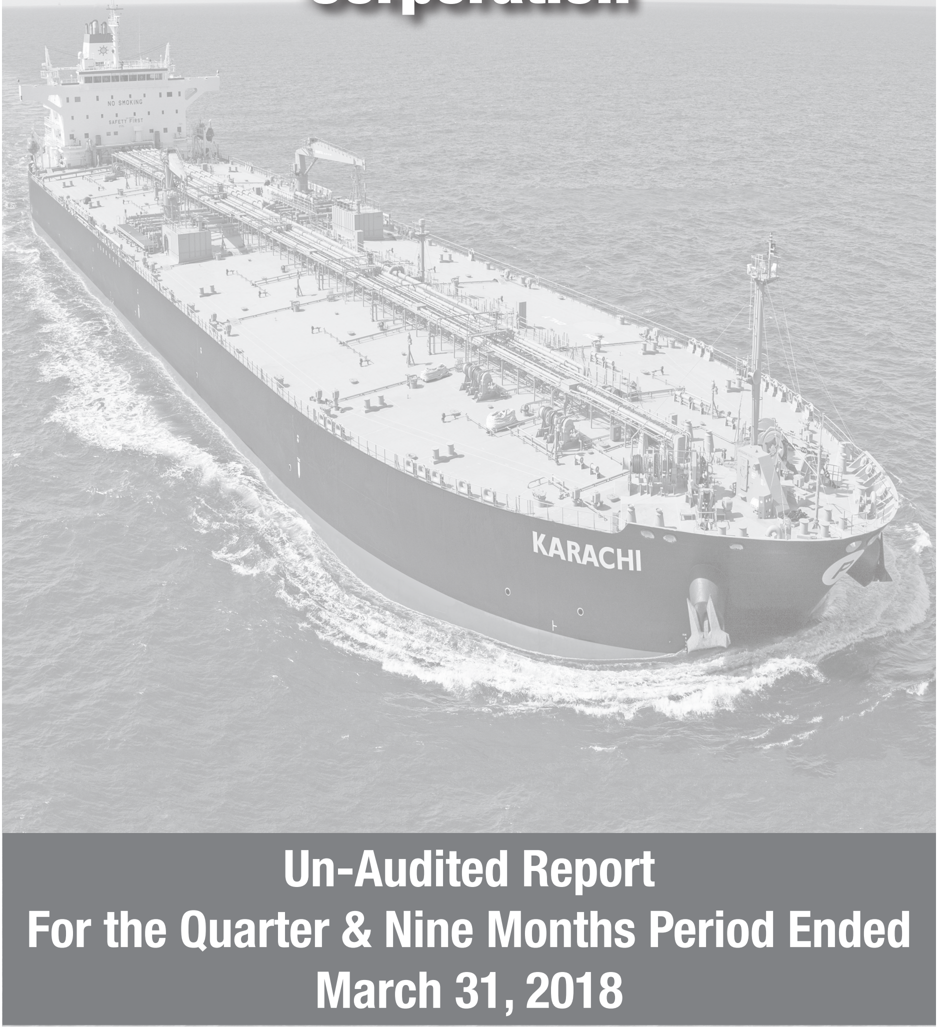
Pakistan National Shipping Corporation



Un-Audited Report
For the Quarter & Nine Months Period Ended
March 31, 2018

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CORPORATE INFORMATION

Board of Directors

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

Audit Committee of the Board

1. Mr. Khowaja Obaid Imran Ilyas	Chairman
2. Capt. Anwar Shah	Member
3. Ms. Zainab Suleman	Secretary

HR Committee

1. Capt. Anwar Shah	Chairman
2. Mr. Khowaja Obaid Imran Ilyas	Member
3. Ms. Zainab Suleman	Secretary

Commercial Committee

1. Capt. Anwar Shah	Chairman
2. Mr. Khowaja Obaid Imran Ilyas	Member
3. Ms. Zainab Suleman	Secretary

Chief Financial Officer

Mr. S. Jarar Haider Kazmi

Corporation & Board Secretary

Ms. Zainab Suleman

Chief Internal Auditor

Mr. Babar Jamal Zubairi

Head Office

PNSC Building, Moulvi Tamizuddin Khan Road,
Karachi - 74000.

Auditors

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

Shares Registrar

Central Depository Company of Pakistan Limited
CDC House, 99-B, Block 'B',
S.M.C.H.S., Main Shahra-e-Faisal, Karachi.

Bankers

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

PAKISTAN NATIONAL SHIPPING CORPORATION
DIRECTORS' REPORT
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2018

The Directors of Pakistan National Shipping Corporation (PNSC) are pleased to present the consolidated and unconsolidated condensed interim financial information of PNSC and Group for the nine months period ended March 31, 2018.

OVERVIEW

PNSC Group adopted provisions of Companies Act, 2017 relating to preparation of financial statements for the quarter ended March 31, 2018 and accordingly restated its consolidated and unconsolidated financial statements mainly to treat this policy change and include surplus on revaluation of property, plant and equipment under its equity as required by the International Financial Reporting Standards (IFRS).

Group after Tax Profit of Rs 872 million has been achieved during this period against Rs 1,381 million in the same period last year showing a decrease of 37%, likewise, Earnings per Share for the group also decreased to Rs 6.60 from Rs 10.46. While the global shipping industry has started showing signs of entering the recovery phase with an increase in BDI in the dry bulk segment and an increase in World scale and AFRA in liquid segment internationally, therefore there is a likelihood of recovery in the coming months. In wake of saving the foreign currency reserves and curbing the furnace oil imports, Government decided to restrict the import of fuel oil and thereby shift the power sector towards inexpensive LNG consumption, thereby adversely affecting PNSC's business. However, subsequent to the three month restriction, in order to meet growing electricity demand in summer, Government has lifted the ban for one-off import of furnace oil for the power sector.

PNSC Group achieved a turnover of Rs 7,522 million (including Rs 3,249 million from PNSC) as compared to Rs 9,137 million (including Rs 5,427 million from PNSC) for the corresponding period last year. PNSC Group made substantial growth of 48% (from Rs 860 million to Rs 1,272 million) in revenue of owned bulk carriers segment and growth of 5% (from Rs 2,849 million to Rs 3,001 million) in owned liquid vessels. However, the growth in owned vessels segment was offset by 48% (from Rs 2,691 million to Rs 1,410 million) reduction in slot charter segment with the reduction of Government cargoes. Moreover, the energy mix has started to change. The Government is keen to go for efficient and more environmental friendly fuel i.e. LNG as compared to fuel oil. This policy shift by the Government has impacted on oil imports with a reduction in foreign tanker business by 35% (from Rs 2,594 million to Rs 1,690 million).

Direct operating expenses decreased to Rs 5,866 million (including Rs 1,850 million from PNSC) from Rs. 6,607 million (including Rs 3,018 million from PNSC), thereby resulting in Gross Profit of Rs 1,656 million as against Rs 2,529 million for the same period last year.

Situation is further aggravated with the recognition of impairment loss in one of the vessels owned by the Group, thereby deteriorating the Group's profitability. In accordance with applicable financial reporting standards, impairment assessment is undertaken at the end of each reporting period in respect of each vessel and recoverable amount is computed using 'value in use' method. Due to restricted demand and slow recovering market conditions, the management remained cautious and prudently conservative while estimating future revenues to avoid over estimation. As a result of this exercise, an impairment loss of Rs 120 million is recognized in M.V. Sibi in current period.

FUTURE PROSPECTS

PNSC plans to induct three modern double hull oil tankers in its fleet not only to cater the demand of Motor Gasoline transportation but also to impart modern technological advancements onboard to promote and comply with upcoming laws and regulations of IMO. The said inductions will also curtail reliance on foreign chartered vessels for oil transportation of the country.

To encounter the existing and foreseeable external challenges, PNSC is also reviewing its internal strategy which primarily focuses on diversification of business portfolio, reduction in cost of doing business and improvements in overall corporate governance focus of management. The strategy mainly focuses on corporate responsibility, business process improvements, alignment of resources and setting prudent strategic objectives. The primary objective is to induce efficiency into PNSC business spectrum and to gear up for current and future economic and geo political challenges.

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

Rizwan Ahmed

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

Karachi: April 19, 2018.

PNSC Managed Fleet

BULK CARRIERS

M.V CHITRAL

M.V MALAKAND

M.V HYDERABAD

M.V SIBI

M.V MULTAN

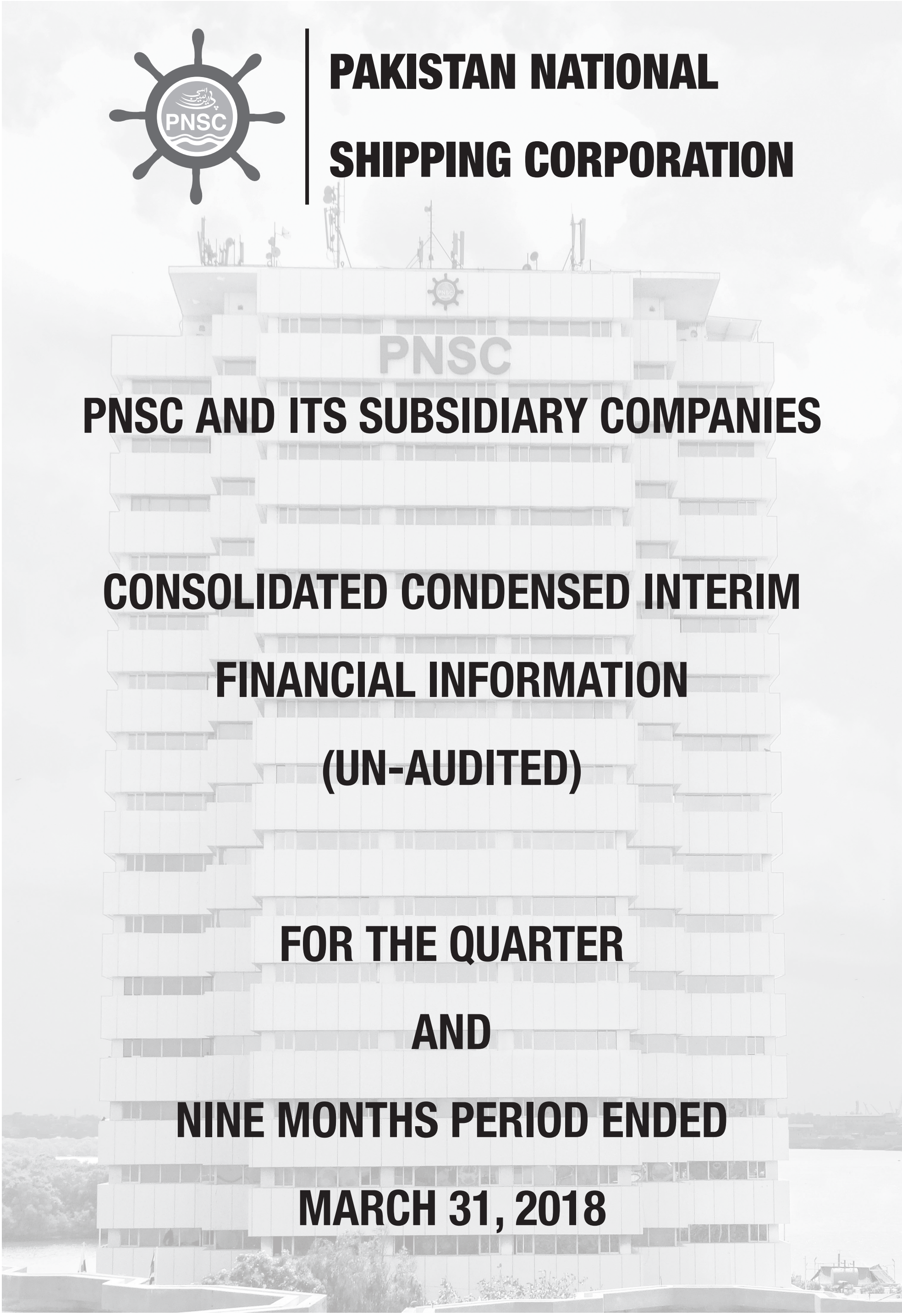
TANKERS

M.T QUETTA

M.T LAHORE

M.T KARACHI

M.T SHALAMAR



PAKISTAN NATIONAL SHIPPING CORPORATION

PNSC AND ITS SUBSIDIARY COMPANIES

CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE QUARTER AND NINE MONTHS PERIOD ENDED MARCH 31, 2018

PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES
CONSOLIDATED CONDENSED INTERIM BALANCE SHEET
AS AT MARCH 31, 2018

