



# **Pakistan National Shipping Corporation**



**Un-Audited Report  
For The First Quarter Ended  
September 30, 2017**





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## CORPORATE INFORMATION

### Board of Directors

1. Mr. Arif Elahi		Chairman
2. Mr. Haque Nawaz	(Up to May 19, 2017)	Member
3. Mr. Sa'ad Fazil Abbasi	(Up to Oct 19, 2016)	Member
4. Ms. Ava A. Cowasjee	(Up to May 19, 2017)	Member
5. Mr. Akbar Adil	(Up to May 19, 2017)	Member
6. Mr. Khowaja Obaid Imran Ilyas		Member
7. Capt. Anwar Shah		Member

### Audit Committee of the Board

1. Mr. Khowaja Obaid Imran Ilyas		Chairman
2. Mr. Akbar Adil	(Up to May 19, 2017)	Member
3. Capt. Anwar Shah		Member
4. Ms. Zainab Suleman		Secretary

### HR Committee

1. Capt. Anwar Shah		Chairman
2. Ms. Ava A. Cowasjee	(Up to May 19, 2017)	Member
3. Mr. Akbar Adil	(Up to May 19, 2017)	Member
4. Ms. Zainab Suleman		Secretary

### Commercial Committee

1. Mr. Akbar Adil	(Up to May 19, 2017)	Chairman
2. Ms. Ava A. Cowasjee	(Up to May 19, 2017)	Member
3. Capt. Anwar Shah		Member
4. Ms. Zainab Suleman		Secretary

### 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,  
Karachi - 74000.

### Regional Office

Gulberg Heights, Lower ground floor,  
Near Sherpao Bridge Gulberg,  
Lahore, Pakistan.

### Auditors

1. A. F. Ferguson & Co., Chartered Accountants
2. EY Ford Rhodes & Co., Chartered Accountants

### Shares Registrar

M/s Technology Trade (Pvt.) Ltd.  
Dagja House 241-C, Block 2, P.E.C.H.S  
Off Sharah-e-Quaideen, Karachi.

### Bankers

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



## **PAKISTAN NATIONAL SHIPPING CORPORATION DIRECTORS' REPORT FOR THE QUARTER ENDED SEPTEMBER 30, 2017**

The Directors of Pakistan National Shipping Corporation (PNSC) are pleased to present the Consolidated and Unconsolidated Condensed Interim Financial Statements of PNSC and Group for the first quarter ended September 30, 2017.

### **OVERVIEW**

Group after Tax Profit of Rs 653 million has been achieved during this period against Rs 650 million in the same period last year showing an increase of 0.5%. Earnings per share for the group increased to Rs 4.94 from Rs 4.92 in the corresponding last period. While the global shipping industry has started showing signs of entering the recovery phase with an increase in BDI in the dry bulk segment, the liquid segment shows mixed sentiments with the fall in World scale and an increase in the AFRA internationally. It also appears that fuel prices shall follow an upward stream and shipping forecasters are hopeful that end of this year will show signs of improvement in liquid transportation segment. However, PNSC Group achieved better results by focusing on more profitable ventures besides retaining its repute as one of the major contributors to sea borne trade in Pakistan.

PNSC Group achieved a turnover of Rs 3,166 million (including Rs 1,661 million from PNSC) as compared to Rs 3,684 million (including Rs 2,309 million from PNSC) for the corresponding period last year, showing a decrease of 14%. The decline is mainly attributable to the trimmed national demand as a seasonal hazard resulting in lesser oil and dry shipments locally, whereby foreign chartered and owned tanker top line declined by 16% (From Rs 1,042 million to Rs 880 million) and 3% (from Rs 1,076 million to Rs 1,041 million) respectively. While slot business declined by 40% (from Rs 1,221 million to Rs 733 million), owned bulk carrier segment made substantial growth in revenue of 55% (from Rs 299 million to Rs 464 million) applying a combination of voyage and time charter operations. Direct operating expenses decreased to Rs 2,269 million (including Rs 1,015 million from PNSC) from Rs 2,518 million (including Rs 1,445 million from PNSC). Net Profit after tax of the Group, for the reasons explained above has shown an increase of 0.5%, recorded at Rs 653 million and EPS of the Group to Rs 4.94.

### **FUTURE PROSPECTS**

PNSC intends to diversify its business portfolio by venturing into marine services to support its shipping operations as part of its horizontal integration strategy. Establishment of marine services is critical for Pakistan's maritime industry especially in the back drop of CPEC and development of Gwadar Port. Establishment of a modern ship / marine workshop in Gwadar is planned to cater future demands of repair and maintenance of ships, crafts etc.

To cater the requirement of Country's marine transportation, a fleet development plan comprising induction of two modern Aframax oil tankers is in process.

Further an enhance transit oil shore storage capacities at Keemari, (Karachi) and Gwadar in collaboration with other stakeholders is also under consideration.

PNSC is also foreseeing to introduce a Ferry Service on a commercially viable basis as a safe, cheaper and secure alternative to land route between Karachi - Port Qasim, Karachi - Gwadar and Karachi - Chabahar (Iran). M/s Swat Shipping (Private) Limited (a subsidiary of PNSC), has been granted a license to operate Ferry Service from Ministry of Ports and Shipping on March 20th, 2017.

The Ministry of Ports & Shipping has included three projects of PNSC into Public Sector Development Projects 2017-2018, which are:

- i. Land for Oil Storage Construction at Gwadar.
- ii. Land acquisition and construction of ship Workshop at Gwadar.
- iii. Oil Storage Construction at OIA Keemari, Karachi.

