# TAKING UP CHALLENGES MOVING FORWARD





**Pakistan National Shipping Corporation** 

UN-AUDITED REPORT FOR THE QUARTER ENDED SEPTEMBER 30, 2018



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#### CORPORATE INFORMATION

#### **Board of Directors**

1. Mr. Rizwan Ahmed Chairman

Additional Secretary (Expenditure)
 Finance Division Islamabad,
 (Ex-Officio Member).

 Sr. Joint Secretary /Joint Secretary Ministry of Maritime Affairs Islamabad, (Ex-Officio Member).

(Ex-Officio Member). Member

4. Mr. Ali Sved 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

Additional Secretary (Expenditure) Finance Division Islamabad, (Ex-Officio Member).

Sr. Joint Secretary /Joint Secretary Ministry of Maritime Affairs Islamabad, (Ex-Officio Member).

Mr. Ali Sved

Capt. Anwar Shah

#### **HR and Remuneration Committee**

Mr. Muhammad Ali

Mr. Ali Sved

Mr. Khowaja Obaid Imran Ilyas

#### **Chief Financial Officer**

Mr. S. Jarar Haider Kazmi

#### **Corporation & Board Secretary**

Ms. Zainab Suleman

#### **Chief Internal Auditor**

Mr. Babar Jamal Zubairi

#### **Head Office**

PNSC Building, Moulvi Tamizuddin Khan Road,

P.O.Box No. 5350, Karachi-74000 Pakistan.

Phone: (92-21) 99203980-99 (20 Lines)

Fax: (92-21) 99203974, 35636658

www.pnsc.com.pk

#### **Auditors**

Member

EY Ford Rhodes, Chartered Accountants

KPMG Taseer Hadi & Co., Chartered Accountants

#### **Shares Registrar**

Central Depository Company of Pakistan Limited CDC House, 99-B, Block 'B',

S.M.C.H.S. Main Shahra-e-Faisal, Karachi.

#### **Bankers**

Bank Alfalah Limited, Bahrain

Bank Al Habib Limited

Bank Al Habib Limited, Bahrain

Bank Islami Pakistan Limited

Dubai Islamic Bank (Pakistan) Limited

Faysal Bank Limited

Habib Bank Limited

MCB Bank Limited

Meezan Bank Limited

National Bank of Pakistan

National Bank of Pakistan, Hong Kong

National Bank of Pakistan, Tokyo

Silk Bank Limited

Soneri Bank Limited

Standard Chartered Bank (Pakistan) Limited

UniCredit Bank, Italy

United Bank Limited

United Bank Limited, London



### PAKISTAN NATIONAL SHIPPING CORPORATION DIRECTORS' REPORT FOR THE QUARTER ENDED SEPTEMBER 30, 2018

The Directors of Pakistan National Shipping Corporation (PNSC) are pleased to present the consolidated and unconsolidated condensed interim financial information of PNSC and Group for the first quarter ended September 30, 2018.

#### **OVERVIEW**

With the upward movement in the Baltic dry index globally, PNSC Group made substantial growth of 18% (from Rs 464 million to Rs 549 million) in revenue of managed bulk carriers segment, whereas this growth was offset by the decline of 37% (from Rs 1,921 million to Rs 1,210 million) in liquid cargo segment and a decline of 55% (from Rs 733 million to Rs 333 million) in slot charter segment due to the reduction of public sector cargoes. PNSC Group achieved a turnover of Rs 2,130 million (including Rs 504 million from PNSC) as compared to Rs 3,166 million (including Rs 1,661 million from PNSC) for the corresponding period last year.

Direct operating expenses decreased to Rs 1,695 million (including Rs 302 million from PNSC) from Rs 2,269 million (including Rs 869 million from PNSC), thereby resulting in Gross Profit of Rs 435 million as against Rs 896 million for the same period last year.

Group after Tax Profit of Rs 216 million has been achieved during this period against Rs 653 million in the same period last year showing a decrease of 67%, likewise, earnings per share for the group also decreased to Rs 1.63 from Rs 4.94.

The global shipping industry has started showing signs of entering the recovery phase with an increase in freight rates in the dry bulk segment and an increase in World scale and AFRA in liquid segment internationally; therefore there is a likelihood of recovery in the coming months. However, PNSC was adversely affected with the reduction in import of fuel and furnace oil due to an economy driven and energy mix shift of the power sector towards inexpensive LNG consumption. However in order to keep the economy abreast with the seasonal demand variations for power sector of the country, PNSC is committed towards maintaining its fixtures in servicing its country.

#### **FUTURE PROSPECTS**

PNSC intends to engage its managed dry bulk carriers in transportation of domestic cargo of Pakistan and anticipated coal transportation in the backdrop of upcoming coal fired power plants.

PNSC keeping in view the global shipping market prospective has set out its strategy by diversifying its existing business base and engaging its managed vessels for transportation of current and anticipated domestic cargo. Considering the rising demand of MOGAS, the PNSC's strategic fleet development plan has been revised with the planned procurement of modern vessels including two LR-1 Product tankers in current year in its managed fleet which will cater the increasing oil transportation demand mainly sourced from Arabian Gulf. The process for acquisition will be completed by the end of FY 2018-19.

Further, with the increasing demand of LNG by the power sector of the country, PNSC is developing strategy and striving to enter into LNG sector of the country for providing efficient sea transportation. Currently all imports are being catered by foreign shipping.

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

Kizman Almed

KHOWAJA OBAID IMRAN ILYAS

Director



جہاز رانی کی عالمی منڈی کے امکان کو مد نظر رکھتے ہوئے، پی این ایس سی نے اپنی موجودہ کاروباری اساس کو متنوع بناکے اور اپنے منتظم جہاز وں کو موجودہ اور مکنہ مقامی کار گومیں مصروف عمل کرنے کے لیے حکمت عملی تیار کی ہے۔ MOGAS کی بڑھتی طلب کے پیش نظر، پی این ایس سی کی اسٹریٹئجک فلیٹ میں ترقی کے منصوبے پر نظر ثانی کی گئی ہے جس میں رواں سال جدید جہازوں، بشمول دو 1-LR مصنوعاتی ٹینکروں کی خریداری اور اپنے منتظم بیڑے میں شمولیت شامل ہے جو خلیج عرب کی تیل کی بڑھتی طلب کو پورا کریں گے۔ حصولیا بی کا عمل مالی سال 2018 اور اکے اختقام سک ممکل ہوجائے گا۔

مزید برآں، ملک کے بجل کے شعبے کی جانب سے ایل این جی کی بڑھتی طلب کے باعث، پی این ایس می حکمت عملی بنار ہی ہے اور مؤثر آبی نقل و حمل فراہم کرنے کے لیے ایل این جی کے شعبے میں داخل ہونے کی کوشش کر رہی ہے۔ فی الحال، تمام درآ مدات غیر ملکی جہاز رانی کے ذریعے پوری کی جارہی ہیں۔

م المركب مران الياس خواجه عبيد عمران الياس ذائر يخر

جيرُ مين اور چيف ايكزيكو

کراچی: 26 اکتوبر، 2018



### پاکستان میشنل شینگ کار پوریش دائر یکرزر پورٹ برائے سدماہی اختتام از 30 سمبر، 2018

پاکتتان نیشنل شینگ کار پوریشن (پی این ایس سی) کے ڈائر بکٹر ز صاحبان پی این ایس سی اور گروپ کی پہلی سہ ماہی اختتام از 30 ستمبر ، 2018 کی منظم اور متفرق عبور ی مالیاتی معلومات بخو شی پیش کرتے ہیں۔

