TAKING UP CHALLENGES MOVING FORWARD





Pakistan National Shipping Corporation

HALF YEARLY REPORT DECEMBER 31, 2018



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CORPORATE INFORMATION

Board of Directors

1. Mr. Rizwan Ahmed Chairman

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

(Ex-Officio Merriber).

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

4. Mr. Ali Sved

5. Mr. Muhammad Ali Member

6. Mr. Khowaja Obaid Imran Ilyas Member

7. Capt. Anwar Shah Member

Audit & Finance Committee

Mr. Khowaja Obaid Imran Ilyas

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

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

Mr. Ali Sved

Capt. Anwar Shah

HR and Remuneration Committee

Mr. Muhammad Ali

Mr. Ali Syed

Mr. Khowaja Obaid Imran Ilyas

Chief Financial Officer

Mr. S. Jarar Haider Kazmi

Corporation & Board Secretary

Ms. Zainab Suleman

Chief Internal Auditor

Mr. Babar Jamal Zubairi

Head Office

PNSC Building, Moulvi Tamizuddin Khan Road,

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

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

Fax: (92-21) 99203974, 35636658

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Auditors

Member

Member

Member

EY Ford Rhodes, Chartered Accountants

KPMG Taseer Hadi & Co., Chartered Accountants

Shares Registrar

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

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

Bankers

Bank Alfalah Limited, Bahrain

Bank Al Habib Limited

Bank Al Habib Limited, Bahrain

Bank Islami Pakistan Limited

Dubai Islamic Bank (Pakistan) Limited

Faysal Bank Limited

Habib Bank Limited

MCB Bank Limited

Meezan Bank Limited

National Bank of Pakistan

National Bank of Pakistan, Hong Kong

National Bank of Pakistan, Tokyo

Silk Bank Limited

Soneri Bank Limited

Standard Chartered Bank (Pakistan) Limited

UniCredit Bank, Italy

United Bank Limited

United Bank Limited, London



PNSC Managed Fleet

BULK CARRIERS



TANKERS



M.V MALAKAND



M.T LAHORE



M.V HYDERABAD



M.T KARACHI



M.V SIBI



M.T SHALAMAR









PAKISTAN NATIONAL SHIPPING CORPORATION DIRECTORS' REPORT FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018

We, the Directors of Pakistan National Shipping Corporation (PNSC) are delighted to present the consolidated and unconsolidated condensed interim financial statements of PNSC and Group for the six months period ended December 31, 2018. In accordance with the statutory requirements, the external auditors have carried out a limited scope review of financial statements of PNSC.

OVERVIEW

PNSC Group has positively moved towards a considerable growth in bulk carrier segment as well as liquid cargo segment through their managed vessels. Growth of 33% (from Rs 863 million to Rs 1,152 million) and 12% (from Rs 2,062 to Rs 2,307) in revenue has been achieved, by efficiently utilizing the favourable market mix in PNSC's managed bulk carriers and tankers respectively. Government of Pakistan encouraged the use of alternative energy which is cost effective and environment friendly as compared to furnace oil. Restrictions were imposed on import of furnace oil resulting in energy shift towards inexpensive Liquefied Natural Gas (LNG), which hampered the operations of PNSC through Foreign Flag tankers with a decline of 80% (from Rs 1,430 million to Rs 282 million). Likewise, there is a decline of 19% (from Rs 1,031 million to Rs 839 million) in slot charter segment, which is also primarily due to the reduction of public sector cargoes.

Cumulatively, Group achieved a turnover of Rs 4,658 million (including Rs 1,198 million from PNSC) as compared to Rs 5,486 million (including Rs 2,561 million from PNSC) for the corresponding period last year.

Fleet Direct operating expenses decreased to Rs 3,444 million (including Rs 664 million from PNSC) from Rs 4,052 million (including Rs 1,333 million from PNSC), thereby resulting in Gross Profit of Rs 1,126 million as against Rs 1,347 million for the same period last year.

Despite of some adverse factors, Group maintained its profitability with a slight decrease of 1% in Profit after Tax of Rs 726 million during this period against Rs 735 million in the same period last year, ensuring the best utilization of resources. Hence, maintaining earnings per share for the group steady at Rs 5.50 against Rs 5.57 in previous period.

FUTURE PROSPECTS

The global shipping industry is near to entering the recovery phase with a steady increase in freight rates in the dry bulk segment and a slight increase in World Scale and AFRA in liquid segment internationally; resulting in the expectancies of further recovery in the upcoming months. However, PNSC was adversely affected with the reduction in import of fuel and furnace oil due to an economy driven and energy mix shift of the power sector towards inexpensive LNG consumption. However, in order to keep the economy abreast with the seasonal demand variations for power sector of the country, PNSC is committed towards maintaining its fixtures in servicing its country.



PNSC keeping in view the global shipping market prospective has set out its strategy by diversifying its existing business base and engaging its managed vessels for transportation of current and anticipated domestic cargo. Considering the rising demand of MOGAS, PNSC developed the strategic fleet development plan for the addition of two LR-1 vessels in its managed fleet, which will cater the increasing oil transportation. The process for acquisition of two LR-1 tankers is in its finalization phase and it will be completed by the end of FY 2018-19.

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

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

Rizwan Almed

Karachi: February 25, 2019.

KHOWAJA OBAID IMRAN ILYAS

Director

Bo Of



مستقبل كحامكانات

بین الا توامی طور پر، خٹک بلک شعبے میں کرایوں میں متحکم اضافے، اور مائع شعبے میں عالمی پیانے اور ایفرا (AFRA) میں بلکے کھلے اضافے کے ساتھ عالمی شینگ کی صنعت بحالی کے مرحلے میں داخل ہونے کے قریب ہے؛ جس کے نتیجے میں آئندہ مہینوں میں مزید بحالی کی توقع کی جارہی ہے۔ تاہم، بجل کے شعبے کے معاثی اور مخلوط توانائی کی بنیاد پر ستی ایل این جی کی کھیت پر منتقل ہونے کے باعث ایند ھن اور فرنس آئل کی درآ مد میں کمی سے پی این ایس می شدید متاثر ہوئی۔ تاہم، معیشت کو ملک کے بجل کے شعبے کی موسمیاتی طلب کے تغیر سے ہم آ ہنگ رکھنے کے لیے، پی این ایس می اپنے ملک کی خدمت کے لیے اپنے افعال بر قرار رکھنے کے لیے کوشاں ہے۔

شپنگ کی عالمی منڈی کے امکانات کو مد نظر رکھتے ہوئے، پی این ایس سی نے اپنی موجودہ کار وباری اساس کو متنوع بناکے اور اپنے زیر انظام جہازوں کو موجودہ اور مکنہ مقامی کار گو میں مصروف عمل کرنے کے لیے حکمت عملی تیار کی ہے۔ MOGAS کی بڑھتی طلب کے پیش نظر، پی این ایس سی نے اپنے زیر انتظام بیڑے میں دو LR-1 جہازوں کو شامل کرنے کے لیے اسٹریٹجک فلیٹ ڈویلپہنٹ منصوبہ مرتب کیا ہے جو تیل کی بڑھتی نقل و حمل کو پورا کرےگا۔ دو LR-1 ٹینکروں کی حصولیا بی کا عمل اپنے حتمی مرحلے میں ہے اور یہ مالی سال مرتب کیا ہے جو تیل کی بڑھتی نقل و حمل کو پورا کرےگا۔ دو LR-1 ٹینکروں کی حصولیا بی کا عمل اپنے حتمی مرحلے میں ہے اور یہ مالی سال میں کے اس کی بڑھتا کی بڑھتا کے آخر تک ممکل ہو جائےگا۔

تمام اسٹیک ہولڈرز کے مسلسل تعاون اور اعتاد کے لیے بور ڈان کا مشکور ہے۔

مرکم کی سے مطابق خواجہ عبید عمران البیاس ڈائریکٹر جى مىلاك سىسىدىكى ر**ضوان احمد**(P.A.S) چىر مىن دور چىف ايگرز كىڭو

کراچی: 25 فروری، 2019



پاکستان نیشنل شپنگ کار پوریش دائر یکرزر پورث برائے ششاہی اختام از 31دسمبر، 2018

ہم، پاکستان میشنل شینگ کارپوریشن (پی این ایس سی) کے ڈائر بکٹرز حضرات، پی این ایس سی اور گروپ کے منظم اور متفرق عبوری مالیاتی گوشوارے برائے ششمانی، اختتام از 31 دسمبر، 2018 بخوشی پیش کررہے ہیں۔ قانونی تقاضوں کے مطابق، بیرونی آڈیٹرز نے پی این ایس سی کے مالیاتی گوشواروں کا محدود جائزہ لیاہے۔

