

**PROVEN PERFORMANCE  
BUILDING MOMENTUM**



**Pakistan National Shipping Corporation**

**UN-AUDITED REPORT  
FOR THE QUARTER & NINE MONTHS PERIOD ENDED  
MARCH 31, 2020**





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## CORPORATE INFORMATION

### Board of Directors

1. Mr. Rizwan Ahmed	Chairman
2. Dr. Sohail Rajput Additional Finance Secretary (Internal Finance) Finance Division Islamabad, (Ex-Officio Member).	Member
3. Mr. Kamran Farooq Ansari Sr. Joint Secretary /Joint Secretary Ministry of Maritime Affairs Islamabad, (Ex-Officio Member).	Member
4. Mr. Ali Syed	Member
5. Mr. Muhammad Ali	Member
6. Mr. Khowaja Obaid Imran Ilyas	Member
7. Capt. Anwar Shah	Member

### Audit & Finance Committee

Mr. Khowaja Obaid Imran Ilyas	Chairman
Dr. Sohail Rajput Additional Finance Secretary (Internal Finance) Finance Division Islamabad, (Ex-Officio Member).	Member
Mr. Kamran Farooq Ansari Sr. Joint Secretary /Joint Secretary Ministry of Maritime Affairs Islamabad, (Ex-Officio Member).	Member
Capt. Anwar Shah	Member
Mr. Ali Syed	Member
Mr. Baber Jamal Zuberi	Secretary

### HR and Remuneration Committee

Mr. Muhammad Ali	Chairman
Mr. Ali Syed	Member
Mr. Khowaja Obaid Imran Ilyas	Member
Capt. Muhammad Shakil	Secretary

### Chief Financial Officer

Mr. S. Jarar Haider Kazmi

### Corporation & Board Secretary

Mr. Muhammad Javid

### Chief Internal Auditor

Mr. Baber Jamal Zubairi

### Head Office

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

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

Fax: (92-21) 99203974, 35636658

www.pnsc.com.pk

### Auditors

Grant Thornton Anjum Rahman, Chartered Accountants  
KPMG Taseer Hadi & Co., Chartered Accountants

### Shares Registrar

CDC Share Registrar Services Limited  
CDC House, 99-B, Block 'B',  
S.M.C.H.S. Main Shahrah-e-Faisal, Karachi.

### Bankers

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



## PAKISTAN NATIONAL SHIPPING CORPORATION DIRECTORS' REPORT FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2020

The Directors of Pakistan National Shipping Corporation (PNSC) have pleasure in presenting the unconsolidated and consolidated condensed interim financial statements of PNSC and Group for the nine months period ended March 31, 2020.

### OVERVIEW

Despite macroeconomic challenges faced by country as a result of lockdown due to prevailing coronavirus pandemic situation globally, PNSC Group has managed to achieve 6% increased profit after tax of Rs 1,411 million as against Rs 1,332 million in the corresponding period last year. Group earnings per share increased to Rs 10.68 as against Rs 10.09 in the corresponding period last year.

Cumulatively, following addition of two vessels in PNSC managed fleet, Group achieved a turnover of Rs 9,621 million (including Rs 1,135 million from PNSC) as compared to Rs 7,859 million (including Rs 1,959 million from PNSC) for the corresponding period last year.

This includes substantial growth in managed tankers segment revenue of 63% (from Rs 4,213 million to Rs 6,876 million) and decrease of 7% (from Rs 1,717 million to Rs 1,609 million) in bulk carrier segment.

However, PNSC standalone results reflected a loss after tax of Rs 779 million with a loss per share of Rs 5.90. The main reason is the significant decline in slot charter revenue and a ban on import of furnace oil. This situation is further aggravated by the unprecedented global lockdown due to Covid-19 pandemic that has also affected dry bulk market resulting in significantly decline in BDI rates. Further, finance cost has increased from Rs 188 million to Rs 886 million due to increase in borrowing for acquisition of two LR-1 tankers and a significant increase in KIBOR.

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

### FUTURE PROSPECTS

As disclosed in the directors' report for half year ended December 31, 2019, the impact of COVID-19 which had out broken just in China that time was creating negativities and uncertainties in the market. Since the Covid-19 has now crossed the borders of China and whole world is affected, the negativities and uncertainties sustain which is evident by sharp decline of 55% in the Baltic Exchange Dry Index (BDI) as compared to the index at start of financial period which will negatively affect the dry bulk revenues in foreseeable future. BIMCO, the world's largest international shipping association warned recently that 2020 could become increasingly harsh for the industry.

In the oil tanker sector demand for oil tankers has been rising following the oil price falls, which have sent the tanker sector "sky-high". Main reason of such high demand of tankers in the market is the usage of these as "floating oil storage" by various entities to take the full advantage of extreme dip in the crude oil prices. Therefore, taking the advantage of increase in liquid sector demand PNSC is hoping that current financial year will be closed with achieving positive results at higher side for the transportation of liquid cargo.

Furthermore, in order to boost-up the economy in COVID-19 situation recently State Bank of Pakistan in its monetary policy has reduced discount rate by 4.25% an annual rate from 13.25% to 9% subsequent to period end. This reduction in policy rate will also benefit the PNSC Group in the form of decline in average borrowing rate on its long-term financing.

Further as already disclosed in our last report, newly approved maritime policy is also expected to impact positively on PNSC as many incentives have been provided to shipping companies therein. In future, PNSC has plans to expand its business base exercising horizontal expansion by participating as a key player in LNG transportation, tug boat & pilot boat service and other segments of maritime sector.

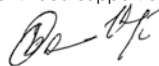
Paying due attention on global economy and the embedded opportunities and threats therein, PNSC group is committed to apply all its strength to provide the best return to its stakeholders and play its role towards national prosperity.

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



**Rizwan Ahmed (P.A.S.)**  
Chairman & Chief Executive

Karachi  
April 27, 2020.



**Khowaja Obaid Imran Ilyas**  
Director

## مستقبل کے امکانات


جیسا کہ ڈائریکٹر رپورٹ برائے سشٹماہی اختتام از 31 دسمبر، 2019 میں بتایا گیا تھا کہ حال ہی میں چین میں پھیلنے والی COVID-19 کے اثرات منڈی میں منفی تاثر اور غیر یقینی صورتحال کا باعث بن رہے تھے۔ چونکہ اب Covid-19 چین سے سرحد پار پھیل چکی ہے اور اس سے پوری دنیا متاثر ہوئی ہے، لہذا منفی تاثر اور غیر یقینی صورتحال برقرار ہے جو مالی دورانیے کے آغاز کے انڈیکس کے مقابلے میں بالٹک ایکسیج ڈرائی انڈیکس (BDI) میں %55 فوری کمی سے عیاں ہے، اور یہ مستقبل قریب میں خشک بلک سے ہونے والی آمدن کو منفی طور پر متاثر کرے گا۔ دنیا کی سب سے بڑی بین الاقوامی شپنگ ایسوسی ایشن BIMCO نے حال ہی میں متنبہ کیا ہے کہ 2020 صنعت کے لیے کافی حد تک مشکل ثابت ہو سکتا ہے۔


آئل ٹینکرز کے شعبے میں آئل ٹینکرز کی طلب قیمتیں گرنے کے باعث بڑھ رہی ہے جس نے ٹینکر کے شعبے میں بے بہا اضافہ کیا ہے۔ منڈی میں ٹینکرز کی اس زیادہ طلب کی بنیادی وجہ ان کا مختلف اداروں کی جانب سے بطور ”فلوئنگ آئل اسٹوریج“ استعمال ہے، تاکہ خام تیل کی قیمتوں میں کمی کا بھرپور فائدہ اٹھایا جاسکے۔ لہذا، مائع شعبے کی طلب میں اضافے سے ہونے والے فائدے کو مد نظر رکھتے ہوئے، پی این ایس سی پر امید ہے کہ موجودہ مالی سال مائع کارگو کی نقل و حمل کے حوالے سے مثبت نتائج حاصل کرتے ہوئے بلند شرح پر اختتام پذیر ہوگا۔

مزید برآں، COVID-19 کی صورتحال میں معیشت کو سہارا دینے کے لیے حال ہی میں پاکستان اسٹیٹ بینک نے اپنی مانیٹرنگ پالیسی میں کٹوتی کی ہے اور سالانہ شرح منافع %13.25 میں %4.25 کمی کے ساتھ %9 کر دی ہے۔ شرح منافع میں اس کمی کے نتیجے میں پی این ایس سی گروپ کے طویل مدتی قرضے کی اوسط شرح میں بھی کمی واقع ہوگی جس سے اسکو فائدہ ہوگا۔

نیز جیسا کہ ہماری گزشتہ رپورٹ میں بتایا گیا تھا، نئی منظور شدہ میری ٹائم پالیسی کا پی این ایس سی پر مثبت اثر پڑنے کا امکان ہے، کیونکہ اس میں شپنگ کمپنیوں کو متعدد مراعات فراہم کی گئی ہیں۔ مستقبل میں، لیبل این جی کی نقل و حمل، ٹنگ بوٹ اور پائیلٹ بوٹ سروس اور میری ٹائم کے دیگر شعبوں میں مرکزی کردار کے طور پر شمولیت کر کے پی این ایس سی اپنے کاروباری دائرہ کار کی افقی توسیع کا ارادہ رکھتی ہے۔

عالمی معیشت اور پنہاں مواقع اور خطرات پر خاطر خواہ توجہ مرکوز رکھتے ہوئے، پی این ایس سی گروپ اپنے اسٹیک ہولڈرز کو بہترین منافع فراہم کرنے اور قومی خوشحالی میں اپنا کردار ادا کرنے کے لیے اپنی تمام تر قوتوں کا اطلاق کرنے کے لیے پرعزم ہے۔ تمام اسٹیک ہولڈرز کے مسلسل تعاون اور اعتماد کے لیے بورڈ ان کا مشکور ہے۔

  
خواجہ عبید عمران الیاس  
ڈائریکٹر

  
رضوان احمد (پی۔ اے۔ ایس۔)  
چیرمین اور چیف ایگزیکٹو

کراچی

27 اپریل، 2020



## پاکستان نیشنل شپنگ کارپوریشن ڈائریکٹرز رپورٹ برائے نوامی اختتام از 31 مارچ، 2020

پاکستان نیشنل شپنگ کارپوریشن (پی این ہلس سی) کے ڈائریکٹرز حضرات، پی این ہلس سی اور گروپ کے منظم اور متفرق عبوری مالیاتی گوشوارے برائے نوامی، اختتام از 31 مارچ، 2020 پر مسرت طور پر پیش کر رہے ہیں۔

### مجموعی جائزہ

کرونا وائرس کی وبا کی موجودہ عالمی صورتحال کے باعث لاک ڈاؤن کے نتیجے میں، ملک کو درپیش میکرو اکنامک مشکلات کے باوجود، پی این ہلس سی گروپ گزشتہ سال اسی دورانیے کے 1,332 ملین روپے کے مقابلے میں 6% اضافے کے ساتھ 1,411 ملین روپے بعد از ٹیکس منافع حاصل کرنے میں کامیاب رہا۔ گروپ کی فی حصص آمدن میں گزشتہ سال اسی دورانیے کے 10.09 روپے فی حصص کے مقابلے میں 10.68 روپے فی حصص تک اضافہ ہوا۔

