TAKING UP CHALLENGES
MOVING FORWARD

Pakistan National Shipping Corporation

ANNUAL REPORT 2018

TAKING UP CHALLENGES
MOVING FORWARD

Contents

Chairman's Review

Dear Shareholders,

I feel privileged on becoming the new Chairman and Chief Executive of PNSC. On behalf of the Corporation's management and my own would appreciate the Ex-Chairman Mr. Arif Elahi (P.A.S) for his leadership role and valuable contribution towards the Corporation.

PNSC provides a range of highly skilled services to our clients in the shipping market globally wherever they are required. Coupled with marine transportation, PNSC also provides technical repair services to the foreign vessels calling at Pakistani ports. We are well-equipped and aim to build long-term relationships with our clients based on a deep understanding of their needs and deliver top quality services.

Keeping in view the global shipping market, we expect world trade and global shipping demand to continue to grow, in line with economic growth projections. At this point in the maritime industry economic cycle, tanker freight rates are relatively low and with the growth in the fleet, we are unlikely to see a recovery before next year. The dry bulk market has been recovering and we expect this to continue through the year.

I would like to appreciate the entire PNSC team for their untiring efforts besides focused implementation of effective cost controls, which enabled the Corporation to surpass its targets and achieved strategic objectives by having strong presence in the maritime industry, which is important for the long term strategy and growth of the Group.

The Performance during the year was positive, with top line growth from bulk cargo business; however there is a decline in average AFRA and World Scale which reflected in liquid cargo business. During the year under review, PNSC (Group) consolidated profit after tax at PKR 1,641 million, which is although lower than prior year PKR 2,477 million but shows a good achievement considering the depressed liquid cargo market and ban imposed by GoP over import of furnace oil in Pakistan during the year.

The Corporation remained steadfast and consistent with operational excellence; during the FY 2017-18 PNSC has achieved cargo lifting over 12.797 million tons output equivalent to about 12.77% of country's total seaborne trade by volume. Furthermore; the Corporation also continues to enjoy its long term credit rating of AA and short term rating of A1+ which signifies its ability to timely fulfill financial obligations.

As a responsible corporate citizen, PNSC commits itself towards the concept of a sustainable healthy environment for all segments of society and focus upon the preservation and protect of marine environment at sea and within ports. These initiatives include enhancement of efficiencies where possible for use of greener fuels and towards compliance with international standards regarding the use and disposal of oils and lubricants. The Corporation is committed to adopt in letter and spirit the IMO MARPOL standards as and when they become applicable. Likewise, the Corporation is committed to the strictest safety practices for the safety of life at sea.

The robust performance has been achieved to date with innovative initiatives and bold steps taken by PNSC which demonstrate our determination to achieve enduring success. The drive and commitment of Corporation's ashore and afloat employees is second to none, and continues to be our greatest asset. As always, PNSC'S core focus remains on customers and stakeholders, compelling to create continuing value while achieving superior outcomes.

I am also pleased to report the performance of Board which remain excellent throughout the year and their contribution effectively steered the Corporation through, with not only having achieved targets but also maintaining its reputation for good governance.

PNSC remains focused on exploring new opportunities for enhancement of revenues, optimization of costs and efficiencies, to maintain its growth momentum and looking forward to deliver greater value for you through further future growth of the Corporation.

Rizwan Ahmed

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

چیئرمین کا جائزہ

محترم حصص مالکان

پی این ایس سی کا نیا چیئرمین اور چیف ایگزیکٹو بنا میرے لیے باعث اعزاز ہے۔ اپنی اور کارپوریشن انتظامیہ کی جانب سے، میں کارپوریشن کے لیے قائدانہ کردار اور لائق تحسین خدمات پر سابقہ چیئرمین جناب عارف الٰہی صاحب (P.A.S) کو خراج تحسین پیش کرنا چاہتا ہوں۔

جہاز رانی کی عالمی منڈی میں ہمارے کلائنٹس کو جہاں بھی ضرورت ہو، پی این ایس سی بہترین اور اعلیٰ پیشورانہ خدمات کا وسیع سلسلہ مہیا کرتی ہے۔ آبی نقل وحمل کے ساتھ، پی این ایس سی پاکستانی بندر گاہوں پر غیر ملکی جہازوں کی تکنیکی مرمت کی خدمات بھی فراہم کرتی ہے۔ ہم مکمل طور پر لیس ہیں، اور ہمارا مقصد اپنے کلائنٹس کی ضروریات کے کامل ادراک کی بنیاد پر ان سے طویل مدتی تعلقات قائم کرنا اور اعلیٰ معیار کی خدمات مہیا کرنا ہے۔

جہاز رانی کی عالمی منڈی کو مد نظر رکھتے ہوئے، ہمیں توقع ہے کہ اقتصادی ترقی کے تخمینوں کے مطابق بین الاقوامی تجارت اور جہاز رانی کی عالمی طلب میں اضافہ جاری رہے گا۔ میری ٹائم صنعت کے اقتصادی دورانیے کے حالیہ دور میں، ٹینکروں کے کرائے کے نرخ نسبتاً کم ہیں، اور بحری بیڑوں میں اضافے کے باعث اگلے سال سے قبل اس کی بحالی کا امکان کم ہے۔ خشک بلک کی منڈی بحال ہو رہی ہے اور ہمیں توقع ہے کہ ایسا سال بھر جاری رہے گا۔

اخراجات قابو میں رکھنے کے مؤثر اقدامات کے ہدف پر توجہ مرکوز رکھنے کے ساتھ ساتھ انتھک کاوشوں پر میں پی این ایس سی کی پوری ٹیم کو خراج تحسین پیش کرنا چاہتا ہوں، جس نے کارپوریشن کو اپنے ہدف سے آگے نکلنے کے قابل بنایا اور میری ٹائم کی صنعت میں اپنی مستحکم موجودگی کے ذریعے اسٹریٹیجک مقاصد حاصل کیے، جو گروپ کی طویل مدتی حکمت عملی اور ترقی کے لیے اہم ہے۔

بلک کارگو کاروبار میں اعلیٰ سطحی ترقی کے ساتھ رواں سال کارکردگی مثبت رہی؛ تاہم اوسط ایفرا (AFRA) اور عالمی پیمانے میں تنزلی رہی جس کی مائع کارگو کاروبار بخوبی عکاسی کرتا ہے۔ زیر جائزہ سال کے دوران، پی این ایس سی (گروپ) کا منافع بعد از ٹیکس 1641 ملین روپے رہا، جو اگرچہ گزشتہ سال کے 2477 ملین روپے سے کم ہے لیکن مائع کارگو کی روبہ زوال منڈی اور رواں سال حکومت پاکستان کی جانب سے فرنس آئل کی درآمد پر پابندی کو مد نظر رکھتے ہوئے بہتر کامیابی ظاہر کرتا ہے۔

عملیاتی برتری کے ساتھ کارپوریشن مستحکم اور ثابت قدم رہی؛ مالی سال 18-2017 کے دوران پی این ایس سی نے 12.797 ملین ٹن کارگو اٹھانے کا کاروبار حاصل کیا جو ملک کی آبی راستے سے ہونے والی کل تجارت کے حجم کا 12.77٪ کے مساوی ہے۔ مزید بر آں؛ کارپوریشن اپنی طویل مدتی AA کریڈٹ ریٹنگ اور قلیل مدتی A1+ کریڈٹ ریٹنگ کو برقرار رکھے ہوئے ہے، جو اس کی مالی ذمہ داریاں بروقت پوری کرنے کی قابلیت کی علامت ہے۔

بطور ذمہ دار کارپوریٹ شہری، پی این ایس سی معاشرے کے تمام طبقات کے لیے مستحکم صحت مندانہ ماحول کے تصور کے لیے پر عزم ہے، اور سمندر اور بندر گاہوں میں آبی ماحول کے تحفظ اور بچاؤ پر توجہ مرکوز کرتی ہے۔ ان اقدامات میں، جہاں ممکن ہو وہاں حیاتیاتی ایندھن کے استعمال کے ذریعے استعداد کار بڑھانا اور تیل اور لبریکنٹس کے استعمال اور تدارک میں بین الاقوامی معیارات کی تعمیل شامل ہے۔ کارپوریشن IMO MARPOL معیارات کو جہاں اور جیسے ان کا نفاذ ہو کی بنیاد پر کلی طور پر اپنانے میں پر عزم ہے۔ اسی طرح، کارپوریشن سمندر میں جانوں کے تحفظ کے لیے سخت ترین حفاظتی طرز عمل اپنانے کے لیے پر عزم ہے۔

اب تک کی شاندار کارکردگی پی این ایس سی کی جانب سے لیے گئے جدید اور دلیرانہ اقدامات کے مرہون منت ہے جو دیرپا کامیابی حاصل کرنے کے ہمارے عزم کو ظاہر کرتا ہے۔ کارپوریشن کے بری اور بحری ملازمین کا عزم و حوصلہ کسی سے کم نہیں، اور ہمیشہ کی طرح ہمارا اعلیٰ ترین اثاثہ ہیں۔ ہمیشہ کی طرح، پی این ایس سی کی بنیادی توجہ گاہکوں اور اسٹیک ہولڈرز پر رہی ہے، جو بلند تر مقاصد کے حصول کے ساتھ ساتھ قدر میں اضافے کی جانب مائل کرتی ہے۔

میں بورڈ کی کارکردگی کی رپورٹ پیش کرتے ہوئے بھی پر مسرت ہوں جو سال بھر شاندار رہی ہے اور ان کی خدمات نے کارپوریشن کو نہ صرف مؤثر طور پر اہداف حاصل کرنے، بلکہ بہتر نظم و نسق کی اپنی ساکھ برقرار رکھنے میں بھی مدد کی ہے۔

پی این ایس سی آمدنی بڑھانے، اخراجات اور استعداد کار کو متناسب بنانے، اپنی ترقی کا تسلسل برقرار رکھنے اور آپ کو مستقبل میں کارپوریشن کی ترقی کے دوران بہتر قدر فراہم کرنے کے لیے نئے مواقع تلاش کرنے پر توجہ مرکوز رکھے ہوئے ہے۔

Rizwan Ahmed

رضوان احمد (P.A.S)

چیئرمین اور چیف ایگزیکٹو

Vision

To be a prominent player and key stakeholder in global shipping industry by maintaining diversified and efficient marine assets.

Mission

To provide reliable & efficient shipping services to overseas and Pakistan's seaborne trade, maintaining relationship of integrity and trust with our customers, partners, employees, safeguarding interests of our stakeholders and contributing towards betterment of national economy, society and the environment.

Strategic Objectives

- Persistent growth by strategic investment and diversification in marine sectors according to past performance and future outlook of industry.
- To be optimally profitable, viable, commercial organization and contribute to the national economy by securing a reasonable return on capital and minimize outflow of national foreign reserves.
- Ensure steady supplies to Pakistan defence forces in time of peace & war.
- To do highly ethical, environment friendly and socially responsible business practices.
- Ensuring that every employee feels proud of being part of PNSC team.
- To provide its clientele safe, secure, reliable and efficient shipping services.
- To practice & believe in Equal Opportunity for every one in every aspect of business.


PNSC

Corporate Information

Board of Directors

1.	Mr. Rizwan Ahmed	Chairman
2.	Additional Secretary (Expenditure) Finance Division Islamabad, (Ex-Officio Member).	Member
3.	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 of the Board

Mr. Khowaja Obaid Imran Ilyas

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

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

Capt. Anwar Shah

Mr. Ali Syed

HR and Remuneration Committee

Mr. Muhammad Ali
Mr. Ali Syed
Mr. Khowaja Obaid Imran Ilyas

Chief Financial Officer

Mr. S. Jarar Haider Kazmi

Corporation & Board Secretary

Ms. Zainab Suleman

Chief Internal Auditor

Mr. Babar Jamal Zubairi

Head Office

PNSC Building, Moulvi Tamizuddin Khan Road,
P.O.Box No. 5350, Karachi-74000 Pakistan.
Phone: (92-21) 99203980-99 (20 Lines)
Fax: (92-21) 99203974, 35636658
www.pnsc.com.pk

Auditors

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

Shares Registrar

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

Bankers

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

Code of Conduct

In Pakistan National Shipping Corporation the Board, senior management and employees are committed to professionalism and understanding of themselves and others regarding accepted standards of the discipline.

The work related conduct requires a personal commitment to act in accordance with the accepted and especially professional standards of conduct and also to encourage such behaviour by employees and colleagues.

Corporation has always emphasized on the Business Ethics as a matter of policy. The Business Ethics include the principles of honesty, integrity, trust- worthiness, loyalty, fairness and justice. The business ethics are rules for conduct which raise awareness of acceptable and unacceptable behaviour. Furthermore, the ethical minds of individual employees significantly contribute to ethical business practices of the Corporation.

It is the duty and responsibilities of directors, senior management and all employees to faithfully follow the Business Ethics and comply with the policies and practices stated in this Code of Conduct. The Corporation's ultimate goal is to achieve its business objectives for the benefit of all stakeholders including the shareholders and the community at large.

POLICY STATEMENT

It is the Corporation's policy to conduct its business operations within the framework of the law and statutory rules and regulations, including the international law governing shipping operations.

The Corporation shall manage its affairs in accordance with concepts of good governance, with a high degree of integrity, transparency and accountability.

The Corporation shall constantly endeavour to formulate policies to ensure business growth, optimize operational efficiencies and profitability, and develop a corporate culture to reward merit and eliminate discrimination in all forms. It is the policy of the Corporation that professionalism is maintained in all recruiting, interviewing and hiring of individuals without regard to race, gender or religion.

There is no direct or indirect discrimination on grounds including, but not limited to race, gender, sex or marital status or religion or language and there is no harassment or victimization based on any of the aforesaid grounds.

DEVELOPMENT OF INTERNAL CONTROL SYSTEMS

It is the policy of the Corporation to maintain and update internal control systems, accounting/financial procedure, rules and regulations, in keeping with modern management practices, and ensure due compliance with regulatory requirements.

MAINTENANCE OF PROPER BOOKS OF ACCOUNT AND RECORDS

It is the policy of the Corporation to maintain proper books of account and supporting documents in accordance with law and regulatory requirements. No compromises as to the integrity of financial records or financial statements shall be permitted.

The Corporation shall ensure that all statutory records are properly maintained and that statutory returns are filed strictly according to the regulatory requirements.

All books of account, supporting documents, and statutory records shall be safeguarded and retained for such periods as may be prescribed by law or by the Corporation.

USE AND SAFEGUARDING OF CONFIDENTIAL INFORMATION

All information about the policies and business affairs of the Corporation is confidential. Information received from third parties under obligation of confidentiality belongs to those third parties and is confidential. Such information must not be used or disclosed except as permissible under the relevant agreements.

Employees shall not unauthorisedly remove any documents or tangible items which belong to the Corporation or which contain any confidential information, from the Corporation's premises, including vessels.

The responsibility to maintain the confidential nature of all nonpublic information in the Corporation's possession continues after cessation of employment.

It is the policy of the Corporation to ensure confidentiality of all inside information and do not leak any inside information out of the Corporation and no employee shall derive any personal benefit from such inside information not yet disclosed to the public and to maintain harmony among all co-workers and staff in the Corporation.

The Corporation has set up an important policy concerning the use of information of the Corporation in compliance with Good Corporate Governance and relevant regulations. The Corporation has advised its directors, senior management and employees to focus on confidential information especially internal information not yet disclosed to public or any data or information that may effect the business of the Corporation or its share price. They must not use information they receive from their directorships or employment for personal benefit or for conducting business or other activities in competition with the Corporation.

POLICY TOWARDS STAKEHOLDERS

The Corporation recognizes the rights of all stakeholders and therefore encourages cooperation between the Corporation and all the stakeholders including employees, creditors, government agencies, community and society at large.

POLICY ON SAFETY, OCCUPATIONAL HEALTH AND ENVIRONMENT

The Corporation is committed to conducting business with the highest standards of safety, occupational health and environment conditions fully complying with all legislation and regulations relating to safety, occupational health and environmental requirements at all locations in which the Corporation operates.

The Corporation shall follow practices that constantly ensure that its working environment is safe for the protection of property of the Corporation and life of its employees.

The Corporation shall encourage health and safety awareness at all levels and promote procedures and practices that ensure environmental protection taking into account the current legislation and industry codes and practices.

The Corporation shall fully disclose all information regarding its operations and standards in relation to safety, occupational health and environment.

It is the policy of the Corporation to take all necessary measures to protect the health and safety of its employees.

CONFLICT OF INTEREST

The Corporation has set up an important policy on conflict of interest. No directors, officer or employee shall have any financial interest in or be involved in the business activities of a competitor of the Corporation.

ACCEPTANCE OR GIVING OF BRIBES

No employee of the Corporation shall accept or give bribe or any illegal gratification in the conduct of the Corporation's business.

DISCIPLINE AND GENERAL CONDUCT

All employees shall conform to and abide by the rules and regulations of the Corporation, and shall observe, comply with and abide by all orders which may from time to time be given by any person under whose jurisdiction, superintendence or control an employee may for the time being be placed.

The Corporation expects that all directors, officers and employees will understand and adhere to this Code of Conduct. They shall be responsible for the consequences of any violation. If a violation of law is also implicated, civil or criminal liability may result.

It is expected of all to practice good / ethical behaviour and to pay attention to emerging questions, challenges and stress points positively in their respective capacities.

The purpose of this Code of Conduct is to maintain and promote dignity and reputation of the Corporation and achieve excellence. Each employee is required to conduct himself/herself in a proper way, behave lawfully adhering to all laws, rules and regulations which are applicable. Failure to comply with this code or guidance may result in disciplinary action depending on the severity of the misconduct and the Corporation's disciplinary record.

No wind blows in favour of a ship without direction

Board of Directors' Profile

Mr. Rizwan Ahmed P.A.S.

Mr. Rizwan Ahmed is a BS-22 officer belonging to the Pakistan Administrative Service. He did his two-year Master in Public Administration from Harvard University, USA. Other educational qualifications include:

- Master in Science (Social Sciences)
- Bachelor in Law (LLB)
- Bachelor in Engineering (Electronics)

He attended the Massachusetts Institute of Technology (MIT) Sloan School of Management with elective course in Power & Negotiation as a cross-registered student during his Master's degree from Harvard University. He is a Certified Director from Pakistan Institute of Corporate Governance.

Mr. Rizwan has more than 30 years of vast professional experience in law enforcement, administration, finance, management, personnel & human resource, public procurement and health. Some of the senior management positions where he served include:

- Additional Secretary– Cabinet Division, Government of Pakistan
- Additional Secretary– Establishment Division, Government of Pakistan
- Chairman – Trading Corporation of Pakistan, Government of Pakistan
- Managing Director – Pakistan Security Printing Corporation, Government of Pakistan
- Executive Director – Personnel & HR, Pakistan Steel Mills Limited, Government of Pakistan
- Secretary – Health Department, Government of Sindh
- Secretary – General Administration & Coordination Department, Government of Sindh
- Secretary to Governor Sindh, Government of Sindh
- Managing Director – Sindh Public Procurement Regulatory Authority, Government of Sindh
- Deputy Commissioner – District Hyderabad, Government of Sindh

He has attended various trainings and seminars around the world, which include Ministerial Workshop on International Cooperation in Capacity Building for Developing Countries in Beijing, China (2016), Senior Crisis Management Seminar in Washington D.C. (2012), seminars at the Asian Development Bank Headquarters in Philippines (2009 & 2004) & Hostage Negotiation in New Mexico, USA (2002). He also has teaching experience and worked as Directing Staff at National Institute of Management (NIM Karachi) and Teaching Fellow at the Harvard Kennedy School for Financial Management.

Capt. Anwar Shah

Captain Anwar Shah is a reputed professional in the management and operation of port terminals, maritime transport and logistics industry with a vast experience of over 50 years that includes marketing, chartering, marine insurance hull and P&I Club, Cargo Claim Survey, Shipping and Trading documentation, Salvage of Ship and Damaged Cargoes, Freight Forwarding, NVOCC operations, Stevedoring, Stowage Plan.

Capt. Shah was Chairman Gawadar Port Implementation Authority and also held Additional charge of Chairman Port Qasim and KPT. He is also a master mariner by profession.

Capt. Shah is a Member Chartered Institute of Ship Brokers London and Fellow Chartered Institute of Logistics & Transport London and a law graduate. He also served as Director General Ports and Shipping/ Additional Secretary Ministry of Maritime Affairs in 2003 – 2007.