	Note	(Unaudited) March 31, 2018	(Audited) June 30, 2017 (Restated)	(Audited) June 30, 2016 (Restated)
		(Rupees in '000)		
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	5	**22,246,301**	23,195,568	24,215,418
Intangible asset	6	**-**	-	-
Investment properties		**2,671,043**	2,671,043	2,191,683
Long-term investments in:				
- Related party (associate)		**-**	-	-
- Listed companies and an other entity		**51,118**	49,566	50,304
Long-term loans to employees		**26,772**	-	-
Long-term loans and advances		**-**	-	58
Long-term deposits		**90**	90	90
Deferred taxation		**32,737**	46,561	84,651
		25,028,061	25,962,828	26,542,204
CURRENT ASSETS				
Stores and spares		**630,569**	670,079	619,960
Trade debts - unsecured	7	**449,821**	756,750	564,157
Agents' and owners' balances - unsecured		**18,251**	8,423	11,371
Loans and advances		**47,839**	91,348	91,004
Trade deposits and short-term prepayments		**40,444**	60,951	38,915
Interest accrued on bank deposits and investments		**58,317**	48,193	35,652
Other receivables	8	**2,444,364**	2,002,156	1,389,237
Incomplete voyages		**7,023**	83,954	88,678
Insurance claims		**115,324**	34,248	38,574
Taxation - net		**1,177,302**	1,094,632	1,196,720
Short-term investments	9	**4,331,075**	4,127,045	3,921,504
Cash and bank balances		**2,400,048**	2,711,772	2,000,069
		11,720,377	11,689,551	9,995,841
TOTAL ASSETS		**36,748,438**	37,652,379	36,538,045
EQUITY AND LIABILITIES				
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE HOLDING COMPANY				
Share capital		**1,320,634**	1,320,634	1,320,634
Reserves		**27,990,418**	27,377,025	25,095,821
Surplus on revaluation of property, plant and equipment - net of tax		**1,155,181**	1,143,350	1,161,826
		30,466,233	29,841,009	27,578,281
NON-CONTROLLING INTEREST		**4,165**	3,714	3,316
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP		**30,470,398**	29,844,723	27,581,597
NON-CURRENT LIABILITIES				
Long-term financing - secured	10	**2,043,927**	2,944,191	4,141,525
Deferred liabilities		**630,602**	592,356	612,767
		2,674,529	3,536,547	4,754,292
CURRENT LIABILITIES				
Trade and other payables	11	**2,289,427**	2,966,176	2,886,798
Unclaimed dividends		**53,603**	39,147	35,516
Provision against damage claims		**22,755**	20,032	23,078
Current portion of long-term financing	10	**1,210,172**	1,210,172	1,210,172
Accrued mark-up on long-term financing		**27,554**	35,582	46,592
		3,603,511	4,271,109	4,202,156
TOTAL EQUITY AND LIABILITES		**36,748,438**	37,652,379	36,538,045
CONTINGENCIES AND COMMITMENTS	12			

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

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

PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES
CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE QUARTER AND NINE MONTHS PERIOD ENDED MARCH 31, 2018 (UNAUDITED)

	Quarter Ended March 31, 2018	Quarter Ended March 31, 2017	**Nine Months Period Ended March 31, 2018**	Nine Months Period Ended March 31, 2017
	(Rupees in '000)			
REVENUE				
Income from shipping business	**1,986,189**	2,614,753	**7,372,083**	8,993,629
Rental income	**49,483**	48,670	**149,504**	142,974
	2,035,672	2,663,423	**7,521,587**	9,136,603
EXPENDITURE				
Fleet expenses - direct	**(1,695,527)**	(1,970,442)	**(5,747,301)**	(6,501,542)
Fleet expenses - indirect	**(7,511)**	(4,236)	**(24,650)**	(16,021)
Real estate expenses	**(23,981)**	(28,541)	**(94,073)**	(89,576)
	(1,727,019)	(2,003,219)	**(5,866,024)**	(6,607,139)
GROSS PROFIT	**308,653**	660,204	**1,655,563**	2,529,464
Administrative expenses	**(245,208)**	(238,589)	**(750,649)**	(708,247)
Other expenses	**(52,626)**	(270,782)	**(527,100)**	(796,087)
Other income	**250,372**	363,515	**921,385**	1,054,956
	(47,462)	(145,856)	**(356,364)**	(449,378)
OPERATING PROFIT	**261,191**	514,348	**1,299,199**	2,080,086
Finance costs	**(59,837)**	(79,474)	**(195,066)**	(255,333)
PROFIT BEFORE TAXATION	**201,354**	434,874	**1,104,133**	1,824,753
Taxation	**(65,229)**	(84,165)	**(232,503)**	(443,977)
PROFIT AFTER TAXATION	**136,125**	350,709	**871,630**	1,380,776
Other comprehensive income	**-**	-	**-**	-
TOTAL COMPREHENSIVE INCOME	**136,125**	350,709	**871,630**	1,380,776
Attributable to:				
Equity holders of the Holding Company	**135,963**	350,553	**871,179**	1,380,381
Non-controlling interest	**162**	156	**451**	395
	136,125	350,709	**871,630**	1,380,776
	(Rupees)			
EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE HOLDING COMPANY - basic and diluted	**1.03**	2.66	**6.60**	10.46

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

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

PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2018 (UNAUDITED)

	------------------Attributable to the shareholders of the Holding Company------------------								
			Revenue reserves						
	Issued, subscribed and paid-up share capital	Capital reserve	General reserve	Remeasurement of post-retirement benefits obligation - net of tax	Unappropriated profit	Total reserves	Surplus on revaluation of property, plant and equipment - net of tax	Non-controlling interest	Total
	--------------------------------				(Rupees in '000)				--------------------------------
Balance as at July 1, 2015 (without restatement)	1,320,634	131,344	129,307	(342,905)	23,034,266	22,952,012	-	2,961	24,275,607
Effect of restatement	-	-	-	-	-	-	1,131,132	-	1,131,132
Balance as at July 01, 2015 (restated)	1,320,634	131,344	129,307	(342,905)	23,034,266	22,952,012	1,131,132	2,961	25,406,739
Final cash dividend for the year ended June 30, 2015 (Rs 1.5 per ordinary share of Rs 10 each)	-	-	-	-	(198,095)	(198,095)	-	-	(198,095)
Total comrehensive income for the nine months period ended March 31, 2016	-	-	-	-	1,363,592	1,363,592	-	324	1,363,916
Transaction cost incurred for issue of further share capital of subsidiary	-	-	-	-	(27,125)	(27,125)	-	-	(27,125)
Surplus on revaluation of property, plant and equipment realised during the period on account of incremental depreciation charged thereon - net of tax	-	-	-	-	13,385	13,385	(13,385)	-	-
Effect of allocation of revenue between presumptive tax regime and normal tax regime	-	-	-	-	-	-	(8,531)	-	(8,531)
Balance as at March 31, 2016 (restated)	1,320,634	131,344	129,307	(342,905)	24,186,023	24,103,769	1,109,216	3,285	26,536,904
Balance as at July 01, 2016 (without restatement)	1,320,634	131,344	129,307	(309,809)	25,144,979	25,095,821	-	3,316	26,419,771
Effect of restatement	-	-	-	-	-	-	1,161,826	-	1,161,826
Balance as at July 1, 2016 (restated)	1,320,634	131,344	129,307	(309,809)	25,144,979	25,095,821	1,161,826	3,316	27,581,597
Final cash dividend for the year ended June 30, 2016 (Rs 2 per ordinary share of Rs. 10 each)	-	-	-	-	(264,127)	(264,127)	-	-	(264,127)
Total comprehensive income for the nine months period ended March 31, 2017	-	-	-	-	1,380,381	1,380,381	-	395	1,380,776
Surplus on revaluation of property, plant and equipment realised during the period on account of incremental depreciation charged thereon - net of tax	-	-	-	-	7,618	7,618	(7,618)	-	-
Effect of allocation of revenue between presumptive tax regime and normal tax regime	-	-	-	-	-	-	34,718	-	34,718
Balance as at March 31, 2017 (restated)	1,320,634	131,344	129,307	(309,809)	26,268,851	26,219,693	1,188,926	3,711	28,732,964
Balance as at July 01, 2017 (without restatement)	1,320,634	131,344	129,307	(255,659)	27,372,033	27,377,025	-	3,714	**28,701,373**
Effect of restatement							1,143,350		**1,143,350**
Balance as at July 01, 2017 (restated)	1,320,634	131,344	129,307	(255,659)	27,372,033	27,377,025	1,143,350	3,714	**29,844,723**
Final cash dividend for the year ended June 30, 2017 (Rs 2 per ordinary share of Rs. 10 each)	-	-	-	-	(264,127)	(264,127)	-	-	**(264,127)**
Total comrehensive income for the nine months period ended March 31, 2018	-	-	-	-	871,179	871,179	-	451	**871,630**
Surplus on revaluation of property, plant and equipment realised during the period on account of incremental depreciation charged thereon - net of tax	-	-	-	-	6,341	6,341	(6,341)	-	**-**
Effect of allocation of revenue between presumptive tax regime and normal tax regime	-	-	-	-	-	-	18,172	-	**18,172**
Balance as at March 31, 2018	1,320,634	131,344	129,307	(255,659)	27,985,426	27,990,418	1,155,181	4,165	**30,470,398**

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

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

PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES
CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2018 (UNAUDITED)