مجموعی طور پر، پی این ہلس سی کے زیر انتظام دو اضافی بحری جہازوں کی شمولیت کے بعد گروپ نے گزشتہ سال کے اسی دورانیے میں 7,859 ملین روپے (بشمول پی این ہلس سی کے 1,959 ملین روپے) کے مقابلے میں 9,621 ملین روپے (بشمول پی این ہلس سی کے 1,135 ملین روپے) کا کاروبار حاصل کیا۔

اس میں زیر انتظام ٹینکرز کے شعبہ کی آمدن میں 63% (4,213 ملین روپے سے 6,876 ملین روپے) نمایاں اضافہ اور بلک کیریئر کے شعبہ میں 7% (1,717 ملین روپے سے 1,609 ملین روپے) کی کمی شامل ہے۔

تاہم، صرف پی این ہلس سی کے نتائج میں فی حصص 5.90 روپے نقصان کے ساتھ 779 ملین روپے بعد از ٹیکس نقصان دیکھا گیا۔ اس کی بنیادی وجہ سلاٹ چارٹر کی آمدنی میں نمایاں کمی اور فرنس آئل کی درآمد پر پابندی تھی۔ یہ صورتحال Covid-19 کی وبا کے باعث غیر متوقع عالمی لاک ڈاؤن سے مزید خراب ہو گئی جس نے خشک بلک مارکیٹ کو بھی متاثر کیا اور اس کے نتیجے میں BDI کے نرخوں میں نمایاں کمی ہوئی۔ مزید برآں، دو LR-1 ٹینکرز کے حصول کے لیے قرض اور KIBOR میں خاطر خواہ اضافے کے باعث مالی لاگت 188 ملین روپے سے بڑھ کر 886 ملین روپے ہو گئی۔

موجودہ دورانیے میں، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے نوٹیفیکیشن کے مطابق بین الاقوامی مالیاتی رپورٹنگ کے معیار 9- فنانشل انسٹرومنٹ (IFRS-9) کا کارپوریشن پر اطلاق ہوا۔ اس کے مطابق، IFRS-9 کے تقاضوں کی تعمیل کے لیے تقابلی اعداد و شمار کو دوبارہ بیان کیا گیا ہے، خصوصاً ان اعداد و شمار کو جن کا تعلق متوقع کریڈٹ نقصانات کی بنیاد پر مالی اثاثوں کی شقوق سے ہے۔



## PNSC Managed Fleet

### TANKERS

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



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

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



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

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



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

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



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

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



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

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



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

### BULK CARRIERS

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



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

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



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

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



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

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

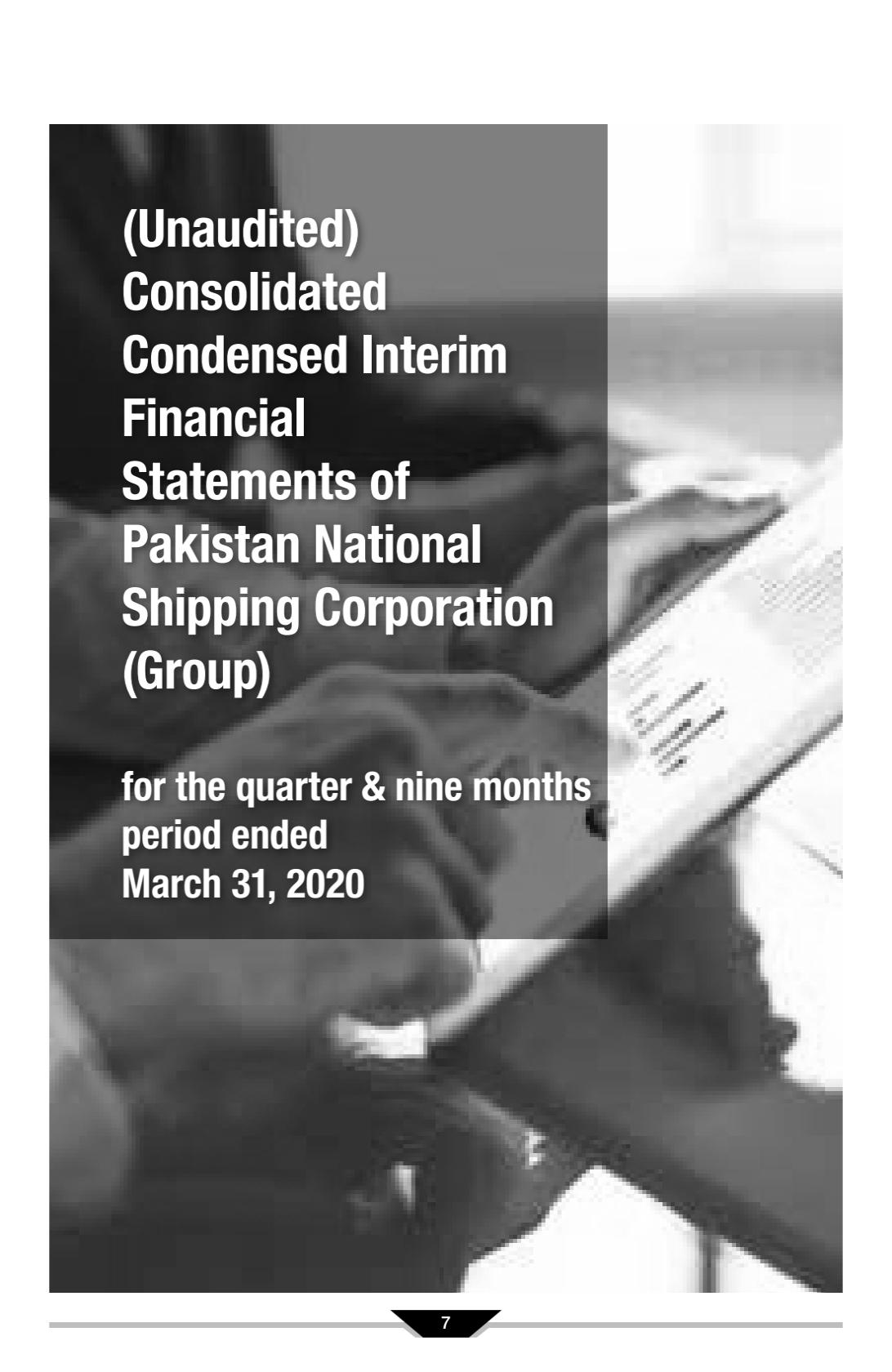


Deadweight (MT): 28,442 Length Overall (M): 169.37  
Gross Tonnage (MT): 17,018

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



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

A grayscale background image showing a pair of hands holding a document, possibly a financial statement or report, with some text visible on the page. The image is slightly blurred, focusing attention on the text overlay.

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

**for the quarter & nine months  
period ended  
March 31, 2020**



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

	Note	(Unaudited) March 31, 2020	(Audited) June 30, 2019
(Rupees in '000)			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	29,210,159	29,837,872
Intangible assets	6	12,891	-
Investment properties		3,266,222	3,266,105
Long-term investments in:			
- Related party (associate)		-	-
- Listed companies and an other entity		27,647	32,475
Long-term loans	7	13,932	17,313
Long-term deposits		90	90
Deferred taxation - net		143,994	125,996
		<b>32,674,935</b>	<b>33,279,851</b>
<b>CURRENT ASSETS</b>			
Stores and spares		1,260,753	1,062,835
Trade debts - unsecured	8	3,133,545	2,615,138
Agents' and owners' balances - unsecured		9,412	13,085
Loans and advances		85,273	69,996
Trade deposits and short-term prepayments		85,274	73,665
Interest accrued on bank deposits and short-term investments		79,437	23,986
Other receivables	9	686,057	302,796
Incomplete voyages		224,155	102,164
Insurance claims		84,203	96,179
Taxation - net		1,421,607	1,349,048
Short-term investments	10	2,938,600	3,182,550
Cash and bank balances		2,262,525	2,884,137
		<b>12,270,841</b>	<b>11,775,579</b>
		<b>44,945,776</b>	<b>45,055,430</b>
<b>TOTAL ASSETS</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY ATTRIBUTABLE TO THE OWNERS OF THE HOLDING COMPANY</b>			
Share Capital			
Authorised capital		2,000,000	2,000,000
Issued, subscribed and paid-up share capital		1,320,634	1,320,634
Capital reserve		131,344	131,344
Revenue reserves		31,368,047	30,220,643
Remeasurement of post retirement benefits obligation - net of tax		(306,621)	(306,621)
Surplus on revaluation of property, plant and equipment - net of tax		1,236,446	1,237,726
		<b>33,749,850</b>	<b>32,603,726</b>
<b>NON-CONTROLLING INTEREST</b>		<b>5,350</b>	<b>4,610</b>
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP</b>		<b>33,755,200</b>	<b>32,608,336</b>
<b>NON-CURRENT LIABILITIES</b>			
Long term financing - secured	11	6,342,231	7,335,925
Deferred liabilities		792,986	711,259
		<b>7,135,217</b>	<b>8,047,184</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	2,119,030	1,948,372
Contract liabilities		241,912	218,551
Agents' and owners' balances		217,800	345,394
Provision against damage claims		28,408	26,475
Current portion of long-term financing	11	1,334,964	1,747,543
Unclaimed dividend		68,989	60,064
Accrued mark-up on long-term financing		44,256	53,511
		<b>4,055,359</b>	<b>4,399,910</b>
<b>TOTAL LIABILITIES</b>		<b>11,190,576</b>	<b>12,447,094</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>44,945,776</b>	<b>45,055,430</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			