**ARIF ELAHI P.A.S**

Chairman & Chief Executive

Karachi : October 24, 2017



**PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES**  
**CONSOLIDATED CONDENSED INTERIM BALANCE SHEET**  
**AS AT SEPTEMBER 30, 2017**

	Note	(Unaudited) September 30, 2017	(Audited) June 30, 2017
----- (Rupees in '000) -----			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	3	22,853,218	23,195,568
Intangible asset	4	-	-
Investment properties		2,671,043	2,671,043
Long-term investments in:			
- Related party (associate)		-	-
- Listed companies and an other entity		56,307	49,566
Long-term loans and advances		22,600	-
Long-term deposits		90	90
Deferred taxation		46,561	46,561
		<u>25,649,819</u>	<u>25,962,828</u>
<b>CURRENT ASSETS</b>			
Stores and spares		591,554	670,079
Trade debts - unsecured	5	798,309	756,750
Agents' and owners' balances - unsecured		8,006	8,423
Loans and advances		120,487	91,348
Trade deposits and short-term prepayments		80,672	60,951
Interest accrued on bank deposits and investments		37,753	48,193
Other receivables	6	2,215,304	2,002,156
Incomplete voyages		-	83,954
Insurance claims		40,947	34,248
Taxation - net		1,064,190	1,094,632
Short-term investments		4,378,725	4,127,045
Cash and bank balances		2,721,723	2,711,772
		<u>12,057,670</u>	<u>11,689,551</u>
		<u>37,707,489</u>	<u>37,652,379</u>
<b>TOTAL ASSETS</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY ATTRIBUTABLE TO THE OWNERS OF THE HOLDING COMPANY</b>			
Share capital		1,320,634	1,320,634
Reserves		28,029,592	27,377,025
		<u>29,350,226</u>	<u>28,697,659</u>
<b>NON-CONTROLLING INTEREST</b>			
		3,845	3,714
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP</b>			
		<u>29,354,071</u>	<u>28,701,373</u>
Surplus on revaluation of property, plant and equipment - net of tax		1,143,350	1,143,350
<b>NON-CURRENT LIABILITIES</b>			
Long term financing - secured	7	2,643,955	2,944,191
Deferred liabilities		619,345	592,356
		<u>3,263,300</u>	<u>3,536,547</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	2,648,068	3,005,323
Provision against damage claims		21,298	20,032
Current portion of long-term financing	7	1,210,172	1,210,172
Incomplete voyages		33,956	-
Accrued mark-up on long-term financing		33,274	35,582
		<u>3,946,768</u>	<u>4,271,109</u>
		<u>37,707,489</u>	<u>37,652,379</u>
<b>TOTAL EQUITY AND LIABILITIES</b>			
<b>CONTINGENCIES AND COMMITMENTS</b>			
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The annexed notes 1 to 14 form an integral part of these consolidated condensed interim financial statements.

**Syed Jarar Haider Kazmi**  
Chief Financial Officer

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

**Khowaja Obaid Imran Ilyas**  
Director



**PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES  
CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT  
FOR THE QUARTER ENDED SEPTEMBER 30, 2017 (UNAUDITED)**

	Quarter ended September 30, 2017	Quarter ended September 30, 2016
	----- (Rupees in '000) -----	
<b>REVENUE</b>		
Income from shipping business	3,118,110	3,638,027
Rental income	47,716	45,923
	<b>3,165,826</b>	<b>3,683,950</b>
<b>EXPENDITURE</b>		
Fleet expenses - direct	(2,224,159)	(2,482,905)
Fleet expenses - indirect	(10,119)	(5,492)
Real estate expenses	(35,219)	(29,202)
	<b>(2,269,497)</b>	<b>(2,517,599)</b>
<b>GROSS PROFIT</b>	<b>896,329</b>	<b>1,166,351</b>
Administrative expenses	(229,023)	(243,694)
Other expenses	(191,133)	(249,397)
Other income	339,307	306,230
	<b>(80,849)</b>	<b>(186,861)</b>
<b>OPERATING PROFIT</b>	<b>815,480</b>	<b>979,490</b>
Finance costs	(70,265)	(90,879)
<b>PROFIT BEFORE TAXATION</b>	<b>745,215</b>	<b>888,611</b>
Taxation	(92,517)	(239,035)
<b>PROFIT AFTER TAXATION</b>	<b>652,698</b>	<b>649,576</b>
Other comprehensive income	-	-
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>652,698</b>	<b>649,576</b>
<b>Attributable to:</b>		
Equity holders of the Holding Company	652,567	649,492
Non-controlling interest	131	84
	<b>652,698</b>	<b>649,576</b>
	-----Rupees-----	
<b>EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE HOLDING COMPANY - basic and diluted</b>	<b>4.94</b>	<b>4.92</b>

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

**Syed Jarar Haider Kazmi**  
Chief Financial Officer

**Arif Elahi 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, 2017 (UNAUDITED)**

----- Attributable to the shareholders of the Holding Company -----							
Issued, subscribed and paid-up share capital	Capital Reserve	Revenue reserves			Non-controlling interest	Total	
		General Reserve	Remeasurement of post retirement benefits obligation - net of tax	Unappropriated profit			
----- (Rupees in '000) -----							
Balance as at July 01, 2016	1,320,634	131,344	129,307	(309,809)	25,144,979	3,316	26,419,771
Total comprehensive income for the first quarter ended September 30, 2016	-	-	-	-	649,492	84	649,576
<b>Balance as at September 30, 2016</b>	<u>1,320,634</u>	<u>131,344</u>	<u>129,307</u>	<u>(309,809)</u>	<u>25,794,471</u>	<u>3,400</u>	<u>27,069,347</u>
Balance as at July 01, 2017	1,320,634	131,344	129,307	(255,659)	27,372,033	3,714	<b>28,701,373</b>
Total comprehensive income for the first quarter ended September 30, 2017	-	-	-	-	652,567	131	<b>652,698</b>
<b>Balance as at September 30, 2017</b>	<u>1,320,634</u>	<u>131,344</u>	<u>129,307</u>	<u>(255,659)</u>	<u>28,024,600</u>	<u>3,845</u>	<u>29,354,071</u>

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

**Syed Jarar Haider Kazmi**  
Chief Financial Officer

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

**Khowaja Obaid Imran Ilyas**  
Director



**PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES  
CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT  
FOR THE QUARTER ENDED SEPTEMBER 30, 2017 (UNAUDITED)**

	Note	Quarter ended September 30, 2017	Quarter ended September 30, 2016
----- (Rupees in '000) -----			
<b>Cash flows from operating activities</b>			
Cash generated from operations	10	697,127	1,040,689
Employees' gratuity paid		(1,418)	(561)
Employees' compensated absences paid		(14,582)	(53,504)
Post-retirement medical benefits paid		(1,440)	(5,481)
Long term loans and advances		(22,600)	-
Finance costs paid		(69,351)	(96,043)
Taxes paid		(62,075)	(48,517)
<b>Net cash generated from operating activities</b>		<b>525,661</b>	<b>836,583</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(67,535)	(177,312)
Short-term investments (made) / redeemed		(1,680)	9,695
Interest received on short term investments		104,908	41,567
Dividends received on long term investments in listed securities		1,154	-
<b>Net cash generated from / (used in) investing activities</b>		<b>36,847</b>	<b>(126,050)</b>
<b>Cash flows from financing activities</b>			
Long-term financing repaid		(302,544)	(299,685)
Dividends paid		(13)	(5)
<b>Net cash used in financing activities</b>		<b>(302,557)</b>	<b>(299,690)</b>
<b>Net increase in cash and cash equivalents</b>		<b>259,951</b>	<b>410,843</b>
Cash and cash equivalents at the beginning of period		5,161,772	2,143,378
<b>Cash and cash equivalents at the end of the period</b>	11	<b>5,421,723</b>	<b>2,554,221</b>

