

UN-AUDITED REPORT FOR THE QUARTER ENDED SEPTEMBER 30, 2019



Contents

Corporate Information	2
Directors' Report	3
Directors' Report (in Urdu) ۋازىيىر زرىپورت	5
PNSC Managed Fleet	6
CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS	
OF PAKISTAN NATIONAL SHIPPING CORPORATION (GROUP)	
(UNAUDITED)	
Consolidated Condensed Interim Statement of Financial Position	8
Consolidated Condensed Interim Statement of Profit or Loss and Other	
Comprehensive Income	S
Consolidated Condensed Interim Statement of Changes in Equity	10
Consolidated Condensed Interim Statement of Cash Flows	11
Notes to and Forming Part of the Consolidated Condensed Interim	
Financial Statements	12
UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS	
OF PAKISTAN NATIONAL SHIPPING CORPORATION	
(HOLDING COMPANY) (UNAUDITED)	
Unconsolidated Condensed Interim Statement of Financial Position	22
Unconsolidated Condensed Interim Statement of Profit or Loss and Other	
Comprehensive Income	23
Unconsolidated Condensed Interim Statement of Changes in Equity	24
Unconsolidated Condensed Interim Statement of Cash Flows	25
Notes to and Forming Part of the Unconsolidated Condensed Interim	
Financial Statements	26



Board of Directors

1. Mr. Rizwan Ahmed Chairman

2. Dr. Sohail Rajput Additional Finance Secretary (Internal Finance) Finance Division Islamabad, (Ex-Officio Member).

3. Mr. Kamran Faroog Ansari Sr. Joint Secretary / Joint Secretary Ministry of Maritime Affairs Islamabad, (Ex-Officio Member).

4. Mr. Ali Syed

5. Mr. Muhammad Ali

6. Mr. Khowaja Obaid Imran Ilyas

7. Capt. Anwar Shah

Chief Internal Auditor

Mr. Baber Jamal Zubairi

Head Office

Member

Member

Member

Member

Member

Member

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

Grant Thornton Anjum Rahman, Chartered Accountants

KPMG Taseer Hadi & Co., Chartered Accountants

Shares Registrar

CDC Share Registrar Services Limited

CDC House, 99-B, Block 'B', Chairman

S.M.C.H.S. Main Shahrah-e-Faisal, Karachi. Member

Bankers

Albaraka Bank Limited Member

Bank Alfalah Limited, Bahrain

Bank Al Habib Limited

Bank Al Habib Limited, Bahrain

Member Bank Islami Pakistan Limited

Dubai Islamic Bank (Pakistan) Limited Member

Member

Faysal Bank Limited Secretary

Habib Bank Limited JS Bank Limited

MCB Bank Limited

Chairman

MCB Islamic Bank Limited

Member National Bank of Pakistan

National Bank of Pakistan, Hong Kong

Meezan Bank Limited

National Bank of Pakistan, Tokyo Secretary

Silk Bank Limited

Soneri Bank Limited

Standard Chartered Bank (Pakistan) Limited

UniCredit Bank, Italy United Bank Limited

United Bank Limited, London

Audit & Finance Committee

Mr. Khowaia Obaid Imran Ilvas

Dr. Sohail Raiput Additional Finance Secretary (Internal Finance) Finance Division

Islamabad, (Ex-Officio Member).

Mr. Kamran Faroog Ansari Sr. Joint Secretary /Joint Secretary

Ministry of Maritime Affairs Islamabad, (Ex-Officio Member).

Capt. Anwar Shah

Mr. Ali Sved

Mr. Baber Jamal Zuberi

HR and Remuneration Committee

Mr. Muhammad Ali

Mr. Ali Syed

Mr. Khowaja Obaid Imran Ilyas

Capt. Muhammad Shakil

Chief Financial Officer

Mr. S. Jarar Haider Kazmi

Corporation & Board Secretary

Mr. Muhammad Javid



PAKISTAN NATIONAL SHIPPING CORPORATION DIRECTORS' REPORT FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2019

We, the Directors of Pakistan National Shipping Corporation (PNSC) are delighted to present the unconsolidated and consolidated condensed interim financial statements of PNSC and Group respectively for the first quarter ended September 30, 2019.

OVERVIEW

Despite struggling economy and PKR-USD disparity facing the country, PNSC Group managed to achieve 130 % increased profit after tax of Rs 495 million as against Rs 216 million in the corresponding period last year. Group earnings per share increased to Rs 3.75 as against Rs 1.63 in the corresponding period last year.

Cumulatively, Group achieved a turnover of Rs 3,113 million (including Rs 462 million from PNSC) as compared to Rs 2,103 million (including Rs 498 million from PNSC) for the corresponding period last year. This includes substantial growth in revenue of 95% (from Rs 1,057 million to Rs 2,064 million) in owned tankers segment and a growth of 7% (from Rs 549 million to Rs 586 million) in owned bulk carrier segment.

Fleet Direct expenses increased to Rs 2,198 million (including Rs 240 million from PNSC) from Rs 1,631 million (including Rs 261 million from PNSC), thereby resulting in Gross Profit of Rs 874 million as against Rs 435 million for the same period last year.

However, considering standalone results of PNSC reflecting a loss after tax of Rs 260 million with a loss per share of Rs 1.97, as a result of reduction in import of furnace oil after the Government of Pakistan initiated a shift towards use of alternative energy which is cost effective and environment friendly as compared to furnace oil. Likewise, there is a decline of 13% (from Rs 333 million to Rs 290 million) in slot charter segment, which is also primarily due to the reduction in the import of public sector cargoes.

As a result of effective treasury management, effective utilization of resources and owing to the natural hedge by way of our operations, the Group managed to minimize its exposure to exchange rate volatility. However, finance cost increased to Rs 303 million in the current period as against Rs 57 million in the same period last year due to financing of two new inductions of oil tankers in managed fleet. This increase in finance cost was also managed to be kept at a lower side considering the prevailing borrowing rates in the country.

FUTURE PROSPECTS

Due to current global depression in commodity trade, the market will remain under significant pressure in the near term. Generally speaking, the only consensus within the international shipping industry at present is that 2020 is expected to be a turbulent year with foreseeable challenges capable of reshaping the industry.

Overall, shipping markets seem to be continuing to trend forwards, despite demand pressures. Limited supply growth and IMO 2020 regulation whereby marine sector emissions in international waters are required to be slashed, appear to already be having a positive impact, and may provide further support in the periods to come. Further PNSC is well positioned to abide by the new IMO regulations with only impact to face is the rise in fuel prices which will hopefully reflect in increased freight rates. However, with global economic concerns building, risk of further downgrades to demand need to be tracked closely.

PNSC is striving to and shall induct one more Aframax tanker in its managed fleet in the current fiscal year.

The Board would like to extend its gratitude to all the stakeholders for their continued support and confidence.

Kizwan Almed (P.A.S.)