13

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

**Syed Jarar Haider Kazmi**  
Chief Financial Officer

**Rizwan Ahmed P.A.S**  
Chairman & Chief Executive

**Khawaja Obaid Imran Ilyas**  
Director



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

	Note	Quarter ended March 31, 2020	Quarter ended March 31, 2019 (Restated)	Nine months period ended March 31, 2020	Nine months period ended March 31, 2019 (Restated)
<b>(Rupees in '000)</b>					
<b>REVENUE</b>					
Income from shipping business		3,185,899	3,084,343	9,452,630	7,738,059
Rental income		57,812	43,784	168,847	120,898
		<b>3,243,711</b>	<b>3,128,127</b>	<b>9,621,477</b>	<b>7,858,957</b>
<b>EXPENDITURE</b>					
Fleet expenses - direct		(2,265,448)	(2,044,804)	(6,351,015)	(5,478,911)
Fleet expenses - indirect		(3,733)	(8,378)	(11,373)	(21,410)
Real estate expenses		(29,775)	(30,447)	(92,242)	(105,489)
		<b>(2,298,956)</b>	<b>(2,083,629)</b>	<b>(6,454,630)</b>	<b>(5,605,810)</b>
<b>GROSS PROFIT</b>		<b>944,755</b>	<b>1,044,498</b>	<b>3,166,847</b>	<b>2,253,147</b>
Administrative expenses		(293,468)	(346,304)	(832,379)	(828,382)
Impairment loss on trade debts and other receivables - net	3.1	(25,486)	(29,574)	(231,903)	(88,722)
Other expenses		(161,593)	(61,194)	(381,039)	(178,256)
Other income		262,832	146,049	694,810	525,149
		<b>(217,715)</b>	<b>(291,023)</b>	<b>(750,511)</b>	<b>(570,211)</b>
<b>OPERATING PROFIT</b>		<b>727,040</b>	<b>753,475</b>	<b>2,416,336</b>	<b>1,682,936</b>
Finance costs	14	(277,173)	(71,435)	(886,319)	(187,743)
<b>PROFIT BEFORE TAXATION</b>		<b>449,867</b>	<b>682,040</b>	<b>1,530,017</b>	<b>1,495,193</b>
Taxation	15	(45,915)	(40,695)	(119,026)	(163,146)
<b>PROFIT AFTER TAXATION</b>		<b>403,952</b>	<b>641,345</b>	<b>1,410,991</b>	<b>1,332,047</b>
Other comprehensive income		-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>403,952</b>	<b>641,345</b>	<b>1,410,991</b>	<b>1,332,047</b>
<b>Attributable to:</b>					
Equity holders of the Holding Company		403,698	641,294	1,410,251	1,331,689
Non-controlling interest		254	51	740	358
		<b>403,952</b>	<b>641,345</b>	<b>1,410,991</b>	<b>1,332,047</b>
<b>(Rupees)</b>					
<b>EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE HOLDING COMPANY - basic and diluted</b>		<b>3.06</b>	<b>4.86</b>	<b>10.68</b>	<b>10.09</b>

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

**Syed Jarar Haider Kazmi**  
Chief Financial Officer

**Rizwan Ahmed P.A.S**  
Chairman & Chief Executive

**Khowaja Obaid Imran Ilyas**  
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, 2020 (UNAUDITED)**

	Attributable to the shareholders of the Holding Company							Total reserves	Non-controlling interest	Total
	Issued, subscribed and paid-up share capital	Capital reserve*	Revenue reserves			Remeasurement of post retirement benefits obligation - net of tax	Surplus on revaluation of property, plant and equipment - net of tax			
			General reserve	Unappropriated profit	Sub-total revenue reserves					
(Rupees in '000)										
Balance as at July 01, 2018, as previously reported	1,320,634	131,344	129,307	28,765,626	28,894,933	(255,121)	1,244,986	30,016,142	4,164	31,340,940
Impact of initial application of IFRS 9	-	-	-	(674,969)	(674,969)	-	-	(674,969)	-	(674,969)
Impact of deferred tax	-	-	-	2,764	2,764	-	-	2,764	-	2,764
Net impact on initial application of IFRS 9	-	-	-	(672,205)	(672,205)	-	-	(672,205)	-	(672,205)
Balance as at July 01, 2018 - restated	1,320,634	131,344	129,307	28,093,421	28,222,728	(255,121)	1,244,986	29,343,937	4,164	30,668,735
Final cash dividend for the year ended June 30, 2018 (Rs. 1.5 per ordinary share of Rs.10 each)	-	-	-	(198,095)	(198,095)	-	-	(198,095)	-	(198,095)
Profit after taxation - restated	-	-	-	1,331,689	1,331,689	-	-	1,331,689	358	1,332,047
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the nine months period ended March 31, 2019 - restated	-	-	-	1,331,689	1,331,689	-	-	1,331,689	358	1,332,047
Surplus on revaluation of property, plant and equipment realised during the period on account of incremental depreciation charged thereon- net of tax	-	-	-	1,314	1,314	-	(1,314)	-	-	-
Balance as at March 31, 2019 - restated	1,320,634	131,344	129,307	29,228,329	29,357,636	(255,121)	1,243,672	30,477,531	4,522	31,802,687
Balance as at July 01, 2019	1,320,634	131,344	129,307	30,091,336	30,220,643	(306,621)	1,237,726	31,283,092	4,610	32,608,336
Final cash dividend for the year ended June 30, 2019 (Rs. 2 per ordinary share of Rs.10 each)	-	-	-	(264,127)	(264,127)	-	-	(264,127)	-	(264,127)
Profit after taxation	-	-	-	1,410,251	1,410,251	-	-	1,410,251	740	1,410,991
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the nine months period ended March 31, 2020	-	-	-	1,410,251	1,410,251	-	-	1,410,251	740	1,410,991
Surplus on revaluation of property, plant and equipment realised during the period on account of incremental depreciation charged thereon- net of tax	-	-	-	1,280	1,280	-	(1,280)	-	-	-
Balance as at March 31, 2020	1,320,634	131,344	129,307	31,238,740	31,368,047	(306,621)	1,236,446	32,429,216	5,350	33,755,200

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

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

**Syed Jarar Haider Kazmi**  
Chief Financial Officer

**Rizwan Ahmed P.A.S**  
Chairman & Chief Executive

**Khowaja Obaid Imran Ilyas**  
Director



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

	Note	Nine months period ended March 31, 2020	Nine months period ended March 31, 2019
------(Rupees in '000)-----			
<b>Cash flows from operating activities</b>			
Cash generated from operations	16	2,113,947	1,613,103
Employees' gratuity paid		(11,231)	(11,233)
Employees' compensated absences paid		(76,139)	(54,194)
Post-retirement medical benefits paid		(21,457)	(20,954)
Long term loans		3,381	2,183
Finance costs paid		(879,267)	(163,892)
Taxes paid		(209,583)	(219,288)
<b>Net cash generated from operating activities</b>		<b>919,651</b>	<b>1,145,725</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(467,992)	(5,199,447)
Initial deposit for the acquisition of intangible asset		(12,891)	-
Additions to investment properties		(117)	-
Proceeds from disposal of property, plant and equipment		10,393	-
Short-term investments (made) / redeemed		(2,450,050)	3,973,430
Dividend received on long-term investment in listed companies		1,149	2,596
Interest received on short-term investments		355,165	280,685
<b>Net cash (used in) / generated from investing activities</b>		<b>(2,564,343)</b>	<b>(942,736)</b>
<b>Cash flows from financing activities</b>			
Long-term financing repaid		(1,415,718)	2,857,145
Dividends paid		(255,202)	(190,761)
<b>Net cash used in financing activities</b>		<b>(1,670,920)</b>	<b>2,666,384</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(3,315,612)</b>	<b>2,869,373</b>
Cash and cash equivalents at the beginning of period		5,578,137	2,764,179
<b>Cash and cash equivalents at the end of the period</b>	17	<b>2,262,525</b>	<b>5,633,552</b>

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

**Syed Jarar Haider Kazmi**  
Chief Financial Officer

**Rizwan Ahmed P.A.S**  
Chairman & Chief Executive

**Khowaja Obaid Imran Ilyas**  
Director



# PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES

## NOTES TO AND FORMING PART OF THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2020 (UNAUDITED)

### 1. THE GROUP AND ITS OPERATIONS

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

The Group consists of:

#### **Holding company**

Pakistan National Shipping Corporation

#### **Subsidiary companies**

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

#### **Associate**

- Muhammadi Engineering Works (Private) Limited

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

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

#### 2.1 Statement of compliance

These consolidated condensed interim financial statements of the Group for the nine months period ended March 31, 2020 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

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

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



- 2.2 These consolidated condensed interim financial statements comprise of the consolidated condensed interim statement of financial position as at March 31, 2020 and the consolidated condensed interim statement of profit or loss and other comprehensive income, the consolidated condensed interim statement of changes in equity, the consolidated condensed interim statement of cash flows and notes thereto for the nine months period ended March 31, 2020. These consolidated condensed interim financial statements also include the consolidated condensed interim statement of profit or loss and other comprehensive income, the consolidated condensed interim statement of changes in equity and the consolidated condensed interim statement of cash flows for the nine months period ended March 31, 2019.
- 2.3 The comparative statement of financial position presented in these consolidated condensed interim financial statements as at June 30, 2019 has been extracted from the annual audited consolidated financial statements of the Group for the year ended June 30, 2019 whereas the comparative consolidated condensed interim statement of profit or loss and other comprehensive income, consolidated condensed interim statement of changes in equity and consolidated condensed interim statement of cash flows for the nine months period ended March 31, 2019 have been extracted from the consolidated condensed interim financial statements of the Group for the nine months period then ended, which were neither subjected to a review nor audited.
- 2.4 These consolidated condensed interim financial statements are un-audited and are being submitted to the shareholders as required by listing regulations of Pakistan Stock Exchange vide section 237 of the Companies Act, 2017.

## 2.5 Basis of measurement

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

## 2.6 Functional and presentation currency

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

## 3. ACCOUNTING POLICIES

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

- IFRS 16 - Leases  
 IFRS 9 - Prepayment Features with Negative Compensation (Amendments)  
 IAS 19 - Plan Amendment, Curtailment or Settlement (Amendments)  
 IAS 28 - Long-term Interests in Associates and Joint Ventures (Amendments)

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

	(Unaudited)		
	Nine months period ended March 31, 2019		
	Before application of IFRS - 9	Impact of IFRS - 9	After application of IFRS - 9
	----- (Rupees in '000) -----		
<b>Class of transaction</b>			
Impairment loss on trade debts and other receivables - net	18,738	69,984	88,722

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



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

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

- Amendment to IFRS 3 '*Business Combinations*' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.
- Amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.
- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallise. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.
- Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the financial statements of the Group.
- IFRS 14 *Regulatory Deferral Accounts* - (effective for annual periods beginning on or after 1 July 2019) provides interim guidance on accounting for regulatory deferral accounts balances while IASB considers more comprehensive guidance on accounting for the effects of rate regulation. In order to apply the interim standard, an entity has to be rate regulated – i.e. the establishment of prices that can be charged to its customers for goods or services is subject to oversight and/or approved by an authorized body. The term 'regulatory deferral account balance' has been chosen as a neutral descriptor for expense (income) or variance account that is included or is expected to be included by the rate regulator in establishing the rate(s) that can be charged to customers and would not otherwise be recognized as an asset or liability under other IFRSs. The standard is not likely to have any effect on Group's financial statements.

