



**Pakistan National Shipping Corporation**

# **Half Yearly Report December 31, 2020**







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## CORPORATE INFORMATION

### Board of Directors

- |  |          |
|--|----------|
| 1. Mr. Shakeel Ahmed Mangnejo  | Chairman |
| 2. Mr. Imdad Ullah Bosal<br>Additional Finance Secretary<br>(Expenditure) Finance Division<br>Islamabad, (Ex-Officio Member).          | Member   |
| 3. Mr. Kamran Farooq Ansari<br>Sr. Joint Secretary /Joint Secretary<br>Ministry of Maritime Affairs Islamabad,<br>(Ex-Officio Member). | Member   |
| 4. Mr. Ali Syed  | Member   |
| 5. Mr. Muhammad Ali  | Member   |
| 6. Mr. Khowaja Obaid Imran Ilyas   | Member   |
| 7. Capt. Anwar Shah  | Member   |

### Audit & Finance Committee

- |  |           |
|--|-----------|
| 1. Mr. Khowaja Obaid Imran Ilyas   | Chairman  |
| 2. Mr. Imdad Ullah Bosal<br>Additional Finance Secretary<br>(Expenditure) Finance Division<br>Islamabad, (Ex-Officio Member).          | Member    |
| 3. Mr. Kamran Farooq Ansari<br>Sr. Joint Secretary /Joint Secretary<br>Ministry of Maritime Affairs Islamabad,<br>(Ex-Officio Member). | Member    |
| 4. Capt. Anwar Shah  | Member    |
| 5. Mr. Ali Syed  | Member    |
| 6. Mr. Baber Jamal Zubairi   | Secretary |

### HR and Nomination Committee

- |                                  |           |
|----------------------------------|-----------|
| 1. Mr. Muhammad Ali              | Chairman  |
| 2. Mr. Ali Syed                  | Member    |
| 3. Mr. Khowaja Obaid Imran Ilyas | Member    |
| 4. Capt. Muhammad Shakil         | Secretary |

### Strategy and Risk Management Committee

- |                               |           |
|-------------------------------|-----------|
| 1. Mr. Muhammad Ali           | Chairman  |
| 2. Mr. Shakeel Ahmed Mangnejo | Member    |
| 3. Mr. Ali Syed               | Member    |
| 4. Capt. Anwar Shah           | Member    |
| 5. Mr. S. Jarar Haider Kazmi  | Secretary |

### Chief Financial Officer

Mr. S. Jarar Haider Kazmi

### Company Secretary

Mr. Muhammad Javid

### Chief Internal Auditor

Mr. Baber Jamal Zubairi

### Head Office

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

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

Fax: (92-21) 99203974, 35636658

[www.pnsc.com.pk](http://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

Allied Bank Limited  
Bank Al Habib Limited, Bahrain  
Bank Alfalah Limited, Bahrain  
BankIslami Pakistan Limited  
Faysal Bank Limited  
Habib Bank Limited  
Habib Metropolitan Bank  
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  
Silkbank Limited  
UniCredit Bank, Italy  
United Bank Limited, London



## **PAKISTAN NATIONAL SHIPPING CORPORATION DIRECTORS' REPORT FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2020**

The Board of 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, 2020. These financial statements of Corporation have undergone a limited scope review by the external auditors pursuant to the statutory requirements of the Companies Act, 2017.

### **INTRODUCTION**

During the first half of FY 2020-21, business momentum accelerated while overcoming the challenges posed by the second wave of COVID-19 pandemic, which had an adverse impact on global economic growth, including Pakistan. Following the breakout of the COVID-19 pandemic, Corporation has taken all necessary steps to ensure continued and uninterrupted services to our stakeholders in a safe environment.

The State Bank of Pakistan (SBP) has taken a host of measures to dilute the impact of the pandemic, including cut in interest rates and introduction of refinance schemes. This act of SBP has created an opportunity for the Corporation to expand its managed fleet portfolio with the availability of cheaper financing in the form of Long Term Financing Facility (LTFF).

### **PERFORMANCE REVIEW**

Despite the adverse economic circumstances due to COVID, the PNSC Group has managed to achieve 20% increase in profit after tax of Rs.1,205 million as against Rs. 1,007 million in the corresponding period last year.

Group earnings per share increased to Rs. 9.12 as against Rs. 7.63 in the corresponding period last year. Cumulatively, the Group achieved a turnover of Rs. 6,975 million (including Rs. 1,143 million from PNSC) as compared to Rs. 6,378 million (including Rs.728 million from PNSC) for the corresponding period last year. This includes substantial growth in tanker segment's revenue by 18% from Rs. 4,551 million to Rs. 5,361 million and decrease of 16% from Rs. 1,232 million to Rs. 1,030 million in the bulk carrier segment.

PNSC standalone results reflect a profit after tax of Rs. 36 million with earnings per share of Rs. 0.27 as compared to loss after tax of Rs. 623 million and loss per share of Rs. 4.72 in the corresponding period last year. The main reason is the significant increase in foreign charter revenue.

The finance cost on long-term financing decreased by 51% to Rs. 298 million in the current period as against Rs. 609 million in the same period last year. Coupled with decrease in quantum of long term financing due to repayments made during the period, a major reason for decline in finance cost is reduction in discount rate by State Bank of Pakistan (SBP).

### **FUTURE PROSPECTS**

#### **Dry Bulk Sector**

The year 2020 has clearly been a challenging year for the bulker sector. As a consequence of Covid-19 pandemic, there was a decline in bulk demand by -2.9%, as per the latest projections. Average earnings across the sector are down by 19% y-o-y so far.

Latest projections suggest that, a 4% rebound in seaborne dry bulk trade is expected next year. More positive rates may well be seen in the longer run, although in the short term, downside risks remain clear because of the lingering effects of surplus accumulated capacity.

#### **Tanker Sector**

The tanker market has continued to face challenges from the disruption caused by Covid-19. Oil demand remains under pressure, where renewed 'lockdowns' amidst 'second wave' of Covid-19 have constrained progress towards economic recovery. Further OPEC's ongoing oil supply cuts have continued to severely restrict seaborne oil trade. With the recent announcement by OPEC+ that output cuts will be extended into next year, and with floating storage continuing to unwind, it seems unlikely that the tanker market will see significant improvements in the near term.



The seaborne crude trade is estimated to have declined by 6.6% y-o-y in 2020, with products trade falling by 9.0%, owing to sharply lower oil demand. In second half of 2021, seaborne oil trade is expected to pick up following the severe disruption this year and initial projections suggest that crude trade may increase upto 5.9%, and the products trade by 6.4%.

In general, the anticipated gradual improvement in global oil demand in second half of calendar year 2021 is expected to support increase in oil trade. However, with challenges remaining from high oil inventories and the unwinding of floating storage, it may not be until later in 2021 that significant market improvement materializes.

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.

#### ACKNOWLEDGMENT

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

**Mr. Shakeel Ahmed Mangnejo**  
Chairman & Chief Executive Officer  
Karachi

**Khowaja Obaid Imran Ilyas**  
Director

February 25, 2021



## مستقبل کے امکانات

### خشک بلک شعبہ

بلاشبہ، سال 2020 بلک شعبہ کے لیے واضح طور پر مشکل سال رہا ہے۔ COVID-19 وبا کے نتیجے میں، تازہ ترین تخمینوں کے مطابق بلک کی طلب میں 2.9% تک کمی دیکھی گئی۔ شعبہ کی اوسط آمدن میں گزشتہ سالوں کے مقابلے میں اب تک 19% کمی دیکھی گئی ہے۔

تازہ ترین تخمینے بتاتے ہیں کہ آئندہ سال بحری خشک بلک تجارت میں 4% تک بحالی کی توقع ہے۔ طویل مدت میں مزید مثبت نرخ بھی دیکھے جاسکتے ہیں، اگرچہ قلیل مدت میں اضافی جمع شدہ گنجائش کے کیست روی کے اثرات کی وجہ سے نقصان کے خطرات واضح ہیں۔

### ٹینکر کا شعبہ

COVID-19 کی رکاوٹوں کی وجہ سے ٹینکر مارکیٹ مشکلات کا شکار رہی ہے۔ تیل کی طلب تاحال وبا کا شکار ہے، جبکہ COVID-19 کی دوسری لہر کے باعث نئے 'لاک ڈاؤن' نے اقتصادی بحالی کی طرف پیش رفت کو روک رکھا ہے۔ مزید برآں، OPEC کی جاری تیل کی رسد میں کمی نے تیل کی بحری تجارت کو محدود رکھا ہے۔ OPEC+ کے حالیہ اعلان کے بعد کہ رسد میں کمی آئندہ سال تک جاری رہے گی جبکہ فلوئنگ اسٹوریج بھی ابھی تک بحالی کے عمل سے گزر رہی ہے، یہ مشکل لگتا ہے کہ ٹینکر مارکیٹ میں مستقبل قریب میں کوئی نمایاں بہتری آئے گی۔


اندازہ ہے کہ گزشتہ سالوں کے مقابلے میں خام تیل کی بحری تجارت میں 2020 میں 6.6% تک کمی آئی ہے، جبکہ تیل کی انتہائی کم طلب کی وجہ سے تیل کی مصنوعات کی تجارت 9% تک تنزلی کا شکار رہی ہے۔ 2021 کے دوسرے نصف دورائے میں، امکان ہے کہ رواں سال شدید رکاوٹوں کے بعد تیل کی بحری تجارت میں بہتری آئے گی، اور ابتدائی تخمینہ تجویز کرتا ہے کہ خام تیل کی تجارت 5.9% اور تیل کی مصنوعات کی تجارت 6.4% تک بڑھ سکتی ہے۔


