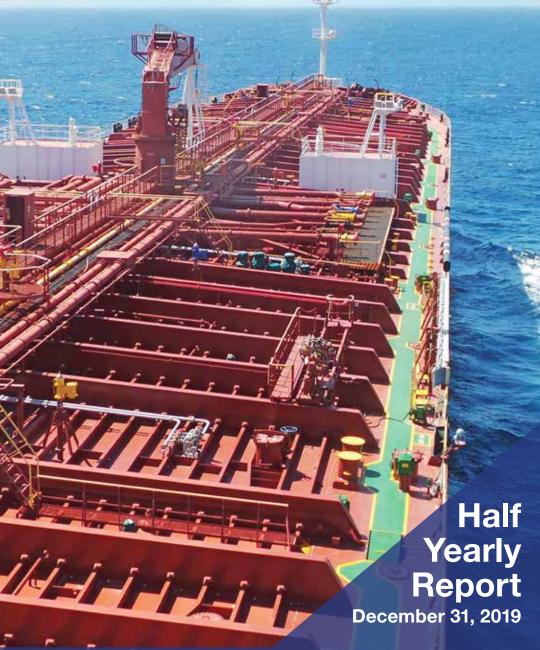
# PROVEN PERFORMANCE BUILDING MOMENTUM





**Pakistan National Shipping Corporation** 



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### CORPORATE INFORMATION

**Board of Directors** 

1. Mr. Rizwan Ahmed Chairman

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

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

5. Mr. Muhammad Ali

4. Mr. Ali Syed Member Member

6. Mr. Khowaja Obaid Imran Ilyas Member

Member 7. Capt. Anwar Shah

**Audit & Finance Committee** 

Mr. Khowaia Obaid Imran Ilvas

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

Islamabad, (Ex-Officio Member). Mr. Kamran Faroog Ansari

Sr. Joint Secretary /Joint Secretary Ministry of Maritime Affairs Islamabad,

(Ex-Officio Member).

Mr. Ali Sved

Mr. Ali Syed

Capt. Anwar Shah

Mr. Baber Jamal Zuberi

**HR and Remuneration Committee** 

Mr. Muhammad Ali Chairman

Mr. Khowaja Obaid Imran Ilyas

Capt. Muhammad Shakil

Chief Financial Officer

Mr. S. Jarar Haider Kazmi

Corporation & Board Secretary

Mr. Muhammad Javid

Chief Internal Auditor

Mr. Baber Jamal Zubairi

**Head Office** 

Member

Member

Chairman

Member

Member

Member

Member

Secretary

Member

Member

Secretary

PNSC Building, Moulvi Tamizuddin Khan Road, P.O.Box No. 5350, Karachi-74000 Pakistan.

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

Fax: (92-21) 99203974, 35636658

www.pnsc.com.pk

**Auditors** 

Grant Thornton Anjum Rahman, Chartered Accountants

KPMG Taseer Hadi & Co., Chartered Accountants

Shares Registrar

CDC Share Registrar Services Limited

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

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

**Bankers** 

Albaraka Bank Limited

Bank Alfalah Limited, Bahrain

Bank Al Habib Limited

Bank Al Habib Limited, Bahrain

Bank Islami Pakistan Limited

Dubai Islamic Bank (Pakistan) Limited

Faysal Bank Limited

Habib Bank Limited

JS Bank Limited

MCB Bank Limited

MCB Islamic Bank Limited

Meezan Bank Limited

National Bank of Pakistan

National Bank of Pakistan, Hong Kong

National Bank of Pakistan, Tokyo

Silk Bank Limited

Soneri Bank Limited

Standard Chartered Bank (Pakistan) Limited

UniCredit Bank, Italy

United Bank Limited

United Bank Limited, London



### PAKISTAN NATIONAL SHIPPING CORPORATION DIRECTORS' REPORT FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2019

After the closure of yet another profitable period, 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 six months period ended December 31, 2019. The financial statements of PNSC have been undergone a limited scope review by the external auditors pursuant to the statutory requirements of the Companies Act, 2017.

### **OVERVIEW**

Despite macroeconomic challenges faced by country, PNSC Group has managed to achieve 46% increased profit after tax of Rs 1,007 million as against Rs 691 million (restated) in the corresponding period last year. Group earnings per share increased to Rs 7.63 as against Rs 5.23 (restated) in the corresponding period last year.

Cumulatively, Group achieved a turnover of Rs 6,378 million (including Rs 728 million from PNSC) as compared to Rs 4,731 million (including Rs1,229 million from PNSC) for the corresponding period last year. This includes substantial growth in tankers segment revenue of 71% (from Rs 2,662 million to Rs 4,551 million) and increase of 7% (from Rs 1,152 million to Rs 1,232 million) in bulk carrier segment.

However, PNSC standalone results reflected a loss after tax of Rs 623 million with a loss per share of Rs 4.72. The main reason is the significant decline in slot charter revenue and ban on import of furnace oil in the current period against comparative period. Further, finance cost increase by 4.25 times as compared to prior period from Rs 116 million to Rs 609 million, due to increase in borrowing for acquisition of two LR-1 tankers as well as significant increase in KIBOR.

During the current period, International Financial Reporting Standard 9 – Financial Instrument (IFRS-9) became applicable on the Corporation pursuant to the notification of Securities and Exchange Commission of Pakistan. Accordingly, comparative figures have been restated to incorporate the requirements of IFRS-9 specifically those pertaining to provisioning of financial assets based on expected credit losses.

### **FUTURE PROSPECTS**

The news of coronavirus and the subsequent lock down enforced by Chinese authorities is adding to the uncertainty and negative market outlook for the dry bulk sector in the near future. Baltic Exchange Dry Index (BDI) which was at the level of 1,381 at the start of current period has dropped down below the level of 500 subsequent to December 31, 2019, which is the lowest level since March 2016 with the capsize segment falling to all-time lows amid weak demand for ships and muted activity in China, whose demand accounts for almost 40% of total dry seaborne imports. Higher fuel costs under the new International Maritime 2020 regulations led to a significant rise in the cost of operating cargo ships.

In view of the aforesaid circumstances, PNSC is adopting a proactive approach, exercising caution and expanding its customer base in the tanker segment to mitigate any potential damage. Another Afframax tanker is expected to join the fleet of tankers managed by PNSC in current financial year.

Newly approved maritime policy is also expected to impact positively on PNSC as many incentives have been provided to shipping companies therein. In future, PNSC has plans to expand its business base exercising horizontal expansion by participating as a key player in LNG transportation, ferry service, tug boat & pilot boat service and other segments of maritime sector. In a nutshell, PNSC has an eye on the national and international changing business scenarios and is taking appropriate proactive steps to ensure securitization of all stakeholders' interests.

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

Kizman Almed

Karachi February 24, 2020. Khowaja Obaid Imran Ilyas

Director



### مستقبل کے امکانات

کروناوائرس کی خبریں اور اس کے نتیجے میں چینی حکام کی جانب سے نافذ کر دہ بندش خشک بلک شعبے میں غیریقینی صور تحال اور مستقبل قریب میں مارکیٹ کے منفی تناظر میں اضافہ کر رہی ہیں۔ بالٹک اللیجینیج ڈرائی انڈیکس (BDI)، جو موجودہ دورانے کے آغاز میں 1,381 کی سطح پر تھا، 31 دسمبر، 2019 تک 500 کی سطح سے نیچے گر گیاجو مارچ 2016 سے اب تک کی کم ترین سطح ہے، جبکہ کیپ سائز کا شعبہ بحری جہازوں کی کم طلب اور چین میں سرگر میوں کے نقطل کے باعث سب سے کم سطح پر ہے جس کی طلب کل بحری خشک درآمدات کا 40% ہوتی ہے۔ بین الا قوامی میری ٹائم ضوابط 2020 کے تحت ایند ھن کی زیادہ لاگت آپریٹنگ کار گو بحری جہازوں کی لاگ میں نمایاں اضافے کا ماعث بنی۔

مذكورہ بالا حالات كے بيش نظر، في اين ايس مى فعال طريقه كار اور احتياط اپنار ہى ہے اور كسى بھى مكنہ نقصان ميں كى كے ليے ٹينكر كے شعبے ميں اپنے گا ہوں ميں اضافه كر رہى ہے۔ موجودہ مالى سال ميں في اين ايس سى كے زير انتظام ٹينكرز كے فليٹ ميں ايك اور ايفر الميكس ٹينكركي شموليت متوقع ہے۔

نئی منظور شدہ میری ٹائم پالیسی کا پی این ایس سی پر مثبت اثر پڑنے کا امکان ہے، کیونکہ اس میں شینگ کپنیوں کو متعدد مراعات فراہم کی گئی ہیں۔ مستقبل میں، ایل این جی کی نقل و حمل، فیری سروس، فگ بوٹ اور پائیلٹ بوٹ سروس اور میری ٹائم کے دیگر شعبوں میں مرکزی کر دار کے طور پر شمولیت کر کے پی این الیس سی اپنے کاروباری دائرہ کارکی افتی توسیج کا ارادہ رکھتی ہے۔ مختصر طور پر، پی این الیس سی قومی اور بین الا قوامی سطح پر بدلتی کاروباری صور تحال پر نظر رکھے ہوئے ہے اور تمام اسٹیک ہولڈرز کے مفادات کا تحفظ بھینی بنانے کے لیے مناسب اور فعال اقدامات کر رہی ہے۔