Chairman & Chief Executive

Karachi

October 25, 2019

Director



مالیات کی لاگت گزشتہ سال اسی دورانیے کے 57 ملین روپے کے مقابلے میں بڑھ کر 303 ملین روپے ہو گئی۔ ملک میں موجو دہ کرائے کے نرخوں کو مد نظر رکھتے ہوئے بھی مالیات کی لاگت میں اس اضافے کو ٹیلی سطح پر رکھنے کا بندوبست کیا گیاتھا۔

مستقبل کے امکانات

اشیاء کی تجارت میں موجو دہ عالمی تنزلی کے باعث، مستقبل قریب میں مارکیٹ نمایاں دباؤکا شکار رہے گی۔ عام طور پر بات کرتے ہوئے، جہاز رانی کی بین الا قوامی صنعت میں واحد اتفاق رائے فی الحال یہ ہے کہ 2020 کے ایک مشکل سال رہنے کی توقع ہے جس میں صنعت کونئی شکل دینے کی صلاحیت رکھنے والے چیلنجز درپیش ہونے کا امکان ہے۔

مجموعی طور پر، جہاز رانی کی منڈیاں طلب کے دباؤ کے باوجود ترقی کار جمان جاری رکھیں گی۔ رسد میں محدود اضافہ اور 2020 IMO فوابط جن کے تحت میرین کے شعبہ کے بین الاقوامی پانیوں میں اخراج کو کم کیا جانا ہے، پہلے ہی مثبت اثرات ظاہر کر رہے ہیں اور آئندہ دورانیے میں مزید معاونت فراہم کر سکتے ہیں۔ مزید بر آں، پی این ایس می تمام نے IMO ضوابط کی تعمیل کے لیے پوری طرح تیارہے جس کاواحد اثر ایندھن کی قیمتوں میں اضافے کا سامنا کرناہے، اور امید ہے کہ اس کی عکاسی کرائے کے نرخوں میں اضافے سے ہوگا۔ تاہم، عالمی اقتصادی تخفظات بڑھنے کے ساتھ، طلب میں مزید کی کے خطرے کو احتیاط سے جانچنا ہوگا۔

پی این ایس سی موجودہ مالی سال میں اپنے زیر انتظام فلیٹ میں ایک اور ایفر امکیس ٹینکر شامل کرنے کے لیے کوشاں ہے۔

تمام اسٹیک ہولڈرز کے مسلسل تعاون اور اعتاد کے لیے بورڈ ان کامشکور ہے۔

رضوان احد (فيدايد)

چیئر مین اور چیف ایگزیکٹو

گراچی 25اکتوبر،2019

کرسط کھیں ڈائزیکٹر



پاکستان نیشل شپنگ کاربوریش دار کیرزی رپورث برائے سمای اختام از 30 ستبر، 2019

ہم، پاکستان نیشنل شپنگ کارپوریشن (پی این ایس سی) کے ڈائر میٹر ز صاحبان پی این ایس سی اور گروپ کی پہلی سہ ماہی اختتام از 30 ستمبر، 2019 کے بالتر تیب منظم اور متفرق عبوری مالیاتی گوشوارے بخوشی پیش کرتے ہیں۔

مجموعي جائزه

کشکش کا شکار معیشت اور ملک کو در پیش روپے - امریکی ڈالر کے در میان فرق کے باوجود ، پی این ایس سی گروپ گزشتہ سال اسی دورا نیے کے 216 ملین روپے کے مقابلے میں %130 اضافے کے بعد 495 ملین روپے بعد از ٹیکس منافع حاصل کرنے میں کامیاب رہا۔ گروپ کی فی حصص آمدن میں گزشتہ سال اسی دورانیے کے 1.63 روپے فی حصص کے مقابلے میں 75.5روپے فی حصص تک اضافہ ہوا۔

مجموعی طور پر، گروپ نے گزشتہ سال کے اسی دورانیے کے 2,103 ملین روپے (بشمول کی این ایس سی کے 498 ملین روپے) کے مقابلے میں 3,113 ملین روپے (بشمول کی این ایس سی کے 462 ملین روپے) کا کاروبار حاصل کیا۔اس میں زیر ملکیت ٹینکرز کے شعبہ کی آمدن میں 95% (1,057 ملین روپے سے 2,064 ملین روپے) اور زیر ملکیت بلک کیریئر کے شعبہ میں %7 (549 ملین روپے سے 586 ملین روپے) کی نمایاں ترقی دیکھی گئی۔

فلیٹ کے براہ راست اخراجات 1,631 ملین روپے (بشمول پی این ایس سی کے 261 ملین روپے) سے بڑھ کر 2,198 ملین روپے (بشمول پی این ایس سی کے 240 ملین روپے) ہو گئے، جبکہ گزشتہ سال کے اسی دورانیے کے 435 ملین روپے کے مقابلے میں 874 ملین روپے مجموعی منافع حاصل ہوا۔

تاہم، حکومت پاکستان کے لاگت کے لحاظ سے زیادہ مؤثر اور ماحول دوست متبادل توانائی کی طرف منتقلی کے اقدام کے بعد فرنس آئل کی درآ مد میں کمی واقع ہوئی، جس کے نتیجے میں پی این ایس سی کے تن تنہا 260 ملین روپے بعد از ٹیکس نقصان کے نتائج کو ملحوظ خاطر رکھتے ہوئے 1.97 روپے ٹی خصص کا نقصان ہوا۔ اسی طرح سلاٹ چارٹر کے شعبے میں %13 (333 ملین روپے سے 290 ملین روپے) کمی ہوئی، جو بنیادی طور پر پبلک سیکٹر کار گوکی درآ مد میں کمی کے باعث ہے۔

خزانے کے مؤثر نظم، وسائل کے مؤثر استعال اور اپنے افعال کے طریقہ کار کے فطری لائحہ عمل کے نتیج میں، گروپ شرح مبادلہ ک نرخوں کے اتار چڑھاؤ کے اثرات کو کم رکھنے میں کامیاب رہا۔ تاہم، زیر انتظام فلیٹ میں دونئے آئل ٹینکرزکی شمولیت کے باعث



PNSC Managed Fleet

TANKERS

BULK CARRIERS



Gross Tonnage (MT): 58,118

Length Overall (M): 246.80



Deadweight (MT): 46,710 Gross Tonnage (MT): 26,395

Length Overall (M): 185.73

Vessel: M.T LAHORE Built: Japan 2003

Deadweight (MT): 107,018 Gross Tonnage (MT): 58,157

Length Overall (M): 246.80



Deadweight (MT): 76,830 Gross Tonnage (MT): 40.040

Length Overall (M): 225.00



Deadweight (MT): 107,081 Gross Tonnage (MT): 58,127

Length Overall (M): 246.80



Gross Tonnage (MT): 29,365



Deadweight (MT): 105,315 Gross Tonnage (MT): 55,894

Length Overall (M): 228.60

Vessel: M.V SIBI Built: Japan 2009 Length Overall (M): 169.37

Deadweight (MT): 28,442 Gross Tonnage (MT): 17,018



Deadweight (MT): 74,919 Gross Tonnage (MT): 42,411

Length Overall (M): 220.89



Deadweight (MT): 50,244 Gross Tonnage (MT): 27,984

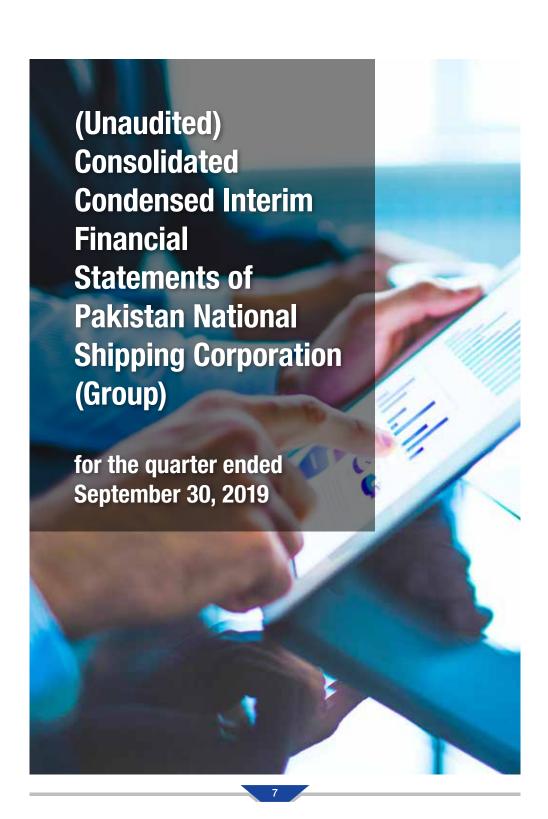
Length Overall (M): 189.80





Deadweight (MT): 74,986 Gross Tonnage (MT): 42,411

Length Overall (M): 220.89



(Audited)

(Unaudited)



PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2019

	Note	September 30, 2019	June 30, 2019
ACCETO		(Rupees	s in '000)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	29,531,925	29,837,872
Intangible asset	6	10,751	-
Investment properties		3,266,222	3,266,105
Long-term investments in:			
- Related party (associate)		-	-
- Listed companies and an other entity		30,731	32,475
Long-term loans		18,066	17,313
Long-term deposits		90	90
Deferred taxation - net		125,996	125,996
CURRENT ASSETS		32,983,781	33,279,851
Stores and spares		989,420	1,062,835
Trade debts - unsecured	7	1,053,176	870,512
Agents' and owners' balances - unsecured		10,344	13,085
Loans and advances		185,016	69,996
Trade deposits and short-term prepayments		93,525	73,665
Interest accrued on bank deposits and short-term investments		26,137	23,986
Other receivables	8	2,223,549	2,047,422
Incomplete voyages		62,138	102,164
Insurance claims		86,763	96,179
Taxation - net		1,370,679	1,349,048
Short-term investments	9	3,033,240	3,182,550
Cash and bank balances		2,620,397	2,884,137
		11,754,384	11,775,579
TOTAL ASSETS		44,738,165	45,055,430
EQUITY AND LIABILITIES			
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE HOLDING COMPANY			
Share Capital			
Authorised 200,000,000 (June 30, 2019: 200,000,000) ordinary shares of Rs 10 each	1	2,000,000	2,000,000
Issued, subscribed and paid-up share capital		1,320,634	1,320,634
Capital reserve		131,344	131,344
Revenue reserves		30,715,713	30,220,643
Remeasurement of post retirement benefits obligation - net of tax		(306,621)	(306,621)
Surplus on revaluation of property, plant and equipment - net of tax		1,237,726	1,237,726
		33,098,796	32,603,726
NON-CONTROLLING INTEREST		4,821	4,610
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP		33,103,617	32,608,336
NON-CURRENT LIABILITIES			 [
Long term financing - secured	10	7,003,059	7,335,925
Deferred liabilities	10	723.712	711,259
Doiottod liabilitios		7.726.771	8.047.184
CURRENT LIABILITIES		1,125,111	0,0 11,101
Trade and other payables	11	2,017,443	2,293,766
Contract liabilities		210,346	218,551
Provision against damage claims		23,561	26,475
Current portion of long-term financing	10	1,541,382	1,747,543
Unclaimed dividend		59,985	60,064
Accrued mark-up on long-term financing		55,060	53,511
		3,907,777	4,399,910
TOTAL LIABILITIES		11,634,548	12,447,094
TOTAL EQUITY AND LIABILITES		44,738,165	45,055,430

Syed Jarar Haider Kazmi Chief Financial Officer

CONTINGENCIES AND COMMITMENTS

Rizwan Ahmed P.A.s Chairman & Chief Executive

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

12



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, 2019 (UNAUDITED)

	Quarter ended September 30, 2019 (Rupees	Quarter ended September 30, 2018 in '000)
REVENUE Income from shipping business Rental income	3,059,761 53,018 3,112,779	2,065,509 37,723 2,103,232
EXPENDITURE Fleet expenses - direct Fleet expenses - indirect Real estate expenses GROSS PROFIT	(2,198,255) (4,520) (36,396) (2,239,171) 873,608	(1,630,845) (5,654) (32,183) (1,668,682) 434,550
Administrative expenses Other expenses Other income	(259,223) (145,749) 376,485 (28,487)	(230,560) (102,765) 231,502 (101,823)
OPERATING PROFIT	845,121	332,727
Finance costs	(302,863)	(57,108)
PROFIT BEFORE TAXATION	542,258	275,619
Taxation	(46,977)	(60,101)
PROFIT AFTER TAXATION	495,281	215,518
Other comprehensive income	-	-
TOTAL COMPREHENSIVE INCOME	495,281	215,518
Attributable to:		
Equity holders of the Holding Company Non-controlling interest	495,070 211 495,281	215,397 121 215,518
	(Rup	ees)
EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE HOLDING COMPANY -		
basic and diluted	3.75	1.63

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

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



PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED SEPTEMBER 30, 2019 (UNAUDITED)

		Attributable to the shareholders of the Holding Company								
	Issued, subscribed and paid-up share capital	Capital reserve*	General reserve	Unappropriated profit	Sub-total revenue reserves	Remeas- urement 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
					(Rupees	in '000)				
Balance as at July 01, 2018, as previously reported	1,320,634	131,344	129,307	28,765,626	28,894,933	(255,121)	1,244,986	30,016,142	4,164	31,340,940
Impact of initial application of IFRS 9	-	-	-	(674,969)	(674,969)	-	-	(674,969)	-	(674,969)
Impact of deferred tax	-	-	-	2,764	2,764	-	-	2,764	-	2,764
Net impact on initial application of IFRS 9	-	-	-	(672,205)	(672,205)	-	-	(672,205)	-	(672,205)
Balance as at July 01, 2018 - restated	1,320,634	131,344	129,307	28,093,421	28,222,728	(255,121)	1,244,986	29,343,937	4,164	30,668,735
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 - restated	1,320,634	131,344	129,307	28,308,818	28,438,125	(255,121)	1,244,986	29,559,334	4,285	30,884,253
Balance as at July 01, 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
Profit after taxation	-	-	-	495,070	495,070	-	-	495,070	211	495,281
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the first quarter ended September 30, 2019		-	-	495,070	495,070	-	-	495,070	211	495,281
Balance as at September 30, 2019	1,320,634	131,344	129,307	30,586,406	30,715,713	(306,621)	1,237,726	31,778,162	4,821	33,103,617

^{*} This includes an amount transferred from shareholder's equity at the time of merger of former NSC and PSC.

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

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



PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS FOR THE QUARTER ENDED SEPTEMBER 30, 2019 (UNAUDITED)

	Note	Quarter ended September 30, 2019 (Rupee	Quarter ended September 30, 2018 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 Finance costs paid Taxes paid Net cash generated from / (used in) operating activities	13	475,606 (6,654) (38,068) (6,344) (753) (298,078) (68,608) 57,101	91,589 (1,996) (23,984) (7,164) 879 (49,426) (92,950) (83,052)
Cash flows from investing activities			
Purchase of property, plant and equipment Initial deposit for the acquisition of intangible asset Additions to investment properties Proceeds from disposal of property, plant and equipment Short-term investments redeemed Interest received on short-term investments Net cash generated from investing activities		(54,838) (10,751) (117) 4,900 20,310 130,724 90,228	(140,035) - - - - 322,755 27,673 210,393
Cash flows from financing activities			
Long-term financing repaid Dividends paid Net cash used in financing activities		(539,990) (79) (540,069)	(302,542) (13) (302,555)
Net decrease in cash and cash equivalents		(392,740)	(175,214)
Cash and cash equivalents at the beginning of period		5,578,137	2,764,179
Cash and cash equivalents at the end of the period	14	5,185,397	2,588,965

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

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



PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES NOTES TO AND FORMING PART OF THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2019 (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 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
- 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, 2019: 73%) of the share capital of Pakistan Co-operative Ship Stores (Private) Limited and 100% (June 30, 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 Islamabad Shipping (Private) Limited, Johar Shipping (Private) Limited, Kaghan Shipping (Private) Limited, Lalazar Shipping (Private) Limited, Makran Shipping (Private) Limited, Sargodha Shipping (Private) Limited and Swat Shipping (Private) Limited which currently do not own any vessel / tanker.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

- 2.1 These consolidated condensed interim financial statements of the Group for the first quarter ended September 30, 2019 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. These consolidated condensed interim financial statements do not include all the information and disclosures required in an annual audited financial statements, and should be read in conjunction with the financial statements for the year ended June 30, 2019 as they provide an update of previously reported information.