عام طور پر، سال 2021 کے دوسرے نصف دورائے میں عالمی سطح پر تیل کی طلب میں اضافے میں مرحلہ وار بہتری سے تیل کی تجارت میں اضافے کا امکان ہے۔ تاہم، تیل کی زیادہ انویسٹری اور فلوئنگ اسٹوریج کی بحال کے عمل سے وابستہ مشکلات کے باعث، یہ اواخر 2021 تک ہی ممکن ہے کہ مارکیٹ کی نمایاں بہتریاں کارگر ہو سکیں۔

مذکورہ بالا حالات کے تناظر میں، پی این ایس سی ایک فعال طریقہ کار اپنارہا ہے، احتیاط سے کام لے رہا ہے اور کسی ممکنہ نقصان کی تلافی کرنے کے لیے ٹینکر کے شعبہ میں اپنے گاہک بڑھا رہا ہے۔

### اظہار تشکر

تمام اسٹیک ہولڈرز کے مسلسل تعاون اور اعتماد کے لیے بورڈ امان کا مشکور ہے۔

  
خواجہ عبید عمران الیاس  
ڈائریکٹر

  
نہیل احمد منگنیو  
چیزمین اور چیف ایگزیکٹو آفیسر

کراچی

25 فروری، 2021

## پاکستان نیشنل شپنگ کارپوریشن

ڈائریکٹر رپورٹ

برائے ششماہی اختتام از 31 دسمبر، 2020

پاکستان نیشنل شپنگ کارپوریشن (پی این ایس سی) کے بورڈ آف ڈائریکٹرز پی این ایس سی اور گروپ کے منظم اور متفرق عبوری مالیاتی گوشوارے برائے ششماہی، اختتام از 31 دسمبر، 2020 خوشی پیش کر رہے ہیں۔ کارپوریشن کے ان مالیاتی گوشواروں کا کمپنیز ایکٹ 2017 کے قانونی تقاضوں کے مطابق بیرونی آڈیٹر نے محدود جائزہ لیا ہے۔

### تعارف

مالی سال 2020-21 کے ابتدائی نصف دورائے میں، عالمی وبا COVID-19 کی دوسری لہر کی مشکلات، جس سے پاکستان سمیت عالمی اقتصادی ترقی پر منفی اثر پڑا ہے، پر قابو پاتے ہوئے کاروباری رجحان بہتر ہوا ہے۔ COVID-19 کی وبا پھیلنے کے بعد سے، کارپوریشن نے اپنے تمام اسٹیک ہولڈرز کو ایک محفوظ ماحول میں مسلسل اور بلا تعطل خدمات کی فراہمی یقینی بنانے کے لیے تمام ضروری اقدامات کیے ہیں۔

اسٹیٹ بینک آف پاکستان (SBP) نے وبا کے اثرات کو کم کرنے کے لیے متعدد نمایاں اقدامات کیے ہیں، بشمول شرح سود میں کمی اور نئی شرائط پر سرمایہ کاری کی اسکیمیں متعارف کروانا۔ اسٹیٹ بینک آف پاکستان کے اس عمل نے کارپوریشن کو اپنے زیر انتظام فلیٹ پورٹ فولیو میں توسیع کرنے کا موقع فراہم کیا، جس میں طویل مدتی سرمایہ کاری کی سہولت (LTFF) کی صورت میں کم نرخوں پر سرمایہ کاری کی دستیابی شامل ہے۔

### کارکردگی کا جائزہ

COVID کے باعث پیدا ہونے والے مشکل معاشی حالات کے باوجود، پی این ایس سی گروپ گزشتہ سال اسی دورائے کے 1,007 ملین روپے کے مقابلے میں رواں سال بعد از ٹیکس منافع میں 20% اضافہ، یعنی 1,205 ملین روپے حاصل کرنے میں کامیاب رہا ہے۔

گروپ کی فی حصص آمدن میں گزشتہ سال اسی دورائے کے 7.63 روپے فی حصص کے مقابلے میں 9.12 روپے فی حصص تک اضافہ ہوا۔ مجموعی طور پر، گروپ نے گزشتہ سال کے اسی دورائے میں 6,378 ملین روپے (بشمول پی این ایس سی کے 728 ملین روپے) کے مقابلے میں 6,975 ملین روپے (بشمول پی این ایس سی کے 1,143 ملین روپے) کا کاروبار حاصل کیا۔ اس میں ٹیکسز کے شعبہ کارپوریٹو 18% اضافہ کے ساتھ 4,551 ملین روپے سے بڑھ کر 5,361 ملین روپے رہا اور بلک کیریئر کے شعبہ میں 16% کمی کے ساتھ 1,232 ملین روپے سے کم ہو کر 1,030 ملین روپے رہا۔

صرف پی این ایس سی کے نتائج گزشتہ سال اسی دورائے کے 623 ملین روپے بعد از ٹیکس نقصان اور فی حصص 4.72 روپے نقصان کے مقابلے میں رواں سال 36 ملین روپے بعد از ٹیکس منافع اور فی حصص آمدن 0.27 روپے ظاہر کرتے ہیں۔ اس کی بنیادی وجہ غیر ملکی چارٹر ریونیو میں نمایاں اضافہ بنی۔

طویل مدتی سرمایہ کاری کی مالی لاگت گزشتہ سال اسی دورائے کے 609 ملین روپے کے مقابلے میں 51% کمی کے ساتھ موجودہ دورائے میں 298 ملین روپے رہی۔ اس دورائے میں کی گئی ادائیگیوں کے باعث طویل مدتی سرمایہ کاری کے حجم میں کمی کے ساتھ مالی لاگت میں کمی کی مرکزی وجہ اسٹیٹ بینک آف پاکستان (SBP) کی جانب سے ڈسکاؤنٹ ریٹ میں کمی ہے۔





# PNSC Managed Fleet

## TANKERS

## BULK CARRIERS

Vessel: **M.T. BOLAN** Built: South Korea 2013



Deadweight (MT): 74,919 Length Overall (M): 220.89  
Gross Tonnage (MT): 42,411

Vessel: **M.T. KHAIRPUR** Built: South Korea 2012



Deadweight (MT): 74,986 Length Overall (M): 220.89  
Gross Tonnage (MT): 42,411

Vessel: **M.T. SHALAMAR** Built: Japan 2006



Deadweight (MT): 105,315 Length Overall (M): 228.60  
Gross Tonnage (MT): 55,894

Vessel: **M.T. KARACHI** Built: Japan 2003



Deadweight (MT): 107,081 Length Overall (M): 246.80  
Gross Tonnage (MT): 58,127

Vessel: **M.T. LAHORE** Built: Japan 2003



Deadweight (MT): 107,018 Length Overall (M): 246.80  
Gross Tonnage (MT): 58,157

Vessel: **M.T. QUETTA** Built: Japan 2003



Deadweight (MT): 107,215 Length Overall (M): 246.80  
Gross Tonnage (MT): 58,118

Vessel: **M.V. SIBI** Built: Japan 2009



Deadweight (MT): 28,442 Length Overall (M): 169.37  
Gross Tonnage (MT): 17,018

Vessel: **M.V. HYDERABAD** Built: Japan 2004



Deadweight (MT): 52,951 Length Overall (M): 188.50  
Gross Tonnage (MT): 29,365

Vessel: **M.V. MALAKAND** Built: Japan 2004



Deadweight (MT): 76,830 Length Overall (M): 225.00  
Gross Tonnage (MT): 40,040

Vessel: **M.V. CHITRAL** Built: Japan 2003



Deadweight (MT): 46,710 Length Overall (M): 185.73  
Gross Tonnage (MT): 26,395

Vessel: **M.V. MULTAN** Built: Japan 2002



Deadweight (MT): 50,244 Length Overall (M): 189.80  
Gross Tonnage (MT): 27,984



## 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 unconsolidated condensed interim statement of financial position of Pakistan National Shipping Corporation ("the Corporation") as at December 31, 2020 and the related unconsolidated condensed interim statement of profit or loss and other comprehensive income, unconsolidated condensed interim statement of changes in equity and unconsolidated condensed interim statement of cash flows and notes to and forming part of the financial statements for the half year then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

#### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial 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 statements are 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 quarter ended December 31, 2020 and December 31, 2019 in the condensed interim financial statements have not been reviewed and we do not express a conclusion on them.

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 26, 2021**  
Karachi

**Grant Thornton Anjum Rahman**  
Chartered Accountants

**Date: February 26, 2021**  
Karachi

**(Unaudited)  
Unconsolidated  
Condensed Interim  
Financial  
Statements of  
Pakistan National  
Shipping Corporation  
(Holding Company)**

A decorative graphic consisting of several overlapping, wavy, translucent lines in shades of blue and green, flowing from the bottom left towards the top right.