He is an expert on World Bank Panel, Governor World Maritime University Malmao (Sweden), Member IMO Secretary General's Panel of Experts (London) and Maritime Advisor to KCCI.

Capt. Anwar Shah is an elected member on the PNSC Board of Directors. He is a certified director under the Directors' Training Program of the Code of Corporate Governance. He is Chief Advisor on Shipping to the National Maritime and Research Centre at Bahria University.

Mr. Khowaja Obaid Imran Ilyas

Khowaja Obaid Imran Ilyas is a graduate in Economics from Cornell University New York USA.

He is an ex-banker and served Standard Chartered Bank from year 2000 till year 2002 in Corporate and Industrial Banking. Currently he holds the position of Director Business Development in family owned business named IDSC (Pvt) Ltd in the business of indenting machinery and spares for the local industry.

He is serving as an elected director on the board of directors of PNSC and also as Chairman of The Audit and Finance Committee.

Dr. Arshad Mahmood

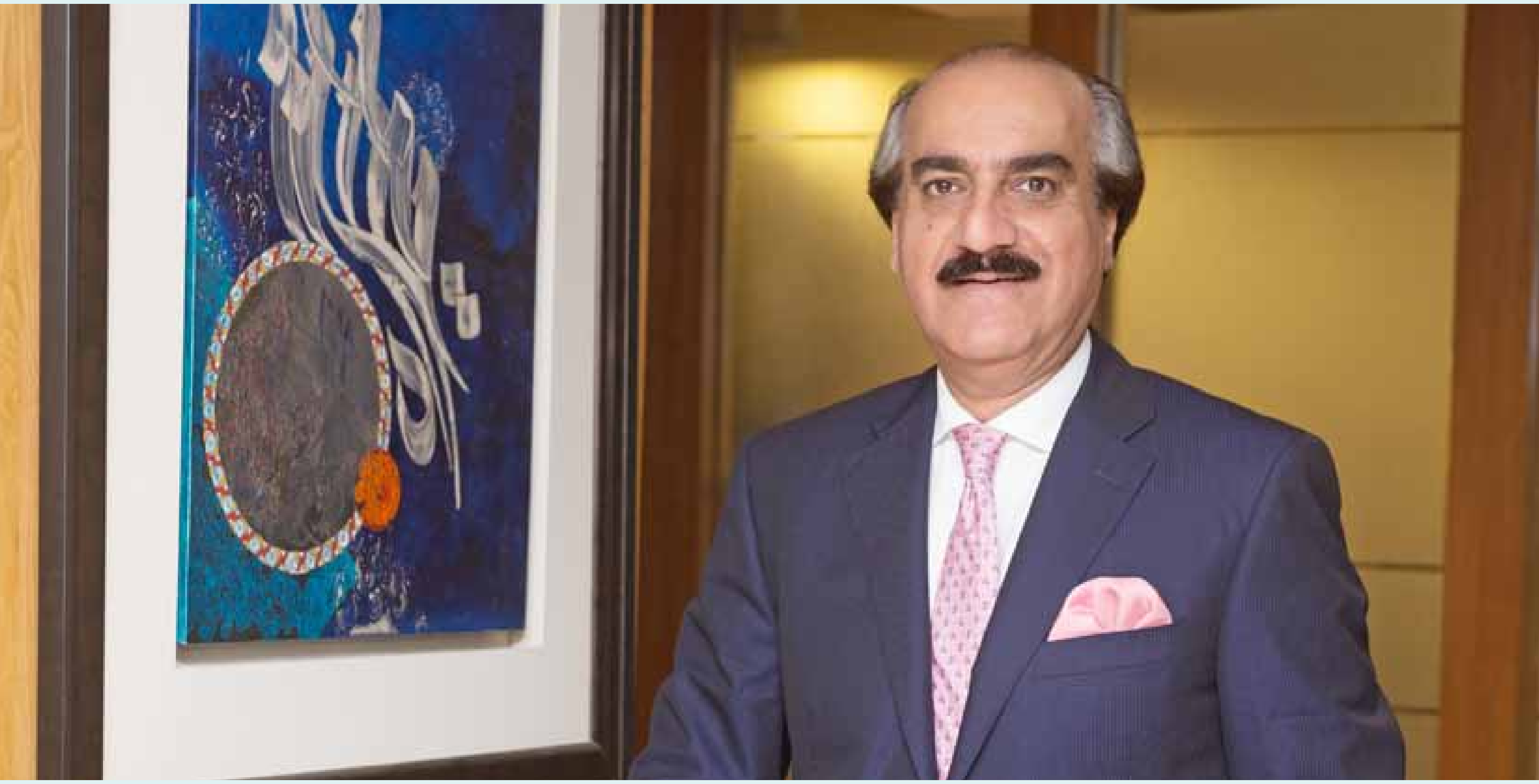
Dr. Arshad Mahmood belongs to Civil Service of Pakistan with 25 years of high profile experience in Public, Corporate and multi-lateral sectors. He is currently serving as Additional Finance Secretary (Expenditure) in the Finance Division. Apart from his normal duties as Additional Secretary, he has been assigned to look-after the charge of the post of Director General, Central Directorate of National Saving (CDNS). Also he is Member on the Boards of Directors of National Security Printing Company (NSPC), Overseas Pakistanis Foundation (OPF) and Civil Aviation Authority (CAA).

He has been serving as Secretary, Mines & Minerals Department since more than two years and has initiated aggressive mineral exploration programs especially for Iron Ore and Copper. He has shaped up integrated mine mouth model for power generation based on indigenous coal resources which offers unique investment opportunities.

He has vast experience of serving in the Ministries of Finance, Planning & Development, Cooperatives, Housing and Urban Development. His key professional skills pertain to structuring of joint ventures for mega investment opportunities, Public Private Partnerships, Corporate Restructuring, Investment Analysis and Syndicate Financing. He has served as Chief Executive Officer (CEO) of multiple wholly owned public sector companies and has remained as Head of Investment Banking in the Bank of Punjab.

He has also served with UNDP, National Audit Office, London and State Street Global Advisors (SSGA), Boston, USA. He is British Chevening Scholar and got his MSc. in Finance & Management from Cranfield University, School of Management, England. He is also Hubert Humphrey Fellow (Fulbright) in Finance & Banking from Boston University, School of Management, MA, USA. He has received training in financial management at World Bank and IMF & has played significant role in promotion of Public Private Partnerships in Punjab, Pakistan.

He is a keen Golfer, loves classical music and takes interest in genetic research and cosmology. He has travelled to multiple countries for professional engagements and tourism.



Mr. Ali Syed

Scion of a highly respected family of Lahore, Punjab, Ali Syed's ancestry can be traced to Pirkot in ihe District of Jhang.

Born on 2nd December 1956, Ali did his Masters in Economics from the Government College Lahore and then went on to receive Masters Degree in Business Administration from the George Washington University, Washington D.C. in 1980.

Ali started his illustrious career In Marketing and Finance from U.S.A and worked with some of the Best known companies such as The Time Life U.S.A., General Development Corporation and Tandy Corporation. Back home, he founded and managed successfully Amil (Pvt.) Ltd and Simzain International.

He is presently heading Alltrac (Pvt.) Ltd as Chief Executive Officer, CEO of a solar energy company namely IDC Pvt. Ltd., and an Executive Director and Advisor to The Board of Pak-Oasis Industries (Pvt.) Ltd., Pakistan's largest water engineering company. He has remained on the Board of Directors of many companies including Pak Arab Refinery (Parco) and Port Qasim Authority. Presently, he ss serving as a Director on The Board of Pakistan National Shipping Corporation (PNSC) and making his contributions in two important committees viz Audit & Finance and the Human Resource Committee.

Ali Syed is widely travelled and specialises in successful negotiating skills. Ali is happily married with two children.

Mr. Mohammed Ali

Mr. Ali has over 20 years of experience and expertise in Energy & Petrochemical Sectors; holding leading roles that oversaw development, constructions, operations and management of mega-size projects. He has recently taken over the energy business portfolio of the JS group of companies as CEO of JS Energy where he looks after the group's oil and gas, power generation, and energy storage and handling businesses.

He had been the Head of industrial vertical. He also ran Engro's New Ventures division where he developed and operated an 84MW gas-fired IPP in Nigeria, developed and installed a 50MW wind IPP in Pakistan, and ran the feasibility for a 450 MW LNG to power plant. Prior to his power generation work at Engro, he was the Manager of Strategic Planning, Contracts and Procurement at Engro Fertilizer where he was a key leadership team member that developed and brought into production a $1.1 billion grass roots ammonia/ urea plant, which at the time was the world's largest single train project of its kind.

He has been a board member of the Hub Power Company (1292 MW oil-fired IPP), Laraib Energy (84 MW Hydropower IPP), Engro Powergen (developer and majority shareholder of Sindh Engro Coal Mining Company, a Thar coal mining company), Engro Powergen Thar Ltd (660 MW coal IPP), GEL Nigeria (84 MW Nigerian IPP) and Petroleum Institute of Pakistan.

He holds a Bachelor's degree in Electrical Engineering from University of Engineering Technology Lahore and graduated from the Advanced Management Program from INSEAD in France.

Mr. Waqar Ahmad

Mr. Waqar Ahmad, at present, is serving as Senior Joint Secretary (BS-21), Ministry of Maritime Affairs. He supervises administrative, budget & expenditure matters of the Ministry, policy issues of Pakistan National Shipping Corporation and Port Qasim Authority. He belongs to civil services of Pakistan (Secretariat Group) having professional experience of 27 years with 18 years of service in ministries and organizations relating to finance and economic sector and three years as Community Welfare Attache's Embassy of Pakistan, Riyadh, Saudi Arabia.

Previously he has served as Joint Secretary in the Budget Wing and Financial Adviser, Expenditure Wing, Finance Division along with additional responsibilities of Director General, National Savings.

He has qualification of Masters in English Language & Literature from Government College Lahore, MBA (Executive) from International Islamic University, Islamabad and Certificate in French Language, Department of French, University of the Punjab Lahore.

He is an appointed member on the PNSC Board of Directors.

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

TANKERS & BULK CARRIERS		
BUILT	DEADWEIGHT	GROSS TONNAGE
	MT	MT
TOTAL	681,806	371,100

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

PNSC Leadership Team

Sitting in centre:

Mr. Rizwan Ahmed	Chairman & Chief Executive

From left to right:

Mr. Khurrum Mirza	Executive Director (Special Projects and Planning)
Mr. Tariq Majeed	Executive Director (Ship Management)
Brig (R) Rashid Siddiqi, SI (M)	Executive Director (Administration)
Mr. S. Jarar Haider Kazmi	Executive Director (Finance)
Capt. Muhammad Shakil	Executive Director (Commercial)

PNSC Leadership Team

Mr. Rizwan Ahmed is a BS-22 officer belonging to the Pakistan Administrative Service. He did his two-year Master in Public Administration from Harvard University, USA. Other educational qualifications include:

- Master in Science (Social Sciences)
- Bachelor in Law (LLB)
- Bachelor in Engineering (Electronics)

He attended the Massachusetts Institute of Technology (MIT) Sloan School of Management with elective course in Power & Negotiation as a cross-registered student during his Master's degree from Harvard University. He is a Certified Director from Pakistan Institute of Corporate Governance.

Mr. Rizwan has more than 30 years of vast professional experience in law enforcement, administration, finance, management, personnel & human resource, public procurement and health. Some of the senior management positions where he served include:

- Additional Secretary– Cabinet Division, Government of Pakistan
- Additional Secretary– Establishment Division, Government of Pakistan
- Chairman – Trading Corporation of Pakistan, Government of Pakistan
- Managing Director – Pakistan Security Printing Corporation, Government of Pakistan
- Executive Director – Personnel & HR, Pakistan Steel Mills Limited, Government of Pakistan
- Secretary – Health Department, Government of Sindh
- Secretary – General Administration & Coordination Department, Government of Sindh
- Secretary to Governor Sindh, Government of Sindh
- Managing Director – Sindh Public Procurement Regulatory Authority, Government of Sindh
- Deputy Commissioner – District Hyderabad, Government of Sindh

He has attended various trainings and seminars around the world, which include Ministerial Workshop on International Cooperation in Capacity Building for Developing Countries in Beijing, China (2016), Senior Crisis Management Seminar in Washington D.C. (2012), seminars at the Asian Development Bank Headquarters in Philippines (2009 & 2004) & Hostage Negotiation in New Mexico, USA (2002). He also has teaching experience and worked as Directing Staff at National Institute of Management (NIM Karachi) and Teaching Fellow at the Harvard Kennedy School for Financial Management.

Executive Director (Finance)/CFO
Mr. S. Jarar Haider Kazmi

Mr. S. Jarar Haider Kazmi is a Fellow Member of the Institute of Chartered Accountants of Pakistan. He assumed the office of Executive Director (Finance), Pakistan National Shipping Corporation on February 01, 2016. Earlier, he has been holding the key positions in Finance Department since October 2005.

He is also on the Board of Directors of various subsidiary companies of the Group. He oversees the functioning of Finance, Corporation Secretariat, Corporate Affairs & Shares and Insurance & Claims Departments. He has been a Member on various functional Committees.

He has developed and implemented Financial Systems, Strategies, processes and control that significantly improved P&L scenarios. He is a well-rounded professional with a thorough understanding of accounting and finance function as well as strategy development.

Mr. S. Jarar Haider Kazmi is a team player and leader, participated in various professional training programmes, workshops, conferences and seminars including Derivative & Commodity Swaps, Treasury and on International Shipping Finance at international level from recognized institutes.

Executive Director (Administration)
Brig. (R) Rashid Siddiqi, SI (M)

Brig (Retd) Rashid Siddiqi SI (M) joined PNSC in 2002 as Executive Director (Administration). He is also the Chairman Provident Fund and looks after its investment and Asset Management.

He was appointed Chairman / CEO and Chairman Board of Directors of Pakistan National Shipping Corporation in November 2009 till March 21, 2011. During this period, he developed five-year fleet development plan and arranged loan without GoP guarantee and added six modern vessels to the fleet. He initiated the process and obtained the entity rating for PNSC and ISO certification for shore base head office / staff.

He joined Pakistan Army in September 1971 and remained so till 2002. He is a graduate of Command and Staff College and National Defence College. During his Army career he served as Member Faculty National Defence College Islamabad, Director Military Intelligence and Brigade Commander.

He has widely traveled and is a keen Golfer and an ardent jogger and loves sports.

Capt. Muhammad Shakil is a Master Mariner (FG), and has been appointed as the Executive Director Commercial at Pakistan National Shipping Corporation effective February 01, 2016.

He joined the National Shipping Corporation in 1976 as a deck cadet and since then served in various capacities afloat including Master (FG) vessels. His sailing experience includes serving on General Cargo vessels, Bulk Carriers, Passenger Ships, Container Ships and Tankers. He also served on lien with the National Tanker Company in the Year 1996-1997.

In January 2003, he was transferred ashore in the PNSC Chartering department, where his responsibilities mainly included monitoring dry cargo/liquid chartering and its operations. He has since then served ashore in various senior capacities including General Manager Commercial, Insurance and Claims, and Tankers.

Capt. Shakil has been instrumental and a pioneer in establishing the PNSC tanker department and developing tanker management systems both ashore and aboard.

He has vast and tremendous experience in Ship operations, Ship Chartering and Ship Management. He is very well versed and has extensive knowledge of Charter parties, International Shipping Arbitrations, contracts of affreightment, Marine Cargo and Insurance Claims.

Executive Director (Ship Management)
Mr. Tariq Majeed

Mr. Tariq Majeed has over 25 years of experience in Mercantile Marine and Oil and Gas industry and has worked in Senior Leadership role with British Petroleum (BP) prior joining PNSC. He has sailed as Chief Engineer on board Tankers and Bulk Carriers. He holds First Class Certificate of Competency from Pakistan and a Master degree in Engineering Science from UK. He is operations academy graduate from Massachusetts Institute of Technology (MIT) USA.

Tariq Majeed is Fellow Institute of Marine Engineer (FIMarEST), Chartered Marine Engineer (CMarEng) and Chartered Engineer (CEng) from UK.

Executive Director (Special Projects and Planning)
Mr. Khurrum Mirza

Mr. Khurrum Mirza is a Certified Management Accountant (CMA) from the Institute of Management Accountants (IMA), USA. He assumed the office of Executive Director (Special Projects & Planning) at Pakistan National Shipping Corporation (PNSC) in March 2017.

He has done his Master in Business Administration (MBA) from the Institute of Business Administration (IBA), Karachi and has been actively involved in various business development projects in Pakistan and internationally.

Mr. Khurrum Mirza was an integral part of the team responsible for setting up a major green field container terminal project at the Pakistan Deep Water Container Port. This project was successfully delivered and it commenced operations in 2016.

His professional interests include project planning & execution, relationship building, financial modeling, strategy formulation and capacity building.

Regulatory Appointments

Corporation & Board Secretary
Ms. Zainab Suleman

Ms. Zainab Suleman, Corporation & Board Secretary with the status of General Manager (Corporate Affairs), Pakistan National Shipping Corporation (PNSC), had done her L.L.M. and is enrolled as an Advocate of High Court of Sindh. She is a member of High Court Bar Association. Prior to joining PNSC she was working as an Advocate/Associate in a well reputed firm of Advocates and Solicitors and gained a vast experience on the corporate side. She has also attended a number of workshops and conferences locally and abroad.

She is also Company Secretary in all the 19 PNSC owned subsidiary companies.

Chief Accountant
Mr. Zeeshan Taqvi

Mr. Zeeshan Taqvi is Head of Finance Department and Chief Accountant of PNSC Group since February 2016. He is associated with PNSC since March 2010. Mr. Zeeshan Taqvi is associate member of ICAP with over 17 years diversified experience of financial, accounting and audit engagements.

He has vast experience of audit in Pakistan and Middle east with leading firm of chartered accountants and post qualification experience of more than 9 years on senior position on other organization including banking sector. He has major experience in corporate taxation and treasury management. He is actively involved in ship financing / refinancing and cross currency swap for about more than USD 220 million.

He has attended various workshops, seminar and conferences internationally and locally.

Directors' Report
For the year ended June 30, 2018

The Board of Directors of Pakistan National Shipping Corporation Group (the Group/ PNSC) is pleased to submit the fortieth Annual Report, along with the audited financial statements for the year ended June 30, 2018.

INTRODUCTION

Being a national flag carrier, Pakistan National Shipping Corporation has a wealthy history in global shipping. Over the years, PNSC's line of business has grown in area of basic shipping including Non-Vessel Operating Common Carrier "NVOCC" business, maritime engineering works and real estate. PNSC has evolved into an industrial provider of maritime freight and related services.

CORE BUSINESS

As far as maritime operations are concerned, the Group is mainly engaged in sea transportation trades of dry-bulk and liquid-bulk cargo as well as providing slot chartering services for dry-bulk cargo. Strategic cargo includes crude oil, petroleum products, raw materials and equipment of Defence Organizations. Majority of the crude oil and petroleum products are being brought from Arabian Gulf to Karachi through combination of PNSC's own crude oil tankers and chartered tankers.

No changes have occurred during the financial year concerning the nature of the business of the Corporation or of its subsidiaries, or any other company in which the company has interest.

OPERATIONAL OVERVIEW

PNSC management's strategies and objectives have shown impressive results during the past years in terms of maintaining profitability since 2002 as well as significant contribution to national economy despite decline in Baltic Dry index and Average Freight Rate Assessment coupled with various unfavorable factors countenance by shipping industry.

PNSC has successfully transported crude oil to fulfill the national requirement of the country. The utilization of national flag carrier for the purpose has been saving substantial foreign currency reserves for government in terms of freights.

During the FY 2018, PNSC arranged the shipment for various public sector organizations. Major strategic shipments were transported from USA, China, Russia and Korea coupled with small shipments from various parts of the world.

PNSC CREDIT RATING

The management attempted their best to improve the overall credit rating and reputation of the Group. Accordingly, the Group's profile has gained significant strength in recent years as a result of sincere efforts made in this area. The annual review of Group's credit worthiness conducted by Pakistan Credit Rating Agency (PACRA) has resulted in maintenance of the credit rating at 'AA' for long term and 'A1+' for short term. These ratings reflect the financial and management strength of Group, effective and proficient management of risks, consistent historical performance and optimal capital structure.

GLOBAL MARKET REVIEW

Forecast and uncertainties related to both dry and wet sectors that could affect entity's performance is explained below which is based on the global shipping market research.