### مجموعي جائزه

عالمی سطح پر بالنگ ڈرائی انڈیکس میں اضافے کے ساتھ ، پی این ایس سی گروپ نے منتظم بلک کیریئر کے شعبے میں آمدنی میں %18 (464 ملین روپ سے 549 ملین روپ) نمایاں ترقی حاصل کی ، جبکہ یہ ترقی پبلک سیکٹر کار گو میں کمی کے باعث مائع کار گوکے شعبے میں %37 (1921 ملین روپ سے 210, ملین روپ) اور سلاٹ چارٹر کے شعبے میں %55 (733 ملین روپ سے 333 ملین روپ) کمی سے متوازن ہو گئی۔ پی این ایس سی گروپ نے گزشتہ سال اسی دورانے کے 1666 کہ ملین روپ (بشمول پی این ایس سی کے 1,661 ملین روپ) کے مقابلے میں 130 کی ملین روپ (بشمول پی این ایس سی کے 504 ملین روپ) کاکار و بار حاصل کیا۔

براہ راست آپر ٹینگ اخراجات 2,269 ملین روپے (بشمول پی این ایس سی کے 869 ملین روپے) سے کم ہو کر 1,695 ملین روپے (بشمول پی این ایس سی کے 302 ملین روپے) ہو گئے، جس سے گزشتہ سال کے اسی دورا نیے کے 896 ملین روپے کے مقابلے میں 435 ملین روپے مجموعی منافع حاصل ہوا۔

اس دورا نے میں گروپ نے 216 ملین روپے کامنافع بعداز ٹیکس حاصل کیا ہے جو گزشتہ سال اسی دورا نے میں 653 ملین روپے تھاجو 67% کمی ظاہر کرتا ہے،اسی طرح گروپ کی فی حصص آمدنی بھی 94.94 روپے سے 63.1 روپے فی حصص تک گر گئی۔

جہاز رانی کی عالمی صنعت نے خٹک بلک کے شعبے میں کرایوں میں اضافے اور بین الا قوامی طور پر مائع شعبے میں عالمی پیانے اور ایفرا (AFRA) میں اضافے کے ساتھ بحالی کے مرحلے میں داخل ہونے کے آثار ظاہر کرنے شروع کر دیے ہیں۔ تاہم، بجلی کے شعبے کے معاشی اور مخلوط توانائی کی بنیاد پر سستی ایل این جی کی کھیت پر منتقل ہونے کے باعث ایند ھن اور فرنس آئل کی درآمد میں کمی سے پی این ایس سی شدید متاثر ہوئی۔ تاہم، معیشت کو ملک کے بجلی کے شعبے کی موسمیاتی طلب کے تغیر سے ہم آ ہنگ رکھنے کے لیے، پی این ایس سی اپنے ملک کی خدمت کے لیے اپنے افعال بر قرار رکھنے کے لیے پر عزم ہے۔

### مستقبل کے امکانات

پی این ایس سی اپنے نہتظم خنگ بلک کیریئر کو پاکستان میں مقامی کار گواور آئندہ کو ئلے سے چلنے والے پاور پلانٹس کے تناظر میں کو کلے کی نقل وحمل میں مصروف عمل کرنے کاارادہ رکھتی ہے۔



### **PNSC Managed Fleet**

**BULK CARRIERS** 



**TANKERS** 



M.V MALAKAND







M.V HYDERABAD



M.T KARACHI

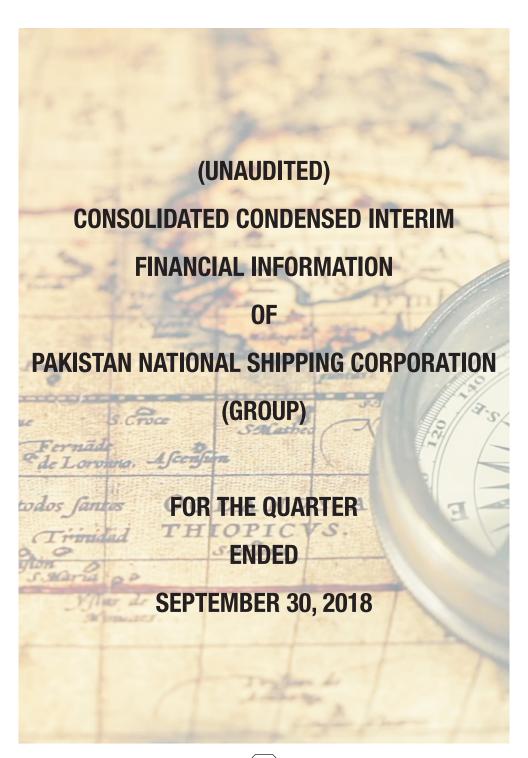














### PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2018

AS AT SEPTEMBER 30, 2018	Note	(Unaudited) September 30,	(Audited) June 30,
	14010	2018	2018 s in '000)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment Intangible asset	5 6	21,967,057 -	22,158,254
Investment properties Long-term investments in: - Related party (associate) - Listed companies and an other entity		3,088,460 - 50,485	3,061,632 - 51,199
Long-term loans Long-term deposits Deferred taxation - net		18,171 90 63,813	19,050 90 <u>63,813</u>
CURRENT ASSETS		25,188,076	25,354,038
Stores and spares Trade debts - unsecured Agents' and owners' balances - unsecured Loans and advances	7	739,435 446,146 8,861 84,401	655,424 562,923 19,041 110,290
Trade deposits and short-term prepayments Interest accrued on bank deposits and short-term investments Other receivables Incomplete voyages	8	26,144 93,287 2,612,391 22,307	21,692 27,303 2,588,272
Insurance claims Taxation - net Short-term investments Cash and bank balances	9	89,148 1,398,179 4,960,975 1,278,665	87,642 1,365,330 4,094,860 2,642,749
TOTAL ASSETS		11,759,939 36,948,015	12,175,526 37,529,564
EQUITY AND LIABILITIES			
<b>EQUITY ATTRIBUTABLE TO THE OWNERS OF THE HOLDING COMPANY</b> Share capital		1,320,634	1,320,634
Revenue reserves Capital reserve		28,855,209 131,344	28,639,812 131,344
Surplus on revaluation of property, plant and equipment - net of tax		1,244,986 31,552,173	1,244,986 31,336,776
NON-CONTROLLING INTEREST EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP		<u>4,285</u> 31,556,458	4,164 31,340,940
NON-CURRENT LIABILITIES			
Long term financing - secured Deferred liabilities	10	1,445,057 613,450	1,744,186 600,933
CURRENT LIABILITIES		2,058,507	2,345,119
Trade and other payables Provision against damage claims Current portion of long-term financing Incomplete Voyages Unclaimed dividend	11 10	2,018,075 22,889 1,210,172 - 52,856	2,507,245 23,193 1,210,172 23,985 52,869
Accrued mark-up on long-term financing		29,058 3,333,050	26,041 3,843,505
TOTAL LIABILITIES		5,391,557	6,188,624
TOTAL EQUITY AND LIABILITES		36,948,015	37,529,564
CONTINGENCIES AND COMMITMENTS	12		

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

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



# PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED SEPTEMBER 30, 2018 (UNAUDITED)

	Quarter ended	Quarter ended
	September 30,	September 30,
	2018	2017
	(Rupee	s in '000)
REVENUE		
Income from shipping business	2,092,006	3,118,110
Rental income	37,723	47,716
Tionial moonie	2,129,729	3,165,826
	_,, -	0,,
EXPENDITURE		
Fleet expenses - direct	(1,657,342)	(2,224,159)
Fleet expenses - indirect	(5,654)	(10,119)
Real estate expenses	(32,183)	(35,219)
Tiodi ostato oxporisos	(1,695,179)	(2,269,497)
GROSS PROFIT	434,550	896,329
	101,000	000,020
Administrative expenses	(230,560)	(229,023)
Other expenses	(102,765)	(191,133)
Other income	231,502	339,307
	(101,823)	(80,849)
OPERATING PROFIT	332,727	815,480
		2.2,.22
Finance costs	(57,108)	(70,265)
PROFIT BEFORE TAXATION	275,619	745,215
Taxation	(60,101)	(92,517)
PROFIT AFTER TAXATION	215,518	652,698
Other comprehensive income	-	-
TOTAL COMPREHENSIVE INCOME	215,518	652,698
Attributable to:		
	045.007	050 507
Equity holders of the Holding Company	215,397	652,567
Non-controlling interest	121	131
	215,518	652,698
	Dum	
	Rup	ees
EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE		
TO EQUITY HOLDERS OF THE HOLDING COMPANY -		
basic and diluted	1.63	4.94
pasic and unuted	1.03	4.94