**for the six months  
period ended  
December 31, 2020**



**PAKISTAN NATIONAL SHIPPING CORPORATION**  
**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2020**

	Note	(Unaudited) December 31, 2020	(Audited) June 30, 2020
------(Rupees in '000)-----			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	1,893,168	1,920,562
Intangible asset		12,891	12,891
Right of use asset		111,958	118,145
Investment properties		3,427,191	3,426,191
Long-term investments in:			
- Related parties (subsidiaries and an associate)		37,011,425	37,011,425
- Listed companies and an other entity		46,795	35,521
		37,058,220	37,046,946
Long-term loans and advances		10,485	11,827
Deferred taxation - net		133,663	119,405
		42,647,576	42,655,967
<b>CURRENT ASSETS</b>			
Stores and spares		10,447	10,447
Trade debts - unsecured	6	1,409,867	1,359,755
Agents' and owners' balances - unsecured		13,973	9,628
Loans and advances		54,544	74,833
Trade deposits and short-term prepayments		53,701	25,795
Interest accrued on bank deposits and short-term investments		49,094	39,030
Other receivables	7	324,977	219,219
Incomplete voyages		24,104	6,651
Taxation - net		1,537,113	1,495,485
Short-term investments	8	5,930,120	3,984,025
Cash and bank balances		1,197,092	2,468,190
		10,605,032	9,693,058
<b>TOTAL ASSETS</b>		<b>53,252,608</b>	<b>52,349,025</b>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Share capital</b>			
Authorized capital		2,000,000	2,000,000
Issued, subscribed and paid-up share capital		1,320,634	1,320,634
Capital reserve		126,843	126,843
Revenue reserve		8,180,733	8,440,569
Remeasurement of post retirement benefits obligation - net of tax		(291,117)	(291,117)
Surplus on revaluation of property, plant and equipment - net of tax		1,231,094	1,231,193
		10,568,187	10,828,122
<b>NON-CURRENT LIABILITIES</b>			
Long-term financing - secured	9	5,347,379	6,010,152
Lease liabilities		114,894	109,204
Employee benefits		799,659	763,520
		6,261,932	6,882,876
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10	34,796,716	33,033,542
Contract liabilities		119,611	146,132
Provision against damage claims		68,620	24,261
Current portion of long-term financing	9	1,334,965	1,334,965
Current portion of lease liabilities		4,364	6,323
Unclaimed dividend		78,145	68,987
Accrued mark-up on long-term financing		20,068	23,817
		36,422,489	34,638,027
<b>TOTAL LIABILITIES</b>		<b>42,684,421</b>	<b>41,520,903</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>53,252,608</b>	<b>52,349,025</b>

**CONTINGENCIES AND COMMITMENTS**

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The annexed notes 1 to 19 form an integral part of these unconsolidated condensed interim financial statements.

**Syed Jarar Haider Kazmi**  
Chief Financial Officer

**Shakeel Ahmed Mangnejo**  
Chairman & Chief Executive

**Khowaja Obaid Imran Ilyas**  
Director



**PAKISTAN NATIONAL SHIPPING CORPORATION**  
**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND**  
**OTHER COMPREHENSIVE INCOME**  
**FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2020 (UNAUDITED)**

	Note	Quarter ended December 31, 2020	Quarter ended December 31, 2019	Six months period ended December 31, 2020	Six months period ended December 31, 2019
<b>------(Rupees in '000)-----</b>					
<b>REVENUE</b>					
Freight income - foreign flag vessels		310,803	194,822	1,020,186	604,425
Service fees		102,070	100,746	219,446	207,346
Rental income		54,922	57,773	111,476	110,547
Other operating activities		9,157	12,825	10,705	12,825
		<b>476,952</b>	<b>366,166</b>	<b>1,361,813</b>	<b>935,143</b>
<b>EXPENDITURE</b>					
Fleet expenses - direct		(152,714)	(26,086)	(590,714)	(324,048)
Fleet expenses - indirect		(2,599)	(2,638)	(4,239)	(5,061)
Vessel management expenses		(180,093)	(235,218)	(374,505)	(444,237)
Real estate expenses		(27,349)	(26,071)	(58,956)	(62,467)
		<b>(362,755)</b>	<b>(290,013)</b>	<b>(1,028,414)</b>	<b>(835,813)</b>
<b>GROSS PROFIT</b>		<b>114,197</b>	<b>76,153</b>	<b>333,399</b>	<b>99,330</b>
Administrative expenses		(31,289)	(40,367)	(90,350)	(83,642)
Impairment loss on financial assets	6.3	(17,210)	(138,152)	(20,289)	(152,281)
Other expenses		(137,766)	(140,317)	(222,392)	(206,540)
Other income		263,677	193,063	373,906	363,561
		<b>77,412</b>	<b>(125,773)</b>	<b>40,875</b>	<b>(78,902)</b>
<b>OPERATING PROFIT / (LOSS)</b>		<b>191,609</b>	<b>(49,620)</b>	<b>374,274</b>	<b>20,428</b>
Finance costs	12	(142,389)	(304,546)	(293,695)	(605,688)
<b>PROFIT / (LOSS) BEFORE TAXATION</b>		<b>49,220</b>	<b>(354,166)</b>	<b>80,579</b>	<b>(585,260)</b>
Taxation	13	10,926	(8,515)	(44,332)	(37,646)
<b>PROFIT / (LOSS) AFTER TAXATION</b>		<b>60,146</b>	<b>(362,681)</b>	<b>36,247</b>	<b>(622,906)</b>
<b>OTHER COMPREHENSIVE INCOME</b>					
Revaluation of property, plant and equipment		-	-	-	-
Related tax		961	-	961	-
		<b>961</b>	<b>-</b>	<b>961</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD</b>		<b>61,107</b>	<b>(362,681)</b>	<b>37,208</b>	<b>(622,906)</b>
<b>------(Rupees)-----</b>					
<b>EARNINGS / (LOSS) PER SHARE - basic and diluted</b>		<b>0.46</b>	<b>(2.75)</b>	<b>0.27</b>	<b>(4.72)</b>

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**Shakeel Ahmed Mangnejo**  
Chairman & Chief Executive

**Khowaja Obaid Imran Ilyas**  
Director



**PAKISTAN NATIONAL SHIPPING CORPORATION**  
**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2020 (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)

<b>Balance as at July 01, 2019</b>	1,320,634	126,843	9,543,389	(306,621)	1,234,901	<b>11,919,146</b>
Final cash dividend for the year ended June 30, 2019 (Rs. 2 per ordinary share of Rs.10 each)	-	-	(264,127)	-	-	<b>(264,127)</b>
Loss after taxation	-	-	(622,906)	-	-	<b>(622,906)</b>
Other comprehensive income	-	-	-	-	-	<b>-</b>
Total comprehensive loss for the six months period ended December 31, 2019	-	-	(622,906)	-	-	<b>(622,906)</b>
Surplus on revaluation of property, plant and equipment realised during the period on account of incremental charged thereon- net of tax	-	-	1,280	-	(1,280)	<b>-</b>
<b>Balance as at December 31, 2019</b>	<b>1,320,634</b>	<b>126,843</b>	<b>8,657,636</b>	<b>(306,621)</b>	<b>1,233,621</b>	<b>11,032,113</b>
<b>Balance as at July 01, 2020</b>	1,320,634	126,843	8,440,569	(291,117)	1,231,193	<b>10,828,122</b>
Final cash dividend for the year ended June 30, 2020 (Rs. 2.25 per ordinary share of Rs.10 each)	-	-	(297,143)	-	-	<b>(297,143)</b>
Profit after taxation	-	-	36,247	-	-	<b>36,247</b>
Other comprehensive income	-	-	-	-	961	<b>961</b>
Total comprehensive income for the six months period ended December 31, 2020	-	-	36,247	-	961	<b>37,208</b>
Surplus on revaluation of property, plant and equipment realised during the period on account of incremental charged thereon- net of tax	-	-	1,060	-	(1,060)	<b>-</b>
<b>Balance as at December 31, 2020</b>	<b>1,320,634</b>	<b>126,843</b>	<b>8,180,733</b>	<b>(291,117)</b>	<b>1,231,094</b>	<b>10,568,187</b>

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

The annexed notes 1 to 19 form an integral part of these unconsolidated condensed interim financial statements.

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Chairman & Chief Executive

**Khowaja Obaid Imran Ilyas**  
Director



**PAKISTAN NATIONAL SHIPPING CORPORATION**  
**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS**  
**FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2020 (UNAUDITED)**

	Note	Six months period ended December 31, 2020	Six months period ended December 31, 2019
------(Rupees in '000)-----			
<b>Cash flows from operating activities</b>			
Cash generated from operations	14	1,867,356	1,097,420
Employees' gratuity paid		(8,179)	(10,409)
Employees' compensated absences paid		(36,187)	(52,851)
Post-retirement medical benefits paid		(7,277)	(12,932)
Long term loans and advances		1,342	1,397
Finance costs paid		(290,021)	(601,752)
Taxes paid		(99,256)	(104,510)
<b>Net cash generated from operating activities</b>		<b>1,427,778</b>	<b>316,363</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(697)	(18,121)
Initial deposit for the acquisition of intangible asset		-	(12,891)
Additions to investment properties		(1,000)	(117)
Proceeds from disposal of property, plant and equipment		27,815	4,900
Short-term investments made		(2,171,285)	(1,350,750)
Dividend received on long-term investment in listed companies		-	831
Interest received on short term investments		172,363	273,079
<b>Net cash used in investing activities</b>		<b>(1,972,804)</b>	<b>(1,103,069)</b>
<b>Cash flows from financing activities</b>			
Long-term financing repaid		(662,773)	(1,081,977)
Lease rentals paid		(504)	-
Dividends paid		(287,985)	(255,159)
<b>Net cash used in financing activities</b>		<b>(951,262)</b>	<b>(1,337,136)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(1,496,288)</b>	<b>(2,123,842)</b>
Cash and cash equivalents at the beginning of the period		4,508,380	5,560,729
<b>Cash and cash equivalents at the end of the period</b>	15	<b>3,012,092</b>	<b>3,436,887</b>

The annexed notes 1 to 19 form an integral part of these unconsolidated condensed interim financial statements.