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

مراکم سے میں خواجہ عبید عمران الیاس ڈائز یکڑ

لزي سه به الله المسلم المسلم

کرا چی 24 فروری،2020



### پاکستان نیشنل شپنگ کار پوریش دائر یکٹرز کی رپورٹ برائے ششاہی اختتام از 31دسمبر، 2019

ایک اور منافع بخش دورانیے کے اختتام پر، پاکستان نیشل شپنگ کار پوریش (پی این ایس سی) کے ڈائر یکٹر ز حضرات پی این ایس سی اور گروپ کے منظم اور متفرق عبوری مالیاتی گوشوارے برائے ششاہی، اختتام از 31د سمبر، 2019 بخوشی پیش کررہے ہیں۔ کمپنیز ایکٹ 2017 کے قانونی نقاضوں کے مطابق پی این ایس سی کے مالیاتی گوشواروں کا بیرونی آؤیٹر زکی جانب سے محدود جائزہ لیا گیاہے۔

### مجموعي جائزه

ملک کو در پیش میکروا کنامک مشکلات کے باوجود ، پی این ایس سی گروپ گزشته سال اسی دورانیے کے 691 ملین روپے کے مقابلے میں 46% اضافے کے ساتھ 1,007 ملین روپے بعد از ٹیکس منافع (دوبارہ بیان کر دہ) حاصل کرنے میں کا میاب رہا۔ گروپ کی فی حصص آمدن میں گزشتہ سال اسی دورانیے کے 5.23 روپے فی حصص کے مقابلے میں 7.63 روپے فی حصص (دوبارہ بیان کر دہ) تک اضافہ ہوا۔

مجموعی طور پر، گروپ نے گزشتہ سال کے اسی دورانیے کے 4,731 ملین روپے (بشمول پی این ایس سی کے 1,229 ملین روپے) کے مقابلے میں 6,378 ملین روپے (بشمول پی این ایس سی کے 728 ملین روپے) کا کاروبار حاصل کیا۔ اس میں ٹینکرز کے شعبہ کی آمدن میں %71(2,662 ملین روپے سے 4,551 ملین روپے) اور بلک کیریئر کے شعبہ میں %7(1,152 ملین روپے سے 1,232 ملین روپے) کا نمایاں اضافہ دیکھا گیا۔

تاہم، صرف پی این ایس سی کے نتائج میں فی خصص 4.72 روپے نقصان کے ساتھ 623 ملین روپے ٹیکس کا نقصان ظاہر ہوا۔ اس کی بنیادی وجہ نقابلی دورانیے کے ہر خلاف حالیہ دورانیے میں سلاٹ چارٹر کی آمدن میں نمایاں کی اور فرنس آئل کی درآمہ پر پابندی ہے۔ مزید ہر آں، دو LR-1 ٹینکروں کے حصول کے لیے قرض میں اضافے، نیز KIBOR میں نمایاں اضافے کے باعث گزشتہ دورانیے کے مقابلے میں مالیاتی لاگت 116 ملین روپے سے 4.25 گذاہڑھ کر 609 ملین روپے ہوگئی۔

موجودہ دورانے میں، سکیورٹیز اینڈ ایکنچینج کمیش آف پاکستان کے نوٹیفیکیشن کے مطابق بین الاقوامی مالیاتی رپورٹنگ کے معیار 9 – فانشل انسٹر ومنٹ (IFRS-9) کا کارپوریشن پر اطلاق ہوا۔ اس کے مطابق، IFRS-9 کے تقاضوں کی تعمیل کے لیے تقابلی اعدادوشار کودوبارہ بیان کیاگیاہے، خصوصاًان اعدادوشار کو جن کا تعلق متوقع کریڈٹ نقصانات کی بنیاد پر مالی اثاثوں کی شقوں سے ہے۔



KPMG Taseer Hadi & Co. Chartered Accountants Sheikh Sultan Trust Building No. 2 Beaumont Road Karachi 75530, Pakistan Grant Thornton Anjum Rahman Chartered Accountants 1st & 3rd Floor, Modern Motors House Beaumont Road Karachi 75530, Pakistan

### **Independent Auditor's Review Report**

To the members of Pakistan National Shipping Corporation

Report on review of Condensed Interim Financial Statements

### Introduction

We have reviewed the accompanying condensed interim statement of financial position of Pakistan National Shipping Corporation ("the Corporation") as at 31 December 2019 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 flow and notes to the financial statement for the half year then ended (here-inafter referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statement in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial statement 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 information 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 information is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

### **Other Matter**

The figures for the three months period ended 31 December 2019 in the unconsolidated condensed interim financial information have not been reviewed and we do not express a conclusion on them.

The unconsolidated condensed interim financial statement of the Corporation for six months period ended December 31, 2018 and unconsolidated and consolidated financial statements for the year ended June 30, 2019 were reviewed and audited by Ernst & Young Ford Rhodes Chartered Accountants and KPMG Taseer Hadi & Co. Chartered Accountants dated February 25, 2019 and October 4, 2019 expressed an unqualified conclusion and unqualified opinion in their review report and audit report respectively.

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

KPMG Taseer Hadi & Co.
Chartered Accountants

Date: February 28, 2020

Karachi

Grant Thornton Anjum Rehman

Grant Thornton Anjum Rehman Chartered Accountants

Date: February 28, 2020 Karachi





## PAKISTAN NATIONAL SHIPPING CORPORATION UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2019

AS AT DECEMBER ST, 2019			
	Note	(Unaudited) December 31, 2019	(Audited) June 30, 2019
ASSETS		(Rupees	s in '000)
NON-CURRENT ASSETS			
Property, plant and equipment Intangible assets Investment properties Long-term investments in:	5 6	1,924,909 12,891 3,266,222	1,938,270 - 3,266,105
<ul> <li>Related parties (subsidiaries and an associate)</li> <li>Listed companies and an other entity</li> </ul>		28,591,761 43,952 28,635,713	28,591,761 32,475 28,624,236
Long-term loans and advances Deferred taxation - net	7	8,563,743 143,994 42,547,472	8,565,140 125,996 42,519,747
CURRENT ASSETS		42,547,472	42,319,747
Stores and spares Trade debts - unsecured Agents' and owners' balances - unsecured Loans and advances Trade deposits and short-term prepayments Interest accrued on bank deposits and short-term investments Other receivables Incomplete voyages	8	15,487 1,535,410 10,545 81,728 94,062 26,849 263,532 824	11,690 1,593,763 13,085 69,996 71,714 23,896 142,985 1,862
Taxation - net Short-term investments Cash and bank balances	10	1,387,652 2,859,300 2,416,887 8,692,276	1,338,785 3,168,550 2,880,729 9,317,055
TOTAL ASSETS		51,239,748	51,836,802
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share Capital Authorised capital		2,000,000	2,000,000
Issued, subscribed and paid-up share capital Capital reserve Revenue reserve Remeasurement of post retirement benefits obligation - net of tax Surplus on revaluation of property, plant and equipment - net of tax		1,320,634 126,843 8,657,636 (306,621) 1,233,621 11,032,113	1,320,634 126,843 9,543,389 (306,621) 1,234,901 11,919,146
NON-CURRENT LIABILITIES			
Long-term financing - secured Deferred liabilities	11	6,672,295 762,103 7,434,398	7,335,925 711,259 8.047,184
CURRENT LIABILITIES		, , , , , ,	
Trade and other payables Contract liabilities Agents' and owners' balances - unsecured Provision against damage claims	12	30,936,059 84,049 270,351 28,408	29,495,971 141,514 345,394 26,475
Current portion of long-term financing Unclaimed dividend Accrued mark-up on long-term financing	11	1,335,166 69,032 50,172 32,773,237	1,747,543 60,064 53,511 31,870,472
TOTAL COURT AND LABOUTES		40,207,635	39,917,656
TOTAL EQUITY AND LIABILITES		51,239,748	51,836,802
CONTINGENCIES AND COMMITMENTS	13		

The annexed notes 1 to 22 form an integral part of these unconsolidated condensed interim financial statements.

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



### PAKISTAN NATIONAL SHIPPING CORPORATION UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER AND SIX MONTHS PERIOD ENDED DECEMBER 31, 2019 (UNAUDITED)

	Note	Quarter ended December 31, 2019	Quarter ended December 31, 2018 (Restated) (Rupees	Six Months Period Ended December 31, 2019 in '000)	Six Months Period Ended December 31, 2018 (Restated)
REVENUE					
Freight income - foreign flag vessels		194,822	634,556	604,425	1,094,641
Service fees		100,746	73,355	207,346	138,380
Rental income		57,773	39,124	110,547	76,626
Other operating activities		12,825 366,166	33,167 780,202	12,825 935,143	57,312 1,366,959
EXPENDITURE		300,100	700,202	300,140	1,000,000
Fleet expenses - direct		(84,655)	(443,327)	(324,048)	(684,216)
Fleet expenses - indirect		(2,638)	(6,081)	(5,061)	(8,078)
Vessel management expenses		(235,218)	(179,595)	(444,237)	(345,829)
Real estate expenses		(26,071)	(42,859)	(62,467)	(75,042)
GROSS PROFIT		(348,582)	(671,862) 108,340	(835,813) 99,330	<u>(1,113,165)</u> 253,794
GNOSS PROFIL		17,504	100,340	99,330	200,794
Administrative expenses		(40,367)	(68,693)	(83,642)	(127,202)
Impairment loss on trade debts and other receivables - net	3.1	(138,152)	(28,174)	(152,281)	(33,843)
Other expenses		(81,748)	(53,215)	(206,540)	(114,071)
Other income		193,063	242,963	363,561	365,993
ODEDATING (LOCK) / DDOCKT		(67,204)	92,881	(78,902) 20,428	90,877
OPERATING (LOSS) / PROFIT		(49,620)	201,221	20,426	344,071
Finance costs	14	(304,546)	(57,972)	(605,688)	(114,175)
(LOSS) / PROFIT BEFORE TAXATION		(354,166)	143,249	(585,260)	230,496
Taxation	15	(0.545)	(40.070)	(07.040)	(00,000)
laxation	15	(8,515)	(48,072)	(37,646)	(96,889)
(LOSS) / PROFIT AFTER TAXATION		(362,681)	95,177	(622,906)	133,607
Other comprehensive income		-	-	-	-
TOTAL COMPREHENSIVE (LOSS) / INCOME		(362,681)	95,177	(622,906)	133,607
			(Rup	ees)	
(LOSS) / EARNINGS PER SHARE - basic and diluted		(2.75)	0.72	(4.72)	1.01
. ,					

The annexed notes 1 to 22 form an integral part of these unconsolidated condensed interim financial statements.

