.494 million).

16.5 Allowance for ECL on trade debts

	Note	June 30, 2020	June 30, 2019
		(Rupees in '000)	
Balance at beginning of the year		853,591	302,923
Impact of initial application of IFRS 9 (note 4.1.2)		-	513,404
Adjusted balance at beginning of the year		853,591	816,327
Increase during the year	39	152,178	52,046
Reversed during the year		-	(14,782)
Balance at end of the year		1,005,769	853,591

16.6 The corresponding figures of demurrage receivables, heating claim receivables and additional war risk receivables are reclassified during the period from other receivables to trade debts along with their provisions as further explained in note 53.

17. AGENTS' AND OWNERS' BALANCES - unsecured

	Note	June 30, 2020	June 30, 2019
		(Rupees in '000)	
- Considered good	17.1	9,628	13,085
- Considered doubtful	17.2	8,725	8,459
		18,353	21,544
Less: Allowance for ECL on agents' and owners' balances		8,725	8,459
		9,628	13,085

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

	Note	June 30, 2020	June 30, 2019
		(Rupees in '000)	
Upto 1 month		-	2,779
1 to 6 months		320	7,409
More than 6 months		9,308	2,897
		9,628	13,085

17.2 Allowance for ECL on agents' and owners' balances

Balance at beginning of the year		8,459	6,307
Increase during the year		266	2,152
Balance at end of the year		8,725	8,459

18. LOANS AND ADVANCES - considered good

	Note	June 30, 2020	June 30, 2019
Current portion of long-term loans			
- due from executives		5,826	7,339
- due from other employees		3,752	4,693
	13	9,578	12,032
Advances - unsecured			
- employees		45,447	40,294
- contractors and suppliers		19,808	17,670
	18.1	65,255	57,964
		74,833	69,996

18.1 The maximum aggregate amount of advance to Port Qasim Authority, a related party, at the end of any month during the year was nil (2019: Rs 8.867 million).

	Note	June 30, 2020	June 30, 2019
		(Rupees in '000)	
19. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS			
Trade deposits			
- Considered good	19.1	16,178	43,285
- Considered doubtful		369	369
		16,547	43,654
Less: Allowance for ECL on trade deposits		369	369
		16,178	43,285
Short-term prepayments		9,617	28,429
		25,795	71,714

19.1 This includes Rs 2.102 million (2019: Rs 32.821 million) amount deposited with Karachi Port Trust (KPT), a related party.

	Note	June 30, 2020	June 30, 2019
20. OTHER RECEIVABLES		(Rupees in '000)	
Considered good			
- Due from related parties		197,710	93,793
- Due from others		21,509	48,707
		219,219	142,500
Considered doubtful			
- Due from related parties		12,197	12,197
- Due from others		21,948	462
		34,145	12,659
	20.2	253,364	155,159
Less: Allowance for ECL on other receivables	20.4	34,145	12,659
		219,219	142,500
Employees' gratuity scheme - funded		-	485
		219,219	142,985

20.1 The ageing analysis of other receivables, due from related party that are past due but not impaired is as follows:

	Note	June 30, 2020	June 30, 2019
		-----------(Rupees in '000)---------	
Upto 1 month		13,450	4
1 to 6 months		1,869	547
More than 6 months		194,588	93,242
	20.3	209,907	93,793

20.2 This represents the following:

	Note	June 30, 2020	June 30, 2019
Receivable from sundry debtors	20.3	226,560	127,627
Sales tax refund claims		25,864	25,864
Others		940	1,668
		253,364	155,159

20.3 This includes an amount of Rs. 125.139 million (2019: Rs 79.117 million) due from the Government of Pakistan, Rs 46.28 million from Port Qasim Authority, Rs 10.4 million from Karachi Port Trust and Rs 13.67 million from Sindh Revenue Board.

20.4 Allowance for ECL on other receivables

	Note	June 30, 2020	June 30, 2019
		-----------(Rupees in '000)---------	
Balance at beginning of the year		12,659	12,659
Increase during the year	39	21,486	-
Balance at end of the year		34,145	12,659

20.5 The corresponding figures of demurrage receivables, heating claim receivables and additional war risk receivables are reclassified during the period from other receivables to trade debts, along with their provisions, as further explained in note 53.

20.6 The maximum aggregate amount of receivable due from related parties at the end of any month during the year was Rs 255.974 million (2019: Rs 155.159 million).

21. SHORT-TERM INVESTMENTS

	Note	June 30, 2020	June 30, 2019
		-----------(Rupees in '000)---------	
Amortised cost			
Term deposits with banks and treasury bills having maturity of			
- more than three but upto six months		1,943,835	488,550
- three months or less	21.1 & 21.2	2,040,190	2,680,000
		3,984,025	3,168,550

21.1 Short term investment includes investment in treasury bills having market value of Rs. 510.190 million (2019: nil).

21.2 Mark-up on these term deposits denominated in local currency ranges from 7.20% to 13.25% (2019: 11.00% to 12.80%) per annum, whereas mark-up on term deposits denominated in foreign currency was 2.30% (2019: 3.25%) per annum.

22. CASH AND BANK BALANCES

	Note	June 30, 2020	June 30, 2019
		(Rupees in '000)	
Cash in hand			
- foreign currency		1,473	1,747
- local currency		-	-
		1,473	1,747
Cash at bank			
- in current accounts			
- local currency	22.1	230,529	168,213
- foreign currency		45,873	75,045
		276,402	243,258
- in savings accounts			
- local currency	22.2	997,830	1,710,358
- foreign currency	22.3	1,192,485	925,366
		2,190,315	2,635,724
		2,468,190	2,880,729

22.1 This includes Rs 2.142 million (2019: Rs 2.142 million), Rs 5 million (2019: Rs 5 million) and Rs 11.777 million (2019: nil) held as security by Habib Bank Limited, PNSC branch, Soneri Bank, AKU branch and JS Bank Limited, Jheel Park Branch respectively against guarantees issued on behalf of the Corporation.

22.2 Mark-up on these savings accounts ranges from 6.35% to 12.80% (2019: 3.9% to 12.25%) per annum.

22.3 Mark-up on these savings accounts ranges from 0.15% to 0.5% (2019: 0.15% to 0.5%) per annum.

23. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

June 30, 2020	June 30, 2019		June 30, 2020	June 30, 2019
(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

23.1 As at June 30, 2020, Government of Pakistan held 115,633,710 (2019: 115,293,360) ordinary shares, representing 87.56% (2019: 87.30%) shareholding of the Corporation.

24. LONG-TERM FINANCING - secured

	Note	June 30, 2020	June 30, 2019
		(Rupees in '000)	
Financing under syndicate term finance agreement	24.1	4,592,617	5,431,480
Financing under musharika agreement	24.2	2,752,500	3,651,988
		7,345,117	9,083,468
Less: Current portion of long-term financing		1,334,965	1,747,543
		6,010,152	7,335,925

24.1 Financing under syndicate term finance agreement includes;

24.1.1 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.

24.1.2 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.

24.2 Financing under musharika agreement includes;

24.2.1 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.

24.2.2 Financing obtained in June 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, has been fully paid off during the year ended June 30, 2020.