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Chief Financial Officer

**Shakeel Ahmed Mangnejo**  
Chairman & Chief Executive

**Khowaja Obaid Imran Ilyas**  
Director



**PAKISTAN NATIONAL SHIPPING CORPORATION**  
**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2020 (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.
- 1.3 Since previous year, the World Health Organization declared COVID-19 a pandemic. To reduce the impact on businesses and economies in general, regulators / governments across the globe introduced a host of measures on both the fiscal and economic fronts.

Shipping operations, which is the basic business of the Corporation has been permitted by the Government to operate with strict compliance of SOPs issued. Consequently, the Corporation's offices and vessels have continued to operate. However, COVID-19 has primarily impacted the Corporation on account of depression in the charter out business in its bulk carriers and reduced activities under slot charter segment. The Corporation remained up to date in all its financial commitments. The management believes that the going concern assumption of the Corporation remains valid.

**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, 2020 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, 2020 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, 2020 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, 2020.





2.3 The comparative statement of financial position presented in these unconsolidated condensed interim financial statements as at June 30, 2020 has been extracted from the annual audited financial statements of the Corporation for the year ended June 30, 2020 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, 2019 have been extracted from the unconsolidated condensed interim financial statements of the Corporation for the half year then ended.

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, compensated absences, right-of-use assets and their related lease liabilities 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. **SIGNIFICANT ACCOUNTING POLICIES**

3.1 The accounting policies and the methods of computation adopted in the preparation of these unconsolidated condensed interim financial statements are consistent with those applied in the preparation of the unconsolidated financial statements for the year ended June 30, 2020.

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

### **(a) Amendments to published approved accounting standards which are effective during the six months period ended December 31, 2020**

There are certain amendments to approved accounting standards which are mandatory for the Corporation's annual accounting period which began on July 1, 2020. However, these do not have any significant impact on the Corporation's financial reporting and, therefore, have not been detailed in this unconsolidated condensed interim financial statements.

### **(b) Standards 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 January 01, 2021:

COVID-19-Related Rent Concessions (Amendment to IFRS 16) – the International Accounting Standards Board (the Board) has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after June 01, 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications. Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before June 30, 2021; and
- There is no substantive change to the other terms and conditions of the lease

Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 is applicable for annual financial periods beginning on or after January 01, 2021, with earlier application permitted. The amendments introduce a practical expedient to account for modifications of financial assets or financial liabilities if a change results directly from IBOR reform and occurs on an 'economically equivalent' basis. In these cases, changes will be accounted for by updating the effective interest rate. A similar practical expedient will apply under IFRS 16 for lessees when accounting for lease modifications required by IBOR reform. The amendments also allow a series of exemptions from the regular, strict rules around hedge accounting for hedging relationships directly affected by the interest rate benchmark reforms. The amendments apply retrospectively with earlier application permitted. Hedging relationships previously discontinued solely because of changes resulting from the reform will be reinstated if certain conditions are met.

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual period beginning on or after January 01, 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

#### Annual Improvements to IFRS standards 2018-2020:

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after January 01, 2022.

- IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
- IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.
- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for the annual period beginning on or after January 01, 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.



Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3. An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 01, 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.

Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) - In response to concerns regarding temporary accounting mismatches and volatility, and increased costs and complexity, the Board issued amendments to IFRS 4 Insurance Contracts in 2017. The two optional solutions raised some considerations which required detailed analysis and management judgement. On the issue of IFRS 17 (Revised) Insurance Contracts in June 2020, the end date for applying the two options under the IFRS 4 amendments was extended to January 01, 2023, aligned with the effective date of IFRS 17.

Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after January 01, 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) – The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

These new standards and amendments to the approved accounting standards will be mandatory for the Corporation's annual accounting periods beginning on or after January 01, 2021. However, these amendments will not have any significant impact on the financial reporting of the Corporation.

#### 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 judgments 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.

Judgments 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, 2020.

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, 2020.

#### 5. PROPERTY, PLANT AND EQUIPMENT

	Note	(Unaudited) December 31, 2020	(Audited) June 30, 2020
		------(Rupees in '000)-----	
Operating fixed assets	5.1 & 5.2	1,836,287	1,863,681
Capital work-in-progress -Buildings on leasehold land		56,881	56,881
		<u>1,893,168</u>	<u>1,920,562</u>



(Unaudited)	
Six months period ended December 31, 2020	Six months period ended December 31, 2019
------(Rupees in '000)-----	

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

Buildings on leasehold land	468	-
Office equipments	229	301
Workshop machinery and equipment	-	2,616
Computer equipment	-	15,204
	<b>697</b>	<b>18,121</b>

5.2 Depreciation charge for the period

<b>28,091</b>	<b>31,482</b>
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Note	(Unaudited) December 31, 2020	(Audited) June 30, 2020
------(Rupees in '000)-----		

6. **TRADE DEBTS - unsecured**

**Considered good**

- Due from related parties	6.1	1,401,727	1,348,921
- Due from others	6.2	8,140	10,834
		<b>1,409,867</b>	<b>1,359,755</b>

**Considered doubtful**

- Due from related parties	6.1	992,134	977,956
- Due from others		33,924	27,813
		<b>1,026,058</b>	<b>1,005,769</b>
		<b>2,435,925</b>	<b>2,365,524</b>
Less: Allowance for ECL on trade debts	6.3	1,026,058	1,005,769
		<b>1,409,867</b>	<b>1,359,755</b>

6.1 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	(Unaudited) As at December 31, 2020	(Audited) As at June 30, 2020
------(Rupees in '000)-----					
Pak Arab Refinery Limited	-	1,205	56,282	57,487	56,282
Pakistan State Oil Company Limited	-	-	1,849,834	1,849,834	1,849,834
Pakistan Refinery Limited	-	343	31,300	31,643	31,300
Pakistan Security Printing Corporation	1,343	-	-	1,343	-
Sui Northern Gas Pipelines Limited	1,743	247	-	1,990	22,680
Sui Southern Gas Company Limited	20	-	-	20	61
National Refinery Limited	-	-	25,642	25,642	25,642
Trading Corporation of Pakistan (Private) Limited	-	-	4,866	4,866	4,866
District Controller of Stores	184	-	2,768	2,952	2,846
Others	95,911	141,745	180,428	418,084	333,366
	<b>99,201</b>	<b>143,540</b>	<b>2,151,120</b>	<b>2,393,861</b>	<b>2,326,877</b>



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

	Note	(Unaudited) December 31, 2020	(Audited) June 30, 2020
------(Rupees in '000)-----			
Upto 1 month		2,996	5,290
1 to 6 months		4,321	5,506
More than 6 months		823	38
		<u>8,140</u>	<u>10,834</u>

### 6.3 Allowance for ECL on trade debts

Opening balance	1,005,769	853,591
Increase during the period / year	20,289	152,178
Closing balance	<u>1,026,058</u>	<u>1,005,769</u>

## 7. OTHER RECEIVABLES

### Considered good

- Due from related parties	7.1	155,217	197,710
- Due from others		169,760	21,509
		<u>324,977</u>	<u>219,219</u>

### Considered doubtful

- Due from related parties		12,197	12,197
- Due from others		21,948	21,948
		<u>34,145</u>	<u>34,145</u>

		<u>359,122</u>	<u>253,364</u>
Less: Allowance for ECL on other receivables	7.2	34,145	34,145
		<u>324,977</u>	<u>219,219</u>

7.1 This includes an amount of Rs. 43.395 million (June 30, 2020: Rs. 125.139 million) due from the Government of Pakistan. (Refer note: 11.4)

	Note	(Unaudited) December 31, 2020	(Audited) June 30, 2020
------(Rupees in '000)-----			

### 7.2 Allowance for ECL on other receivables

Opening balance	34,145	12,659
Increase during the period / year	-	21,486
Closing balance	<u>34,145</u>	<u>34,145</u>

## 8. SHORT-TERM INVESTMENTS

### Amortised cost

Term deposits with banks having maturity of:

- three to six months	4,115,120	1,943,835
- three months or less	1,815,000	2,040,190
	<u>5,930,120</u>	<u>3,984,025</u>

8.1 Mark-up on these term deposits denominated in local currency ranges from 6.24% to 13.25% (June 30, 2020: 7.20% to 13.25%) per annum, whereas mark-up on term deposits denominated in foreign currency ranges from 1.80% to 2.40% (June 30, 2020: 2.30%) per annum.



## 9. LONG-TERM FINANCING - secured

	Note	(Unaudited) December 31, 2020	(Audited) June 30, 2020
------(Rupees in '000)-----			
Financing under syndicate term finance agreement	9.1	4,173,226	4,592,617
Financing under musharika agreement	9.2	2,509,118	2,752,500
		6,682,344	7,345,117
Less: Current portion of long-term financing		1,334,965	1,334,965
		<u>5,347,379</u>	<u>6,010,152</u>

### 9.1 Financing under syndicate term finance agreement includes

9.1.1 Financing obtained in November 2014 amounting to Rs. 3,000 million from 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.

9.1.2 Financing obtained in March 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. As of the reporting date, the Corporation has drawn 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 company.