Syed Jarar Haider Kazmi Chief Financial Officer

Rizwan Ahmed P.A.S Chairman & Chief Executive



## PAKISTAN NATIONAL SHIPPING CORPORATION UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2019 (UNAUDITED)

	Issued, subscribed and paid-up share capital	Capital Reserve*	Revenue reserve - unappropriated profit	Remeasurement of post retirement benefits obligation - net of tax	Surplus on revaluation of property, plant and equipment - net of tax	Total equity
			(Rupees	in '000)		
Balance as at July 01, 2018, as previously reported	1,320,634	126,843	9,896,018	(255,121)	1,242,161	12,330,535
Impact of initial application of IFRS 9	-	-	(513,404)	-	-	(513,404)
Impact of deferred tax	-	-	2,764	-	-	2,764
Net impact of initial application of IFRS 9	-	-	(510,640)	-	-	(510,640)
Balance as at July 1, 2018 - restated	1,320,634	126,843	9,385,378	(255,121)	1,242,161	11,819,895
Final cash dividend for the year ended June 30, 2018 (Rs. 1.5 per ordinary share of Rs.10 each)	-	-	(198,095)	-	-	(198,095)
Profit after taxation - restated	-	-	133,607	-	-	133,607
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the six months period ended December 31, 2018 - restated	-	-	133,607	-		133,607
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)	-
Balance as at December 31, 2018 - restated	1,320,634	126,843	9,322,204	(255,121)	1,240,847	11,755,407
Balance as at July 01, 2019	1,320,634	126,843	9,543,389	(306,621)	1,234,901	11,919,146
Final cash dividend for the year ended June 30, 2019 (Rs. 2 per ordinary share of Rs.10 each)			(264,127)	-		(264,127)
Loss after taxation	-	-	(622,906)	-	-	(622,906)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the six months period ended December 31, 2019			(622,906)	-		(622,906)
Surplus on revaluation of property, plant and equipment realised during the period on account of incremental depreciation charged thereon - net of tax	-		1,280	-	(1,280)	-
Balance as at December 31, 2019	1,320,634	126,843	8,657,636	(306,621)	1,233,621	11,032,113

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

The annexed notes 1 to 22 form an integral part of these unconsolidated condensed interim financial statements.

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

Cash flows from operating activities



Six Months

Period Ended

### PAKISTAN NATIONAL SHIPPING CORPORATION UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2019 (UNAUDITED)

Note December 31, December 31, 2019 2018 (Restated) -----(Rupees in '000)-----

Six Months

Period Ended

Cash generated from operations Employees' gratuity paid Employees' compensated absences paid Post-retirement medical benefits paid Long term loans Finance costs paid Taxes paid Net cash generated from / (used in) operating activities  Cash flows from investing activities	6	1,097,420 (10,409) (52,851) (12,932) 1,397 (601,752) (104,510) 316,363	70,472 (2,893) (35,278) (12,429) 1,514 (104,661) (131,737) (215,012)
Purchase of property, plant and equipment Initial deposit for the acquisition of intangible asset Additions to investment properties Proceeds from disposal of property, plant and equipment Short-term investments (made) / redeemed Dividend received on long-term investment in listed companies Interest received on short term investments		(18,121) (12,891) (117) 4,900 (1,350,750) 831 273,079	(8,307) - - - 3,475,700 - 184,155
Net cash (used in) / generated from investing activities  Cash flows from financing activities		(1,103,069)	3,651,548
Cash hono hom mailting addition			
Long-term financing repaid Dividends paid		(1,081,977) (255,159)	(607,081) (189,839)
Net cash used in financing activities		(1,337,136)	(796,920)
Net (decrease) / increase in cash and cash equivalents	-	(2,123,842)	2,639,616
Cash and cash equivalents at the beginning of the period		5,560,729	2,760,845
Cash and cash equivalents at the end of the period	7	3,436,887	5,400,461

The annexed notes 1 to 22 form an integral part of these unconsolidated condensed interim financial statements.

Syed Jarar Haider Kazmi Chief Financial Officer

Rizwan Ahmed P.A.S Chairman & Chief Executive



## PAKISTAN NATIONAL SHIPPING CORPORATION NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2019 (UNAUDITED)

### 1. THE CORPORATION AND ITS OPERATIONS

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

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

### 2.1 Statement of compliance

These unconsolidated condensed interim financial statements of the Corporation for the six months period ended December 31, 2019 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed. These unconsolidated condensed interim financial statements do not include all the information and disclosures required in an annual audited financial statements, and should be read in conjunction with the financial statements for the year ended June 30, 2019 as they provide an update of previously reported information.

- 2.2 These unconsolidated condensed interim financial statements comprise of the unconsolidated condensed interim statement of financial position as at December 31, 2019 and the unconsolidated condensed interim statement of profit or loss and other comprehensive income, the unconsolidated condensed interim statement of changes in equity, the unconsolidated condensed interim statement of cash flows and notes thereto for the six months period ended December 31, 2019. These unconsolidated condensed interim financial statements also include the unconsolidated condensed interim statement of profit or loss and other comprehensive income, the unconsolidated condensed interim statement of changes in equity and the unconsolidated condensed interim statement of cash flows for the six months period ended December 31, 2018.
- 2.3 The comparative statement of financial position presented in these unconsolidated condensed interim financial statements as at June 30, 2019 has been extracted from the annual audited financial statements of the Corporation for the year ended June 30, 2019 whereas the comparative unconsolidated condensed interim statement of profit or loss and other comprehensive income, unconsolidated condensed interim statement of changes in equity and unconsolidated condensed interim statement of cash flows for the six months period ended December 31, 2018 have been extracted from the unconsolidated condensed interim financial statements of the Corporation for the six months period then ended, which were neither subjected to a review nor audited.
- 2.4 These unconsolidated condensed interim financial statements are un-audited and are being submitted to the shareholders as required by listing regulations of Pakistan Stock Exchange vide section 237 of the Companies Act, 2017



#### 2.5 Basis of measurement

These unconsolidated condensed interim financial statements have been prepared under the historical cost convention except for land & buildings at revalued amounts less accumulated depreciation and impairment, staff retirement benefits and compensated absenses which are carried at present value and investment property and financial instrument which are carried at fair value.

#### 2.6 Functional and presentation currency

These unconsolidated condensed interim financial statements are presented in Pakistani Rupees which is also the Corporation's functional currency and all financial information presented has been rounded-off to the nearest thousand Rupee except where stated otherwise.

#### 3 ACCOUNTING POLICIES

3.1 The accounting policies and the methods of computation adopted in the preparation of these unconsolidated condensed interim financial statements are consistent with those applied in the preparation of the unconsolidated financial statements for the year ended June 30, 2019 except as follows:

IFRS 16 - Leases

IFRS 9 - Prepayment Features with Negative Compensation (Amendments)

IAS 19 - Plan Amendment, Curtailment or Settlement (Amendments)

IAS 28 - Long-term Interests in Associates and Joint Ventures (Amendments)

The adoption of the above standards, amendments and interpretation are not expected to have any material impact on the Corporation's unconsolidated condensed interim financial statements. However, pursuant to SECP press release dated February 15, 2019, adoption of IFRS 9 was deferred till the financial year / period ended on June 30, 2019 with a retrospective impact on retained earning as on July 01, 2018. Accordingly, the condensed interim financial statements for the half year ended December 31, 2018 were not prepared on the basis of IFRS 9 and therefore the comparative figures for the half year ended December 31, 2018 have been restated. Summary of change is presented below:

	(Unaudited)				
	Six months period ended December 31, 2018				
	Before application of IFRS - 9	After application of IFRS - 9			
		(Rupees in '000)			
Class of transaction Impairment loss on trade debts and other receivables - net	(778)	34,621	33,843		

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

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

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

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



- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.
- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process—this means that the overall impact on standard setting may take some time to crystallise. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.
- Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the financial statements of the Corporation.
- IFRS 14 Regulatory Deferral Accounts (effective for annual periods beginning on or after 1 July 2019) provides interim guidance on accounting for regulatory deferral accounts balances while IASB considers more comprehensive guidance on accounting for the effects of rate regulation. In order to apply the interim standard, an entity has to be rate regulated i.e. the establishment of prices that can be charged to its customers for goods or services is subject to oversight and/or approved by an authorized body. The term 'regulatory deferral account balance' has been chosen as a neutral descriptor for expense (income) or variance account that is included or is expected to be included by the rate regulator in establishing the rate(s) that can be charged to customers and would not otherwise be recognized as an asset or liability under other IFRSs. The standard is not likely to have any effect on Corporation's financial statements.

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

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

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

The Corporation's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2019.