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

**Syed Jarar Haider Kazmi**  
Chief Financial Officer

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

**Khowaja Obaid Imran Ilyas**  
Director



**PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES  
NOTES TO AND FORMING PART OF THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED SEPTEMBER 30, 2017 (UNAUDITED)**

**1. THE GROUP AND ITS OPERATIONS**

Pakistan National Shipping Corporation (the Holding Company), its subsidiary companies and an associate (together 'the Group') were incorporated under the provisions of the Pakistan National Shipping Ordinance, 1979 and the Companies Ordinance, 1984 (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
- 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. All the wholly owned subsidiaries operate one vessel / tanker each with the exception of Bolan Shipping (Private) Limited, Swat Shipping (Private) Limited, Lalazar Shipping (Private) Limited, Johar Shipping (Private) Limited, Kaghan Shipping (Private) Limited, Khairpur Shipping (Private) Limited, Islamabad Shipping (Private) Limited, Sargodha Shipping (Private) Limited and Makran Shipping (Private) Limited which currently do not own any vessel / tanker.



## 2. SIGNIFICANT ACCOUNTING INFORMATION AND POLICIES

### 2.1 Basis of preparation and statement of compliance

These consolidated condensed interim financial statements of the Group for the first quarter ended September 30, 2017 have been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting which comprise of the International Accounting Standard 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984 (the repealed Ordinance). As per the requirements of Circular No. CLD/CCD/PR(11)/2017 dated October 04, 2017 issued by the Securities & Exchange Commission of Pakistan (SECP), companies the financial year of which closes on or before December 31, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984 (the repealed Ordinance). Accordingly, approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the repealed Ordinance, provisions of and directives issued under the repealed Ordinance. In case requirements differ, the provisions of or directives under the repealed Ordinance shall prevail. These consolidated condensed interim financial statements have been prepared under the historical cost convention unless, otherwise specifically stated. 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 consolidated financial statements for the year ended June 30, 2017 as they provide an update of previously reported information.

These consolidated condensed interim financial statements comprise of the condensed interim consolidated balance sheet as at September 30, 2017 and the consolidated condensed interim profit and loss account, the consolidated condensed interim statement of changes in equity, the consolidated condensed interim cash flow statement and notes thereto for the first quarter ended September 30, 2017. These consolidated condensed interim financial statements also include the consolidated condensed interim profit and loss account, the consolidated condensed interim statement of changes in equity and the consolidated condensed interim cash flow statement for the quarter ended September 30, 2016.

The comparative balance sheet presented in these consolidated condensed interim financial statements as at June 30, 2017 has been extracted from the annual audited consolidated financial statements of the Group for the year ended June 30, 2017 whereas the comparative consolidated condensed interim profit and loss account, consolidated condensed interim statement of changes in equity and consolidated condensed interim cash flow statement for the quarter ended September 30, 2016 have been extracted from the consolidated condensed interim financial statements of the Group for the quarter ended September 30, 2016.

### 2.2 Significant accounting policies

The accounting policies and the methods of computation adopted in the preparation of these consolidated condensed interim financial statements are the same as those applied in the preparation of the consolidated financial statements for the year ended June 30, 2017.

## 3. PROPERTY, PLANT AND EQUIPMENT

	Note	(Unaudited) September 30, 2017	(Audited) June 30, 2017
----- (Rupees in '000) -----			
- Operating fixed assets	3.1 & 3.2	22,207,392	22,558,121
- Major spare parts and stand-by equipment		317,192	308,925
- Capital work-in-progress (CWIP)		328,634	328,522
		<u>22,853,218</u>	<u>23,195,568</u>



		(Unaudited)	
		Quarter ended September 30, 2017	Quarter ended September 30, 2016
		----- (Rupees in '000) -----	
3.1	<b>Additions to operating fixed assets (including transfers from CWIP) during the period:</b>		
	Buildings on lease hold land	56	129,460
	Vehicles	570	-
	Office machines and appliances	2,177	371
	Furniture and fixtures	-	22
	Workshop machinery and equipment	74	41
	Computer equipment	2,483	-
	Spares capitalised	12,384	6,174
	Class renewal and dry docking	1,638	244,778
	Equipment on board	3,276	138
	Total	<u>22,658</u>	<u>380,984</u>
3.2	Depreciation charge for the period	<u>400,818</u>	<u>331,867</u>

**4. 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)
		September 30, 2017	June 30, 2017
		----- (Rupees in '000) -----	
5.	<b>TRADE DEBTS - unsecured</b>		
	- considered good	798,309	756,750
	- considered doubtful	211,767	213,984
		<u>1,010,076</u>	<u>970,734</u>
	Less: Provision for doubtful debts	211,767	213,984
		<u>798,309</u>	<u>756,750</u>

5.1 The ageing analysis of these trade debts that are past due but not impaired is as follows:

Upto 1 month	492,446	525,337
1 month to 6 months	174,759	152,653
More than 6 months	131,104	78,760
	<u>798,309</u>	<u>756,750</u>

**5.2 Provision for doubtful debts**

Balance at the beginning	213,984	188,488
Provision made during the period	-	32,493
Provision reversed during the period	(2,217)	(285)
Provision written off during the period	-	(6,712)
Balance at the end	<u>211,767</u>	<u>213,984</u>

As at September 30, 2017, trade debts of Rs 211.767 million (June 30, 2017: Rs 213.984 million) were impaired and provided for. These balances were outstanding for more than three years.



Note	(Unaudited) September 30, 2017	(Audited) June 30, 2017
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----- (Rupees in '000) -----

## 6. OTHER RECEIVABLES

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

4,953	4,953
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### Others:

- considered good
- considered doubtful

6.1	2,172,500	1,959,352
	401,752	404,159
	2,574,252	2,363,511
	401,752	404,159
	2,172,500	1,959,352
	37,851	37,851
	<u>2,215,304</u>	<u>2,002,156</u>

Less: Provision for doubtful other receivables

Employees' gratuity scheme - funded

- 6.1 As at September 30, 2017, amounts aggregating Rs 2,172.500 million (June 30, 2017: Rs 1,959.352 million) are past due but not impaired. These receivables have been outstanding for less than three years.