### 9.2 Financing under musharika agreement includes

9.2.1 Financing obtained in November 2014 amounting to Rs. 1,500 million from 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.

9.2.2 Financing obtained in March 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. As of the reporting date, the Corporation has drawn 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 company.

## 10. TRADE AND OTHER PAYABLES

	Note	(Unaudited) December 31, 2020	(Audited) June 30, 2020
------(Rupees in '000)-----			
Creditors		16,515	183,093
Current account balances with subsidiary companies		33,783,916	31,711,022
Agents' and owners' balances		203,251	268,861
Accrued liabilities		582,821	669,335
Deposits	10.1	45,436	54,979
Advance rent		55,156	26,333
Other liabilities:			
- amounts retained from contractors		8,054	8,054
- others		101,567	111,865
		109,621	119,919
		<u>34,796,716</u>	<u>33,033,542</u>



- 10.1 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.

## 11. CONTINGENCIES AND COMMITMENTS

### Contingencies

- 11.1 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, 2020, except for the contingency stated below:

The contingent liability in respect of claims not acknowledged by the Corporation, amounted to Rs. 554.860 million (June 30, 2020: Rs. 731.986 million). These claims mainly related to deficiencies in shipping documentations, delay in delivery of cargo and damages to cargo. These include Rs. 2.659 million (June 30, 2020: Rs. 2.794 million) approximately in respect of insurance claims which, if accepted, will be born by the Corporation as the P&I Club, Oceanus Mutual Underwriting Association (Bermuda) Limited has gone into liquidation. Out of the remaining claims, a sum of Rs. 486.241 million (June 30, 2020: Rs. 707.725 millions) approximately would be recoverable from P&I Club, Steamship Mutual Underwriting Association (Bermuda) Limited, in the event these claims are accepted by the Holding Company. As a matter of prudence, the management has made a total provision of Rs. 68.619 million (June 30, 2020: Rs. 24.261 million) against the aforementioned claims in these unconsolidated financial statements.

	(Unaudited) December 31, 2020	(Audited) June 30, 2020
------(Rupees in '000)-----		
<b>Commitments</b>		
11.2 Commitments for capital expenditure	32,571	32,571
11.3 Outstanding letters of guarantee	18,919	18,919
11.4 The Corporation has provided an undertaking amounting to USD 11.6 million (Rs. 1,852.56 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 'GoP' has provided a counter guarantee to the Corporation in relation to the aforesaid undertaking and a significant portion of this counter guarantee has been received from the GoP during the period.		
11.5 Commitments in respect of Enterprise Resource Planning (ERP) implementation and maintenance amount to USD 0.417 million (Rs. 66.54 million) and USD 0.192 million (Rs. 30.614 million) respectively.		

	(Unaudited) Six months period ended December 31, 2020	Six months period ended December 31, 2019
------(Rupees in '000)-----		
<b>12. FINANCE COSTS</b>		
Mark-up on long term financing	288,268	604,383
Mark up on lease liabilities	4,235	-
Bank charges	1,192	1,305
	293,695	605,688

## 13. TAXATION

Current	57,629	55,644
Deferred	(13,297)	(17,998)
	44,332	37,646



		(Unaudited)	
Note		Six months period ended December 31, 2020	Six months period ended December 31, 2019
		------(Rupees in '000)-----	
<b>14.</b>	<b>CASH GENERATED FROM OPERATIONS</b>		
	Profit / (loss) before taxation	80,579	(585,260)
	Adjustments for non-cash charges and other items:		
	Depreciation on:		
	Property, plant and equipments	28,091	31,482
	Right-of-use assets	6,187	-
	Finance cost on:		
	Long term financing	286,272	604,383
	Lease Liabilities	4,235	-
	Profit on disposal of fixed assets	(27,815)	(4,900)
	Provision for employees' gratuity	37,352	42,002
	Provision for employees' compensated absences	38,265	67,851
	Provision for post-retirement medical benefits	11,668	16,247
	Income from saving accounts and term deposits	(182,427)	(276,032)
	Impairment loss on financial assets	20,289	152,281
	Provision no longer required written back	(73,204)	(17,081)
	Gain on revaluation of long-term investments in listed securities	(11,274)	(11,477)
	Dividend Income	-	(831)
	Working capital changes	1,649,138	1,078,755
		<u>1,867,356</u>	<u>1,097,420</u>
<b>14.1</b>	<b>Working capital changes</b>		
	(Increase) / decrease in current assets:		
	Stores and spares	-	(3,797)
	Trade debts - unsecured	(70,401)	(72,443)
	Agents' and owners' balances - unsecured	(4,345)	2,540
	Loans and advances	20,289	(11,732)
	Trade deposits and short-term prepayments	(27,906)	(22,348)
	Other receivables	(105,758)	(142,032)
	Incomplete voyages	(17,453)	1,038
		<u>(205,574)</u>	<u>(248,774)</u>
	Increase / (decrease) in current liabilities:		
	Trade and other payables	1,836,875	1,383,061
	Net increase in provision against damage claims	44,358	1,933
	Contract liabilities	(26,521)	(57,465)
		<u>1,854,712</u>	<u>1,327,529</u>
		<u>1,649,138</u>	<u>1,078,755</u>

		(Unaudited)	
Note		December 31, 2020	December 31, 2019
		------(Rupees in '000)-----	
<b>15.</b>	<b>CASH AND CASH EQUIVALENTS</b>		
	Short-term investments having maturity of three months or less	1,815,000	1,020,000
	Cash and bank balances	1,197,092	2,416,887
		<u>3,012,092</u>	<u>3,436,887</u>

## 16. FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES

### 16.1 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, 2020. There have been no changes in risk management policies since the year end.





## 16.2 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, 2020, all of the Corporation's assets and liabilities are carried at cost less accumulated depreciation / impairment, if any, or at amortised cost except for those mentioned below:

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

The Corporation classifies investment properties and long-term investments in listed companies measured at fair value in the statement of financial position. The latest fair valuation of the Corporation's investment properties was performed by Fairwater Property Valuers & Surveyors (Private) Limited (an independent valuer) as at June 30, 2020.

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) December 31, 2020			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
<b>Assets carried at fair value</b>				
Long-term investments - Fair value through profit or loss	46,695	-	-	46,695
Leasehold land	-	1,086,960	-	1,086,960
Buildings on leasehold land	-	680,443	-	680,443
Beach huts	-	12,194	-	12,194
Workshop machinery and equipment	-	6,401	-	6,401
Investment properties	-	3,427,191	-	3,427,191
	-	5,213,189	-	5,213,189
	(Audited) June 30, 2020			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
<b>Assets carried at fair value</b>				
Long-term investments - Fair value through profit or loss	35,521	-	-	35,521
Leasehold land	-	1,086,960	-	1,086,960
Buildings on leasehold land	-	696,018	-	696,018
Beach huts	-	12,997	-	12,997
Workshop machinery and equipment	-	7,103	-	7,103
Investment properties	-	3,426,191	-	3,426,191
	-	5,229,269	-	5,229,269

**17. 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:

Relationship with the Corporation	(Unaudited)		
	Six months period ended December 31, 2020	Six months period ended December 31, 2019	
------(Rupees in '000)-----			
Name and particulars			
Transactions with State owned / controlled entities			
Freight income - foreign flag vessels	1,019,907	603,353	
Income from operating activities	10,705	-	
Rental income	6,275	5,572	
Rental expense	6,825	4,965	
Transactions with subsidiary companies			
Service fee charged to subsidiary companies	219,446	207,346	
Rental expense of Pakistan Co-operative Ship Stores (Private) Limited	635	523	
Delivery of stores and spares to subsidiary companies	-	18,064	
Retirement benefit costs charged to subsidiary companies	496	936	
Transactions with other related parties			
Contribution to provident fund	Employees benefit plan	3,324	4,131
Directors' fee and traveling allowance	Key management personnel	2,365	3,673
Remuneration and other benefits	Key management personnel	34,221	24,084
Dividend paid to Government of Pakistan	Government holding	261,095	231,267

17.1 In addition, the Corporation is also engaged in making certain payments / collections on behalf of the subsidiary companies in accordance with the Technical and Commercial Services and Administrative and Financial Services Agreement which are settled through current accounts of the subsidiary companies.

17.2 During the six months period ended December 31, 2020, the vehicles at nil net book value are sold to key management personnel for Rs. 9.213 million.

**18. GENERAL**

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

**19. DATE OF AUTHORISATION FOR ISSUE**

These unconsolidated condensed interim financial statements were authorised for issue on February 25, 2021 by the Board of Directors of the Corporation.