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

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



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

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

	Note	(Unaudited) March 31, 2020	(Audited) June 30, 2019
		------(Rupees in '000)-----	
<b>5. PROPERTY, PLANT AND EQUIPMENT</b>			
- Operating fixed assets	5.1 & 5.2	28,655,847	29,368,031
- Major spare parts and stand-by equipment		497,431	412,960
- Capital work-in-progress (CWIP)		56,881	56,881
		<u>29,210,159</u>	<u>29,837,872</u>
		(Unaudited)	(Audited)
		Nine months period ended March 31, 2020	Nine months period ended March 31, 2019
		------(Rupees in '000)-----	
<b>5.1 Additions to operating fixed assets (including transfers from CWIP) during the period:</b>			
Vessel		-	4,296,929
Buildings on lease hold land		-	4,533
Office equipments		988	2,960
Furniture and fixtures		176	934
Workshop machinery and equipment		2,622	257
Computer equipment		20,196	4,356
Spares capitalised		100,334	85,118
Class renewal and dry docking		337,670	369,262
Motor Vehicle		2,198	-
Equipment on board		3,808	1,235
		<u>467,992</u>	<u>4,765,584</u>
<b>5.2 Depreciation charge for the period</b>		<u>1,095,675</u>	<u>949,354</u>
		(Unaudited) March 31, 2020	(Audited) June 30, 2019
		------(Rupees in '000)-----	
<b>6. INTANGIBLE ASSETS</b>			
<b>Capital work in progress (CWIP)</b>			
Computer software (DANAOS)		<u>12,891</u>	-
<b>6.1 Intangible assets also includes cost of Rs 16.503 million of software "Ship Management Expert System" (SES). SES was being amortised over the useful life of five years and was fully amortised as on June 30, 2009, however, it is still in active use.</b>			
		(Unaudited) March 31, 2020	(Audited) June 30, 2019
		------(Rupees in '000)-----	
<b>7. LONG-TERM LOANS - considered good</b>			
Loans-Executives & other employees		<u>13,932</u>	<u>17,313</u>



## 8. TRADE DEBTS - unsecured

### Considered good

Note	(Unaudited) March 31, 2020	(Audited) June 30, 2019
	------(Rupees in '000)-----	
- Due from related parties	2,715,847	2,473,506
- Due from others	417,698	141,632
	3,133,545	2,615,138

### Considered doubtful

- Due from related parties	1,370,346	1,161,695
- Due from others	198,461	196,695
	1,568,807	1,358,390
	4,702,352	3,973,528
Less: Allowance for ECL on trade debts	1,568,807	1,358,390
	3,133,545	2,615,138

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

	Upto 1 month	1 to 6 months	More than 6 months	(Unaudited) As at March 31, 2020	(Audited) As at June 30, 2019
	------(Rupees in '000)-----				
District Controller of Stores	267	349	2,768	3,384	4,001
National Refinery Limited	120,990	57,560	55,822	234,372	118,362
Pak Arab Refinery Limited	239,982	132,893	275,365	648,240	458,813
Pakistan Refinery Limited	130,278	11,482	124,642	266,402	179,755
Pakistan Security Printing Corporation	-	-	-	-	-
Pakistan State Oil Company Limited	-	-	2,436,165	2,436,165	2,436,165
Sui Northern Gas Pipelines Limited	2,837	54	-	2,891	3,301
Sui Southern Gas Company Limited	9,650	-	-	9,650	658
Trading Corporation of Pakistan (Private) Limited	-	-	4,866	4,866	4,866
Water and Power Development Authority	361	-	-	361	20
Others	58,300	48,119	373,443	479,862	429,260
	562,665	250,457	3,273,071	4,086,193	3,635,201

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

Note	(Unaudited) March 31, 2020	(Audited) June 30, 2019
	------(Rupees in '000)-----	
Upto 1 month	68,164	67,798
1 to 6 months	190,763	73,753
More than 6 months	158,771	81
	417,698	141,632

### 8.3 Allowance for ECL on trade debts

Opening balance	1,358,390	625,382
Impact of initial application of IFRS 9	-	674,969
Adjusted balance at beginning of the year	1,358,390	1,300,351
Increase during the period / year	210,417	91,602
Reversed during the period / year	-	(33,563)
Closing balance	1,568,807	1,358,390



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

	Note	(Unaudited) March 31, 2020	(Audited) June 30, 2019
------(Rupees in '000)-----			
<b>9. OTHER RECEIVABLES</b>			
<b>Considered good</b>			
- Due from related parties		228,422	-
- Due from others		457,150	302,311
	9.1	685,572	302,311
<b>Considered doubtful</b>			
- Due from related parties		12,197	12,197
- Due from others		23,117	1,631
		35,314	13,828
		720,886	316,139
Less: Allowance for ECL on other receivables	9.2	35,314	13,828
		685,572	302,311
Employees' gratuity scheme - funded		485	485
		686,057	302,796

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

**9.2 Allowance for ECL on other receivables**

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

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

	Note	(Unaudited) March 31, 2020	(Audited) June 30, 2019
------(Rupees in '000)-----			
<b>10. SHORT-TERM INVESTMENTS</b>			
Term deposits with banks having maturity of:			
- More than six months		15,000	-
- three to six months		2,923,600	488,550
- three months or less		-	2,694,000
	10.1	2,938,600	3,182,550

- 10.1 Mark-up on these term deposits denominated in local currency ranges from 13.25% to 13.40% (June 30, 2019: 11.00% to 12.80%) per annum, whereas mark-up on term deposits denominated in foreign currency is 2.70% (June 30, 2019: 3.25%) per annum.

	Note	(Unaudited) March 31, 2020	(Audited) June 30, 2019
------(Rupees in '000)-----			
<b>11. LONG TERM FINANCING - secured</b>			
Financing under syndicate term finance agreement	11.1	4,802,724	5,431,480
Financing under musharika agreement	11.2	2,874,471	3,651,988
		7,677,195	9,083,468
Less: Current portion of long-term financing		1,334,964	1,747,543
		6,342,231	7,335,925



## 11.1 Financing under syndicate term finance agreement includes:

11.1.1 Financing obtained in November 2014 amounting to Rs 3,000 million with a consortium led by MCB Bank Limited carrying mark-up at the rate of 3 month KIBOR + 1.60% which has been renegotiated to 3 month KIBOR + 0.5% during the year ended June 30, 2016 and further renegotiated to 3 month KIBOR + 0.20% during the year ended June 30, 2018. The loan along with the mark-up is repayable on a quarterly basis with the last repayment date on November 6, 2022. The facility is secured by way of first mortgage charge over a vessel owned by the subsidiary company of the Holding Company. The Holding Company has drawn Rs 2,054.250 million to date.

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

## 11.2 Financing under musharika agreement includes:

11.2.1 Financing obtained in November 2014 amounting to Rs 1,500 million with a consortium led by MCB Bank Limited carrying mark-up at the rate of 3 month KIBOR + 1.60% which has been renegotiated to 3 month KIBOR + 0.5% during the year ended June 30, 2016 and further renegotiated to 3 month KIBOR + 0.20% during the year ended June 30, 2018. The loan along with the mark-up is repayable on a quarterly basis with the last repayment date on November 6, 2022. The facility is secured by way of first mortgage charge over a vessel owned by the subsidiary company of the Holding Company. The Holding Company has drawn Rs 1,027.125 million to date.

11.2.2 Financing obtained during the year ended June 30, 2016 from Faysal Bank Limited amounting to Rs 3,300 million carrying mark-up of 3 month KIBOR + 0.40%, which has been renegotiated to 3 month KIBOR + 0.15% during the year ended June 30, 2018. The loan along with the mark-up has been fully paid off during the nine months period ended March 31,

11.2.3 Financing obtained during the year ended June 30, 2019 amounting to Rs 4,000 million with a consortium led by Faysal bank limited carrying mark up at the rate of 3 month KIBOR + 0.35%. The loan along with mark-up is repayable on a quarterly basis with the last repayment date on March 22, 2027. During the year ended June 30, 2019 the Holding Company drew Rs 1,440 million and Rs 1,454.606 million to finance its subsidiary companies namely Bolan Shipping (Private) Limited and Khairpur Shipping (Private) Limited respectively for purchase of vessels. The facility is secured by way of first mortgage charge over procured vessels owned by respective subsidiary companies.

Note	(Unaudited) March 31, 2020	(Audited) June 30, 2019
	------(Rupees in '000)-----	
<b>12. TRADE AND OTHER PAYABLES</b>		
Creditors	222,088	279,528
Accrued liabilities	1,677,092	1,454,889
Deposits	54,015	60,636
Bills payable	25,018	4,090
Withholding Tax Payable	-	54,490
Advance rent	43,924	24,696
Other liabilities:		
- amounts retained from contractors	3,822	3,822
- others	93,071	66,221
	96,893	70,043
	2,119,030	1,948,372

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



### 13. CONTINGENCIES AND COMMITMENTS

#### Contingencies

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

#### Commitments

	(Unaudited) March 31, 2020	(Audited) June 30, 2019
	------(Rupees in '000)-----	
13.2 Commitments for capital expenditure	32,571	32,571
13.3 Outstanding letters of guarantee	18,919	7,142
13.4 The Holding Company has provided an undertaking amounting to USD 11.6 million equivalent of Rs 1,934.30 million (June 30, 2019: USD 11.6 million equivalent of Rs 1,856 million) to one of the vendor / supplier of another state owned entity. This undertaking has been provided due to arrest of two of its managed vessels operated by its subsidiaries which have been released subsequently. However, the Government of Pakistan has provided a counter guarantee to the Holding Company in relation to the aforesaid undertaking.		
13.5 Commitments in respect of Enterprise Resource Planning (ERP) implementation and maintenance amounting to USD 0.443 million equivalent of Rs 73.87 million (June 30, 2019: USD 0.48 million equivalent of Rs 76.80 million) and USD 0.159 million equivalent of Rs 26.51 million (June 30, 2019: USD 0.19 million equivalent of Rs 30.40 million) respectively.		

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

### 14. FINANCE COSTS

Mark-up on long term financing	881,379	183,430
Bank charges	4,940	4,313
	886,319	187,743

### 15. TAXATION

Current tax	137,024	192,430
Deferred tax income	(17,998)	(29,284)
	119,026	163,146

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

	(Unaudited) Nine months period ended March 31, 2020	Nine months period ended March 31, 2019 (Restated)
	------(Rupees in '000)-----	

### 16. CASH GENERATED FROM OPERATIONS

Profit before taxation	1,530,017	1,495,193
Adjustments for non-cash charges and other items:		
Depreciation	1,095,675	949,354
Profit on disposal of property, plant and equipment	(10,393)	-



Note	(Unaudited)	
	Nine months period ended March 31, 2020	Nine months period ended March 31, 2019 (Restated)
------(Rupees in '000)-----		

Provision for employees' gratuity	63,860	43,590
Provision for employees' compensated absences	101,961	73,628
Provision for post-retirement medical benefits	24,731	19,759
Income from saving accounts and term deposits	(410,596)	(284,942)
Finance costs	879,457	187,743
Loss on disposal of stores	37,300	12,429
Provision no longer required written back	(17,081)	(9,686)
Impairment loss on trade debts and other receivables - net	231,903	88,722
Loss on revaluation of long-term investments in listed securities	4,828	10,164
Dividend Income	(1,149)	(2,596)
Working capital changes	(1,416,566)	(970,255)
	<u>2,113,947</u>	<u>1,613,103</u>

#### 16.1 Working capital changes

(Increase) / decrease in current assets:

Stores and spares	(235,218)	(287,446)
Trade debts - unsecured	(728,824)	(383,713)
Agents' and owners' balances - unsecured	3,673	3,956
Loans and advances	(15,277)	31,610
Trade deposits and short-term prepayments	(11,609)	(41,318)
Other receivables	(404,747)	(20,414)
Net decrease in damage claims	1,933	(321)
Incomplete voyages	(121,991)	(62,001)
Insurance claims	11,976	10,586
	<u>(1,500,084)</u>	<u>(749,061)</u>

Increase / (decrease) in current liabilities:

Trade and other payables	187,751	(230,540)
Agents' and owners' balances - unsecured	(127,594)	(3,956)
Contract liabilities	23,361	13,302
	<u>(1,416,566)</u>	<u>(970,255)</u>

(Unaudited)	
March 31, 2020	March 31, 2019
------(Rupees in '000)-----	

#### 17. CASH AND CASH EQUIVALENTS

Short-term investments having maturity of three months or less	-	3,635,620
Cash and bank balances	2,262,525	1,997,932
	<u>2,262,525</u>	<u>5,633,552</u>

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

##### 18.1 Financial risk factors

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



These consolidated condensed interim financial statements do not include all financial risk management information and disclosures which are required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at June 30, 2019. There have been no changes in risk management policies since the year end.