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

Syed Jarar Haider Kazmi Chief Financial Officer Rizwan Ahmed P.A.S
Chairman & Chief Executive

Khowaja Obaid Imran Ilyas

Director



# PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED SEPTEMBER 30, 2018 (UNAUDITED)

	Attributable to the shareholders of the Holding Company									
		Surplus on			Revenue	reserves				
	Issued, subscribed and paid- up share capital	revaluation of property, plant and equipment - net of tax	Capital reserve*	General reserve	Remeasurement of post retirement benefits obligation - net of tax	Unappropriated profit	Sub-total revenue reserves	Total reserves	Non- controlling interest	Total
					(Rupee	es in '000)				
Balance as at July 01, 2017 (restated)	1,320,634	1,143,350	131,344	129,307	(255,659)	27,372,033	27,245,681	28,520,375	3,714	29,844,723
Profit after taxation	-	-	-	-	-	652,567	652,567	652,567	131	652,698
Other comprehensive income	-	_		_	_	_	-	_	_	-
Total comprehensive income for the first quarter ended September 30, 2017	-	-	-	-	-	652,567	652,567	652,567	131	652,698
Balance as at September 30, 2017	1,320,634	1,143,350	131,344	129,307	(255,659)	28,024,600	27,898,248	29,172,942	3,845	30,497,421
Balance as at July 01, 2018	1,320,634	1,244,986	131,344	129,307	(255,121)	28,765,626	28,639,812	30,016,142	4,164	31,340,940
Profit after taxation	-	-	-	-	-	215,397	215,397	215,397	121	215,518
Other comprehensive income	-	-	-	-		-	-	-	-	_
Total comprehensive income for the first quarter ended September 30, 2018	-		-	-	-	215,397	215,397	215,397	121	215,518
Balance as at September 30, 2018	1,320,634	1,244,986	131,344	129,307	(255,121)	28,981,023	28,855,209	30,231,539	4,285	31,556,458

<sup>\*</sup>This includes an amount transferred from shareholder's equity at the time of merger of former NSC and PSC.

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

Syed Jarar Haider Kazmi Chief Financial Officer Rizwan Ahmed P.A.S Chairman & Chief Executive

Khowaja Obaid Imran Ilyas

Director



# PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS FORTHE QUARTER ENDED SEPTEMBER 30, 2018 (UNAUDITED)

	Note	Quarter ended September 30, 2018	Quarter ended September 30, 2017 s in '000)
Cash flows from operating activities			
Cash generated from operations Employees' gratuity paid Employees' compensated absences paid Post-retirement medical benefits paid Long term loans recovered / (granted) Finance costs paid Taxes paid Net cash (used in) / generated from operating activities	13	91,589 (1,996) (23,984) (7,164) 879 (49,426) (92,950) (83,052)	697,127 (1,418) (14,582) (1,440) (22,600) (69,351) (62,075) 525,661
Cash flows from investing activities			
Purchase of property, plant and equipment Short-term investments redeemed / (made) Interest received on short term investments Dividends received on long term investments in listed securities Net cash generated from investing activities		(140,035) 322,755 27,673 - 210,393	(67,535) (1,680) 104,908 1,154 36,847
Cash flows from financing activities			
Long-term financing repaid Dividends paid Net cash used in financing activities		(302,542) (13) (302,555)	(302,544) (13) (302,557)
Net (decrease) / increase in cash and cash equivalents		(175,214)	259,951
Cash and cash equivalents at the beginning of period		2,764,179	5,161,772
Cash and cash equivalents at the end of the period	14	2,588,965	5,421,723

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

Syed Jarar Haider Kazmi Chief Financial Officer

Rizwan Ahmed P.A.s Chairman & Chief Executive Khowaja Obaid Imran Ilyas Director

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### PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES NOTESTO AND FORMING PART OF THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION FOR THE QUARTER ENDED SEPTEMBER 30, 2018 (UNAUDITED)

#### 1. THE GROUP AND ITS OPERATIONS

Pakistan National Shipping Corporation (the Holding Company), its subsidiary companies and an associate (together 'the Group') were incorporated under the provisions of the Pakistan National Shipping Corporation Ordinance, 1979 and the Companies Ordinance, 1984 (now 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
- Lanore Snipping (Private) Limited
   Lalazar Shipping (Private) Limited
- Makran Shipping (Private) Limited
- Malakand Shipping (Private) Limited
- Multan Shipping (Private) Limited
- Pakistan Co-operative Ship Stores (Private) Limited
- Quetta Shipping (Private) Limited
- Sargodha Shipping (Private) Limited
- Shalamar Shipping (Private) Limited
- Sibi Shipping (Private) Limited
- Swat Shipping (Private) Limited

#### Associate

- Muhammadi Engineering Works (Private) Limited

The Holding Company owns 73% (June 30, 2017: 73%) of the share capital of Pakistan Co-operative Ship Stores (Private) Limited and 100% (June 30, 2017: 100%) of the share capital of the remaining eighteen subsidiary companies. Each of wholly owned subsidiaries operate one vessel / tanker each with the exception of Bolan Shipping (Private) Limited, Swat Shipping (Private) Limited, Lalazar Shipping (Private) Limited, Johar Shipping (Private) Limited, Kaghan Shipping (Private) Limited, Khairpur Shipping (Private) Limited, Islamabad Shipping (Private) Limited, Sargodha Shipping (Private) Limited and Makran Shipping (Private) Limited which currently do not own any vessel / tanker.

#### 2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

- 2.1 This consolidated condensed interim financial information of the Group for the first quarter ended September 30, 2018 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:
  - International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
  - Provisions of and directives issued under the Companies Act, 2017.



Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed. This consolidated condensed interim financial information does not include all the information and disclosures required in an annual audited financial statements, and should be read in conjunction with the financial statements for the year ended June 30, 2018 as they provide an update of previously reported information.

- 2.2 This consolidated condensed interim financial information comprise of the consolidated condensed interim statement of financial position as at September 30, 2018 and the consolidated condensed interim statement of profit or loss and other comprehensive income, the consolidated condensed interim statement of changes in equity, the consolidated condensed interim statement of cash flows and notes thereto for the first quarter ended September 30, 2018. This consolidated condensed interim financial information also include the consolidated condensed interim statement of profit or loss and other comprehensive income, the consolidated condensed interim statement of changes in equity and the consolidated condensed interim statement of cash flows for the quarter ended September 30, 2017.
- 2.3 The comparative statement of financial position presented in this consolidated condensed interim financial information as at June 30, 2018 has been extracted from the annual audited consolidated financial statements of the Group for the year ended June 30, 2018 whereas the comparative consolidated condensed interim statement of profit or loss and other comprehensive income, consolidated condensed interim statement of changes in equity and consolidated condensed interim statement of cash flows for the quarter ended September 30, 2017 have been extracted from the consolidated condensed interim financial information of the Group for the quarter then ended, which were neither subjected to a review nor audited.