Dry Bulk Market

Global seaborne dry bulk trade is currently projected to grow by 2.7% to reach 5.2 billion tonnes in 2018, and by around 3.4% in terms of tonne-miles showing limited growth, Chinese seaborne iron ore imports are projected to expand by around 3% in full year 2018, reflecting rising steel production in the country and increasing seaborne ore supply. Seaborne steam coal trade is expected to be partly supported in the short term by high domestic coal prices in China, and the relaxation of import restrictions at a number of ports.

Minor bulk trade is currently projected to grow by around 3% in full year 2018, supported by growth in a range of commodities. Meanwhile, uncertainty remains over the impact of implemented and potential tariffs on trade between the US and its major trade partners (including China and the EU), although the volume of dry bulk trade which has been or could be affected only represents around 1% of global seaborne dry bulk trade.

On the supply side, while the pace of deliveries in the bulk carrier sector has slowed significantly in the year so far, demolition has also been historically limited at just 2.1m DWT, down 71% year on year. Looking ahead, the bulk carrier fleet is currently projected to expand at a relatively subdued rate of 2.5% in both 2018 and 2019.

Overall, with fleet growth expected to remain relatively limited, there is the potential for further gradual improvements to the balance of fundamentals in the bulk carrier sector. Despite a number of risks to the demand outlook in general, growth in seaborne dry bulk trade is currently projected to outpace fleet growth for a second consecutive year in 2018, and particularly so in terms of tonne-miles.

Tanker Market

Freight rates for both crude oil tankers and oil product tankers are mostly in loss making territory. Hardest hit are the larger crude oil tankers. In the product tanker sector average earnings were almost as miserable, ranging from USD 10,561 per day for a LR2 via USD 6,500 per day for a LR1 to USD 9,121 per day for a MR.

2018 is a focus year for the crude oil tanker sector more than anything with a fleet growth below 2% – particularly, if 2019 turns out as forecasted with a fleet growth above 3%, due to lower demolition than in 2018.

Whilst there were mixed trends in market conditions across the tanker sectors, overall the tanker market remained under pressure. Average spot earnings in the Aframax sector has improved month on month.

Following mixed demand-side trends in 2018 to date, with crude imports falling year on year into a number of major buyers, crude tanker demand growth is expected to slow to 2.4% in 2018. Growth in seaborne crude trade is expected to be limited by a range of factors, notably a sharp decline in Venezuelan exports, falling US imports and a slower pace of growth in Chinese imports. However, rising long-haul exports between the Atlantic and Asia are still anticipated to provide some support to global crude trade growth, although China's recent proposal to impose tariffs of 25% on imports of US crude could have an impact on crude trade flows. Meanwhile, there is potential for the OPEC-led deal to cut output to soon start to be phased out.

Growth in the active crude tanker fleet is expected to drop below 1% in 2018, partially supported by a firm uptick in recycling. However, the current oversupply in the market is likely to take time to reduce. Product tanker DWT demand growth is currently expected to slow slightly to 2.6% in 2018. Growth in products trade is anticipated to be supported by expanding US exports to Latin America. Expansion in the product tanker fleet is expected to slow notably to 1.5% this year, but despite these improved fundamentals the current extent of oversupply in the market suggests it will take time for market conditions to improve.

STATUTORY AUDITORS

A.F. Ferguson & Co., Chartered Accountants and EY Ford Rhodes Chartered Accountants being joint auditors retire, and being eligible, offered themselves for reengagement. The Board on the recommendation of the Board Audit Committee advised the engagement of Messrs A.F. Ferguson & Co, Chartered Accountants and Messrs EY Ford Rhodes Chartered Accountants as joint auditors in last year AGM for the financial year ended 2018.

SEGMENTAL REVIEW OF MARITIME BUSINESS PERFORMANCE

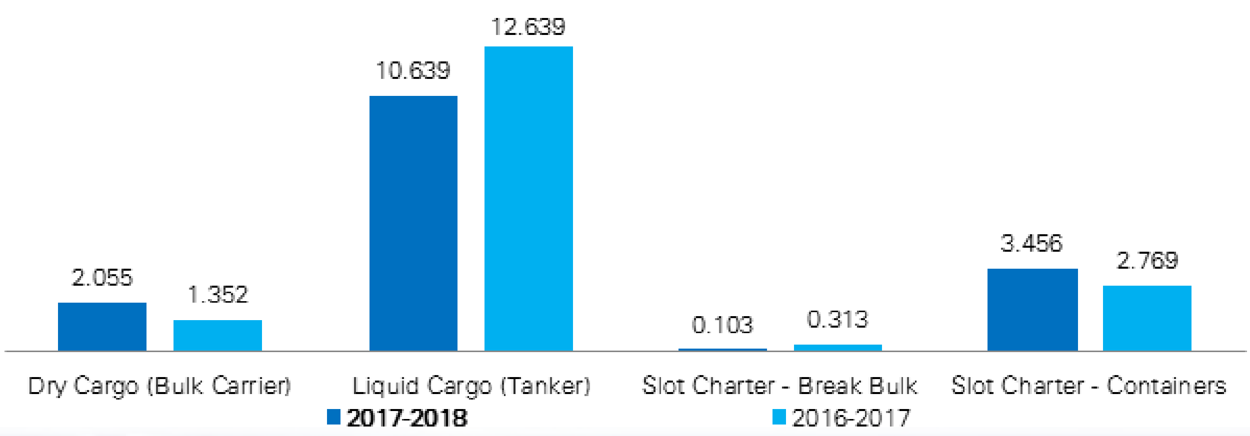
PNSC having a total DWT capacity of 681,806 metric tons has lifted cargo about 12.797 million tons (FY 2017: 14.304 million tons) during the year under review which is equivalent to about 12.77% (FY 2017: 15.92%) of country's total 100.247 million tons (FY 2017: 89.852 million tons) seaborne trade by volume. Bifurcated statistics of Pakistan's seaborne trade for the current year 2017-18 and last year 2016-17 along with PNSC's share is appended below:

---Figures in 'million tons --

	Dry Bulk		Liquid Bulk		Total	
	2018	2017	**2018**	2017	**2018**	2017
Pakistan Seaborne Trade	65.836	42.653	34.411	32.863	100.247	89.852
PNSC's Share	2.158	1.665	10.639	12.639	12.797	14.304

Nature/arrangement wise bifurcation of total cargo transported by PNSC is tabulated below:

	Unit of Measurement	2017-2018	2016-2017
Dry Cargo (Bulk Carrier)	Million tons	2.055	1.352
Liquid Cargo (Tanker)	Million tons	10.639	12.639
Slot Charter			
– Break Bulk	Higher of MT or CBM (W/M)	0.103	0.313
– Containerized Cargo	Thousand TEUs	3.456	2.769



SIGNIFICANT RISKS

Pakistan National Shipping Corporation, as a global sea-freight operator, functions in a global market which experiences intensified competition in both dry and wet markets with overcapacity particularly with subdued freight rates as a significant commercial risk. The shipping sector benefited from global economic environment wherein GDP growth remained high in past years. However with global economy starting to melt down from beginning of 2008, the demand as a result continues to remain subdued and seriously/adversely impacted on all segments of world shipping i.e. freight, asset values and demolition prices.

There are some risks as well that are integral in the industries we operate in and are therefore accepted as part of our operations and managed accordingly.

These risks may have the potential of adversely impacting our business in the short to medium term, such as,

Litigation Risks as in the course of its activities, the Group may become part to legal proceedings and disputes. Insurance protection may not be adequate in all instances. All of these factors could have a significant impact on the Group's operations or financial position. For mitigation of such risk we are exercising pre and post fixture due diligence.

Risk of major accident or oil spillage remains inherent in shipping operations particularly in tanker business. An incident with high severity would trigger a risk to our employees as well as potentially marine environment, wildlife and local community. This would also lead to the severe impact on financials, our reputation and put our license to operate at risk. PNSC is vigilantly sustaining incident free operations to mitigate such risk and always ensure compliance with all health and safety policies and good practices in vessels managed by PNSC.

An interest rate risks affecting cash flow, particularly with financial liabilities based on variable interest rates. In order to minimize the interest rate risk, the Group strives to achieve a balanced combination of assets and liabilities with variable and fixed interest rates.

Armed Piracy in Gulf of Aden, Malacca state and off the Somali coast with ever extending boundaries is the major operational risk for the world shipping including PNSC. The Group being mindful of such risk takes necessary insurance cover against piracy. To protect Group's Ships, when passing through the risky areas, Best Management practices (BMP-4) promulgated worldwide are being strictly adhered to. PNSC remains in close coordination with Pakistan Navy headquarters when ships are in high risk areas.

Volatility variation in fuel oil costs, which are affected by the global political and economic environment. The Group usually have short term voyage contract for which it takes the current fuel costs into account when assessing contract pricing and therefore typically does not require additional specific coverage.

A serious cyber attack could prove to be vital to our ability to operate and deliver our commitments, as the Group is involved in complex and wider ranging services, making it highly dependent on well functioning IT and communication system. Business disruption due to cyber attack may impact our fleet and off shore operations adversely. In order to eliminate such impacts PNSC has implemented strict data security controls which include Enterprise level controlling antivirus with most updated Firewall and spam controlling softwares.

The risk of counterparty default is very real in present market. With a view to avoid such risks, we ensure stringent due diligence and try to restrict our dealings to parties who are reputable and financially sound.

Changes in taxation polices could have a material impact on the Group. However, based on thorough reviews an appropriate strategy based on a consultative process is developed and deemed appropriate in the given circumstances to reduce the impact of risks arising out of any unfavorable situation.

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

Good Governance lies at the core of our values and ethical standards. The Board is aware of its responsibilities towards the shareholders, protection of minority rights, value of inputs from our stakeholders, besides upholding the reputation of PNSC in Pakistan and globally.

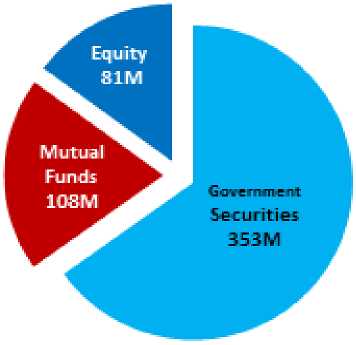
The Corporation firmly believes in the importance of good governance and best practices, and the mechanism for good governance encompasses the highest standards of professionalism, ethical practices, accountability and transparency, in line with the Companies Act 2017, listing regulations, corporate governance regulations, implemented through the code of conduct, whistle blowing policy, and the Code of Business Ethics. A statement to this effect is annexed with the Report.

RELATED PARTY TRANSACTIONS

It is confirmed that the transactions entered with related parties have been ratified by the Audit Committee and the Board, and provide the information about the amounts due from related parties at the date of statement of financial position.

FUND INVESTMENTS

Investments made by the Pakistan National Shipping Corporation Group in Employees Contributory Provident Fund, based on the unaudited financial statements for the year ended June 30, 2018 stood at Rs 542 million (2017: Rs 647million - audited) whereas investment made in Employees Gratuity Fund Trust based on unaudited financial statements for the year ended June 30, 2018 stood at Rs115 million (2017: Rs154 million - audited).



FINANCIAL HIGHLIGHTS

PNSC Group has complied with the provision of Companies Act, 2017 relating to preparation of financial statement for the year ended June 30, 2018. The main factors influencing our financial results in the year were as follows:

	2018	2017	change
	-----------------Rupees in '000--------------		
Revenue	10,070,297	12,477,685	-19%
Expenses	(7,970,722)	(8,963,790)	-11%
Gross Profit	2,099,575	3,513,895	-40%
Operating Profit	2,104,439	3,432,174	-39%
Profit before tax	1,854,037	3,101,763	-40%
Profit after tax	1,641,121	2,476,815	-34%
EPS (in Rupees)	12.42	18.75	-34%

PNSC Group has declared profit after tax of Rs. 1,641 million, a decline of 34% as compared to last year Rs. 2,477 million, which was the highest profit after tax achieved by the Corporation since last 10 years.

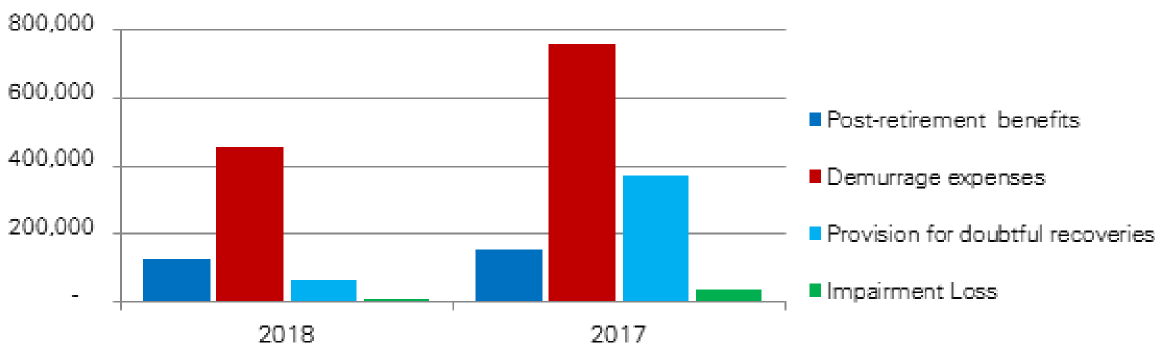
Group has improved revenue from self managed vessels by 12% (Rs. 5,738 million v/s Rs. 5,110 million last year), while there is 42% decline (Rs. 4,140 million v/s Rs. 7,176 million last year) in revenue from chartered vessels due to low demand of tankers as a result of ban on import of furnace oil imposed by Federal Government during the year. Further, average BDI improved during the current year resulting in increase in revenue of bulk carriers. There is no major change in revenue from real estate in the current year.

In line with level of shipping activity, there is also a significant decline in group fleet direct expenses, which constitute almost 79% of revenue. However direct expenses declined only by 12% as compared to 20% decline in revenue from shipping business due to significant increase in bunker prices during the year.

Such negative market drivers led the gross margin declined by as low as 40% compared with prior year.

Earnings per share of the Group Stood at Rs. 12.42 which has shown decline of 34% against previous year EPS of Rs. 18.75, which was the highest in last 10 years.

Administration and other operating expenses decreased by 26% (i.e. from Rs. 2,361million to Rs. 1,738 million) during the year under review. The main factor causing such decrease in expenses is demurrage which was decreased by 56% (Rs. 424 million), coupled with decline in provision against doubtful debts by 83% (Rs. 277 million). The demurrage recoverable from customer is reflected in other income and an analysis of net earnings from demurrage is presented below in this report. It is pertinent to note that demurrage expenses are recoverable from the customers as per contract of affraightment.



Other income decreased by 24%, which significantly comprise on demurrage income (i.e. Rs. 585 million), revaluation gain on investment property (i.e. Rs. 390 million) and markup income (i.e. Rs. 368 million). A total demurrage income of Rs. 585 million, of which Rs. 378 million pertains to foreign chartered vessels and Rs. 207 million to vessels managed by PNSC, was recorded as against Rs. 1,211million, of which Rs. 922 million pertains to foreign chartered vessels and Rs. 289 million to vessels managed by PNSC, last year. Hence, total demurrage income decreased by 52%. Income from revaluation of investment property decreased by 19%, while markup income increased by 11%. Due to devaluation of Pak Rupees against US Dollar in current year a significant exchange gain is recognized by Rs. 143 million against Rs. 4 million of last year.

The group maintains a healthy statement of financial position and strong cash and investments position that enable us to actively participate in the next stage of the shipping cycle. Thus, the stable financial health of the Group despite slow global economic activity and subdued freight rates is mainly attributable to its business strategy, fleet mix and resourceful utilization of new opportunities.

STRATEGIES, OBJECTIVES AND FUTURE PROSPECTS

PNSC is mainly engaged in sea transportation trades of Dry and Liquid Bulk Cargoes as well as providing Slot and NVOCC services to its clients for Dry Break Bulk cargoes in Pakistan and worldwide. Majority of the strategic nature cargo such as crude oil, petroleum products, raw materials and equipment of defence organizations are being transported into Pakistan by PNSC. Crude oil and petroleum products are carried from Arabian Gulf to Karachi through combination of PNSC's own and chartered tankers.

The dry market improved slightly compared to last year however uncertainty still prevails in the sector due to an imbalance in supply & demand of the dry bulk fleet. This coupled with the trade disputes between China & United States of America can influence a downward trend.

The tanker segment, still reeling from weak oil demand, along with increased number of tankers available and deliveries of new build tankers have plunged the returns significantly in the tanker segment. PNSC has taken steps to secure new business for maximum utilization of its cargo carrying capacity and efforts are being made to reduce the laycan time of the ships calling at ports.

PNSC intends to engage its dry bulk carriers in transportation of domestic cargo of Pakistan and anticipated coal transportation in the backdrop of upcoming coal fired power plants.

PNSC keeping in view the global shipping market prospective has set out its strategy by diversifying its existing business base and engaging its managed vessels for transportation of current and anticipated domestic cargo. Considering the rising demand of MOGAS, the PNSC's strategic fleet development plan has been revised with the planned procurement of modern vessels including two LR-1 Product tankers in current year in its fleet which will cater the increasing oil transportation demand mainly sourced from Arabian Gulf. The process for acquisition started in FY 2017-18 and will be completed in the first quarter of FY 2018-19.

BOARD STRUCTURE

Five directors are appointed by the Federal Government and two are elected by shareholders in the AGM for three years. Due to expiry of directorship terms of directors earlier appointed by Federal Government, all the present directors of the Board who are appointed by Federal Government are appointed during the current financial year under the PNSC Ordinance, 1979. As at June 30, 2018, the composition of the Board is as follows:

Sr. No.	Name of Director	Status	Gender
1	Mr. Rizwan Ahmed	Chief Executive Officer / Chairman	Male
2	Mr. Khowaja Obaid Imran Ilyas	Non-Executive Director	Male
3	Capt. Anwar Shah	Non-Executive Director	Male
4	Additional Secretary (Expenditure) Finance Division Islamabad, (Ex-Officio Member).	Non-Executive Director	Male
5	Sr. Joint Secretary /Joint Secretary, Ministry of Maritime Affairs Islamabad, (Ex-Officio Member).	Non-Executive Director	Male
6	Mr. Muhammad Ali	Non-Executive Director	Male
7	Mr. Ali Syed	Non-Executive Director	Male

The following committees have been established by the Board of Directors:

S.No.	COMMITTEES OF THE BOARD
1	Audit & Finance Committee
2	Human Resources & Remuneration Committee

DIRECTOR'S TRAINING PROGRAM

Chairman PNSC and all the Members of PNSC board of directors have already accomplished the task of attending the Directors Training Program under the Code of Corporate Governance from Pakistan Institute of Corporate Governance (PICG), an Institute approved by the SECP.

BOARD AND BOARD COMMITTEES MEETINGS HELD DURING THE PERIOD

(FROM JULY 1, 2017 TO JUNE 30, 2018)

S. No.	Directors	Board Meetings		Audit & Finance Committee		Humarn Resources & Remuneration Committee	
		Held	Attended	Held	Attended	Held	Attended
1.	Mr. Arif Elahi (Ex Chairman) (upto Nov 30, 2017)	09	04	N/A	N/A	N/A	N/A
2.	Mr. Rizwan Ahmed (Chairman) (w.e.f. Dec 01, 2017)	09	05	N/A	N/A	N/A	N/A
3.	Additional Secretary (Expenditure) Finance Division (w.e.f. May 31st , 2018) (represented by Joint Secretary Financial Advisor, Cabinet Division, Islamabad)	09	01	08	01	02	01
4.	Sr. Joint Secretary / Joint Secretary, Ministry of Maritime Affairs (w.e.f. May 31st , 2018)	09	02	N/A	N/A	02	02
5.	Mr. Ali Syed (w.e.f. May 31st , 2018)	09	02	08	01	N/A	N/A
6.	Mr. Muhammad Ali (w.e.f. May 31st , 2018)	09	01	N/A	N/A	02	02
7.	Mr. Khowaja Obaid Imran Ilyas	09	09	08	08	02	02
8.	Capt. Anwar Shah	09	09	08	08	N/A	N/A

Directors' Remuneration

The Board of Directors has a 'Remuneration Policy for Non-Executive Directors; the salient features of which are:

- The Corporation will not pay any remuneration to its non-executive directors except as meeting fee for attending the Board and its Committee meetings.
- The remuneration of a director for attending meetings of the Board of Directors or its Committees shall from time to time be determined and approved by the Board of Directors.