## 18.2 Fair value estimation

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

### Fair value hierarchy

As at March 31, 2020, the Group's all assets and liabilities are carried at cost less accumulated depreciation / impairment, if any, or at amortised cost except for those mentioned below:

The Group's leasehold land, buildings on leasehold land, beach huts and workshop machinery and equipment are stated at revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses, if any. The fair value measurements of the Group's leasehold land, buildings on leasehold land, beach huts and workshop machinery and equipment as at June 30, 2019 was performed by Fairwater Property Valuers & Surveyors (Private) Limited (an independent valuer).

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

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

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

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

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

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

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

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

	(Unaudited) March 31, 2020			
	Level 1	Level 2	Level 3	Total
	( Rupees in '000)			
Assets carried at fair value				
Long-term investments - Fair value through profit or loss	27,547	-	-	27,547
Leasehold land	-	1,086,960	-	1,086,960
Buildings on leasehold land	-	705,373	-	705,373
Beach huts	-	13,401	-	13,401
Workshop machinery and equipment	-	7,524	-	7,524
Investment properties	-	3,266,222	-	3,266,222
	-	5,079,480	-	5,079,480



	(Audited)		
	June 30, 2019		
	Level 1	Level 2	Level 3
	( Rupees in '000)		
			Total
<b>Assets carried at fair value</b>			
Long-term investments - Fair value through profit or loss	32,375	-	32,375
Leasehold land	-	1,086,960	1,086,960
Buildings on leasehold land	-	731,089	731,089
Beach huts	-	14,624	14,624
Workshop machinery and equipment	-	5,340	5,340
Investment properties	-	3,266,105	3,266,105
	-	5,104,118	5,104,118

## 19. TRANSACTIONS WITH RELATED PARTIES

The Group has related party relationships with its associate, Government of Pakistan and its related entities, employee benefit plans and its directors and executive officers (including their associates). Transactions with related parties essentially entail freight income, chartering revenue recovered, recovery of demurrage, rental income and employee funds maintained by the Holding Company. Balances with related parties have been disclosed in the relevant notes to these consolidated condensed interim financial statements. Further, transactions entered into with the key management personnel as per their terms of employment are also included in related party transactions.

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

Name and particulars	Relationship with the Group	(Unaudited)	
		Nine months period ended March 31, 2020	Nine months period ended March 31, 2019
----- (Rupees in '000) -----			
<b>Transactions with State owned / controlled entities</b>			
Freight income		4,560,696	5,205,074
Demurrage income		176,005	97,284
Rental income		8,591	3,152
Rental expense		1,235	1,300
<b>Transactions with other related parties</b>			
Contribution to provident fund	Employees benefit plan	6,038	5,528
Directors' fee	Key management personnel	4,525	3,866
Key management personnel compensation	Key management personnel	34,225	69,647
Dividend Paid to Government of Pakistan	Government holding	231,267	172,940

## 20. CORRESPONDING FIGURES

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

		(Unaudited)	
		Quarter ended	Nine months
		March 31,	period ended
		2019	March 31,
		2019	
		----- (Rupees in '000) -----	
From	To		
Other income	Income from shipping business (Revenue)	318,801	448,741
Fleet expenses - direct	Income from shipping business (Revenue)	(10,969)	(68,209)
Other expenses	Fleet expenses - direct	-	91,864
Other income	Fleet expenses - direct	-	(44,640)
Other expenses	Administrative expenses	624	5,303
	Impairment loss on trade debts and other		
Other income	receivables - net	(5,254)	(33,561)
	Impairment loss on trade debts and other		
Other expenses	receivables - net	-	52,299



(Audited)  
June 30,  
2019  
--(Rupees in '000)-  
1,744,626

From	To
Other receivables	Trade debts - unsecured

## 21. GENERAL

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

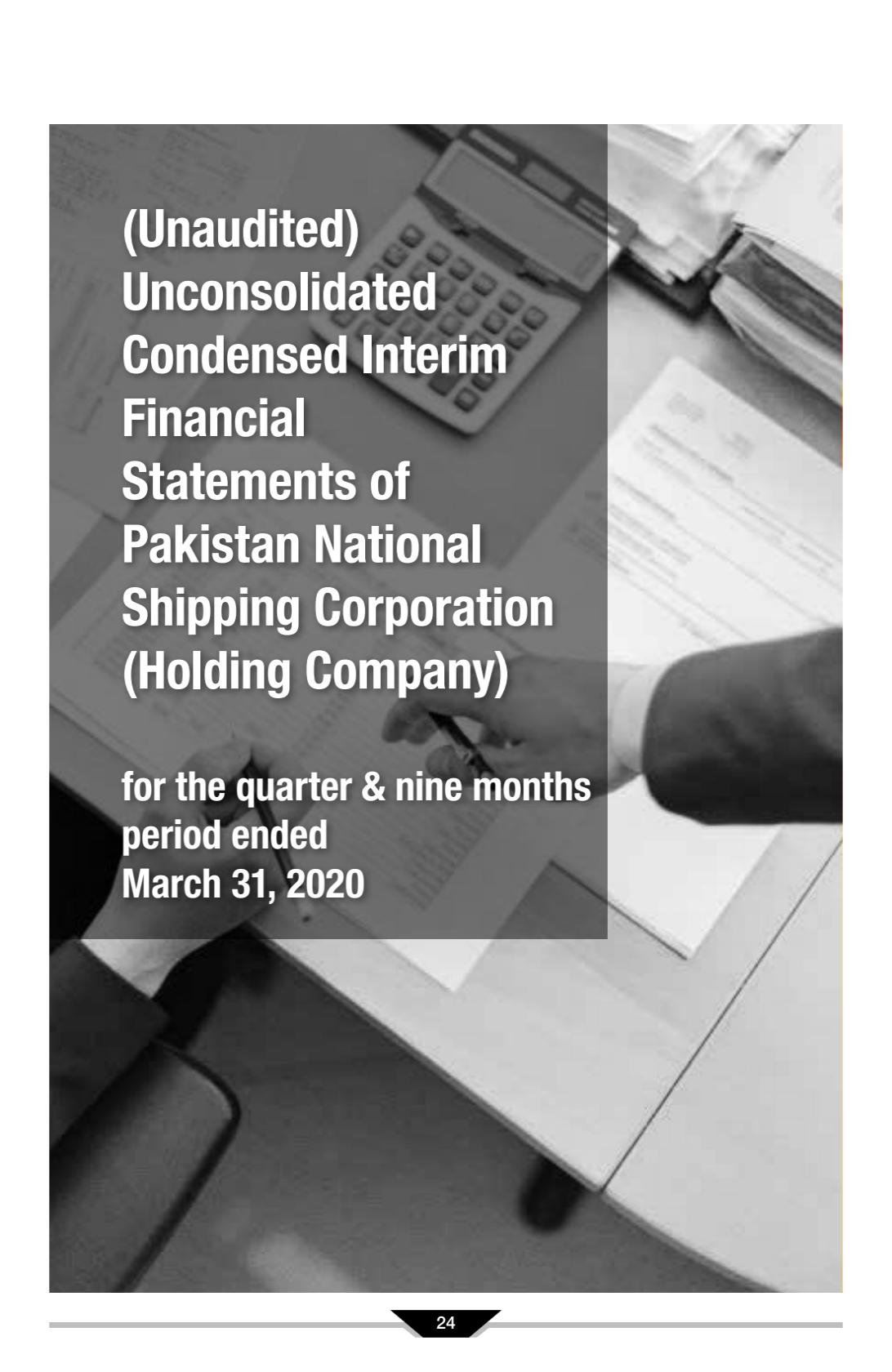
## 22. DATE OF AUTHORISATION FOR ISSUE

These consolidated condensed interim financial statements were authorised for issue on April 27, 2020 by the Board of Directors of the Holding Company.

**Syed Jarar Haider Kazmi**  
Chief Financial Officer

**Rizwan Ahmed P.A.S**  
Chairman & Chief Executive

**Khowaja Obaid Imran Ilyas**  
Director



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

**for the quarter & nine months  
period ended  
March 31, 2020**



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

	Note	(Unaudited) March 31, 2020	(Audited) June 30, 2019
		------(Rupees in '000)-----	
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	1,919,076	1,938,270
Intangible asset	6	12,891	-
Investment properties		3,266,222	3,266,105
Long-term investments in:			
- Related parties (subsidiaries and an associate)		28,591,761	28,591,761
- Listed companies and an other entity		27,647	32,475
		28,619,408	28,624,236
Long-term loans and advances	7	8,561,759	8,565,140
Deferred taxation - net		143,994	125,996
		42,523,350	42,519,747
<b>CURRENT ASSETS</b>			
Stores and spares		10,446	11,690
Trade debts - unsecured	8	1,626,347	1,593,763
Agents' and owners' balances - unsecured		9,412	13,085
Loans and advances		85,273	69,996
Trade deposits and short-term prepayments		75,328	71,714
Interest accrued on bank deposits and short-term investments		79,057	23,896
Other receivables	9	243,972	142,985
Incomplete voyages		25,794	1,862
Taxation - net		1,403,315	1,338,785
Short-term investments	10	2,923,600	3,168,550
Cash and bank balances		2,259,592	2,880,729
		8,742,136	9,317,055
<b>TOTAL ASSETS</b>		51,265,486	51,836,802
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Share Capital</b>			
Authorised capital		2,000,000	2,000,000
Issued, subscribed and paid-up share capital		1,320,634	1,320,634
Capital reserve		126,843	126,843
Revenue reserve		8,501,602	9,543,389
Remeasurement of post retirement benefits obligation - net of tax		(306,621)	(306,621)
Surplus on revaluation of property, plant and equipment - net of tax		1,233,621	1,234,901
		10,876,079	11,919,146
<b>NON-CURRENT LIABILITIES</b>			
Long-term financing - secured	11	6,342,231	7,335,925
Deferred liabilities		792,986	711,259
		7,135,217	8,047,184
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	31,414,154	29,495,971
Contract liabilities		145,619	141,514
Agents' and owners' balances - unsecured		217,800	345,394
Provision against damage claims		28,408	26,475
Current portion of long-term financing	11	1,334,964	1,747,543
Unclaimed dividend		68,989	60,064
Accrued mark-up on long-term financing		44,256	53,511
		33,254,190	31,870,472
<b>TOTAL LIABILITIES</b>		40,389,407	39,917,656
<b>TOTAL EQUITY AND LIABILITIES</b>		51,265,486	51,836,802
<b>CONTINGENCIES AND COMMITMENTS</b>	13		