24.2.3 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.

24.3 Following is the movement in long-term financing:

	June 30, 2020	June 30, 2019
	(Rupees in '000)	
Balance at beginning of the year	**9,083,468**	2,954,358
Additions	**-**	7,568,288
Repayments	**(1,758,939)**	(1,449,615)
Amortisation of arrangement fee	**20,588**	10,437
Balance at end of the year	**7,345,117**	9,083,468

25. LEASE LIABILITIES

25.1 Set out below the carrying amount of lease liabilities and the movements during the year

	June 30, 2020 (Rupees in '000)
As at July 1, 2019	**15,511**
Additions	**97,049**
Interest expense	**3,898**
Payments	**(931)**
As at June 30, 2020	**115,527**
Current	**6,323**
Non-current	**109,204**
	115,527

25.2 Lease liabilities are payable as follows:

	Minimum Lease Payments	**Interest**	**Present value of minimum lease payments**
	Rupees in '000		
Less than one year	12,061	5,738	6,323
One to five years	63,433	29,752	33,681
More than five years	90,956	15,433	75,523
	166,450	50,923	115,527
Less: Current portion			6,323
			109,204

	Note	June 30, 2020	June 30, 2019
		-------(Rupees in '000)-------	

26. EMPLOYEE BENEFITS

	Note	June 30, 2020	June 30, 2019
Employees' gratuity			
- funded	26.1.3	4,496	-
- unfunded	26.1.3	340,547	284,937
		345,043	284,937
Post-retirement medical benefits	26.1.3	168,015	166,407
Employees' compensated absences	26.2.4	250,462	259,915
		763,520	711,259

26.1 Retirement benefit schemes

26.1.1 The disclosures made in notes 26.1.2 to 26.1.16 of these unconsolidated financial statements are based on the information included in the actuarial valuation reports as of June 30, 2020.

26.1.2 As stated in notes 5.17.2 and 5.17.3 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, 2020			June 30, 2019		
	Employees' gratuity		Post retirement medical benefits	Employees' gratuity		Post retirement medical benefits
	Funded	Unfunded		Funded	Unfunded	
Discount rate	8.50%	8.50%	8.50%	14.50%	14.50%	14.50%
Future salary increases - for permanent employees						
For the year 2019-20	N/A	-	-	N/A	-	-
For the year 2020-21	5.60%	-	-	5.60%	-	-
For the year 2021-22	20.00%	-	-	22.00%	-	-
For the year 2022-23	5.60%	-	-	5.60%	-	-
For the year 2023-24	20.00%	-	-	22.00%	-	-
For the year 2024-25	5.60%	-	-	14.50%	-	-
For the year 2025-26 and onwards	8.50%					
Future salary increases - for contractual employees						
For the year 2019-20	-	N/A	-	-	N/A	-
For the year 2020-21	-	8.50%	-	-	13.00%	-
For the year 2021-22	-	8.50%	-	-	13.00%	-
For the year 2022-23	-	8.50%	-	-	13.00%	-
For the year 2023-24	-	8.50%	-	-	13.00%	-
For the year 2024-25	-	8.50%	-	-	13.00%	-
For the year 2025-26 and onwards	-	8.50%	-	-	14.50%	-
Medical escalation rate					-	14.50%
Death rate	based on SLIC (2001-05) Ultimate mortality tables.					

		June 30, 2020			June 30, 2019		
		Employees' gratuity		Post retirement medical benefits	Employees' gratuity		Post retirement medical benefits
		Funded	Unfunded		Funded	Unfunded	
		---------- (Rupees in '000) ----------					
26.1.3	Reconciliation of statement of financial position						
	Present value of defined benefit obligation	103,487	340,547	168,015	149,565	284,937	166,407
	Fair value of plan assets	(98,991)	-	-	(150,050)	-	-
	Net (asset) / liability in the statement of financial position	4,496	340,547	168,015	(485)	284,937	166,407
26.1.4	Movement in present value of defined benefit obligation						
	Balance at beginning of the year	149,565	284,937	166,407	151,778	224,946	165,706
	Current service cost	3,454	38,525	9,659	3,747	34,163	9,924
	Interest cost	17,795	43,214	23,316	13,423	23,471	16,422
	Benefits paid	(62,294)	(11,478)	(25,692)	(43,719)	(26,756)	(27,229)
	Remeasurement on obligation	(5,033)	(14,651)	(5,675)	24,336	29,113	1,584
	Balance at end of the year	103,487	340,547	168,015	149,565	284,937	166,407
26.1.5	Movement in fair value of plan assets						
	Balance at beginning of the year	150,050	-	-	185,983	-	-
	Expected return on plan assets	17,841	-	-	16,684	-	-
	Contribution	-	-	-	-	-	-
	Benefits paid	(62,294)	-	-	(43,719)	-	-
	Remeasurement on plan assets	(6,606)	-	-	(8,898)	-	-
	Balance at end of the year	98,991	-	-	150,050	-	-
26.1.6	Movement in net liability in the statement of financial position						
	Balance at beginning of the year	(485)	284,937	166,407	(34,205)	224,946	165,706
	Expense recognised for the year	3,408	81,739	32,975	486	57,634	26,346
	Contributions made by the Corporation / benefits paid	-	(11,478)	(25,692)	-	(26,756)	(27,229)
	Remeasurements recognised in other comprehensive income	1,573	(14,651)	(5,675)	33,234	29,113	1,584
		4,496	340,547	168,015	(485)	284,937	166,407
26.1.7	The amounts recognised in profit or loss						
	Current service cost	3,454	38,525	9,659	3,747	34,163	9,924
	Net interest amount	(46)	43,214	23,316	(3,261)	23,471	16,422
		3,408	81,739	32,975	486	57,634	26,346
	Less: charged to subsidiaries	-	1,142	482	-	548	340
	Expense	3,408	80,597	32,493	486	57,086	26,006
26.1.8	Remeasurements recognised in other comprehensive income						
	Gain / (loss) arising from						
	Financial assumptions	7,786	10,976	(1,595)	(5,581)	(13,647)	1,140
	Experience adjustment	(12,819)	(25,627)	(4,080)	29,917	42,760	3,278
	Demographic assumptions	-	-	-	-	-	(2,834)
	Remeasurement of fair value of plan assets	6,606	-	-	8,898	-	-
		1,573	(14,651)	(5,675)	33,234	29,113	1,584

	June 30, 2020		June 30, 2019	
	(Rupees in '000)	%	(Rupees in '000)	%
26.1.9 Categories / composition of plan assets				
Cash and cash equivalents	45,948	46.42%	47,893	31.92%
Term deposit receipts	53,043	53.58%	102,157	68.08%
	98,991	100.00%	150,050	100.00%

26.1.10 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.

26.1.11 Actual gain on plan assets during the year ended June 30, 2020 was Rs 10.615 million (2019: Rs 7.886 million).

26.1.12 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%	(101,480)	105,583	(301,291)	387,478
Salary increase rate	1%	103,597	(103,376)	387,898	(300,261)

26.1.13 The weighted average duration of the defined benefit obligations for funded and unfunded gratuity scheme is 1.94 and 11.53 years.