Note

(Unaudited) December 31 2019

June 30. 2019

5. PROPERTY, PLANT AND EQUIPMENT

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

5.1 & 5.2 1,868,028 56,881

1.881.389 56,881 1.938.270

(Unaudited)

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

Six months period ended December 31, 2019

1,924,909

Six months period ended December 31, 2018 -----(Rupees in '000)-----

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

Buildings on leasehold land Office equipments Furniture and fixtures

Workshop machinery and equipment

Computer equipment

5.2 Depreciation charge for the period

-	2,270
301	2,888
-	823
2,616	132
15,204	2,194
18,121	8,307

(Unaudited) December 31. 2019

31.482

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

26,982

6. INTANGIBLE ASSETS

Capital work in progress (CWIP)

Computer software (DANAOS)

Intangible also include cost of Rs 16.503 million of software "Ship Management Expert System" (SES). SES was 6.1 being amortised over the useful life of five years and was fully amortised as on June 30, 2009, however, it is still in active use.

Note

(Unaudited) December 31 2019

(Audited) June 30, 2019

7. LONG-TERM LOANS AND ADVANCES - considered good

> Advance to subsidiaries against future issue of shares Loans-executives & other employees

7.1

8,547,827 8,547,827 15,916 17,313 8,563,743 8,565,140

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

7.1 Represents advance given during the previous year to subsidiary companies namely Bolan Shipping (Private) Limited and Khairpur Shipping (Private) Limited to finance the purchase of respective vessel. This advance will be adjusted against the future issue of shares by the respective subsidiary company.



8.3

Closing balance

*	Pakistan National SI
-PNSO-	

(Unaudited) (Audited) Note December 31 June 30, 2019 -----(Rupees in '000)-----

(Unaudited)

853,591

### 8. TRADE DEBTS - unsecured

### Considered good

<ul><li>Due from related parties</li><li>Due from others</li></ul>	8.1 8.2	1,497,641 37,769	1,583,796 9,967
Considered doubtful		1,535,410	1,593,763
Considered doubtral			
- Due from related parties	8.1	966,243	836,698
- Due from others		18,144	16,893
		984,387	853,591
		2,519,797	2,447,354
Less: Allowance for ECL on trade debts	8.3	984,387	853,591
		1.535.410	1.593.763

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

	Upto 1 month	1 to 6 months	More than 6 months	As at December 31, 2019	As at June 30, 2019
		(F	Rupees in '000	))	
Pak Arab Refinery Limited Pakistan State Oil Company Limited Pakistan Refinery Limited Pakistan Refinery Limited Pakistan Security Printing Corporation Sui Northern Gas Pipelines Limited Sui Southern Gas Company Limited Water and Power Development Authority National Refinery Limited Trading Corporation of Pakistan (Private)	650 3,189 - 529	- - - 74 - -	71,936 1,849,833 31,299 - 611 - 25,573	71,936 1,849,833 31,299 650 3,263 611 529 25,573	71,936 1,849,833 31,299 438 3,301 657 19 25,573
Limited District Controller of Stores Others	5,767 39,482 49,617	76,181 76,266	4,866 2,768 351,115 2,338,001	4,866 8,546 466,778 2,463,884	4,866 4,001 428,571 2,420,494

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

	(Unaudited) December 31, 2019(Rupees	(Audited) June 30, 2019 s in '000)
Upto 1 month	8,967	5,943
1 to 6 months	24,310	3,943
More than 6 months	4,492	81
	37,769	9,967
Allowance for ECL on trade debts		
Opening balance	853,591	302,923
Impact of initial application of IFRS 9	-	513,404
Adjusted balance at beginning of the period /year	853,591	816,327
Increase during the period / year	130,796	52,046
Reversed during the period / year	-	(14,782)



8.4 The corresponding figures of demurrage receivables, heating claim receivables and additional war risk receivables are reclassified during the period from other receivables to trade debts along with their provisions as further explained in note 20.

Note (Unaudited) (Audited)
December 31, June 30,
2019 2019
-------(Rupees in '000)-------

### 9. OTHER RECEIVABLES

### Considered good

- Due from related parties

- Due from others

### Considered doubtful

- Due from related parties

- Due from others

Less: Allowance for ECL on other receivables

Employees' gratuity scheme - funded

	228,081	93,793
	34,966	48,707
9.1	263,047	142,500
	12,197	12,197
	21,947	462
	34,144	12,659
	297,191	155,159
9.2	34,144	12,659
	263,047	142,500
	485	485
	263.532	142,985

9.1 This represents balances that are past due but not impaired.

### 9.2 Allowance for ECL on other receivables

Opening balance
Increase during the period / year
Closing balance

9.3 The corresponding figures of demurrage receivables, heating claim receivables and additional war risk receivables are reclassified during the period from other receivables to trade debts along with their provisions as further explained in note 20.

Note (Unaudited) (Audited)
December 31, June 30,
2019 2019
------(Rupees in '000)-------

12,659

21,485 34,144 12,659

### 10. SHORT-TERM INVESTMENTS

Term deposits with banks having maturity of:

Less: Current portion of long-term financing

- three to six months

- three months or less

	1,839,300	488,550
	1,020,000	2,680,000
10.1	2,859,300	3,168,550

1.335.166

6.672.295

1,747,543 7,335,925

10.1 Mark-up on these term deposits denominated in local currency ranges from 13.25% to 13.50% (June 30, 2019: 11.00% to 12.80%) per annum, whereas mark-up on term deposits denominated in foreign currency is 2.70% (June 30, 2019: 3.25%) per annum.

		Note	(Unaudited) December 31, 2019	(Audited) June 30, 2019 s in '000)
11.	LONG-TERM FINANCING - secured		(Hapoot	3 11 000)
	Financing under syndicate term finance agreement Financing under musharika agreement	11.1 11.2	5,011,574 2,995,887 8,007,461	5,431,480 3,651,988 9,083,468



### 11.1 Financing under syndicate term finance agreement includes:

- 11.1.1 Financing obtained in November 2014 amounting to Rs 3,000 million with a consortium led by MCB Bank Limited carrying mark-up at the rate of 3 month KIBOR + 1.60% which has been renegotiated to 3 month KIBOR + 0.5% during the year ended June 30, 2016 and further renegotiated to 3 month KIBOR + 0.20% during the year ended June 30, 2018. The loan along with the mark-up is repayable on a quarterly basis with the last repayment date on November 6, 2022. The facility is secured by way of first mortgage charge over a vessel owned by the subsidiary company. The Corporation has drawn Rs 2,054.250 million to date.
- 11.1.2 Financing obtained during the year ended June 30, 2019 amounting to Rs 6,500 million with a consortium led by Faysal bank limited carrying mark up at the rate of 3 month KIBOR + 0.35%. The loan along with mark-up is repayable on a quarterly basis with the last repayment date on March 22, 2027. During the year ended June 30, 2019 the Corporation drew Rs 2,340 million and Rs 2,363.734 million to finance its subsidiary companies namely Bolan Shipping (Private) Limited and Khairpur Shipping (Private) Limited respectively for purchase of vessels. The facility is secured by way of first mortgage charge over procured vessels owned by respective subsidiary companies.

### 11.2 Financing under musharika agreement includes:

- 11.2.1 Financing obtained in November 2014 amounting to Rs 1,500 million with a consortium led by MCB Bank Limited carrying mark-up at the rate of 3 month KIBOR + 1.60% which has been renegotiated to 3 month KIBOR + 0.5% during the year ended June 30, 2016 and further renegotiated to 3 month KIBOR + 0.20% during the year ended June 30, 2018. The loan along with the mark-up is repayable on a quarterly basis with the last repayment date on November 6, 2022. The facility is secured by way of first mortgage charge over a vessel owned by the subsidiary company. The Corporation has drawn Rs 1,027.125 million to date.
- 11.2.2 Financing obtained during the year ended June 30, 2016 from Faysal Bank Limited amounting to Rs 3,300 million carrying mark-up of 3 month KIBOR + 0.40%, which has been renegotiated to 3 month KIBOR + 0.15% during the year ended June 30, 2018. The loan along with the mark-up has been fully paid off during the six months period ended December 31, 2019.
- 11.2.3 Financing obtained during the year ended June 30, 2019 amounting to Rs 4,000 million with a consortium led by Faysal bank limited carrying mark up at the rate of 3 month KIBOR + 0.35%. The loan along with mark-up is repayable on a quarterly basis with the last repayment date on March 22, 2027. During the year ended June 30, 2019 the Corporation drew Rs 1,440 million and Rs 1,454.606 million to finance its subsidiary companies namely Bolan Shipping (Private) Limited and Khairpur Shipping (Private) Limited respectively for purchase of vessels. The facility is secured by way of first mortgage charge over procured vessels owned by respective subsidiary companies.

	(Unaudited)	(Audited)
Note	December 31,	June 30,
	2019	2019
(Rupees in '000)		s in '000)

18.761

44.054

### 12. TRADE AND OTHER PAYABLES

Creditors
Current account balances with subsidiary companies
Accrued liabilities
Deposits
Advance rent
Other liabilities:
- amounts retained from contractors
- others

	30,131,739	28,540,308
	616,901	756,234
12.1	46,975	60,636
	38,708	24,696
	3,822	3,822
	79,153	66,221
	82 975	70 043

30,936,059

12.1 These deposits are interest 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.

### 13. CONTINGENCIES AND COMMITMENTS

### Contingencies

13.1 There are no major changes in the status of contingencies as reported in the annual audited unconsolidated financial statements for the year ended June 30, 2019.