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

**Syed Jarar Haider Kazmi**  
Chief Financial Officer

**Rizwan Ahmed P.A.S**  
Chairman & Chief Executive

**Khowaja Obaid Imran Ilyas**  
Director




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

	Note	Quarter ended March 31, 2020	Quarter ended March 31, 2019 (Restated)	Nine Months Period Ended March 31, 2020	Nine Months Period Ended March 31, 2019 (Restated)
<b>(Rupees in '000)</b>					
<b>REVENUE</b>					
Freight income - foreign flag vessels		340,080	686,389	944,505	1,781,030
Service fees		98,681	83,601	306,027	221,981
Rental income		57,495	43,540	168,042	120,166
Other operating activities		9,562	-	22,387	57,312
		<b>505,818</b>	<b>813,530</b>	<b>1,440,961</b>	<b>2,180,489</b>
<b>EXPENDITURE</b>					
Fleet expenses - direct		(167,007)	(437,072)	(491,055)	(1,121,288)
Fleet expenses - indirect		(2,752)	(4,536)	(7,813)	(12,614)
Vessel management expenses		(217,270)	(258,286)	(661,507)	(604,115)
Real estate expenses		(29,775)	(30,447)	(92,242)	(105,489)
		<b>(416,804)</b>	<b>(730,341)</b>	<b>(1,252,617)</b>	<b>(1,843,506)</b>
<b>GROSS PROFIT</b>		<b>89,014</b>	<b>83,189</b>	<b>188,344</b>	<b>336,983</b>
Administrative expenses		(37,506)	(84,741)	(121,148)	(211,943)
Impairment loss on trade debts and other receivables - net	3.1	(25,486)	(17,311)	(177,767)	(51,154)
Other expenses		(132,786)	(49,468)	(339,326)	(163,539)
Other income		254,604	145,180	618,165	511,173
		<b>58,826</b>	<b>(6,340)</b>	<b>(20,076)</b>	<b>84,537</b>
<b>OPERATING PROFIT</b>		<b>147,840</b>	<b>76,849</b>	<b>168,268</b>	<b>421,520</b>
Finance costs	14	(275,691)	(70,410)	(881,379)	(184,585)
<b>(LOSS) / PROFIT BEFORE TAXATION</b>		<b>(127,851)</b>	<b>6,439</b>	<b>(713,111)</b>	<b>236,935</b>
Taxation	15	(28,183)	(27,914)	(65,829)	(124,803)
<b>(LOSS) / PROFIT AFTER TAXATION</b>		<b>(156,034)</b>	<b>(21,475)</b>	<b>(778,940)</b>	<b>112,132</b>
Other comprehensive income		-	-	-	-
<b>TOTAL COMPREHENSIVE (LOSS) / INCOME</b>		<b>(156,034)</b>	<b>(21,475)</b>	<b>(778,940)</b>	<b>112,132</b>
<b>(Rupees)</b>					
<b>(LOSS) / EARNINGS PER SHARE - basic and diluted</b>		<b>(1.18)</b>	<b>(0.16)</b>	<b>(5.90)</b>	<b>0.85</b>

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

  
**Syed Jarar Haider Kazmi**  
 Chief Financial Officer

  
**Rizwan Ahmed P.A.S**  
 Chairman & Chief Executive

  
**Khowaja Obaid Imran Ilyas**  
 Director



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

	Issued, subscribed and paid-up share capital	Capital Reserve*	Revenue reserve - unappropriated profit	Remeasure- ment of post retirement benefits obligation - net of tax	Surplus on revaluation of property, plant and equipment - net of tax	Total equity
------(Rupees in '000)-----						
<b>Balance as at July 01, 2018, as previously reported</b>	1,320,634	126,843	9,896,018	(255,121)	1,242,161	12,330,535
Impact of initial application of IFRS 9	-	-	(513,404)	-	-	(513,404)
Impact of deferred tax	-	-	2,764	-	-	2,764
Net impact of initial application of IFRS 9	-	-	(510,640)	-	-	(510,640)
<b>Balance as at July 1, 2018 - restated</b>	1,320,634	126,843	9,385,378	(255,121)	1,242,161	11,819,895
Final cash dividend for the year ended June 30, 2018 (Rs. 1.5 per ordinary share of Rs.10 each)	-	-	(198,095)	-	-	(198,095)
Profit after taxation - restated	-	-	112,132	-	-	112,132
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the nine months period ended March 31, 2019 - restated	-	-	112,132	-	-	112,132
Surplus on revaluation of property, plant and equipment realised during the period on account of incremental charged thereon- net of tax	-	-	1,314	-	(1,314)	-
<b>Balance as at March 31, 2019 - restated</b>	1,320,634	126,843	9,300,729	(255,121)	1,240,847	11,733,932
<b>Balance as at July 01, 2019</b>	1,320,634	126,843	9,543,389	(306,621)	1,234,901	11,919,146
Final cash dividend for the year ended June 30, 2019 (Rs. 2 per ordinary share of Rs.10 each)	-	-	(264,127)	-	-	(264,127)
Loss after taxation	-	-	(778,940)	-	-	(778,940)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the six months period ended December 31, 2019	-	-	(778,940)	-	-	(778,940)
Surplus on revaluation of property, plant and equipment realised during the period on account of incremental charged thereon- net of tax	-	-	1,280	-	(1,280)	-
<b>Balance as at March 31, 2020</b>	1,320,634	126,843	8,501,602	(306,621)	1,233,621	10,876,079

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

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

**Syed Jarar Haider Kazmi**  
Chief Financial Officer

**Rizwan Ahmed P.A.S**  
Chairman & Chief Executive

**Khowaja Obaid Imran Ilyas**  
Director



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

	Note	Nine Months Period Ended March 31, 2020	Nine Months Period Ended March 31, 2019
<b>------(Rupees in '000)-----</b>			
<b>Cash flows from operating activities</b>			
Cash generated from operations	16	1,610,806	683,051
Employees' gratuity paid		(11,231)	(11,233)
Employees' compensated absences paid		(76,139)	(54,194)
Post-retirement medical benefits paid		(21,457)	(20,954)
Long term loans and advances		3,381	(4,294,746)
Finance costs paid		(879,267)	(160,736)
Taxes paid		(148,356)	(182,789)
<b>Net cash generated from / (used in) operating activities</b>		<b>477,737</b>	<b>(4,041,601)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(25,610)	(11,910)
Initial deposit for the acquisition of intangible asset		(12,891)	-
Additions to investment properties		(117)	-
Proceeds from disposal of property, plant and equipment		10,393	-
Short-term investments (made) / redeemed		(2,435,050)	3,961,430
Dividend received on long-term investment in listed companies		1,149	2,596
Interest received on short term investments		354,172	279,894
<b>Net cash (used in) / generated from investing activities</b>		<b>(2,107,954)</b>	<b>4,232,010</b>
<b>Cash flows from financing activities</b>			
Long-term financing repaid		(1,415,718)	2,857,145
Dividends paid		(255,202)	(190,761)
<b>Net cash used in financing activities</b>		<b>(1,670,920)</b>	<b>2,666,384</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(3,301,137)</b>	<b>2,856,793</b>
Cash and cash equivalents at the beginning of the period		5,560,729	2,760,845
<b>Cash and cash equivalents at the end of the period</b>	17	<b>2,259,592</b>	<b>5,617,638</b>

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

**Syed Jarar Haider Kazmi**  
Chief Financial Officer

**Rizwan Ahmed P.A.S**  
Chairman & Chief Executive

**Khowaja Obaid Imran Ilyas**  
Director



**PAKISTAN NATIONAL SHIPPING CORPORATION**  
**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2020 (UNAUDITED)**

**1. THE CORPORATION AND ITS OPERATIONS**

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

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

**2.1 Statement of compliance**

These unconsolidated condensed interim financial statements of the Corporation for the nine months period ended March 31, 2020 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

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

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

- 2.2 These unconsolidated condensed interim financial statements comprise of the unconsolidated condensed interim statement of financial position as at March 31, 2020 and the unconsolidated condensed interim statement of profit or loss and other comprehensive income, the unconsolidated condensed interim statement of changes in equity, the unconsolidated condensed interim statement of cash flows and notes thereto for the nine months period ended March 31, 2020. These unconsolidated condensed interim financial statements also include the unconsolidated condensed interim statement of profit or loss and other comprehensive income, the unconsolidated condensed interim statement of changes in equity and the unconsolidated condensed interim statement of cash flows for the nine months period ended March 31, 2019.
- 2.3 The comparative statement of financial position presented in these unconsolidated condensed interim financial statements as at June 30, 2019 has been extracted from the annual audited financial statements of the Corporation for the year ended June 30, 2019 whereas the comparative unconsolidated condensed interim statement of profit or loss and other comprehensive income, unconsolidated condensed interim statement of changes in equity and unconsolidated condensed interim statement of cash flows for the nine months period ended March 31, 2019 have been extracted from the unconsolidated condensed interim financial statements of the Corporation for the nine months period then ended, which were neither subjected to a review nor audited.
- 2.4 These unconsolidated condensed interim financial statements are un-audited and are being submitted to the shareholders as required by listing regulations of Pakistan Stock Exchange vide section 237 of the Companies Act, 2017.
- 2.5 Basis of measurement**

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



## 2.6 Functional and presentation currency

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

## 3. ACCOUNTING POLICIES

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

IFRS 16 - Leases  
 IFRS 9 - Prepayment Features with Negative Compensation (Amendments)  
 IAS 19 - Plan Amendment, Curtailment or Settlement (Amendments)  
 IAS 28 - Long-term Interests in Associates and Joint Ventures (Amendments)

The adoption of the above standards, amendments and interpretation are not expected to have any material impact on the Corporation's unconsolidated condensed interim financial statements. However, pursuant to SECP press release dated February 15, 2019, IFRS 9 adoption of IFRS 9 was deferred till the financial year / period ended on June 30, 2019 with a retrospective impact on retained earning as on July 01, 2018. Accordingly, the condensed interim financial statements for the nine months period ended March 31, 2020 were not prepared on the basis of IFRS 9 and therefore the comparative figures for the nine months period ended March 31, 2019 have been restated. Summary of change is presented below:

	(Unaudited) Nine months period ended March 31, 2019		
	Before application of IFRS - 9	Impact of IFRS - 9	After application of IFRS - 9
			------(Rupees in '000)-----
<b>Class of transaction</b>			
Impairment loss on trade debts and other receivables - net	(778)	51,932	51,154

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

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

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

- Amendment to IFRS 3 '*Business Combinations*' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.
- Amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.