Note	(Unaudited) September 30, 2017	(Audited) June 30, 2017
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----- (Rupees in '000) -----

## 7. LONG-TERM FINANCING - secured

Financing under syndicate term finance agreement

7.1 & 7.2	1,334,563	1,397,686
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Financing under musharika agreement

7.1 & 7.3	2,519,564	2,756,677
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Less: Current portion

3,854,127	4,154,363
1,210,172	1,210,172
<u>2,643,955</u>	<u>2,944,191</u>

- 7.1 During the year ended June 30, 2015, the Holding Company obtained a financing facility of Rs 4,500 million from Nordic Investment Bank (NIB). During the period ended September 30, 2017, MCB acquired NIB, however, the said acquisition has no impact on the Group's financing arrangement. This financing was obtained in November 2014 in the form of syndicated term finance loan of Rs 3,000 million, with the remaining amount of Rs 1,500 million through a Musharika agreement. The Holding Company has drawn Rs 2,054.250 million and Rs 1,027.125 million from syndicated term finance and musharika respectively.
- 7.2 The financing carries mark-up at the rate of KIBOR + 1.60% which has been renegotiated to KIBOR + 0.5% during the year ended June 30, 2016. 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 owned by a subsidiary company of the Holding Company.
- 7.3 During the year ended June 30, 2016, the Holding Company repaid the outstanding syndicated term finance facility balance of SCB amounting to Rs 3,254 million bearing mark-up of 3 month KIBOR + 2.2%. The repayment was financed with a new Musharika facility obtained from Faysal Bank Limited (FBL) amounting to Rs 3,300 million bearing mark-up of 3 month KIBOR + 0.40%. The loan along with the mark-up is repayable on a quarterly basis with the first installment payable 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.



**8. TRADE AND OTHER PAYABLES**

Note	(Unaudited) September 30, 2017	(Audited) June 30, 2017
----- (Rupees in '000) -----		
Creditors	105,938	145,650
Agents' and owners' balances	388,426	404,591
Accrued liabilities	1,860,404	1,783,186
Deposits	60,720	53,899
Unclaimed dividends	39,134	39,147
Bills payable	53	65,092
Withholding Tax Payable	-	793
Advance from customers	81,133	391,639
Other liabilities		
- amounts retained from contractors	24,496	24,496
- others	87,764	96,830
	<u>112,260</u>	<u>121,326</u>
	<u>2,648,068</u>	<u>3,005,323</u>

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

**9. CONTINGENCIES AND COMMITMENTS**

**Contingencies**

9.1 There are no major changes in the status of contingencies and commitments as reported in the annual audited consolidated financial statements for the year ended June 30, 2017.

(Unaudited) September 30, 2017	(Audited) June 30, 2017
----- (Rupees in '000) -----	

**Commitments**

9.2 Commitments for capital expenditure	<u>32,571</u>	<u>32,571</u>
9.3 Outstanding letters of guarantee	<u>5,126</u>	<u>5,126</u>



Note	(Unaudited)	
	Quarter ended September 30, 2017	Quarter ended September 30, 2016

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

**10. CASH GENERATED FROM OPERATIONS**

Profit before taxation	745,215	888,611
Adjustments for non-cash charges and other items:		
Depreciation	400,818	331,867
Provision for employees' gratuity	12,830	14,286
Provision for employees' compensated absences	26,014	26,364
Provision for post-retirement medical benefits	5,585	5,530
Dividend income	(1,154)	-
Interest income	(94,468)	(84,792)
Interest expense	69,351	90,879
Loss on disposal of stores	1,649	-
Provision no longer required written back	(235)	-
Reversal of provision for doubtful debts	(2,217)	-
Reversal of provision for other receivables	(2,407)	-
Gain on revaluation of long-term investments	(6,741)	(3,849)
Reversal of provision against damage claims	(1)	(2)
Provision in respect of damage claims	1,267	1,266
Working capital changes	10.1 (458,379)	(229,471)
	<b>697,127</b>	<b>1,040,689</b>

**10.1 Working capital changes**

(Increase) / decrease in current assets:		
Stores and spares	76,876	19,733
Trade debts - unsecured	(39,342)	(191,309)
Agents' and owners' balances - unsecured	417	1,306
Loans and advances	(29,139)	(19,268)
Trade deposits and short-term prepayments	(19,721)	(1,563)
Other receivables	(210,741)	(176,156)
Incomplete voyages	117,910	29,695
Insurance claims	(6,699)	(3,897)
	<b>(110,439)</b>	<b>(341,459)</b>
Increase / (decrease) in current liabilities:		
Trade and other payables	(347,940)	111,988
	<b>(458,379)</b>	<b>(229,471)</b>

**11. CASH AND CASH EQUIVALENTS**

Short-term investments having maturity of three months or less	2,700,000	-
Cash and bank balances	2,721,723	2,554,221
	<b>5,421,723</b>	<b>2,554,221</b>





## 12. TRANSACTIONS WITH RELATED PARTIES

The Group has related party relationships with its associate, GoP 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 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:

Name and particulars	Note	Relationship with the Group	(Unaudited)	
			Quarter ended September 30, 2017	Quarter ended September 30, 2016
----- (Rupees in '000) -----				
<b>Transactions with State controlled entities</b>				
Revenue from Pakistan State Oil (PSO)	12.1		995,291	1,152,360
<b>Transactions with other related parties</b>				
Contribution to provident fund		Associate	4,305	2,246
Directors' fee		Associate	125	450
Key management personnel compensation			9,518	8,493

- 12.1 The Corporation recognises demurrage income from PSO in accordance with the terms of Contract of Affreightment (CoA).
- 12.2 The Corporation is engaged in providing carriage services to 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.

## 13. GENERAL

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

## 14. DATE OF AUTHORISATION FOR ISSUE

These consolidated condensed interim financial statements were authorised for issue on October 24, 2017 by the Board of Directors of the Holding Company.