26.1.14 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%	(104,909)	108,305	(54,527)	69,711
Medical cost escalation rate	1%	108,423	(104,767)	69,787	(54,344)

26.1.15 The weighted average duration of the defined benefit obligations post retirement medical benefit scheme for permanent and contractual employees is 6.01 years.

26.1.16 The employee's 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.

26.2 Employees' compensated absences

26.2.1 The disclosures made in notes 26.2.2 to 26.2.9 of these unconsolidated financial statements are based on the information included in the actuarial valuation report as of June 30, 2020.

26.2.2 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, 2020	June 30, 2019
Discount rate	8.50%	14.50%
Future salary increases - for permanent employees		
For the year 2019-20	N/A	N/A
For the year 2020-21	5.60%	22.00%
For the year 2021-22	20.00%	5.60%
For the year 2022-23	5.60%	22.00%
For the year 2023-24	20.00%	5.60%
For the year 2024-25	5.60%	22.00%
For the year 2025-26 and onwards	8.50%	14.50%
Future salary increases - for contractual employees		
For the year 2019-20	N/A	N/A
For the year 2020-21	8.50%	13.00%
For the year 2021-22	8.50%	13.00%
For the year 2022-23	8.50%	13.00%
For the year 2023-24	8.50%	13.00%
For the year 2024-25	8.50%	13.00%
For the year 2025-26 and onwards	8.50%	14.50%

26.2.3 Reconciliation of statement of financial position

Present value of defined benefit obligation (recognised)	250,462	259,915

26.2.4 Movement in present value of defined benefit obligation

Balance at beginning of the year	259,915	210,281
Current service cost	94,253	74,634
Interest cost	41,695	23,536
Remeasurements of obligation	(64,516)	33,316
Benefits paid	(80,885)	(81,852)
Balance at end of the year	250,462	259,915

26.2.5 Expense

Current service cost	94,253	74,634
Interest cost	41,695	23,536
Remeasurements of obligation	(64,516)	33,316
	71,432	131,486
Less: charged to subsidiaries	244	1,166
Expense for the year	71,188	130,320

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

	June 30, 2020	June 30, 2019
	(Rupees in '000)	
Present value of defined benefit obligation	250,462	259,915
Experience (gain) / loss on defined benefit obligation	(64,516)	33,316

26.2.7 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:

	Change in assumption	Increase / (decrease) in defined benefit obligation of Employees Compensated Absences			
		Permanent Employees		Contractual Employees	
		Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
		(Rupees in '000)			
Discount rate	1%	(95,080)	100,552	(135,247)	173,651
Salary growth rate	1%	98,032	(97,463)	173,840	(134,786)

26.2.8 The risks to which the scheme exposes the Corporation are disclosed in note 26.1.16 of these unconsolidated financial statements.

26.2.9 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.

26.3 Expected retirement benefits costs for the year ending June 30, 2021 are as follows:

	(Rupees in '000)
Gratuity	
-funded	2,496
-unfunded	73,199
Post-retirement medical benefits	32,493
Compensated absences	123,676

26.4 During the year, the Corporation contributed Rs 7.767 million (2019: Rs 8.665 million) to the provident fund.

27. TRADE AND OTHER PAYABLES

	Note	June 30, 2020	June 30, 2019
		----------(Rupees in '000)----------	
Creditors		183,093	44,054
Current account balances with subsidiary companies	27.1	31,711,022	28,540,308
Agents' and owners' balances		268,861	345,394
Accrued liabilities		669,335	756,234
Deposits	27.2	54,979	60,636
Advance rent		26,333	24,696
Other liabilities			
- amounts retained from contractors		8,054	3,822
- others		111,865	66,221
		119,919	70,043
		33,033,542	29,841,365

27.1 The break-up of current account balances with subsidiary companies is as follows:

	June 30, 2020	June 30, 2019
	----------(Rupees in '000)----------	
Bolan Shipping (Private) Limited	1,238,738	884,874
Chitral Shipping (Private) Limited	1,760,551	1,692,091
Hyderabad Shipping (Private) Limited	1,402,058	1,175,055
Islamabad Shipping (Private) Limited	647,569	648,452
Kaghan Shipping (Private) Limited	1,324,194	1,324,663
Khairpur Shipping (Private) Limited	955,728	329,765
Makran Shipping (Private) Limited	314,041	314,460
Malakand Shipping (Private) Limited	1,126,640	1,224,831
Multan Shipping (Private) Limited	923,704	952,650
Sargodha Shipping (Private) Limited	195,893	196,322
Sibi Shipping (Private) Limited	738,506	885,155
Shalamar Shipping (Private) Limited	4,084,934	3,364,168
Swat Shipping (Private) Limited	1,170,534	1,170,910
Lalazar Shipping (Private) Limited	743,919	744,296
Johar Shipping (Private) Limited	1,226,604	1,226,981
Lahore Shipping (Private) Limited	3,967,800	3,856,600
Karachi Shipping (Private) Limited	4,484,587	3,828,446
Quetta Shipping (Private) Limited	5,405,022	4,720,589
	31,711,022	28,540,308

27.2 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.

28. CONTRACT LIABILITES

Represents advance received from various related parties. Revenue recognized from amounts included in contract liabilities at the beginning of the year amounted to Rs 83.693 million (2019: Rs 37.007 million).

29. PROVISION AGAINST DAMAGE CLAIMS

	Note	June 30, 2020	June 30, 2019
		----------(Rupees in '000)----------	
Balance at beginning of the year		26,475	23,193
Net (decrease) / increase during the year	41	(2,214)	3,282
Balance at end of the year		24,261	26,475

30. CONTINGENCIES AND COMMITMENTS

Contingencies

30.1 The contingent liability in respect of claims not acknowledged by the Corporation, which as at June 30, 2020 aggregated to Rs 731.986 million (2019: Rs 756.213 million). These claims mainly relate to deficiencies in shipping documentation, delay in delivery of cargo and damages to cargo. These include Rs 2.794 million (2019: Rs 2.725 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 707.725 million (2019: Rs 729.738 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 24.261 million (2019: Rs 26.475 million) against the aforementioned claims in these financial statements.

30.2 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 (2019: Rs 1.300 million) and Rs 66.800 million (2019: 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.

30.3 Certain other claims have been filed against the Corporation in respect of employees' matters for an aggregate amount of approximately Rs 92.597 million (2019: Rs 93.701 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.

30.4 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.

30.5 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 inter-alia 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. The Commissioner (Appeal) in his order dated July 11, 2019 has remanded back the matter to the ADCIR with the direction to re-adjudicate the issue regarding disallowance of administrative expenses in the light of directions given by the Honorable ATIR. Appeal effect proceeding in respect of appellate order was initiated through notice dated October 4, 2019 and same has been responded by Tax Advisor. No further correspondence has been made in this regard.The management, in consultation with its legal advisor is confident that the matter will eventually be decided in favour of the Corporation.

30.6 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 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.

30.7 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 inter-alia deleted certain additions made by the taxation officer. Appeal effect proceeding in respect of appellate order was initiated through notice dated October 4, 2019 and same has been responded by Tax Advisor.The management, in consultation with its tax advisor is confident that the matter will eventually be decided in favour of the Corporation.