(Unaudited) December 31. 2019 ----(Rupees in '000)-----

(Audited) June 30. 2019

### Commitments

13.2	Commitments for capital expenditure	32,571	32,571
13.3	Outstanding letters of guarantee	18,919	7,142

- The Corporation has provided an undertaking amounting to USD 11.6 million equivalent of Rs 1,800 million (June 30, 13.4 2019: USD 11.6 million equivalent of Rs 1,856 million) to one of the vendor / supplier of another state owned entity. This undertaking has been provided due to arrest of two of its managed vessels operated by its subsidiaries which have been released subsequently. However, the Government of Pakistan has provided a counter guarantee to the Corporation in relation to the aforesaid undertaking.
- Commitments in respect of Enterprise Resource Planning (ERP) implementation and maintenance amounting to USD 13.5 0.443 million equivalent of Rs 68.73 million (June 30, 2019: USD 0.48 million equivalent of Rs 76.80 million) and USD 0.159 million equivalent of Rs 24.67 million (June 30, 2019: USD 0.19 million equivalent of Rs 30.40 million) respectively.

	(Unaudited)	
	Six months	Six months
	period ended	period ended
Note	December 31,	December 31,
	2019	2018
	(Rupees	s in '000)
	604,383	113,508
	1 205	CCZ

#### 14. FINANCE COSTS

Mark-up on long term financing	604,383	113,508
Bank charges	1,305	667
	605,688	114,175

### 15. **TAXATION**

Current tax		55,644	126,173
Deferred tax	15.1	(17,998)	(29,284)
		37,646	96,889

Durring the current period, the Corporation has incurred taxable losses amount Rs 402.5 million, deferred tax 15.1 asset on these losses amounted to Rs 116.7 million has not been recorded in the financial statements due to the uncertainity over the realization of such losses.

		(Unaudited)	
		Six months	Six months
		period ended	period ended
	Note	December 31,	December 31,
		2019	2018
			(Restated)
		(Rupees	in '000)
16.	CASH GENERATED FROM OPERATIONS		
	(Loss) / profit before taxation	(585,260)	230,496

Loss) / profit before taxation		(585,260)	230,496
Adjustments for non-cash charges and other items:			
Depreciation		31,482	26,982
Profit on disposal of fixed assets		(4,900)	-
Provision for employees' gratuity		42,002	28,785
Provision for employees' compensated absences		67,851	48,551
Provision for post-retirement medical benefits		16,247	13,003
Income from saving accounts and term deposits		(276,032)	(171,251)
Finance costs		604,383	114,175
Impairment loss on trade debts and other receivables - net	3.1	152,281	33,843
Provision no longer required written back		(17,081)	-
(Gain) /loss on revaluation of long-term investments in listed			
securities		(11,477)	7,311
Dividend income		(831)	(2,596)
Working capital changes	16.1	1,078,755	(258,827)
		1,097,420	70,472



(Unaudited)

Six months period ended December 31, 2019

Six months period ended December 31, 2018

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

### 16.1 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

Net (increase) /decrease in damage claims

Incomplete voyages

Increase / (decrease) in current liabilities:

Trade and other payables

Agents' and owners' balances - unsecured

Contract liabilities

1,557
(84,917)
9,252
32,819
(55,231)
(31,423)
2,145
(9,285)
(135,083)
39,850
(149,526)
(14,068)
(123,744)
(258,827)

### (Unaudited)

December	December
2019	2018
(Rupees	in '000)

### 17. CASH AND CASH EQUIVALENTS

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

1,020,000	3,616,340
2,416,887	1,784,121
3,436,887	5,400,461

### 18. FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES

### 18.1 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.

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, 2019. There have been no changes in risk management policies since the year end.

### 18.2 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, 2019, 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, 2019 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.

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)						
			r 31, 2019				
	Level 1	Level 2	Level 3	Total			
		(Rupees	in '000)				
Assets carried at fair value							
Long-term investments - Fair value through							
profit or loss	43,852	_	_	43,852			
profit of loss	70,002			40,002			
Leasehold land	_	1,086,960	_	1,086,960			
Buildings on leasehold land	-	711,533	-	711,533			
Beach huts	-	13,804	-	13,804			
Workshop machinery and equipment	-	7,564	-	7,564			
Investment properties	-	3,266,222	-	3,266,222			
	-	5,086,083	-	5,086,083			
		,	lited)				
		June 30	*	<b>-</b>			
	Level 1	Level 2	Level 3	Total			
Assets carried at fair value		(Rupees	in '000)				
Assets carried at fair value							
Long-term investments - Fair value through							
profit or loss	32,375	_	_	32,375			
profit of 1035							
Leasehold land	-	1,086,960	_	1,086,960			
Buildings on leasehold land	-	727,672	-	727,672			
Beach huts	-	14,624	-	14,624			
Workshop machinery and equipment	-	5,340	-	5,340			
Investment properties		3,266,105		3,266,105			
		5,100,701		5,100,701			

(Unaudited)



### 19. TRANSACTIONS WITH RELATED PARTIES

The Corporation has related party relationships with its subsidiaries, associate, Government of Pakistan and its related entities, employee benefit plans and its directors and executive officers (including their associates). Transactions with related parties essentially entail investments made in subsidiary companies, dividend income received from related investee companies, freight income and chartering revenue recovered, recovery of demurrage, rental income, services fee charged on account of rendering of technical, commercial, administrative and financial services, expenses charged to subsidiary companies on actual cost basis etc. Service fee charges on account of rendering of technical, commercial, administrative and financial services is charged to subsidiary companies and related parties on the basis of mutually agreed terms. Balances with related parties have been disclosed in the relevant notes to these unconsolidated condensed interim financial statements. Further, transactions entered into with the key management personnel as per their terms of employment are also included in related party transactions.

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

		(Onau	aitea)
		Six months	Six months
		period ended	period ended
	Relationship with the	December 31,	December 31,
	Corporation	2019	2018
	o o i por a ii o ii	(Rupees	
Name and particulars		(Hapood	111 000)
Transactions with State owned / controlled			
entities			
Freight income - foreign flag vessels		603,353	1,121,457
Demurrage income		-	56,262
Rental income		5,572	2,064
Transactions with subsidiary companies			
Service fee charged to subsidiary companies		207,346	138,380
Rental expense of Pakistan Co-operative Ship			
Stores (Private) Limited		523	475
Delivery of stores and spares to subsidiary			
companies		18,064	13,841
Retirement benefit costs charged to subsidiary		10,001	10,011
companies		936	978
companies		930	970
Transactions with other related parties			
Contribution to provident fund	Employees benefit plan	4,131	3,955
Directors' fee	Key management personnel	3,673	2,263
Key management personnel compensation	Key management personnel	24,084	36,437
Dividend paid to Government of Pakistan	Government holding	231,267	172,940
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<sup>19.1</sup> 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 of the subsidiary companies.



(Unaudited)

### 20. CORRESPONDING FIGURES

For better presentation the following reclassifications in the corresponding figures have been made in the unconsolidated condensed interim financial statements:

		(Unat	iaitea)
		Quarter ended	Six months period ended
		December 31, 2018	December 31, 2018
		(Rupees	s in '000)
From	То		
Other income	Other operating activities (Revenue)	33,167	57,312
Fleet expenses - direct	Freight income - foreign flag vessels (Revenue)	(20,562)	(26,860)
Other expenses	Fleet expenses - direct	82,717	91,864
Other income	Fleet expenses - direct	(15,237)	(44,640)
Other expenses	Administrative expenses	2,409	3,479
Other income	Impairment loss on trade debts and other		
	receivables - net	(2,588)	(14,783)
Other expenses	Impairment loss on trade debts and other		
	receivables - net	13,452	14,005
			(Audited) June 30, 2019 (Rupees in '000)
From	То		(
Other receivables	Trade debts - unsecured		1,155,789

### 21. GENERAL

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

### 22. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorised for issue on February 24, 2020 by the Board of Directors of the Corporation.

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





## PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2019

(Unaudited) (Audited) December 31, June 30. 2019 2019 -----(Rupees in '000)-----ASSETS NON-CURRENT ASSETS Property, plant and equipment 5 29,421,708 29.837.872 Intangible assets 6 12,891 Investment properties 3,266,222 3,266,105 Long-term investments in: - Related party (associate) 43,952 32,475 - Listed companies and an other entity 15,916 17,313 Long-term loans Long-term deposits 90 90 143,994 125.996 Deferred taxation - net 32,904,773 33,279,851 CURRENT ASSETS Stores and spares 1,242,847 1,062,835 Trade debts - unsecured 8 2,654,109 2,615,138 Agents' and owners' balances - unsecured 10,545 13,085 Loans and advances 81,728 69,996 73.665 Trade deposits and short-term prepayments 100.511 Interest accrued on bank deposits and short-term investments 27,332 23,986 Other receivables 9 693,940 302,796 Incomplete voyages 147,057 102,164 Insurance claims 86,763 96,179 Taxation - net 1,400,463 1,349,048 Short-term investments 10 2,874,300 3,182,550 Cash and bank balances 2,419,338 2,884,137 11,775,579 45,055,430 11,738,933 44,643,706 TOTAL ASSETS **EQUITY AND LIABILITIES** EQUITY ATTRIBUTABLE TO THE OWNERS OF THE HOLDING COMPANY Share Capital 2,000,000 2,000,000 Authorised capital Issued, subscribed and paid-up share capital 1.320.634 1.320.634 Capital reserve 131,344 131.344 30.964.349 30.220.643 Revenue reserves (306,621) Remeasurement of post retirement benefits obligation - net of tax (306.621) Surplus on revaluation of property, plant and equipment - net of tax 236,446 237,726 33.346.152 32,603,726 NON-CONTROLLING INTEREST 5,096 4,610 EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP 33.351.248 32,608,336 NON-CURRENT LIABILITIES Long term financing - secured 6,672,295 7,335,925 11 Deferred liabilities 762,103 711,259 7.434.398 8.047.184 **CURRENT LIABILITIES** Trade and other payables 12 1,931,808 1,948,372 Contract liabilities 173,124 218,551 Agents' and owners' balances 270,350 345,394 Provision against damage claims 28,408 26,475 Current portion of long-term financing 11 1,335,166 1,747,543 Unclaimed dividend 69,032 60,064 Accrued mark-up on long-term financing 50.172 53 511 3,858,060 4,399,910 TOTAL LIABILITIES 11,292,458 12,447,094 TOTAL EQUITY AND LIABILITES 44,643,706 45,055,430

The annexed notes 1 to 22 form an integral part of these consolidated condensed interim financial statements.