**Syed Jarar Haider Kazmi**  
Chief Financial Officer

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

**Khowaja Obaid Imran Ilyas**  
Director





# **PAKISTAN NATIONAL SHIPPING CORPORATION**

**(UN-AUDITED)**

## **UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**

**FOR THE QUARTER ENDED**

**SEPTEMBER 30, 2017**



**PAKISTAN NATIONAL SHIPPING CORPORATION  
UNCONSOLIDATED CONDENSED INTERIM BALANCE SHEET  
AS AT SEPTEMBER 30, 2017**

	Note	(Unaudited) September 30, 2017	(Audited) June 30, 2017
----- (Rupees in '000) -----			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	3	1,965,484	1,978,161
Intangible asset	4	-	-
Investment properties		2,671,043	2,671,043
Long-term investments in:			
- Related parties (subsidiaries and an associate)		28,591,761	28,591,761
- Listed companies and an other entity		56,307	49,566
		28,648,068	28,641,327
Long-term loans and advances		22,600	-
Deferred taxation		46,561	46,561
		<b>33,353,756</b>	<b>33,337,092</b>
<b>CURRENT ASSETS</b>			
Stores and spares		11,963	10,563
Trade debts - unsecured	5	569,742	490,228
Agents' and owners' balances - unsecured		8,006	8,423
Loans and advances		120,487	91,348
Trade deposits and short-term prepayments		76,978	57,177
Interest accrued on bank deposits and investments		36,798	47,404
Other receivables	6	1,544,388	1,387,755
Incomplete voyages		8,306	59,276
Taxation - net		1,051,386	1,082,678
Short-term investments		4,368,725	4,117,045
Cash and bank balances		2,717,696	2,708,281
		10,514,475	10,060,178
		<b>43,868,231</b>	<b>43,397,270</b>
<b>TOTAL ASSETS</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Share Capital</b>			
Authorised (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
<b>RESERVES</b>		9,268,676	8,710,641
		10,589,310	10,031,275
Surplus on revaluation of property, plant and equipment - net of tax		1,140,525	1,140,525
<b>NON-CURRENT LIABILITIES</b>			
Long-term financing - secured	7	2,643,955	2,944,191
Deferred liabilities		619,345	592,356
		3,263,300	3,536,547
<b>CURRENT LIABILITIES</b>			
Trade and other payables	8	27,610,352	27,423,137
Provision against damage claims		21,298	20,032
Current portion of long-term financing	7	1,210,172	1,210,172
Accrued mark-up on long-term financing		33,274	35,582
		28,875,096	28,688,923
		<b>43,868,231</b>	<b>43,397,270</b>
<b>TOTAL EQUITY AND LIABILITIES</b>			
<b>CONTINGENCIES AND COMMITMENTS</b>			
	9		

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

**Syed Jarar Haider Kazmi**  
Chief Financial Officer

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

**Khowaja Obaid Imran Ilyas**  
Director



**PAKISTAN NATIONAL SHIPPING CORPORATION**  
**UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2017 (UNAUDITED)**

	Quarter ended September 30, 2017	Quarter ended September 30, 2016
----- (Rupees in '000) -----		
<b>REVENUE</b>		
Chartering revenue	1,613,578	2,263,423
Services fee	60,181	54,984
Rental income	47,495	45,801
	<u>1,721,254</u>	<u>2,364,208</u>
<b>EXPENDITURE</b>		
Fleet expenses - direct	(826,458)	(1,294,185)
Fleet expenses - indirect	(7,568)	(2,636)
Vessel management expenses	(146,157)	(119,242)
Real estate expenses	(35,219)	(29,202)
	<u>(1,015,402)</u>	<u>(1,445,265)</u>
<b>GROSS PROFIT</b>	705,852	918,943
Administrative expenses	(79,223)	(119,788)
Other expenses	(187,806)	(247,538)
Other income	271,554	248,001
	<u>4,525</u>	<u>(119,325)</u>
<b>OPERATING PROFIT</b>	710,377	799,618
Finance costs	(69,618)	(90,269)
<b>PROFIT BEFORE TAXATION</b>	640,759	709,349
Taxation	(82,724)	(229,313)
<b>PROFIT AFTER TAXATION</b>	558,035	480,036
Other comprehensive income	-	-
<b>TOTAL COMPREHENSIVE INCOME</b>	<u>558,035</u>	<u>480,036</u>
----- Rupees -----		
<b>EARNINGS PER SHARE - basic and diluted</b>	<u>4.23</u>	<u>3.63</u>

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

**Syed Jarar Haider Kazmi**  
Chief Financial Officer

**Arif Elahi 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, 2017 (UNAUDITED)**

	Issued, subscribed and paid-up share capital	Capital Reserve	Revenue Reserves		Total
			Remeasurement of post retirement benefits obligation - net of tax	Unappropriated profit	
----- (Rupees in '000) -----					
<b>Balance as at July 01, 2016</b>	1,320,634	126,843	(309,809)	6,813,409	7,951,077
Total comprehensive income for the first quarter ended September 30, 2016	-	-	-	480,036	480,036
<b>Balance as at September 30, 2016</b>	<u>1,320,634</u>	<u>126,843</u>	<u>(309,809)</u>	<u>7,293,445</u>	<u>8,431,113</u>
<b>Balance as at July 01, 2017</b>	1,320,634	126,843	(255,659)	8,839,457	<b>10,031,275</b>
Total comprehensive income for the first quarter ended September 30, 2017	-	-	-	558,035	<b>558,035</b>
<b>Balance as at September 30, 2017</b>	<u>1,320,634</u>	<u>126,843</u>	<u>(255,659)</u>	<u>9,397,492</u>	<u>10,589,310</u>

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

**Syed Jarar Haider Kazmi**  
Chief Financial Officer

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

**Khowaja Obaid Imran Ilyas**  
Director



**PAKISTAN NATIONAL SHIPPING CORPORATION**  
**UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2017 (UNAUDITED)**

	Note	Quarter ended September 30, 2017	Quarter ended September 30, 2016
----- (Rupees in '000) -----			
<b>Cash flows from operating activities</b>			
Cash generated from operations	10	621,512	855,147
Employees' gratuity paid		(1,418)	(561)
Employees' compensated absences paid		(14,582)	(53,504)
Post-retirement medical benefits paid		(1,440)	(5,481)
Long term loans and advances		(22,600)	-
Finance costs paid		(69,351)	(95,433)
Taxes paid		(51,432)	(40,430)
<b>Net cash generated from operating activities</b>		<b>460,689</b>	<b>659,738</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(3,099)	(503)
Short-term investments (made) / redeemed		(1,680)	9,695
Interest received on short term investments		104,908	41,687
Dividends received on long term investments in listed securities		1,154	-
<b>Net cash generated from investing activities</b>		<b>101,283</b>	<b>50,879</b>
<b>Cash flows from financing activities</b>			
Long-term financing repaid		(302,544)	(299,685)
Dividends paid		(13)	(5)
<b>Net cash used in financing activities</b>		<b>(302,557)</b>	<b>(299,690)</b>
<b>Net increase in cash and cash equivalents</b>		<b>259,415</b>	<b>410,927</b>
Cash and cash equivalents at the beginning of period		5,158,281	2,137,941
<b>Cash and cash equivalents at the end of the period</b>	11	<b>5,417,696</b>	<b>2,548,868</b>