30.8 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. 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. Appeal effect proceeding in respect of appellate order was initiated through notice dated October 4, 2019 and same has been responded by Tax Advisor. 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.

30.9 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 matter will eventually be decided in favour of the Corporation.

30.10 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, 2020, the DCIR vide order dated June 29, 2020 has treated the Corporation assessee in default for not withholding tax on payments to non-resident shipping companies, while making payment of dividend, on interest free advance provided to its employees, on closing balances of advances to employees and on salaries. By virtue of above orders a cumulative tax demand was raised by the taxation authorities amounting to Rs 899.501 million. Subsequent to the year end being aggrieved with the order, the corporation had filed an appeal before the Commissioner Inland Revenue (Appeal). The CIR(A) had fixed the hearing for July 20, 2020 and had granted the Corporation a stay from recovery of tax demand till August 10, 2020. On August 7, 2020, written arguments were submitted on behalf of Corporation and the hearing was re-fixed for August 21, 2020. However, due to transfers and postings, the stay granted by the CIR(A) could not be extended and the Corporation had to approach Honorable Sindh High Court (SHC) for grant of stay. The SHC has granted the Corporation a stay from recovery of tax demand vide order dated August 11, 2020. The appeal filed before the CIR(A) is pending.The management, in consultation with its legal advisor, is confident that the subject matters will eventually be decided in favour of the Corporation.

30.11 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. 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 2016 will eventually be decided in favour of the Corporation.The management, in consultation with its tax advisor, is confident that the subject matters will eventually be decided in favour of the Corporation.

30.12 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. 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 will eventually be decided in favour of the Corporation.

30.13 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 Supreme 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 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 Corporation.

Commitments

30.14 Commitments in respect of capital expenditure amounted to Rs 32.571 million (2019: Rs 32.571 million).

30.15 Outstanding letters of guarantee amounted to Rs 18.919 million (2019: Rs 7.142 million).

30.16 The Corporation has provided an undertaking amounting to USD 11.6 million (Rs 1,954.25 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.

30.17 Commitments in respect of Enterprise Resource Planning (ERP) implementation and maintenance amounting to USD 0.417 million (Rs 70.216 million) and USD 0.192 million (Rs 32.303 million) respectively.

		Note	June 30, 2020	June 30, 2019
			------------(Rupees in '000)------------	
31.	**FREIGHT INCOME - foreign flag vessels**			
	Voyage charter revenue		241,926	806,708
	Less: overage premium		1,679	31,844
	Less: ocean losses		-	26,860
			240,247	748,004
	Slot charter revenue		1,033,224	1,992,710
			1,273,471	2,740,714
32.	**SERVICE FEES - net**			
	Technical and commercial services fee		322,875	244,276
	Administrative and financial services fee		107,624	81,425
	Less: sales tax		326	4,063
			430,173	321,638
33.	**OTHER OPERATING ACTIVITIES**			
	Demurrage income		9,562	56,538
	Income from miscellaneous claims		12,825	1,050
			22,387	57,588
34.	**FLEET EXPENSES - direct**			
	Charter, hire and related expenses	34.1	650,960	1,641,713
	Exchange loss		24,602	214,408
	Demurrage expenses		-	47,808
			675,562	1,903,929
	Less: Discount on demurrage payments		3,047	45,214
			672,515	1,858,715
34.1	Charter, hire and related expenses - foreign flag vessels			
	- voyage charter expenses		197,839	767,439
	- slot charter expenses		453,121	874,274
			650,960	1,641,713
35.	**FLEET EXPENSES - indirect**			
	Salaries, benefits and allowances	35.1	613	1,614
	Agents' and other general expenses	35.2	9,249	13,827
	Depreciation	7.7	698	617
			10,560	16,058

35.1 This includes Rs 0.041 million (2019: Rs 0.123 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, 2020	June 30, 2019
		------------(Rupees in '000)------------	
35.2	**Agents' and other general expenses**		
	Advertisement and publicity	1,545	1,348
	Telephone, telex and postage	3,681	3,214
	Commission charges	285	254
	Legal and professional charges	2,465	7,527
	Air freight	1,273	1,484
		9,249	13,827

		Note	June 30, 2020	June 30, 2019
			(Rupees in '000)	
36.	**VESSEL MANAGEMENT EXPENSES**			
	Workshop management expenses		93,282	91,581
	Salaries, benefits and allowances	36.1	658,471	563,022
	General establishment expenses	36.2	124,713	105,118
	Rent, rates and taxes		17,023	20,659
	Insurance		5,279	4,273
	Depreciation	7.7	31,561	22,682
	Depreciation on right-of-use assets	8.2	5,588	-
			935,917	807,335

36.1 This includes Rs 6.737 million (2019: Rs 6.247 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, 2020	June 30, 2019
			(Rupees in '000)	
36.2	**General establishment expenses**			
	Repairs and maintenance		19,430	9,297
	Medical expenses		35,474	29,927
	Security charges		4,397	3,363
	Travelling and conveyance		9,138	10,673
	Entertainment and canteen subsidy		3,372	3,649
	Uniform and liveries		1,723	1,597
	Printing and stationery		5,622	3,651
	Telephone, telex and postage		7,956	6,970
	Light, power and water		12,438	8,671
	Computer expenses		8,134	8,225
	Vehicle running, repairs and maintenance expenses		17,029	19,095
			124,713	105,118
37.	**REAL ESTATE EXPENSES**			
	Salaries, benefits and allowances	37.1	49,935	58,058
	General establishment expenses	37.2	38,741	41,721
	Rent, rates and taxes		12,006	7,426
	Insurance		4,070	5,595
	Depreciation	7.7	28,091	27,617
	Legal and professional charges		758	964
			133,601	141,381

37.1 This includes Rs 0.511 million (2019: Rs 0.643 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, 2020	June 30, 2019
		(Rupees in '000)	
37.2	**General establishment expenses**		
	Repairs and maintenance	6,207	17,309
	Security charges	12,308	10,664
	Light, power and water	19,952	13,496
	Vehicle running, repairs and maintenance	274	252
		38,741	41,721

	Note	June 30, 2020	June 30, 2019
		(Rupees in '000)	
38. ADMINISTRATIVE EXPENSES			
Salaries, benefits and allowances	38.1	50,703	150,587
General establishment expenses	38.2	55,520	76,683
Rent, rates and taxes		1,548	2,181
Scholarship and training expenses		1,025	3,024
Insurance		480	451
Depreciation	7.7	2,869	2,396
Directors' fee		6,795	5,531
Legal and professional charges		22,278	27,390
Sales tax expenses		24,445	22,563
		165,663	290,806