#### 3. SIGNIFICANT ACCOUNTING POLICIES

- 3.1 The accounting policies and the methods of computation adopted in the preparation of this consolidated condensed interim financial information are consistent with those applied in the preparation of the consolidated financial statements for the year ended June 30, 2018.
- 3.2 Change in accounting standards, interpretations and amendments to published approved accounting standards that are effective
  - (a) Amendments to published approved accounting standards which are effective during the quarter ended September 30, 2018

There are certain amendments to approved accounting standards which are mandatory for the Group's annual accounting period which began on July 1, 2018. However, these do not have any significant impact on the Group's financial reporting and, therefore, have not been detailed in this consolidated condensed interim financial information.

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

During the year ended June 30, 2018 the Securities and Exchange Commission of Pakistan (the SECP) adopted IFRS 16 'Leases' which is applicable for the reporting period beginning on July 1, 2019. Certain other new standards and amendments to the approved accounting standards will also be mandatory for the Group's annual accounting periods beginning on or after July 1, 2019. However, these amendments will not have any significant impact on the financial reporting of the Group and, therefore, have not been disclosed in this consolidated condensed interim financial information. Further, IFRS 17 'Insurance contracts' is yet to be adopted by the SECP.

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

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

Judgements and estimates made by the management in the preparation of this consolidated condensed interim financial information are the same as those applied in the Group's consolidated annual financial statements for the year ended June 30, 2018.

The Group's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2018.



Note

(Unaudited) September 30 2018

(Audited) June 30, 2018 -----(Rupees in '000)------

#### PROPERTY, PLANT AND EQUIPMENT 5.

-	Opera:	ting fixe	ed assets	
---	--------	-----------	-----------	--

- Major spare parts and stand-by equipment

- Capital work-in-progress (CWIP)

5.1 & 5.2

21,534,233 375,943 56,881 21,967,057 21,755,187 346,186 56,881 22,158,254

(Unaudited)

-----(Rupees in '000)-----

Quarter ended September 30, 2018

Quarter ended September 30, 2017

#### 5.1 Additions to operating fixed assets (including transfers from CWIP) during the period:

Buildings on lease hold land Vehicles Office machines and appliances Furniture and fixtures Workshop machinery and equipment Computer equipment Spares capitalised Class renewal and dry docking Equipment on board

426 56 570 2,177 1,210 119 74 13 755 2,483 26,392 12,384 110,442 1,638 678 3,276 140,035 22,658 400,818 307,405

5.2 Depreciation charge for the period

#### 6. **INTANGIBLE**

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

Note	September 30,
	2018

423,915

7.1

(Audited) June 30. 2018 -----(Rupees in '000)-----

540,823

#### 7. TRADE DEBTS - unsecured

#### Considered good - Due from related parties

- Due from others	7.2	22,231	22,100
		446,146	562,923
Considered doubtful			
- Due from related parties	7.1	6,230	6,758
- Due from others		180,455	180,455
		186,685	187,213
		632,831	750,136
Less: Provision for doubtful debts	7.3	186,685	187,213
		116 116	E62 022



7.1 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 September 30, 2018	(Audited) As at June 30, 2018
National Bank of Pakistan	288	(1	Rupees in '00	288	
National Refinery Limited	46.022	-	1.740	47.762	46.788
Pak Arab Refinery Limited	178,830			178,830	170,081
Pakistan Refinery Limited	-	_	49	49	49
Pakistan Security Printing Corporation	1,083			1,083	219
Pakistan State Oil Company Limited	-	-	10,020	10,020	244,617
Sui Northern Gas Pipelines Limited	747	-		747	1,150
Sui Southern Gas Company Limited	750	-	-	750	-
Trading Corporation of Pakistan (Private) Limited	-	-	4,866	4,866	4,866
Water and Power Development Authority	2,105	-	-	2,105	506
Others	37,655	132,972	13,018	183,645	79,305
	267,480	132,972	29,693	430,145	547,581

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

		Note	(Unaudited) September 30, 2018(Rupees	(Audited) June 30, 2018 in '000)
	Upto 1 month		2,973	4,693
	1 to 6 months		4,461	4,316
	More than 6 months		14,797	13,091
			22,231	22,100
7.3	Provision for doubtful debts			
	Balance at the beginning		187,213	213,984
	Provision made during the period / year		-	4,689
	Provision reversed during the period / year	7.5	(528)	(2,217)
	Provision written off during the period / year		-	(29,243)
	Balance at the end	7.4	186,685	187,213

- 7.4 This balance represents trade debts outstanding for more than three years.
- 7.5 This reversal has been made because of subsequent receipt of the respective amount.

(Audited)

(Unaudited)



		Note	September 30, 2018	June 30, 2018
8.	OTHER RECEIVABLES		(Rupees	in '000)
	Amount held by lawyer in respect of a guarantee pro the court	ovided to	4,953	4,953
	Others Considered good - Due from related parties	8.2	2,305,780	2,293,793
	- Due from others	0.1	267,454	255,322
	Considered doubtful - Due from related parties	8.1 8.2	2,573,234 438,533	2,549,115
	- Due from others		22,913 461,446 3,034,680	12,661 451,999 3,001,114
	Less: Provision for doubtful other receivables Employees' gratuity scheme - funded	8.3	461,446 34,204 2,612,391	451,999 34,204 2,588,272
8.1	This represents balances that are past due but not in	mpaired.		
8.2	Ageing analysis of amounts due from related parties		ceivables, are as follo	ws:
	Upto 1 month	months mo	than 6 As at September 30, 2018	(Audited) As at June 30, 2018
	National Refinery Limited 1,332 Pakistan Refinery Limited - Pakistan State Oil Company Limited - Pak Arab Refinery Limited 4,423	3,510 6,085 1 70,100 2,3	s in '000)	106,360 2,398,131
	5,755		2,744,313 (Unaudited) September 30, 2018	2,733,131 (Audited) June 30, 2018
8.3	Provision for doubtful receivables		(nupees	in '000)
	Balance at the beginning Provision made during the period / year Provision reversed during the period / year Provision written off during the period / year Balance at the end	8.4	451,999 29,640 (20,193) - 461,446	404,159 50,245 (1,173) (1,232) 451,999
8.4	This reversal has been made because of subsequen	t receipt of the respe	ctive amount.	
		Note	(Unaudited) September 30, 2018(Rupees	(Audited) June 30, 2018
9.	SHORT-TERM INVESTMENTS		(nupees	III 000/
	Term deposits with banks having maturity of: - more than six months but upto twelve months - three to six months - three months or less	9.1 9.2 9.3	512,000 3,138,675 1,310,300 4,960,975	12,000 3,961,430 121,430 4,094,860



- 9.1 The mark-up on these term deposits denominated in local currency ranges from 6.05% to 6.60% (June 30, 2018: 6.60%) per annum.
- 9.2 The mark-up on these term deposits denominated in local currency ranges from 6.85% to 6.90% (June 30, 2018: 6.05% to 6.90%) per annum, whereas mark-up on term deposits denominated in foreign currency ranges from 2.40% to 2.75% (June 30, 2018: 2.40%) per annum.
- 9.3 The mark-up on these term deposits denominated in local currency ranges from 7.00% to 7.74% (June 30, 2018: Nil) per annum, whereas mark-up on these term deposits denominated in foreign currency is 2.25% (June 30, 2018: 2.40%) per annum.