مجموعي جائزه

پی این ایس کی گروپ نے اپنے زیر انتظام جہازوں کے ذریعے بلک کیریئر اور مائع کار گوکے شعبے میں نمایاں ترتی کی جانب خاطر خواہ پیش رفت کی ہے۔ پی این ایس سی کے زیر انتظام بلک کیریئر زاور ٹینکروں کے مؤثر کاروباری استعال کے ذریعے آمدنی میں بالترتیب 33% (863 ملین روپے 1,152 ملین روپے) کااضافہ حاصل کیا گیا ہے۔ کومت پاکتان نے متابدل توانائی کے استعال کی حوصلہ افخرائی کی ہے جو فرنس آئل کے مقابلے میں سستی اور ماحول دوست ہے۔ فرنس آئل کی درآمد پر پابندیوں کے باعث توانائی کااستعال سستی مائع قدرتی گیس (LNG) کی طرف منتقل ہو گیا، اور اس کے نتیج میں 80% (1,430 ملین روپے سے 282 ملین روپے) کمی کے باعث پی این ایس سی کے غیر مملی فلیگ ٹینکروں کے ذریعے کاروبار میں مشکلات پیش آئیں۔ اس طرح سلاٹ چارٹر کے شعبے میں 100% ملین روپے سے 839 ملین روپے) کمی ہوئی، جو بنیادی طور پر پبلک میٹر آئیں۔ اس طرح سلاٹ چارٹر کے شعبے میں 100% (1,031 ملین روپے سے 839 ملین روپے) کمی ہوئی، جو بنیادی طور پر پبلک میٹر آئیں۔ اس طرح میں کمی کے باعث ہوئی، جو بنیادی طور پر پبلک

مجموعی طور پر ، گروپ نے گزشتہ سال کے اس دورا نیے کے 486 , 5 ملین روپے (بشمول پی این ایس سی کے 2 ,561 کملین روپے) کے مقابلے میں 4 ,658 ملین روپے (بشمول پی این ایس سی کے 1,198 ملین روپے) کاکار و بار حاصل کیا۔

بیڑے کے براہ راست آپر ٹینگ اخراجات 4,052 ملین روپے (بشمول پی این ایس سی کے 1,333 ملین روپے) سے کم ہو کر 3,444 ملین روپے (بشمول پی این ایس سی کے 664 ملین روپے) ہو گئے، جس سے گزشتہ سال کے اسی دور اپنے کے 1,347 ملین روپے کے مقابلے میں 1,126 ملین روپے مجموعی منافع حاصل ہوا۔

بعض منفی عوامل کے باوجود، گروپ نے وسائل کا بہترین استعال یقینی بناتے ہوئے، گزشتہ سال کے 735 ملین روپے کے مقابلے میں موجودہ دورانے میں 726 ملین روپے منافع بعداز ٹیکس میں 1% کمی کے ساتھ اپنی منافع کی صلاحیت بر قرار رکھی۔اس طرح، گروپ کے لیے فی حصص آمدنی گزشتہ دورانے کے 5.57 دروپے کے مقابلے میں 5.50 دوپے پر بر قرار رہی۔



EY Ford Rhodes Chartered Accountants Progressive plaza Beaumont Road Karachi 75330 Pakistan KPMG Taseer Hadi & Co. Chartered Accountants Sheikh Sultan Trust Building No. 2 Beaumont Road Karachi 75530 Pakistan

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Pakistan National Shipping Corporation

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of **Pakistan National Shipping Corporation** (the Corporation) as at **31 December 2018** and the related 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, and notes to the financial statements for the half year then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of Interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other Matters

The figures of the unconsolidated condensed interim statement of profit or loss and other comprehensive income and the notes forming part thereof for the quarters ended 31 December 2018 and 2017 have not been reviewed, as we are required to review only the cumulative figures for the half year ended 31 December 2018.

The financial statements of the Corporation for the half year ended 31 December 2017 and for the year ended 30 June 2018 were reviewed and audited respectively by A.F.Ferguson and Co., Chartered Accountants and EY Ford Rhodes, Chartered Accountants who had expressed an unqualified conclusion and opinion thereon dated 23 February 2018 and 27 September 2018, respectively.

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

EY Ford Rhodes

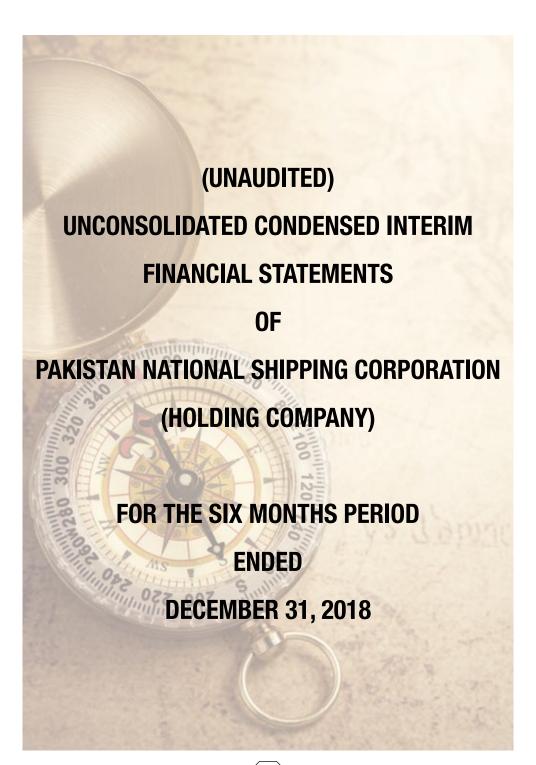
Chartered Accountants Karachi

Date: 25 February 2019

KPMG Taseer Hadi & Co.

Chartered Accountants
Karachi

Date: 25 February 2019



(Audited)

(Unaudited)



PAKISTAN NATIONAL SHIPPING CORPORATION UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2018

	Note	December 31, 2018	June 30, 2018
ASSETS		(Rupees	in '000)
NON-CURRENT ASSETS			
Property, plant and equipment	6	1,956,404	2,001,907
Intangible asset Investment properties	7 8	3,088,460	3,061,632
Investment properties Long-term investments in:	0	3,000,400	3,001,032
- Helated parties (Subsidiaries and an associate)		28,591,761	28,591,761
- Listed companies and an other entity		43,888	51,199
		28,635,649	28,642,960
Long-term loans		17.536	19.050
•			
Deferred taxation - net		93,097	63,813 33,789,362
		33,791,146	33,789,362
CURRENT ASSETS			
Stores and spares		11,288	12,845
Trade debts - unsecured Agents' and owners' balances - unsecured	9	393,197	344,864
Agents' and owners' balances - unsecured		9,789	19,041
Loans and advances - secured	····	77,471 76,094	110,290 20,863
Trade deposits and short-term prepayments Interest accrued on bank deposits and short-term investments		13,558	26,462
Other receivables	10	1,854,292	1,782,911
Incomplete voyages		9,285	-
Taxation - net		1,356,460	1,350,896
Short-term investments	11	4,102,070	4,082,860
Cash and bank balances		1,784,121 9.687.625	2,639,415 10.390.447
TOTAL ASSETS		43,478,771	44.179.809
EQUITY AND LIABILITIES SHARE CAPITAL AND RESERVES Share capital			
Authorised 200,000,000 (June 30, 2018: 200,000,000) ordinary shares			
of Rs 10 each		2,000,000	2,000,000
Issued, subscribed and paid-up share capital		1,320,634	1,320,634
Capital reserve		126,843	126,843
		9,612,344	9,640,897
Revenue reserves Surplus on revaluation of property, plant and equipment - net of tax		1,240,847	1,242,161
		12,300,668	12,330,535
NON-CURRENT LIABILITIES			
Long-term financing - secured	12	1,148,872	1,751,686
Deferred liabilities		640,672	600,933
CURRENT LIABILITIES		1,789,544	2,352,619
	10	00.000.400	00 177010
Trade and other payables Provision against damage claims	١٥	28,068,136 25,338	28,177,812 23,193
Incomplete voyages		20,000	14,068
Current portion of long-term financing	12	1,204,002	1,202,672
Unclaimed dividend		61,125	52,869
Accrued mark-up on long-term financing		29,958	26,041
TOTAL LIABILITIES		29,388,559 31,178,103	29,496,655 31,849,274
TOTAL EQUITY AND LIABILITIES		43,478,771	44,179,809
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The annexed notes from 1 to 20 form an integral part of these unconsolidated condensed interim financial statements.

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

Director



PAKISTAN NATIONAL SHIPPING CORPORATION UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FORTHE QUARTER AND SIX MONTHS PERIOD ENDED DECEMBER 31, 2018 (UNAUDITED)

	Quarter ended	Quarter ended	Six months period ended	Six months period ended
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
			in '000)	
REVENUE				
Freight Income - foreign flag vessel	655,118	847,557	1,121,501	2,461,135
Services fees	73,355	56,809	138,380	116,990
Rental income	39,124	52,079	76,626	99,574
	767,597	956,445	1,336,507	2,677,699
EXPENDITURE		<u>-</u>		
Fleet expenses - direct	(396,409)	(506,798)	(663,852)	(1,333,256)
Fleet expenses - indirect	(6,081)	(4,183)	(8,078)	(11,751)
Vessel management expenses	(179,595)	(180,888)	(345,829)	(327,045)
Real estate expenses	(42,859)	(34,873)	(75,042)	(70,092)
	(624,944)	(726,742)	(1,092,801)	(1,742,144)
GROSS PROFIT	142,653	229,703	243,706	935,555
Administrative expenses	(66,284)	(91,568)	(123,723)	(170,791)
Other expenses	(151,793)	(296,662)	(223,419)	(484,468)
Other income	293,955	321,726	482,728	593,280
	75,878	(66,504)	135,586	(61,979)
OPERATING PROFIT	218,531	163,199	379,292	873,576
Finance costs	(57,972)	(64,402)	(114,175)	(134,020)
PROFIT BEFORE TAXATION	160,559	98,797	265,117	739,556
Taxation	(48,072)	(64,039)	(96,889)	(146,763)
PROFIT AFTER TAXATION	112,487	34,758	168,228	592,793
Other comprehensive income	-		-	
TOTAL COMPREHENSIVE INCOME	112,487	34,758	168,228	592,793
		(Rup	oees)	
EARNINGS PER SHARE - basic and diluted	0.85	0.26	1.27	4.49
EARNINGS PER SHARE - basic and diluted	0.85	0.26	1.27	

The annexed notes from 1 to 20 form an integral part of these unconsolidated condensed interim financial statements.