	Note	Nine Months Period Ended March 31, 2018	Nine Months Period Ended March 31, 2017
		---------(Rupees in '000)---------	
Cash flows from operating activities			
Cash generated from operations	13	1,633,157	2,177,614
Employees' gratuity paid		(6,181)	(41,483)
Employees' compensated absences paid		(60,458)	(83,924)
Post-retirement medical benefits paid		(28,400)	(19,076)
Long-term loans to employees		(26,772)	-
Finance costs paid		(195,731)	(256,230)
Taxes paid		(282,816)	(399,240)
Net cash generated from operating activities		1,032,799	1,377,661
Cash flows from investing activities			
Purchase of property, plant and equipment		(272,404)	(446,599)
Dividends received on long-term investments in listed securities		2,524	1,485
Short-term investments (made) / redeemed		(954,030)	501,500
Interest received on short-term investments		286,688	221,152
Net cash (used in) / generated from investing activities		(937,222)	277,538
Cash flows from financing activities			
Long-term financing repaid		(907,630)	(907,630)
Dividends paid		(249,671)	(260,453)
Net cash used in financing activities		(1,157,301)	(1,168,083)
Net (decrease) / increase in cash and cash equivalents		(1,061,724)	487,116
Cash and cash equivalents at the beginning of period		5,161,772	2,143,378
Cash and cash equivalents at the end of period	14	4,100,048	2,630,494

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

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

PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES
NOTES TO AND FORMING PART OF THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2018 (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 Companies Ordinance, 1984, (now Companies Act, 2017), respectively. The Group is principally engaged in the business of shipping, including charter of vessels, transportation of cargo and other related services. The Group is also engaged in renting out its properties to tenants under lease agreements. The Group's registered office is situated at PNSC Building, Moulvi Tamizuddin Khan Road, Karachi except for Pakistan Co-operative Ship Stores (Private) Limited which is situated at 70/4, Timber Pond, N.M Reclamation Kemari, Karachi.

The Group consists of:

Holding company
Pakistan National Shipping Corporation

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

Associate
- Muhammadi Engineering Works (Private) Limited

The Holding Company owns 73% (June 30, 2017: 73%) of the share capital of Pakistan Co-operative Ship Stores (Private) Limited and 100% (June 30, 2017: 100%) of the share capital of the remaining eighteen subsidiary companies. All the wholly owned subsidiaries operate one vessel / tanker each with the exception of Bolan Shipping (Private) Limited, Swat Shipping (Private) Limited, Lalazar Shipping (Private) Limited, Johar Shipping (Private) Limited, Kaghan Shipping (Private) Limited, Khairpur Shipping (Private) Limited, Islamabad Shipping (Private) Limited, Sargodha Shipping (Private) Limited and Makran Shipping (Private) Limited which currently do not own any vessel / tanker.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

2.1 This consolidated condensed interim financial information of the Group for the nine months period ended March 31, 2018 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. This consolidated condensed interim financial information does 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, 2017 as they provide an update of previously reported information.

2.2 This consolidated condensed interim financial information comprise of the consolidated condensed interim balance sheet as at March 31, 2018 and the consolidated condensed interim profit and loss account, the consolidated condensed interim statement of changes in equity, the consolidated condensed interim cash flow statement and notes thereto for the nine months period then ended. This consolidated condensed interim financial information also include the consolidated condensed interim profit and loss account for the quarter ended March 31, 2018 which has neither been reviewed nor audited.

2.3 The comparative balance sheet presented in this consolidated condensed interim financial information as at June 30, 2017 has been extracted from the annual audited consolidated financial statements of the Group for the year ended June 30, 2017 whereas the comparative consolidated condensed interim profit and loss account, consolidated condensed interim statement of changes in equity and consolidated condensed interim cash flow statement for the nine months period ended March 31, 2017 have been extracted from the consolidated condensed interim financial information of the Group for the nine months period then ended March 31, 2017 which were neither subjected to a review nor audited. The comparative consolidated condensed interim profit and loss account for the quarter ended March 31, 2017 included in this consolidated condensed interim financial information was neither subjected to a review nor audited.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies and the methods of computation adopted in the preparation of this consolidated condensed interim financial information are consistent with those applied in the preparation of the consolidated financial statements for the year ended June 30, 2017, except for treatment of surplus on revaluation on property, plant and equipment, which is changed due to implementation of Companies Act, 2017 and now it is presented as a part of equity. Summary of change is documented below:

	(Audited) June 30, 2017	(Audited) June 30, 2016
	----------(Rupees in '000)----------	
Equity without impact of restatement	28,701,373	26,419,771
Effect of change in accounting policy	1,143,350	1,161,826
Equity after impact of change in accounting policy	29,844,723	27,581,597

3.2 **Change in accounting standards, interpretations and amendments to published approved accounting standards that are effective**

(a) Amendments to published approved accounting standards which are effective during the nine months period ended March 31, 2018

There are certain amendments to approved accounting standards which are mandatory for the Group's annual accounting period which began on July 1, 2017. 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 information.

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

There are certain new standards and amendments to the approved accounting standards that will be mandatory for the Group's annual accounting periods beginning on or after July 1, 2018. However, these amendments will not have any significant impact on the financial reporting of the Group and, therefore, have not been disclosed in this consolidated condensed interim financial information. During the current period the Securities and Exchange Commission of Pakistan has adopted IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Contracts with Customers', the impacts of which on the Group's future financial statements are being assessed. Further, certain new standards are yet to be adopted by the Securities and Exchange Commission of Pakistan.

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

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

Judgements and estimates made by the management in the preparation of this consolidated condensed interim financial information are the same as those applied in the consolidated annual financial statements for the year ended June 30, 2017.

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, 2017.

	Note	(Unaudited) March 31, 2018	(Audited) June 30, 2017
		---------(Rupees in '000)---------	
5. PROPERTY, PLANT AND EQUIPMENT			
- Operating fixed assets	5.1, 5.2 & 5.3	**21,586,325**	22,558,121
- Major spare parts and stand-by equipment		**319,884**	308,925
- Capital work-in-progress (CWIP) - buildings on leasehold land		**340,092**	328,522
		22,246,301	23,195,568

	(Unaudited) Nine Months Period Ended March 31, 2018	Nine Months Period Ended March 31, 2017
	---------(Rupees in '000)---------	
5.1 **Additions to operating fixed assets (including transfers from CWIP) during the period:**		
Buildings on leasehold land	**3,569**	138,141
Office equipment	**3,284**	3,306
Furniture and fixtures	**2,015**	965
Vehicles	**7,151**	-
Computer equipment	**6,629**	988
Spares capitalised	**16,466**	39,620
Class renewal and dry docking	**173,282**	380,777
Workshop machinery and equipment	**372**	1,891
Equipment on board	**6,315**	7,041
	219,083	572,729
5.2 Depreciation charge for the period	**1,101,611**	1,026,925

5.3 Due to the current market conditions as well as the uncertainty of the global economy, the supplies of vessels, and the challenging shipping market operating environment, the Group has performed individual impairment tests of all vessels in accordance with IAS 36 'Impairment of Assets' and a recoverable amount has been computed using 'value in use' method. In assessing the value in use, estimated future cashflows were discounted to their present value using a discount rate (WACC) that reflects the current market assessments of the time value of money and the risks specific to the asset. The discount rate applied to the future cash flow projections is 14.63%. The cashflow projections have been made upto the remaining useful life of the vessel. Impairments have been recorded where the recoverable amount is lower than the carrying value for the vessels.

As a result of the impairment assessment, the vessel M.V. Sibi has been written down to its recoverable amount of Rs. 1,810 million, which was determined by reference to the value in use method. The resultant impairment loss of Rs. 120.060 million is recognised in other expenses in the profit and loss account.

Key assumptions used in value in use calculation of all vessels:

The value in use calculation is most sensitive to the following assumptions:

Discount rate:

Discount rate takes into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances and is derived from its weighted average cost of capital (WACC). Increase of 1% in the discount rate will decrease the recoverable amount by Rs 1,211.350 million, whereas a similar decrease in the discount rate will have a positive effect of Rs 1,328.838 million on the recoverable amount.

Projected charter revenue rates:

The shipping business is a cyclical business and keeping in view its volatility and based on the external sources of information obtained from the shipping experts, in case of dry cargo vessels, the estimated cashflows are based on an average of past 10 years of charter rates specific to the vessel type excluding peaks and troughs till the remaining useful life of the vessel. In this respect, two scenarios have been considered with equal probability based on management's expectations of outcome for each scenario. For liquid cargo vessels, the management expects that for the foreseeable future, the tankers will generate revenue based on the Contract of Affreightment (CoA) with the customers. Decrease of 1% in the average charter rate assumed will decrease the recoverable amount by Rs 542.362 million, whereas a similar increase will have a positive effect of Rs 542.362 million on the recoverable amount.

6. INTANGIBLE ASSET

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

	Note	(Unaudited) March 31, 2018	(Audited) June 30, 2017
		---------(Rupees in '000)---------	
7. TRADE DEBTS - unsecured			
Considered good			
- Due from related parties		**420,980**	732,674
- Due from others		**28,841**	24,076
		449,821	756,750
Considered doubtful		**186,137**	213,984
		635,958	970,734
Less: Provision for doubtful debts	7.1	**186,137**	213,984
		449,821	756,750

7.1 Provision for doubtful debts

	Note	(Unaudited) March 31, 2018	(Audited) June 30, 2017
Balance at the beginning		**213,984**	188,488
Provision made during the period / year		**3,614**	32,493
Provision reversed during the period / year		**(2,217)**	(285)
Provision written off during the period / year		**(29,244)**	(6,712)
Balance at the end	7.2	**186,137**	213,984

7.2 As at March 31, 2018, trade debts of Rs 186.137 million (June 30, 2017: Rs 213.984 million) were impaired and provided for. These balances have been outstanding for more than three years.

	Note	(Unaudited) March 31, 2018	(Audited) June 30, 2017
		----------(Rupees in '000)----------	
8. OTHER RECEIVABLES			
Amount held by lawyer in respect of a guarantee provided to the court		**4,953**	4,953
Others:			
- considered good	8.1	**2,401,560**	1,959,352
- considered doubtful		**401,752**	404,159
	8.2	**2,803,312**	2,363,511
Less: Provision for doubtful other receivables		**401,752**	404,159
		2,401,560	1,959,352
Employees' gratuity scheme - funded		**37,851**	37,851
		2,444,364	2,002,156

8.1 As at March 31, 2018, amounts aggregating Rs 2,401.560 million (June 30, 2017: Rs 1,959.352 million) are past due but not impaired. These receivables have been outstanding for less than three years.

8.2 This includes demurrage receivable from related parties amounting to Rs 2,455.334 million (June 30, 2017: Rs 2,048.553 million).

	Note	(Unaudited) March 31, 2018	(Audited) June 30, 2017
		----------(Rupees in '000)----------	
9. SHORT-TERM INVESTMENTS			
Term deposits with banks having maturity of:			
- more than six months but upto twelve months	9.1	**512,000**	10,000
- three to six months	9.2	**2,119,075**	1,667,045
- three months or less	9.3	**1,700,000**	2,450,000
		4,331,075	4,127,045

9.1 The mark-up on these term deposits denominated in local currency ranges from 6.05% to 6.60% (June 30, 2017: 6.60% to 7.25%) per annum.