38.1 This includes Rs 0.519 million (2019: Rs 1.653 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, 2020	June 30, 2019
		(Rupees in '000)	
38.2 General establishment expenses			
Repairs and maintenance		1,496	2,487
Medical expenses		2,732	8,004
Contribution to group term insurance		1,037	827
Hajj expenses		2,278	4,270
Security charges		339	899
Travelling and conveyance		704	2,855
Entertainment and canteen subsidy		260	976
Books, periodicals and subscription		10,320	8,841
Uniform and liveries		157	169
Printing and stationery		433	976
Telephone, telex and postage		613	1,864
Light, power and water		958	2,319
Computer expenses		626	2,200
Advertisement and publicity		11,684	13,450
Vehicle running, repairs and maintenance expenses		1,311	5,107
Sundry expenses		20,572	21,439
		55,520	76,683
39. IMPAIRMENT LOSS ON FINANCIAL ASSETS			
Allowance for ECL in:			
Trade debts	16.5	152,178	12,559
Other receivables	20.4	21,486	39,487
Impairment loss on investment in subsidiaries	11	128,953	-
		302,617	52,046
Less: Reversal of allowance for ECL on;			
Trade debts	16.5	-	14,782
		-	14,782
		302,617	37,264

	Note	June 30, 2020	June 30, 2019
		-----------(Rupees in '000)-----------	
40. OTHER EXPENSES			
Donations	40.1	50,615	13,787
Auditors' remuneration	40.2	4,808	4,920
Employees' gratuity			
- funded	26.1.7	3,408	486
- unfunded	26.1.7	80,597	57,086
		84,005	57,572
Post-retirement medical benefits	26.1.7	32,493	26,006
Employees' compensated absences	26.2.5	71,188	130,320
Loss on revaluation of long-term investments in listed companies	12.1 & 12.2	-	18,724
Net increase in provision against damage claims	29	-	3,282
		243,109	254,611

40.1 This includes donation made to Indus Hospital Covid-19 Fund amounting to Rs. 50 million (2019: Rs. 13.787 million to Mohmand Dams Fund) . No director or his spouse had any interest in the donee.

40.2 Auditors' remuneration

	June 30, 2020			June 30, 2019		
	KPMG Taseer Hadi & Co.	Grant Thornton Anjum Rahman	Total	EY Ford Rhodes	KPMG Taseer Hadi & Co.	Total
	---(Rupees in '000)---					
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
Out of pocket expenses	329	329	658	325	325	650
	2,404	2,404	4,808	2,480	2,440	4,920

	Note	June 30, 2020	June 30, 2019
		-----------(Rupees in '000)-----------	
41. OTHER INCOME			
Income from financial assets			
Income from saving accounts and term deposits		511,586	406,538
Dividend income		1,150	3,947
Exchange gain		90,282	400,785
Gain on revaluation of investment properties	10	159,969	177,645
Gain on revaluation of long-term investments in listed companies	12.1 & 12.2	3,046	-
Insurance claim income		-	2,080
Income from loans to employees		4,050	3,378
		770,083	994,373
Income from non - financial assets			
Net decrease in provision against damage claims	29	2,214	-
Liabilities no longer required written off		22,263	85,689
Agency fee		1,526	8,324
Gain on Disposal of fixed asets		15,963	-
Sundry income	41.1	75,916	35,269
		117,882	129,282
		887,965	1,123,655

		June 30, 2020	June 30, 2019
		(Rupees in '000)	
41.1	This includes the following:		
	Income earned by PNSC Work Shop	**27,266**	13,710
	Income from manning service	**11,452**	-
	Income of HV AC charges	**3,829**	3,457
	Others	**33,369**	18,102
		75,916	35,269
42.	**FINANCE COSTS**		
	Mark-up on long-term financing	**1,123,350**	443,642
	Mark-up on lease liability	**3,898**	-
	Bank charges	**2,413**	1,848
		1,129,661	445,490
43.	**TAXATION**		
	Tax charge for:		
	- current year	**86,423**	271,854
	- prior year	**-**	(14,103)
		86,423	257,751
	- deferred	**1,783**	(52,166)
		88,206	205,585

43.1 Relationship between tax expense and accounting profit

	June 30, 2020	June 30, 2019
Accounting profit before tax	**(752,636)**	559,609
Tax rate	**29%**	29%
Tax on accounting profit	**(218,264)**	162,287
Tax effect in respect of inadmissible expenses	**86,524**	(18,534)
Tax saving due to lower tax rates		
- Income under Section 7A	**3,256**	62,202
- Dividend income	**(161)**	(553)
Effect of charging deferred tax on different rate than current tax	**12,531**	(12,694)
Effect of minimum tax on services	**34,414**	25,731
Effect of prior year	**-**	(14,103)
Effect of super tax	**-**	15,915
Unrecognised deferred tax on business loss	**164,152**	-
Others (including the impact arising as a consequence of change in allocation ratio of revenue chargeable under FTR and NTR tax regime)	**5,754**	(14,666)
	306,470	43,298
	88,206	205,585

43.2 During the current year, the Corporation has incurred taxable losses amounting to Rs. 506.551 million, deferred tax asset on these losses amounted to Rs. 164.152 million has not been recorded in the financial statements due to the uncertainity over the realisation of such losses.

44. (LOSS) / EARNINGS PER SHARE - basic and diluted

	June 30, 2020	June 30, 2019
	(Rupees in '000)	
(Loss) / profit for the year	**(840,842)**	354,024
	(No. of shares)	
Weighted average ordinary shares in issue during the year	**132,063,380**	132,063,380
	(Rupees)	
(Loss) / Earnings per share - basic and diluted	**(6.37)**	2.68

44.1 There are no dilutive potential ordinary shares outstanding as at June 30, 2020 and 2019.

	Note	June 30, 2020	June 30, 2019
		--(Rupees in '000)--	
45. CASH GENERATED FROM OPERATIONS			
(Loss) / profit before taxation		(752,636)	559,609
Adjustments for non-cash charges and other items:			
Depreciation on:			
Property, plant and equipments	7.7	63,219	53,312
Right-of-use assets	8	5,588	
Profit on disposal of fixed assets	41	(15,963)	-
Provision for employees' gratuity	26.1.7	84,005	57,572
Provision for post-retirement medical benefits	26.1.7	32,493	26,006
Provision for employees' compensated absences	26.2.5	71,188	130,320
Dividend income	41	(1,150)	(3,947)
Impairment loss on trade debts and other receivables:			
Allowance for ECL on trade debts	39	152,178	12,559
Allowance for ECL on other receivables	39	21,486	39,487
Reversal of allowance for ECL on trade debts	39	-	(528)
Reversal of allowance for ECL on other receivables	39	-	(14,254)
		173,664	37,264
Liabilities no longer required written back	41	(22,263)	(85,689)
Income from saving accounts and term deposits	41	(511,586)	(406,538)
Finance cost			443,642
Long term liability	42	1,123,350	-
Lease liability	42	3,898	-
		1,127,248	-
Gain on revaluation of investment properties	41	(159,969)	(177,645)
(Gain) / loss on revaluation of long-term investments in listed companies	40 & 41	(3,046)	18,724
Net (decrease) / increase in damage claims	29	(2,214)	3,282
Working capital changes	45.1	3,243,971	1,680,073
		3,332,549	2,335,985
45.1 Working capital changes			
(Increase) / decrease in current assets			
Stores and spares		1,243	1,155
Trade debts - unsecured		81,830	(125,545)
Agents' and owners' balances - unsecured		3,457	5,956
Loans and advances		(4,837)	40,294
Trade deposits and short-term prepayments		44,346	(50,851)
Other receivables		(98,205)	(67,816)
Incomplete voyages		(4,789)	21,077
		23,045	(175,730)
Increase / (decrease) in current liabilities			
Trade and other payables		3,216,308	1,834,293
Contract liabilities		4,618	21,510
		3,220,926	1,855,803
		3,243,971	1,680,073