Rizwan Ahmed P.A.S Chairman & Chief Executive

Syed Jarar Haider Kazmi Chief Financial Officer Khowaja Obaid Imran Ilyas Director



PAKISTAN NATIONAL SHIPPING CORPORATION UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018 (UNAUDITED)

up share capital reserve* Remeasurement benefits profit pr	Surplus on revaluation of property, plant and equipment - net of tax	Total reserves	Total equity

Balance as at July 1, 2017 - restated	1,320,634	126,843	(255,659)	8,839,457	8,583,798	1,140,525	9,851,166	11,171,800
Final cash dividend for the year ended June 30, 2017								
(Rs 2 per ordinary share of Rs 10 each)	-	-		(264,127)	(264,127)	-	(264,127)	(264,127)
Total comprehensive income for the six months		<u>.</u>	······································	······································			····	
period ended December 31, 2017				592,793	592,793		592,793	592,793
Surplus on revaluation of property, plant and		······					<u> </u>	
equipment realised during the period on								
account of incremental depreciation charged								
thereon - net of tax		-		6,341	6,341	(6,341)	-	
Effect of allocation of revenue between presumptive								•
tax regime and normal tax regime						18,172	18,172	18,172
Balance as at December 31, 2017 - restated	1,320,634	126,843	(255,659)	9,174,464	8,918,805	1,152,356	10,198,004	11,518,638
Balance as at July 1, 2018	1,320,634	126,843	(255,121)	9,896,018	9,640,897	1,242,161	11,009,901	12,330,535
Final cash dividend for the year ended June 30, 2018	······································	······································	<u>.</u>	<u>.</u>	······································			
(Rs 1.5 per ordinary share of Rs 10 each)			-	(198,095)	(198,095)		(198,095)	(198,095)
Total comprehensive income for the six months	•·····································				•			
period ended December 31, 2018	-	-	-	168,228	168,228	-	168,228	168,228
Surplus on revaluation of property, plant and				<u>.</u>	•			
equipment realised during the period on								
account of incremental depreciation charged								
thereon - net of tax		-		1,314	1,314	(1,314)	-	-
Balance as at December 31, 2018	1,320,634	126,843	(255,121)	9,867,465	9,612,344	1,240,847	10,980,034	12,300,668

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

The annexed notes from 1 to 20 form an integral part of these unconsolidated condensed interim financial statements.

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



PAKISTAN NATIONAL SHIPPING CORPORATION UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018 (UNAUDITED)

Note

Six months
period ended
December 31,
2018

Six months period ended December 31, 2017

Cash flows from operating activities

Cash generated from operations	15	70,472	1,268,430
Employees' gratuity paid		(2,893)	(2,432)
Employees' compensated absences paid		(35,278)	(28,985)
Post-retirement medical benefits paid		(12,429)	(13,401)
Long-term loans to employees - net		1,514	(29,382)
Finance costs paid		(104,661)	(134,600)
Taxes paid		(131,737)	(194,203)
Net cash (used in) / generated from operating activities		(215,012)	865,427
Cash flows from investing activities	······································		
Purchase of property, plant and equipment	6.1	(8,307)	(10,122)
Dividends received on long term investments in listed securities		-	2,523
Short-term investments redeemed / (made)		3,475,700	(79,485)
Interest received on short-term investments		184,155	182,538
Net cash generated from investing activities		3,651,548	95,454
Cash flows from financing activities			
Long-term financing repaid	Ī	(607,081)	(605,086)
Dividend paid		(189,839)	(246,623)
Net cash used in financing activities		(796,920)	(851,709)
Net increase in cash and cash equivalents		2,639,616	109,172
Cash and cash equivalents at the beginning of the period		2,760,845	5,158,281
Cash and cash equivalents at the end of the period	16	5,400,461	5,267,453

The annexed notes from 1 to 20 form an integral part of these unconsolidated condensed interim financial statements.

Rizwan Ahmed P.A.S Chairman & Chief Executive

Syed Jarar Haider Kazmi Chief Financial Officer Khowaja Obaid Imran Ilyas Director



PAKISTAN NATIONAL SHIPPING CORPORATION NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018 (UNAUDITED)

1. THE COMPANY 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 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting which 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 requirement of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.
- 2.2 These unconsolidated condensed interim financial statements comprise of the unconsolidated condensed interim statement of financial position as at December 31, 2018, 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 to and forming part of the unconsolidated condensed interim financial statements for the six months period then ended which have been subjected to a limited scope review in accordance with section 237 of the Companies Act, 2017 but not audited. These unconsolidated condensed interim financial statements also include the unconsolidated condensed interim statement of profit or loss and other comprehensive income for the quarter ended December 31, 2018 which has neither been reviewed nor audited.
- 2.3 The comparative statement of financial position presented in these unconsolidated condensed interim financial statements as at June 30, 2018 has been extracted from the annual audited financial statements of the Corporation for the year ended June 30, 2018 whereas the comparative unconsolidated condensed interim statement of profit or loss and other comprehensive income, unconsolidated condensed interim statement of changes in equity and unconsolidated condensed interim statement of cash flows for the six months period ended December 31, 2017 have been extracted from the unconsolidated condensed interim financial statements of the Corporation for the six months period then ended, which were subjected to a limited scope review but not audited. The comparative unconsolidated condensed interim statement of profit or loss and other comprehensive income for the quarter ended December 31, 2017 included in this unconsolidated condensed interim financial statements was neither subjected to a review nor audited.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these unconsolidated condensed interim financial statements are consistent with those followed in the preparation of the Corporation's annual unconsolidated financial statements for the year ended June 30, 2018 except for the adoption of new standards, amendments and interpretation of International Financial Reporting Standards (IFRSs) as disclosed in note 4.



NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS OF IFRSs 4.

IFRS 15 "Revenue from Contracts with Customers" (replacing IAS 18 "Revenue", IAS 11 "Construction Contracts" and related interpretations) and IFRS 9 "Financial Instruments" (replacing IAS 39 "Financial Instruments: Recognition and Measurement") became effective during the current period with initial application date of July 01, 2018.

However, the Securities and Exchange Commission of Pakistan vide S.R.O 229 (1) / 2019 dated February 14, 2019 has modified the effective date for application of IFRS 9 to 'Reporting period / year ending on or after June 30, 2019'.

IFRS 15 Revenue from Contracts with Customers

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

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

The management of the Corporation has assessed and concluded that the Corporation is in compliance with the requirements of IFRS 15.

5. 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 this unconsolidated condensed interim financial statements are the same as those applied in the Corporation's annual financial statements for the year ended June 30, 2018.

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

Note

(Unaudited) December 31 2018

(Audited) June 30, 2018

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

1,956,404

PROPERTY, PLANT AND EQUIPMENT 6.

Operating fixed assets Capital work-in-progress (CWIP) - buildings on leasehold land

1,899,523 6.1, 6.2 & 8 56,881

1,945,026 56,881 2,001,907



(Unaudited)

Six months period ended December 31, 2018

(Unaudited)

December 31

2018

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

Note

Six months period ended December 31, 2017

(Audited)

June 30,

2018

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

6.1 Additions to operating fixed assets (including transfers from CWIP) during the period

Buildings on leasehold land	2,270	1,884
Vehicles	-	3,134
Furniture and fixtures	823	1,411
Office equipment	2,888	2,770
Workshop machinery and equipment	132	301
Computer equipment	2,194	1,329
	8,307	10,829
Depreciation charge for the period	26,982	29,722

7. INTANGIBLE ASSET

6.2

9.

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.

8. INVESTMENT PROPERTIES

TRADE DEBTS - unsecured

During the period, building of regional office Lahore having net book value of Rs. 26.828 million was transferred from Property, plant and equipment to Investment properties.