(Unaudited) Note September 30 2018 -----(Rupees in '000)-----

(Audited) June 30, 2018

#### 10. LONG-TERM FINANCING - secured

Financing under syndicate term finance agreement Financing under musharika agreement

Less: Current portion

10.1 & 10.2 1,084,526 1,145,588 10.1 & 10.3 1,808,770 1,570,703 2,655,229 2,954,358 1,210,172 1,210,172 1,445,057 1,744,186

- Represents financing obtained in November 2014 in the form of syndicated term finance loan of Rs 3,000 10 1 million, with the remaining amount of Rs 1,500 million through a musharika agreement. Till date, the Holding Company has drawn Rs 2,054.250 million and Rs 1,027.125 million from syndicated term finance and musharika respectively.
- 10.2 The financing carries mark-up at the rate of KIBOR + 1.60% which has been renegotiated to KIBOR + 0.50% during the year ended June 30, 2016 and further renegotiated to 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 one of the vessels and hypothecation charge over two of the vessels owned by subsidiary companies of the Holding Company.
- 10.3 Represents Musharika facility obtained from Faysal Bank limited (FBL) amounting to Rs 3,300 million bearing mark-up of 3 month KIBOR + 0.40% which has been renegotiated to 3 month KIBOR + 0.15% during the year ended June 30, 2018. The loan along with the mark-up is repayable on a quarterly basis with the first installment paid on February 23, 2016 while last repayment date is November 23, 2019. The facility is secured by first mortgage charge over two vessels owned by the subsidiary companies. The Holding Company has also paid loan arrangement fee amounting to Rs 12.540 million which was included in the amortised cost of the long term financing, whereas an amount of Rs 3.300 million was expensed out at the time of agreement.

Note

11.1

(Unaudited) September 30 2018

(Audited) June 30, 2018 -----(Rupees in '000)-----

#### TRADE AND OTHER PAYABLES 11

Creditors Agents' and owners' balances Accrued liabilities Deposits Bills payable Withholding Tax Payable Advance rent Advance from customers Other liabilities - amounts retained from contractors - others

196,243 183,486 174,153 394,564 1,365,706 1,574,295 73,203 62,705 62,305 402 17,583 36,533 22,420 83,053 82,997

27,827 60,955 88,782 2,018,075

27,827 79,063 106,890 2,507,245



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.

#### CONTINGENCIES AND COMMITMENTS 12.

#### Contingencies

12.1 There are no major changes in the status of contingencies and commitments as reported in the annual audited consolidated financial statements for the year ended June 30, 2018.

September 30,	June 30,		
2018	2018		
(Rupees in '000)			

(Unaudited)

#### Commitments

12.2 Commitments for capital expenditure 32,571 32.571

12.3 Outstanding letters of guarantee

5,126 5,126

(Audited)

12.4 The Holding Company has provided an undertaking amounting to USD 11.6 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 it's 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.

> (Unaudited) Quarter ended Quarter ended Note September 30, September 30, 2018 2017 -----(Rupees in '000)-----

#### **CASH GENERATED FROM OPERATIONS** 13.

Profit before taxation		275,619	745,215
Adjustments for non-cash charges and other items:			
Depreciation		307,405	400,818
Provision for employees' gratuity		14,530	12,830
Provision for employees' compensated absences		24,543	26,014
Provision for post-retirement medical benefits		6,586	5,585
Dividend income		-	(1,154)
Income from saving accounts and term deposits		(93,657)	(94,468)
Finance cost		55,855	69,351
Loss on disposal of stores		-	1,649
Provision no longer required written back		(179)	(235)
Provision for doubtful other receivables		29,640	-
Reversal of provision for doubtful debts and other			
receivables		(20,721)	(4,624)
Loss / (Gain) on revaluation of long-term investments in			
listed securities		714	(6,741)
Reversal of provision against damage claims		(303)	(1)
Provision in respect of damage claims		-	1,267
Working capital changes	13.1	(508,443)	(458,379)
		91,589	697,127



#### (Unaudited)

Quarter ended September 30, 2018

Quarter ended September 30, 2017 -----(Rupees in '000)-----

#### 13.1 Working capital changes

(Increase) / decrease in current assets:
Stores and spares
Trade debts - unsecured
Agents' and owners' balances - unsecured
Loans and advances
Trade deposits and short-term prepayments
Other receivables
Incomplete voyages
Insurance claims

Increase / (decrease) in current liabilities: Trade and other payables

(84,011)	76,876
117,305	(39,342)
10,180	417
25,889	(29,139)
(4,452)	(19,721)
(33,566)	(210,741)
(49,293)	117,910
(1,506)	(6,699)
(19,454)	(110,439)
(488,989)	(347,940)
(508,443)	(458,379)

#### **CASH AND CASH EQUIVALENTS** 14.

Short-term investments having maturity of three months or less Cash and bank balances

2,700,000
2,721,723
5,421,723

#### 15. TRANSACTIONS WITH RELATED PARTIES

The Group has related party relationships with its associate, Government of Pakistan and its related entities, employee benefit plans and its directors and executive officers (including their associates). Transactions with related parties essentially entail freight income, chartering revenue recovered, recovery of demurrage, rental income and employee funds maintained by the Holding Company. Balances with related parties have been disclosed in the relevant notes to this consolidated condensed interim financial information. Further, transactions entered into with the key management personnel as per their terms of employment are also included in related party transactions.

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

			(Unau	udited)
	Note	Relationship with the Group	Quarter ended September 30, 2018	Quarter ended September 30, 2017 s in '000)
Name and particulars			(11460	o 000,
Transactions with State owned / controlled entities				
Chartering Revenue	15.1		1,543,306	2,654,621
Demurrage income			51,626	216,208
Rental income			933	848
Transactions with other related parties				
Contribution to provident fund		Employees benefit plan	2,312	3,638
Directors' fee		Key management personne	831	125
Key management personnel compensation		Key management personne	14,295	9,518

The Group is engaged in providing carriage services to Pakistan State Oil Company Limited (PSO), National Refinery Limited (NRL), Pakistan Refinery Limited (PRL) and Pak Arab Refinery Limited (PARCO) and recognises related revenue / income in accordance with the terms of CoAs entered into with them.



#### GENERAL

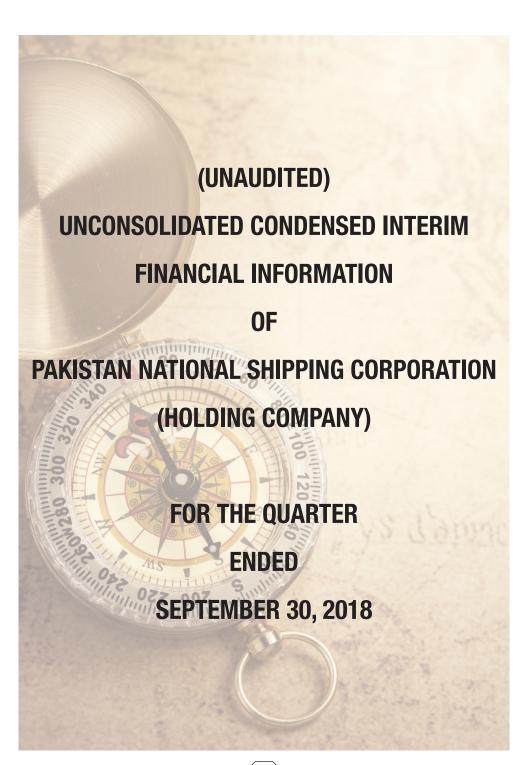
Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.

#### 17. DATE OF AUTHORISATION FOR ISSUE

This consolidated condensed interim financial information was authorised for issue on October 26, 2018 by the Board of Directors of the Holding Company.