9.2 The mark-up on these term deposits denominated in local currency ranges from 6.26% to 6.35% (June 30, 2017: 6.10% to 6.60%) per annum, whereas mark-up on term deposits denominated in foreign currency ranges from 2.20% to 2.45% (June 30, 2017: 2.20% to 2.35%) per annum.

9.3 The mark-up on these term deposits denominated in local currency ranges from 6.15% to 6.50% (June 30, 2017: 6.10% to 6.50%) per annum.

	Note	(Unaudited) March 31, 2018	(Audited) June 30, 2017
		----------(Rupees in '000)----------	
10. LONG-TERM FINANCING - secured			
Financing under syndicated term finance agreement	10.1	**1,208,555**	1,397,686
Financing under musharika agreement	10.1 & 10.2	**2,045,544**	2,756,677
		3,254,099	4,154,363
Less: Current portion		**1,210,172**	1,210,172
		2,043,927	2,944,191

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

The financing carried mark-up of 3 month KIBOR + 1.60% which was renegotiated during the year ended June 30, 2016 to mark-up of 3 month KIBOR + 0.5% and further negotiated to 3 month KIBOR + 0.2% during the period ended March 31, 2018. The loan along with the mark-up is repayable on a quarterly basis with the last repayment date on November 6, 2022. The facility is secured by a first mortgage charge over one of the vessels owned by a subsidiary company of the Holding Company.

10.2 During the year ended June 30, 2016, the Holding Company repaid the outstanding syndicated term finance facility balance of SCB amounting to Rs 3,254 million bearing mark-up of 3 month KIBOR + 2.2%. The repayment was financed with a new Musharika facility obtained from Faysal Bank Limited (FBL) amounting to Rs 3,300 million bearing mark-up of 3 month KIBOR + 0.40% which has been renegotiated during the period ended March 31, 2018 to mark-up of 3 month KIBOR + 0.15%. The loan along with the mark-up is repayable on a quarterly basis with the first installment paid on February 23, 2016 while last repayment date is November 23, 2019. The facility is secured by first mortgage charge over two vessels owned by the subsidiary companies. The Holding Company has also paid loan arrangement fee amounting to Rs 12.540 million which was included in the amortised cost of the long term financing, whereas an amount of Rs 3.300 million was expensed out at the time of agreement.

11. TRADE AND OTHER PAYABLES

	Note	**(Unaudited) March 31, 2018**	(Audited) June 30, 2017
		----------(Rupees in '000)----------	
Creditors		**277,415**	145,650
Agents' and owners' balances		**225,475**	404,591
Accrued liabilities		**1,496,823**	1,783,186
Deposits	11.1	**53,459**	53,899
Bills payable		**514**	65,092
Witholding tax payable		**-**	793
Advance from customers		**81,154**	391,639
Unearned rental income		**73,045**	21,052
Other liabilities			
- amounts retained from contractors		**27,827**	24,496
- others		**53,715**	75,778
		81,542	100,274
		2,289,427	2,966,176

11.1 These deposits are mark-up free and are repayable on demand or on completion of specific contracts.

12. CONTINGENCIES AND COMMITMENTS

Contingencies

12.1 There are no major changes in the status of contingencies as disclosed in the consolidated financial statements for the year ended June 30, 2017 except for note 27.1 as fully explained below:

12.2 The contingent liability in respect of claims not acknowledged by the Holding Company, which as at March 31, 2018 aggregated to Rs 215.193 million (June 30, 2017: Rs 188.062 million). These claims mainly relate to deficiencies in shipping documentation, delay in delivery of cargo and damages to cargo. These includes Rs 2.208 million (June 30, 2017: Rs 2.083 million) approximately in respect of insurance claims, if accepted, will be borne by the Holding Company as the P&I Club, Oceanus Mutual Underwriting Association (Bermuda) Limited has gone into liquidation. Out of the total claims, a sum of Rs 192.437 million (June 30, 2017: Rs 168.030 million) approximately would be recoverable from the P&I Club, Steamship Mutual Underwriting Association (Bermuda) Limited, in the event these claims are accepted by the Holding Company. As a matter of prudence, the management has made a total provision of Rs 22.755 million (June 30, 2017: Rs 20.032 million) against the aforementioned claims in this consolidated condensed interim financial information.

		(Unaudited) March 31, 2018	(Audited) June 30, 2017
		----------(Rupees in '000)----------	
	Commitments		
12.3	Commitments for capital expenditure	**32,571**	32,571
12.4	Outstanding letters of guarantee	**5,126**	5,126

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

		Note	(Unaudited) Nine Months Period Ended March 31, 2018	Nine Months Period Ended March 31, 2017
			----------(Rupees in '000)----------	
13.	**CASH GENERATED FROM OPERATIONS**			
	Profit before taxation		**1,104,133**	1,824,753
	Adjustments for non-cash charges and other items:			
	Depreciation		**1,101,611**	1,026,925
	Impairment loss		**120,060**	-
	Provision for employees' gratuity		**38,488**	42,877
	Provision for employees' compensated absences		**78,042**	79,093
	Provision for post-retirement medical benefits		**16,756**	16,589
	Dividend income		**(2,884)**	(1,697)
	Interest income		**(296,812)**	(258,631)
	Interest expense		**195,066**	255,333
	Long-term loans and advances written off		**-**	58
	Gain on revaluation of long-term investments		**(1,552)**	(4,876)
	Provision no longer required written back		**(236)**	-
	Provision for doubtful debts		**3,614**	-
	Reversal of provision for doubtful debts		**(2,217)**	(16,177)
	Provision for doubtful other receivables		**-**	50,447
	Reversal of provision for doubtful other receivables		**(2,407)**	-
	Provision in respect of damage claims		**5,606**	2,820
	Reversal of provision against damage claims		**(2,882)**	(3,874)
	Working capital changes	13.1	**(721,229)**	(836,026)
			1,633,157	2,177,614

	Note	(Unaudited) Nine Months Period Ended March 31, 2018	Nine Months Period Ended March 31, 2017
		---------(Rupees in '000)---------	
13.1 Working capital changes			
Increase in current assets:			
Stores and spares		**39,510**	(43,582)
Trade debts - unsecured		**305,532**	(31,045)
Agents' and owners' balances - unsecured		**(9,828)**	5,858
Loans and advances		**43,509**	27,116
Trade deposits and short-term prepayments		**20,507**	7,427
Other receivables		**(439,801)**	(640,065)
Incomplete voyages		**76,931**	122,728
Insurance claims		**(81,076)**	(61,059)
		(44,716)	(612,622)
Decrease in current liabilities:			
Trade and other payables		**(676,513)**	(223,404)
		(721,229)	(836,026)

14. CASH AND CASH EQUIVALENTS

	Note	2018	2017
Short-term investments having maturity of three months or less	9	**1,700,000**	600,000
Cash and bank balances		**2,400,048**	2,030,494
		4,100,048	2,630,494

15. FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES

15.1 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.

This consolidated condensed interim financial information does 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 annual financial statements as at June 30, 2017. There have been no changes in any risk management policies since the year end.

15.2 Fair value estimation

As at March 31, 2018, the Group's assets and liabilities are carried 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 depreciation and subsequent accumulated impairment losses, if any. The latest fair value measurements of the Group's leasehold land, buildings on leasehold land, beach huts and workshop machinery and equipment as at June 30, 2015 was performed by Fairwater Property Valuers & Surveyors (Private) Limited (an independent valuer).

The Group classifies Investment properties measured in the balance sheet at fair value.

The Group classifies long-term investments in listed companies in the balance sheet at fair value.

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

Level 1: Quoted prices in active markets for identical assets or liabilities;

Level 2: Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: Those whose inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

	(Unaudited) March 31, 2018			
	Level 1	**Level 2**	**Level 3**	**Total**
	(Rupees in '000)			
Assets carried at fair value				
Long-term investments - Fair value through profit or loss	**51,018**	**-**	**-**	**51,018**
Leasehold land	**-**	**775,312**	**-**	**775,312**
Buildings on leasehold land	**-**	**781,801**	**-**	**781,801**
Beach huts	**-**	**10,082**	**-**	**10,082**
Workshop machinery and equipment	**-**	**5,251**	**-**	**5,251**
Investment properties	**-**	**2,671,043**	**-**	**2,671,043**
	-	**4,243,489**	**-**	**4,243,489**

	(Audited) June 30, 2017			
	Level 1	Level 2	Level 3	Total
	(Rupees in ‘000)			
Assets carried at fair value				
Long-term investments - Fair value through profit or loss	49,466	-	-	49,466
Leasehold land	-	775,312	-	775,312
Buildings on leasehold land	-	806,725	-	806,725
Beach huts	-	11,127	-	11,127
Workshop machinery and equipment	-	5,315	-	5,315
Investment properties	-	2,671,043	-	2,671,043
	-	4,269,522	-	4,269,522

16. 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 and employee funds maintained by the Holding Company. Balances with related parties have been disclosed in the relevent notes to this consolidated condensed interim financial information. 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:

	Note	Relationship with the Group	(Unaudited) Nine Months Period Ended March 31, 2018	Nine Months Period Ended March 31, 2017
			---------(Rupees in '000)---------	
Name and particulars				
Transactions with state controlled entities				
Revenue from Pakistan State Oil (PSO)	16.1	State controlled entity	**1,878,664**	2,768,361
Transactions with other related parties				
Contribution to provident fund		Associate	**7,878**	6,496
Directors' fee		Associate	**884**	1,375
Key management personnel compensation			**42,229**	31,653
Dividend to Government of Pakistan		Significant control	**229,157**	227,387

16.1 The Group recognises demurrage income from PSO in accordance with the terms of Contract of Affreightment (CoA).

16.2 The Group is engaged in providing carriage services to National Refinery Limited (NRL), Pakistan Refinery Limited (PRL) and Pak Arab Refinery Limited (PARCO) and recognises related revenue / income in accordance with the terms of CoAs entered into with them.

17. CORRESPONDING FIGURES

Following corresponding figures have been reclassified in the consolidated condensed interim balance sheet for the purpose of compliance with the changes defined under Companies Act, 2017.