	Considered good - Due from related parties - Due from others		375,874 17,323 393,197	322,764 22,100 344,864
	Considered doubtful - Due from related parties - Due from others		6,230 6,062 12,292	6,758 653 7,411
	Less: Provision for doubtful debts	9.1	405,489 12,292 393,197	352,275 7,411 344,864
9.1	Provision for doubtful debts			
	Balance at the beginning Provision made during the period / year Provision reversed during the period / year Provision written off during the period / year Balance at the end	9.2	7,411 5,409 (528) - 12,292	34,182 4,689 (2,217) (29,243) 7,411



Note

(Unaudited) December 31, 2018

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

10. OTHER RECEIVABLES

	Considered good - Due from related parties - Due from others		1,667,717 152,370	1,630,354 118,352
	Considered doubtful		1,820,087	1,748,706
	- Due from related parties - Due from others		289,853 12,659	295,512 12,659
	Duo II oli il ol		302,512 2,122,599	308,171 2,056,877
	Less: Provision for doubtful receivables	10.1	302,512 1,820,087	308,171 1,748,706
	Employees' gratuity scheme - funded		34,205 1,854,292	34,205 1,782,911
10.1	Provision for doubtful debts			
	Balance at the beginning Provision made during the period / year Provision reversed during the period / year Balance at the end	10.2	308,171 8,596 (14,255) 302,512	282,791 25,380 - 308,171

10.2 This reversal has been made because of subsequent receipt and acknowledgement of the respective amount.

(Unaudited) (Audited) Note December 31, June 30. 2018 2018 -----(Rupees in '000)-----

11. SHORT-TERM INVESTMENTS

Term deposits with banks having maturity of:

- three to six months

- three months or less

485,730	3,961,430
3,616,340	121,430
4,102,070	4,082,860
	3,616,340

11.1 Mark-up on these term deposits denominated in local currency ranges from 10.70% to 11% (June 30, 2018: 6.05% to 6.90%) per annum, whereas mark-up on term deposits denominated in foreign currency was 2.40% to 2.75% (June 30, 2018: 2.40%) per annum.

> (Unaudited) (Audited) Note December 31, June 30. 2018 2018 -----(Rupees in '000)------

12. LONG-TERM FINANCING - secured

Financing under syndicate term finance agreement	12.1 & 12.2	1,019,126	1,145,588
Financing under musharika agreement	12.1 & 12.3	1,333,748	1,808,770
		2,352,874	2,954,358
Less: Current portion		1,204,002	1,202,672
		1,148,872	1,751,686



- 12.1 Represents financing 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. Till date, the Corporation has drawn Rs 2,054.250 million and Rs 1,027.125 million from syndicated term finance and musharika respectively.
- 12.2 The financing carries mark-up at the rate of KIBOR + 1.60% which has been renegotiated to KIBOR + 0.50% during the year ended June 30, 2016 and further renegotiated to KIBOR + 0.20% during the year ended June 30, 2018. The loan along with the mark-up is repayable on a quarterly basis with the last repayment date on November 6, 2022. The facility is secured by a first mortgage charge over one of the vessels and hypothecation charge over another vessel owned by the subsidiary companies managed by the Corporation.
- 12.3 Represents Musharika facility obtained from Faysal Bank Limited (FBL) amounting to Rs 3,300 million bearing mark-up of 3 month KIBOR + 0.40%, which has been renegotiated to 3 month KIBOR + 0.15% during the year ended June 30, 2018. The loan along with the mark-up is repayable on a quarterly basis with the first installment paid on February 23, 2016 while last repayment date is November 23, 2019. The facility is secured by first mortgage charge over two vessels owned by the subsidiary companies managed by the Corporation. The Corporation has also paid loan arrangement fee amounting to Rs 12.540 million which was included in the amortised cost of the long term financing, whereas an amount of Rs 3.300 million was expensed out at the time of agreement.

(Unaudited)	(Audited)
December 31,	June 30,
2018	2018
(Runga	e in '000\

13. TRADE AND OTHER PAYABLES

Creditors Current account balances with subsidiary companies Agents' and owners' balances Accrued liabilities Deposits Advance rent Advance from customers Amounts retained from contractors Others	13.1	131,767 26,802,060 245,038 637,679 59,656 40,411 83,053 3,952 64,520	103,685 26,296,280 394,564 1,108,271 62,705 22,420 82,997 27,827 79,063
		28 068 136	28 177812

Note

13.1 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 utilized for the purpose of business and are kept in separate bank accounts.

14. CONTINGENCIES AND COMMITMENTS

Contingencies

- 14.1 There are no major changes in the status of contingencies as disclosed in note 26 to the unconsolidated financial statements for the year ended June 30, 2018 except as explained below:
- 14.2 The contingent liability in respect of claims not acknowledged by the Corporation, which as at December 31, 2018 aggregated to Rs 749.499 million (June 30, 2018: Rs 739.743 million). These claims mainly relate to deficiencies in shipping documentation, delay in delivery of cargo and damages to cargo. These include Rs 2.345 million (June 30, 2018: Rs 2.049 million) approximately in respect of insurance claims, which if accepted, will be borne by the Corporation as the P&I Club, Oceanous Mutual Underwriting Association (Bermuda) Limited has gone into liquidation. Out of the total claims, a sum of Rs 724.161 million (June 30, 2018: Rs 716.550 million) approximately would be recoverable from the P&I Club, Steamship Mutual Underwriting Association (Bermuda) Limited, in the event these claims are accepted by the Corporation. As a matter of prudence, the management has made a total provision of Rs 25.338 million (June 30, 2018: Rs 23.193 million) against the aforementioned claims in these unconsolidated condensed interim financial statements.



(Unaudited) December 31, 2018

(Audited) June 30. 2018

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

Commitments

14.4 Outstanding letters of guarantee

32,571 14.3 Commitments for capital expenditure 32,571 5.126 5.126

14.5 The Corporation has provided an undertaking amounting to USD 11.6 million to one of the vendor / supplier of another state owned entity. This undertaking has been provided due to arrest of two of 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.

> (Unaudited) Six months Six months period ended period ended December 31. Note December 31, 2018 2017

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

CASH GENERATED FROM OPERATIONS 15.

Profit before taxation		265,117	739,556
Adjustments for non-cash charges and other items:			
Depreciation	6.2	26,982	29,722
Impairment loss		-	87,713
Provision for employees' gratuity		28,785	25,321
Provision for employees' compensated absences		48,551	51,194
Provision for post-retirement medical benefits		13,003	10,997
Provision reversed against damage claims		(1,167)	(2,243)
Provision made against damage claims		3,312	3,095
Provision for doubtful debts and other receivables	9.1 & 10.1	14,005	3,614
Provision reversed against doubtful debts and other receive	vables	(14,783)	(2,217)
Income from saving accounts and term deposits		(171,251)	(193,772)
Finance costs		114,175	134,020
Dividend income		(2,596)	(2,884)
Loss on revaluation of long-term investments		7,311	2,724
Working capital changes	15.1	(260,972)	381,590
		70,472	1,268,430

15.1 Working capital changes

Decrease / (increase) 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 vovages

(Decrease) / increase in current liabilities:

Trade and other payables Incomplete voyages

32,019	20,707
(55,231)	19,038
(63,126)	(294,206)
(9,285)	38,295
(137,228)	41,460
(109,676) (14,068)	340,130
(260,972)	381.590
(200,372)	301,330

(1,785)

(9,393)20 767

268.744

1,557

(53.214)

9,252



Note (Unaudited)

December 31, December 31,
2018 2017
------(Rupees in '000)-------

16. CASH AND CASH EQUIVALENTS

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

 3,616,340
 2,550,000

 1,784,121
 2,717,453

 5,400,461
 5,267,453

17. FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES

17.1 Financial risk factors

The Corporation's activities expose it to a variety of financial risks: market risk (including interest rate risk, currency risk and price risk), credit risk and liquidity risk.

11

These unconsolidated condensed interim financial statements do not include all financial risk management information and disclosures which are required in the annual financial statements and should be read in conjunction with the Corporation's annual financial statements as at June 30, 2018. There have been no changes in risk management policies since the year end.

17.2 Fair value estimation

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

Fair value hierarchy

As at December 31, 2018, the Corporation's all assets and liabilities are carried at cost less accumulated depreciation / impairment, if any or at amortised cost except for those mentioned below:

The Corporation's leasehold land, buildings on leasehold land, beach huts and workshop machinery and equipment are stated at revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses, if any. The fair value measurements of the Corporation's leasehold land, buildings on leasehold land, beach huts and workshop machinery and equipment as at June 30, 2018 was performed by Fairwater Property Valuers & Surveyors (Private) Limited (an independent valuer).

The Corporation classifies Investment properties measured in the statement of financial position at fair value.

The Corporation classifies long-term investments in listed companies in the statement of financial position at fair value.

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

- Level 1: Quoted prices in active markets for identical assets or liabilities;
- Level 2: Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3: Those whose inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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



(Linaudited)

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

	(Unaudited)						
		December	r 31, 2018				
	Level 1	Level 2	Level 3	Total			
Assets carried at fair value		(Rupee:	s in '000)				
Long-term investments - Fair value through							
profit or loss	43,788	-	-	43,788			
Leasehold land	-	1,086,960	-	1,086,960			
Buildings on leasehold land	-	741,225	-	741,225			
Beach huts	-	15,431	-	15,431			
Workshop machinery and equipment	-	4,986	-	4,986			
Investment properties	-	3,088,460	-	3,088,460			
_	-	4,937,062	-	4,937,062			
		(Audi	ited)				
		June 30), 2018				
_	Level 1	Level 2	Level 3	Total			
-		(Rupee:	s in '000)				
Assets carried at fair value							
Long-term investments - Fair value through							
profit or loss	51,099			51,099			
Leasehold land	-	1,086,960	-	1,086,960			
Buildings on leasehold land	-	782,843	-	782,843			
Beach huts	-	16,251	-	16,251			
Workshop machinery and equipment	-	5,156	-	5,156			
Investment properties		3,061,632		3,061,632			
_		4,952,842		4,952,842			