- A director shall be provided or reimbursed for all travelling, boarding, lodging and other expenses incurred by them for attending meetings of the Board, its Committees and/or General Meetings of the Corporation.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

It is certified that:

- The financial statements prepared by the management present fairly the Group's state of affairs, the result of its operations, cash flows and changes in equity;
- Proper books of accounts of the Group have been maintained;
- Appropriate accounting policies have been consistently applied in the preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment;
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements;
- The system of internal control is sound in design and has been effectively implemented and monitored;
- There has been no material departure from the best practices of corporate governance, as detailed in the Pakistan Stock Exchange Limited Regulations.
- Key operating and financial data of last six financial years in summary form is annexed;
- Outstanding duties and taxes, if any, have been duly disclosed in the financial statements.

COMPANIES ACT 2017

During the year, the Government of Pakistan promulgated the new Companies Act 2017, repealing the previous Companies Ordinance, 1984. The Board of Directors is fully aware of the Act's requirements and compliance to the relevant provisions has been undertaken on timely basis.

MATERIALITY LEVEL

A Committee for determining materiality level of PNSC Group had been formed by the management. The committee has endeavored to determine the same keeping in view the relevant corporate laws, international accounting and audit standards, specific circumstances and business practices of PNSC Group.

PATTERN OF SHAREHOLDING

Pattern of shareholding of the Corporation in accordance with the Section 227 (2)(f) of the Companies Act, 2017 and rule 5.19.11 of the PSX Rule Book as at June 30, 2018 is annexed to this report.

GOING CONCERN

In light of the Group's liquidity position, statement of financial position strength, assets, employment, and continuing cash flows from operations, the Board confirms that the going concern assumption, upon which the Group's accounts are prepared, continues to be valid.

DIVIDEND ANNOUNCEMENT

The Board of Directors are pleased to advise payment of cash dividend at 15% to the shareholders whose names appear on the Share Register of the Group at the close of business on October 17, 2018.

ACKNOWLEDGMENT

The Board wishes to express appreciation and its gratitude for the co-operation by Government of Pakistan and strategic partners including financial institutions, refineries, shippers, agents, other business associates and shareholders of Corporation.

We would also like to thank our dedicated employees for their commitment towards sustainable operations and their continued patronage and support.

For and on behalf of the Board of Directors

Rizwan Ahmed

Rizwan Ahmed (P.A.S)
CHAIRMAN

کاروبار کی فعالیت

گروپ کی لیکویڈٹی کی حیثیت، کھاتے کے گوشوارے کے استحکام، افعال سے اثاثے، ملازمت، اور کیش فلو کی روشنی میں بورڈ تصدیق کرتا ہے کہ کاروبار کی فعالیت، جس کی بنیاد پر گروپ کے کھاتے مرتب کیے گئے ہیں وہ تاحال قابل اطلاق ہے۔

منافع منقسمہ کا اعلان

بورڈ آف ڈائریکٹرز ان حصص مالکان کو 15٪ منافع کی ادائیگی کی تجویز پر خوشی محسوس کرتا ہے جن کے نام گروپ کے حصص رجسٹر میں کاروبار کے بند ہونے کی تاریخ مؤرخہ اکتوبر 17، 2018 تک درج ہیں۔

اظہارِ تشکر

بورڈ حکومت پاکستان اور اپنے اسٹریٹجک پارٹنرز بشمول مالیاتی اداروں، ریفائنریوں، جہازرانوں، ایجنٹوں، اور دیگر کاروباری معاونین اور حصص مالکان کی جانب سے تعاون پر ان کا ممنون ومشکور ہے۔ اپنے پرخلوص ملازمین کی مستحکم افعال کی جانب لگن اور ان کی مسلسل معاونت اور سرپرستی پر ہم ان کے بھی مشکور ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے

Rizwan Ahmed

رضوان احمد (P.A.S)

چیئرمین

ڈائریکٹرز کا معاوضہ

بورڈ آف ڈائریکٹرز 'نان ایگزیکٹو ڈائریکٹرز حضرات کے لیے معاوضے کی پالیسی رکھتا ہے' جس کی نمایاں خصوصیات میں شامل ہیں:

- بورڈ اور اس کے کمیٹی اجلاس میں شرکت کے طور پر میٹنگ فیس کے علاوہ، کارپوریشن اپنے نان ایگزیکٹو ڈائریکٹرز کو کوئی معاوضہ ادا نہیں کرے گی۔
- بورڈ آف ڈائریکٹرز یا اس کی کمیٹی کے اجلاسوں میں شرکت کرنے پر کسی ڈائریکٹر کے معاوضے کا وقتاً فوقتاً تعین کیا جائے گا اور بورڈ آف ڈائریکٹرز اس کی منظوری دیں گے۔
- ہر ڈائریکٹر کو بورڈ، اس کی کمیٹیوں اور / یا کارپوریشن کی جنرل میٹنگ میں شرکت پر کیے گئے سفری، اقامتی، سامان اور دیگر اخراجات فراہم یا واپس کیے جائیں گے۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

یہ توثیق کی جاتی ہے کہ:

- انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارے گروپ کے معاملات کی حالت، اس کی سرگرمیوں کے نتائج، کیش فلو اور کاروباری سرمایہ میں تبدیلی کی صورتحال کو واضح طور پر پیش کرتے ہیں؛
- گروپ کے کھاتے درست طور پر مرتب کیے گئے ہیں؛
- مالیاتی گوشواروں کی تیاری میں موزوں اکاؤنٹنگ حکمت عملیاں اختیار کی گئی ہے۔ کھاتوں کا تخمینہ منطقی اور محتاط اندازوں کی بنیاد پر کیا گیا ہے؛
- مالیاتی گوشواروں کی تیاری میں پاکستان میں نافذ العمل بین الاقوامی اکاؤنٹنگ معیارات کی پیروی کی گئی ہے؛
- اندرونی کنٹرول کے نظام کا ڈھانچہ درست ہے اور مؤثر طور پر نافذ العمل اور نگرانی شدہ ہے؛
- سٹاک ایکسچینج لسٹنگ ریگولیشنز میں دی گئی کارپوریٹ گورننس کے بہترین طرز عمل سے تجاوز نہیں کیا گیا۔
- گزشتہ چھ مالی سالوں کی اہم مالیاتی اور آپریشنل معلومات خلاصے کی صورت میں ساتھ منسلک ہیں۔
- اگر کوئی واجب الاداواجبات یا ٹیکس ہے تو اسے مالیاتی گوشواروں میں مکمل طور پر دکھایا گیا ہے۔

کمپنیز ایکٹ 2017

رواں سال، حکومت پاکستان نے گزشتہ کمپنیز ایکٹ 1984 منسوخ کرتے ہوئے نیا کمپنیز ایکٹ 2017 نافذ کیا ہے۔ بورڈ آف ڈائریکٹرز ایکٹ کے تقاضوں سے مکمل آگاہ ہے اور متعلقہ شقوں کی بروقت تعمیل کی جاچکی ہے۔

مادیت کی سطح

پی این ایس سی گروپ کی مادیت کی سطح کا تعین کرنے کے انتظامیہ کی جانب سے ایک کمیٹی تشکیل دی گئی ہے۔ کمیٹی متعلقہ کارپوریٹ قوانین، بین الاقوامی اکاؤنٹنگ اور آڈٹنگ کے معیار، مخصوص حالات اور پی این ایس سی گروپ کے کاروباری طرز عمل کی بنیاد پر اس کے تعین کی کوشش کرے گی۔

شیئر ہولڈنگ کی بناوٹ

کمپنیز ایکٹ 2017 کے سیکشن (f)(2) 227 اور PSX اصولوں کی کتاب کے اصول 5.19.11 کے مطابق 30 جون، 2018 کو کارپوریشن کی شیئر ہولڈنگ کی بناوٹ اس رپورٹ کے ساتھ لف ہے۔

بورڈ آف ڈائریکٹرز کی جانب سے مندرجہ ذیل کمیٹیاں قائم کی گئی ہیں:

نمبر شمار	بورڈ کی کمیٹیاں
1	آڈٹ اور فنانس کمیٹی
2	انسانی وسائل اور معاوضاتی کمیٹی

ڈائریکٹرز کا تربیتی پروگرام

چیئرمین پی این ایس سی اور پی این ایس سی کے بورڈ کے تمام ارکان پہلے ہی SECP کے منظور شدہ ادارے، پاکستان انسٹی ٹیوٹ آف کارپوریٹ گورننس (PICG) سے ضابطہ برائے کارپوریٹ گورننس کے تحت ڈائریکٹرز ٹریننگ پروگرام مکمل کر چکے ہیں۔

اس دورانیے میں بورڈ اور بورڈ کمیٹیوں کے منعقد ہونے والے اجلاس

(1 جولائی، 2017 تا 30 جون، 2018)

نمبر شمار	ڈائریکٹرز	بورڈ کے اجلاس		آڈٹ اینڈ فنانس کمیٹی		ہیومن ریسورسز اینڈ ریمیونریشن کمیٹی	
		منعقدہ	شرکت	منعقدہ	شرکت	منعقدہ	شرکت
.1	جناب عارف الٰہی (سابقہ چیئرمین) (30 نومبر، 2017 تک)	09	04	N/A	N/A	N/A	N/A
.2	جناب رضوان احمد (چیئرمین) (مؤثر بتاریخ 1 دسمبر، 2017)	09	05	N/A	N/A	N/A	N/A
.3	ایڈیشنل سیکریٹری (اخراجات) فنانس ڈویژن (مؤثر بتاریخ 31 مئی، 2018) (نمائندگی منجانب جوائنٹ سیکرٹری مشیر مالیات، کیبنٹ ڈویژن، اسلام آباد)	09	01	08	01	02	01
.4	سینیئر جوائنٹ سیکرٹری / جوائنٹ سیکرٹری، وزارت برائے سمندری امور (مؤثر بتاریخ 31 مئی، 2018)	09	02	N/A	N/A	02	02
.5	جناب علی سید (مؤثر بتاریخ 31 مئی، 2018)	09	02	08	01	N/A	N/A
.6	جناب محمد علی (مؤثر بتاریخ 31 مئی، 2018)	09	01	N/A	N/A	02	02
.7	جناب خواجہ عبید عمران الیاس	09	09	08	08	02	02
.8	جناب کیپٹن انور شاہ	09	09	08	08	N/A	N/A

حکمت عملی، مقاصد اور مستقبل کے امکانات

پی این ایس سی بنیادی طور پر خشک اور مائع بلک کارگو کی سمندری تجارت کی نقل و حمل نیز پاکستان اور دنیا بھر میں خشک بریک بلک کارگو میں اپنے کلائنٹس کو سلاٹ اور NVOCC خدمات فراہم کرنے میں مصروف عمل ہے۔ زیادہ تر سٹریٹجک نوعیت کا کارگو، جیسا کہ خام تیل، پیٹرولیم مصنوعات، خام مال اور دفاع اداروں کا سازوسامان بذریعہ پی این ایس سی پاکستان میں نقل و حمل کیا جاتا ہے۔ خام تیل اور پیٹرولیم مصنوعات پی این ایس سی کے اپنے اور چارٹرڈ ٹینکروں کے مجموعے کے ذریعے خلیج عرب سے کراچی لائے جاتے ہیں۔

گزشتہ سال کے مقابلے میں خشک مارکیٹ میں معمولی بہتری آئی، تاہم خشک بلک بیڑے کی رسد و طلب میں عدم توازن کے سبب شعبے میں غیر یقینی کی کیفیت تاحال برقرار ہے۔ چین کے امریکہ کے درمیان تجارتی تنازعوں کو بھی اس میں شامل کیا جائے تو یہ تنزلی کے رجحان پر اثر انداز ہو سکتا ہے۔

ٹینکر کا شعبہ جو ابھی بھی تیل کی محدود طلب، اور دستیاب ٹینکروں کی وافر تعداد اور نئے بننے والے ٹینکروں کی فراہمی نے ٹینکر کے شعبے میں آمدنی کو خاطر خواہ متاثر کیا ہے۔ پی این ایس سی نے اپنی کارگو لے جانے کی صلاحیت کے بھرپور استعمال کے لیے نئے کاروبار حاصل کرنے کے لیے اقدامات کیے ہیں اور بندرگاہوں پر جہازوں کے لنگر اندازوں ہونے پر منسوخی کو کم کرنے کی کوششیں کی جارہی ہیں۔

پی این ایس سی اپنے خشک بلک کیریئر کو پاکستان میں مقامی کارگو اور آئندہ کوئلے سے چلنے والے پاور پلانٹس کے تناظر میں کوئلے کی نقل و حمل میں مصروف عمل کرنے کا ارادہ رکھتی ہے۔

عالمی شپنگ مارکیٹ کے نقطہ نظر کو مدنظر رکھتے ہوئے، پی این ایس سی نے اپنی موجودہ کاروباری اساس کو متنوع بنانے اور اپنے منتظم کردہ جہازوں کو موجودہ اور ممکنہ مقامی کارگو میں مصروف عمل کرنے کے لیے حکمت عملی تیار کی ہے۔ MOGAS کی بڑھتی طلب کے پیش نظر، پی این ایس سی کی سٹریٹجک فلیٹ میں ترقی کے منصوبے پر نظر ثانی کی گئی ہے جس میں رواں سال جدید جہازوں، بشمول دو LR-1 مصنوعاتی ٹینکروں کی خریداری اور اپنے بیڑے میں شمولیت شامل ہے جو خلیج عرب کی تیل کی بڑھتی طلب کو پورا کریں گے۔ حصولیابی کا عمل مالی سال 18-2017 میں شروع ہوا اور یہ مالی سال 19-2018 کی پہلی سہ ماہی میں مکمل ہوگا۔

بورڈ کا انتظامی ڈھانچہ

وفاقی حکومت کی طرف سے پانچ ڈائریکٹرز کا تقرر کیا جاتا ہے جبکہ دو ڈائریکٹرز کا انتخاب سالانہ جنرل میٹنگ (AGM) میں حصص مالکان تین سال کے لیے کرتے ہیں۔ وفاقی حکومت کی جانب سے پہلے مقرر کردہ ڈائریکٹرز کی معیاد ختم ہونے کے باعث، وفاقی حکومت کی جانب سے تقرریافتہ بورڈ کے تمام موجودہ ڈائریکٹرز کو پی این ایس سی آرڈیننس 1979 کے تحت موجودہ مالی سال کے لیے مقرر کیا گیا ہے۔ 30 جون، 2018 کو بورڈ کا ڈھانچہ درج ذیل ہے:

نمبر شمار	ڈائریکٹر کا نام	حیثیت	صنف
1	جناب رضوان احمد	چیف ایگزیکٹو افسر / چیئرمین	مرد
2	جناب خواجہ عبید عمران الیاس	نان ایگزیکٹو ڈائریکٹر	مرد
3	جناب کیپٹن انور شاہ	نان ایگزیکٹو ڈائریکٹر	مرد
4	ایڈیشنل سیکریٹری (اخراجات) فنانس ڈویژن، اسلام آباد (بحیثیت عہدہ ممبر)	نان ایگزیکٹو ڈائریکٹر	مرد
5	سینیئر جوائنٹ سیکرٹری / جوائنٹ سیکرٹری، وزیر برائے سمندری امور، اسلام آباد (بحیثیت عہدہ ممبر)	نان ایگزیکٹو ڈائریکٹر	مرد
6	جناب محمد علی	نان ایگزیکٹو ڈائریکٹر	مرد
7	جناب علی سید	نان ایگزیکٹو ڈائریکٹر	مرد

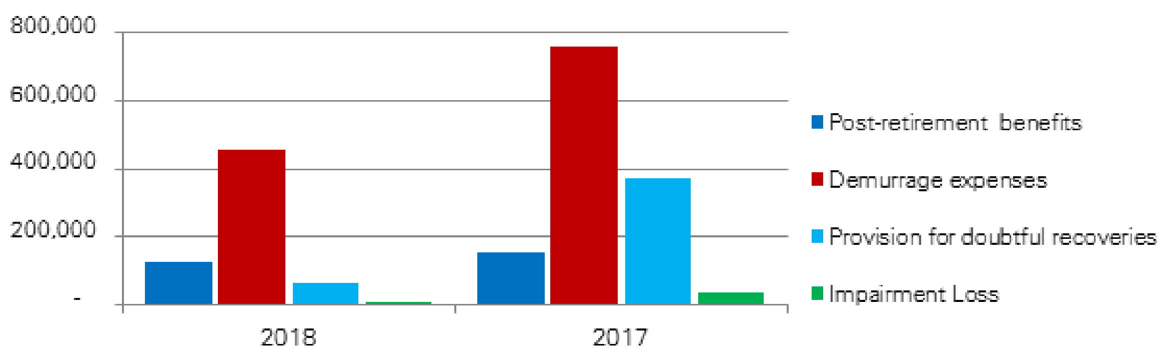
گروپ نے اپنے منتظم کردہ جہازوں سے حاصل ہونے والی آمدنی میں 12٪(5,738 ملین روپے بمقابلہ گزشتہ سال کے 5,110 ملین روپے) بہتری حاصل کی ہے، جبکہ وفاقی حکومت کی جانب سے فرنس آئل کی درآمد پر پابندی کے سبب ٹینکروں کی طلب میں کمی کے باعث چارٹرڈ جہازوں کی آمدنی میں 42٪ (4,140 ملین روپے بمقابلہ گزشتہ سال 7,176 ملین روپے) کمی واقع ہوئی ہے۔ مزید برآں، رواں سال اوسط بالٹک ڈرائی انڈیکس (BDI) میں بہتری ہوئی جس سے بلک کیریئرز کی آمدنی میں اضافہ ہوا۔ رواں سال رئیل اسٹیٹ سے ہونے والی آمدنی میں کوئی نمایاں تبدیلی نہیں ہوئی۔

جہازرانی کی سرگرمیوں کی سطح کے مطابق، گروپ کے بیڑے کے براہ راست اخراجات میں نمایاں کمی ہوئی جو آمدنی کا تقریباً 79٪ ہے۔ تاہم، رواں سال بنکر کی قیمتوں میں نمایاں اضافے کے سبب شپنگ سرگرمیوں سے ہونے والی آمدنی میں 20٪ کمی کے متقابل براہ راست اخراجات میں صرف 12٪ کمی ہوئی۔

مارکیٹ کے ایسے منفی محرکات مجموعی مارجن میں گزشتہ سال کے مقابلے میں 40٪ کمی کا پیش خیمہ بنے۔

گروپ کی فی حصص آمدنی 12.42 روپے رہی جس میں گزشتہ سال کی فی حصص آمدنی 18.75 روپے کے برخلاف 34٪ کمی ہوئی جو گزشتہ 10 سالوں میں سب سے زیادہ تھی۔

زیرِ مشاہدہ سال کے دوران انتظامی اور دیگر آپریٹنگ اخراجات کی مد میں 26٪ کمی (یعنی 2,361 ملین روپے سے 1,738 ملین روپے) ہوئی۔ اخراجات میں اس کمی کا مرکزی عنصر تاخیر کے باعث ہونے والا زرِ ہرجانہ ہے جس میں 56٪ (424 ملین روپے) کمی ہوئی، اور اس کے ساتھ مشکوک قرضوں کی مد میں 83٪ (277 ملین روپے) تنزلی ہوئی۔ گاہک سے تاخیری زرِ ہرجانہ کی وصولی کو دیگر آمدن میں ظاہر کیا گیا ہے اور تاخیری زرِ ہرجانہ سے حاصل ہونے والی خالص آمدنی کا ایک تجزیہ اس رپورٹ میں ذیل میں پیش کیا گیا ہے۔ تاہم یہ نوٹ کرنا مناسب ہے کہ معاہدہ باربرداری کی رو سے زرہرجانہ کے اخراجات گاہکوں سے قابل وصولی ہیں۔