- 2.2 These consolidated condensed interim financial statements comprise of the consolidated condensed interim statement of financial position as at September 30, 2019 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 there to for the first quarter ended September 30, 2019. These consolidated condensed interim financial statements 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, 2018.
- 2.3 The comparative statement of financial position presented in these consolidated condensed interim financial statements as at June 30, 2019 has been extracted from the annual audited consolidated financial statements of the Group for the year ended June 30, 2019 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, 2018 have been extracted from the consolidated condensed interim financial statements 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 these consolidated condensed interim financial statements are consistent with those applied in the preparation of the consolidated financial statements for the year ended June 30, 2019.
- 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, 2019

The following accounting standard became effective during the period as applicable in Pakistan for the first time for the annual periods beginning on or after January 01, 2019 and are relevant to the Group's financial reporting:

IFRS 16 replaces the previous lease standard: IAS 17 - Leases. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases has been removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low value leases. However, the standard do not have any significant impact on these consolidated condensed interim financial statements.

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

Certain 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, 2020. However, these amendments will not have any significant impact on the financial reporting of the Group and, therefore, have not been disclosed in these consolidated condensed interim financial statements.

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

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

Judgements and estimates made by the management in the preparation of these consolidated condensed interim financial statements are the same as those applied in the Group's consolidated annual financial statements for the year ended June 30, 2019.



5.

6

7.

Less: Allowance for ECL on trade debts

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, 2019. (Unaudited) (Audited) Note September 30, June 30, 2019 2019 -----(Rupees in '000)-----PROPERTY, PLANT AND EQUIPMENT - Operating fixed assets 5.1 & 5.2 29,048,879 29,368,031 - Major spare parts and stand-by equipment 426,165 412,960 - Capital work-in-progress (CWIP) 56.881 56,881 29,531,925 29,837,872 (Unaudited) Quarter ended Quarter ended September 30, September 30, 2019 2018 -----(Rupees in '000)-----5.1 Additions to operating fixed assets (including transfers from CWIP) during the period: 426 Buildings on lease hold land Office machines and appliances 1,210 Furniture and fixtures 119 Workshop machinery and equipment 1,007 13 Computer equipment 269 755 11.228 26.392 Spares capitalised Class renewal and dry docking 41,604 110,442 Equipment on board 730 678 54.838 140,035 360,751 307.405 5.2 Depreciation charge for the period (Unaudited) (Audited) September 30, June 30, 2019 2019 -----(Rupees in '000)-----INTANGIBLE ASSET 6.1 & 6.2 <u>10,751</u> Danaos web enterprise suite This represents 10% deposit amounting to USD 0.068 million (Rs 10.751 million) against services fees in respect of 6.1 Enterprise Resource Planning (ERP) implementation and maintenance. 6.2 This further includes 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 as on June 30, 2009, however, it is still in active use. (Unaudited) (Audited) Note September 30 June 30, 2019 2019 -----(Rupees in '000)-----TRADE DEBTS - unsecured Considered good - Due from related parties 7 1 758,649 798,507 - Due from others 7.2 294,527 72,005 1,053,176 870,512 Considered doubtful - Due from related parties 7.1 25,408 22,953 - Due from others 196,695 196,695 222,103 219,648 1,090,160 1,275,279

7.3

222,103

1,053,176

219.648

870,512



Ageing analysis of amounts due from related parties, included in trade debts, are as follows: 7.1

	Upto 1 month	1 to 6 months	More than 6 months	(Unaudited) As at September 30, 2019	(Audited) As at June 30, 2019
		(Rupees in '00	00)	
Central Power Generation Company Limited	940	-	-	940	-
District Controller of Stores	120	98	2,768	2,986	4,001
National Refinery Limited	58,672	-	1,740	60,412	67,460
Pak Arab Refinery Limited	172,372	-	55,054	227,426	242,218
Pakistan Refinery Limited	-	-	1,367	1,367	59,656
Pakistan State Oil Company Limited	-	-	10,020	10,020	10,020
Sui Northern Gas Pipelines Limited	1,978	60	-	2,038	3,301
Sui Southern Gas Company Limited	1,835	-	-	1,835	658
Trading Corporation of Pakistan (Private) Limited	-	-	4,866	4,866	4,866
Water and Power Development Authority	89	-	-	89	20
Others	16,141	310,797	145,140	472,078	429,260
	252,147	310,955	220,955	784,057	821,460

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, 2019(Rupee	(Audited) June 30, 2019 s in '000)
	Upto 1 month 1 to 6 months		279,483 14,721	67,798 4,126
	More than 6 months		323 294,527	81 72,005
7.3	Allowance for ECL on trade debts			
	Balance at the beginning		219,648	187,213
	Impact of initial application of IFRS 9 Adjusted balance at beginning of the year		219,648	20,404 207,617
	Increase during the period / year	- .	2,455	12,559
	Reversed during the period / year Balance at the end	7.4	222,103	(528) 219,648

7.4

8.

4	This reversal has been made because of subsequent receipt of the respective amount.					
		Note	(Unaudited) September 30, 2019	(Audited) June 30, 2019		
	OTHER RECEIVABLES		(Rupee	s in '000)		
	Considered good					
	- Due from related parties	8.2	1,666,991	1,674,997		
	- Due from others		556,073	371,940		
		8.1	2,223,064	2,046,937		
	Considered doubtful					
	- Due from related parties	8.2	1,153,669	1,138,744		
	- Due from others		13,828	13,828		
			1,167,497	1,152,572		
			3,390,561	3,199,509		
	Less: Allowance for ECL on other receivables	8.3	1,167,497	1,152,572		
			2,223,064	2,046,937		
	Employees' gratuity scheme - funded		485	485		
			2,223,549	2,047,422		

(Unaudited)

(Audited)



- 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	(Unaudited) As at September 30, 2019	(Audited) As at June 30, 2019
			(Rupees in '00	O)	
National Refinery Limited	2,964	2,793	48,109	53,866	50,902
Pak Arab Refinery Limited	3,955	16,082	200,513	220,550	216,595
Pakistan Refinery Limited	-	5,033	115,066	120,099	120,099
Pakistan State Oil Company Limited	_	-	2,426,145	2,426,145	2,426,145
, ,	6,919	23,908	2,789,833	2,820,660	2,813,741

Note September 30, June 30, 2019 2019 -----(Rupees in '000)-----Allowance for ECL on other receivables

8.3

Balance at the beginning	1,152,572	451,999
Impact of initial application of IFRS 9	-	654,565
Adjusted balance at beginning of the year	1,152,572	1,106,564
Increase during the period / year	14,925	79,043
Reversed during the period / year 8.4	-	(33,035)
Balance at the end	1,167,497	1,152,572

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

> (Unaudited) (Audited) Note September 30, June 30, 2019 2019 -----(Rupees in '000)-----

9. SHORT-TERM INVESTMENTS

Term deposits with banks having maturity of:

- three to six months
- three months or less

	468,240	488,550
	2,565,000	2,694,000
9.1	3,033,240	3,182,550

Mark-up on these term deposits denominated in local currency ranges from 12.80% to 13.50% (June 30, 2019: 9.1 11.00% to 12.80%) per annum, whereas mark-up on term deposits denominated in foreign currency is 3.25% (June 30, 2019: 3.25%) per annum. (Unaudited) (Audited)

		Note	September 30, 2019	June 30, 2019
10.	LONG-TERM FINANCING - secured		(Rupee	s in '000)
	Financing under syndicate term finance agreement Financing under musharika agreement	10.1 10.2	5,220,878 3,323,563	5,431,480 3,651,988
	Less: Current portion of long-term financing		8,544,441 1,541,382 7,003,059	9,083,468 1,747,543 7.335,925



10.1 Financing under syndicate term finance agreement includes:

- 10.1.1 Financing obtained in November 2014 amounting to Rs 3,000 million with a consortium led by MCB Bank Limited carrying mark-up at the rate of 3 month KIBOR + 1.60% which has been renegotiated to 3 month KIBOR + 0.5% during the year ended June 30, 2016 and further renegotiated to 3 month KIBOR + 0.20% during the year ended June 30, 2018. The loan along with the mark-up is repayable on a quarterly basis with the last repayment date on November 6, 2022. The facility is secured by way of first mortgage charge over a vessel owned by the subsidiary company of the Holding Company. The Holding Company has drawn Rs 2,054.250 million to date.
- 10.1.2 Financing obtained during the year ended June 30, 2019 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. During the year ended June 30, 2019 the Holding Company drew Rs 2,340 million and Rs 2,363.734 million to finance its subsidiary companies namely Bolan 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 companies.