18. TRANSACTIONS WITH RELATED PARTIES

The Corporation has related party relationships with its subsidiaries, associate, GoP and its related parties, associated companies, employees benefit plan 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 recovered, service fees charged on account of rendering of technical, commercial, administrative and financial services, expenses charged to subsidiary companies on actual cost basis etc. Service fees charges on account of rendering of technical, commercial, administrative and financial services is charged to subsidiary companies and related parties on the basis of mutually agreed terms. Significant transactions with related parties during the period were as follows:

		(Onau	iaitea)
		Six months	Six months
		period ended	period ended
		December 31,	December 31,
		2018	2017
		(Rupees	s in '000)
Nature of transactions	Relationship with the Corporation		
Freight income - foreign flag vessel	State owned / controlled entities	1,121,457	2,457,435
Service fee	Subsidiaries	138,380	116,990



(Unaudited)

Six months period ended December 31, 2018 Six months period ended December 31, 2017

		(Rupees	in '000)
Nature of transactions	Relationship with the Corporation	·	
Rental income	State owned / controlled entities	2,064	1,869
Rental expense	Subsidiary	475	471
Demurrage income	State owned / controlled entities	56,262	255,468
Transfer of stores	Subsidiaries	13,841	12,779
Retirement benefit costs charged	Subsidiaries	978	1,346
Contribution to provident fund	Employees benefit plan	3,955	5,886
Dividend to Government of Pakistan	Government holding	172,940	229,157
Remuneration and other benefits	Key management personnel	36,437	30,434*
Directors' Fees	Key management personnel	2,263	564

^{18.1} In addition, the Corporation is 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 a current account of the subsidiary.

19. GENERAL

- 19.1 Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.
- 19.2 Certain comparative figures have been reclassified for better presentation. However, there are no material reclassifications to report.

20. DATE OF AUTHORISATION FOR ISSUE

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

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

Khowaja Obaid Imran Ilyas Director

^{*} 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.





PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2018

(Unaudited) Note December 31, 2018 (Audited) June 30, 2018

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

ASSETS

NON-CURRENT ASSETS

Property, plant and equipment	6	21,867,804	22,158,254
ntangible asset	7	-	-
nvestment properties	8	3,088,460	3,061,632
_ong-term investments in:			
- Related party (associate)		-	-
- Listed companies and an other entity		43,888	51,199
Long-term loans		17.536	19,050
Long-term deposits		90	90
Deferred taxation - net		93,097	63,813
CURRENT ASSETS		25,110,875	25,354,038
Stores and spares		788,241	655,424
Trade debts - unsecured	9	682,498	562,923
Trade debts - unsecured Agents' and owners' balances - unsecured		9,789	19,041
Loans and advances - secured		77,471	110,290
Trade deposits and short-term prepayments		76,990	21,692
Interest accrued on bank deposits and short-term investments		14,798	27,303
Other receivables	10	2,673,363	2,588,272
Incomplete voyages		125,041	-
Insurance claims		72.641	87.642
Taxation - net		1.370.367	1,365,330
Short-term investments	11	4,114,070	4,094,860
Cash and bank balances		1,787,264	2,642,749
		11,792,533	12,175,526
		36,903,408	37,529,564
TOTAL ASSETS EQUITY AND LIABILITIES EQUITY ATTRIBUTABLE TO THE OWNERS OF THE HOLDING COMPAN Share capital	Y		
EQUITY AND LIABILITIES EQUITY ATTRIBUTABLE TO THE OWNERS OF THE HOLDING COMPAN	Y	36,903,408	37,529,564
EQUITY AND LIABILITIES EQUITY ATTRIBUTABLE TO THE OWNERS OF THE HOLDING COMPAN Share capital Capital reserve	Y	36,903,408 1,320,634	37,529,564 1,320,634
EQUITY AND LIABILITIES EQUITY ATTRIBUTABLE TO THE OWNERS OF THE HOLDING COMPAN Share capital Capital reserve	Y	36,903,408 1,320,634 131,344	1,320,634 131,344 28,639,812 1,244,986
EQUITY AND LIABILITIES EQUITY ATTRIBUTABLE TO THE OWNERS OF THE HOLDING COMPAN Share capital Capital reserve	Y	1,320,634 131,344 29,168,582	1,320,634 131,344 28,639,812
EQUITY AND LIABILITIES EQUITY ATTRIBUTABLE TO THE OWNERS OF THE HOLDING COMPAN Share capital Capital reserve Revenue reserves Surplus on revaluation of property, plant and equipment - net of tax NON-CONTROLLING INTEREST	Y	1,320,634 131,344 29,168,582 1,243,672 31,864,232 4,471	1,320,634 131,344 28,639,812 1,244,986 31,336,776 4,164
EQUITY AND LIABILITIES EQUITY ATTRIBUTABLE TO THE OWNERS OF THE HOLDING COMPAN Share capital Capital reserve Revenue reserves Surplus on revaluation of property, plant and equipment - net of tax	Y	1,320,634 131,344 29,168,582 1,243,672 31,864,232	1,320,634 131,344 28,639,812 1,244,986 31,336,776
EQUITY AND LIABILITIES EQUITY ATTRIBUTABLE TO THE OWNERS OF THE HOLDING COMPAN Share capital Capital reserve Revenue reserves Surplus on revaluation of property, plant and equipment - net of tax NON-CONTROLLING INTEREST	Y	1,320,634 131,344 29,168,582 1,243,672 31,864,232 4,471	1,320,634 131,344 28,639,812 1,244,986 31,336,776 4,164
EQUITY AND LIABILITIES EQUITY ATTRIBUTABLE TO THE OWNERS OF THE HOLDING COMPAN Share capital Capital reserve Revenue reserves Surplus on revaluation of property, plant and equipment - net of tax NON-CONTROLLING INTEREST EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP NON-CURRENT LIABILITIES	Y	1,320,634 131,344 29,168,582 1,243,672 31,864,232 4,471 31,868,703	1,320,634 131,344 28,639,812 1,244,986 31,336,776 4,164 31,340,940
EQUITY AND LIABILITIES EQUITY ATTRIBUTABLE TO THE OWNERS OF THE HOLDING COMPAN Share capital Capital reserve Revenue reserves Surplus on revaluation of property, plant and equipment - net of tax NON-CONTROLLING INTEREST EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP NON-CURRENT LIABILITIES Long term financing - secured		1,320,634 131,344 29,168,582 1,243,672 31,864,232 4,471 31,868,703	1,320,634 131,344 28,639,812 1,244,986 31,336,776 4,164 31,340,940
EQUITY AND LIABILITIES EQUITY ATTRIBUTABLE TO THE OWNERS OF THE HOLDING COMPAN Share capital Capital reserve Revenue reserves Surplus on revaluation of property, plant and equipment - net of tax NON-CONTROLLING INTEREST EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP NON-CURRENT LIABILITIES Long term financing - secured Deferred liabilities		1,320,634 131,344 29,168,582 1,243,672 31,864,232 4,471 31,868,703	1,320,634 131,344 28,639,812 1,244,986 31,336,776 4,164 31,340,940
EQUITY AND LIABILITIES EQUITY ATTRIBUTABLE TO THE OWNERS OF THE HOLDING COMPAN Share capital Capital reserve Revenue reserves Surplus on revaluation of property, plant and equipment - net of tax NON-CONTROLLING INTEREST EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP NON-CURRENT LIABILITIES Long term financing - secured		1,320,634 131,344 29,168,582 1,243,672 31,864,232 4,471 31,868,703	1,320,634 131,344 28,639,812 1,244,986 31,336,776 4,164 31,340,940
EQUITY AND LIABILITIES EQUITY ATTRIBUTABLE TO THE OWNERS OF THE HOLDING COMPAN Share capital Capital reserve Revenue reserves Surplus on revaluation of property, plant and equipment - net of tax NON-CONTROLLING INTEREST EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP NON-CURRENT LIABILITIES Long term financing - secured Deferred liabilities CURRENT LIABILITIES Trade and other payables		1,320,634 131,344 29,168,582 1,243,672 31,864,232 4,471 31,868,703	1,320,634 131,344 28,639,812 1,244,986 31,336,776 4,164 31,340,940
EQUITY AND LIABILITIES EQUITY ATTRIBUTABLE TO THE OWNERS OF THE HOLDING COMPAN Share capital Capital reserve Revenue reserves Surplus on revaluation of property, plant and equipment - net of tax NON-CONTROLLING INTEREST EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP NON-CURRENT LIABILITIES Long term financing - secured Deferred liabilities CURRENT LIABILITIES Trade and other payables Provision against damage claims	12	1,320,634 131,344 29,168,582 1,243,672 31,864,232 4,471 31,868,703 1,148,872 640,672 1,789,544	1,320,634 131,344 28,639,812 1,244,986 31,336,776 4,164 31,340,940 1,751,686 600,933 2,352,619
EQUITY AND LIABILITIES EQUITY ATTRIBUTABLE TO THE OWNERS OF THE HOLDING COMPAN Share capital Capital reserve Revenue reserves Surplus on revaluation of property, plant and equipment - net of tax NON-CONTROLLING INTEREST EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP NON-CURRENT LIABILITIES Long term financing - secured Deferred liabilities CURRENT LIABILITIES Trade and other payables Provision against damage claims	12	1,320,634 131,344 29,168,582 1,243,672 31,864,232 4,471 31,868,703 1,148,872 640,672 1,789,544	1,320,634 131,344 28,639,812 1,244,986 31,336,776 4,164 31,340,940 1,751,686 600,933 2,352,619
EQUITY AND LIABILITIES EQUITY ATTRIBUTABLE TO THE OWNERS OF THE HOLDING COMPAN Share capital Capital reserve Revenue reserves Surplus on revaluation of property, plant and equipment - net of tax NON-CONTROLLING INTEREST EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP NON-CURRENT LIABILITIES Long term financing - secured Deferred liabilities CURRENT LIABILITIES Trade and other payables Provision against damage claims	12	1,320,634 131,344 29,168,582 1,243,672 31,864,232 4,471 31,868,703 1,148,872 640,672 1,789,544	1,320,634 131,344 28,639,812 1,244,986 31,336,776 4,164 31,340,940 1,751,686 600,933 2,352,619
EQUITY AND LIABILITIES EQUITY ATTRIBUTABLE TO THE OWNERS OF THE HOLDING COMPAN Share capital Capital reserve Revenue reserves Surplus on revaluation of property, plant and equipment - net of tax NON-CONTROLLING INTEREST EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP NON-CURRENT LIABILITIES Long term financing - secured Deferred liabilities CURRENT LIABILITIES Trade and other payables Provision against damage claims Incomplete voyages Current portion of long-term financing Unclaimed dividend	12	1,320,634 131,344 29,168,582 1,243,672 31,864,232 4,471 31,868,703 1,148,872 640,672 1,789,544 1,924,738 25,338	1,320,634 131,344 28,639,812 1,244,986 31,336,776 4,164 31,340,940 1,751,686 600,933 2,352,619 2,507,245 23,193 23,985
EQUITY AND LIABILITIES EQUITY ATTRIBUTABLE TO THE OWNERS OF THE HOLDING COMPAN Share capital Capital reserve Revenue reserves Surplus on revaluation of property, plant and equipment - net of tax NON-CONTROLLING INTEREST EQUITY HOLDERS OF THE GROUP NON-CURRENT LIABILITIES Long term financing - secured Deferred liabilities CURRENT LIABILITIES Trade and other payables Provision against damage claims Incomplete voyages Current portion of long-term financing	12	1,320,634 131,344 29,168,582 1,243,672 31,864,232 4,471 31,868,703 1,148,872 640,672 1,789,544 1,924,738 25,338 1,204,002	1,320,634 131,344 28,639,812 1,244,986 31,336,776 4,164 31,340,940 1,751,686 600,933 2,352,619 2,507,245 23,193 23,985 1,202,672 52,669 26,041
EQUITY AND LIABILITIES EQUITY ATTRIBUTABLE TO THE OWNERS OF THE HOLDING COMPAN Share capital Capital reserve Revenue reserves Surplus on revaluation of property, plant and equipment - net of tax NON-CONTROLLING INTEREST EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP NON-CURRENT LIABILITIES Long term financing - secured Deferred liabilities CURRENT LIABILITIES Trade and other payables Provision against damage claims Incomplete voyages Current portion of long-term financing Unclaimed dividend	12	1,320,634 131,344 29,168,582 1,243,672 31,864,232 4,471 31,868,703 1,148,872 640,672 1,789,544 1,924,738 25,338 - 1,204,002 61,125	1,320,634 131,344 28,639,812 1,244,986 31,336,776 4,164 31,340,940 1,751,686 600,933 2,352,619 2,507,245 23,193 23,985 1,202,672 52,869
EQUITY AND LIABILITIES EQUITY ATTRIBUTABLE TO THE OWNERS OF THE HOLDING COMPAN Share capital Capital reserve Revenue reserves Bevenue reserves Surplus on revaluation of property, plant and equipment - net of tax NON-CONTROLLING INTEREST EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP NON-CURRENT LIABILITIES Long term financing - secured Deferred liabilities CURRENT LIABILITIES Irrade and other payables Provision against damage claims ncomplete voyages Current portion of long-term financing Jurclaimed dividend	12	1,320,634 131,344 29,168,582 1,243,672 31,864,232 4,471 31,868,703 1,148,872 640,672 1,789,544 1,924,738 25,338 1,204,002 61,125 29,958	1,320,63 131,34 28,639,81 1,244,98 31,336,77 4,16 31,340,94 1,751,68 600,93 2,352,61 2,507,24 23,19 23,98 1,202,67 52,60