دیگر آمدنی میں 24٪ کمی ہوئی جو نمایاں طور پر تاخیری زرِ ہرجانہ (یعنی 585 ملین روپے)، سرمایہ کاری کی املاک کے از سر نو تعین (یعنی 390 ملین روپے) اور مارک اپ کی آمدنی (یعنی (368 ملین روپے) پر مشتمل ہے۔ تاخیری زرِ ہرجانہ سے حاصل ہونے والی کل آمدنی 585 ملین روپے ہے، جس میں 378 ملین روپے غیر ملکی چارٹرڈ بحری جہازوں اور 207 ملین روپے پی این ایس سی کے منتظم بحری جہازوں سے وابستہ ریکارڈ کیا گیا، جو گزشتہ سال 1,211 ملین روپے ریکارڈ کیا گیا تھا جس میں غیر ملکی چارٹرڈ بحری جہازوں سے 922 ملین روپے اور 289 ملین روپے پی این ایس سی کے منتظم بحری جہازوں سے حاصل ہوئے تھے۔ اس طرح، زرہرجانہ کی کل آمدنی میں 52٪ کمی ہوئی۔ سرمایہ کاری کردہ املاک کے از سر نو تعین سے ہونے والی آمدنی 19٪ کم ہوئی جبکہ مارک اپ سے ہونے والی آمدنی 11٪ بڑھی۔ رواں سال امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں کمی سے، گزشتہ سال کے 4 ملین کے مقابلے میں زرمبادلہ میں نمایاں منافع 143 ملین روپے ریکارڈ کیا گیا۔

گروپ ایک متوازن کھاتے کے گوشوارے، مستحکم زرِ نقد اور سرمایہ کاری کی ساکھ برقرار رکھتا ہے جو ہمیں شپنگ دورانیے کے اگلے مرحلے میں بھرپور حصہ لینے کا اہل بناتا ہے۔ اس طرح، گروپ کی مستحکم مالی حیثیت عالمی اقتصادی سرگرمیوں کی سست روی اور مغلوب فریٹ نرخوں کے باوجود بنیادی طور پر اپنی کاروباری حکمت عملی، بیڑوں کے مخلوط مجموعے اور نئے مواقع کے بھرپور استعمال کے باعث ہے۔

کارپوریٹ گورننس کے ضابطہ اخلاق کی تعمیل

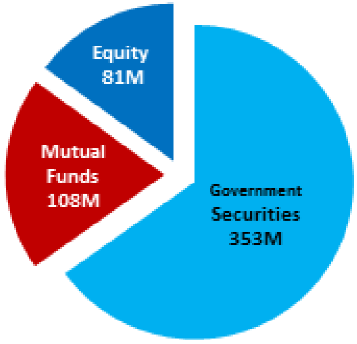
اچھا نظم و نسق ہماری اقدار اور اخلاقی معیار کی بنیاد ہے۔ بورڈ پاکستان میں اور عالمی سطح پر اپنی ساکھ برقرار رکھنے کے ساتھ حصص مالکان، اقلیتوں کے حقوق کے تحفظ، اپنے اسٹیک ہولڈرز کی جانب سے تاثرات کی اہمیت کی ذمہ داری سے بخوبی آگاہ ہے۔

کارپوریشن اچھے نظم و نسق اور بہترین طرز عمل کی اہمیت پر کامل یقین رکھتی ہے، اور اچھے نظم و نسق کا طریقہ کار کمپنیز ایکٹ 2017، لسٹنگ کے ضوابط، کارپوریٹ گورننس کے ضوابط کے مطابق پیشہ وارانہ مہارت کے اعلیٰ ترین معیار، اخلاقی طرز عمل، احتساب اور شفافیت کا احاطہ کرتا ہے، جنھیں ضابطہ اخلاق، خطرے سے آگاہ کرنے کی پالیسی اور کاروباری اخلاقیات کے ضابطے کے ذریعے نافذ کیا گیا ہے۔ اس حوالے سے رپورٹ کے ساتھ ایک بیان لف ہے۔

متعلقہ فریقین سے لین دین

یہ تصدیق کی جاتی ہے کہ متعلقہ فریقین کے ساتھ لین دین آڈٹ کمیٹی اور بورڈ کی جانب سے توثیق شدہ ہے، اور کھاتے کے گوشوارے کی تاریخ تک متعلقہ فریقین کی واجب الادا رقوم کے بارے میں معلومات فراہم کرتی ہیں۔

فنڈ سرمایہ کاری



اختتام سال از 30 جون، 2018 کے غیر آڈٹ شدہ مالیاتی گوشواروں کی بنیاد پر پاکستان نیشنل شپنگ کارپوریشن گروپ کی ملازمین کانٹریبیوٹری پراویڈنٹ فنڈ میں سرمایہ کاری 542 ملین روپے رہی (2017: 647 ملین روپے - آڈٹ شدہ) جبکہ اختتام سال از 30 جون، 2018 کی غیر آڈٹ شدہ مالیاتی گوشواروں کی بنیاد پر ملازمین گریجویٹی فنڈ ٹرسٹ میں سرمایہ کاری 115 ملین روپے رہی (2017: 154 ملین روپے - آڈٹ شدہ)۔

مالیاتی جھلکیاں

پی این ایس سی گروپ نے اختتام سال از 30 جون، 2018 کے مالیاتی گوشواروں کی تیاری میں کمپنیز ایکٹ 2017 کی شقوں کی تعمیل کی ہے۔ سال بھر میں ہمارے مالیاتی نتائج پر اثر انداز ہونے والے مرکزی عوامل مندرجہ ذیل ہیں:

	2018	2017	تبدیلی
	---------------'000روپے---------------		
آمدنی	10,070,297	12,477,685	-19٪
اخراجات	(7,970,722)	(8,963,790)	-11٪
مجموعی منافع	2,099,575	3,513,895	-40٪
آپریٹنگ منافع	2,104,439	3,432,174	-39٪
قبل از ٹیکس منافع	1,854,037	3,101,763	-40٪
بعد از ٹیکس منافع	1,641,121	2,476,815	-34٪
آمدنی فی حصص (EPS) - روپے	12.42	18.75	-34٪

پی این ایس سی گروپ نے گزشتہ سال کے 2,477 ملین روپے کے مقابلے میں 34٪ کمی کے ساتھ بعد از ٹیکس منافع 1,641 ملین روپے ظاہر کیا ہے، جو گزشتہ 10 سالوں میں کارپوریشن کی جانب سے حاصل کیا گیا سب سے زیادہ منافع بعد از ٹیکس تھا۔

درپیش نمایاں خطرات

بطور عالمی بحری فریٹ آپریٹر، پاکستان نیشنل شپنگ کارپوریشن ایسی عالمی منڈی میں کام کرتی ہے جسے خشک اور مائع دونوں منڈیوں میں اضافی گنجائش کے ساتھ شدید مسابقت کا سامنا ہے، خصوصاً مغلوب فریٹ نرخ جو نمایاں تجارتی خطرہ ہیں۔ شپنگ کے شعبے نے عالمی اقتصادی ماحول سے فائدہ اٹھایا جہاں گذشتہ سالوں میں جی ڈی پی کی نمو بلندی پر برقرار رہی۔ تاہم، 2008 کے آغاز سے عالمی معیشت میں تنزلی کے ساتھ طلب مغلوب رہی اور عالمی شپنگ کے تمام شعبوں یعنی فریٹ، اثاثہ جات کی قیمتوں اور توڑ پھوڑ کی قیمتوں پر سنگین / منفی اثر ڈالا۔

کچھ ایسے خطرات بھی ہیں جو ان صنعتوں کا لازم وملزوم حصہ ہیں جن میں ہم کام کرتے ہیں اور اسی لئے انہیں ہمارے افعال کے حصہ کے طور پر تسلیم اور منتظم کیا جاتا ہے۔

یہ خطرات ہمارے کاروبار پر مختصر تا درمیانی مدت کے لیے منفی اثرات ڈالنے کے متحمل ہوسکتے ہیں جیسا کہ،

قانونی چارہ جوئی کے خطرات جیسا کہ اپنی سرگرمیوں کے دوران گروپ قانونی کاروائی اور تنازعات کا حصہ بن سکتا ہے۔ انشورنس کا تحفظ تمام مواقع پر موزوں نہیں ہوسکتا۔ یہ تمام عوامل گروپ کے افعال یا مالی ساکھ پر اثرانداز ہوسکتے ہیں۔ ایسے خطرات کو کم کرنے کے لئے ہم معاملات سے قبل اور بعد کی مطلوبہ احتیاط پر عمل کر رہے ہیں۔

بڑے حادثے یا تیل کے گرنے کا خطرہ شپنگ سرگرمیوں خصوصاً ٹینکر کے کاروبار میں ہمیشہ رہتا ہے۔ شدید نوعیت کا کوئی حادثہ ہمارے ملازمین کے ساتھ ساتھ ممکنہ طور پر آبی ماحول، جنگلی حیات، اور مقامی کمیونٹی کو خطرہ لاحق کرسکتا ہے۔ یہ مالیات، ہماری ساکھ اور ہمارے لائسنس کو بھی خطرے میں ڈالنے کا پیش خیمہ بن سکتا ہے۔ ایسے خطرات کو کم کرنے کے لئے پی این ایس سی محتاط انداز سے حادثات سے پاک سرگرمیوں کو برقرار رکھے ہوئے ہے اور ہمیشہ صحت اور سلامتی کی تمام پالیسیوں اور اپنے جہازوں میں بہترین طریقوں کو رائج رکھنے کی یقین دہانی کراتی ہے۔

کیش فلو پر اثرانداز ہونے والی شرح سود خصوصاً متغیر شرح سود کی بنیاد پر مالیاتی واجبات۔ سود کی شرح کے خطرے کو کم کرنے کے لئے گروپ متغیر اور مستحکم شرح سود کے ساتھ اثاثوں اور واجبات کے درمیان ایک متوازن مجموعہ حاصل کرنے کی کوشش کرتا ہے۔

خلیج عدن میں مسلح قزاقی، ریاست ملاکا اور صومالی ساحل تک اس کی بڑھتی ہوئی حدود عالمی شپنگ بشمول پی این ایس سی کے لئے مرکزی آپریشنل خطرات ہیں۔ ایسے خطرے سے آگاہ ہوتے ہوئے گروپ قزاقی کے خلاف ضروری انشورنس اختیار کرتا ہے۔ خطرناک علاقوں سے گزرتے وقت گروپ کے جہازوں کی حفاظت کے لیے، دنیا بھر میں نافذ العمل بہترین انتظامی لائحہ عمل (BMP-4) پر سختی سے عمل کیا جاتا ہے۔ جب بحری جہاز سنگین خطرے کے علاقوں میں ہوتے ہیں تو پی این ایس سی ایس پاکستان بحریہ کے ہیڈ کوارٹرز کے ساتھ قریبی رابطے میں رہتی ہے۔

ایندھن تیل کی قیمتوں میں شدید نوعیت کی تبدیلی جو عالمی سیاسی اور معاشی ماحول سے متاثر ہوتی ہے۔ گروپ عام طور پر قلیل مدتی سمندری سفر کا معاہدہ کرتا ہے جس کے لیے یہ معاہدوں کی قیمتوں کا تعین کرتے وقت ایندھن کی مروجہ قیمت پر توجہ دیتا ہے، اس لیے عام طور پر اضافی کوریج کی ضرورت نہیں ہوتی۔

سنگین سائبر حملہ ہمارے معاہدوں پر عمل درآمد اور ہمارے افعال انجام دینے کی صلاحیت کے لئے اہم ثابت ہوسکتا ہے کیونکہ گروپ پیچیدہ اور وسیع خدمات میں ملوث ہے جو اسے بہترین آئی ٹی اور مواصلات کے نظام پر منحصر بناتے ہیں۔ سائبر حملے کی وجہ سے کاروباری رکاوٹ ہمارے بحری بیڑوں اور سمندر پار افعال پر اثرانداز ہوسکتی ہے۔ ایسے اثرات کو یکسر ختم کرنے کے لیے پی این ایس سی نے سخت ڈیٹا سیکورٹی کنٹرولز لاگو کیے ہیں جس میں انٹرپرائز سطح پر اینٹی وائرس کے ساتھ اپ ڈیٹ شدہ فائر وال اور سپیم کنٹرول کرنے والے سافٹ ویئر شامل ہیں۔

دوسرے فریق کے دیوالیہ ہونے کا خطرہ موجودہ مارکیٹ میں بہت حقیقی ہے۔ ایسے خطرات سے بچنے کے لئے ہم سخت اور متوقع جانفشانی کو یقینی بناتے ہیں اور اپنے معاملات کو قابل اعتبار اور مالی طور پر مستحکم فریقین تک محدود رکھنے کی کوشش کرتے ہیں۔

ٹیکس کی پالیسیوں میں تبدیلیاں گروپ پر مادی طور پر اثرانداز ہوسکتی ہیں۔ تاہم، تفصیلی جائزہ کی بنیاد پر، کسی بھی درپیش ناپسندیدہ صورت حال سے پیدا ہونے والے خطرات کے اثر کو کم کرنے کے لئے ایک مشاورتی عمل کے ذریعے دیے گئے حالات کے لیے ایک موزوں حکمت عملی تیار کی گئی اور مناسب سمجھی گئی ہے۔

کم ہونے میں وقت لگے گا۔ مصنوعاتی ٹینکر DWT کی طلب میں اضافہ 2018 میں مرحلہ وار 2.6٪ تک کم ہونے کی توقع ہے۔ لاطینی امریکہ میں امریکی برآمدات کی توسیع سے مصنوعات کی تجارت کی ترقی میں مدد ملنے کا امکان ہے۔ اس سال، خاص طور پر مصنوعاتی ٹینکر فلیٹ میں توسیع 1.5٪ تک کم ہونے کی توقع ہے، لیکن ان بہتر کردہ بنیادیات کے باوجود، منڈی میں اضافی رسد کی موجودہ حد تجویز کرتی ہے کہ منڈی کے حالات بہتر ہونے میں وقت لگے گا۔

قانونی آڈیٹرز

اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس (A.F. Ferguson & Co. Chartered Accountants) اور ای وائی فورڈ روڈز چارٹرڈ اکاؤنٹنٹس (EY Ford Rhodes Chartered Accountants) بطور مشترکہ آڈیٹر ریٹائر ہوئے اور اہل ہونے کے باعث ان کو دوبارہ شمولیت کی پیشکش کی گئی۔ بورڈ آڈٹ کمیٹی کی سفارش پر بورڈ نے میسرز اے ایف فرگوسن اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس اور میسرز ای وائی فورڈ روڈز چارٹرڈ اکاؤنٹنٹس کو سالانہ جنرل میٹنگ برائے مالی سال اختتام از 2018 میں مشترکہ آڈیٹر کے طور پر شامل کرنے کی تجویز دی۔

بحری کاروباری کارکردگی کا شعبہ جاتی جائزہ

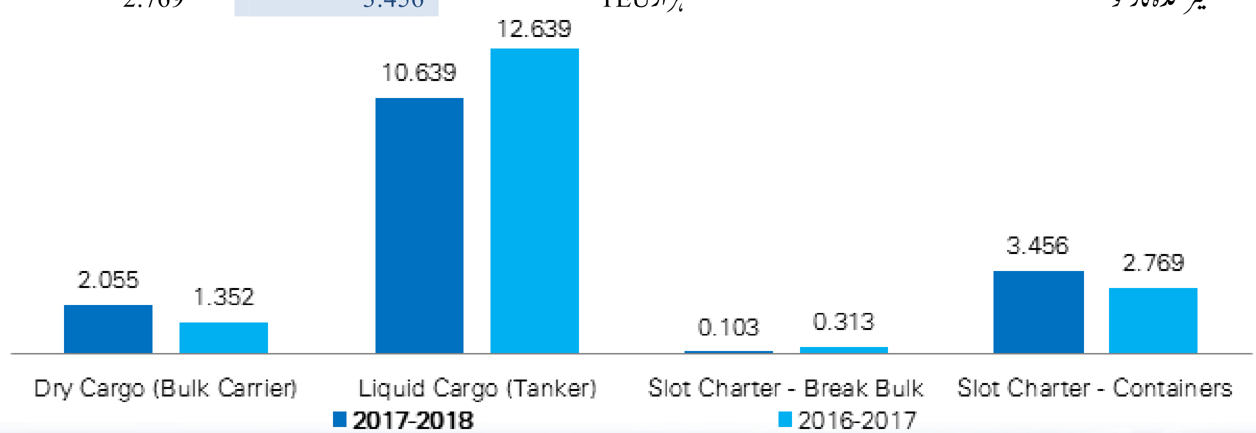
681,806 میٹرک ٹن DWT صلاحیت کی حامل پی این ایس سی نے سال زیرِ مشاہدہ کے دوران تقریباً 12.797 ملین ٹن کارگو اٹھایا (مالی سال 2017: 14.304 ملین ٹن) جو حجم کے حساب سے کل ملکی سمندری تجارت 100.247 ملین ٹن (مالی سال 2017: 89.852 ملین ٹن) کا تقریباً 12.77٪ (مالی سال 2017: 15.92٪) کے برابر ہے۔ پاکستان کی سمندری تجارت برائے حالیہ سال 2017-18 اور گزشتہ سال 2016-17 کے الگ الگ اعداد و شمار اور پی این ایس سی کا حصہ درج ذیل ہے:

--------------------اعداد و شمار ملین ٹن میں--------------------

	خشک بلک		مائع بلک		کل	
	2018	2017	2018	2017	2018	2017
پاکستان کی سمندری تجارت	65.836	42.653	34.411	32.863	100.247	89.852
پی این ایس سی کا حصہ	2.158	1.665	10.639	12.639	12.797	14.304

نوعیت/انتظام کے لحاظ سے پی این ایس سی کے ذریعے نقل و حمل کیے جانے والے کل کارگو کی الگ الگ تفصیل ذیل میں جدول میں درج ہے:

	پیمائش کی اکائی	2017-2018	2016-2017
خشک کارگو (بلک کیریئر)	ملین ٹن	2.055	1.352
مائع کارگو (ٹینکر)	ملین ٹن	10.639	12.639
سلاٹ چارٹر			
– بریک بلک	MT یا CBM میں برتر (W/M)	0.103	0.313
– کنٹینر شدہ کارگو	ہزار TEU	3.456	2.769



عالمی منڈی کا جائزہ

خشک اور مائع دونوں شعبوں سے متعلقہ پیشین گوئیاں اور غیر یقینی کیفیت جو ادارے کی کارکردگی کو متاثر کر سکتی تھیں، ان کی ذیل میں وضاحت کی گئی ہے جو بین الاقوامی جہاز رانی کی منڈی کی تحقیق پر مبنی ہے۔

خشک بلک منڈی

2018 میں، سمندری راستے سے ہونے والی عالمی خشک بلک تجارت میں 2.7٪ اضافے کے ساتھ 5.2 بلین ٹن اور ٹن میل کے لحاظ سے 3.4٪ تک بڑھنے کا تخمینہ لگایا گیا ہے جو محدود ترقی ظاہر کرتا ہے، چین سے ہونے والی خام لوہے کی سمندری درآمدات میں سال 2018 میں 3٪ تک اضافے کی توقع ہے جو ملک میں اسٹیل کی بڑھتی پیداوار اور سمندری راستے سے ہونے والی تجارت میں اضافے کی عکاسی کرتا ہے۔ سمندری راستے سے ہونے والی بھاپی کوئلے کی تجارت میں، مختصر مدت میں چین میں بلند مقامی قیمتوں اور متعدد بندرگاہوں پر درآمدی پابندیوں میں نرمی کے باعث جزوی طور پر بڑھنے کی توقع ہے۔

معمولی بلک تجارت کا فی الحال پورے سال 2018 میں 3٪ ترقی کا تخمینہ لگایا گیا ہے جس میں متعدد اشیاء کے سلسلے میں اضافہ شامل ہے۔ اسی اثناء میں، امریکہ اور اس کے اہم تجارتی پارٹنر (بشمول چین اور یورپی یونین کے ممالک) کے درمیان تجارت پر نافذ العمل اور ممکنہ نرخوں میں غیر یقینی کیفیت کا اثر برقرار ہے، اگرچہ خشک بلک تجارت، جو متاثر ہوئی یا ہو سکتی تھی، سمندری راستے سے ہونے والی عالمی خشک بلک تجارت کا تقریباً 1٪ ہے۔

رواں سال رسد کے شعبے میں، جیسا کہ بلک کیریئر شعبے میں ترسیلات کی رفتار میں ابھی تک نمایاں طور پر کم ہوئی ہے، توڑ پھوڑ بھی تاریخ کی کم ترین سطح صرف 2.1 ملین DWT رہی جو سالہا سال سے 71٪ تک کم ہوئی ہے۔ مزید براں، بلک کیریئر بیڑے کے شعبے میں سال 2018 اور 2019 دونوں میں 2.5٪ کی محدود شرح سے توسیع ہونے کا اندازہ لگایا گیا ہے۔