Syed Jarar Haider Kazmi Chief Financial Officer Rizwan Ahmed P.A.S Chairman & Chief Executive

Khowaja Obaid Imran Ilyas Director



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# PAKISTAN NATIONAL SHIPPING CORPORATION UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2018

	Note	2018	(Audited) June 30, 2018
ASSETS		(Rupees	s in '000)
NON-CURRENT ASSETS			
Property, plant and equipment	5 6	1,965,853	2,001,907
Intangible asset Investment properties	O	3,088,460	3,061,632
Long-term investments in: - Related parties (subsidiaries and an associate)		28,591,761	28,591,761
- Listed companies and an other entity		50,485 28,642,246	51,199 28,642,960
Long torna long			
Long-term loans Deferred taxation - net		18,171 63,813 33,778,543	19,050 63,813 33,789,362
CURRENT ASSETS		33,770,343	33,769,302
Stores and spares Trade debts - unsecured	7	11,826 217,903	12,845 344,864
Agents' and owners' balances - unsecured	,	8,861	19,041
Loans and advances Trade deposits and short-term prepayments		84,401 25,005	110,290 20,863
Interest accrued on bank deposits and short-term investments Other receivables	8	92,246 1,830,830	26,462 1,782,911
Incomplete voyages Taxation - net	Ü	41,521 1,385,305	-
Short-term investments	9	4,948,975	1,350,896 4,082,860
Cash and bank balances		1,275,562 9,922,435	2,639,415 10,390,447
TOTAL ASSETS		43,700,978	44,179,809
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share Capital Authorised 200,000,000 (2018: 200,000,000) ordinary shares of Rs 10 each		2,000,000	2,000,000
Issued, subscribed and paid-up share capital		1,320,634	1,320,634
Revenue reserves Capital reserve		9,696,638 126,843	9,640,897 126,843
Surplus on revaluation of property, plant and equipment - net of tax		1,242,161 12,386,276	1,242,161 12,330,535
NON-CURRENT LIABILITIES		12,000,270	12,000,000
Long-term financing - secured	10	1,445,057	1,744,186
Deferred liabilities		613,450 2,058,507	600,933 2,345,119
CURRENT LIABILITIES		2,036,307	2,345,119
Trade and other payables Provision against damage claims	11	27,941,220 22,889	28,177,812 23,193
Current portion of long-term financing	10	1,210,172	1,210,172
Incomplete voyages Unclaimed dividend		52,856	14,068 52,869
Accrued mark-up on long-term financing		29,058 29,256,195	26,041 29,504,155
TOTAL LIABILITIES		31,314,702	31,849,274
TOTAL EQUITY AND LIABILITES		43,700,978	44,179,809
CONTINGENCIES AND COMMITMENTS	12		

The annexed notes 1 to 17 form an integral part of this unconsolidated condensed interim financial information.

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



# PAKISTAN NATIONAL SHIPPING CORPORATION UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED SEPTEMBER 30, 2018 (UNAUDITED)

REVENUE	Quarter ended September 30, 2018 (Rupees	Quarter ended September 30, 2017 in '000)
Chartering revenue Service fees Rental income	466,383 65,025 37,502 568,910	1,613,578 60,181 <u>47,495</u> 1,721,254
EXPENDITURE Fleet expenses - direct Fleet expenses - indirect Vessel management expenses Real estate expenses  GROSS PROFIT	(267,443) (1,997) (166,234) (32,183) (467,857) 101,053	(826,458) (7,568) (146,157) (35,219) (1,015,402) 705,852
Administrative expenses Other expenses Other income  OPERATING PROFIT	(57,439) (71,626) 188,773 59,708 160,761	(79,223) (187,806) 271,554 4,525 710,377
Finance costs	(56,203)	(69,618)
PROFIT BEFORE TAXATION	104,558	640,759
Taxation	(48,817)	(82,724)
PROFIT AFTER TAXATION	55,741	558,035
Other comprehensive income	-	-
TOTAL COMPREHENSIVE INCOME	55,741	558,035
	(Rup	oees)
EARNINGS PER SHARE - basic and diluted	0.42	4.23

The annexed notes 1 to 17 form an integral part of this unconsolidated condensed interim financial information.

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

Director



### PAKISTAN NATIONAL SHIPPING CORPORATION UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED SEPTEMBER 30, 2018 (UNAUDITED)

	Issued.	Surplus on		Revenue Reserves				
	subscribed and paid- up share capital	revaluation of property, plant and equipment - net of tax	Capital Reserve*	Remeasurement of post retirement benefits obligation - net of tax	Unappropriated profit	Sub-total	Total reserves	Total
				(Rupee	es in '000)			
Balance as at July 01, 2017 (restated)	1,320,634	1,140,525	126,843	(255,659)	8,839,457	8,583,798	9,851,166	11,171,800
Profit after taxation	-	-	-	-	558,035	558,035	558,035	558,035
Other comprehensive income	-	-	-	_	-	-	-	-
Total comprehensive income for the first quarter ended September 30, 2017	-	-	-	-	558,035	558,035	558,035	558,035
Balance as at September 30, 2017	1,320,634	1,140,525	126,843	(255,659)	9,397,492	9,141,833	10,409,201	11,729,835
Balance as at July 01, 2018	1,320,634	1,242,161	126,843	(255,121)	9,896,018	9,640,897	11,009,901	12,330,535
Profit after taxation	-	-	-	-	55,741	55,741	55,741	55,741
Other comprehensive income	-	-	-	-	-	-	-	
Total comprehensive income for the first quarter ended September 30, 2018	-	-	-	-	55,741	55,741	55,741	55,741
Balance as at September 30, 2018	1,320,634	1,242,161	126,843	(255,121)	9,951,759	9,696,638	11,065,642	12,386,276

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

The annexed notes 1 to 17 form an integral part of this unconsolidated condensed interim financial information.

Syed Jarar Haider Kazmi Chief Financial Officer Rizwan Ahmed P.A.S Chairman & Chief Executive

Khowaja Obaid Imran Ilyas

Director



# PAKISTAN NATIONAL SHIPPING CORPORATION UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS FORTHE QUARTER ENDED SEPTEMBER 30, 2018 (UNAUDITED)

	Note	Quarter ended September 30, 2018(Rupees	Quarter ended September 30, 2017 in '000)
Cash flows from operating activities			
Cash generated from operations Employees' gratuity paid Employees' compensated absences paid Post-retirement medical benefits paid Long term loans recovered / (granted) Finance costs paid Taxes paid Net cash (used in) / generated from operating activities	13	(55,482) (1,996) (23,984) (7,164) 879 (49,426) (83,226) (220,399)	621,512 (1,418) (14,582) (1,440) (22,600) (69,351) (51,432) 460,689
Cash flows from investing activities			
Purchase of property, plant and equipment Short-term investments redeemed / (made) Interest received on short term investments Dividends received on long term investments in listed securities Net cash generated from investing activities		(2,458) 322,755 27,674 - 347,971	(3,099) (1,680) 104,908 1,154 101,283
Cash flows from financing activities			
Long-term financing repaid Dividends paid Net cash used in financing activities		(302,542) (13) (302,555)	(302,544) (13) (302,557)
Net (decrease) / increase in cash and cash equivalents		(174,983)	259,415
Cash and cash equivalents at the beginning of period		2,760,845	5,158,281
Cash and cash equivalents at the end of the period	14	2,585,862	5,417,696

The annexed notes 1 to 17 form an integral part of this unconsolidated condensed interim financial information.

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



### PAKISTAN NATIONAL SHIPPING CORPORATION NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION FOR THE QUARTER ENDED SEPTEMBER 30, 2018 (UNAUDITED)

#### 1. THE CORPORATION AND ITS OPERATIONS

- 1.1 Pakistan National Shipping Corporation (the Corporation) was established under the provisions of the Pakistan National Shipping Corporation Ordinance, 1979 and is principally engaged in the business of shipping, including charter of vessels, transportation of cargo and other related services and providing commercial, technical, administrative, financial and other services to its subsidiaries and third parties in relation to the business of shipping. The Corporation is also engaged in renting out its properties to tenants under lease arrangements. The Corporation is listed on the Pakistan Stock Exchange. The Corporation's registered office is situated at PNSC Building, Moulvi Tamizuddin Khan Road, Karachi.
- 1.2 This unconsolidated condensed interim financial information is separate financial information of the Corporation in which investments in subsidiaries and associates are accounted for at cost less accumulated impairment losses if any.

#### 2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

- 2.1 This unconsolidated condensed interim financial information of the Corporation for the first quarter ended September 30, 2018 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:
  - International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
  - Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed. This unconsolidated condensed interim financial information does not include all the information and disclosures required in an annual audited financial statements, and should be read in conjunction with the financial statements for the year ended June 30, 2018 as they provide an update of previously reported information.