Syed Jarar Haider Kazmi Chief Financial Officer

CONTINGENCIES AND COMMITMENTS

Rizwan Ahmed P.A.s Chairman & Chief Executive



## 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, 2019 (UNAUDITED)

	Note	Quarter ended December 31, 2019	Quarter ended December 31, ` 2018 (Restated)	Six months period ended December 31, 2019	Six months period ended December 31, 2018 (Restated)
REVENUE			(i idpood	555)	
Income from shipping business		3,206,970	2,535,531	6,266,731	4,653,716
Rental income		58,017 3,264,987	39,391 2,574,922	111,035 6,377,766	<u>77,114</u> 4,730,830
		0,20 .,00.	2,07 1,022	0,011,100	1,1 00,000
EXPENDITURE		(,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		(	(2.12.1.12
Fleet expenses - direct		(1,887,312)	(1,823,518)	(4,085,567)	(3,434,107)
Fleet expenses - indirect		(3,120)	(7,378)	(7,640)	(13,032)
Real estate expenses		(26,071)	(42,859)	(62,467) (4,155,674)	(3,522,181)
GROSS PROFIT		1,348,484	701,167	2,222,092	1,208,649
Administrative expenses		(279,688)	(249,888)	(538,911)	(482,078)
Impairment loss on trade debts and other receivables - net	3.1	(189,037)	(32,651)	(206,417)	(59,148)
Other expenses	0.1	(91,077)	(54,714)	(219,446)	(117,062)
Other income		55,493	250,398	431,978	379,100
		(504,309)	(86,855)	(532,796)	(279,188)
OPERATING PROFIT		844,175	614,312	1,689,296	929,461
Finance costs	14	(306,283)	(59,200)	(609,146)	(116,308)
PROFIT BEFORE TAXATION		537,892	555,112	1,080,150	813,153
Taxation	15	(26,134)	(62,350)	(73,111)	(122,451)
PROFIT AFTER TAXATION		511,758	492,762	1,007,039	690,702
Other comprehensive income		-	-	-	-
TOTAL COMPREHENSIVE INCOME		511,758	492,762	1,007,039	690,702
Attributable to:					
Equity holders of the Holding Company		511,483	492,576	1,006,553	690,395
Non-controlling interest		275	186	486	307
		511,758	492,762	1,007,039	690,702
			(Rup	oees)	
EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE HOLDING					
COMPANY - basic and diluted		3.88	3.73	7.63	5.23
John Alt I basic and diluted		0.00		7.50	0.20

The annexed notes 1 to 22 form an integral part of these consolidated condensed interim financial statements.

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



## PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2019 (UNAUDITED)

Attributable to the shareholders of the Holding Company										
		AunDul		evenue reserve		Remea-				
	Issued, subscribed and paid-up share capital	Capital reserve*	General reserve	Unappropri- ated profit	Sub-total revenue reserves	surement of post retirement benefits obligation - net of tax	Surplus on revaluation of property, plant and equipment - net of tax	Total reserves	Non- controlling interest	Total
					(Rupees	in '000)				
Balance as at July 01, 2018, as previously reported	1,320,634	131,344	129,307	28,765,626	28,894,933	(255,121)	1,244,986	30,016,142	4,164	31,340,940
Impact of initial application of IFRS 9	-	-	-	(674,969)	(674,969)	-	-	(674,969)	-	(674,969)
Impact of deferred tax	-	-	-	2,764	2,764	-	-	2,764	-	2,764
Net impact on initial application of IFRS 9	-		-	(672,205)	(672,205)		-	(672,205)	-	(672,205)
Balance as at July 01, 2018 - restated	1,320,634	131,344	129,307	28,093,421	28,222,728	(255,121)	1,244,986	29,343,937	4,164	30,668,735
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)
Profit after taxation - restated	-	-	-	690,395	690,395	-	-	690,395	307	690,702
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the six months period ended December 31, 2018 - restated			-	690,395	690,395		-	690,395	307	690,702
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 - restated	1,320,634	131,344	129,307	28,587,035	28,716,342	(255,121)	1,243,672	29,836,237	4,471	31,161,342
Balance as at July 01, 2019	1,320,634	131,344	129,307	30,091,336	30,220,643	(306,621)	1,237,726	31,283,092	4,610	32,608,336
Final cash dividend for the year ended June 30, 2019 (Rs. 2 per ordinary share of Rs.10 each)				(264,127)	(264,127)			(264,127)		(264,127)
Profit after taxation	-	-	-	1,006,553	1,006,553	-	-	1,006,553	486	1,007,039
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the six months period ended December 31, 2019				1,006,553	1,006,553			1,006,553	486	1,007,039
Surplus on revaluation of property, plant and equipment realised during the period on account of incremental depreciation charged thereon -										
net of tax	-	-		1,280	1,280	-	(1,280)	-	-	-
Balance as at December 31, 2019	1,320,634	131,344	129,307	30,835,042	30,964,349	(306,621)	1,236,446	32,025,518	5,096	33,351,248

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

The annexed notes 1 to 22 form an integral part of these consolidated condensed interim financial statements.

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

Six months

period ended

Six months

period ended



## PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2019 (UNAUDITED)

	Note	December 31, 2019	December 31, 2018 (Restated) s in '000)
Cash flows from operating activities			
Cash generated from operations Employees' gratuity paid Employees' compensated absences paid Post-retirement medical benefits paid Long term loans Finance costs paid Taxes paid Net cash generated from operating activities	16	1,436,830 (10,409) (52,851) (12,932) 1,397 (601,752) (142,524) 617,759	465,059 (3,170) (35,811) (12,599) 1,514 (106,795) (156,772) 151,426
Cash flows from investing activities			
Purchase of property, plant and equipment Initial deposit for the acquisition of intangible asset Additions to investment properties Proceeds from disposal of property, plant and equipment Short-term investments (made) / redeemed Dividend received on long-term investment in listed companies Interest received on short-term investments Net cash (used in) / generated from investing activities		(319,957) (12,891) (117) 4,900 (1,365,750) 831 273,562 (1,419,422)	(374,937) - - - 3,475,700 - 184,155 3,284,918
Cash flows from financing activities			
Long-term financing repaid Dividends paid Net cash used in financing activities		(1,081,977) (255,159) (1,337,136)	(607,081) (189,838) (796,919)
Net (decrease) / increase in cash and cash equivalents		(2,138,799)	2,639,425
Cash and cash equivalents at the beginning of period		5,578,137	2,764,179
Cash and cash equivalents at the end of the period	17	3,439,338	5,403,604

The annexed notes 1 to 22 form an integral part of these consolidated condensed interim financial statements.

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



## PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES NOTES TO AND FORMING PART OF THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2019 (UNAUDITED)

### 1. THE GROUP AND ITS OPERATIONS

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

The Group consists of:

### Holding company

Pakistan National Shipping Corporation

### Subsidiary companies

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

### Associate

- Muhammadi Engineering Works (Private) Limited

The Holding Company owns 73% (June 30, 2019: 73%) of the share capital of Pakistan Co-operative Ship Stores (Private) Limited and 100% (June 30, 2019: 100%) of the share capital of the remaining eighteen subsidiary companies. Each of wholly owned subsidiaries operate one vessel / tanker with the exception of Islamabad Shipping (Private) Limited, Johar Shipping (Private) Limited, Kaghan Shipping (Private) Limited, Lalazar Shipping (Private) Limited, Makran Shipping (Private) Limited, Sargodha Shipping (Private) Limited and Swat Shipping (Private) Limited which currently do not own any vessel / tanker.

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

### 2.1 Statement of compliance

These consolidated condensed interim financial statements of the Group for the six months period ended December 31, 2019 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act. 2017.



Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed. These consolidated condensed interim financial statements do not include all the information and disclosures required in an annual audited financial statements, and should be read in conjunction with the financial statements for the year ended June 30, 2019 as they provide an update of previously reported information.

- 2.2 These consolidated condensed interim financial statements comprise of the consolidated condensed interim statement of financial position as at December 31, 2019 and the consolidated condensed interim statement of profit or loss and other comprehensive income, the consolidated condensed interim statement of changes in equity, the consolidated condensed interim statement of cash flows and notes thereto for the six months period ended December 31, 2019. These consolidated condensed interim financial statements also include the consolidated condensed interim statement of profit or loss and other comprehensive income, the consolidated condensed interim statement of changes in equity and the consolidated condensed interim statement of cash flows for the six months period ended December 31, 2018.
- 2.3 The comparative statement of financial position presented in these consolidated condensed interim financial statements as at June 30, 2019 has been extracted from the annual audited consolidated financial statements of the Group for the year ended June 30, 2019 whereas the comparative consolidated condensed interim statement of profit or loss and other comprehensive income, consolidated condensed interim statement of consolidated condensed interim statement of cash flows for the six months period ended December 31, 2018 have been extracted from the consolidated condensed interim financial statements of the Group for the six months period then ended, which were neither subjected to a review nor audited.
- 2.4 These consolidated condensed interim financial statements are un-audited and are being submitted to the shareholders as required by listing regulations of Pakistan Stock Exchange vide section 237 of the Companies Act, 2017.