CONTINGENCIES AND COMMITMENTS

The annexed notes 1 to 21 form an integral part of these consolidated condensed interim financial statements.

Rizwan Ahmed P.A.S Chairman & Chief Executive

TOTAL EQUITY AND LIABILITES

Syed Jarar Haider Kazmi Chief Financial Officer Khowaja Obaid Imran Ilyas

37.529.564

Director

36,903,408



Six months

Six months

PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE QUARTER AND SIX MONTHS PERIOD ENDED DECEMBER 31, 2018 (UNAUDITED)

	Quarter ended December 31, 2018	December 31, 2017	period ended December 31, 2018	period ended December 31, 2017
REVENUE		(Rupees	in 000)	
Income from shipping business	2,489,010	2,267,784	4,581,016	5,385,894
Rental income	39,391	52,305	77,114	100,021
	2,528,401	2,320,089	4,658,130	5,485,915
EXPENDITURE				
Fleet expenses - direct	(1,786,781)	(1,827,615)	(3,444,123)	(4,051,774)
Fleet expenses - indirect	(7,378)	(7,020)	(13,032)	(17,139)
Real estate expenses	(42,859)	(34,873)	(75,042)	(70,092)
	(1,837,018)	(1,869,508)	(3,532,197)	(4,139,005)
GROSS PROFIT	691,383	450,581	1,125,933	1,346,910
Administrative expenses	(246,839)	(276,418)	(477,399)	(505,441)
Other expenses	(163,139)	(331,658)	(265,904)	(522,791)
Other income	350,485	380,023	581,987	719,330
	(59,493)	(228,053)	(161,316)	(308,902)
OPERATING PROFIT	631,890	222,528	964,617	1,038,008
Finance costs	(59,200)	(64,964)	(116,308)	(135,229)
PROFIT BEFORE TAXATION	572,690	157,564	848,309	902,779
Taxation	(62,350)	(74,757)	(122,451)	(167,274)
PROFIT AFTER TAXATION	510,340	82,807	725,858	735,505
Other comprehensive income		-	-	
TOTAL COMPREHENSIVE INCOME	510,340	82,807	725,858	735,505
Attributable to:				
Equity holders of the Holding Company	510,154	82,649	725,551	735,216
Non-controlling interest	186	158	307	289
	510,340	82,807	725,858	735,505
		Ruŗ)ees	
EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE HOLDING COMPANY	;			
- basic and diluted	3.86	0.63	5.50	5.57

The annexed notes 1 to 21 form an integral part of these consolidated condensed interim financial statements.

Rizwan Ahmed P.A.S Chairman & Chief Executive

Syed Jarar Haider Kazmi Chief Financial Officer Khowaja Obaid Imran Ilyas Director



PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FORTHE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018 (UNAUDITED)

		Attril	butable to the	e shareholders of	the Holding Com	pany				
				Povonue	reserves					
	Issued, subscribed and paid- up share capital	Capital reserve*	General reserve	Remeasurement of post retirement benefits obligation - net of tax	Unappropriated profit	Sub-total revenue reserves	Surplus on revaluation of property, plant and equipment - net of tax	Total reserves	Non- controlling interest	Total equity
					(Rupees in	(000)				
Balance as at July 01, 2017 - restated	1,320,634	131,344	129,307	(255,659)	27,372,033	27,245,681	1,143,350	28,520,375	3,714	29,844,723
Final cash dividend for the year ended June 30, 2017										-
(Rs 2 per ordinary share of Rs 10 each)				-	(264,127)	(264,127)		(264, 127)		(264,127)
Total comprehensive income for the six months period ended December 31, 2017	-		-	-	735,216	735,216	-	735,216	289	735,505
Surplus on revaluation of property, plant and equipment realised during the period on account of incremental depreciation			-							
charged thereon - net of tax	-		-	-	6,341	6,341	(6,341)	-	-	-
Effect of allocation of revenue between presumptive tax regime and normal										
tax regime			-	-	-	-	18,172	18,172	-	18,172
Balance as at December 31, 2017 - restated	1,320,634	131,344	129,307	(255,659)	27,849,463	27,723,111	1,155,181	29,009,636	4,003	30,334,273
Balance as at July 01, 2018	1,320,634	131,344	129,307	(255,121)	28,765,626	28,639,812	1,244,986	30,016,142	4,164	31,340,940
Final cash dividend for the year ended June 30, 2018										
(Rs 1.5 per ordinary share of Rs 10 each)	-	-	-	-	(198,095)	(198,095)	-	(198,095)	-	(198,095)
Total comprehensive income for the six months period ended December 31, 2018	-	-	-	-	725,551	725,551	-	725,551	307	725,858
Surplus on revaluation of property, plant and equipment realised during the period on		-								
account of incremental depreciation charged thereon - net of tax	-		-	-	1,314	1,314	(1,314)	-	-	-
Balance as at December 31, 2018	1,320,634	131,344	129,307	(255,121)	29,294,396	29,168,582	1,243,672	30,543,598	4,471	31,868,703

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

The annexed notes 1 to 21 form an integral part of these consolidated condensed interim financial statements.