10.2 Financing under musharika agreement includes:

- 10.2.1 Financing obtained in November 2014 amounting to Rs 1,500 million with a consortium led by MCB Bank Limited carrying mark-up at the rate of 3 month KIBOR + 1.60% which has been renegotiated to 3 month KIBOR + 0.5% during the year ended June 30, 2016 and further renegotiated to 3 month KIBOR + 0.20% during the year ended June 30, 2018. The loan along with the mark-up is repayable on a quarterly basis with the last repayment date on November 6, 2022. The facility is secured by way of first mortgage charge over a vessel owned by the subsidiary company of the Holding Company. The Holding Company has drawn Rs 1,027.125 million to date.
- 10.2.2 Financing obtained during the year ended June 30, 2016 from Faysal Bank Limited amounting to Rs 3,300 million carrying mark-up of 3 month KIBOR + 0.40%, which has been renegotiated to 3 month KIBOR + 0.15% during the year ended June 30, 2018. The loan along with the mark-up is repayable on a quarterly basis with the last repayment date on November 23, 2019. The facility is secured by first mortgage charge over a vessel owned by the subsidiary company.
- 10.2.3 Financing obtained during the year ended June 30, 2019 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. During the year ended June 30, 2019 the Holding Company drew 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 companies.

Note (Unaudited) (Audited)
September 30, June 30,
2019 2019
------(Rupees in '000)-------

11. TRADE AND OTHER PAYABLES

Creditors 305.144 279.528 Agents' and owners' balances 204,454 345.394 Accrued liabilities 1,338,300 1,454,889 Deposits 11.1 55,913 60,636 Bills payable 22,229 4,090 Withholding Tax Payable 54.490 Advance rent 18.935 24.696 Other liabilities - amounts retained from contractors 3,822 3,822 - others 68,646 66,221 72,468 70,043 2,293,766 2,017,443

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 consolidated financial statements for the year ended June 30, 2019.

(Unaudited)	(Audited)			
September 30,	June 30,			
2019	2019			
(Rupees in '000)				

Commitments

12.2 Commitments for capital expenditure

7.142 7.142

- 12.3 Outstanding letters of guarantee
- 12.4 The Holding Company has provided an undertaking amounting to USD 11.6 million equivalent of Rs 1,816 million (June 30, 2019: USD 11.6 million equivalent of Rs 1,856 million) to one of the vendor / supplier of another state owned entity. This undertaking has been provided due to arrest of two of it's managed vessels operated by 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.
- 12.5 Commitments in respect of Enterprise Resource Planning (ERP) implementation and maintenance amounting to USD 0.443 million equivalent of Rs 69.36 million (June 30, 2019: USD 0.48 million equivalent of Rs 76.80 million) and USD 0.159 million equivalent of Rs 24.90 million (June 30, 2019: USD 0.19 million equivalent of Rs 30.40 million) respectively.

Note (Unaudited)
Quarter ended Quarter ended
September 30, September 30,
2019 2018
------(Rupees in '000)-------

542 258

275 610

13. CASH GENERATED FROM OPERATIONS

Profit before tayation

FIGHT Delote taxation		342,230	213,019
Adjustments for non-cash charges and other items:			
Depreciation		360,751	307,405
Profit on disposal of property, plant and equipment		(4,900)	-
Provision for employees' gratuity		21,287	14,530
Provision for employees' compensated absences		33,987	24,543
Provision for post-retirement medical benefits		8,244	6,586
Income from saving accounts and term deposits		(132,875)	(93,657)
Finance cost		300,590	55,855
Loss on disposal of stores		2,105	-
Provision no longer required written back		-	(179)
Allowance for ECL on trade debts and other receivables		17,380	29,640
Reversal of allowance for ECL on trade debts and other receivables		-	(20,721)
Loss on revaluation of long-term investments in listed securities		1,744	714
Net decrease in damage claims		(2,913)	(303)
Working capital changes	13.1	(672,052)	(508,443)
		475.606	91.589



(Unaudited)

Quarter ended September 30, 2019

Quarter ended September 30, 2018 -----(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

Decrease in current liabilities:

Trade and other payables

Contract liabilities

71,310	(84,011)
(185,119)	117,305
2,741	10,180
(115,020)	25,889
(19,860)	(4,452)
(191,052)	(33,566)
40,026	(8,093)
9,416	(1,506)
(387,558)	21,746
(276,289)	(488,989)
(8,205)	(41,200)
(672,052)	(508,443)

14. CASH AND CASH EQUIVALENTS

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

3,103,037	2,000,000
5.185.397	2.588.965
2,620,397	1,278,665
2,565,000	1,310,300

TRANSACTIONS WITH RELATED PARTIES 15.

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 these consolidated condensed interim financial statements. Further, transactions entered into with the key management personnel as per their terms of employment are also included in related party transactions.

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

Relationship with the Group

(Unaudited) Quarter ended Quarter ended September 30, September 30, 2019 2018 -----(Rupees in '000)-----

Name and particulars

Transactions with State owned / controlled entities

OUTHORIOG OTHEROO			
Freight income		1,449,556	1,543,306
Demurrage income		6,919	51,626
Rental income		1,083	933
Transactions with other related parties			
Contribution to provident fund	Employees benefit plan	2,100	2,312
Directors' fee	Key management personnel	1,410	831
Key management personnel compensation	Key management personnel	10,296	15,434*

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



16. 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.

17. GENERAL

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

18. DATE OF AUTHORISATION FOR ISSUE

These consolidated condensed interim financial statements were authorised for issue on October 25, 2019 by the Board of Directors of the Holding Company.

Syed Jarar Haider Kazmi Chief Financial Officer

Rizwan Ahmed P.A.s Chairman & Chief Executive



(Unaudited)

(Audited)