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

**Syed Jarar Haider Kazmi**  
Chief Financial Officer

**Arif Elahi 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 STATEMENTS  
FOR THE QUARTER ENDED SEPTEMBER 30, 2017 (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 the Companies Ordinance, 1984 (now Companies Act, 2017), respectively. The Corporation is principally engaged in the business of shipping, including charter of vessels, transportation of cargo and other related services and providing commercial, technical, administrative, financial and other services to third parties in relation to the business of shipping. The Corporation is also engaged in renting out its properties to tenants under lease arrangements. The Corporation is listed on the Pakistan Stock Exchange. The Corporation's registered office is situated at PNSC Building, Mouli Tamizuddin Khan Road, Karachi.
- 1.2 These condensed interim unconsolidated financial statements are separate financial statements of the Corporation in which investments in subsidiaries and associates are accounted for on the basis of direct equity interest and are not consolidated.

**2. SIGNIFICANT ACCOUNTING INFORMATION AND POLICIES**

**2.1 Basis of preparation and statement of compliance**

These condensed interim unconsolidated financial statements of the Corporation for the first quarter ended September 30, 2017 have been prepared in accordance with the requirements of approved accounting standards as applicable in Pakistan for interim financial reporting which comprise of the International Accounting Standard 34 - 'Interim Financial Reporting' and provisions of and directives issued under the Companies Ordinance, 1984 (the repealed Ordinance). As per the requirements of circular No. CLD/CCD/PR(11)/2017 dated October 04, 2017 issued by the Securities & Exchange Commission of Pakistan (SECP), companies the financial year of which closes on or before December 31, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984 (the repealed Ordinance). Accordingly, approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the repealed Ordinance provisions of and directives issued under the repealed Ordinance. In case requirements differ, the provisions of or directives under the repealed Ordinance shall prevail. These unconsolidated financial statements have been prepared under the historical cost convention, unless otherwise specifically stated. 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 unconsolidated financial statements for the year ended June 30, 2017 as they provide an update of previously reported information.

These unconsolidated condensed interim financial statements comprise of the unconsolidated condensed interim balance sheet as at September 30, 2017 and the unconsolidated condensed interim profit and loss account, the unconsolidated condensed interim statement of changes in equity, the unconsolidated condensed interim cash flow statement and notes thereto for the first quarter ended September 30, 2017. These unconsolidated condensed interim financial statements also include the unconsolidated condensed interim profit and loss account, the unconsolidated condensed interim statement of changes in equity and the unconsolidated condensed interim cash flow statement for the quarter ended September 30, 2016.

The comparative balance sheet presented in these unconsolidated condensed interim financial statements as at June 30, 2017 has been extracted from the annual audited unconsolidated financial statements of the Corporation for the year ended June 30, 2017 whereas the comparative unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of changes in equity and unconsolidated condensed interim cash flow statement for the quarter ended September 30, 2016 have been extracted from the unconsolidated condensed interim financial statements of the Corporation for the quarter ended September 30, 2016, which were neither subjected to a review nor audited.

**2.2 Significant accounting policies**

The accounting policies and the methods of computation adopted in the preparation of these unconsolidated condensed interim financial statements are the same as those applied in the preparation of the unconsolidated financial statements for the year ended June 30, 2017.





**3. PROPERTY, PLANT AND EQUIPMENT**

	(Unaudited) September 30, 2017	(Audited) June 30, 2017
Note	----- (Rupees in '000) -----	
Operating fixed assets	1,636,850	1,649,639
Capital work-in-progress (CWIP)	328,634	328,522
	<u>1,965,484</u>	<u>1,978,161</u>
	(Unaudited)	
	Quarter ended September 30, 2017	Quarter ended September 30, 2016
	----- (Rupees in '000) -----	
<b>3.1 Additions to operating fixed assets (including transfers from CWIP) during the period:</b>		
Buildings on leasehold land	56	129,460
Vehicles	570	-
Office machines and appliances	2,177	371
Furniture and fixtures	-	22
Workshop machinery and equipment	74	41
Computer equipment	109	-
	<u>2,986</u>	<u>129,894</u>
<b>3.2 Depreciation charge for the period</b>	<u>15,529</u>	<u>17,195</u>

**4. 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.

**5. TRADE DEBTS - unsecured**

	(Unaudited) September 30, 2017	(Audited) June 30, 2017
Note	----- (Rupees in '000) -----	
- considered good	569,742	490,228
- considered doubtful	31,965	34,182
	<u>601,707</u>	524,410
Less: Provision for doubtful debts	31,965	34,182
	<u>569,742</u>	<u>490,228</u>

5.1 The ageing analysis of these trade debts that are past due but not impaired is as follows:

	(Unaudited) September 30, 2017	(Audited) June 30, 2017
	----- (Rupees in '000) -----	
Upto 1 month	273,242	267,169
1 to 6 months	172,882	151,849
More than 6 months	123,618	71,210
	<u>569,742</u>	<u>490,228</u>



(Unaudited) September 30, 2017	(Audited) June 30, 2017
----- (Rupees in '000) -----	

## 5.2 Provision for doubtful debts

Balance at the beginning	34,182	8,686
Provision made during the period	-	32,493
Provision reversed during the period	(2,217)	(285)
Provision written off during the period	-	(6,712)
Balance at the end	<u>31,965</u>	<u>34,182</u>

As at September 30, 2017, trade debts of Rs 31.965 million (June 30, 2017: Rs 34.182 million) were impaired and provided for. These balances were outstanding for more than three years.

Note	(Unaudited) September 30, 2017	(Audited) June 30, 2017
----- (Rupees in '000) -----		

## 6. OTHER RECEIVABLES

- considered good	6.1	1,506,537	1,349,904
- considered doubtful		<u>282,791</u>	<u>282,791</u>
		1,789,328	1,632,695
Less: Provision for doubtful other receivables		<u>282,791</u>	<u>282,791</u>
		1,506,537	1,349,904
Employees' gratuity scheme - funded		<u>37,851</u>	<u>37,851</u>
		<u>1,544,388</u>	<u>1,387,755</u>

6.1 As at September 30, 2017, amounts aggregating Rs 1,506.537 million (June 30, 2017: Rs 1,349.904 million) are past due but not impaired. These receivables have been outstanding for less than three years.