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

Khowaja Obaid Imran Ilyas Director



PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018 (UNAUDITED)

Note

Six months period ended December 31, 2018 Six months period ended December 31, 2017

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

Cash flows from operating activities

Cash generated from operations 15	465,059	1,426,046
Employees' gratuity paid	(3,170)	(2,432)
Employees' compensated absences paid	(35,811)	(28,985)
Post-retirement medical benefits paid	(12,599)	(13,401)
Long-term loans to employees - net	1,514	(29,382)
Finance costs paid	(106,795)	(135,809)
Taxes paid	(156,772)	(216,314)
Net cash generated from operating activities	151,426	999,723
Cash flows from investing activities		-
Purchase of property, plant and equipment	(374,937)	(143,783)
Dividends received on long-term investments in listed securities	-	2,523
Short-term investments redeemed / (made)	3,475,700	(79,485)
Interest received on short-term investments	184,155	182,538
Net cash generated from / (used in) investing activities	3,284,918	(38,207)
Cash flows from financing activities		-
Long-term financing repaid	(607,081)	(605,085)
Dividend paid	(189,838)	(246,623)
Net cash used in financing activities	(796,919)	(851,708)
Net increase in cash and cash equivalents	2,639,425	109,808
Cash and cash equivalents at the beginning of the period	2,764,179	5,161,772
Cash and cash equivalents at the end of the period 16	5,403,604	5,271,580

The annexed notes 1 to 21 form an integral part of these consolidated condensed interim financial statements.

Rizwan Ahmed P.A.S Chairman & Chief Executive

Syed Jarar Haider Kazmi Chief Financial Officer 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 SIX MONTHS PERIOD ENDED DECEMBER 31, 2018 (UNAUDITED)

1. THE GROUP AND ITS OPERATIONS

1.1 Pakistan National Shipping Corporation (the Holding Company), its subsidiary companies and an associate (together 'the Group') were incorporated under the provisions of the Pakistan National Shipping Corporation Ordinance, 1979 and the Companies Ordinance, 1984 (now Companies Act, 2017), respectively. The Group is principally engaged in the business of shipping, including charter of vessels, transportation of cargo and other related services. The Group is also engaged in renting out its properties to tenants under lease agreements. The Group's registered office is situated at PNSC Building, Moulvi Tamizuddin Khan Road, Karachi except for Pakistan Co-operative Ship Stores (Private) Limited which is situated at 70/4, Timber Pond, N.M Reclamation Kemari, Karachi.

The Group consists of:

Holding company

Pakistan National Shipping Corporation

Subsidiary companies

- Bolan Shipping (Private) Limited
- Chitral Shipping (Private) Limited
- Hyderabad Shipping (Private) Limited
- Islamabad Shipping (Private) Limited
- Johar Shipping (Private) Limited
- Kaghan Shipping (Private) Limited
- Karachi Shipping (Private) Limited
- Khairpur Shipping (Private) Limited
 Lahore Shipping (Private) Limited
- Lanore Snipping (Private) Limited
 Lalazar Shipping (Private) Limited
- Makran Shipping (Private) Limited
- Malakand Shipping (Private) Limited
- Multan Shipping (Private) Limited
- Pakistan Co-operative Ship Stores (Private) Limited
- Quetta Shipping (Private) Limited
- Sargodha Shipping (Private) Limited
- Shalamar Shipping (Private) Limited
- Sibi Shipping (Private) Limited
- Swat Shipping (Private) Limited

Associate

- Muhammadi Engineering Works (Private) Limited

The Holding Company owns 73% (June 30, 2018: 73%) of the share capital of Pakistan Co-operative Ship Stores (Private) Limited and 100% (June 30, 2018: 100%) of the share capital of the remaining eighteen subsidiary companies. Each of wholly owned subsidiaries operate one vessel / tanker each with the exception of Bolan Shipping (Private) Limited, Swat Shipping (Private) Limited, Lalazar Shipping (Private) Limited, Johar Shipping (Private) Limited, Kaghan Shipping (Private) Limited, Khairpur Shipping (Private) Limited, Islamabad Shipping (Private) Limited, Sargodha Shipping (Private) Limited and Makran Shipping (Private) Limited which currently do not own any vessel / tanker.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

2.1 These consolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting which 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 requirement of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.



- 2.2 These consolidated condensed interim financial statements comprise of the consolidated condensed interim statement of financial position as at December 31, 2018, 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 to and forming part of the consolidated condensed interim financial statements thereto for the six months period ended December 31, 2018. These consolidated condensed interim financial statements also includes the consolidated condensed interim statement of profit or loss account and other comprehensive income for the quarter ended December 31, 2018.
- 2.3 The comparative statement of financial position presented in these consolidated condensed interim financial statements as at June 30, 2018 has been extracted from the annual audited financial statements of the Group for the year ended June 30, 2018 whereas the comparative consolidated condensed interim statement of profit or loss and other comprehensive income, consolidated condensed interim statement of changes in equity and consolidated condensed interim statement of cash flows for the six months period ended December 31, 2017 have been extracted from the consolidated condensed interim financial statements of the Group for the six months period then ended.
- 2.4 These consolidated condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended June 30, 2018.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these consolidated condensed interim financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended June 30, 2018 except for the adoption of new standards, amendments and interpretation of International Financial Reporting Standards (IFRSs) as disclosed in note 4.

4. NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS OF IFRSs

IFRS 15 "Revenue from Contracts with Customers" (replacing IAS 18 "Revenue", IAS 11 "Construction Contracts" and related interpretations) and IFRS 9 "Financial Instruments" (replacing IAS 39 "Financial Instruments: Recognition and Measurement") became effective during the current period with initial application date of July 01, 2018.

However, the Securities and Exchange Commission of Pakistan vide S.R.O 229 (1) / 2019 dated February 14, 2019 has modified the effective date for applicability for IFRS 9 to 'Reporting period / year ending on or after June 30, 2019'.

IFRS 15 Revenue from Contracts with Customers

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

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

The management of the Group has assessed and concluded that the Group is in compliance with the requirements of IFRS 15.



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, 2018.

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

> (Unaudited) (Audited) December 31 Note June 30, 2018 2018 -----(Rupees in '000)-----

6. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets Major spare parts and stand-by equipment Capital work-in-progress (CWIP)

6.1, 6.2 & 8 21,395,084 21,755,187 415.839 346.186 56.881 56,881 21,867,804 22,158,254

> (Unaudited) Six months

period ended December 31, 2018

Six months period ended December 31, 2017 -----(Rupees in '000)-----

6.1 Additions to operating fixed assets (including transfers from CWIP) during the period

bullulrigs off lease flold laftd
Vehicles
Office equipment
Furniture and fixtures
Workshop machinery and equipment
Computer equipment
Spares capitalised
Class renewal and dry docking
Equipment on board

Duildings on losse hold land

2,270	1,884
-	3,134
2,888	2,770
823	1,411
132	301
2,476	1,329
73,546	7,143
291,649	75,511
1,153	6,023
374,937	99,506
613,480	758,216

6.2 Depreciation charge for the period

7. INTANGIBLE ASSET

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

8. **INVESTMENT PROPERTIES**

During the period, building of regional office Lahore having net book value of Rs. 26.828 million was transferred from Property, plant and equipment to Investment properties.



N	ntα	

(Unaudited) December 31 2018

(Unaudited)

December 31

2018

46,890

(27,779)

471,110

Note

10.2

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

(Audited)

June 30,

2018

50,245

(1,173)

(1,232)

451,999

9. **TRADE DEBTS - unsecured**

10.

10.1

Provision made during the period / year

Balance at the end

Provision reversed during the period / year

Provision written off during the period / year

	Considered good - Due from related parties - Due from others		664,225 18,273	540,823 22,100
	Considered doubtful - Due from related parties		682,498 6,230	562,923 6,758
	- Due from others Less: Provision for doubtful debts	9.1	185,864 192,094 874,592 192,094	180,455 187,213 750,136 187,213
9.1	Provision for doubtful debts	3.1	682,498	562,923
J. I	Balance at the beginning		187,213	213,984
	Provision made during the period / year Provision reversed during the period / year Provision written off during the period / year	9.2	5,409 (528) -	4,689 (2,217) (29,243)
	Balance at the end		192,094	187,213

This reversal has been made because of subsequent receipt of the respective amount. 9.2

OTHER RECEIVABLES		(Rupee	s in '000)
Amount held by lawyer in respect of a guarantee provided to to court	the	4,953	4,953
Considered good			
- Due from related parties		2,334,186	2,293,793
- Due from others		300,020	255,322
		2,634,206	2,549,115
Considered doubtful			
- Due from related parties		453,197	439,338
- Due from others		17,913	12,661
		471,110	451,999
		3,105,316	3,001,114
Less: Provision for doubtful receivables	10.1	471,110	451,999
Employees' gratuity scheme - funded		34,204	34,204
		2,673,363	2,588,272
Provision for doubtful receivables			
Balance at the beginning		451,999	404,159

10.2 This reversal has been made because of subsequent receipt and acknowledgement of the respective amount.



Note

(Unaudited) December 31 2018

(Audited) June 30, 2018

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

11. SHORT-TERM INVESTMENTS

Term deposits with banks having maturity of:

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

12,000 485,730 3,616,340 4,114,070

12,000 3,961,430 121,430 4,094,860

11.1 Mark-up on these term deposits denominated in local currency ranges from 6.60% to 11% (June 2018: 6.05% to 6.90%) per annum, whereas mark-up on term deposits denominated in foreign currency ranges from 2.40% to 2.75% (June 2018: 2.40%) per annum.