### 2.5 Basis of measurement

These consolidated condensed interim financial statements have been prepared under the historical cost convention except for land & buildings at revalued amounts less accumulated depreciation and impairment, staff retirement benefits and compensated absenses which are carried at present value and investment property and financial instrument which are carried at fair value.

### 2.6 Functional and presentation currency

These consolidated condensed interim financial statements are presented in Pakistani Rupees which is also the Group's functional currency and all financial information presented has been rounded-off to the nearest thousand Rupee except where stated otherwise.

### 3. ACCOUNTING POLICIES

3.1 The accounting policies and the methods of computation adopted in the preparation of these consolidated condensed interim financial statements are consistent with those applied in the preparation of the consolidated financial statements for the year ended June 30, 2019 except as follows.

IFRS 16 - Leases

IFRS 9 - Prepayment Features with Negative Compensation (Amendments)

IAS 19 - Plan Amendment, Curtailment or Settlement (Amendments)

IAS 28 - Long-term Interests in Associates and Joint Ventures (Amendments)

The adoption of the above standards, amendments and interpretation are not expected to have any material impact on the Group's consolidated condensed interim financial statements. However, pursuant to SECP press release dated February 15, 2019, adoption of IFRS 9 was deferred till the financial year / period ended on June 30, 2019 with a retrospective impact on retained earning as on July 01, 2018. Accordingly, the condensed interim financial statements for the half year ended December 31, 2018 were not prepared on the basis of IFRS 9 and therefore the comparative figures for the half year ended December 31, 2018 have been restated. Summary of change is presented below:



### (Unaudited) Six months period ended December 31, 2018

Six months period ended December 31, 2018						
Before application of IFRS - 9	Impact of After application IFRS - 9 IFRS -					
	-(Rupees in '000)					
23,992	35,156	59,148				

### Class of transaction

Impairment loss on trade debts and other receivables - net

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

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

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

- Amendment to IFRS 3 'Business Combinations' Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.
- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process—this means that the overall impact on standard setting may take some time to crystallise. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.
- Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the financial statements of the Group.



IFRS 14 Regulatory Deferral Accounts - (effective for annual periods beginning on or after 1 July 2019) provides interim guidance on accounting for regulatory deferral accounts balances while IASB considers more comprehensive guidance on accounting for the effects of rate regulation. In order to apply the interim standard, an entity has to be rate regulated – i.e. the establishment of prices that can be charged to its customers for goods or services is subject to oversight and/or approved by an authorized body. The term 'regulatory deferral account balance' has been chosen as a neutral descriptor for expense (income) or variance account that is included or is expected to be included by the rate regulator in establishing the rate(s) that can be charged to customers and would not otherwise be recognized as an asset or liability under other IFRSs. The standard is not likely to have any effect on Group's financial statements.

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

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

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

The Group's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2019.

Note

(Unaudited) December 31, 2019 (Audited) June 30, 2019

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

### 5. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets Major spare parts and stand-by equipment Capital work-in-progress (CWIP) 5.1 & 5.2

28,882,220 482,607 56,881 29,421,708 29,368,031 412,960 56,881 29,8<u>37,872</u>

### (Unaudited)

Six months period ended December 31, 2019 Six months period ended December 31, 2018

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

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

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

2.270 301 2.888 823 2,616 132 15.204 2.476 76,598 73,546 223,786 291.649 1,452 1,153 374.937 319,957 736,091 613,480

5.2 Depreciation charge for the period



(Unaudited) December 31, 2019 -----(Rupees in '000)-----

(Audited) June 30, 2019

### 6. **INTANGIBLE ASSETS**

### Capital work in progress (CWIP)

Computer software (DANAOS)

12,891

6.1 Intangible assets also includes cost of Rs 16.503 million of software "Ship Management Expert System" (SES). SES was being amortised over the useful life of five years and was fully amortised as on June 30, 2009, however, it is still in active use.

> (Unaudited) Note December 31

(Audited) June 30, 2019

7. LONG-TERM LOANS - considered good

Loans-executives & other employees

**15,916** 17,313

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

(Unaudited)

As at

December

More

than 6

(Audited)

As at

June 30,

#### 8. TRADE DEBTS - unsecured

### Considered good

- Due from related parties	8.1	2,318,196	2,473,506
- Due from others	8.2	335,913	141,632
		2,654,109	2,615,138
Considered doubtful			
- Due from related parties	8.1	1,345,375	1,161,695
- Due from others		197,946	196,695
		1,543,321	1,358,390
		4,197,430	3,973,528
Less: Allowance for ECL on trade debts	8.3	1,543,321	1,358,390
		2.654.109	2.615.138

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

Upto 1

month

			months	31, 2019	2019
		(F	Rupees in '000	))	
District Controller of Stores	5,767	11	2,768	8,546	4,001
National Refinery Limited	8,129	92,125	69,093	169,347	118,362
Pak Arab Refinery Limited	82,775	64,025	296,326	443,126	458,813
Pakistan Refinery Limited	-	-	129,691	129,691	179,755
Pakistan Security Printing Corporation	650	-	-	650	-
Pakistan State Oil Company Limited	-	-	2,436,165	2,436,165	2,436,165
Sui Northern Gas Pipelines Limited	3,189	74	-	3,263	3,301
Sui Southern Gas Company Limited	-	-	611	611	658
Trading Corporation of Pakistan (Private)					
Limited	-	-	4,866	4,866	4,866
Water and Power Development Authority	528	-	-	528	20
Others	39,482	76,182	351,114	466,778	429,260
	140,520	232,417	3,290,634	3,663,571	3,635,201

1 to 6

months

(Unaudited)

December 31

2019

485

693,940

485 302,796

Note

(Audited)

June 30,

2019

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



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

		(	000,
	Upto 1 month 1 to 6 months More than 6 months	92,257 221,506 22,150 335,913	67,798 73,753 81 141,632
8.3	Allowance for ECL on trade debts		
	Opening balance Impact of initial application of IFRS 9 Adjusted balance at beginning of the year Increase during the period / year	1,358,390 	625,382 674,969 1,300,351 91,602
	Reversed during the period / year  Reversed during the period / year  8.4  Closing balance	1,543,321	(33,563)
8.4 <b>9.</b>	The corresponding figures of demurrage receivables, heating claim receivables are reclassified during the period from other receivables to trade debts along with in note 20.	(Unaudited) December 31,	
	OTHER RECEIVABLES	<b>2019</b> (Rupees	2019 s in '000)
	OTHER RECEIVABLES Considered good		
	Considered good  - Due from related parties - Due from others	(Rupees 228,422 465,033	s in '000)
	Considered good  - Due from related parties	(Rupees	s in '000)
	Considered good  - Due from related parties - Due from others 9.1	(Rupees 228,422 465,033	s in '000)

9.1 This represents balances that are past due but not impaired.

### 9.2 Allowance for ECL on other receivables

Employees' gratuity scheme - funded

Opening balance	13,828	13,828
Increase during the period / year	21,486	-
Closing balance	35,314	13,828
-		

9.3 The corresponding figures of demurrage receivables, heating claim receivables and additional war risk receivables are reclassified during the period from other receivables to trade debts along with their provisions as further explained in note 20.



Note (Unaudited)
December 31
2019

(Audited) June 30, 2019

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

### 10. SHORT-TERM INVESTMENTS

Term deposits with banks having maturity of:

- three to six months
- three months or less

**1,854,300** 488,550 **1,020,000** 2,694,000 10.1 **2,874,300** 3,182,550

10.1 Mark-up on these term deposits denominated in local currency ranges from 13.25% to 13.50% (June 30, 2019: 11.00% to 12.80%) per annum, whereas mark-up on term deposits denominated in foreign currency is 2.70% (June 30, 2019: 3.25%) per annum.

Note (Unaudited)
December 31,
2019

dited) (Audited) ber 31, June 30, 19 2019 -(Rupees in '000)------

### 11. LONG TERM FINANCING - secured

Financing under syndicate term finance agreement Financing under musharika agreement

Less: Current portion of long-term financing

11.1 **5,011,574** 5,431,480 11.2 **2,995,887** 3,651,988 **8,007,461** 9,083,468 **1,335,166** 1,747,543 **6,672,995** 7,335,925

### 11.1 Financing under syndicate term finance agreement includes:

- 11.1.1 Financing obtained in November 2014 amounting to Rs 3,000 million with a consortium led by MCB Bank Limited carrying mark-up at the rate of 3 month KIBOR + 1.60% which has been renegotiated to 3 month KIBOR + 0.5% during the year ended June 30, 2016 and further renegotiated to 3 month KIBOR + 0.20% during the year ended June 30, 2018. The loan along with the mark-up is repayable on a quarterly basis with the last repayment date on November 6, 2022. The facility is secured by way of first mortgage charge over a vessel owned by the subsidiary company of the Holding Company. The Holding Company has drawn Rs 2,054.250 million to date.
- 11.1.2 Financing obtained during the year ended June 30, 2019 amounting to Rs 6,500 million with a consortium led by Faysal Bank Limited carrying mark up at the rate of 3 month KIBOR + 0.35%. The loan along with mark-up is repayable on a quarterly basis with the last repayment date on March 22, 2027. During the year ended June 30, 2019 the Holding Company drew Rs 2,340 million and Rs 2,363.734 million to finance its subsidiary companies namely Bolan Shipping (Private) Limited and Khairpur Shipping (Private) Limited respectively for purchase of vessels. The facility is secured by way of first mortgage charge over procured vessels owned by respective subsidiary companies.