PAKISTAN NATIONAL SHIPPING CORPORATION UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT SEPTEMBER 30, 2019

Non-CURRENT ASSETS		Note	(Unaudited) September 30,	(Audited) June 30,
Non-Current Assets Non-Current Assets			2019	2019
Property, plant and equipment 1,938,270 1,1761 1,938,270 1,0761	ASSETS		(Rupee	s in '000)
Intargible asset 10,751 2,868,222 3,266,105	NON-CURRENT ASSETS			
Investment properties 3,266,222 3,266,105 1.0ng-term investments in:				1,938,270
- Fielated parties (subsidiaries and an associate) - Listed companies and an other entity - Listed companies and advances - Listed companies and advances - Listed companies and advances - Listed companies and spares - Listed companies - Listed	Investment properties	6		3,266,105
Long-term loans and advances B,565,894 B,565,140 125,996 42,518,986 42,518,986 42,518,986 42,518,986 42,518,986 42,518,986 42,519,747 42,518,986 42,519,747 42,518,986 42,519,747 42,518,986 42,519,747 42,518,986 42,519,747 42,518,986 42,519,747 42,518,986 42,519,747 42,518,986 42,519,747 42,518,986 42,519,747 437,974 491,725 437,974 491,725 437,974 491,725 437,974 491,725 437,974 491,725 437,974 491,725 437,974 491,725 437,974 491,725 437,974 491,725 437,974 491,725 437,974 491,725 437,974 491,725 437,974 491,725 437,974 491,725 437,974 491,725 437,974 491,725 437,974 491,725 437,974 491,725 437,974 491,725	- Related parties (subsidiaries and an associate)			
Deferred taxation - net	- Listed companies and an other entity			
Authorised 200,000,000 (June 30, 2019: 200,000,000) ordinary shares of Rs 10 each 1,320,634 1,330,634 1,33				
Stores and spares 14,783 11,690 143,7974 13,085	Deletred taxation - net			
Trade debts - unsecured	CURRENT ASSETS			
Agents' and owners' balances - unsecured Loans and advances Trade deposits and short-term prepayments Interest accrued on bank deposits and short-term investments Other receivables Interest accrued on bank deposits and short-term investments Interest accrued on bank deposits and short-term investment investments Interest accrued on bank deposits and short-term investment investment interest and short-term investment investment investment interest and short-term investment investment interest and short-term investment investment interest and short-term investment interest and short-te		7		
Trade deposits and short-term prepayments 1,7114 23,896 1,298,774 23,896 1,298,774 1,334,980 1,298,774 1,334,980 1,298,774 1,334,980 1,298,774 1,334,980 1,298,774 1,337,746 1,387,747 1,387,746 1,387,746 1,387,746 1,387,746 1,387,746 1,387,746 1,387,746 1,387,746 1,387,746 1,387,746 1,387,746 1,387,746 1,387,746 1,387,747 1,387,746 1,387,747 1,387,746 1,387,747 1,387,746 1,387,746 1,387,746 1,387,746 1,387,746 1,387,746 1,387,746 1,387,746 1,387,747 1,387,746 1,387,747 1,387,747 1,387,746 1,387,747 1,387,746 1,387,747 1,387,747 1,387,747 1,387,746 1,387,747 1,387	Agents' and owners' balances - unsecured	,	10,344	13,085
Interest accrued on bank deposits and short-term investments Other receivables Incomplete voyages Incomplete voyages Taxation - net Short-term investments Short				
Incomplete voyages Taxation - net	Interest accrued on bank deposits and short-term investments		26,137	23,896
Taxation - net		8		
Cash and bank balances				
### TOTAL ASSETS ### CAPITAL AND RESERVES Share Capital Authorised 200,000,000 (June 30, 2019: 200,000,000) ordinary shares of Rs 10 each Issued, subscribed and paid-up share capital Capital reserve 126,843 126,		9		
## EQUITY AND LIABILITIES SHARE CAPITAL AND RESERVES Share Capital Authorised 200,000,000 (June 30, 2019: 200,000,000) ordinary shares of Rs 10 each Issued, subscribed and paid-up share capital Capital reserve Revenue reserve Remeasurement of post retirement benefits obligation - net of tax Surplus on revaluation of property, plant and equipment - net of tax NON-CURRENT LIABILITIES Long-term financing - secured Deferred liabilities Trade and other payables Contract Liabilities Trade and other payables Contract Unique of Included Accrued mark-up on long-term financing Accrued mark-up on long-term financing TOTAL LIABILITIES TOTAL LIABILITIES **TOTAL LIABILITIES** **TOTAL	Cash and bank balances			
Share Capital	TOTAL ASSETS			
Share Capital Authorised 200,000,000 (June 30, 2019: 200,000,000) ordinary shares of Rs 10 each 2.000.000 2.000.000 Issued, subscribed and paid-up share capital 1,320,634 126,843 128,43	EQUITY AND LIABILITIES			
Authorised 200,000,000 (June 30, 2019: 200,000,000) ordinary shares of Rs 10 each Issued, subscribed and paid-up share capital Capital reserve Revenue reserve Remeasurement of post retirement benefits obligation - net of tax Surplus on revaluation of property, plant and equipment - net of tax NON-CURRENT LIABILITIES Long-term financing - secured Deferred liabilities Trade and other payables Contract Liabilities Current portion of long-term financing Unclaimed dividend Accrued mark-up on long-term financing TOTAL LIABILITIES 2.000.000 2.000.000 1,320,634 126,843	SHARE CAPITAL AND RESERVES			
Capital reserve 126,843 126,843 9,283,164 9,543,389 9,543,389 9,543,389 126,843 9,543,389 126,843 9,543,389 126,843 9,543,389 126,843 9,543,389 126,843 9,283,164 (306,621) (306,621) (306,621) 1,234,901 1,234,901 1,234,901 1,234,901 1,234,901 1,234,901 1,1919,146 NON-CURRENT LIABILITIES Long-term financing - secured Deferred liabilities 10 7,003,059 7,335,925 711,259 7,11,259 8,047,184 CURRENT LIABILITIES 11 30,514,979 8,047,184 8,047,184 Trade and other payables Contract Liabilities 11 30,514,979 84,049 141,514 29,841,365 141,514 26,475 26,475 26,475 26,475 1,747,543 60,064 53,511 31,870,472 31,870,472 31,870,472 39,917,656 TOTAL LIABILITIES 40,005,787 39,917,656 39,917,656			2,000,000	2,000,000
Revenue reserve				
1,234,901				
NON-CURRENT LIABILITIES Long-term financing - secured Deferred liabilities Deferred				
Community Comm	Surplus on revaluation of property, plant and equipment - net of tax			
Total Liabilities	NON-CURRENT LIABILITIES			Γ1
CURRENT LIABILITIES Trade and other payables 11 30,514,979 84,049 141,514 23,561 26,475 26,475 26,475 1,747,543 60,064 59,985 55,060 53,511 31,870,472 31,870,472 31,870,472 39,917,656 TOTAL LIABILITIES 40,005,787 39,917,656		10	723,712	711,259
Contract Liabilities 84,049 141,514 Provision against damage claims 23,561 26,475 Current portion of long-term financing 10 1,541,382 1,747,543 Unclaimed dividend 59,985 55,060 53,511 Accrued mark-up on long-term financing 32,279,016 32,279,016 TOTAL LIABILITIES 40,005,787 39,917,656	CURRENT LIABILITIES		7,726,771	8,047,184
Provision against damage claims 23,561 26,475 Current portion of long-term financing 10 1,541,382 1,747,543 Unclaimed dividend 59,985 60,064 55,060 Accrued mark-up on long-term financing 32,279,016 31,870,472 TOTAL LIABILITIES 40,005,787 39,917,656		11		
Current portion of long-term financing 10 1,541,382 59,985 50,060 53,511 31,870,472 Accrued mark-up on long-term financing 32,279,016 40,005,787 39,917,656				
Accrued mark-up on long-term financing 55,060 32,279,016 31,870,472 40,005,787 39,917,656	Current portion of long-term financing	10		
TOTAL LIABILITIES 32,279,016 31,870,472 40,005,787 39,917,656				
			32,279,016	31,870,472

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

Syed Jarar Haider Kazmi Chief Financial Officer

CONTINGENCIES AND COMMITMENTS

Rizwan Ahmed P.A.S Chairman & Chief Executive 12



PAKISTAN NATIONAL SHIPPING CORPORATION UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER ENDED SEPTEMBER 30, 2019 (UNAUDITED)

	Quarter ended September 30, 2019 (Rupees	Quarter ended September 30, 2018 in '000)
REVENUE Freight income - foreign flag vessels Service fees Rental income EXPENDITURE	409,603 106,600 52,774 568,977	460,085 65,025 37,502 562,612
Fleet expenses - direct Fleet expenses - indirect Vessel management expenses Real estate expenses	(239,802) (2,423) (209,019) (36,396) (487,640)	(261,145) (1,997) (166,234) (32,183) (461,559)
Administrative expenses	(43,275)	(57,439)
Other expenses Other income OPERATING PROFIT	(138,921) 170,907 (11,289) 70,048	(71,626) 188,773 59,708 160,761
Finance costs (LOSS) / PROFIT BEFORE TAXATION	(231,094)	(56,203)
Taxation (LOSS) / PROFIT AFTER TAXATION	(29,131)	(48,817)
Other comprehensive income TOTAL COMPREHENSIVE (LOSS) / INCOME	(260,225)	55,741ees)
(LOSS) / EARNINGS PER SHARE - basic and diluted	(1.97)	0.42

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

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



PAKISTAN NATIONAL SHIPPING CORPORATION UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED SEPTEMBER 30, 2019 (UNAUDITED)

	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
			(Rupee	s in '000)		
Balance as at July 01, 2018, as previously reported	1,320,634	126,843	9,896,018	(255,121)	1,242,161	12,330,535
Impact of initial application of IFRS 9	-	-	(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
Profit after taxation	-	-	55,741	-	-	55,741
Other comprehensive income	-	-	-	_	-	-
Total comprehensive income for the first quarter ended September 30, 2018	-	-	55,741	-	-	55,741
Balance as at September 30, 2018 - restated	1,320,634	126,843	9,441,119	(255,121)	1,242,161	11,875,636
Balance as at July 01, 2019	1,320,634	126,843	9,543,389	(306,621)	1,234,901	11,919,146
Loss after taxation	-	-	(260,225)	-	-	(260,225)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the first quarter ended September 30, 2019	-	-	(260,225)	-	-	(260,225)
Balance as at September 30, 2019	1,320,634	126,843	9,283,164	(306,621)	1,234,901	11,658,921

^{&#}x27;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 18 form an integral part of these unconsolidated condensed interim financial statements.