Note

11 1

(Unaudited) December 31 (Audited) June 30, 2018

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

LONG-TERM FINANCING - secured 12.

Financing under syndicate term finance agreement Financing under musharika agreement

Less: Current portion

12.1 & 12.2 1,019,126 1,145,588 12.1 & 12.3 1,333,748

1,808,770 2,352,874 2,954,358 1,204,002 1,202,672 1,148,872 1,751,686

- 12.1 Represents financing 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. Till date, the Holding Company has drawn Rs 2,054.250 million and Rs 1,027.125 million from syndicated term finance and musharika respectively.
- The financing carries mark-up at the rate of KIBOR + 1.60% which has been renegotiated to KIBOR + 0.50% during the year ended June 30, 2016 and further renegotiated to KIBOR + 0.20% during the year ended June 30, 2018. The loan along with the mark-up is repayable on a quarterly basis with the last repayment date on November 6, 2022. The facility is secured by way of first mortgage charge over one of the vessels and hypothecation charge over an other vessel owned by subsidiary companies.
- 12.3 Represents Musharika facility obtained from Faysal Bank limited (FBL) amounting to Rs 3,300 million bearing mark-up of 3 month KIBOR + 0.40% which has been renegotiated to 3 month KIBOR + 0.15% during the year ended June 30, 2018. The loan along with the mark-up is repayable on a quarterly basis with the first installment paid on February 23, 2016 while last repayment date is November 23, 2019. The facility is secured by first mortgage charge over two vessels owned by the subsidiary companies. The Holding Company has also paid loan arrangement fee amounting to Rs 12.540 million which was included in the amortised cost of the long term financing, whereas an amount of Rs 3.300 million was expensed out at the time of agreement.

Note

13.1

(Unaudited) December 31 2018

(Audited) June 30, 2018

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

TRADE AND OTHER PAYABLES 13.

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

others

282,470	183,486
245,038	394,564
1,145,174	1,574,295
59,656	62,705
460	62,305
-	17,583
40,411	22,420
83,053	82,997
3 952	27827

64,524 79,063 68,476 106,890 1,924,738 2.507.245



13.1 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.

14. CONTINGENCIES AND COMMITMENTS

Contingencies

- 14.1 There are no major changes in the status of contingencies as disclosed in note 28 to the consolidated financial statements for the year ended June 30, 2018 except as explained below:
- 14.2 The contingent liability in respect of claims not acknowledged by the Holding Company, which as at December 31, 2018 aggregated to Rs 749.499 million (June 30, 2018: Rs 739.743 million). These claims mainly relate to deficiencies in shipping documentation, delay in delivery of cargo and damages to cargo. These include Rs 2.345 million (June 30, 2018: Rs 2.049 million) approximately in respect of insurance claims which, if accepted, will be borne by the Holding Company as the P&I Club, Oceanous Mutual Underwriting Associations (Bermuda) Limited has gone into liquidation. Out of the total claims, a sum of Rs 724.161 million (June 30, 2018: Rs 716.550 million) approximately would be recoverable from the P&I Club, Steamship Mutual Underwriting Association (Bermuda) Limited, in the event these claims are accepted by the Holding Company. As a matter of prudence, the management has made a total provision of Rs 25.338 million (June 30, 2018: Rs 23.193 million) against the aforementioned claims in these consolidated condensed interim financial statements.

(Unaudited)	
December 31,	
2018	

(Audited) June 30, 2018

Commitments

14.3 Commitments for capital expenditure

14.4 Outstanding letters of guarantee

32,571 32,571 **5,126** 5,126

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

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

Six months Six

040 200

period ended
Note December 31,

Six months period ended December 31, 2017

002 770

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

15. CASH GENERATED FROM OPERATIONS

Profit before tayation

Profit before taxation		848,309	902,779
Adjustments for non-cash charges and other items:			
Depreciation	6.2	613,480	758,216
Impairment loss		-	120,060
Provision for employees' gratuity		29,060	25,659
Provision for employees' compensated absences		49,085	52,028
Provision for post-retirement medical benefits		13,173	11,170
Dividend income		(2,596)	(2,884)
Income from saving accounts and term deposits		(171,650)	(194,106)
Finance costs		116,308	135,229
Provision no longer required written back		(179)	(236)
Provision for doubtful debts and other receivables	9.1 & 10.1	52,299	3,614
Provision reversed against doubtful debts and receivables		(28,307)	(4,624)
Trade debts written off		-	(29,244)
Loss on revaluation of long-term investments		7,311	2,724
Provision reversed against damage claims		(1,167)	(2,243)
Provision made against damage claims		3,312	3,095
Working capital changes	15.1	(1,063,379)	(355, 191)
		465,059	1,426,046



(Unaudited)

Six months period ended December 31, 2018 Six months period ended December 31, 2017

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

15.1 Working capital changes

(Increase) / decrease in current assets:

Stores and spares

Trade debts - unsecured

Agents' and owners' balances - unsecured

Loans and advances

Trade deposits and short-term prepayments

Other receivables

Incomplete voyages

Insurance claims

Increase / (decrease) in current liabilities:

Trade and other payables

(132,817)	61,274
(124,456)	215,731
9,252	(9,394)
32,819	20,660
(55,298)	19,445
(101,606)	(400,341)
(123,946)	80,537
15,001	(49,932)
(481,051)	(62,020)
(582,328)	(293,171)
(1,063,379)	(355,191)

Note

11

(Unaudited)

December 31, December 31,
2018 2017
------(Rupees in '000)-------

CASH AND CASH EQUIVALENTS

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

3,616,340 1,787,264

5.403.604

2,550,000 2,721,580 5,271,580

17. FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES

17.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk, currency risk and price risk), credit risk and liquidity risk.

These consolidated condensed interim financial statements do not include all financial risk management information and disclosures which are required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at June 30, 2018. There have been no changes in risk management policies since the year end.

17.2 Fair value estimation

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

Fair value hierarchy

As at December 31, 2018, the Group's all assets and liabilities are carried at cost less accumulated depreciation / impairment, if any, or at amortised cost except for those mentioned below:

The Group's leasehold land, buildings on leasehold land, beach huts and workshop machinery and equipment are stated at revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses, if any. The fair value measurements of the Group's leasehold land, buildings on leasehold land, beach huts and workshop machinery and equipment as at June 30, 2018 was performed by Fairwater Property Valuers & Surveyors (Private) Limited (an independent valuer).

The Group classifies Investment properties measured in the statement of financial position at fair value.



The Group classifies long-term investments in listed companies in the statement of financial position at fair value.

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

- Level 1: Quoted prices in active markets for identical assets or liabilities;
- Level 2: Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3: Those whose inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

	(Unaudited) December 31, 2018			
	Level 1	Level 2	Level 3	Total
Assets carried at fair value		(Kupees	in '000)	
Long-term investments - Fair value through profit or loss	43,788	-	-	43,788
Leasehold land Buildings on leasehold land	-	1,086,960 744.642	-	1,086,960 744,642
Beach huts	-	15,431	-	15,431
Workshop machinery and equipment Investment properties	-	4,986 3,088,460	-	4,986 3,088,460
investment properties	-	4,940,479	-	4,940,479
		(Aud June 3	0, 2018	
	Level 1	Level 2	Level 3 in '000)	Total
Assets carried at fair value		(Hapooo	000)	
Long-term investments - Fair value through profit or loss	51,099			51,099
Leasehold land	-	1,086,960	-	1,086,960
Buildings on leasehold land Beach huts	-	786,260	-	786,260
Workshop machinery and equipment	-	16,251 5,156	-	16,251 5,156
Investment properties		3,061,632		3,061,632
		4,956,259		4,956,259

18. TRANSACTIONS WITH RELATED PARTIES

The Group has related party relationships with its associate, Government of Pakistan and its related entities, employee benefit plans and its directors and executive officers (including their associates). Transactions with related parties essentially entail freight income 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.

(Unaudited)



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

Nature of transactions	Relationship with the Group	Note	Six months period ended December 31, 2018	Six months period ended December 31, 2017 s in '000)
Freight income	State owned / controlled entities		3,333,121	4,519,325
Demurrage income	State owned / controlled entities		97,284	353,531
Rental income	State owned / controlled entities		2,064	1,869
Contribution to provident fund	Employees benefit plan		3,955	5,886
Directors' fee	Key management personnel		2,263	564
Remuneration and other benefits	Key management personnel	18.1	36,437	30,434
Dividend to Government of Pakistan	Government holding		172,940	229,157

18.1 Comparative figure 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.

19. NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

19.1 The Group has entered in an agreement for procurement of vessels at a cost of USD 60.7 million and have paid 10% initial deposit for the same. The Group is committed towards payment of the balance amount on delivery of the vessels as per terms of the agreement.

20. GENERAL

- 20.1 Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.
- 20.2 Certain comparative figures have been reclassified for better presentation. However, there are no material reclassifications to report.

21. DATE OF AUTHORISATION FOR ISSUE

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

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

Khowaja Obaid Imran Ilyas

Director







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