	June 30, 2020	June 30, 2019
	-------(Rupees in '000)-------	

46. CASH AND CASH EQUIVALENTS

	June 30, 2020	June 30, 2019
Short-term investments having maturity of three months or less	2,040,190	2,680,000
Cash and bank balances	2,468,190	2,880,729
	4,508,380	5,560,729

47. 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:

	Chairman & Chief Executive		Executive Directors*		Other Executives	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
	(Rupees in '000)					
Managerial remuneration and allowances	-	1,346	24,420	30,270	336,229	249,741
Retirement benefits - note 47.2	-	-	-	-	6,748	7,202
House rent		2,250	9,935	12,274	122,488	111,045
Conveyance	636	637	1,954	2,708	7,059	7,403
Entertainment	-	6	96	-	4,631	4,458
Medical	86	384	1,230	1,869	13,526	12,703
Utilities	-	-	1,680	1,862	34,051	22,724
Personal staff subsidy	-	-	-	-	370	368
Club membership fee and expenses	251	562	398	340	-	-
Bonus	-	858	3,711	3,258	19,867	23,918
Other allowances	-	1,861	147	3,361	191,250	136,604
	973	7,904	43,571	55,942	736,219	576,166
Number of persons	1	1	4	5	157	129

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

47.1 The aggregate amount charged in the unconsolidated financial statements for fee to 6 (2019: 6) non-executive directors was Rs 6.795 million (2019: Rs 5.813 million).

47.2 Retirement benefits represent amount contributed towards various retirement benefit plans. The Executives of the Corporation are entitled to retirement benefits as outlined in note 5.17 and 5.18 to these unconsolidated financial statements. The Chairman & Chief Executive, Executive Directors and other Executives are provided with the Corporation owned and maintained cars.

48. FINANCIAL INSTRUMENTS BY CATEGORY

FINANCIAL ASSETS

	June 30, 2020	June 30, 2019
	-------(Rupees in '000)-------	
Fair value through profit or loss		
Long term investments - listed companies	35,521	32,375

	June 30, 2020	June 30, 2019
	---------(Rupees in '000)---------	
Amortised Cost		
Trade debts - unsecured	1,359,755	1,593,763
Agents' and owners' balances - unsecured	9,628	13,085
Loans - employees	9,578	12,032
Trade deposits	16,178	43,285
Interest accrued on bank deposits and short-term investments	39,030	23,896
Other receivables	219,219	142,985
Short-term investments	3,984,025	3,168,550
Cash and bank balances	2,468,190	2,880,729
Long-term loans	11,827	17,313
Long-term investments - other entity	100	100
	8,117,530	7,895,738
	8,153,051	7,928,113
FINANCIAL LIABILITIES		
Amortised cost		
Trade and other payables	33,007,209	29,816,669
Unclaimed dividend	68,987	60,064
Long-term financing	7,345,117	9,083,468
Accrued mark-up on long-term financing	23,817	53,511
	40,445,130	39,013,712

49. FINANCIAL RISK MANAGEMENT

49.1 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, 2020. The policies for managing each of these risk are summarised below:

49.1.1 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, 2020, out of the total financial assets of Rs 8,153.051 million (2019: Rs 7,928.113 million) the financial assets which are subject to credit risk amounted to Rs 8,151.578 million (2019: Rs 7,926.366 million). The management continuously monitors the credit exposure towards the customers and recognize 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, 2020	June 30, 2019
	---------(Rupees in '000)---------	
Public Sector	2,332,711	2,455,698
Private Sector	67,713	56,854
	2,400,424	2,512,552

Out of Rs.2,400.424 million (2019: 2,512.552 million), the corporation has recognized an allowance of ECL amounting to Rs. 1,014.863 million (2019: Rs 862.419 million).

49.1.2 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. 103.490 million (2019: 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, 2020, 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, 2020, 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 6.157 million (2019: Rs 64.493 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.

49.1.3 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
	(Rupees in '000)				
June 30, 2020					
Long-term financing	**7,345,117**	**1,334,965**	**1,334,965**	**3,012,813**	**1,662,374**
Unclaimed dividend	**68,987**	**68,987**	**-**	**-**	**-**
Trade and other payables	**33,007,209**	**33,007,209**	**-**	**-**	**-**
Accrued mark-up on long-term financing	**23,817**	**23,817**	**-**	**-**	**-**
	40,445,130	**34,434,978**	**1,334,965**	**3,012,813**	**1,662,374**
June 30, 2019					
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

49.1.4 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, 2020, 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 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, 2020.

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:

		June 30, 2020			
		Level 1	**Level 2**	**Level 3**	**Total**
	Note	(Rupees in '000)			
Assets carried at fair value					
Long-term investments in listed companies	*12*	**35,521**	**-**	**-**	**35,521**
Leasehold land		**-**	**1,086,960**	**-**	**1,086,960**
Buildings on leasehold land		**-**	**696,018**	**-**	**696,018**
Beach huts		**-**	**12,997**	**-**	**12,997**
Workshop machinery and equipment		**-**	**7,103**	**-**	**7,103**
Investment properties		**-**	**3,426,191**	**-**	**3,426,191**
		-	**5,229,269**	**-**	**5,229,269**

		June 30, 2019			
		Level 1	Level 2	Level 3	Total
		(Rupees in '000)			
Assets carried at fair value					
Long-term investments in listed companies	*12*	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

50. 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, 2020 and 2019 were as follows:

	June 30, 2020	June 30, 2019
	---------(Rupees in '000)---------	
Long-term financing - secured	**7,345,117**	9,083,468
Total equity	**10,828,122**	11,919,146
Total	**18,173,239**	21,002,614
Debt-to-equity ratio	**68:32**	76:24

51. ENTITY WIDE INFORMATION

51.1 The Corporation constitutes as a single reportable segment, the principal classes of services provided are transportation of dry cargo, liquid cargo through chartered vessels, rental income and service fees.