**Syed Jarar Haider Kazmi**  
Chief Financial Officer

**Shakeel Ahmed Mangnejo**  
Chairman & Chief Executive

**Khowaja Obaid Imran Ilyas**  
Director

**(Unaudited)  
Consolidated  
Condensed Interim  
Financial  
Statements of  
Pakistan National  
Shipping Corporation  
(Group)**

**for the six months  
period ended  
December 31, 2020**



# **PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES** **CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION** **AS AT DECEMBER 31, 2020**

	Note	(Unaudited) December 31, 2020	(Audited) June 30, 2020
(Rupees in '000)			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	27,982,765	28,674,222
Intangible assets		12,891	12,891
Right of use asset		111,958	118,145
Investment properties		3,427,191	3,426,191
Long-term investments in:			
- Related party (associate)		-	-
- Listed companies and an other entity		46,794	35,521
Long-term loans and advances		10,485	11,827
Long-term deposits		90	90
Deferred taxation - net		133,663	119,405
		<b>31,725,837</b>	<b>32,398,292</b>
<b>CURRENT ASSETS</b>			
Stores and spares		1,141,284	1,345,749
Trade debts - unsecured	6	2,882,968	3,141,103
Agents' and owners' balances - unsecured		13,973	9,628
Loans and advances		54,544	74,833
Trade deposits and short-term prepayments		56,707	28,179
Interest accrued on bank deposits and short-term investments		50,424	39,939
Other receivables	7	680,031	620,356
Incomplete voyages		65,347	94,929
Insurance claims		28,824	89,219
Taxation - net		1,545,400	1,514,604
Short-term investments	8	5,945,120	3,999,025
Cash and bank balances		1,202,206	2,471,831
		<b>13,666,828</b>	<b>13,429,395</b>
		<b>45,392,665</b>	<b>45,827,687</b>
<b>TOTAL ASSETS</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY ATTRIBUTABLE TO THE OWNERS OF THE HOLDING COMPANY</b>			
<b>Share capital</b>			
Authorised capital		2,000,000	2,000,000
Issued, subscribed and paid-up share capital		1,320,634	1,320,634
Capital reserve		131,344	131,344
Revenue reserves		33,202,705	32,293,867
Remeasurement of post retirement benefits obligation - net of tax		(291,117)	(291,117)
Surplus on revaluation of property, plant and equipment - net of tax		1,232,958	1,234,018
		<b>35,596,524</b>	<b>34,688,746</b>
<b>NON-CONTROLLING INTEREST</b>			
		<b>5,800</b>	<b>5,221</b>
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP</b>			
		<b>35,602,324</b>	<b>34,693,967</b>
<b>NON-CURRENT LIABILITIES</b>			
Long term financing - secured	9	5,347,379	6,010,153
Employee benefits		799,659	763,520
Lease liabilities		114,894	109,204
		<b>6,261,932</b>	<b>6,882,877</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10	1,714,004	2,563,914
Contract liabilities		308,244	228,576
Provision against damage claims		68,619	24,261
Current portion of long-term financing	9	1,334,965	1,334,964
Current portion lease liabilities		4,364	6,323
Unclaimed dividend		76,145	68,987
Accrued mark-up on long-term financing		20,068	23,818
		<b>3,528,409</b>	<b>4,250,843</b>
		<b>9,790,341</b>	<b>11,133,720</b>
		<b>45,392,665</b>	<b>45,827,687</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			

11

The annexed notes 1 to 19 form an integral part of these consolidated condensed interim financial statements.

**Syed Jarar Haider Kazmi**  
Chief Financial Officer

**Shakeel Ahmed Mangnejo**  
Chairman & Chief Executive

**Khowaja Obaid Imran Ilyas**  
Director



**PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES  
CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME  
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2020 (UNAUDITED)**

	Note	Quarter ended December 31, 2020	Quarter ended December 31, 2019	Six months period ended December 31, 2020	Six months period ended December 31, 2019
<b>----- (Rupees in '000) -----</b>					
<b>REVENUE</b>					
Income from shipping business		2,948,981	3,045,721	6,863,296	6,266,731
Rental income		55,333	58,017	112,066	111,035
		3,004,314	3,103,738	6,975,362	6,377,766
<b>EXPENDITURE</b>					
Fleet expenses - direct		(2,443,042)	(1,829,152)	(5,072,868)	(4,085,567)
Fleet expenses - indirect		(4,296)	(3,120)	(6,259)	(7,640)
Real estate expenses		(27,349)	(26,071)	(58,956)	(62,467)
		(2,474,687)	(1,858,343)	(5,138,083)	(4,155,674)
<b>GROSS PROFIT</b>					
		529,627	1,245,395	1,837,279	2,222,092
Administrative expenses		(216,536)	(279,688)	(478,684)	(538,911)
Impairment loss	6.3	(17,210)	(189,037)	(20,289)	(206,417)
Other expenses		(149,115)	(149,646)	(236,192)	(219,446)
Other income		349,928	217,151	480,939	431,978
		(32,933)	(401,220)	(254,226)	(532,796)
<b>OPERATING PROFIT</b>					
		496,694	844,175	1,583,053	1,689,296
Finance costs	12	(144,158)	(306,283)	(297,772)	(609,146)
<b>PROFIT BEFORE TAXATION</b>					
		352,536	537,892	1,285,281	1,080,150
Taxation	13	(6,550)	(26,134)	(80,742)	(73,111)
<b>PROFIT AFTER TAXATION</b>					
		345,986	511,758	1,204,539	1,007,039
<b>OTHER COMPREHENSIVE INCOME</b>					
Revaluation of property, plant and equipment		-	-	-	-
Related tax		961	-	961	-
		961	-	961	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>					
		346,947	511,758	1,205,500	1,007,039
<b>Attributable to:</b>					
Equity holders of the Holding Company		346,597	511,483	1,204,921	1,006,553
Non-controlling interest		350	275	579	486
		346,947	511,758	1,205,500	1,007,039
<b>----- (Rupees) -----</b>					
<b>EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE HOLDING COMPANY - basic and diluted</b>					
		2.62	3.88	9.12	7.63

The annexed notes 1 to 19 form an integral part of these consolidated condensed interim financial statements.

**Syed Jarar Haider Kazmi**  
Chief Financial Officer

**Shakeel Ahmed Mangnejo**  
Chairman & Chief Executive

**Khowaja Obaid Imran Ilyas**  
Director



**PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES  
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2020 (UNAUDITED)**

	Attributable to the shareholders of the Holding Company									
	Issued, subscribed and paid-up share capital	Capital reserve*	Revenue reserves			Remeas-urement of post retirement benefits obligation -net of tax	Surplus on revaluation of property, plant and equipment -net of tax	Total reserves	Non-controlling interest	Total
			General reserve	Unap-proriated profit	Sub-total revenue reserves					
(Rupees in '000)										
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
Balance as at July 01, 2020	1,320,634	131,344	129,307	32,164,560	32,293,867	(291,117)	1,234,018	33,368,112	5,221	34,693,967
Final cash dividend for the year ended June 30, 2020 (Rs. 2.25 per ordinary share of Rs. 10 each)	-	-	-	(297,143)	(297,143)	-	-	(297,143)	-	(297,143)
Profit after taxation	-	-	-	1,204,921	1,204,921	-	-	1,204,921	579	1,205,500
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the six months period ended December 31, 2020	-	-	-	1,204,921	1,204,921	-	-	1,204,921	579	1,205,500
Surplus on revaluation of property, plant and equipment realised during the period on account of incremental depreciation charged thereon- net of tax	-	-	-	1,060	1,060	-	(1,060)	-	-	-
Balance as at December 31, 2020	1,320,634	131,344	129,307	33,073,398	33,202,705	(291,117)	1,232,958	34,275,890	5,800	35,602,324

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

The annexed notes 1 to 19 form an integral part of these consolidated condensed interim financial statements.

  
**Syed Jarar Haider Kazmi**  
Chief Financial Officer

  
**Shakeel Ahmed Mangnejo**  
Chairman & Chief Executive

  
**Khowaja Obaid Imran Ilyas**  
Director



**PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES**  
**CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS**  
**FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2020 (UNAUDITED)**

		Six months period ended December 31, 2020	Six months period ended December 31, 2019
Note		------(Rupees in '000)-----	
<b>Cash flows from operating activities</b>			
	14	2,301,636	1,436,830
Cash generated from operations		(8,179)	(10,409)
Employees' gratuity paid		(36,187)	(52,851)
Employees' compensated absences paid		(7,277)	(12,932)
Post-retirement medical benefits paid		1,342	1,397
Long term loans and advances		(287,309)	(601,752)
Finance costs paid		(124,835)	(142,524)
Taxes paid		1,839,191	617,759
<b>Net cash generated from operating activities</b>			
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(406,540)	(319,957)
Initial deposit for the acquisition of intangible asset		-	(12,891)
Additions to investment properties		(1,000)	(117)
Proceeds from disposal of property, plant and equipment		27,815	4,900
Short-term investments made		(2,171,285)	(1,365,750)
Dividend received on long-term investment in listed companies		-	831
Interest received on short-term investments		172,975	273,562
<b>Net cash used in investing activities</b>		(2,378,035)	(1,419,422)
<b>Cash flows from financing activities</b>			
Long-term financing repaid		(667,482)	(1,081,977)
Lease rentals paid		(504)	-
Dividends paid		(287,985)	(255,159)
<b>Net cash used in financing activities</b>		(955,971)	(1,337,136)
<b>Net decrease in cash and cash equivalents</b>		(1,494,815)	(2,138,799)
Cash and cash equivalents at the beginning of the period		4,512,021	5,578,137
<b>Cash and cash equivalents at the end of the period</b>	15	3,017,206	3,439,338

The annexed notes 1 to 19 form an integral part of these consolidated condensed interim financial statements.

**Syed Jarar Haider Kazmi**  
Chief Financial Officer

**Shakeel Ahmed Mangnejo**  
Chairman & Chief Executive

**Khowaja Obaid Imran Ilyas**  
Director



## PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES NOTES TO AND FORMING PART OF THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2020 (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. With effect from October 13, 2020, the name of a subsidiary company was change from Islamabad Shipping (Private) Limited to Pakistan Marine and Shipping Services Company (Private) Limited.