Note	(Unaudited) September 30, 2017	(Audited) June 30, 2017
----- (Rupees in '000) -----		

## 7. LONG-TERM FINANCING - secured

Financing under syndicate term finance agreement	7.1 & 7.2	1,334,563	1,397,686
Financing under musharika agreement	7.1 & 7.3	<u>2,519,564</u>	<u>2,756,677</u>
		3,854,127	4,154,363
Less: Current portion		<u>1,210,172</u>	<u>1,210,172</u>
		<u>2,643,955</u>	<u>2,944,191</u>

7.1 During the year ended June 30, 2015, the Corporation obtained a financing facility of Rs 4,500 million from Nordic Investment Bank (NIB). During the period ended September 30, 2017, MCB acquired NIB, however the said acquisition has no impact on the Corporation's financing arrangement. This financing was obtained in November 2014 in the form of syndicated term finance loan of Rs 3,000 million, with the remaining amount of Rs 1,500 million through a musharika agreement. The Corporation has drawn Rs 2,054.250 million and Rs 1,027.125 million from syndicated term finance and musharika respectively.

7.2 The financing carries mark-up at the rate of KIBOR + 1.60% which has been renegotiated to KIBOR + 0.5% during the year ended June 30, 2016. 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 owned by a subsidiary company of the Corporation.



- 7.3 During the year ended June 30, 2016, the Corporation repaid the outstanding syndicated term finance facility balance of SCB amounting to Rs 3,254 million bearing mark-up of 3 month KIBOR + 2.2%. The repayment was financed with a new Musharika facility obtained from Faysal Bank Limited (FBL) amounting to Rs 3,300 million bearing mark-up of 3 month KIBOR + 0.40%. 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) September 30, 2017	(Audited) June 30, 2017
	----- (Rupees in '000) -----	

## 8. TRADE AND OTHER PAYABLES

Creditors	33,082	45,042
Current account balances with subsidiary companies	25,518,753	24,970,600
Agents' and owners' balances	388,426	404,591
Accrued liabilities	1,376,849	1,396,893
Deposits	60,720	53,899
Unclaimed dividends	39,134	39,147
Advance from customers	81,133	391,639
Other liabilities		
- amounts retained from contractors	24,496	24,496
- others	87,759	96,830
	<u>112,255</u>	<u>121,326</u>
	<u>27,610,352</u>	<u>27,423,137</u>

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

## 9. CONTINGENCIES AND COMMITMENTS

### Contingencies

- 9.1 There are no major changes in the status of contingencies and commitments as reported in the annual audited unconsolidated financial statements for the year ended June 30, 2017.

(Unaudited) September 30, 2017	(Audited) June 30, 2017
----- (Rupees in '000) -----	

### Commitments

9.2 Commitments for capital expenditure	<u>32,571</u>	<u>32,571</u>
9.3 Outstanding letters of guarantee	<u>5,126</u>	<u>5,126</u>



			(Unaudited)	
Note	Quarter ended September 30, 2017	Quarter ended September 30, 2016	----- (Rupees in '000) -----	
<b>10. CASH GENERATED FROM OPERATIONS</b>				
Profit before taxation	640,759	709,349		
Adjustments for non-cash charges and other items:				
Depreciation	15,529	17,195		
Provision for employees' gratuity	12,660	14,282		
Provision for employees' compensated absences	25,597	26,364		
Provision for post-retirement medical benefits	5,499	5,530		
Dividend income	(1,154)	-		
Interest income	(94,302)	(84,792)		
Interest expense	69,351	90,269		
Reversal of provision for doubtful debts	(2,217)	-		
Gain on revaluation of long-term investments	(6,741)	(3,849)		
Reversal of provision against damage claims	(1)	(2)		
Provision in respect of damage claims	1,267	1,266		
Working capital changes	(44,735)	79,535	10.1	
	<u>621,512</u>	<u>855,147</u>		
<b>10.1 Working capital changes</b>				
(Increase) / decrease in current assets:				
Stores and spares	(1,400)	(719)		
Trade debts - unsecured	(77,297)	(21,101)		
Agents' and owners' balances - unsecured	417	1,306		
Loans and advances	(29,139)	(19,268)		
Trade deposits and short-term prepayments	(19,801)	(6,358)		
Other receivables	(156,633)	(121,109)		
Incomplete voyages	50,970	16,047		
	<u>(232,883)</u>	<u>(151,202)</u>		
Increase in current liabilities:				
Trade and other payables	188,148	230,737		
	<u>(44,735)</u>	<u>79,535</u>		
<b>11. CASH AND CASH EQUIVALENTS</b>				
Short-term investments having maturity of three months or less	2,700,000	-		
Cash and bank balances	2,717,696	2,548,868		
	<u>5,417,696</u>	<u>2,548,868</u>		
<b>12. TRANSACTIONS WITH RELATED PARTIES</b>				

The Corporation has related party relationships with its subsidiaries, associate, GoP 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, 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:

Note	Relationship with the Corporation	(Unaudited)		
		Quarter ended September 30, 2017	Quarter ended September 30, 2016	
----- (Rupees in '000) -----				
<b>Transactions with State controlled entities</b>				
	Revenue from Pakistan State Oil (PSO)	12.1	747,353	664,843
<b>Transactions with subsidiary companies</b>				
	Service fee charged to subsidiary companies		60,181	54,984
	Rental expense of Pakistan Co-operative Ship Stores (Private) Limited		255	131
	Delivery of stores and spares to subsidiary companies		5,122	5,524
	Retirement benefit costs charged to subsidiary companies		673	914
<b>Transactions with other related parties</b>				
	Contribution to provident fund		4,305	2,246
	Directors' fee		125	450
	Key management personnel compensation		9,518	8,493
12.1	The Corporation recognises demurrage income from PSO in accordance with the terms of Contract of Affreightment (CoA).			
12.2	The Corporation is engaged in providing carriage services to 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.			
12.3	In addition, the Corporation is also engaged in making certain payments / collections on behalf of the subsidiary companies in accordance with the Technical and Commercial Services and Administrative and Financial Services Agreement which are settled through current accounts.			

### 13. GENERAL

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

### 14. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorised for issue on October 24, 2017 by the Board of Directors of the Corporation.