مجموعی طور پر، بیڑوں کے شعبے میں ترقی نسبتاً محدود رہنے کا امکان ہے لیکن بلک کیریئر کے شعبے میں بنیادیات کے توازن میں مرحلہ وار بہتری کا امکان موجود ہے۔ طلب کے عمومی کاروبار کو درپیش متعدد خطرات کے باوجود، 2018 میں متواتر دوسرے سال، خصوصاً ٹن میل کے لحاظ سے بیڑوں کے ذریعے سمندری خشک بلک تجارت کی ترقی سے سبقت لے جانے کا تخمینہ لگایا گیا ہے۔

ٹینکر مارکیٹ

خام تیل کے ٹینکروں اور تیل کی مصنوعات دونوں کے نرخوں کی شرح زیادہ تر نقصان کے حامل خطوں میں ہے۔ سب سے زیادہ متاثر ہونے والے خام تیل کے بڑے ٹینکر ہیں۔ مصنوعاتی ٹینکروں کے شعبے میں اوسط آمدنی تقریباً مایوس کن رہی، جو LR2 کے لیے 10,561 امریکی ڈالر فی دن سے، LR1 کے لیے 6,500 امریکی ڈالر فی دن سے ہوتی ہوئی MR کے لیے 9,121 امریکی ڈالر فی دن رہی۔

2018 خام تیل ٹینکر شعبے کے لیے باقی شعبوں کی نسبت زیادہ اہمیت کا حامل رہا، جبکہ بحری بیڑوں کی ترقی 2٪ سے کم رہی - خصوصاً اگر 2018 سے کم توڑ پھوڑ کے باعث 2019 بحری بیڑے میں 3٪ سے زائد ترقی کی پیشین گوئی کے مطابق رہا۔

جبکہ ٹینکر کے شعبے میں منڈی کے حالات میں مخلوط رجحان دیکھا گیا، مجموعی ٹینکر مارکیٹ دباؤ کا شکار رہی۔ ایفرامیکس کے شعبے میں اوسط سپاٹ آمدنی ماہانہ بنیادوں پر بہتر ہوئی ہے۔

2018 سے اب تک طلب کے مخلوط رجحان کے باعث، مرکزی خریداروں کی بڑی تعداد میں خام درآمدات کے سالہا سال زوال سے، خام ٹینکر کی ترقی 2018 میں 2.4٪ تک کم ہونے کی توقع ہے۔ خام مال کی سمندری تجارت متعدد عناصر کے باعث محدود ہونے کی توقع ہے، جن میں اہم وینزویلا کی برآمدات میں تیزی سے کمی، امریکہ کی روبہ زوال درآمدات اور چینی درآمدات میں سست رو اضافہ شامل ہیں۔ تاہم، اٹلانٹک اور ایشیا کے درمیان طویل فاصلے کی بڑھتی برآمدات سے عالمی خام مال کی تجارت کی ترقی میں ابھی بھی مدد ملنے کا امکان ہے، اگرچہ چین کی جانب سے امریکی خام مال کی درآمدات پر 25٪ نرخ عائد کرنے کی تجویز خام مال کی تجارت کے بہاؤ پر اثر ڈال سکتی ہے۔ دریں اثناء، پیداوار کم کرنے کے لیے اوپیک (OPEC) کی سرکردگی میں ہونے والے معاہدے کے خارج ہونے کے امکانات موجود ہیں۔

2018 میں، خصوصاً ری سائیکلنگ میں مستحکم لیکن معمولی اضافے کے باعث فعال خام ٹینکر فلیٹ میں ترقی 1٪ سے نیچے گرنے کا امکان ہے۔ تاہم، منڈی میں حالیہ اضافی رسد کے

ڈائریکٹرز رپورٹ

برائے سال اختتام از 30 جون، 2018

پاکستان نیشنل شپنگ کارپوریشن گروپ (پی این ایس سی / گروپ) کا بورڈ آف ڈائریکٹرز، آڈٹ شدہ مالیاتی گوشواروں کے ہمراہ چالیسویں سالانہ رپورٹ برائے اختتام سال از 30 جون، 2018 بخوشی پیش کرتا ہے۔

تعارف

قومی پرچم بردار ہونے کے ناطے، پاکستان نیشنل شپنگ کارپوریشن بین الاقوامی شپنگ میں سنہری تاریخ کی حامل ہے۔ سالہا سال سے، پی این ایس سی کا کاروبار بنیادی شپنگ سے بڑھ کر نان ویسل آپریٹنگ کامن کیریئر (NVOCC) کاروبار، بحری انجینئرنگ ورکس اور رئیل اسٹیٹ تک جا پہنچا ہے۔ جس کے نتیجے میں پی این ایس سی بحری فریٹ خدمات اور متعلقہ خدمات کے لیے صنعتی فراہم کنندہ بن چکی ہے۔

بنیادی سرگرمیاں

جہاں تک میری ٹائم آپریشنز کا تعلق ہے، گروپ بنیادی طور خشک بلک اور مائع بلک کارگو کی بحری تجارت کی نقل و حمل، نیز خشک بلک کارگو کے لیے سلاٹ چارٹرنگ کی خدمات فراہم کرنے میں مصروف عمل ہے۔ سٹریٹجک کارگو میں خام تیل، پیٹرولیم مصنوعات، خام مال اور دفاعی اداروں کا سازوسامان شامل ہے۔ زیادہ تر خام تیل اور پیٹرولیم مصنوعات پی این ایس سی کے اپنے خام تیل کے ٹینکروں اور چارٹرڈ ٹینکروں کے مجموعے کے ذریعے خلیج عرب سے کراچی لائے جاتے ہیں۔

رواں مالی سال کارپوریشن کے کاروبار کی نوعیت میں اور اسکی ملکیتی کمپنیز اور کسی ایسی کمپنی میں کوئی تبدیلی واقع نہیں ہوئی، جس میں کارپوریشن کا مفاد شامل ہو۔

کاروباری جائزہ

پی این ایس سی انتظامیہ کی حکمت عملیوں اور مقاصد نے گزشتہ سالوں میں منافع کے لحاظ سے 2002 سے متاثر کن نتائج ظاہر کیے ہیں، نیز بالٹک ڈرائی انڈیکس (BDI) اور اوسط کرائے کے نرخ کے تعین میں کمی اور جہاز رانی کی صنعت کو درپیش متعدد غیر موافق عناصر کے باوجود قومی معیشت میں نمایاں کردار ادا کیا ہے۔

پی این ایس سی نے ملک کی قومی ضروریات پوری کرنے کے لیے خام تیل کامیابی سے ترسیل کیا ہے۔ اس مقصد کے لیے قومی پرچم بردار جہازوں کا استعمال حکومت کے لیے کرائے کی مد میں غیر ملکی زرمبادلہ کے قابل قدر ذخائر بچا رہا ہے۔

مالی سال 2018 کے دوران، پی این ایس سی نے متعدد پبلک سیکٹر اداروں کے لئے ترسیل کا بندوبست کیا۔ اہم اسٹریٹجک ترسیلات امریکہ، چین، روس اور کوریا، جبکہ چھوٹی ترسیلات کی دنیا کے بہت سے حصوں سے نقل و حمل کی گئی۔

پی این ایس سی کی کریڈٹ ریٹنگ

انتظامیہ نے مجموعی طور پر گروپ کی کریڈٹ ریٹنگ اور ساکھ کو بہتر بنانے کی مقدور بھر کوشش کی ہے۔ لہٰذا، اس شعبے میں کی جانے والی مخلصانہ کوششوں کے نتیجے میں گروپ پروفائل نے حالیہ سالوں میں نمایاں استحکام حاصل کیا ہے۔ پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) کی جانب سے کیے گئے کریڈٹ کی قابلیت کے سالانہ جائزے میں گروپ کی طویل مدتی قرضوں کے لیے کریڈٹ ریٹنگ 'AA' اور قلیل مدتی قرضوں کے لئے 'A1+' کو برقرار رکھا گیا ہے۔ یہ ریٹنگ گروپ کی مالی اور انتظامی طاقت، خطرات کے تدارک کے مؤثر اور اہل انتظام، متواتر تاریخی کارکردگی اور سرمائے کے متوازن ڈھانچے کی عکاسی کرتی ہے۔

Corporate Social Responsibility (CSR)

Highlights of the Year 2017-2018

Pakistan National Shipping Corporation (PNSC) is a responsible corporate citizen; committed to well being of society through its contribution in the field of education, community and promoting environmental care remains always one of its highest priorities.

EDUCATION

- PNSC promotes training and recruitment of Pakistani nationals in Marine Academy and other maritime training institutes to build qualified maritime work force.

- PNSC believes that our youth is future of Pakistan. To support this, under its internship scheme, PNSC provides training to fresh graduates from universities across the country, especially cadets of Pakistan Marine Academy in PNSC Workshop.

COMMUNITY

- Over one-third population of Pakistan surviving below the poverty line and unable to fulfill basic needs for their survival including food. To participate towards fulfillment of basic need of food, PNSC contributed by arranging food for poor and needy persons in the rain affected area of Karachi during FY 2017-18.

- PNSC provides fully funded support through open balloting program to its employees every year to perform Hajj. As a result of the balloting during January 2018, ten PNSC employees availed the benefit of performing Hajj. This was in continuation of its commitment to its employees.

ENVIRONMENT

- PNSC has also developed Environmental Management Plan for the head office, incorporating the requirements of ISO 14001 in the system.

- PNSC ships are running on cleaner fuels which help in reducing carbon footprint. While docked in harbours around the world, PNSC ships take strict measures not to dispense effluents harmful to marine life. PNSC ships also use sophisticated satellite equipment to chart courses which are economical on fuel use, saving the environment from excess carbon pollution.

- PNSC is continuously striving for energy saving and as a step forward PNSC has installed digital metering system for monitoring and conservation of energy.

- In order to reduce Co_2 emissions and mitigating global warming, the International Maritime Organization (IMO), the main regulatory body for shipping has developed a number of technical and operational measures to control Green House Gases (GHG) emissions. PNSC as per IMO requirement has developed Ship Energy Efficiency Measurement Plan (SEEMP) for its fleet.

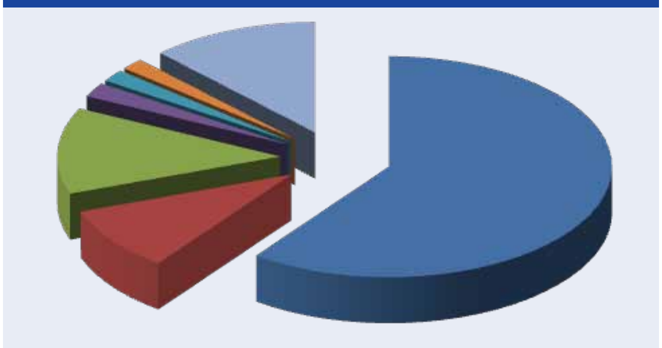
Stretching the boundaries of success and cruising successfully through formidable tides!

Value Added Statement

	2018		2017	
	Rs. in '000	%	Rs. in '000	%
Wealth Generated				
Income from Shipping Business	9,877,953	83.62%	12,286,236	83.26%
Rental Income	192,344	1.63%	191,449	1.30%
Other operating income	1,743,175	14.75%	2,279,086	15.44%
	11,813,472	100.00%	14,756,771	100.00%
Wealth Distributed				
Fleet Expenses	7,103,949	60.13%	8,147,035	55.21%
Administrative and General Expenses	1,111,413	9.41%	1,740,821	11.80%
Salaries	1,493,671	12.64%	1,436,741	9.74%
Finance Cost	250,402	2.12%	330,411	2.24%
Taxes	212,916	1.80%	624,948	4.23%
Dividend	198,095	1.68%	264,127	1.79%
Retained for Business	1,443,026	12.22%	2,212,688	14.99%
	11,813,472	100.00%	14,756,771	100.00%

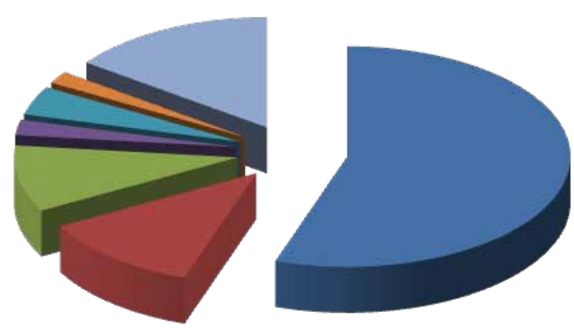
2018

60.13%	Fleet Expenses
9.41%	Administrative and General Expenses
12.64%	Salaries
2.12%	Finance Cost
1.80%	Taxes
1.68%	Dividend
12.22%	Retained for Business



2017

55.21%	Fleet Expenses
11.80%	Administrative and General Expenses
9.74%	Salaries
2.24%	Finance Cost
4.23%	Taxes
1.79%	Dividend
14.99%	Retained for Business

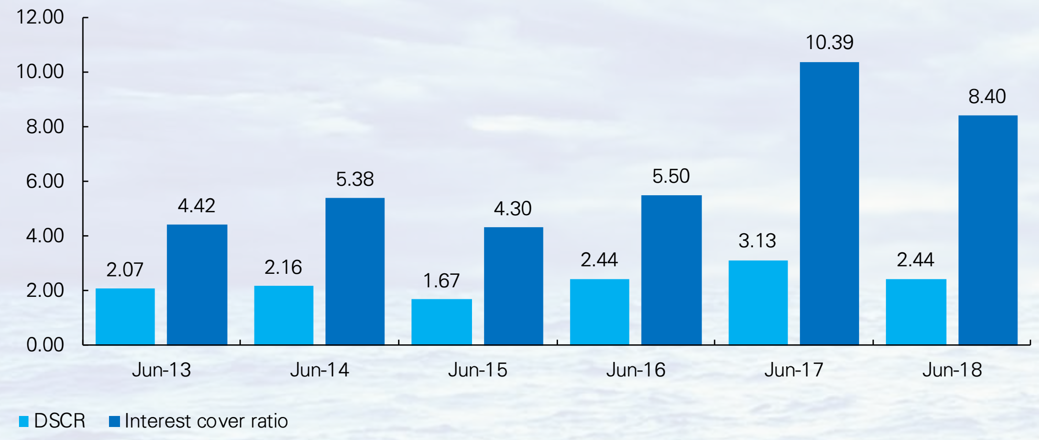


Financial Ratios

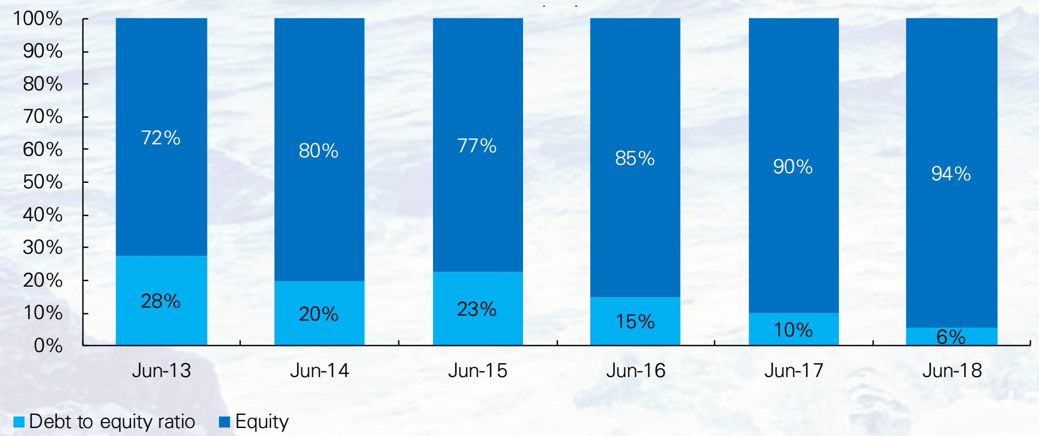
	UOM	2017-2018	2016-2017	2015-2016	2014-2015	2013-2014	2012-2013
			-----------------------------------Restated				-----------------------------------
Profitability Ratios							
Profit before tax	%	18.41%	24.86%	20.05%	14.24%	15.28%	19.93%
GP ratio	%	20.85%	28.16%	28.33%	20.12%	21.50%	26.86%
Profit after tax	%	16.30%	19.85%	18.52%	13.62%	13.67%	16.25%
EBITDA margin to sales	%	35.37%	38.61%	34.34%	25.47%	25.62%	34.25%
Operating leverage ratio	%	200.51%	-2204.97%	-34.39%	190.69%	-23.02%	199.05%
Return on equity	%	5.24%	8.30%	8.42%	8.33%	9.25%	9.38%
Return on capital employed	%	4.87%	7.42%	7.18%	6.61%	7.56%	7.20%
Liquidity Ratios							
Current Ratio	Times	3.17	2.74	2.38	2.15	2.17	1.99
Cash to Current liabilities	Times	0.72	1.21	0.51	0.78	0.47	0.54
Cash flow from operations to Sales	Times	0.13	0.20	0.29	0.13	0.13	0.13
Activity/Turnover Ratios							
Debtor Turnover Ratio	Times	15.26	18.89	15.49	9.01	8.70	15.22
Asset Turnover ratio	Times	0.27	0.34	0.34	0.45	0.50	0.41
Fixed Assets turnover ratio	Times	0.40	0.48	0.47	0.57	0.66	0.50
Market Ratios							
Earnings per share	Rs.	12.42	18.75	17.59	16.02	16.27	15.08
P/E Ratio	Times	6.60	6.71	5.33	6.63	4.37	3.05
Price to book ratio	Times	2.88	4.42	3.39	3.87	2.90	1.96
Dividend Yield ratio	%	1.83%	1.59%	2.13%	1.41%	2.11%	2.17%
Dividend Payout ratio	Times	0.12	0.11	0.11	0.09	0.09	0.07
Dividend cover ratio	Times	8.28	9.38	8.80	10.68	10.85	15.08
Cash dividend	Rs.	1.50	2.00	2.00	1.50	1.50	1.0
Breakup value/share	Rs.	237.32	225.99	208.85	192.38	175.96	160.73
Share Price at year end	Rs.	81.94	125.90	93.70	106.25	71.12	46.00
Share Price - High	Rs.	155.25	213.00	127.90	187.90	94.57	52.00
Low	Rs.	80.00	90.37	63.01	56.68	46.00	14.41
Capital Structure Ratio							
Financial Leverage ratio	Times	0.09	0.14	0.19	0.29	0.25	0.34
Debt Service Coverage Ratio	Times	2.44	3.13	2.44	1.67	2.16	2.07
Debt to equity ratio	Times	0.06	0.10	0.15	0.23	0.20	0.28
Interest cover ratio	Times	8.40	10.39	5.50	4.30	5.38	4.42