The Group consists of:

#### **Holding company**

Pakistan National Shipping Corporation

#### **Subsidiary companies**

- Bolan Shipping (Private) Limited
- Chitral Shipping (Private) Limited
- Hyderabad 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
- Pakistan Marine and Shipping Services Company (Private) Limited [formerly: Islamabad Shipping (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, 2020: 73%) of the share capital of Pakistan Co-operative Ship Stores (Private) Limited and 100% (June 30, 2020: 100%) of the share capital of the remaining eighteen subsidiary companies. Each of wholly owned subsidiaries operate one vessel / tanker with the exception of Pakistan Marine and Shipping Services Company (Private) Limited [formerly: 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.

- 1.1 Since previous year, the World Health Organization declared COVID-19 a pandemic. To reduce the impact on businesses and economies in general, regulators / governments across the globe introduced a host of measures on both the fiscal and economic fronts.

Shipping operations, which is the basic business of the Group has been permitted by the Government to operate with strict compliance of SOPs issued. Consequently, the Group's offices and vessels have continued to operate. However, COVID-19 has primarily impacted the Group on account of depression in the charter out business in its bulk carriers and reduced activities under slot charter segment. The Group remained up to date in all its financial commitments. The management believes that the going concern assumption of the Group remains valid.

### 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, 2020 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, 2020 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, 2020 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, 2020.
- 2.3 The comparative statement of financial position presented in these consolidated condensed interim financial statements as at June 30, 2020 has been extracted from the annual audited consolidated financial statements of the Group for the year ended June 30, 2020 whereas the comparative consolidated condensed interim statement of profit or loss and other comprehensive income, consolidated condensed interim statement of changes in equity and consolidated condensed interim statement of cash flows for the six months period ended December 31, 2019 have been extracted from the consolidated condensed interim financial statements of the Group for the half year then ended.
- 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, compensated absences, right-of-use assets and their related lease liabilities 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. SIGNIFICANT ACCOUNTING POLICIES

- 3.1 The accounting policies and the methods of computation adopted in the preparation of these consolidated condensed interim financial statements are consistent with those applied in the preparation of the consolidated financial statements for the year ended June 30, 2020.
- 3.2 **Standards, interpretations and amendments to published approved accounting standards that are not yet effective**

#### **(a) Amendments to published approved accounting standards which are effective during the six months period ended December 31, 2020**

There are certain amendments to approved accounting standards which are mandatory for the Group's annual accounting period which began on July 1, 2020. However, these do not have any significant impact on the Group's financial reporting and, therefore, have not been detailed in this consolidated condensed interim financial statements.

#### **(b) Standards 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 January 01, 2021:

COVID-19-Related Rent Concessions (Amendment to IFRS 16) – the International Accounting Standards Board (the Board) has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after 1 June 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications. Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- There is no substantive change to the other terms and conditions of the lease

Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 is applicable for annual financial periods beginning on or after 1 January 2021, with earlier application permitted. The amendments introduce a practical expedient to account for modifications of financial assets or financial liabilities if a change results directly from IBOR reform and occurs on an 'economically equivalent' basis. In these cases, changes will be accounted for by updating the effective interest rate. A similar practical expedient will apply under IFRS 16 for lessees when accounting for lease modifications required by IBOR reform. The amendments also allow a series of exemptions from the regular, strict rules around hedge accounting for hedging relationships directly affected by the interest rate benchmark reforms. The amendments apply retrospectively with earlier application permitted. Hedging relationships previously discontinued solely because of changes resulting from the reform will be reinstated if certain conditions are met.

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual period beginning on or after 1 January 2022 amends IAS 1 by mainly adding paragraphs which clarify what comprise the cost of fulfilling a contract. Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

#### Annual Improvements to IFRS standards 2018-2020:

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after January 01, 2022.

- IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
- IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.
- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for the annual period beginning on or after 1 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.



Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3. An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.

Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) - In response to concerns regarding temporary accounting mismatches and volatility, and increased costs and complexity, the Board issued amendments to IFRS 4 Insurance Contracts in 2017. The two optional solutions raised some considerations which required detailed analysis and management judgement. On the issue of IFRS 17 (Revised) Insurance Contracts in June 2020, the end date for applying the two options under the IFRS 4 amendments was extended to 1 January 2023, aligned with the effective date of IFRS 17.

Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after 1 January 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) - The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

These new standards and amendments to the approved accounting standards will be mandatory for the Holding Company's annual accounting periods beginning on or after January 01, 2021. However, these amendments will not have any significant impact on the financial reporting of the Holding Company.

#### 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, 2020.

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, 2020.

#### 5. PROPERTY, PLANT AND EQUIPMENT

- Operating fixed assets
- Major spare parts and stand-by equipment
- Capital work-in-progress -Buildings on leasehold land

Note	(Unaudited) December 31, 2020	(Audited) June 30, 2020
	------(Rupees in '000)-----	
5.1 & 5.2	27,292,688	28,067,862
	633,196	549,479
	56,881	56,881
	<u>27,982,765</u>	<u>28,674,222</u>



		(Unaudited)	
		Six months period ended December 31, 2020	Six months period ended December 31, 2019
		------(Rupees in '000)-----	
5.1	<b>Additions to operating fixed assets (including transfers from CWIP) during the period:</b>		
	Buildings on lease hold land	468	-
	Office equipments	228	301
	Workshop machinery and equipment	-	2,616
	Computer equipment	204	15,204
	Spares capitalised	101,896	76,598
	Class renewal and dry docking	301,940	223,786
	Equipment on board	1,804	1,452
		<b>406,540</b>	<b>319,957</b>

5.2	Depreciation charge for the period	<b>1,097,997</b>	736,091
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		(Unaudited)	
		December 31, 2020	(Audited) June 30, 2020
		------(Rupees in '000)-----	
	Note		

## 6. TRADE DEBTS - unsecured

### Considered good

- Due from related parties	6.1	2,306,463	2,373,099
- Due from others	6.2	576,505	768,004
		<b>2,882,968</b>	<b>3,141,103</b>

### Considered doubtful

- Due from related parties	6.1	1,430,074	1,415,896
- Due from others		213,726	207,615
		<b>1,643,800</b>	<b>1,623,511</b>

		<b>4,526,768</b>	<b>4,764,614</b>
Less: Allowance for ECL on trade debts	6.3	1,643,800	1,623,511
	6.4	<b>2,882,968</b>	<b>3,141,103</b>

6.1 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	(Unaudited) As at December 31, 2020	(Audited) As at June 30, 2020
------(Rupees in '000)-----					
District Controller of Stores	184	-	2,768	2,952	2,846
National Refinery Limited	59,742	17,924	95,749	173,415	120,953
Pak Arab Refinery Limited	170,888	4,050	290,208	465,146	677,707
Pakistan Refinery Limited	65,398	2,016	165,142	232,556	190,346
Pakistan Security Printing Corporation	1,343	-	-	1,343	-
Pakistan State Oil Company Limited	-	-	2,436,165	2,436,165	2,436,165
Sui Northern Gas Pipelines Limited	1,743	247	-	1,990	22,680
Sui Southern Gas Company Limited	20	-	-	20	61
Trading Corporation of Pakistan (Private) Limited	-	-	4,866	4,866	4,867
Others	95,911	141,745	180,428	418,084	333,368
	<b>395,229</b>	<b>165,982</b>	<b>3,175,326</b>	<b>3,736,537</b>	<b>3,788,993</b>



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

	Note	(Unaudited) December 31, 2020	(Audited) June 30, 2020
------(Rupees in '000)-----			
Upto 1 month		3,679	114,334
1 to 6 months		313,042	607,104
More than 6 months		259,784	46,566
		<b>576,505</b>	<b>768,004</b>

### 6.3 Allowance for ECL on trade debts

Opening balance		1,623,511	1,358,390
Increase during the period / year		20,289	265,121
Closing balance		<b>1,643,800</b>	<b>1,623,511</b>

	(Unaudited) December 31, 2020	(Audited) June 30, 2020
------(Rupees in '000)-----		

## 7. OTHER RECEIVABLES

### Considered good

- Due from related parties	7.1	155,217	197,710
- Due from others		524,814	422,646
		<b>680,031</b>	<b>620,356</b>

### Considered doubtful

- Due from related parties		12,197	12,197
- Due from others		75,903	75,903
		<b>88,100</b>	<b>88,100</b>
		<b>768,131</b>	<b>708,456</b>

Less: Allowance for ECL on other receivables	7.2	88,100	88,100
		<b>680,031</b>	<b>620,356</b>

7.1 This includes an amount of Rs. 43.395 million (June 30,2020: Rs. 125.139 million) due from the Government of Pakistan. (Refer note: 11.4)

	Note	(Unaudited) December 31, 2020	(Audited) June 30, 2020
------(Rupees in '000)-----			

### 7.2 Allowance for ECL on other receivables

Opening balance		88,100	13,828
Increase during the period / year		-	74,272
Closing balance		<b>88,100</b>	<b>88,100</b>

## 8. SHORT-TERM INVESTMENTS

### Amortized Cost

Term deposits with banks having maturity of:

- More than six months		15,000	-
- three to six months		4,115,120	1,958,835
- three months or less		1,815,000	2,040,190
	8.1	<b>5,945,120</b>	<b>3,999,025</b>



- 8.1 Mark-up on these term deposits denominated in local currency ranges from 6.24% to 13.25% (June 30, 2020: 7.20% to 13.25%) per annum, whereas mark-up on term deposits denominated in foreign currency ranges from 1.80% to 2.40% (June 30, 2020: 2.30%) per annum.