From	To	June 30, 2017	June 30, 2016
		--------- (Rupees in '000) ---------	
Trade and other payables	Unclaimed dividends	39,147	35,516

18. GENERAL

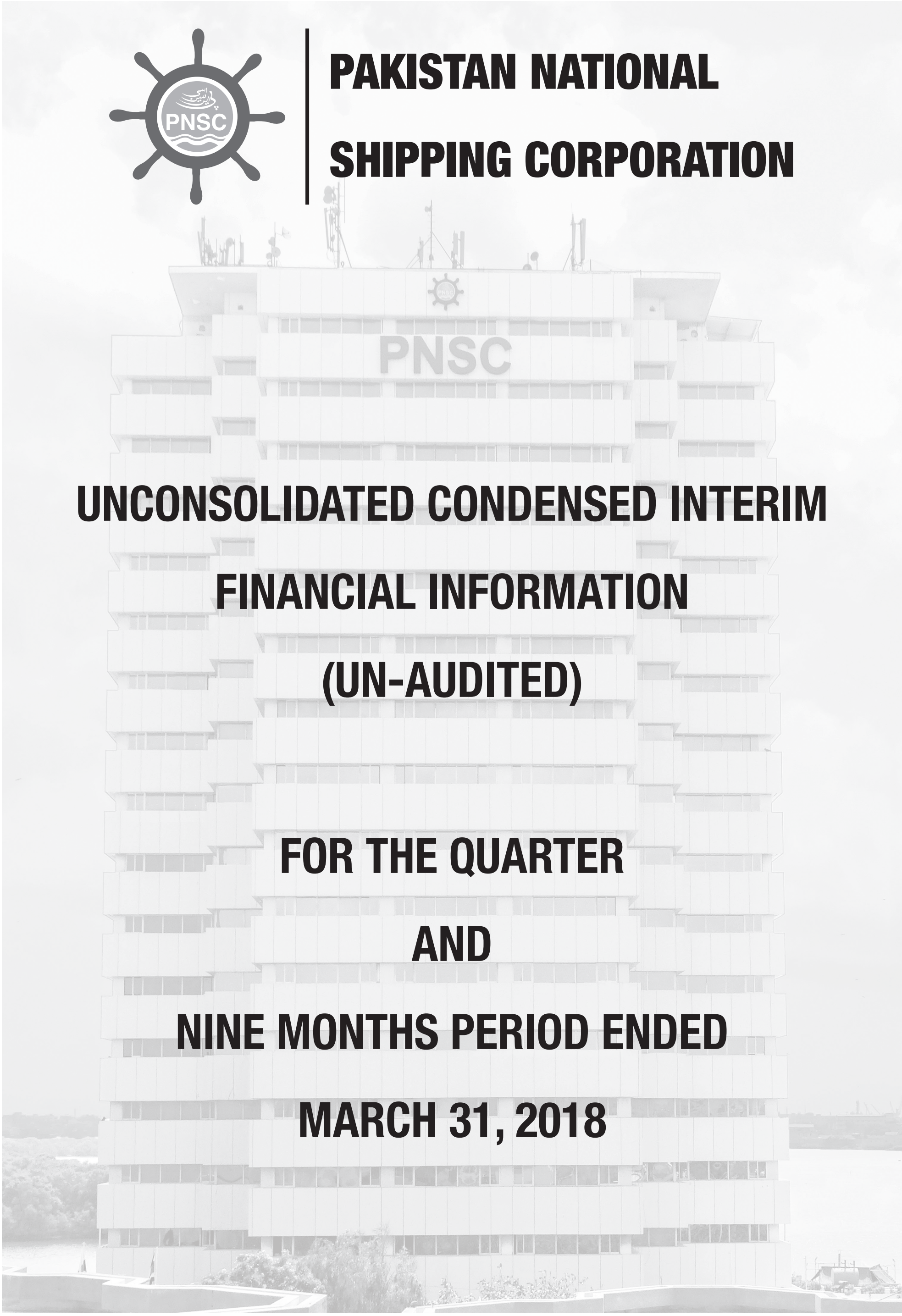
Figures have been rounded off to the nearest thousand of rupees unless otherwise stated.

19. DATE OF AUTHORISATION FOR ISSUE

This consolidated condensed interim financial information was authorised for issue on April 19, 2018 by the Board of Directors of the Holding Company.

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

PAKISTAN NATIONAL SHIPPING CORPORATION



UNCONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)

FOR THE QUARTER AND NINE MONTHS PERIOD ENDED MARCH 31, 2018

PAKISTAN NATIONAL SHIPPING CORPORATION
UNCONSOLIDATED CONDENSED INTERIM BALANCE SHEET
AS AT MARCH 31, 2018

	Note	(Unaudited) March 31, 2018	(Audited) June 30, 2017 (Restated)	(Audited) June 30, 2016 (Restated)
		(Rupees in '000)		
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	5	**1,967,825**	1,978,161	1,992,053
Intangible asset	6	**-**	-	-
Investment properties		**2,671,043**	2,671,043	2,191,683
Long-term investments in:				
- Related parties (subsidiaries and an associate)	7	**28,504,048**	28,591,761	28,591,761
- Listed companies and another entity		**51,118**	49,566	50,304
		28,555,166	28,641,327	28,642,065
Long-term loans to employees		**26,772**	-	-
Long-term loans and advances		**-**	-	58
Deferred taxation		**32,737**	46,561	84,651
		33,253,543	33,337,092	32,910,510
CURRENT ASSETS				
Stores and spares		**12,276**	10,563	11,834
Trade debts - unsecured	8	**248,032**	490,228	439,976
Agents' and owners' balances - unsecured		**18,251**	8,423	11,371
Loans and advances		**47,839**	91,348	91,004
Trade deposits and short-term prepayments		**34,057**	57,177	27,230
Interest accrued on bank deposits and investments		**57,674**	47,404	34,924
Other receivables	9	**1,721,370**	1,387,755	895,037
Incomplete voyages		**28,784**	59,276	16,412
Taxation - net		**1,168,865**	1,082,678	1,185,051
Short-term investments	10	**4,319,075**	4,117,045	3,914,504
Cash and bank balances		**2,397,445**	2,708,281	1,994,632
		10,053,668	10,060,178	8,621,975
TOTAL ASSETS		**43,307,211**	43,397,270	41,532,485
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Share capital				
Authorised 200,000,000 (June 30, 2017: 200,000,000) Ordinary shares of Rs. 10/- each		**2,000,000**	2,000,000	2,000,000
Issued, subscribed and paid-up share capital		**1,320,634**	1,320,634	1,320,634
Reserves		**9,143,801**	8,710,641	6,630,443
Surplus on revaluation of property, plant and equipment - net of tax		**1,152,356**	1,140,525	1,159,001
		11,616,791	11,171,800	9,110,078
NON-CURRENT LIABILITIES				
Long-term financing - secured	11	**2,043,927**	2,944,191	4,141,525
Deferred liabilities		**630,602**	592,356	612,767
		2,674,529	3,536,547	4,754,292
CURRENT LIABILITIES				
Trade and other payables	12	**27,701,807**	27,383,990	26,352,757
Unclaimed dividends		**53,603**	39,147	35,516
Provision against damage claims		**22,755**	20,032	23,078
Current portion of long-term financing	11	**1,210,172**	1,210,172	1,210,172
Accrued mark-up on long-term financing		**27,554**	35,582	46,592
		29,015,891	28,688,923	27,668,115
TOTAL EQUITY AND LIABILITIES		**43,307,211**	43,397,270	41,532,485
CONTINGENCIES AND COMMITMENTS	13			

The annexed notes 1 to 20 form an integral part of this unconsolidated condensed interim financial information.

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

PAKISTAN NATIONAL SHIPPING CORPORATION
UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE QUARTER AND NINE MONTHS PERIOD ENDED MARCH 31, 2018 (UNAUDITED)

	Quarter ended March 31, 2018	Quarter ended March 31, 2017	Nine months period ended March 31, 2018	Nine months period ended March 31, 2017
	(Rupees in '000)			
REVENUE				
Chartering revenue	**638,629**	1,397,075	**3,099,764**	5,284,790
Services fees	**53,903**	48,708	**170,893**	148,354
Rental income	**49,265**	48,469	**148,839**	142,370
	741,797	1,494,252	**3,419,496**	5,575,514
EXPENDITURE				
Fleet expenses - direct	**(405,147)**	(773,108)	**(1,738,403)**	(2,917,914)
Fleet expenses - indirect	**(5,583)**	(3,603)	**(17,334)**	(10,850)
Vessel management expenses	**(176,686)**	(145,510)	**(503,731)**	(395,163)
Real estate expenses	**(23,981)**	(28,541)	**(94,073)**	(89,576)
	(611,397)	(950,762)	**(2,353,541)**	(3,413,503)
GROSS PROFIT	**130,400**	543,490	**1,065,955**	2,162,011
Administrative expenses	**(65,713)**	(90,829)	**(236,504)**	(301,285)
Other expenses	**(50,953)**	(264,327)	**(487,104)**	(775,405)
Other income	**196,870**	281,755	**741,833**	804,138
	80,204	(73,401)	**18,225**	(272,552)
OPERATING PROFIT	**210,604**	470,089	**1,084,180**	1,889,459
Finance costs	**(58,871)**	(79,009)	**(192,891)**	(253,735)
PROFIT BEFORE TAXATION	**151,733**	391,080	**891,289**	1,635,724
Taxation	**(53,580)**	(74,420)	**(200,343)**	(414,758)
PROFIT AFTER TAXATION	**98,153**	316,660	**690,946**	1,220,966
Other comprehensive income	**-**	-	**-**	-
TOTAL COMPREHENSIVE INCOME	**98,153**	316,660	**690,946**	1,220,966
	(Rupees)			
EARNINGS PER SHARE - basic and diluted	**0.74**	2.40	**5.23**	9.25

The annexed notes 1 to 20 form an integral part of this unconsolidated condensed interim financial information.

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

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

	Issued, subscribed and paid-up share capital	Capital reserve	Revenue reserves		Surplus on revaluation of property, plant and equipment - net of tax	Total
			Remeasurement of post-retirement benefits obligation - net of tax	Unappropriated profit		
	-----	-----	-----	(Rupees in '000)	-----	-----
Balance as at July 1, 2015 (without restatement)	1,320,634	126,843	(342,905)	7,115,016	-	8,219,588
Effect of restatement	-	-	-	-	1,128,307	1,128,307
Balance as at July 01, 2015 (restated)	1,320,634	126,843	(342,905)	7,115,016	1,128,307	9,347,895
Final cash dividend for the year ended June 30, 2015 (Rs 1.5 per ordinary share of Rs 10 each)	-	-	-	(198,095)	-	(198,095)
Total comprehensive income for the period ended March 31, 2016	-	-	-	(583,670)	-	(583,670)
Surplus on revaluation of property, plant and equipment realised during the period on account of incremental depreciation charged thereon - net of tax	-	-	-	13,385	(13,385)	-
Effect of allocation of revenue between presumptive tax regime and normal tax regime	-	-	-	-	(8,531)	(8,531)
Balance as at March 31, 2016 (restated)	1,320,634	126,843	(342,905)	6,346,636	1,106,391	8,557,599
Balance as at July 1, 2016 (without restatement)	1,320,634	126,843	(309,809)	6,813,409	-	7,951,077
Effect of restatement	-	-	-	-	1,159,001	1,159,001
Balance as at July 1, 2016 (restated)	1,320,634	126,843	(309,809)	6,813,409	1,159,001	9,110,078
Final cash dividend for the year ended June 30, 2016 (Rs 2 per ordinary share of Rs 10 each)	-	-	-	(264,127)	-	(264,127)
Total comprehensive income for the period ended March 31, 2017	-	-	-	1,220,966	-	1,220,966
Surplus on revaluation of property, plant and equipment realised during the period on account of incremental depreciation charged thereon - net of tax	-	-	-	7,618	(7,618)	-
Effect of allocation of revenue between presumptive tax regime and normal tax regime	-	-	-	-	34,718	34,718
Balance as at March 31, 2017 (restated)	1,320,634	126,843	(309,809)	7,777,866	1,186,101	10,101,635
Balance as at July 1, 2017 (without restatement)	1,320,634	126,843	(255,659)	8,839,457	-	**10,031,275**
Effect of restatement	-	-	-	-	1,140,525	**1,140,525**
Balance as at July 1, 2017 (restated)	1,320,634	126,843	(255,659)	8,839,457	1,140,525	**11,171,800**
Final cash dividend for the year ended June 30, 2017 (Rs 2 per ordinary share of Rs 10 each)	-	-	-	(264,127)	-	**(264,127)**
Total comprehensive income for the period ended March 31, 2018	-	-	-	690,946	-	**690,946**
Surplus on revaluation of property, plant and equipment realised during the period on account of incremental depreciation charged thereon - net of tax	-	-	-	6,341	(6,341)	**-**
Effect of allocation of revenue between presumptive tax regime and normal tax regime	-	-	-	-	18,172	**18,172**
Balance as at March 31, 2018	**1,320,634**	**126,843**	**(255,659)**	**9,272,617**	**1,152,356**	**11,616,791**

The annexed notes 1 to 20 form an integral part of this unconsolidated condensed interim financial information.