Graphical Analysis

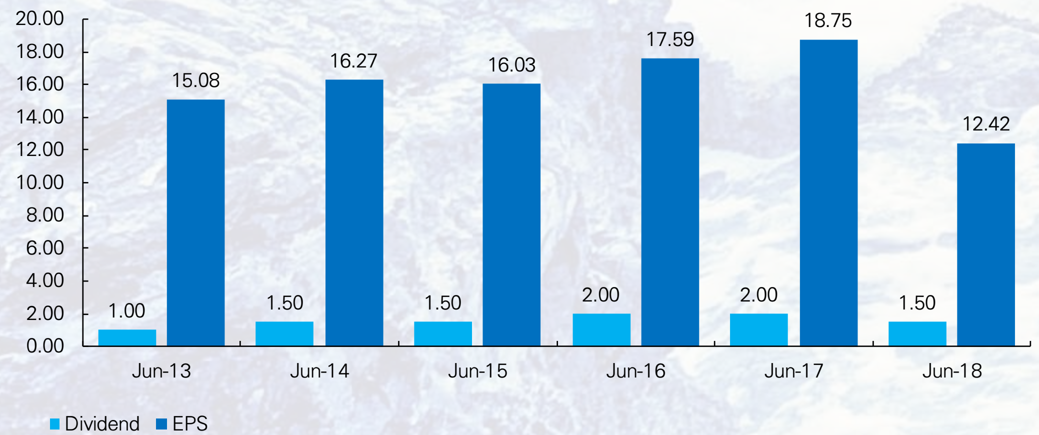
Debt Management



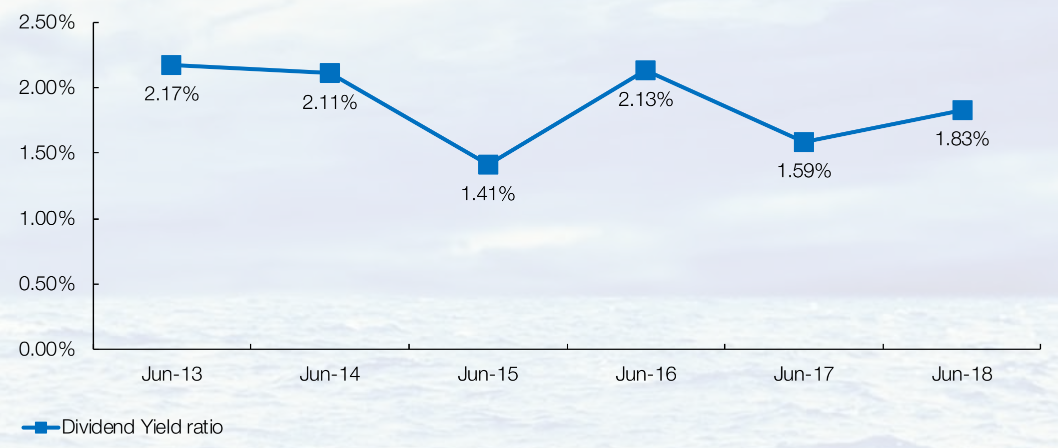
Debt to Equity Ratio



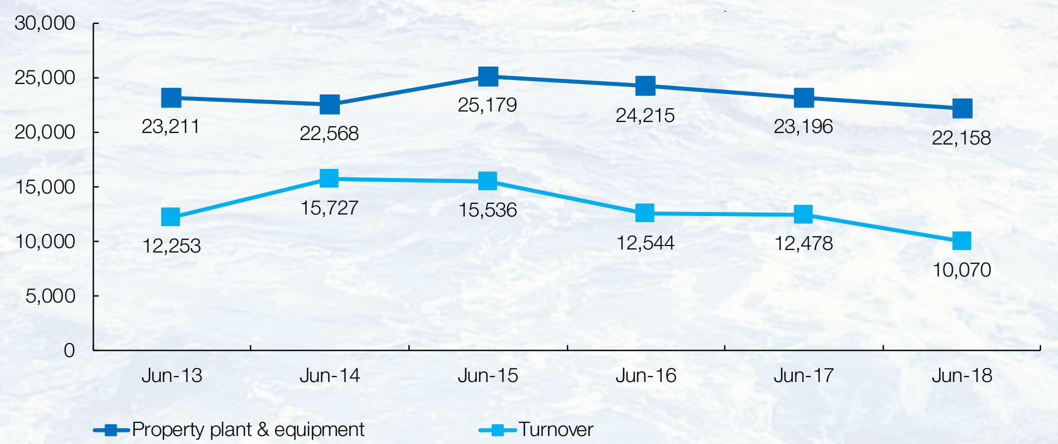
Dividend & EPS



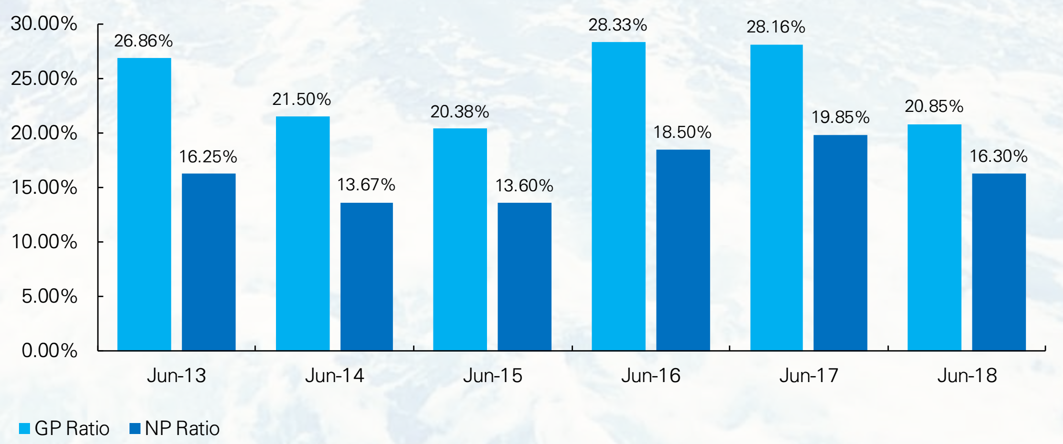
Dividend Yield Ratio



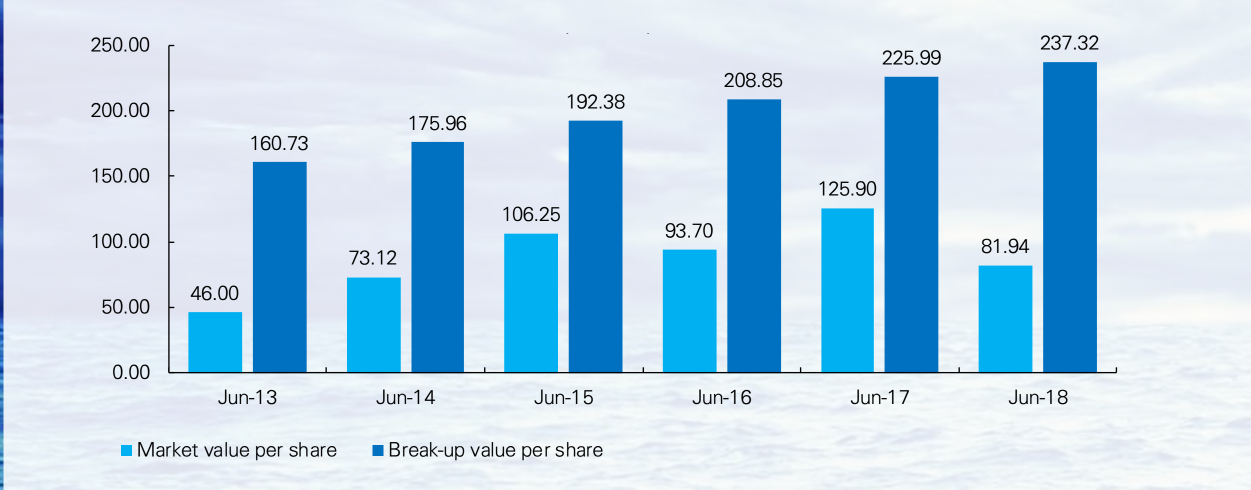
Fixed Assets & Turnover (Rs. in million)



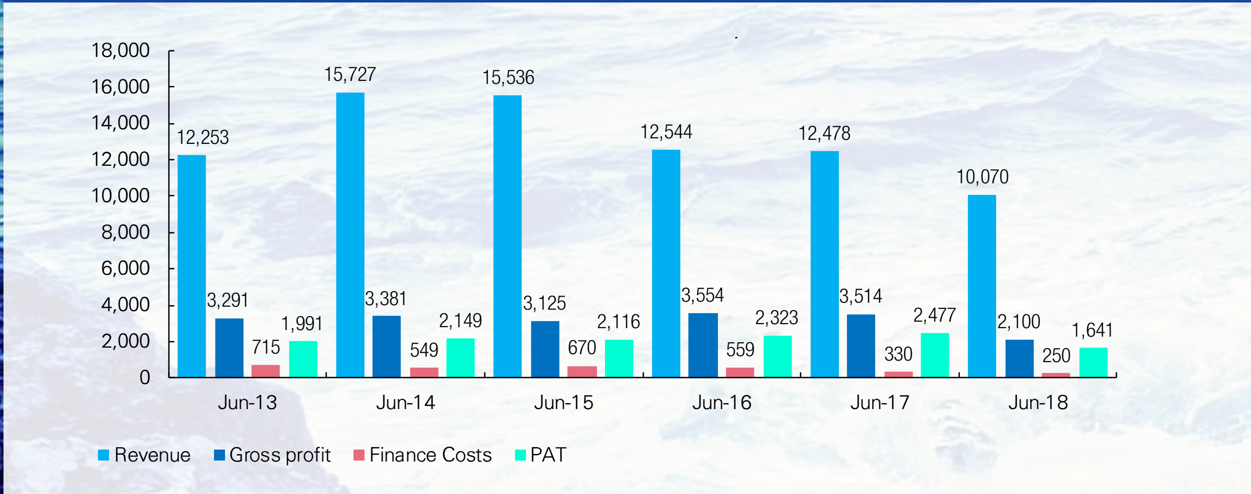
Gross Profit & Net Profit Ratio



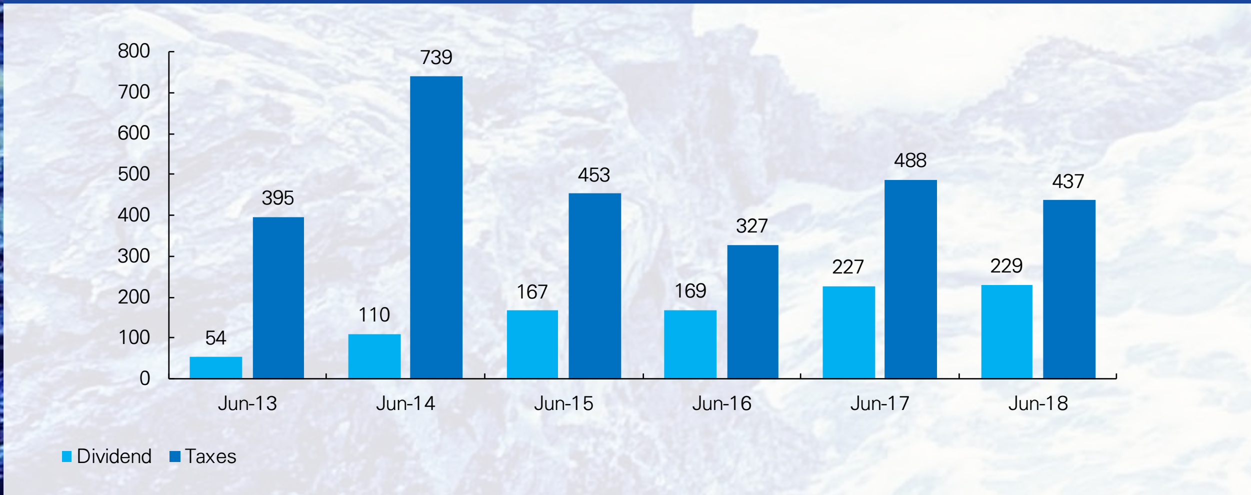
Market / Break-up value per share (Rs./share)



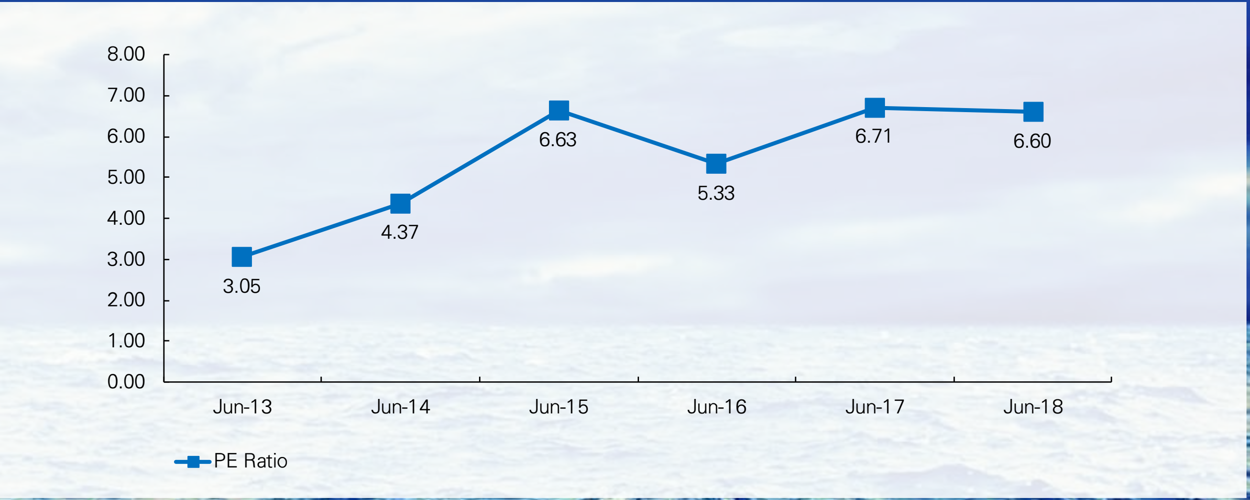
Turnover & Profitability (Rs. in million)



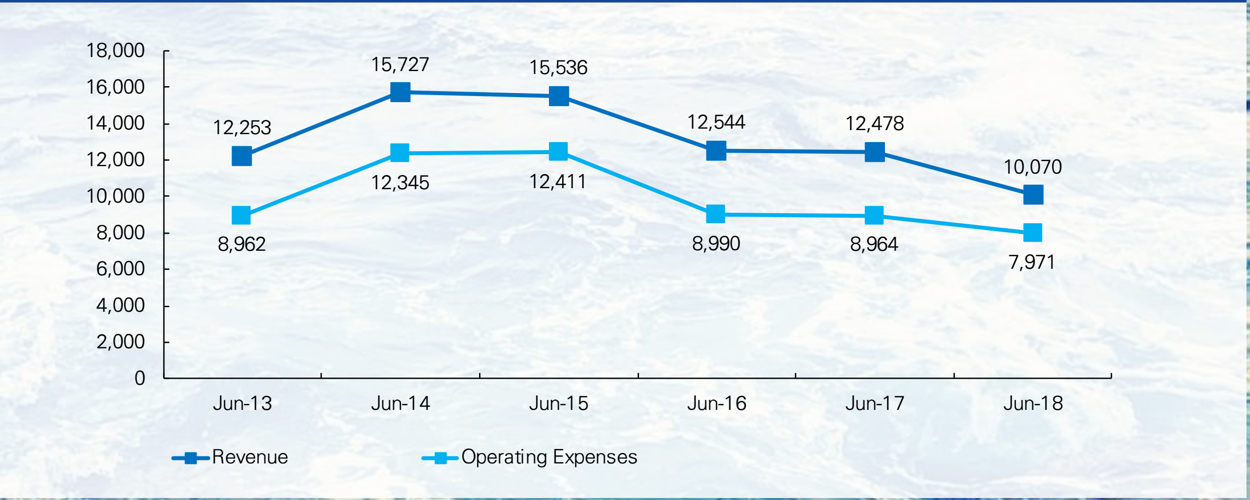
Payments to Federal Government (Rs. in million)



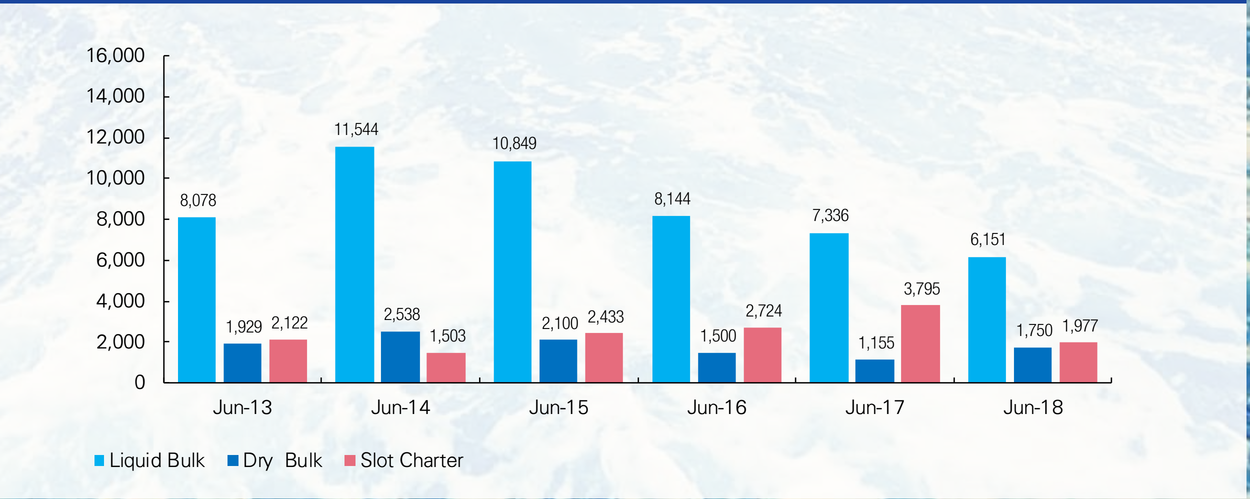
Price Earning Ratio



Revenue & Operating Expenses (Rs. in million)



Sector-wise Revenue (Rs. in million)



Horizontal Analysis (Group)

	2018		2017 Restated	
	Rs. in '000	% change	Rs. in '000	% change
Profit & Loss				
Revenues	10,070,297	-19%	12,477,685	-1%
Expenditure	7,970,722	-11%	8,963,790	0%
Gross Profit	2,099,575	-40%	3,513,895	-1%
Administrative Expenses	1,063,571	6%	1,007,062	9%
Other expenses	674,740	-50%	1,353,745	15%
Finance costs	250,402	-24%	330,411	-41%
Other income	1,743,175	-24%	2,279,086	40%
Profit before Taxation	1,854,037	-40%	3,101,763	23%
Taxation	212,916	-66%	624,948	225%
Profit after Taxation	1,641,121	-34%	2,476,815	7%
Balance Sheet				
Property, plant and equipment	22,158,254	-4%	23,195,568	-4%
Other Non-Current Assets	3,195,784	15%	2,767,260	19%
Trade debts	562,923	-26%	756,750	34%
Cash and bank balances	2,764,179	-46%	5,161,772	141%
Other Current Assets	8,848,424	53%	5,771,029	-21%
Total Assets	37,529,564	0%	37,652,379	3%
Shareholder's Equity	31,340,940	5%	29,844,723	8%
Deferred liabilites	600,933	1%	592,356	-3%
Long Term Financing	1,744,186	-41%	2,944,191	-29%
Current portion of long term financing	1,210,172	0%	1,210,172	0%
Other Current Liabilities	2,633,333	-14%	3,060,937	2%
Total Equity and Liabilities	37,529,564	0%	37,652,379	3%
Cash Flow Statement				
Cash Flows from Operating Activities	1,270,944	-49%	2,499,823	-30%
Cash Flows from Investing Activities	(2,207,660)	-211%	1,989,539	-182%
Cash Flows from Financing Activities	(1,460,877)	-1%	(1,470,968)	-37%
Net (decrease) / increase in Cash and cash equivalents	(2,397,593)	-179%	3,018,394	-358%
Others				
Profit before tax	1,854,037	-40%	3,101,763	23%
Finance Costs	250,402	-24%	330,411	-41%
Depreciation	1,457,896	5%	1,385,461	12%
EBITDA	3,562,335	-26%	4,817,635	12%
Profit before tax	1,854,037	-40%	3,101,763	23%
Finance Costs	250,402	-24%	330,411	-41%
EBIT	2,104,439	-39%	3,432,174	12%