	Note	(Unaudited) December 31, 2020	(Audited) June 30, 2020
------(Rupees in '000)-----			
<b>9. LONG TERM FINANCING - secured</b>			
Financing under syndicate term finance agreement	9.1	4,173,226	4,592,617
Financing under musharika agreement	9.2	2,509,118	2,752,500
		6,682,344	7,345,117
Less: Current portion of long-term financing		1,334,965	1,334,964
		<u>5,347,379</u>	<u>6,010,153</u>

**9.1 Financing under syndicate term finance agreement includes:**

- 9.1.1 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 Group has drawn Rs. 2,054.250 million to date.
- 9.1.2 Financing obtained in March 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. As of the reporting date, the Group has drawn 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 company.

**9.2 Financing under musharika agreement includes:**

- 9.2.1 Financing obtained in November 2014 amounting to Rs. 1,500 million from 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 Group has drawn Rs. 1,027.125 million to date.
- 9.2.2 Financing obtained in March 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. As of the reporting date, Group has drawn 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 company.

	Note	(Unaudited) December 31, 2020	(Audited) June 30, 2020
------(Rupees in '000)-----			
<b>10. TRADE AND OTHER PAYABLES</b>			
Creditors		219,686	448,792
Accrued liabilities		1,062,450	1,640,940
Agents' and owners' balances		203,251	268,861
Deposits	10.1	45,436	54,979
Bills payable		18,385	4,090
Withholding Tax Payable		-	49,197
Advance rent		6,634	26,333
Other liabilities:			
- amounts retained from contractors		8,054	3,822
- others		150,108	66,900
		<u>158,162</u>	<u>70,722</u>
		<u>1,714,004</u>	<u>2,563,914</u>



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

## 11. CONTINGENCIES AND COMMITMENTS

### Contingencies

- 11.1 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, 2020, except for the contingency stated below:

The contingent liability in respect of claims not acknowledged by the Holding Company amounted to Rs. 554.860 million (June 30, 2020: Rs. 731.986 million). These claims mainly related to deficiencies in shipping documentations, delay in delivery of cargo and damages to cargo. These include Rs. 2.659 million (June 2020: Rs. 2.794 million) approximately in respect of insurance claims which, if accepted, will be born by the Holding Company as the P&I Club, Oceanus Mutual Underwriting Association (Bermuda) Limited has gone into liquidation. Out of the remaining claims, a sum of Rs. 486.241 million (June 30, 2020: Rs. 707.725 million) approximately would be recoverable from P&I Club, Steamship Mutual Underwriting Association (Bermuda) Limited, in the event these claims are accepted by the Holding Company. As a matter of prudence, the management has made a total provision of Rs. 68.619 million (June 30, 2020: Rs. 24.261 million) against the aforementioned claims in these consolidated financial statement.

(Unaudited) December 31, 2020	(Audited) June 30, 2020
----- (Rupees in '000) -----	

### Commitments

- |   | (Unaudited)<br>December 31,<br>2020 | (Audited)<br>June 30,<br>2020 |
|---|-------------------------------------|-------------------------------|
| 11.2 Commitments for capital expenditure  | 32,571                              | 32,571                        |
| 11.3 Outstanding letters of guarantee   | 18,919                              | 18,919                        |
| 11.4 The Group has provided an undertaking amounting to USD 11.6 million (Rs. 1,852.56 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 Holding Company in relation to the aforesaid undertaking. |                                     |                               |
| 11.5 Commitments in respect of Enterprise Resource Planning (ERP) implementation and maintenance amounting to USD 0.417 million (Rs. 66.54 million) and USD 0.192 million (Rs. 30.614 million) respectively.  |                                     |                               |

	(Unaudited) Six months period ended December 31, 2020	Six months period ended December 31, 2019
Note		
	----- (Rupees in '000) -----	

## 12. FINANCE COSTS

Mark-up on long term financing	289,460	605,688
Mark-up on lease liability	4,235	-
Bank charges	4,077	3,458
	<u>297,772</u>	<u>609,146</u>

## 13. TAXATION

Current tax	94,039	91,109
Deferred tax income	(13,297)	(17,998)
	<u>80,742</u>	<u>73,111</u>



#### 14. CASH GENERATED FROM OPERATIONS

Note	(Unaudited)	
	Six months period ended December 31, 2020	Six months period ended December 31, 2019
------(Rupees in '000)-----		
Profit before taxation	1,285,281	1,080,150
Adjustments for non-cash charges and other items:		
Depreciation on:		
Property, plant and equipments	1,097,997	736,091
Right-of-use assets	6,187	-
Finance cost on:		
Long term financing	288,268	604,383
Lease Liabilities	4,235	-
Profit on disposal of property, plant and equipment	(27,815)	(4,900)
Provision for employees' gratuity	37,848	42,574
Provision for employees' compensated absences	38,265	67,974
Provision for post-retirement medical benefits	11,668	16,488
Income from saving accounts and term deposits	(183,440)	(276,888)
Loss on disposal of stores	11,197	9,961
Provision no longer required written back	(109,907)	(17,081)
Impairment loss	20,289	206,417
Loss on revaluation of long-term investments in listed securities	(11,273)	(11,477)
Dividend Income	-	(831)
Working capital changes	(167,164)	(1,016,031)
	<u>2,301,636</u>	<u>1,436,830</u>

##### 14.1 Working capital changes

(Increase) / decrease in current assets:		
Stores and spares	193,268	(189,973)
Trade debts - unsecured	237,846	(223,902)
Agents' and owners' balances - unsecured	(4,345)	2,540
Loans and advances	20,289	(11,732)
Trade deposits and short-term prepayments	(28,528)	(26,846)
Other receivables	(59,675)	(412,630)
Incomplete voyages	29,582	(44,893)
Insurance claims	60,395	9,416
	<u>448,832</u>	<u>(898,020)</u>
(Decrease) / increase in current liabilities:		
Trade and other payables	(740,022)	(74,517)
Contract liabilities	79,668	(45,427)
Net decrease in provision against damage claims	44,358	1,933
	<u>(167,164)</u>	<u>(1,016,031)</u>

#### 15. CASH AND CASH EQUIVALENTS

	(Unaudited)	
	December 31, 2020	December 31, 2019
------(Rupees in '000)-----		
Short-term investments having maturity of three months or less	1,815,000	1,020,000
Cash and bank balances	1,202,206	2,419,338
	<u>3,017,206</u>	<u>3,439,338</u>





## 16. FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES

### 16.1 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, 2020. There have been no changes in risk management policies since the year end.

### 16.2 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, 2020, the Group's all assets and liabilities are carried at cost less accumulated depreciation / impairment, if any, or at amortised cost except for those mentioned below:

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

The Group classifies investment properties and long-term investments in listed companies measured at fair value in the statement of financial position. The latest fair valuation of the Corporation's investment properties was performed by Fairwater Property Valuers & Surveyors (Private) Limited (an independent valuer) as at June 30, 2020.

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, 2020			
Level 1	Level 2	Level 3	Total
----- ( Rupees in '000) -----			

#### Assets carried at fair value

Long-term investments - Fair value through profit or loss

46,694	-	-	46,694
--------	---	---	--------

Leasehold land

-	1,086,960	-	1,086,960
---	-----------	---	-----------

Buildings on leasehold land

-	680,443	-	680,443
---	---------	---	---------

Beach huts

-	12,194	-	12,194
---	--------	---	--------

Workshop machinery and equipment

-	6,401	-	6,401
---	-------	---	-------

Investment properties

-	3,427,191	-	3,427,191
---	-----------	---	-----------

-	5,213,189	-	5,213,189
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	(Audited) June 30, 2020			Total
	Level 1	Level 2	Level 3	
	(Rupees in '000)			
<b>Assets carried at fair value</b>				
Long-term investments - Fair value through profit or loss	35,421	-	-	35,421
Leasehold land	-	1,086,960	-	1,086,960
Buildings on leasehold land	-	699,435	-	699,435
Beach huts	-	12,997	-	12,997
Workshop machinery and equipment	-	7,103	-	7,103
Investment properties	-	3,426,191	-	3,426,191
	-	5,232,686	-	5,232,686

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

Name and particulars	Relationship with the Group	(Unaudited)	
		Six months period ended December 31, 2020	Six months period ended December 31, 2019
------(Rupees in '000)-----			
<b>Transactions with State owned / controlled entities</b>			
Freight income		4,017,520	2,885,422
Income from other operating activities		37,673	100,256
Rental income		6,275	5,572
Rental expense		6,825	4,965
<b>Transactions with other related parties</b>			
Contribution to provident fund	Employees benefit plan	3,324	4,131
Directors' fee and traveling allowance	Key management personnel	2,365	3,673
Key management personnel compensation	Key management personnel	34,221	24,084
Dividend Paid to Government of Pakistan		261,095	231,267

- 17.1 During the six months period ended December 31, 2020, the vehicles at nil net book value are sold to key management personnel for Rs. 9.213 million.

#### 18. GENERAL

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

#### 19. DATE OF AUTHORISATION FOR ISSUE

These consolidated condensed interim financial statements were authorised for issue on February 25, 2021 by the Board of Directors of the Holding Company.

**Syed Jarar Haider Kazmi**  
Chief Financial Officer

**Shakeel Ahmed Mangnejo**  
Chairman & Chief Executive

**Khowaja Obaid Imran Ilyas**  
Director





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