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

PAKISTAN NATIONAL SHIPPING CORPORATION
UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2018 (UNAUDITED)

	Note	Nine months period ended March 31, 2018	Nine months period ended March 31, 2017
		-----------(Rupees in '000)-----------	
Cash flows from operating activities			
Cash generated from operations	14	**1,364,069**	1,717,456
Employees' gratuity paid		**(6,181)**	(41,483)
Employees' compensated absences paid		**(60,458)**	(83,924)
Post-retirement medical benefits paid		**(28,400)**	(19,076)
Long-term loans to employees		**(26,772)**	-
Finance costs paid		**(193,554)**	(254,633)
Taxes paid		**(254,174)**	(370,821)
Net cash generated from operating activities		**794,530**	947,519
Cash flows from investing activities			
Purchase of property, plant and equipment		**(34,589)**	(16,830)
Dividends received on long-term investments in listed securities		**2,524**	1,485
Short-term investments (made) / redeemed		**(952,030)**	504,500
Interest received on short-term investments		**286,030**	220,678
Net cash (used in) / generated from investing activities		**(698,065)**	709,833
Cash flows from financing activities			
Long-term financing repaid		**(907,630)**	(907,630)
Dividends paid		**(249,671)**	(260,453)
Net cash used in financing activities		**(1,157,301)**	(1,168,083)
Net (decrease) / increase in cash and cash equivalents		**(1,060,836)**	489,269
Cash and cash equivalents at the beginning of period		**5,158,281**	2,137,941
Cash and cash equivalents at the end of period	15	**4,097,445**	2,627,210

The annexed notes 1 to 20 form an integral part of this unconsolidated condensed interim financial information.

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

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

1. GENERAL INFORMATION

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 This unconsolidated condensed interim financial information is separate financial information of the Corporation in which investments in subsidiaries and associates are accounted for at cost less accumulated impairment losses if any.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

2.1 This unconsolidated condensed interim financial information of the Corporation for the nine months period ended March 31, 2018 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. This unconsolidated condensed interim financial information does 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, 2017 as they provide an update of previously reported information.

2.2 This unconsolidated condensed interim financial information comprise of the unconsolidated condensed interim balance sheet as at March 31, 2018 and the unconsolidated condensed interim profit and loss account, the unconsolidated condensed interim statement of changes in equity, the unconsolidated condensed interim cash flow statement and notes thereto for the nine months period then ended. This unconsolidated condensed interim financial information also include the unconsolidated condensed interim profit and loss account for the quarter ended March 31, 2018 which has neither been reviewed nor audited.

2.3 The comparative balance sheet presented in this unconsolidated condensed interim financial information as at June 30, 2017 has been extracted from the annual audited financial statements of the Corporation for the year ended June 30, 2017 whereas the comparative unconsolidated condensed interim profit and loss account, unconsolidated condensed interim statement of changes in equity and unconsolidated condensed interim cash flow statement for the nine months period ended March 31, 2017 have been extracted from the unconsolidated condensed interim financial information of the Corporation for the nine months period then ended, which were neither subjected to a review nor audited. The comparative unconsolidated condensed interim profit and loss account for the quarter ended March 31, 2017 included in this unconsolidated condensed interim financial information was neither subjected to a review nor audited.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies and the methods of computation adopted in the preparation of this unconsolidated condensed interim financial information are consistent with those applied in the preparation of the financial statements for the year ended June 30, 2017 except for treatment of surplus on revaluation on property, plant and equipment, which is changed due to implementation of Companies Act, 2017 and now it is presented as a part of equity. Summary of change is documented below:

	(Audited) June 30, 2017	(Audited) June 30, 2016
	-----------(Rupees in '000)----------	
Equity without impact of restatement	10,031,275	7,951,077
Effect of change in accounting policy	1,140,525	1,159,001
Equity after impact of change in accounting policy	11,171,800	9,110,078

3.2 **Change in accounting standards, interpretations and amendments to published approved accounting standards that are effective**

(a) **Amendments to published approved accounting standards which are effective during the nine months period ended March 31, 2018**

There are certain amendments to approved accounting standards which are mandatory for the Corporation's annual accounting period which began on July 1, 2017. 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 information.

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

There are certain new standards and amendments to the approved accounting standards that will be mandatory for the Corporation's annual accounting periods beginning on or after July 1, 2018. However, these amendments will not have any significant impact on the financial reporting of the Corporation and, therefore, have not been disclosed in this unconsolidated condensed interim financial information. During the current period, the Securities and Exchange Commission of Pakistan has adopted IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Contracts with Customers', the impacts of which on the Corporation's future financial statements are being assessed. Further, certain new standards are yet to be adopted by the Securities and Exchange Commission of Pakistan.

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

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

Judgements and estimates made by the management in the preparation of this unconsolidated condensed interim financial information are the same as those applied in the Corporation's annual financial statements for the year ended June 30, 2017.

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, 2017.

	Note	**(Unaudited) March 31, 2018**	(Audited) June 30, 2017
		----------(Rupees in '000)---------	
5. PROPERTY, PLANT AND EQUIPMENT			
- Operating fixed assets	5.1 & 5.2	**1,627,733**	1,649,639
- Capital work-in-progress (CWIP) - buildings on leasehold land		**340,092**	328,522
		1,967,825	1,978,161

	(Unaudited) Nine months period ended March 31, 2018	Nine months period ended March 31, 2017
	----------(Rupees in '000)---------	
5.1 Additions to operating fixed assets (including transfers from CWIP) during the period:		
Buildings on leasehold land	3,569	138,141
Office equipment	3,284	3,306
Furniture and fixtures	2,015	965
Vehicles	7,151	-
Computer equipment	6,629	485
Workshop machinery and equipment	372	1,891
	23,020	144,788
5.2 Depreciation charge for the period	44,925	48,298

6. INTANGIBLE ASSET

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

7. LONG-TERM INVESTMENTS IN RELATED PARTIES (SUBSIDIARIES AND AN ASSOCIATE)

No. of shares - ordinary March 31, 2018	No. of shares - ordinary June 30, 2017	Name of the company	Country of incorporation	Latest available audited financial statements for the year ended	Percentage holding March 31, 2018	Percentage holding June 30, 2017	Face value per share	(Unaudited) March 31, 2018	(Audited) June 30, 2017
							--(Rupees)--	-------(Rupees in '000)-------	
(i) Subsidiary companies - private									
10,000,000	10,000,000	Bolan Shipping (Private) Limited	Pakistan	June 30, 2017	100	100	10	100,000	100,000
275,344,100	275,344,100	Chitral Shipping (Private) Limited	Pakistan	June 30, 2017	100	100	10	2,753,441	2,753,441
226,825,500	226,825,500	Hyderabad Shipping (Private) Limited	Pakistan	June 30, 2017	100	100	10	2,268,255	2,268,255
15,686,000	15,686,000	Islamabad Shipping (Private) Limited	Pakistan	June 30, 2017	100	100	10	156,860	156,860
36,000	36,000	Johar Shipping (Private) Limited	Pakistan	June 30, 2017	100	100	10	360	360
7,286,000	7,286,000	Kaghan Shipping (Private) Limited	Pakistan	June 30, 2017	100	100	10	72,860	72,860
330,000,000	330,000,000	Karachi Shipping (Private) Limited	Pakistan	June 30, 2017	100	100	10	3,451,994	3,451,994
16,736,000	16,736,000	Khairpur Shipping (Private) Limited	Pakistan	June 30, 2017	100	100	10	167,360	167,360
340,000,000	340,000,000	Lahore Shipping (Private) Limited	Pakistan	June 30, 2017	100	100	10	3,400,000	3,400,000
14,686,000	14,686,000	Lalazar Shipping (Private) Limited	Pakistan	June 30, 2017	100	100	10	146,860	146,860
9,486,000	9,486,000	Makran Shipping (Private) Limited	Pakistan	June 30, 2017	100	100	10	94,860	94,860
336,016,700	336,016,700	Malakand Shipping (Private) Limited	Pakistan	June 30, 2017	100	100	10	3,360,167	3,360,167
14,054,750	14,054,750	Multan Shipping (Private) Limited	Pakistan	June 30, 2017	100	100	10	1,405,475	1,405,475
1,600	1,600	Pakistan Co-operative Ship Stores (Private) Limited	Pakistan	June 30, 2017	73	73	100	868	868
500,000,000	500,000,000	Quetta Shipping (Private) Limited	Pakistan	June 30, 2017	100	100	10	5,000,000	5,000,000
6,936,000	6,936,000	Sargodha Shipping (Private) Limited	Pakistan	June 30, 2017	100	100	10	69,360	69,360
347,055,800	347,055,800	Shalamar Shipping (Private) Limited	Pakistan	June 30, 2017	100	100	10	3,470,558	3,470,558
254,012,300	254,012,300	Sibi Shipping (Private) Limited	Pakistan	June 30, 2017	100	100	10	2,540,123	2,540,123
		Less: Accumulated impairment losses - note 7.1						87,713	-
								2,452,410	2,540,123
13,236,000	13,236,000	Swat Shipping (Private) Limited	Pakistan	June 30, 2017	100	100	10	132,360	132,360
								28,504,048	28,591,761
(ii) Associate - unlisted									
12,250	12,250	Muhammadi Engineering Works Limited	Pakistan	December 31, 1982 (unaudited)	49	49	100	1,600	1,600
		Less: Accumulated impairment losses						1,600	1,600
								-	-
								28,504,048	28,591,761

7.1 Investments in subsidiaries are carried at cost. The Corporation carries out periodic assessment to determine the value in use of its investment in subsidiaries. The Corporation considers international charter rates and carrying value of investments, amongst other factors, while reviewing for indicators of impairment. As a result, an impairment asssessment was undertaken in respect of its investments in subsidiaries as at March 31, 2018 and recoverable amount has been computed using 'value in use' method. In assessing the value in use, estimated future cashflows have been discounted to their present value using a discount rate (WACC) that reflects the current market assessments of the time value of money and the risks specific to the asset. The discount rate applied to the future cashflow projections is 14.63%. The cashflow projections have been made upto the remaining useful life of the vessel. As a result of the value-in-use exercise, the recoverable amount was less than the carrying value and accordingly, an impairment loss amounting to Rs 87.713 million has been recognised in other expenses in the unconsolidated condensed interim profit and loss account.