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



Quarter ended

Quarter ended

PAKISTAN NATIONAL SHIPPING CORPORATION UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS FOR THE QUARTER ENDED SEPTEMBER 30, 2019 (UNAUDITED)

	Note	September 30, 2019	September 30, 2018
		(Rupees	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 Finance costs paid Taxes paid Net cash generated from / (used in) operating activities	13	401,820 (6,654) (38,068) (6,344) (754) (298,078) (48,092) 3,830	(55,482) (1,996) (23,984) (7,164) 879 (49,426) (83,226) (220,399)
Cash flows from investing activities			
Purchase of property, plant and equipment Initial deposit for the acquisition of intangible asset Additions to investment properties Proceeds from disposal of property, plant and equipment Short-term investments redeemed Interest received on short term investments Net cash generated from investing activities		(1,276) (10,751) (117) 4,900 20,310 130,288 143,354	(2,458) - - - 322,755 27,674 347,971
Cash flows from financing activities			
Long-term financing repaid Dividends paid Net cash used in financing activities		(539,990) (79) (540,069)	(302,542) (13) (302,555)
Net decrease in cash and cash equivalents		(392,885)	(174,983)
Cash and cash equivalents at the beginning of period		5,560,729	2,760,845
Cash and cash equivalents at the end of the period	14	5,167,844	2,585,862

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

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



PAKISTAN NATIONAL SHIPPING CORPORATION NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2019 (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 These unconsolidated condensed interim financial statements are separate financial statements of the Corporation in which investments in subsidiaries and associate are accounted for at cost less accumulated impairment losses, if any.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

- 2.1 These unconsolidated condensed interim financial statements of the Corporation for the first quarter ended September 30, 2019 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. These unconsolidated condensed interim financial statements do not include all the information and disclosures required in an annual audited financial statements, and should be read in conjunction with the financial statements for the year ended June 30, 2019 as they provide an update of previously reported information.

- 2.2 These unconsolidated condensed interim financial statements comprise of the unconsolidated condensed interim statement of financial position as at September 30, 2019 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, 2019. These unconsolidated condensed interim financial statements 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 cash flows for the quarter ended September 30, 2018.
- 2.3 The comparative statement of financial position presented in these unconsolidated condensed interim financial statements as at June 30, 2019 has been extracted from the annual audited financial statements of the Corporation for the year ended June 30, 2019 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, 2018 have been extracted from the unconsolidated condensed interim financial statements 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 these unconsolidated condensed interim financial statements are consistent with those applied in the preparation of the financial statements for the year ended June 30, 2019.



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, 2019

The following accounting standard became effective during the period as applicable in Pakistan for the first time for the annual periods beginning on or after January 01, 2019 and are relevant to the Corporation's financial reporting:

IFRS 16 replaces the previous lease standard: IAS 17 - Leases. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases has been removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low value leases. However, the standard do not have any significant impact on these unconsolidated condensed interim financial statements.

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

Certain new standards and amendments to the approved accounting standards will be mandatory for the Corporation's annual accounting periods beginning on or after July 1, 2020. However, these amendments will not have any significant impact on the financial reporting of the Corporation and, therefore, have not been disclosed in these unconsolidated condensed interim financial statements.

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

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

Judgements and estimates made by the management in the preparation of these unconsolidated condensed interim financial statements are the same as those applied in the Corporation's unconsolidated annual financial statements for the year ended June 30, 2019.

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, 2019.

(Unaudited)
Note September 30,

(Audited) June 30, 2019

2019 2019 -----(Rupees in '000)------

PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets Capital work-in-progress (CWIP) 5.1 & 5.2 **1,870,604** 1,881,389 **56,881** 56,881 **1,927,485** 1,938,270

(Unaudited)

Quarter ended September 30, 2019 Cuarter ended September 30, 2018

5.1 Additions to operating fixed assets (including transfers during the period:

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

-	426
-	1,210
-	119
1,007	13
269	690
1,276	2,458
12,061	11,683

5.2 Depreciation charge for the period



Note

(Unaudited) September 30 2019 ---(Rupees in '000)-----

(Audited) June 30, 2019

6. INTANGIBLE ASSET

Danaos web enterprise suite

6.1 & 6.2 10,751

- 6.1 This represents 10% deposit amounting to USD 0.068 million (Rs 10.751 million) against services fees in respect of Enterprise Resource Planning (ERP) implementation and maintenance.
- 6.2 This further includes 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 as on June 30, 2009, however, it is still in active use.

Note

(Unaudited) September 30 2019

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

7. TRADE DEBTS - unsecured

Considered good

- Due from related parties
- Due from others

Considered doubtful

- Due from related parties
- Due from others

Less: Allowance for ECL on trade debts

7.1 7.2

468,531 428,007 23,194 9,967 491,725 437,974

7.1

7.3

25,408 22.953 <u>16,8</u>93 16,893 42,301 39,846 534,026 477,820 42,301 39,846 491,725 437,974

Ageing analysis of amounts due from related parties, included in trade debts, are as follows: 7.1

> Upto 1 1 to 6 More than month months 6 months

(Unaudited) As at September 30, 2019

(Audited) As at June 30, 2019

Central Power Generation Company Limited Pakistan State Oil Company Limited Pakistan Refinery Limited

Pakistan Security Printing Corporation Sui Northern Gas Pipelines Limited Sui Southern Gas Company Limited Water and Power Development Authority National Refinery Limited Trading Corporation of Pakistan (Private) Limited

District Controller of Stores

Others

	940	-	-	940	-
	-	-	8,449	8,449	8,449
	-	-	49	49	49
	-	-	-	-	438
	1,978	60	-	2,038	3,301
	1,835	-	-	1,835	657
	89	-	-	89	19
	-	-	609	609	609
k	-	-	4,866	4,866	4,866
	120	98	2,768	2,986	4,001
	16,141	310,797	145,140	472,078	428,571
	21,103	310,955	161,881	493,939	450,960

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



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

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, 2019(Rupees	(Audited) June 30, 2019 in '000)
	Upto 1 month 1 to 6 months More than 6 months		9,404 13,467 323 23,194	5,943 3,943 81 9,967
3	Allowance for ECL on trade debts			
	Balance at the beginning Impact of initial application of IFRS 9 Adjusted balance at beginning of the year Increase during the period / year Reversed during the period / year Balance at the end	7.4	39,846 	7,411 20,404 27,815 12,559 (528) 39,846
4	This reversal has been made because of subsequent receipt of the respect	ive am	nount.	
		Note	(Unaudited) September 30, 2019	(Audited) June 30, 2019

8. **OTHER RECEIVABLES**

7.3

7.4

Considered	good
Due from	~ *ala+a

- Due from related parties	8.2	1,144,115	1,155,789
- Due from others		190,380	142,500
	0.4	4 004 405	1 000 000