### 11.2 Financing under musharika agreement includes:

- 11.2.1 Financing obtained in November 2014 amounting to Rs 1,500 million with a consortium led by MCB Bank Limited carrying mark-up at the rate of 3 month KIBOR + 1.60% which has been renegotiated to 3 month KIBOR + 0.5% during the year ended June 30, 2016 and further renegotiated to 3 month KIBOR + 0.20% during the year ended June 30, 2018. The loan along with the mark-up is repayable on a quarterly basis with the last repayment date on November 6, 2022. The facility is secured by way of first mortgage charge over a vessel owned by the subsidiary company of the Holding Company. The Holding Company has drawn Rs 1,027.125 million to date.
- 11.2.2 Financing obtained during the year ended June 30, 2016 from Faysal Bank Limited amounting to Rs 3,300 million carrying mark-up of 3 month KIBOR + 0.40%, which has been renegotiated to 3 month KIBOR + 0.15% during the year ended June 30, 2018. The loan along with the mark-up has been fully paid off during the six months period ended December 31, 2019.
- 11.2.3 Financing obtained during the year ended June 30, 2019 amounting to Rs 4,000 million with a consortium led by Faysal bank limited carrying mark up at the rate of 3 month KIBOR + 0.35%. The loan along with mark-up is repayable on a quarterly basis with the last repayment date on March 22, 2027. During the year ended June 30, 2019 the Holding Company drew Rs 1,440 million and Rs 1,454.606 million to finance its subsidiary companies namely Bolan Shipping (Private) Limited and Khairpur Shipping (Private) Limited respectively for purchase of vessels. The facility is secured by way of first mortgage charge over procured vessels owned by respective subsidiary companies.



(Unaudited) (Audited) Note December 31 June 30. 2019 2019 ----(Rupees in '000)-----

#### 12. TRADE AND OTHER PAYABLES

Creditors Accrued liabilities Deposits Bills payable Withholding Tax Payable Advance rent Other liabilities:

- amounts retained from contractors

- others

	294,730	279,528
	1,447,468	1,454,889
12.1	46,975	60,636
	20,933	4,090
	-	54,490
	38,708	24,696
	3,822	3,822
	79,172	66,221
	82,994	70,043
	1,931,808	1,948,372

These deposits are interest free and are repayable on demand or on completion of specific contracts. As per the requirements of section 217 of the Companies Act, 2017 deposits are utilised for the purpose of business and are kept in separate bank accounts.

#### 13. CONTINGENCIES AND COMMITMENTS

### Contingencies

There are no major changes in the status of contingencies as reported in the annual audited consolidated financial statements for the year ended June 30, 2019.

> (Unaudited) (Audited) December 31, June 30. 2019 2019 --(Rupees in '000)-----

Commitments

13.2 Commitments for capital expenditure

18,919

13.3 Outstanding letters of guarantee

- The Holding Company has provided an undertaking amounting to USD 11.6 million equivalent of Rs 1,800 million (June 30, 2019: USD 11.6 million equivalent of Rs 1,856 million) to one of the vendor / supplier of another state owned entity. This undertaking has been provided due to arrest of two of it's managed vessels operated by it's subsidiaries which have been released subsequently. However, the Government of Pakistan has provided a counter guarantee to the Holding Company in relation to the aforesaid undertaking.
- 13.5 Commitments in respect of Enterprise Resource Planning (ERP) implementation and maintenance amounting to USD 0.443 million equivalent of Rs 68.73 million (June 30, 2019: USD 0.48 million equivalent of Rs 76.80 million) and USD 0.159 million equivalent of Rs 24.67 million (June 30, 2019: USD 0.19 million equivalent of Rs 30.40 million) respectively.

(Unaudited)

Six months period ended December 31, 2019

Six months period ended December 31, 2018 -----(Rupees in '000)-----

14. FINANCE COSTS

> Mark-up on long term financing Bank charges

605,688 113,508 3,458 2,800 609.146 116,308



(Unaudited)

Note

Six months period ended December 31, 2019

Six months period ended December 31, 2018

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

#### 15. **TAXATION**

Current tax Deferred tax

15.1

91,109 (17,998)73,111

151,735 (29,284)

Durring the current period, the Group has incurred taxable losses amounting Rs 402.5 million, deferred tax asset on these losses amounted to Rs 116.7 million has not been recorded in the financial statements due to the uncertainity over the realization of such losses.

(Unaudited)

Note

Six months period ended December 31, 2019

Six months period ended December 31, 2018

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

#### 16. CASH GENERATED FROM OPERATIONS

Profit before taxation		1,080,150	813,153
Adjustments for non-cash charges and other items:			
Depreciation		736,091	613,480
Profit on disposal of property, plant and equipment		(4,900)	-
Provision for employees' gratuity		42,574	29,060
Provision for employees' compensated absences		67,974	49,085
Provision for post-retirement medical benefits		16,488	13,173
Income from saving accounts and term deposits		(276,888)	(171,650)
Finance costs		604,383	116,308
Loss on disposal of stores		9,961	-
Provision no longer required written back		(17,081)	(179)
Impairment loss on trade debts and other receivables - net	3.1	206,417	59,148
Loss on revaluation of long-term investments in listed securities		(11,477)	7,311
Dividend income		(831)	(2,596)
Working capital changes	16.1	(1,016,031)	(1,061,234)
		1,436,830	465,059

### Working capital changes

Stores and spares

(Increase) / decrease in current assets:

Trade debts - unsecured Agents' and owners' balances - unsecured Loans and advances Trade deposits and short-term prepayments Other receivables Net decrease in damage claims Incomplete voyages Insurance claims

Decrease / (increase) in current liabilities:

Trade and other payables

Agents' and owners' balances - unsecured Contract liabilities

(189,973)	(132,817)
(223,902)	(200,314)
2,540	9,252
(11,732)	32,819
(26,846)	(55,298)
(412,630)	(25,748)
1,933	2,145
(44,893)	(60,507)
9,416	15,001
(896,087)	(415,467)
527	(432,802)
(75,044)	(149,526)
(45,427)	(63,439)
(1,016,031)	(1,061,234)

(4.00, 070)



### (Linaudited)

(Gridaditou)				
December 31,	December 31,			
2019	2018			
(Rupees	s in '000)			

### 17. 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

### FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES

### 18.1 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, 2019. There have been no changes in risk management policies since the year end.

### 18.2 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, 2019, 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, 2019 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, 2019			
Level 1	Level 2	Level 3	Total
	(Rupees i	n '000)	
43,852	-	-	43,852
<u>:</u>	1,086,960 714,950 13,804 7,564 3,266,222	- - - -	1,086,960 714,950 13,804 7,564 3,266,222 5,089,500
Level 1	(Audi June 30 Level 2	, 2019 Level 3	Total
32,375	<u> </u>		32,375
- - - - -	1,086,960 731,089 14,624 5,340 3,266,105 5,104,118	- - - - -	1,086,960 731,089 14,624 5,340 3,266,105 5,104,118
	43,852 - - - - - - - - Level 1	Level 1 Level 2	December 31, 2019     Level 2

### 19. TRANSACTIONS WITH RELATED PARTIES

The Group has related party relationships with its associate, Government of Pakistan and its related entities, employee benefit plans and its directors and executive officers (including their associates). Transactions with related parties essentially entail freight income, chartering revenue recovered, recovery of demurrage, rental income and employee funds maintained by the Holding Company. Balances with related parties have been disclosed in the relevant notes to 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 key management personnel as per their terms of employment are also included in related party transactions.				
The significant transactions carried out by the Group with related parties during the period are given below:				
	Relationship with the Group	Six months period ended December 31, 2019	dited) Six months period ended December 31, 2018	
Name and particulars		(	,	
Transactions with State owned / controlled en	tities			
Freight income Demurrage income		2,885,422 100,256	3,333,121 97,284	
Rental income		5,572	2,064	
Transactions with other related parties				
Contribution to provident fund Directors' fee Key management personnel compensation Dividend Paid to Government of Pakistan	Employees benefit plan Key management personnel Key management personnel Government holding		3,955 2,263 36,437 172,940	



### 20. CORRESPONDING FIGURES

For better presentation the following reclassifications in the corresponding figures have been made in the consolidated condensed interim financial statements:

		Quarter ended December 31, 2018	udited) Six months period ended December 31, 2018 s in '000)
From	То	(, 1912.0.2	
Other income Fleet expenses - direct Other expenses Other income Other expenses Other income Other expenses	Income from shipping business (Revenue) Income from shipping business (Revenue) Fleet expenses - direct Fleet expenses - direct Administrative expenses Impairment loss on trade debts and other receivables - net Impairment loss on trade debts and other receivables - net	77,264 (30,743) 82,717 (15,237) 3,049 (7,586) 22,659	129,940 (57,240) 91,864 (44,640) 4,679 (28,307) 52,299 (Audited)
			June 30, 2019 (Rupees in '000)
From	То		
Other receivables	Trade debts - unsecured		1,744,626

### 21. GENERAL

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

### 22. DATE OF AUTHORISATION FOR ISSUE

These consolidated condensed interim financial statements were authorised for issue on February 24, 2020 by the Board of Directors of the Holding Company.

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