The determination of value in use is sensitive to certain key assumptions such as discount rate and projected charter revenue rates. Any significant change in the key assumptions may have an effect on the carrying value of cash generating units.

Key assumptions used in value in use calculations:

The value in use calculation is most sensitive to the following assumptions:

Discount rate:

Discount rate takes into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances and is derived from its weighted average cost of capital (WACC). Increase of 1% in the discount rate will decrease the recoverable amount by Rs 1,289.580 million (June 30, 2017: Rs 1,515.105 million), whereas a similar decrease in the discount rate will have a positive effect of Rs 1,166.369 million (June 30, 2017: Rs 1,662.010 million) on the recoverable amount.

Projected charter revenue rates:

The shipping business is a cyclical business and keeping in view its volatility and based on the external sources of information obtained from the shipping experts, in case of dry cargo vessels, the estimated cashflows are based on an average of past 10 years of charter rates specific to the vessel type excluding peaks and troughs till the remaining useful life of the vessel. In this respect, two scenarios have been considered with equal probability based on management's expectations of outcome for each scenario. For liquid cargo vessels, the management expects that for the foreseeable future, the tankers will generate revenue based on the Contract of Affreightment (CoA) with the customers. Decrease of 1% in the average charter rate assumed will decrease the recoverable amount by Rs 430.091 million (June 30, 2017: Rs 604.276 million) whereas a similar increase will have a positive effect of Rs 430.091 million (June 30, 2017: Rs 604.276 million) on the recoverable amount.

		Note	(Unaudited) March 31, 2018	(Audited) June 30, 2017
			----------(Rupees in '000)---------	
8.	**TRADE DEBTS - unsecured**			
	Considered good			
	- Due from related parties		**219,775**	472,523
	- Due from others		**28,257**	17,705
			248,032	490,228
	Considered doubtful		**6,335**	34,182
			254,367	524,410
	Less: Provision for doubtful debts	8.1	**6,335**	34,182
			248,032	490,228
8.1	**Provision for doubtful debts**			
	Balance at the beginning		**34,182**	8,686
	Provision made during the period / year		**3,614**	32,493
	Provision reversed during the period / year		**(2,217)**	(285)
	Provision written off during the period / year		**(29,244)**	(6,712)
	Balance at the end	8.2	**6,335**	34,182

8.2 As at March 31, 2018, trade debts of Rs 6.335 million (June 30, 2017: Rs 34.182 million) were impaired and provided for. These balances were outstanding for more than three years.

	Note	(Unaudited) March 31, 2018	(Audited) June 30, 2017
		----------(Rupees in '000)---------	
9. OTHER RECEIVABLES			
- considered good	9.1	**1,683,519**	1,349,904
- considered doubtful		**282,791**	282,791
	9.2	**1,966,310**	1,632,695
Less: Provision for doubtful other receivables		**282,791**	282,791
		1,683,519	1,349,904
Employees' gratuity scheme - funded		**37,851**	37,851
		1,721,370	1,387,755

9.1 As at March 31, 2018, amounts aggregating Rs 1,683.519 million (June 30, 2017: Rs 1,349.904 million) are past due but not impaired. These receivables have been outstanding for less than three years.

9.2 This includes demurrage receivable from related parties amounting to Rs 1,801.625 million (June 30, 2017: Rs 1,505.901 million).

	Note	(Unaudited) March 31, 2018	(Audited) June 30, 2017
		----------(Rupees in '000)---------	
10. SHORT-TERM INVESTMENTS			
Term deposits with banks, having maturity of:			
- more than six months but upto twelve months	10.1	**500,000**	-
- three to six months	10.2	**2,119,075**	1,667,045
- three months or less	10.3	**1,700,000**	2,450,000
		4,319,075	4,117,045

10.1 The mark-up on this term deposit denominated in local currency is 6.05%.

10.2 The mark-up on these term deposits denominated in local currency ranges from 6.26% to 6.35% (June 30, 2017: 6.10% to 6.60%) per annum, whereas mark-up on term deposits denominated in foreign currency ranges from 2.20% to 2.45% (June 30, 2017: 2.20% to 2.35%) per annum.

10.3 The mark-up on these term deposits denominated in local currency ranges from 6.15% to 6.50% (June 30, 2017: 6.10% to 6.50%) per annum.

	Note	(Unaudited) March 31, 2018	(Audited) June 30, 2017
11. LONG-TERM FINANCING - secured		----------(Rupees in '000)---------	
Financing under syndicated term finance agreement	11.1	**1,208,555**	1,397,686
Financing under musharika agreement	11.1 & 11.2	**2,045,544**	2,756,677
		3,254,099	4,154,363
Less: Current portion		**1,210,172**	1,210,172
		2,043,927	2,944,191

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

The financing carries mark-up of 3 month KIBOR + 1.60% which was renegotiated during the year ended June 30, 2016 to mark-up of 3 month KIBOR + 0.5% and further negotiated to 3 month KIBOR + 0.2% during the period ended March 31, 2018. The loan along with the mark-up is repayable on a quarterly basis with the last repayment date on November 6, 2022. The facility is secured by a first mortgage charge over one of the vessels owned by a subsidiary company of the Corporation.

11.2 During the year ended June 30, 2016, the Corporation repaid the outstanding syndicated term finance facility balance of SCB amounting to Rs 3,254 million bearing mark-up of 3 month KIBOR + 2.2%. The repayment was financed with a new Musharika facility obtained from Faysal Bank Limited (FBL) amounting to Rs 3,300 million bearing mark-up of 3 month KIBOR + 0.40% which has been regenotiation during the period ended March 31, 2018 to mark-up of 3 month KIBOR + 0.15%. The loan along with the mark-up is repayable on a quarterly basis with the first installment paid on February 23, 2016 while last repayment date is November 23, 2019. The facility is secured by first mortgage charge over two vessels owned by the subsidiary companies of the Corporation. The Corporation has also paid loan arrangement fee amounting to Rs 12.540 million which was included in the amortised cost of the long term financing, whereas an amount of Rs 3.300 million was expensed out at the time of agreement.

12. TRADE AND OTHER PAYABLES

	Note	(Unaudited) March 31, 2018	(Audited) June 30, 2017
		----------(Rupees in '000)---------	
Creditors		**53,223**	45,042
Current account balances with subsidiary companies		**26,107,335**	24,970,600
Agents' and owners' balances		**225,475**	404,591
Accrued liabilities		**1,026,559**	1,396,893
Deposits	12.1	**53,459**	53,899
Advances from customers		**81,154**	391,639
Unearned rental income		**47,536**	21,052
Other liabilities			
- amounts retained from contractors		**27,827**	24,496
- others		**79,239**	75,778
		107,066	100,274
		27,701,807	27,383,990

12.1 These deposits are mark-up free and are repayable on demand or on completion of specific contracts.

13. CONTINGENCIES AND COMMITMENTS

Contingencies

13.1 There are no major changes in the status of contingencies except for note 25.1 as disclosed in the unconsolidated financial statements for the year ended June 30, 2017 as fully explained below:

13.2 The contingent liability in respect of claims not acknowledged by the Corporation, which as at March 31, 2018 aggregated to Rs 215.193 million (June 30, 2017: Rs 188.062 million). These claims mainly relate to deficiencies in shipping documentation, delay in delivery of cargo and damages to cargo. These include Rs 2.208 million (June 30, 2017: Rs 2.083 million) approximately in respect of insurance claims, if accepted, will be borne by the Corporation as the P&I Club, Oceanous Mutual Underwriting Associations (Bermuda) Limited has gone into liquidation. Out of the total claims, a sum of Rs 192.437 million (June 30, 2017: Rs 168.030 million) approximately would be recoverable from the P&I Club, Steamship Mutual Underwriting Association (Bermuda) Limited, in the event these claims are accepted by the Corporation. As a matter of prudence, the management has made a total provision of Rs 22.755 million (June 30, 2017: Rs 20.032 million) against the aforementioned claims in this unconsolidated condensed interim financial information.

		(Unaudited) March 31, 2018	(Audited) June 30, 2017
		----------(Rupees in '000)---------	
	Commitments		
13.3	Commitments for capital expenditure	**32,571**	32,571
13.4	Outstanding letters of guarantee	**5,126**	5,126

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

		Note	(Unaudited) Nine months period ended March 31, 2018	(Unaudited) Nine months period ended March 31, 2017
			----------(Rupees in '000)---------	
14.	**CASH GENERATED FROM OPERATIONS**			
	Profit before taxation		**891,289**	1,635,724
	Adjustments for non-cash charges and other items:			
	Depreciation		**44,925**	48,298
	Impairment loss		**87,713**	-
	Provision for employees' gratuity		**37,981**	41,763
	Provision for employees' compensated absences		**16,495**	77,758
	Provision for post-retirement medical benefits		**76,791**	16,296
	Dividend income		**(2,884)**	(1,697)
	Interest income		**(296,300)**	(258,258)
	Interest expense		**192,891**	253,735
	Long-term loans and advances written off		**-**	58
	Gain on revaluation of long-term investments		**(1,552)**	(4,876)
	Provision for doubtful debts		**3,614**	5,967
	Reversal of provision for doubtful debts		**(2,217)**	(11,667)
	Provision for doubtful other receivables		**-**	47,852
	Reversal of provision against damage claims		**(2,882)**	(3,874)
	Provision in respect of damage claims		**5,606**	2,820
	Working capital changes	14.1	**312,599**	(132,443)
			1,364,069	1,717,456
14.1	**Working capital changes**			
	Increase in current assets:			
	Stores and spares		**(1,713)**	(42)
	Trade debts - unsecured		**240,799**	36,478
	Agents' and owners' balances - unsecured		**(9,828)**	5,858
	Loans and advances		**43,509**	27,116
	Trade deposits and short-term prepayments		**23,120**	1,232
	Other receivables		**(333,615)**	(451,443)
	Incomplete voyages		**30,492**	25,942
			(7,236)	(354,859)
	Decrease in current liabilities:			
	Trade and other payables		**319,835**	222,416
			312,599	(132,443)

	Note	(Unaudited) Nine months period ended March 31, 2018	Nine months period ended March 31, 2017
		----------(Rupees in '000)---------	
15. CASH AND CASH EQUIVALENTS			
Short-term investments having maturity of three months or less	10	**1,700,000**	600,000
Cash and bank balances		**2,397,445**	2,027,210
		4,097,445	2,627,210

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.

This unconsolidated condensed interim financial information does 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, 2017. There have been no changes in any risk management policies since the year end.