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

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

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

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

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

Note	(Unaudited) March 31, 2020	(Audited) June 30, 2019
	----- (Rupees in '000) -----	

#### 5. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	5.1 & 5.2	1,862,195	1,881,389
Capital work-in-progress (CWIP)		56,881	56,881
		<u>1,919,076</u>	<u>1,938,270</u>



		(Unaudited)	
		Nine months period ended March 31, 2020	Nine months period ended March 31, 2019
		------(Rupees in '000)-----	
5.1	<b>Additions to operating fixed assets (including transfers during the period:</b>		
	Motor vehicles	2,198	-
	Buildings on leasehold land	-	4,533
	Office equipments	988	2,960
	Furniture and fixtures	176	934
	Workshop machinery and equipment	2,622	257
	Computer equipment	19,626	3,226
		25,610	11,910
5.2	Depreciation charge for the period	44,804	38,538
		(Unaudited) March 31, 2020	(Audited) June 30, 2019
		------(Rupees in '000)-----	
6.	<b>INTANGIBLE ASSETS</b>		
	<b>Capital work in progress (CWIP)</b>		
	Computer Software (DANAOS)	12,891	-
6.1	Intangible also include cost of Rs 16.503 million of software "Ship Management Expert System" (SES). SES was being amortised over the useful life of five years and was fully amortised as on June 30, 2009, however, it is still in active use.		
	Note	(Unaudited) March 31, 2020	(Audited) June 30, 2019
		------(Rupees in '000)-----	
7.	<b>LONG-TERM LOANS AND ADVANCES - considered good</b>		
	Advance to subsidiaries against future issue of shares	8,547,827	8,547,827
	Loans-Executives & other employees	13,932	17,313
		8,561,759	8,565,140
7.1	Represents advance given during the previous year to subsidiary companies namely Bolan Shipping (Private) Limited and Khairpur Shipping (Private) Limited to finance the purchase of respective vessel. This advance will be adjusted against the future issue of shares by the respective subsidiary company.		
	Note	(Unaudited) March 31, 2020	(Audited) June 30, 2019
		------(Rupees in '000)-----	
8.	<b>TRADE DEBTS - unsecured</b>		
	<b>Considered good</b>		
	- Due from related parties	1,593,848	1,583,796
	- Due from others	32,499	9,967
		1,626,347	1,593,763
	<b>Considered doubtful</b>		
	- Due from related parties	991,214	836,698
	- Due from others	18,659	16,893
		1,009,873	853,591
		2,636,220	2,447,354
	Less: Allowance for ECL on trade debts	1,009,873	853,591
		1,626,347	1,593,763



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

	Upto 1 month	1 to 6 months	More than 6 months	(Unaudited) As at March 31, 2020	(Audited) As at June 30, 2019
----- (Rupees in '000) -----					
Pak Arab Refinery Limited	-	-	56,282	56,282	71,936
Pakistan State Oil Company Limited	-	-	1,849,833	1,849,833	1,849,833
Pakistan Refinery Limited	-	-	31,299	31,299	31,299
Pakistan Security Printing Corporation	-	-	-	-	438
Sui Northern Gas Pipelines Limited	2,837	54	-	2,891	3,301
Sui Southern Gas Company Limited	9,650	-	-	9,650	657
Water and Power Development Authority	361	-	-	361	19
National Refinery Limited	120,990	-	25,642	146,632	25,573
Trading Corporation of Pakistan (Private) Limited	-	-	4,866	4,866	4,866
District Controller of Stores	267	349	2,768	3,384	4,001
Others	58,302	48,119	373,443	479,864	428,571
	192,407	48,522	2,344,133	2,585,062	2,420,494

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

	(Unaudited) March 31, 2020	(Audited) June 30, 2019
----- (Rupees in '000) -----		
Upto 1 month	7,148	5,943
1 to 6 months	21,313	3,943
More than 6 months	4,038	81
	32,499	9,967

## 8.3 Allowance for ECL on trade debts

Opening balance	853,591	302,923
Impact of initial application of IFRS 9	-	513,404
Adjusted balance at beginning of the period / year	853,591	816,327
Increase during the period / year	156,282	52,046
Reversed during the period / year	-	(14,782)
Closing balance	1,009,873	853,591

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

Note	(Unaudited) March 31, 2020	(Audited) June 30, 2019
----- (Rupees in '000) -----		

## 9. OTHER RECEIVABLES

## Considered good

- Due from related parties	228,081	93,793
- Due from others	15,406	48,707
	243,487	142,500

## Considered doubtful

- Due from related parties	12,197	12,197
- Due from others	21,947	462
	34,144	12,659
	277,631	155,159
Less: Allowance for ECL on other receivables	34,144	12,659
	243,487	142,500

Employees' gratuity scheme - funded	485	485
	243,972	142,985



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

(Unaudited) March 31, 2020	(Audited) June 30, 2019
------(Rupees in '000)-----	

9.2 **Allowance for ECL on other receivables**

Opening Balance	12,659	12,659
Increase during the period / year	21,485	-
Closing Balance	34,144	12,659

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

Note	(Unaudited) March 31, 2020	(Audited) June 30, 2019
------(Rupees in '000)-----		

10. **SHORT-TERM INVESTMENTS**

Term deposits with banks having maturity of:

- three to six months	2,923,600	488,550
- three months or less	-	2,680,000
10.1	2,923,600	3,168,550

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

Note	(Unaudited) March 31, 2020	(Audited) June 30, 2019
------(Rupees in '000)-----		

11. **LONG-TERM FINANCING - secured**

Financing under syndicate term finance agreement	11.1	4,802,724	5,431,480
Financing under musharika agreement	11.2	2,874,471	3,651,988
		7,677,195	9,083,468
Less: Current portion of long-term financing		1,334,964	1,747,543
		6,342,231	7,335,925

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

11.1.1 Financing obtained in November 2014 amounting to Rs 3,000 million with a consortium led by MCB Bank Limited carrying mark-up at the rate of 3 month KIBOR + 1.60% which has been renegotiated to 3 month KIBOR + 0.5% during the year ended June 30, 2016 and further renegotiated to 3 month KIBOR + 0.20% during the year ended June 30, 2018. The loan along with the mark-up is repayable on a quarterly basis with the last repayment date on November 6, 2022. The facility is secured by way of first mortgage charge over a vessel owned by the subsidiary company. The Corporation has drawn Rs 2,054.250 million to date.

11.1.2 Financing obtained during the year ended June 30, 2019 amounting to Rs 6,500 million with a consortium led by Faysal bank limited carrying mark up at the rate of 3 month KIBOR + 0.35%. The loan along with mark-up is repayable on a quarterly basis with the last repayment date on March 22, 2027. During the year ended June 30, 2019 the Corporation drew Rs 2,340 million and Rs 2,363.734 million to finance its subsidiary companies namely Bolan Shipping (Private) Limited and Khairpur Shipping (Private) Limited respectively for purchase of vessels. The facility is secured by way of first mortgage charge over procured vessels owned by respective subsidiary companies.

11.2 **Financing under musharika agreement includes:**

11.2.1 Financing obtained in November 2014 amounting to Rs 1,500 million with a consortium led by MCB Bank Limited carrying mark-up at the rate of 3 month KIBOR + 1.60% which has been renegotiated to 3 month KIBOR + 0.5% during the year ended June 30, 2016 and further renegotiated to 3 month KIBOR + 0.20% during the year ended June 30, 2018. The loan along with the mark-up is repayable on a quarterly basis with the last repayment date on November 6, 2022. The facility is secured by way of first mortgage charge over a vessel owned by the subsidiary company. The Corporation has drawn Rs 1,027.125 million to date.



11.2.2 Financing obtained during the year ended June 30, 2016 from Faysal Bank Limited amounting to Rs 3,300 million carrying mark-up of 3 month KIBOR + 0.40%, which has been renegotiated to 3 month KIBOR + 0.15% during the year ended June 30, 2018. The loan along with the mark-up has been fully paid off during the nine months period ended March 31, 2020.

11.2.3 Financing obtained during the year ended June 30, 2019 amounting to Rs 4,000 million with a consortium led by Faysal bank limited carrying mark up at the rate of 3 month KIBOR + 0.35%. The loan along with mark-up is repayable on a quarterly basis with the last repayment date on March 22, 2027. During the year ended June 30, 2019 the Corporation drew Rs 1,440 million and Rs 1,454.606 million to finance its subsidiary companies namely Bolan Shipping (Private) Limited and Khairpur Shipping (Private) Limited respectively for purchase of vessels. The facility is secured by way of first mortgage charge over procured vessels owned by respective subsidiary companies.

	Note	(Unaudited) March 31, 2020	(Audited) June 30, 2019
------(Rupees in '000)-----			
<b>12. TRADE AND OTHER PAYABLES</b>			
Creditors		78,411	44,054
Current account balances with subsidiary companies		30,528,506	28,540,308
Accrued liabilities		612,424	756,234
Deposits	12.1	54,015	60,636
Advance rent		43,924	24,696
Other liabilities			
- amounts retained from contractors		3,822	3,822
- others		93,052	66,221
		96,874	70,043
		31,414,154	29,495,971

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

### 13. CONTINGENCIES AND COMMITMENTS

#### Contingencies

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

	(Unaudited) March 31, 2020	(Audited) June 30, 2019
------(Rupees in '000)-----		
<b>Commitments</b>		
13.2 Commitments for capital expenditure	32,571	32,571
13.3 Outstanding letters of guarantee	18,919	7,142

13.4 The Corporation has provided an undertaking amounting to USD 11.6 million equivalent of Rs 1,934 million (June 30, 2019: USD 11.6 million equivalent of Rs 1,856 million) to one of the vendor / supplier of another state owned entity. This undertaking has been provided due to arrest of two of its managed vessels operated by its subsidiaries which have been released subsequently. However, the Government of Pakistan has provided a counter guarantee to the Corporation in relation to the aforesaid undertaking.

13.5 Commitments in respect of Enterprise Resource Planning (ERP) implementation and maintenance amounting to USD 0.443 million equivalent of Rs 73.87 million (June 30, 2019: USD 0.48 million equivalent of Rs 76.80 million) and USD 0.159 million equivalent of Rs 26.51 million (June 30, 2019: USD 0.19 million equivalent of Rs 30.40 million) respectively.

	(Unaudited) Nine months period ended March 31, 2020	Nine months period ended March 31, 2019
------(Rupees in '000)-----		
<b>14. FINANCE COSTS</b>		
Mark-up on long term financing	879,457	183,429
Bank charges	1,922	1,156
	881,379	184,585



## 15. TAXATION

Current tax  
Deferred tax income

(Unaudited)	
Nine months period ended March 31, 2020	Nine months period ended March 31, 2019
------(Rupees in '000)-----	
83,827	154,087
(17,998)	(29,284)
<b>65,829</b>	<b>124,803</b>

During the current period, the Corporation has incurred taxable losses amounting to Rs. 516.3 million, deferred tax asset on these losses amounted to Rs. 149.7 million has not been recorded in the financial statements due to uncertainty over the realization of such losses.