51.2 Information about services

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

	June 30, 2020	June 30, 2019
	---------(Rupees in '000)---------	
Transportation of dry cargo	**1,033,224**	1,992,710
Transportation of liquid cargo	**262,634**	805,592
Rental income	**227,011**	167,674
Services fee - net	**430,173**	321,638
	1,953,042	3,287,614

51.3 Information about geographical areas

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

51.4 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, 2020 Revenue		June 30, 2019 Revenue	
	(Rupees in '000)	**% of Total**	(Rupees in '000)	% of Total
Client 1	**218,876**	**11.21**	597,064	18.48
Client 2	**52,439**	**2.68**	503,178	15.58
Client 3	**43,507**	**2.23**	342,733	10.61
	314,822	**16.12**	1,442,975	44.67

52. 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 during the year are as follows:

Nature of transactions	Relationship with the Corporation	June 30, 2020	June 30, 2019
		--------(Rupees in '000)--------	
Freight income - foreign flag vessels	State owned / controlled entities	1,272,838	2,799,375
Service fee - note 30	Subsidiaries	430,173	321,638
Rental income	State owned / controlled entities / Common director	11,715	4,235
Rental expense	Subsidiary	15,283	3,883
Income from other operating activities - note 33	State owned / controlled entities	22,387	57,588
Transfer of stores	Subsidiaries	23,393	23,914
Retirement benefit costs charged	Subsidiaries	1,868	1,955
Contribution to provident fund	Employees benefit plan	7,808	8,665
Dividend to Government of Pakistan	Government holding	231,267	172,940
Dividend income	State owned / controlled entities	831	2,907
Advance against future issue of shares			
-Bolan Shipping (Private) Limited	Subsidiary	-	4,295,904
-Khairpur Shipping (Private) Limited	Subsidiary	-	4,251,923
Investment in subsidiaries			
-Bolan Shipping (Private) Limited	Subsidiary	4,296,000	-
-Khairpur Shipping (Private) Limited	Subsidiary	4,252,617	-
Remuneration and Other Benefits	Key management personnel	44,544	107,219
Directors' fee and traveling allowance	Key management personnel	6,795	5,813

52.1 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.

52.2 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
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	Pakistan Petroleum Limited	State owned/controlled entity	N/A
8	Karachi Port Trust	State owned/controlled entity	N/A
9	National Bank of Pakistan	State owned/controlled entity /Common director	N/A
10	National Telecommunication Corporation	State owned/controlled entity	N/A
11	National Refinery Limited	State owned/controlled entity	N/A
12	National Insurance Company Limited	State owned/controlled entity	N/A
13	Pak Arab Refinery Limited	State owned/controlled entity	N/A
14	Pakistan International Airlines	State owned/controlled entity	N/A
15	Pakistan Machine Tool Factory	State owned/controlled entity	N/A
16	Pakistan Refinery Limited	State owned/controlled entity	N/A
17	Pakistan Security Printing Corporation	State owned/controlled entity	N/A
18	Pakistan State Oil	State owned/controlled entity	N/A
19	Pakistan Telecommunication Limited	State owned/controlled entity	N/A
20	District Controller of Stores	State owned/controlled entity	N/A
21	Port Qasim Authority	State owned/controlled entity	N/A
22	Sui Northern Gas Pipelines Limited	State owned/controlled entity	N/A
23	Sui Southern Gas Company Limited	State owned/controlled entity	N/A
24	Kot Addu Power Company	State owned/controlled entity	N/A
25	Lahore Electric Supply Company	State owned/controlled entity	N/A
26	National Transmission & Despatch Company	State owned/controlled entity	N/A
27	Water and Power Development Authority	State owned/controlled entity	N/A
28	Gawadar Port Authority	State owned/controlled entity	N/A
29	Directors / Executives	Key management personnel	0.002

53. 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.

From	To	June 30, 2019 (Rupees in '000)
Other income	Other operating activities	57,588
Other income	Impairment loss on financial assets	(14,782)
Other expenses	Fleet expenses - direct	122,725
Other expenses	Impairment loss on financial assets	52,046
Other receivables	Trade debts - unsecured	1,155,789

54. NUMBER OF EMPLOYEES

The average and total number of employees during the year and as at June 30, 2020 and 2019 respectively are as follows:

	June 30, 2020	June 30, 2019
	-------(no. of employees)-------	
Average number of employees during the year	668	675
Number of employees as at the end of the year	655	680

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

	June 30, 2020			June 30, 2019		
	Long-term financing	Unclaimed dividend	Lease Liability	Long-term financing	Unclaimed dividend	Lease Liability
	Rupees in '000					
Balance at beginning of the year	9,083,468	60,064	15,511	2,954,358	52,869	-
Changes from financing cash flows						
Proceeds received	-	-	-	7,568,288	-	-
Repayment	(1,758,939)	-	(931)	(1,449,615)	-	-
Lease obligation entered during the year	-	-	97,049	-	-	-
Dividend paid	-	(255,204)	-	-	(190,900)	-
Total changes from financing activities	(1,758,939)	(255,204)	96,118	6,118,673	(190,900)	-
Other changes						
Amortisation of arrangement fee	20,588	-	-	10,437	-	-
Accretion of interest	-	-	3,898	-	-	-
Final dividend for the year ended June 30, 2019	-	264,127	-	-	198,095	-
Total other changes	20,588	264,127	3,898	10,437	198,095	-
Balance at end of the year	7,345,117	68,987	115,527	9,083,468	60,064	-

56. SUBSEQUENT EVENTS

The Board of Directors in their meeting held on September 30, 2020 have proposed for the year ended June 30, 2020 cash dividend of Rs 2.25 per share (2019: Rs 2.0 per share), amounting to Rs 297.143 million (2019: Rs 264.127 million) subject to the approval of the members at the annual general meeting to be held on October 26, 2020. These unconsolidated financial statements for the year ended June 30, 2020 do not include the effect of this appropriation which will be accounted for subsequent to the year end.

57. GENERAL

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

58. DATE OF AUTHORISATION

These unconsolidated financial statements were authorised for issue on September 30, 2020 by the Board of Directors of the Corporation.

Syed Jarar Haider Kazmi	Shakeel Ahmed Mangnejo	Khowaja Obaid Imran Ilyas
Chief Financial Officer	Chairman & Chief Executive	Director

Pattern of Shareholding

As at June 30, 2020

# Of Shareholders	Shareholdings'Slab			Total Shares Held
11167	1	to	100	370,125
3244	101	to	500	782,379
924	501	to	1000	699,068
824	1001	to	5000	1,873,701
110	5001	to	10000	806,757
38	10001	to	15000	471,774
24	15001	to	20000	433,742
19	20001	to	25000	433,203
7	25001	to	30000	190,510
2	30001	to	35000	66,000
3	35001	to	40000	119,075
6	40001	to	45000	262,500
3	45001	to	50000	149,000
1	50001	to	55000	54,500
1	55001	to	60000	59,865
1	60001	to	65000	65,000
1	65001	to	70000	67,500
4	70001	to	75000	292,000
1	90001	to	95000	91,500
4	95001	to	100000	396,500
2	105001	to	110000	214,000
1	130001	to	135000	133,000
1	135001	to	140000	136,500
1	150001	to	155000	152,200
1	155001	to	160000	158,812
2	195001	to	200000	398,000
1	345001	to	350000	346,000
1	360001	to	365000	362,000
1	430001	to	435000	432,564
1	605001	to	610000	608,707
1	1230001	to	1235000	1,230,173
1	2070001	to	2075000	2,073,014
1	2495001	to	2500000	2,500,000
1	115630001	to	115635000	115,633,710
16400				**132,063,379**