- 2.2 This unconsolidated condensed interim financial information comprise of the unconsolidated condensed interim statement of financial position as at September 30, 2018 and the unconsolidated condensed interim statement of profit or loss and other comprehensive income, the unconsolidated condensed interim statement of changes in equity, the unconsolidated condensed interim statement of cash flows and notes thereto for the first quarter ended September 30, 2018. This unconsolidated condensed interim financial information also include the unconsolidated condensed interim statement of profit or loss and other comprehensive income, the unconsolidated condensed interim statement of changes in equity and the unconsolidated condensed interim statement of changes in equity and the unconsolidated condensed interim statement of changes in equity and the unconsolidated condensed interim statement of changes in equity and the unconsolidated condensed interim statement of changes in equity and the unconsolidated condensed interim statement of changes in equity and the unconsolidated condensed interim statement of changes in equity and the unconsolidated condensed interim statement of changes in equity and the unconsolidated condensed interim statement of changes in equity and the unconsolidated condensed interim statement of changes in equity and the unconsolidated condensed interim statement.
- 2.3 The comparative statement of financial position presented in this unconsolidated condensed interim financial information as at June 30, 2018 has been extracted from the annual audited financial statements of the Corporation for the year ended June 30, 2018 whereas the comparative unconsolidated condensed interim statement of profit or loss and other comprehensive income, unconsolidated condensed interim statement of changes in equity and unconsolidated condensed interim statement of cash flows for the quarter ended September 30, 2017 have been extracted from the unconsolidated condensed interim financial information of the Corporation for the quarter then ended, which were neither subjected to a review nor audited.

#### 3. SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies and the methods of computation adopted in the preparation of this unconsolidated condensed interim financial information are consistent with those applied in the preparation of the financial statements for the year ended June 30, 2018.



#### 3.2 Change in accounting standards, interpretations and amendments to published approved accounting standards that are effective

#### (a) Amendments to published approved accounting standards which are effective during the quarter ended September 30, 2018

There are certain amendments to approved accounting standards which are mandatory for the Corporation's annual accounting period which began on July 1, 2018. However, these do not have any significant impact on the Corporation's financial reporting and, therefore, have not been detailed in this unconsolidated condensed interim financial information.

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

During the year ended June 30, 2018 the Securities and Exchange Commission of Pakistan (the SECP) adopted IFRS 16 'Leases' which is applicable for the reporting period beginning on July 1, 2019. Certain other new standards and amendments to the approved accounting standards will also be mandatory for the Corporation's annual accounting periods beginning on or after July 1, 2019. However, these amendments will not have any significant impact on the financial reporting of the Corporation and, therefore, have not been disclosed in this unconsolidated condensed interim financial information. Further, IFRS 17 'Insurance contracts' is yet to be adopted by the SECP.

#### SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS, ASSUMPTIONS AND FINANCIAL RISK MANAGEMENT

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

Judgements and estimates made by the management in the preparation of this unconsolidated condensed interim financial information are the same as those applied in the Corporation's unconsolidated annual financial statements for the year ended June 30, 2018.

The Corporation's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2018.

	(Unaudited)	(Δ
Vote	September 30,	Ju
	2018	

Audited) une 30. 2018 -----(Rupees in '000)-----

#### PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets Capital work-in-progress (CWIP)

5.1 & 5.2	1,908,972	1,945,026
	56,881	56,881
	1 965 853	2 001 907

(Unaudited)		
Quarter ended	Quarter ended	
September 30,	September 30,	
2018	2017	
(Rupees in '000)		

#### 5 1 Additions to operating fixed assets (including transfers from CWIP) during the period:

Buildings on leasehold land Vehicles Office machines and appliances Furniture and fixtures Workshop machinery and equipment Computer equipment

426	56
-	570
1,210	2,177
119	-
13	74
690	109
2,458	2,986
11 683	15 529

5.2 Depreciation charge for the period



#### 6. INTANGIBLE

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

	(Unaudited)	(Audited)
Note	September 30,	June 30,
	2018	2018
	(Rupe	es in '000)

#### 7. TRADE DEBTS - unsecured

Considered good - Due from related parties - Due from others	7.1 7.2	195,672 22,231 217,903	322,764 32,100 344,864
Considered doubtful - Due from related parties - Due from others	7.1	6,230 653	6,758 653
Less: Provision for doubtful debts	7.3	6,883 224,786 6,883 217,903	7,411 352,275 7,411 344,864

7.1 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 September 30, 2018	(Audited) As at June 30, 2018
National Bank of Pakistan	288	- `	-	288	-
National Refinery Limited	-	-	610	610	610
Pakistan Refinery Limited	-	-	49	49	49
Pakistan Security Printing Corporation	1,083	-	-	1,083	219
Pakistan State Oil Company Limited	-	-	8,449	8,449	243,046
Sui Northern Gas Pipelines Limited	747	-	-	747	1,150
Sui Southern Gas Company Limited	750	-	-	750	-
Trading Corporation of Pakistan (Private) Limited	-	-	4,866	4,866	4,866
Water and Power Development Authority	2,105	-	-	2,105	506
Others	37,502	132,435	13,018	182,955	79,076
	42,475	132,435	26,992	201,902	329,522

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

		Note	(Unaudited) September 30, 2018(Rupees in	(Audited) June 30, 2018 n '000)
	Upto 1 month		2,973	4,693
	1 to 6 months		4,461	4,316
	More than 6 months		14,797	13,091
			22,231	22,100
7.3	Provision for doubtful debts			
	Balance at the beginning		7,411	34,182
	Provision made during the period / year		-	4,689
	Provision reversed during the period / year	7.5	(528)	(2,217)
	Provision written off during the period / year		-	(29,243)
	Balance at the end	7.4	6,883	7,411

8.



(Audited)

- 7.4 This balance represents trade debts outstanding for more than three years.
- 7.5 This reversal has been made because of subsequent receipt of the respective amount.

	Note	2018(Rupees	June 30, 2018 in '000)
OTHER RECEIVABLES		Паросо	111 0007
Considered good			
- Due from related parties	8.2	1,642,592	1,630,354
- Due from others		154,033	118,352
	8.1	1,796,625	1,748,706
Considered doubtful			
- Due from related parties	8.2	284,398	295,512
- Due from others		12,659	12,659
		297,057	308,171
		2,093,682	2,056,877
Less: Provision for doubtful other receivables	8.3	297,057	308,171
		1,796,625	1,748,706
Employees' gratuity scheme - funded		34,205	34,205
		1,830,830	1,782,911

- 8.1 This represents balances that are past due but not impaired.
- 8.2 Ageing analysis of amounts due from related parties, included in other receivables, are as follows:

	Upto 1 month	1 to 6 months	More than 6 months	As at September 30, 2018	(Audited) As at June 30, 2018
			(Rupees in '000	)	
National Refinery Limited	-	-	24,059	24,059	36,930
Pakistan Refinery Limited	-	-	26,217	26,217	26,217
Pakistan State Oil Company Limited	-	70,100	1,757,264	1,827,364	1,813,369
Pak Arab Refinery Limited	-	-	49,350	49,350	49,350
	-	70,100	1,856,890	1,926,990	1,925,866

(Unaudited) (Audited)
Note September 30, June 30,
2018 2018

(Unaudited)

**2018** 2018 -----(Rupees in '000)------

#### 8.3 Provision for doubtful receivables

Balance at the beginning		308,171	282,791
Provision made during the period / year		553	25,380
Provision reversed during the period / year	8.4	(11,667)	-
Balance at the end		297,057	308,171

8.4 This reversal has been made because of subsequent receipt of the respective amount.



(Unaudited) September 30 Note 2018

(Audited) June 30, 2018 -----(Rupees in '000)-----

#### q SHORT-TERM INVESTMENTS

Term deposits with banks having maturity of:

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

9.1	500,000
9.2	3,138,675
9.3	1,310,300

4.948.975

3,961,430 121,430 4.082.860

- 91 The mark-up on this term deposit denominated in local currency is 6.05% (June 30, 2018: Nil).
- 9.2 The mark-up on these term deposits denominated in local currency ranges from 6.85% to 6.90% (June 30, 2018: 6.85% to 6.90%) per annum, whereas mark-up on term deposits denominated in foreign currency ranges from 2.40% to 2.75% (June 30, 2018: 2.40%) per annum.
- The mark-up on these term deposits denominated in local currency ranges from 7.00% to 7.74% (June 30, 2018: 93 Nil) per annum, whereas mark-up on these term deposits denominated in foreign currency is 2.25% (June 30, 2018: 2.40%) per annum.