## 16. CASH GENERATED FROM OPERATIONS

(Loss) / profit before taxation

Adjustments for non-cash charges and other items:

Depreciation  
Profit on disposal of fixed assets  
Provision for employees' gratuity  
Provision for employees' compensated absences  
Provision for post-retirement medical benefits  
Income from saving accounts and term deposits  
Finance cost  
Impairment loss on trade debts and other receivables - net  
Provision no longer required written back  
Loss on revaluation of long-term investments in listed securities  
Dividend Income  
Working capital changes

Note	(Unaudited)	
	Nine months period ended March 31, 2020	Nine months period ended March 31, 2019 (Restated)
------(Rupees in '000)-----		
	(713,111)	236,935
	44,804	38,538
	(10,393)	-
	63,003	43,179
	101,776	72,827
	24,370	19,504
	(409,333)	(284,823)
	879,457	184,585
3.1	177,767	51,154
	(17,081)	-
	4,828	10,164
	(1,149)	(2,596)
16.1	1,465,868	313,584
	<b>1,610,806</b>	<b>683,051</b>

### 16.1 Working capital changes

(Increase) / decrease in current assets:

Stores and spares  
Trade debts - unsecured  
Agents' and owners' balances - unsecured  
Loans and advances  
Trade deposits and short-term prepayments  
Other receivables  
Net (increase) /decrease in damage claims  
Incomplete voyages

1,244	(317)
(188,866)	(68,123)
3,673	3,956
(15,277)	31,610
(3,614)	(40,399)
(122,472)	(31,969)
1,933	(321)
(23,932)	(58,453)
<b>(347,311)</b>	<b>(164,016)</b>

Increase / (decrease) in current liabilities:

Trade and other payables  
Agents' and owners' balances - unsecured  
Contract liabilities

1,936,668	641,194
(127,594)	(149,526)
4,105	(14,068)
<b>1,813,179</b>	<b>477,600</b>
<b>1,465,868</b>	<b>313,584</b>



(Unaudited)

<b>March 31, 2020</b>	<b>March 31, 2019</b>
---------------------------	---------------------------

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

**17. CASH AND CASH EQUIVALENTS**

Short-term investments having maturity of three months or less

Cash and bank balances

-	3,621,620
<b>2,259,592</b>	<b>1,996,018</b>
<b>2,259,592</b>	<b>5,617,638</b>

**18. FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES****18.1 Financial risk factors**

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

These unconsolidated condensed interim financial statements do not include all financial risk management information and disclosures which are required in the annual financial statements and should be read in conjunction with the Corporation's annual financial statements as at June 30, 2019. There have been no changes in risk management policies since the year end.

**18.2 Fair value estimation**

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

**Fair value hierarchy**

As at March 31, 2020, the Corporation's all assets and liabilities are carried at cost less accumulated depreciation / impairment, if any, or at amortised cost except for those mentioned below:

The Corporation's leasehold land, buildings on leasehold land, beach huts and workshop machinery and equipment are stated at revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses, if any. The fair value measurements of the Corporation's leasehold land, buildings on leasehold land, beach huts and workshop machinery and equipment as at June 30, 2019 was performed by Fairwater Property Valuers & Surveyors (Private) Limited (an independent valuer).

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

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

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

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

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

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

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

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



(Unaudited) March 31, 2020			
Level 1	Level 2	Level 3	Total
(Rupees in '000)			
<b>Assets carried at fair value</b>			
Long-term investments - Fair value through profit or loss	27,547	-	27,547
Leasehold land	-	1,086,960	1,086,960
Buildings on leasehold land	-	704,850	704,850
Beach huts	-	13,401	13,401
Workshop machinery and equipment	-	7,524	7,524
Investment properties	-	3,266,222	3,266,222
	-	5,078,957	5,078,957

(Audited) June 30, 2019			
Level 1	Level 2	Level 3	Total
(Rupees in '000)			
<b>Assets carried at fair value</b>			
Long-term investments - Fair value through profit or loss	32,375	-	32,375
Leasehold land	-	1,086,960	1,086,960
Buildings on leasehold land	-	727,672	727,672
Beach huts	-	14,624	14,624
Workshop machinery and equipment	-	5,340	5,340
Investment properties	-	3,266,105	3,266,105
	-	5,100,701	5,100,701

## 19. TRANSACTIONS WITH RELATED PARTIES

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

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

Relationship with the Corporation	(Unaudited)	
	Nine months period ended March 31, 2020	Nine months period ended March 31, 2019
(Rupees in '000)		
<b>Name and particulars</b>		
<b>Transactions with State owned / controlled entities</b>		
Freight income - foreign flag vessels	945,665	1,807,903
Demurrage income	9,562	56,262
Rental income	8,591	3,152
Rental expense	1,235	1,300



		(Unaudited)	
	Relationship with the Corporation	Nine months period ended March 31, 2020	Nine months period ended March 31, 2019
Name and particulars		------(Rupees in '000)-----	
<b>Transactions with subsidiary companies</b>			
Service fee charged to subsidiary companies		306,027	187,716
Rental expense of Pakistan Co-operative Ship Stores (Private) Limited		784	713
Delivery of stores and spares to subsidiary companies		23,393	19,327
Retirement benefit costs charged to subsidiary companies		1,404	1,466
Advance against future issue of shares Bolan Shipping (Private) Limited		-	4,296,929
<b>Transactions with other related parties</b>			
Contribution to provident fund	Employees benefit plan	6,038	5,528
Directors' fee	Key management personnel	4,525	3,866
Key management personnel compensation	Key management personnel	34,225	69,647
Dividend paid to Government of Pakistan	Government holding	231,267	172,940

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

## 20. CORRESPONDING FIGURES

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

		(Unaudited)	
		Quarter ended March 31, 2019	Nine months period ended March 31, 2019
		----- (Rupees in '000) -----	
From	To		
Other income	Other operating activities (Revenue)	-	57,312
Fleet expenses - direct	Freight income - foreign flag vessels (Revenue)	(105)	(26,965)
Other expenses	Fleet expenses - direct	(2,196)	89,668
Other income	Fleet expenses - direct	(283)	(44,923)
Other expenses	Administrative expenses	495	3,974
	Impairment loss on trade debts and other receivables - net	-	(14,783)
Other income	Impairment loss on trade debts and other receivables - net	-	14,005
Other expenses			
			(Audited)
			June 30, 2019
		-- (Rupees in '000) --	
From	To		
Other receivables	Trade debts - unsecured		1,155,789



**21. GENERAL**

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

**22. DATE OF AUTHORISATION FOR ISSUE**

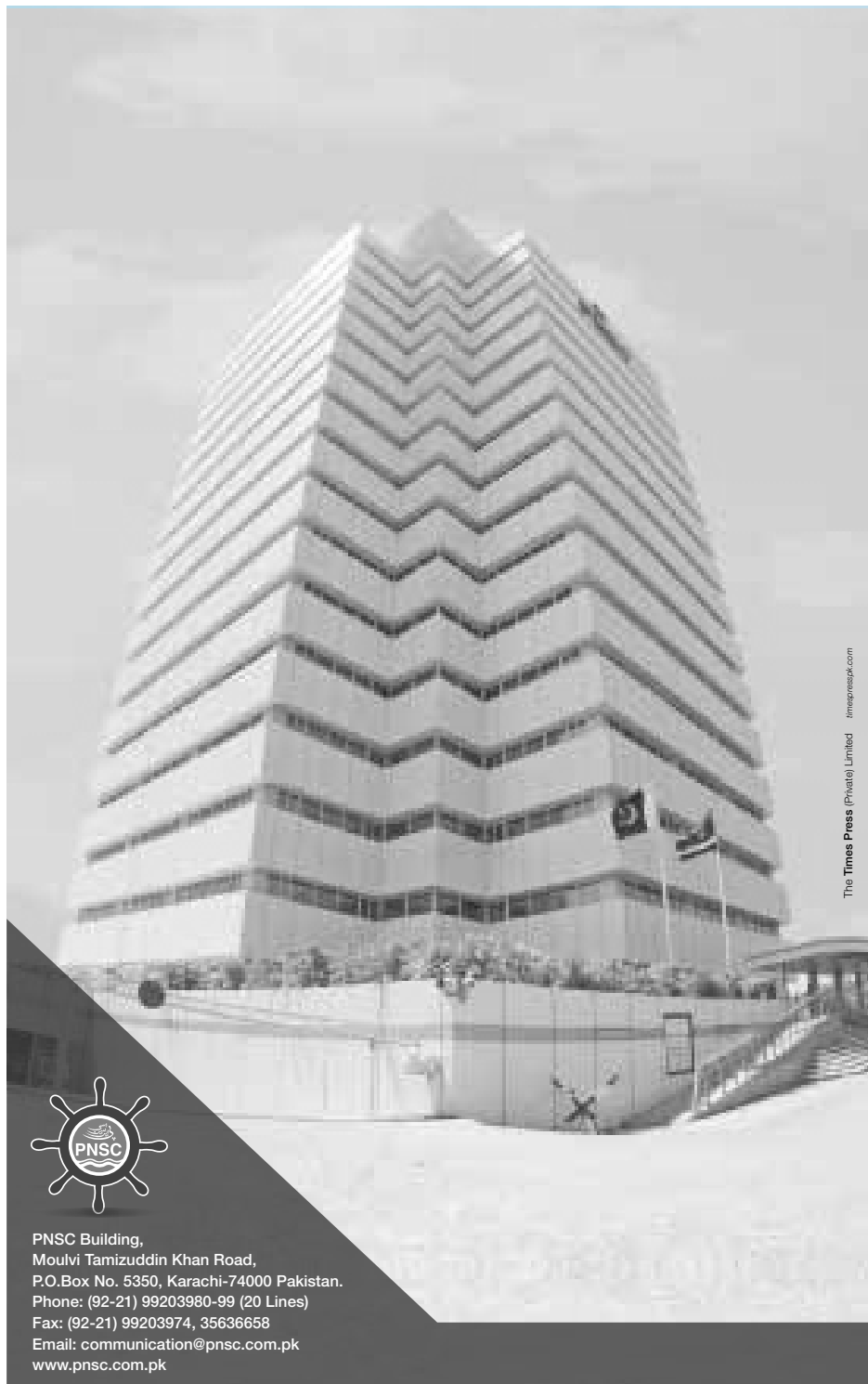
These unconsolidated condensed interim financial statements were authorised for issue on April 27, 2020 by the Board of Directors of the Corporation.

**Syed Jarar Haider Kazmi**  
Chief Financial Officer

**Rizwan Ahmed P.A.S**  
Chairman & Chief Executive

**Khowaja Obaid Imran Ilyas**  
Director





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