Categories of Shareholders
As at June 30, 2020

Categories of Shareholders	Shareholders	Shares Held	Percentage
Government Holding			
DIRECTOR GENERAL PORT & SHIPPING	1	115,633,710	87.56
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	2,073,014	1.57
Executives	-	-	-
Public Sector Companies and Corporations	18	1,909,566	1.45
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds	89	534,996	0.41
Mutual Funds			
CDC - TRUSTEE PICIC INVESTMENT FUND	1	74,500	0.06
CDC - TRUSTEE PICIC GROWTH FUND	1	106,500	0.08
CDC - TRUSTEE ALFALAH GHP VALUE FUND	1	34,000	0.03
CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND	1	91,500	0.07
CDC - TRUSTEE HBL - STOCK FUND	1	136,500	0.10
CDC - TRUSTEE NBP ISLAMIC SARMAYA IZAFA FUND	1	152,200	0.12
CDC - TRUSTEE HBL MULTI - ASSET FUND	1	13,000	0.01
CDC - TRUSTEE ALFALAH GHP STOCK FUND	1	65,000	0.05
CDC - TRUSTEE ALFALAH GHP ALPHA FUND	1	43,500	0.03
CDC-TRUSTEE HBL ISLAMIC STOCK FUND	1	42,500	0.03
CDC-TRUSTEE AL-AMEEN ISLAMIC RET. SAV. FUND-EQUITY SUB FUND	1	26,000	0.02
CDC - TRUSTEE UBL RETIREMENT SAVINGS FUND - EQUITY SUB FUND	1	2,000	0.00
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	432,564	0.33
CDC - TRUSTEE NAFA ISLAMIC PRINCIPAL PROTECTED FUND - II	1	17,000	0.01
CDC - TRUSTEE NBP ISLAMIC STOCK FUND	1	17,000	0.01
CDC - TRUSTEE NBP ISLAMIC ACTIVE ALLOCATION EQUITY FUND	1	107,500	0.08
CDC - TRUSTEE HBL ISLAMIC ASSET ALLOCATION FUND	1	10,000	0.01
CDC - TRUSTEE ALFALAH GHP ISLAMIC DEDICATED EQUITY FUND	1	16,000	0.01
CDC - TRUSTEE UBL DEDICATED EQUITY FUND	1	2,000	0.00
CDC - TRUSTEE NBP ISLAMIC REGULAR INCOME FUND	1	17,000	0.01
General Public			
a. Local	16,151	9,756,359	7.39
b. Foreign	2	15,200	0.01
Foreign Companies	7	5,386	0.00
Others	108	721,604	0.55
Totals	**16400**	**132,063,379**	**100.00**

Share holders holding 10% or more	Shares Held	Percentage
DIRECTOR GENERAL PORT & SHIPPING	115,633,710	87.56

Notice of Annual General Meeting

Notice is hereby given that the 42nd Annual General Meeting of the Shareholders of Pakistan National Shipping Corporation (Corporation) will be held on Monday, the 26th October, 2020 at 1100 hours virtually through video link facility, in the light of SECP's directives to transact the following ordinary business.

1. To confirm minutes of the 41st Annual General Meeting of the Shareholders of the Corporation held on 28th October, 2019.

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, 2020.

3. To consider and approve Board's recommendation to pay 22.50% Cash Dividend (i.e.) Rs.2.25/- per share to the shareholders.

4. To consider appointment of joint auditors of the Corporation for the year ending 2020-2021 and to fix their remuneration.

5. 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: 01st October, 2020

Notes:

i) The Share Transfer Books of the Corporation will remain closed from 20th October, 2020 to 26th October, 2020 (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:

i) Keeping in view the threat by the evolving coronavirus (COVID-19) situation, the Securities & Exchange Commission of Pakistan vide Circular No. 5 dated March 17, 2020 which have been extended up to October 31, 2020 vide their another circular No.25 of 2020 has advised the companies to modify their usual planning for Annual General Meeting in order to protect the well-being of the shareholders. In this regard, special arrangements have been made for AGM which are as under:

ii) AGM will be held through zoom application - a video link facility

iii) To attend the meeting, members are requested to get themselves registered with the Company Secretary office by providing the following details at the earliest but not later than two working days before the AGM through following means:

Mobile/WhatsApp: 0300 8272582
E-mail: kashif.fazlani@pnsc.com.pk

Name of Shareholder	CNIC Number	CDC Account No./Folio No.	Mobile Number	Email Address

iv) Upon receipt of the above information from the interested shareholders, the Corporation will send the login credentials at their e-mail address. On the date of AGM login facility will be opened at half hour before the meeting time, members will be able to login and join the AGM proceedings through their smartphone / computer devices.

v) In view of the above the Shareholders may also provide their comments/suggestions for the proposed agenda items of the AGM at least two working days before AGM, by using the aforesaid means. Members are requested to mention their full name, CNIC and CDC/Folio No. for this purpose.

vi) In case of corporate entity, Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be provided to the Corporation in the manner described in para A (iii) above.

B) For Appointing Proxies:

i. 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.

ii. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

iii. Attested copies of the CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.

iv. In case of corporate entities board of directors' resolution / power of attorney with specimen signature of the nominee shall be submitted along with the proxy form to Corporation in the manner described in para A (iii) above.

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)

i) Pursuant to the provision of the Finance Act 2020 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%

ii) 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

i. 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.

ii. 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)

iii) 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).

iv) 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. CDC Share Registrar Services Limited, before book closure otherwise tax will be deducted on dividend as per applicable rates.

v) 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. CDC Share Registrar Services 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

i) 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.

ii) 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 CD/DVD/USB

SECP through its S.R.O. 470(1)/2016 dated 31st May 2016 has allowed companies to circulate their annual accounts to shareholders through CD/DVD/USB at their registered addresses, instead of transmitting the hard copies. The Corporation has obtained members approval in it’s 38th AGM held on 28th October 2016. However any shareholder may request the Company Secretary in writing to provide a printed copy of the annual report at their registered address, free of cost.

H) Distribution of Annual Report through emails

Further 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.

I) Unclaimed Dividends & Bonus Shares

i) 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.

ii) 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.

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, 2020 will be available in due course on the Corporation's website https://pnsc.com.pk/financial-statements.html

Pakistan National Shipping Corporation

42nd Annual General Meeting – 2020

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. _______________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 42nd Annual General Meeting of the Corporation to be held on Monday, October 26th, 2020 at 11:00 am and at any adjournment thereof.

Signed by me/us this _____________day of ______________2020.

Please affix Revenue Stamp of Rs. 5

Witnesses:

1. Signature ____________________

   Name: ____________________

   CNIC No: ____________________

   Address: ____________________

   ____

2. Signature ____________________

   Name: ____________________

   CNIC No: ____________________

   Address: ____________________

   ____

____

Signature of Member

(Signature should agree with the specimen signature registered with the corporation)

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

بیالیسواں سالانہ اجلاسِ عام-2020

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 ________ 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 26 اکتوبر 2020 کو صبح 11:00 بجے یا التوا کی صورت میں کسی بھی دیگر وقت مقررہ پر منعقد ہونے والے کمپنی کے 42 ویں سالانہ اجلاس عام میں میرے / ہمارے پراکسی کی حیثیت سے شرکت کریں اور ووٹ دیں۔

اس پر میری/ ہماری طرف سے ____________ 2020 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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