Cons

Less

Empl

· Due from others		190,380	142,500	
	8.1	1,334,495	1,298,289	
nsidered doubtful				
Due from related parties	8.2	825,419	813,745	
Due from others		12,659	12,659	
		838,078	826,404	
		2,172,573	2,124,693	
s: Allowance for ECL on other receivables	8.3	838,078	826,404	
		1,334,495	1,298,289	
ployees' gratuity scheme - funded		485	485	
		1,334,980	1,298,774	
represents balances that are past due but not impaired				

- 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	(Unaudited) As at September 30, 2019	(Audited) As at June 30, 2019
			-(Rupees in 'C	000)	
National Refinery Limited	-	-	24,964	24,964	24,964
Pak Arab Refinery Limited Pakistan Refinery Limited	-	6,931 5,032	65,005 26,218	71,936 31,250	71,936 31,250
Pakistan State Oil Company Limited	-	11,963	1,841,384 1,957,571	1,841,384 1,969,534	1,841,384 1,969,534



(Unaudited) (Audited) September 30 June 30. Note 2019 2019 -----(Rupees in '000)-----

Allowance for ECL on other receivables 8.3

Balance at the beginning Impact of initital application of IFRS 9 Adjusted balance at beginning of the year Increase during the period / year Reversed during the period / year Balance at the end

826,404 308.171 493,000 826,404 801,171 39,487 11,674 8.4 (14, 254)838,078 826,404

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

> (Unaudited) (Audited) Note September 30 June 30. 2019 2019 --(Rupees in '000)-----

9. SHORT-TERM INVESTMENTS

Term deposits with banks having maturity of:

- three to six months
- three months or less

	468,240	488,550
	2,550,000	2,680,000
9.1	3,018,240	3,168,550

9.1 Mark-up on these term deposits denominated in local currency ranges from 12.80% to 13.50% (June 30, 2019: 11.00% to 12.80%) per annum, whereas mark-up on term deposits denominated in foreign currency is 3.25% (June 30, 2019: 3.25%) per annum.

> (Unaudited) (Audited) Note September 30, June 30. 2019 2019 ---(Rupees in '000)-----

10. LONG-TERM FINANCING - secured

Financing under syndicate term finance agreement Financing under musharika agreement

Less: Current portion of long-term financing

10.1	5,220,878	5,431,480
10.2	3,323,563	3,651,988
	8,544,441	9,083,468
	1,541,382	1,747,543
	7,003,059	7,335,925

10.1 Financing under syndicate term finance agreement includes:

- 10.1.1 Financing obtained in November 2014 amounting to Rs 3,000 million with a consortium led by 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.
- 10.1.2 Financing obtained during the year ended June 30, 2019 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. During the year ended June 30, 2019 the Corporation drew 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 companies.

10.2 Financing under musharika agreement includes:

10.2.1 Financing obtained in November 2014 amounting to Rs 1,500 million with a consortium led by 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.



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

	(Unaudited)	(Audited)	
ote	September 30,	June 30,	
	2019	2019	
(Rupees in '000)			

N

11. TRADE AND OTHER PAYABLES

Creditors		15,078	44,054
Current account balances with subsidiary companies		29,439,530	28,540,308
Agents' and owners' balances		204,454	345,394
Accrued liabilities		708,606	756,234
Deposits	11.1	55,913	60,636
Advance rent		18,935	24,696
Other liabilities			
 amounts retained from contractors 		3,822	3,822
- others		68,641	66,221
		72,463	70,043
		30,514,979	29,841,365

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 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, 2019.

(Unaudited)	(Audited)	
September 30,	June 30,	
2019	2019	
(Rupees in '000)		

Commitments

12.2	Commitments for capital expenditure	32,571	32,571
12.3	Outstanding letters of guarantee	7,142	7,142

- 12.4 The Corporation has provided an undertaking amounting to USD 11.6 million equivalent of Rs 1,816 million (June 30, 2019: USD 11.6 million equivalent of Rs 1,856 million) to one of the vendor / supplier of another state owned entity. This undertaking has been provided due to arrest of two of its managed vessels operated by its subsidiaries which have been released subsequently. However, the Government of Pakistan has provided a counter guarantee to the Corporation in relation to the aforesaid undertaking.
- 12.5 Commitments in respect of Enterprise Resource Planning (ERP) implementation and maintenance amounting to USD 0.443 million equivalent of Rs 69.36 million (June 30, 2019: USD 0.48 million equivalent of Rs 76.80 million) and USD 0.159 million equivalent of Rs 24.90 million (June 30, 2019: USD 0.19 million equivalent of Rs 30.40 million) respectively.



13.1

14.

(Unaudited) Quarter ended Quarter ended Note September 30. September 30. 2019 2018

1,044

(234,935)

674,083

(57,465)

616,618

381,683

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

(55,589)

68,041

(236, 156)

(236, 100)

(168.059)

56

13. **CASH GENERATED FROM OPERATIONS**

(Loss) / profit before taxation	(231,094)	104,558
Adjustments for non-cash charges and other items:		
Depreciation	12,061	11,683
Profit on disposal of fixed assets	(4,900)	· -
Provision for employees' gratuity	21,001	14,393
Provision for employees' compensated absences	33,925	24,276
Provision for post-retirement medical benefits	8,123	6,501
Income from saving accounts and term deposits	(132,529)	(93,458)
Finance cost	300,590	55,855
Allowance for ECL on trade debts and other receivables	14,129	553
Reversal of ECL on trade debts and other receivables	-	(12,195)
Loss on revaluation of long-term investments in listed securities	1,744	714
Net decrease in damage claims	(2,913)	(303)
Working capital changes 13.1	381,683	(168,059)
	401,820	(55,482)
W. I		
Working capital changes		
(Increase) / decrease in current assets:		
Stores and spares	(3,093)	1,019
Trade debts - unsecured	(56,206)	127,489
Agents' and owners' balances - unsecured	2,741	10,180
Loans and advances	(115,020)	25,889
Trade deposits and short-term prepayments	(16,521)	(4,142)
Other receivables	(47,880)	(36,805)

CASH AND CASH EQUIVALENTS

Incomplete voyages

Contract liabilities

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

Short-term investments having maturity of three months or less	2,550,000	1,310,300
Cash and bank balances	2,617,844	1,275,562
	5.167.844	2 585 862

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 these unconsolidated condensed interim financial statements. Further, transactions entered into with the key management personnel as per their terms of employment are also included in related party transactions.



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

	(Unaudited)		
Relationship with the	Quarter ended	Quarter ended	
	September 30,	September 30,	
	2019	2018	
	(Rupees in '000)		

Name and particulars

Transactions with State owned / controlled entities			
Freight income - foreign flag vessels		410,256	466,383
Demurrage income		-	23,095
Rental income		1,083	933
Transactions with subsidiary companies			
Service fee charged to subsidiary companies		106,600	65,025
Rental expense of Pakistan Co-operative			
Ship Stores (Private) Limited		261	238
Delivery of stores and spares to subsidiary companies		10,702	8.148
Retirement benefit costs charged to subsidiary		10,702	0,110
companies		468	489
Towns at the state of the state of the state of			
Transactions with other related parties Contribution to provident fund	Employees benefit plan	2,100	2.312
Directors' fee	Key management personnel	1,410	2,312 831
Key management personnel compensation	Key management personnel	10,296	15,434*

- 15.1 In addition, the Corporation is also engaged in making certain payments / collections on behalf of the subsidiary companies in accordance with the Technical and Commercial Services and Administrative and Financial Services Agreement which are settled through current accounts.
 - * The amount has been restated to include the remuneration and other benefits of Company Secretary in compliance of S.R.O. 1194(1)/2018, dated October 02, 2018.

16. 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.

17. GENERAL

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

18. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorised for issue on October 25, 2019 by the Board of Directors of the Corporation.

Syed Jarar Haider Kazmi
Chief Financial Officer

Rizwan Ahmed P.A.S Chairman & Chief Executive