**Syed Jarar Haider Kazmi**  
Chief Financial Officer

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

**Khowaja Obaid Imran Ilyas**  
Director

## مستقبل کے امکانات

پی این ایس سی اپنے افقی انضمام کی حکمت عملی کے جزو کے طور پر اپنے جہاز رانی کے افعال میں مدد کے لیے میرین خدمات میں سرمایہ کاری کا ارادہ رکھتے ہوئے اپنی کاروباری ساکھ کو متنوع بنانا چاہتی ہے۔ خاص طور پر پاک چین اقتصادی راہداری (CPEC) اور گوادرنہر گاہ کی تعمیر و ترقی کے پیش نظر میرین خدمات کا قیام پاکستان کی سمندری صنعت کے لئے اشد ضروری ہے۔ گوادرنہر میں جدید جہاز / سمندری ورکشاپ کے قیام کی منصوبہ بندی کی گئی ہے تاکہ مستقبل میں جہازوں کی مرمت و دیکھ بھال وغیرہ کی طلب کو پورا کیا جاسکے۔

ملک کی سمندری نقل و حمل کی ضرورت کو پورا کرنے کے لئے دو جدید ترین افرامیکس (Aframax) آئل ٹینکروں پر مشتمل ایک فلیٹ ڈوبلپنٹ پلان زیر عمل ہے۔

مزید برآں، کیمائٹی (کراچی) اور گوادرنہر میں دیگر حصہ داروں کے تعاون سے ٹرانزٹ ساحلی آئل سٹوریج کی صلاحیت میں اضافہ بھی زیر غور ہے۔

پی این ایس سی تجارتی اور قابل عمل بنیادوں پر کراچی تا پورٹ قاسم، کراچی تا گوادرنہر اور کراچی تا چابہار (ایران) تک بری راستے کے متبادل سستی اور محفوظ فیری سروس متعارف کرانے کی بھی دعویٰ ہے۔ میسرز سوات شپنگ (پرائیوٹ) لمیٹڈ (پی این ایس سی کی ذیلی) کو 20 مارچ، 2017 کو وزارت بندر گاہ و جہاز رانی سے فیری سروس چلانے کا لائسنس جاری کیا گیا ہے۔

وزارت برائے بندر گاہ و جہاز رانی نے پی این ایس سی کے تین منصوبوں کو پبلک سیکٹر ترقیاتی منصوبوں 2017-2018 میں شامل کیا ہے، جس میں شامل ہیں:

- i. گوادرنہر میں تیل کے ذخیرے کی تعمیر کے لئے زمین
- ii. زمین کا حصول اور گوادرنہر میں شپ ورکشاپ کی تعمیر۔
- iii. او آئی اے (OIA) کیمائٹی، کراچی میں تیل کے ذخیرے کی تعمیر



عارف الہی پی این ایس سی  
چیئر مین اور چیف ایگزیکٹو

کراچی: اکتوبر 24، 2017



## پاکستان نیشنل شپنگ کارپوریشن

### ڈائریکٹرز رپورٹ

برائے سہ ماہی اختتام از 30 ستمبر 2017

پاکستان نیشنل شپنگ کارپوریشن (PNSC) کے ڈائریکٹرز صاحبان پی این ایس سی اور گروپ کی پہلی سہ ماہی اختتام از 30 ستمبر 2017 کے منظم اور متفرق جامع عبوری مالیاتی گوشوارے بخوشی پیش کرتے ہیں۔

### جاڑہ

گروپ نے گزشتہ سال اسی دورانیے کے 650 ملین روپے کے مقابلے میں 0.5% اضافے کے ساتھ 653 ملین روپے منافع بعد از ٹیکس حاصل کیا ہے۔ گروپ کی فی حصص آمدنی متعلقہ گزشتہ دورانیے کے 4.92 روپے سے بڑھ کر 4.94 روپے ہو گئی۔ جبکہ عالمی صنعت برائے جہاز رانی نے ڈرائی بلک شعبے میں BDI میں اضافے کے ساتھ بحالی کے مرحلے میں داخل ہونے کے آثار ظاہر کیے جبکہ مائع شعبہ عالمی پیمانے کی متزلی اور بین الاقوامی سطح پر AFRA میں اضافے کے ساتھ مخلوط اثرات ظاہر کرتا ہے۔ یہ بھی ظاہر ہوتا ہے کہ ایندھن کی قیمتوں میں بتدریج اضافہ ہو گا اور جہاز رانی پیشین گوئی پر امید ہیں کہ اس سال کا اختتام مائع نقل و حمل کے شعبے میں بہتری کے آثار ظاہر کرے گا۔ تاہم، پی این ایس سی گروپ نے پاکستان کی بحری تجارت میں اہم شراکت دار کے طور پر اپنی ساکھ برقرار رکھنے کے ساتھ زیادہ منافع بخش سرمایہ کاری پر توجہ مرکوز کرتے ہوئے بہتر نتائج حاصل کیے ہیں۔

پی این ایس سی گروپ نے گزشتہ سال کے اسی دورانیے میں 3,684 ملین روپے (بشمول پی این ایس سی سے حاصل کردہ 2,309 ملین روپے) کے مقابلے میں 14% کمی ظاہر کرتے ہوئے 3,166 ملین روپے (بشمول پی این ایس سی سے حاصل کردہ 1,661 ملین روپے) کا کاروبار کیا۔ کمی کی بنیادی وجہ موسمی اندیشوں کے نتائج کے طور پر مقامی سطح پر کم تیل اور خشک سامان کی ترسیل کی قومی طلب میں کمی واقع ہونا ہے، جس کے باعث غیر ملکی چارٹرڈ اور ملکیتی ٹینکروں کی اولین سطح میں بالترتیب 16% (1,042 ملین روپے سے 880 ملین روپے) اور 3% (1,076 سے 1,041 ملین روپے) تک کمی آئی ہے۔ جبکہ سلاٹ کاروبار میں 40% (1,221 ملین روپے سے 733 ملین روپے) متزلی واقع ہوئی، سمندری سفر اور وقتی چارٹر افعال کے اطلاق سے ملکیتی بلک کیریئر شعبے نے آمدنی میں 55% (299 ملین روپے سے 464 ملین روپے) اضافے کے ساتھ نمایاں ترقی حاصل کی۔ براہ راست آپریٹنگ اخراجات 2,518 ملین روپے (بشمول پی این ایس سی کے 1,445 ملین روپے) سے کم ہو کر 2,269 ملین روپے (بشمول پی این ایس سی کے 1,015 ملین روپے) ہو گئے۔ گروپ کا خالص منافع بعد از ٹیکس مذکورہ بالا واضح کی گئی وجوہات کے سبب 0.5% اضافہ ظاہر کرتے ہوئے 653 ملین روپے اور آمدنی فی حصص (EPS) 4.94 روپے ریکارڈ کی گئی ہے۔



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