(Unaudited) (Audited) Note September 30, June 30. 2018 2018 ----(Rupees in '000)-----

#### LONG-TERM FINANCING - secured 10.

Financing under syndicate term finance agreement Financing under musharika agreement

Less: Current portion

0.1 & 10.2	1,084,526	1,145,588
0.1 & 10.3	1,570,703	1,808,770
	2,655,229	2,954,358
	1,210,172	1,210,172
	1,445,057	1,744,186

- Represents financing obtained in November 2014 in the form of syndicated term finance loan of Rs 3,000 million, 10 1 with the remaining amount of Rs 1,500 million through a musharika agreement. Till date, the Corporation has drawn Rs 2,054.250 million and Rs 1,027.125 million from syndicated term finance and musharika respectively.
- 10.2 The financing carries mark-up at the rate of KIBOR + 1.60% which has been renegotiated to KIBOR + 0.50% during the year ended June 30, 2016 and further renegotiated to 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 a first mortgage charge over one of the vessels and hypothecation charge over two of the vessels owned by the subsidiary companies of the Corporation.
- 10.3 Represents Musharika facility obtained from Faysal Bank Limited (FBL) amounting to Rs 3,300 million bearing mark-up of 3 month KIBOR + 0.40%, which has been renegotiated to 3 month KIBOR + 0.15% during the year ended June 30, 2018. The loan along with the mark-up is repayable on a quarterly basis with the first installment paid on February 23, 2016 while last repayment date is November 23, 2019. The facility is secured by first mortgage charge over two vessels owned by the subsidiary companies of the Corporation. The Corporation has also paid loan arrangement fee amounting to Rs 12.540 million which was included in the amortised cost of the long term financing, whereas an amount of Rs 3.300 million was expensed out at the time of agreement.



	(Unaudited)	(Audited)
Note	September 30,	June 30,
	2018	2018
	(Rupees	s in '000)

#### 11. TRADE AND OTHER PAYABLES

Creditors Current account balances with subsidiary companies Agents' and owners' balances Accrued liabilities Deposits Advance rent Advance from customers Other liabilities	11.1	71,336 26,676,501 174,153 737,663 73,203 36,533 83,053	103,685 26,296,280 394,564 1,108,271 62,705 22,420 82,997
- amounts retained from contractors - others		27,827 60,951 88,778 27,941,220	27,827 79,063 106,890 28,177,812

11.1 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.

#### 12. CONTINGENCIES AND COMMITMENTS

#### Contingencies

12.1 There are no major changes in the status of contingencies and commitments as reported in the annual audited unconsolidated financial statements for the year ended June 30, 2018.

(Unaudited)	(Audited)		
September 30,	June 30,		
2018	2018		
(Rupees in '000)			

#### Commitments

12.2	Commitments for capital expenditure	32,571	32,571
12.3	Outstanding letters of guarantee	5,126	5,126

12.4 The Corporation has provided an undertaking amounting to USD 11.6 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 Corporation in relation to the aforesaid undertaking.



13.

14.

(Una	audited)
ام مام مر	0

-----(Rupees in '000)-----

Note Quarter ended September 30, 2018

Quarter ended September 30, 2017

#### 13. CASH GENERATED FROM OPERATIONS

	OAGH GENERALED FROM OF ERAHONO		
	Profit before taxation	104,558	640,759
	Adjustments for non-cash charges and other items: Depreciation Provision for employees' gratuity Provision for employees' compensated absences Provision for post-retirement medical benefits Dividend income Income from saving accounts and term deposits Finance cost	11,683 14,393 24,276 6,501 - (93,458) 55,855	15,529 12,660 25,597 5,499 (1,154) (94,302) 69,351
	Provision for doubtful other receivables Reversal of provision for doubtful debts and other receivables Loss / (Gain) on revaluation of long-term investments in	553 (12,195)	(2,217)
	listed securities Reversal of provision against damage claims Provision in respect of damage claims Working capital changes 13.1	714 (303) - (168,059)	(6,741) (1) 1,267 (44,735)
.1	Working capital changes	(55,482)	621,512
	(Increase) / decrease in current assets:     Stores and spares     Trade debts - unsecured     Agents' and owners' balances - unsecured     Loans and advances     Trade deposits and short-term prepayments     Other receivables     Incomplete voyages	1,019 127,489 10,180 25,889 (4,142) (36,805) (55,589) 68,041	(1,400) (77,297) 417 (29,139) (19,801) (156,633) 50,970 (232,883)
	Increase / (decrease) in current liabilities: Trade and other payables	(236,100) (168,059)	188,148 (44,735)
١.	CASH AND CASH EQUIVALENTS		
	Short-term investments having maturity of three months or less Cash and bank balances	1,310,300 1,275,562 2,585,862	2,700,000 2,717,696 5,417,696

#### 15. TRANSACTIONS WITH RELATED PARTIES

The Corporation has related party relationships with its subsidiaries, associate, Government of Pakistan and its related entities, 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, recovery of demurrage, rental income, services fee charged on account of rendering of technical, commercial, administrative and financial services, expenses charged to subsidiary companies on actual cost basis etc. Service fee charges on account of rendering of technical, commercial, administrative and financial services is charged to subsidiary companies and related parties on the basis of mutually agreed terms. Balances with related parties have been disclosed in the relevant notes to this unconsolidated condensed interim financial information. Further, transactions entered into with the key management personnel as per their terms of employment are also included in related party transactions.



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

Name and particulars  Transactions with State owned /	Note	Relationship with the Corporation	Quarter ended September 30, 2018	
controlled entities Chartering revenue Demurrage income Rental income	15.1		466,383 23,095 933	1,613,578 155,351 848
Transactions with subsidiary companies Service fee charged to subsidiary companies Rental expense of Pakistan Co-operative Ship Stores (Private) Limited			65,025 238	60,181 255
Delivery of stores and spares to subsidiary companies Retirement benefit costs charged to subsidiary companies			8,148 489	5,122 673
<b>Transactions with other related parties</b> Contribution to provident fund Directors' fee Key management personnel compensation		Employees benefit plan Key management personnel Key management personnel	2,312 831 14,295	3,638 125 9,518

- 15.1 The Corporation is engaged in providing carriage services to Pakistan State Oil Company Limited (PSO), National Refinery Limited (NRL), Pakistan Refinery Limited (PRL) and Pak Arab Refinery Limited (PARCO) and recognises related revenue / income in accordance with the terms of CoAs entered into with them.
- 15.2 In addition, the Corporation is also engaged in making certain payments / collections on behalf of the subsidiary companies in accordance with the Technical and Commercial Services and Administrative and Financial Services Agreement which are settled through current accounts.

#### 16. GENERAL

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

#### 17. DATE OF AUTHORISATION FOR ISSUE

This unconsolidated condensed interim financial information was authorised for issue on October 26, 2018 by the Board of Directors of the Corporation.

Syed Jarar Haider Kazmi Chief Financial Officer Rizwan Ahmed P.A.s Chairman & Chief Executive

Khowaja Obaid Imran Ilyas

Director



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