16.2 Fair value estimation

As at March 31, 2018, the Corporation's assets and liabilities are carried 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 depreciation and subsequent accumulated impairment losses, if any. The latest fair value measurements of the Corporation's leasehold land, buildings on leasehold land, beach huts and workshop machinery and equipment as at June 30, 2015 was performed by Fairwater Property Valuers & Surveyors (Private) Limited (an independent valuer).

The Corporation classifies Investment properties measured in the balance sheet at fair value.

The Corporation classifies long-term investments in listed companies in the balance sheet at fair value.

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

Level 1: Quoted prices in active markets for identical assets or liabilities;

Level 2: Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: Those whose inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

	(Unaudited) March 31, 2018			
	Level 1	**Level 2**	**Level 3**	**Total**
	----------------------------(Rupees in '000)---------------------------			
Assets carried at fair value				
Long-term investments - Fair value through profit or loss	**51,018**	**-**	**-**	**51,018**
Leasehold land	**-**	**775,312**	**-**	**775,312**
Buildings on leasehold land	**-**	**778,378**	**-**	**778,378**
Beach huts	**-**	**10,082**	**-**	**10,082**
Workshop machinery and equipment	**-**	**5,247**	**-**	**5,247**
Investment properties	**-**	**2,671,043**	**-**	**2,671,043**
	-	**4,240,062**	**-**	**4,240,062**

	(Audited) June 30, 2017			
	Level 1	**Level 2**	**Level 3**	**Total**
	----------------------------(Rupees in '000)---------------------------			
Assets carried at fair value				
Long-term investments - Fair value through profit or loss	49,466	-	-	49,466
Leasehold land	-	775,312	-	775,312
Buildings on leasehold land	-	803,278	-	803,278
Beach huts	-	11,127	-	11,127
Workshop machinery and equipment	-	5,407	-	5,407
Investment properties	-	2,671,043	-	2,671,043
	-	4,266,167	-	4,266,167

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

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

	Note	(Unaudited) Nine months period ended March 31, 2018	Nine months period ended March 31, 2017
		---------(Rupees in '000)---------	
Name and Particulars			
Transactions with state controlled entities			
Revenue from Pakistan State Oil (PSO)	17.1	**1,440,137**	1,852,021
Transactions with subsidiary companies			
Service fee charged to subsidiary companies		**170,893**	148,354
Rental expense of Pakistan Co-operative Ship Stores (Private) Limited		**687**	589
Delivery of stores and spares to subsidiary companies		**17,861**	17,260
Retirement benefits costs charged to subsidiary companies		**2,018**	2,741
Transactions with other related parties			
Contribution to provident fund		**7,878**	6,496
Directors' fee		**884**	1,375
Key management personnel compensation		**42,229**	31,653
Dividend to Government of Pakistan		**229,157**	227,387

17.1 The Corporation recognises demurrage income from PSO in accordance with the terms of Contract of Affreightment (CoA).

17.2 The Corporation is engaged in providing carriage services to National Refinery Limited (NRL) and Pakistan Refinery Limited (PRL) and recognises related revenue / income in accordance with the terms of CoAs entered into with them.

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

18. CORRESPONDING FIGURES

Following corresponding figures have been reclassified in the unconsolidated condensed interim balance sheet for the purpose of compliance with the changes defined under Companies Act, 2017.

From	To	June 30, 2017	June 30, 2016
		---------(Rupees in '000)-----------	
Trade and other payables	Unclaimed dividends	39,147	35,516

19. GENERAL

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

20. DATE OF AUTHORISATION FOR ISSUE

This unconsolidated condensed interim financial information was authorised for issue on April 19, 2018 by the Board of Directors of the Corporation.

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

براہِ راست آپریٹنگ اخراجات 6,607 ملین روپے (بشمول پی این ایس سی کے 3,018 ملین روپے) سے 5,866 ملین روپے (بشمول پی این ایس سی کے 1,850 ملین روپے) تک کم ہوئے، اس طرح گزشتہ سال کے اسی دورانیے کے 2,529 ملین روپے کے مقابلے میں مجموعی منافع 1,656 ملین روپے رہا۔

گروپ کے ایک ملکیتی جہاز میں خرابی کے نقصان کی نشاندہی کے باعث صورتحال مزید خراب ہوگئی اور اس طرح گروپ کی منافع کی صلاحیت میں کمی ہوئی۔ قابل اطلاق مالی رپورٹنگ کے معیارات کے مطابق، ہر رپورٹنگ دورانیے کے اختتام پر ہر جہاز کے مطابق خرابیوں کا تعین کیا جاتا ہے اور قابل وصول رقم کا زیرِ استعمال رقم (value in use) کے طریقے سے حساب لگایا جاتا ہے۔ محدود طلب اور مارکیٹ کی سست رو بحالی جیسے حالات کے باعث، انتظامیہ اضافی تخمینہ سازی سے بچنے کے لئے مستقبل کی آمدنی کا تخمینہ لگانے میں محتاط اور اعتدال پسند رہی۔ اس عمل کے نتیجے میں، حالیہ دورانیہ M.V. Sibi جہاز کی مالیت میں کمی کے باعث 120 ملین روپے کا نقصان اٹھانا پڑا۔

مستقبل کے امکانات

پی این ایس سی اپنے بحری بیڑے میں تین ڈبل ہل آئل ٹینکر شامل کرنے کا منصوبہ رکھتی ہے تاکہ نہ صرف موٹر گیسولین ذرائع آمدورفت کی طلب کو پورا کیا جاسکے بلکہ IMO کے آئندہ قوانین وضوابط کے فروغ اور تعمیل کے لیے جہازوں میں جدید ٹیکنالوجی کی جدت بھی فراہم کی جاسکے۔ مذکورہ شمولیت ملک کی تیل کی آمدورفت کے لیے غیر ملکی چارٹرڈ جہازوں پر انحصار کم کردے گی۔

موجودہ اور قرین قیاس بیرونی چیلنجز سے نمٹنے کے لیے، پی این ایس سی اپنی اندرونی حکمت عملی پر بھی توجہ مرکوز کررہی ہے جو بنیادی طور پر کاروبار کے پورٹ فولیو کے تنوع، کاروبار کرنے کے اخراجات کم کرنے اور انتظامیہ کے مجموعی کارپوریٹ انتظام پر توجہ مرکوز کرتی ہے۔ حکمتِ عملی بنیادی طور پر کارپوریٹ ذمہ داری، کاروباری عوامل میں بہتری، وسائل کی صف بندی اور حکمتِ عملی کے محتاط مقاصد مقرر کرنے پر توجہ مرکوز کرتی ہے۔ بنیادی مقصد پی این ایس سی کے کاروباری دائرہ کار میں صلاحیت پیدا کرنا اور موجودہ اور مستقبل کے معاشی اور جغرافیائی چیلنجز کے لیے تیار کرنا ہے۔

تمام اسٹیک ہولڈرز کی مسلسل حمایت اور اعتماد پر بورڈ ان کا مشکور ہے۔

Rizwan Ahmed

رضوان احمد (پی اے ایس)

چیئرمین اور چیف ایگزیکٹو

کراچی: 19 اپریل، 2018

پاکستان نیشنل شپنگ کارپوریشن

ڈائریکٹرز رپورٹ

برائے نوماہ دورانیہ اختتام از 31 مارچ 2018

پاکستان نیشنل شپنگ کارپوریشن (پی این ایس سی) کے ڈائریکٹرز صاحبان پی این ایس سی اور گروپ کی اجتماعی اور علیحدہ مستحکم عبوری مالیاتی معلومات برائے نوماہ دورانیہ اختتام از 31 مارچ 2018 بخوشی پیش کرتے ہیں۔

جائزہ

پی این ایس سی گروپ نے 31 مارچ، 2018 کو ختم ہونے والے سہ ماہی کے مالیاتی گوشوارے کی تیاری سے منسلک Companies Act, 2017 کے دفعات کو اپنایا اور اس کے مطابق اس پالیسی کی تبدیلی کو اجتماعی اور علیحدہ مستحکم مالیاتی گوشوارے میں شامل کرنے کے لیے بین الاقوامی مالیاتی رپورٹنگ کے معیارات (IFRS) کے مطابق مقرّر اثاثوں کی مالیت میں اضافے کو مساوات میں زم کیا۔

گروپ نے گزشتہ سال کے اسی دورانیے کے 1,381 ملین روپے کے مقابلے میں 37٪ کمی ظاہر کرتے ہوئے موجودہ دورانیے میں 872 ملین روپے کا منافع بعد از ٹیکس حاصل کیاہے، اسی طرح گروپ کی فی حصص آمدنی 10.46 روپے سے 6.60 روپے تک کم ہوئی۔ جبکہ عالمی جہاز رانی کی صنعت نے خشک بلک شعبے میں BDI انڈیکس میں اضافے اور بین الاقوامی طور پر مائع شعبے میں عالمی سکیل اور ایفرا (AFRA) میں اضافے کے ساتھ بحالی کے آثار ظاہر کرنے شروع کیے ہیں، مائع شعبے نے حکومت کو درپیش موجودہ سیاسی اور معاشی مسائل کے سبب ملاجلا رجحان ظاہر کیاہے۔ غیر ملکی کرنسی ذخائر میں بچت اور فرنس آئل کی درآمدات میں کمی کے پیشِ نظر، حکومت نے ایندھن تیل کی درآمد پر پابندی لگانے کا فیصلہ کیاہے، اور اس طرح بجلی کے شعبے کو سستی ایل این جی (LNG) استعمال کرنے کی طرف راغب کیاہے جس کے باعث پی این ایس سی کا کاروبار منفی طور پر متاثر ہوا ہے۔ تاہم، تین مہینے کی پابندی کے بعد، موسم گرما میں بڑھتی ہوئی بجلی کی طلب کو پورا کرنے کے لئے حکومت نے بجلی کے شعبے کے لئے فرنس آئل کی درآمد پر سے ایک دفعہ کے لیے پابندی اٹھادی ہے۔

پی این ایس سی گروپ نے گزشتہ سال کے اسی دورانیے کے 9,137 ملین روپے (بشمول پی این ایس سی کے 5,427 ملین روپے) کے مقابلے میں 7,522 ملین روپے (بشمول پی این ایس سی کے 3,249 ملین روپے) کا کاروبار حاصل کیا۔ پی این ایس سی گروپ نے زیرِ ملکیت بلک کیریئر کے شعبے میں آمدنی میں 48٪ (860 ملین روپے سے 1,272 ملین روپے) اور زیرِ ملکیت مائع جہازوں میں 5٪ (2,849 ملین روپے سے 3,001 ملین روپے) تک نمایاں ترقی حاصل کی ہے۔ تاہم، زیرِ ملکیت جہازوں کے شعبے میں ترقی سلاٹ چارٹر شعبے میں SNGPL اور SSGC کے RNLG منصوبوں کی پائپ لائنوں کی شپمنٹ میں 48٪ (2,691 ملین روپے سے 1,410 ملین روپے) کمی کے باعث محدود رہی۔ مزید بر آں، ایندھن تیل کی درآمد پر پابندی کے باعث غیر ملکی ٹینکر کاروبار میں 35٪ (2,594 ملین روپے سے 1,690 ملین روپے) کمی ہوئی۔

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