2016		2015		2014		2013	
Restated		Restated		Restated		Restated	
Rs. in ‘000	% change	Rs. in ‘000	% change	Rs. in ‘000	% change	Rs. in ‘000	% change
12,543,985	-19%	15,536,288	-1%	15,726,546	28%	12,252,934	38%
8,989,808	-28%	12,411,017	1%	12,345,060	38%	8,961,723	32%
3,554,177	14%	3,125,271	-8%	3,381,486	3%	3,291,211	57%
925,909	-7%	997,072	22%	816,516	-1%	823,137	35%
1,181,349	-14%	1,367,320	71%	799,616	277%	211,876	-59%
558,581	-17%	669,949	22%	548,845	-23%	714,958	-33%
1,627,014	-23%	2,122,118	79%	1,185,721	32%	900,918	9%
2,515,352	14%	2,213,048	-8%	2,402,230	-2%	2,442,158	237%
192,298	99%	96,638	-62%	253,173	-44%	450,819	-1699%
2,323,054	10%	2,116,410	-2%	2,149,057	8%	1,991,339	164%
24,215,418	-4%	25,178,610	12%	22,567,568	-3%	23,210,977	3%
2,326,786	21%	1,918,724	57%	1,225,190	2%	1,199,507	-3%
564,157	-44%	1,010,048	-59%	2,439,569	107%	1,177,691	173%
2,143,378	-35%	3,312,430	79%	1,852,441	4%	1,788,301	3%
7,288,306	50%	4,850,370	13%	4,299,171	20%	3,576,655	39%
36,538,045	1%	36,270,182	12%	32,383,939	5%	30,953,131	8%
27,581,597	9%	25,406,739	9%	23,238,240	9%	21,226,074	10%
612,767	-28%	851,561	38%	617,483	9%	566,574	-3%
4,141,525	-28%	5,748,035	26%	4,568,861	-22%	5,873,286	0%
1,210,172	-29%	1,702,054	29%	1,316,882	0%	1,316,882	22%
2,991,984	17%	2,561,793	-3%	2,642,473	34%	1,970,315	18%
36,538,045	1%	36,270,182	12%	32,383,939	5%	30,953,131	8%
3,589,130	72%	2,084,453	4%	2,001,668	22%	1,644,579	6%
(2,422,390)	-14%	(2,825,631)	69%	(1,675,472)	30%	(1,291,551)	-442%
(2,335,792)	-266%	1,403,727	-196%	(1,460,066)	-996%	162,942	-113%
(1,169,052)	-276%	662,549	-158%	(1,133,870)	-320%	515,970	-26%
2,515,352	14%	2,213,048	-8%	2,402,230	-2%	2,442,158	237%
558,581	-17%	669,949	22%	548,845	-23%	714,958	-33%
1,233,255	15%	1,074,214	0%	1,078,662	4%	1,040,093	-6%
4,307,188	9%	3,957,211	-2%	4,029,737	-4%	4,197,209	44%
2,515,352	14%	2,213,048	-8%	2,402,230	-2%	2,442,158	237%
558,581	-17%	669,949	22%	548,845	-23%	714,958	-33%
3,073,933	7%	2,882,997	-2%	2,951,075	-7%	3,157,116	76%

Vertical Analysis (Group)

	2018		2017 Restated	
	Rs. in '000	% change	Rs. in '000	% change
Profit & Loss				
Revenues	10,070,297	100%	12,477,685	100%
Expenditure	7,970,722	79%	8,963,790	72%
Gross Profit	2,099,575	21%	3,513,895	28%
Administrative Expenses	1,063,571	11%	1,007,062	8%
Other expenses	674,740	7%	1,353,745	11%
Finance costs	250,402	2%	330,411	3%
Other income	1,743,175	17%	2,279,086	18%
Profit before Taxation	1,854,037	18%	3,101,763	25%
Taxation	212,916	2%	624,948	5%
Profit after Taxation	1,641,121	16%	2,476,815	20%
Balance Sheet				
Property, plant and equipment	22,158,254	59%	23,195,568	62%
Other Non-Current Assets	3,195,784	9%	2,767,260	7%
Trade debts	562,923	1%	756,750	2%
Cash and bank balances	2,764,179	7%	5,161,772	14%
Other Current Assets	8,848,424	24%	5,771,029	15%
Total Assets	37,529,564	100%	37,652,379	100%
Shareholder's Equity	31,340,940	84%	29,844,723	79%
Deferred liabilites	600,933	2%	592,356	2%
Long Term Financing	1,744,186	5%	2,944,191	8%
Current portion of long term financing	1,210,172	3%	1,210,172	3%
Other Current Liabilities	2,633,333	7%	3,060,937	8%
Total Equity and Liabilities	37,529,564	100%	37,652,379	100%
Cash Flow Statement				
Cash Flows from Operating Activities	1,270,944	-53%	2,499,823	83%
Cash Flows from Investing Activities	(2,207,660)	92%	1,989,539	66%
Cash Flows from Financing Activities	(1,460,877)	61%	(1,470,968)	-49%
Net Increase/Decrease in Cash and cash equivalents	(2,397,593)	100%	3,018,394	100%
Others				
Profit before tax	1,854,037	38%	3,101,763	64%
Finance Costs	250,402	5%	330,411	7%
Depreciation	1,457,896	30%	1,385,461	29%
EBITDA	3,562,335	74%	4,817,635	100%
Profit before tax	1,854,037	54%	3,101,763	90%
Finance Costs	250,402	7%	330,411	10%
EBIT	2,104,439	61%	3,432,174	100%

2016		2015		2014		2013	
Restated		Restated		Restated		Restated	
Rs. in '000	% change	Rs. in '000	% change	Rs. in '000	% change	Rs. in '000	% change
12,543,985	100%	15,536,288	100%	15,726,546	100%	12,252,934	100%
8,989,808	72%	12,411,017	80%	12,345,060	78%	8,961,723	73%
3,554,177	28%	3,125,271	20%	3,381,486	22%	3,291,211	27%
925,909	7%	997,072	6%	816,516	5%	823,137	7%
1,181,349	9%	1,367,320	9%	799,616	5%	211,876	2%
558,581	4%	669,949	4%	548,845	3%	714,958	6%
1,627,014	13%	2,122,118	14%	1,185,721	8%	900,918	7%
2,515,352	20%	2,213,048	14%	2,402,230	15%	2,442,158	20%
192,298	2%	96,638	1%	253,173	2%	450,819	4%
2,323,054	19%	2,116,410	14%	2,149,057	14%	1,991,339	16%
24,215,418	66%	25,178,610	69%	22,567,568	70%	23,210,977	75%
2,326,786	6%	1,918,724	5%	1,225,190	4%	1,199,507	4%
564,157	2%	1,010,048	3%	2,439,569	8%	1,177,691	4%
2,143,378	6%	3,312,430	9%	1,852,441	6%	1,788,301	6%
7,288,306	20%	4,850,370	13%	4,299,171	13%	3,576,655	12%
36,538,045	100%	36,270,182	100%	32,383,939	100%	30,953,131	100%
27,581,597	75%	25,406,739	70%	23,238,240	72%	21,226,074	69%
612,767	2%	851,561	2%	617,483	2%	566,574	2%
4,141,525	11%	5,748,035	16%	4,568,861	14%	5,873,286	19%
1,210,172	3%	1,702,054	5%	1,316,882	4%	1,316,882	4%
2,991,984	8%	2,561,793	7%	2,642,473	8%	1,970,315	6%
36,538,045	100%	36,270,182	100%	32,383,939	100%	30,953,131	100%
3,589,130	-307%	2,084,453	315%	2,001,668	-177%	1,644,579	319%
(2,422,390)	207%	(2,825,631)	-426%	(1,675,472)	148%	(1,291,551)	-250%
(2,335,792)	200%	1,403,727	212%	(1,460,066)	129%	162,942	32%
(1,169,052)	100%	662,549	100%	(1,133,870)	100%	515,970	100%
2,515,352	52%	2,213,048	56%	2,402,230	61%	2,442,158	58%
558,581	12%	669,949	17%	548,845	14%	714,958	17%
1,233,255	26%	1,074,214	27%	1,078,662	27%	1,040,093	25%
4,307,188	89%	3,957,211	100%	4,029,737	102%	4,197,209	100%
2,515,352	82%	2,213,048	77%	2,402,230	81.40%	2,442,158	77%
558,581	18%	669,949	23%	548,845	18.60%	714,958	23%
3,073,933	100%	2,882,997	100%	2,951,075	100%	3,157,116	100%

Six Years at a Glance (PNSC)

	UOM	2017-2018	2016-2017 (Restated)	2015-2016 (Restated)	2014-2015 (Restated)	2013-2014 (Restated)	2012-2013 (Restated)
		--------------------	--------------------	--------------------	(Rupees in '000)	--------------------	--------------------
Profit & Loss							
Revenue		4,560,756	7,570,799	5,806,588	8,896,385	8,727,685	5,962,892
Expenditure		3,211,781	4,635,561	4,635,218	7,350,551	7,051,185	4,228,202
Gross profit		1,348,975	2,935,238	1,171,370	1,545,834	1,676,500	1,734,690
Administrative & other expenses		986,108	1,606,545	1,538,797	1,840,286	1,183,539	479,587
Other income		1,361,101	1,860,251	958,414	1,914,465	1,073,431	530,695
Finance Costs		247,210	328,107	555,028	667,235	546,681	711,933
Profit / loss before taxation		1,476,758	2,860,837	35,959	952,778	1,019,711	1,073,865
Taxation		173,119	585,426	152,706	60,005	216,435	414,308
Profit / loss after taxation		1,303,639	2,275,411	(116,747)	892,773	803,276	659,557
Balance Sheet							
Non-current assets		33,789,362	33,337,092	32,910,510	29,209,782	28,057,057	27,923,891
Current assets		10,390,447	10,060,178	8,621,975	11,378,044	7,383,084	5,117,827
Total Assets		44,179,809	43,397,270	41,532,485	40,587,826	35,440,141	33,041,718
Paid-up Capital		1,320,634	1,320,634	1,320,634	1,320,634	1,320,634	1,320,634
Reserves		9,767,740	8,710,641	6,630,443	6,898,954	6,314,151	5,633,268
Surplus on revaluation of fixed assets		1,242,161	1,140,525	1,159,001	1,128,307	768,248	776,064
Share-holders' equity		12,330,535	11,171,800	9,110,078	9,347,895	8,403,033	7,729,966
Non-current liabilities		2,345,119	3,536,547	4,754,292	6,599,596	5,186,344	6,439,860
Current liabilities		29,504,155	28,688,923	27,668,115	24,640,335	21,850,764	18,871,892
		44,179,809	43,397,270	41,532,485	40,587,826	35,440,141	33,041,718
RATIOS							
Profitablility Ratios							
Gross Profit/ Operating Revenue	%	29.58%	38.77%	20.17%	17.38%	19.21%	29.09%
Profit Before Tax/Operating Revenue	%	32.38%	37.79%	0.62%	10.71%	11.68%	18.01%
Profit after Tax/Operating Revenue	%	28.58%	30.06%	-2.01%	10.04%	9.20%	11.06%
Return on Capital Employed	%	8.88%	15.47%	-0.84%	5.60%	5.91%	4.65%
Liquidity / Leverage Ratios							
Current Ratio	Times	0.35	0.35	0.31	0.46	0.34	0.27
Fixed Assets Turnover Ratio	Times	0.13	0.23	0.18	0.30	0.31	0.21
Equity / Total Assets	%	27.91%	25.74%	21.93%	23.03%	23.71%	23.39%
Return to Shareholders							
Earnings per share	Rs.	9.87	17.23	-0.88	6.76	6.08	4.99
Price Earning Ratio	Rs.	8.30	7.31	-105.99	15.72	12.02	9.21
Cash Dividend	Rs./share	1.50	2	2	1.50	1.50	1
Break-up Value per share	Rs.	93.37	84.59	68.98	70.78	63.63	58.53
Share prices in Rupees							
High		155.25	213.00	127.90	187.90	94.57	52.00
Low		80.00	90.37	63.01	56.68	46.00	14.41

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF PAKISTAN NATIONAL SHIPPING CORPORATION

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Pakistan National Shipping Corporation (the Corporation) for the year ended June 30, 2018 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Corporation. Our responsibility is to review whether the Statement of Compliance reflects the status of the Corporation's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Corporation's personnel and review of various documents prepared by the Corporation to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Corporation's corporate governance procedures and risks.

The Regulations require the Corporation to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Corporation's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Corporation's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Corporation for the year ended June 30, 2018.

A. F. Ferguson & Co.

A. F. FERGUSON & CO.
Chartered Accountants

EY Ford Rhodes

EY FORD RHODES
Chartered Accountants

Karachi, September 27, 2018

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2017

PAKISTAN NATIONAL SHIPPING CORPORATION
Year ended 30th June, 2018

The Corporation has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are seven as per the following:

   a) Male : 7
   b) Female : 0

2. In accordance with the provisions of the Pakistan National Shipping Corporation Ordinance, 1979, Ordinance No. XX of 1979, (the PNSC Ordinance), a statutory ordinance which is protected under the Eight Amendment (Act XVIII of 1985) to the Constitution of the Islamic Republic of Pakistan published in the Extra-Ordinary Gazette of Pakistan dated 11th November, 1985, five directors are appointed by the Federal Government and two directors are elected by the shareholders other than Federal Government. The composition of the board of directors (the board) is as follows:

Category	Names
Chairman & Chief Executive	- Mr. Rizwan Ahmed
Non-Executive Directors (appointed by Federal Government under the PNSC Ordinance, 1979).	- Additional Secretary (Expenditure) Finance Division Islamabad, (Ex-Officio Member). - Sr. Joint Secretary /Joint Secretary Ministry of Maritime Affairs Islamabad, (Ex-Officio Member). - Mr. Muhammad Ali - Mr. Ali Syed
Non-Executive Directors (elected by shareholders under the PNSC Ordinance, 1979).	- Mr. Khowaja Obaid Imran Ilyas - Captain Anwar Shah

3. The directors have confirmed that none of them is serving as a director on the board of more than five listed companies, including this Corporation (excluding the listed subsidiaries of listed holding companies where applicable).

4. The Corporation has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Corporation along with its supporting policies and procedures.

5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the Corporation. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the PNSC Ordinance, the Act and these Regulations.

7. The meetings of the board were presided over by the Chairman of the board. The board has complied with the requirements of the PNSC Ordinance, the Act and the Regulations with respect to frequency, recording and circulating minutes of meetings of the board.

8. The board of directors have a formal policy and transparent procedures for remuneration/ meetings attendance fee in accordance with the PNSC Regulations, 2004 framed under the PNSC Ordinance, the Act and these Regulations.

9. During the year, four new non-executive directors were appointed by the Federal Government replacing the previous four non-executive directors who had already attended the Directors' Training Program while being on the board. The newly appointed directors on the board have confirmed that they have already attended the Directors' Training Program before being appointed on the board. Chairman/CEO has also attended the Directors' Training Program.

10. No new appointment of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit has been made during the year including their remuneration and terms and conditions of employment except for a change in the remuneration of CFO which was approved by the board and the board complied with relevant requirements of the Regulations.

11. CFO and CEO duly endorsed the financial statements before approval of the board.

12. The board has formed committees comprising of members given below:

(a) Audit and Finance Committee:

- Mr. Khowaja Obaid Imran Ilyas	Chairman
- Additional Secretary (Expenditure) Finance Division Islamabad, (Ex-Officio Member)	Member
- Sr. Joint Secretary /Joint Secretary Ministry of Maritime Affairs Islamabad, (Ex-Officio Member)	Member
- Captain Anwar Shah	Member
- Mr. Ali Syed	Member

(b) HR and Remuneration Committee:

- Mr. Muhammad Ali	Chairman
- Mr. Ali Syed	Member
- Mr. Khowaja Obaid Imran Ilyas	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings were as per following:

(a) Audit and Finance Committee meetings were held on the following dates:
- September 26, 2017
- October 6, 2017
- October 23, 2017
- February 22, 2018
- April 18, 2018

(b) HR and Remuneration Committee meetings were held on the following dates:
- June 22, 2018
- June 29, 2018

15. The board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Corporation.

16. The statutory auditors of the Corporation have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP) and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firms, their spouses and minor children do not hold shares of the Corporation and that the firms and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

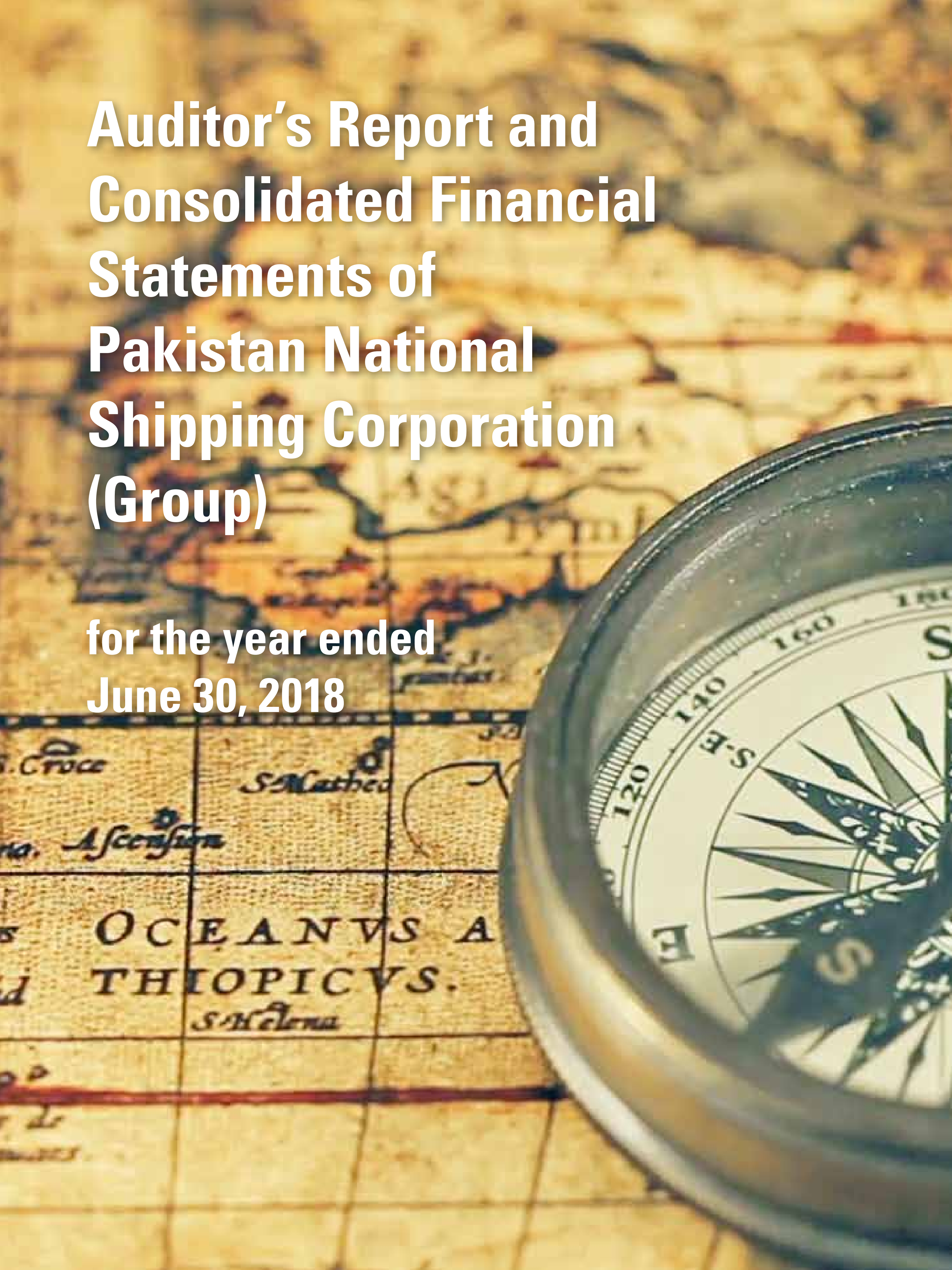
18. We confirm that all other requirements of the Regulations have been complied with.

Rizwan Ahmed
Chairman & Chief Executive

Director

Auditor's Report and Consolidated Financial Statements of Pakistan National Shipping Corporation (Group)

for the year ended
June 30, 2018



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INDEPENDENT AUDITOR'S REPORT

To the members of Pakistan National Shipping Corporation

Opinion

We have audited the annexed consolidated financial statements of Pakistan National Shipping Corporation and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at June 30, 2018, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the annexed consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2018 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of the Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annexed consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key Audit Matters:

S. No.	Key Audit Matters	How the matter was addressed in our audit
(i)	**Companies Act, 2017**	
	As referred to in note 2.3 to the annexed consolidated financial statements, the consolidated financial statements of the Group for the year ended June 30, 2018 are the first set of the consolidated financial statements prepared in accordance with the requirements of the Companies Act, 2017 (the Act). The Act (including the Fourth Schedule) forms an integral part of the statutory financial reporting framework as applicable to the Group and amongst others, prescribes the nature and content of disclosures in relation to the various elements of the consolidated financial statements. As part of the transition requirements, the management performed an analysis to identify differences between the previous and the current Fourth Schedule and as a result, certain amendments relating to presentation and disclosures were made in the consolidated financial statements. These amendments include recognition of surplus on revaluation of property, plant and equipment in equity. This change in the framework relating to surplus on revaluation of property, plant and equipment is accounted for as a change in accounting policy that also required retrospective restatement of the consolidated financial statements and inclusion of an additional consolidated statement of financial position at the beginning of the earliest period presented in accordance with International Accounting Standard (IAS) 8 "Accounting Policies, Changes in Accounting Estimates and Errors" as disclosed in note 5 to the annexed consolidated financial statements. In view of the amendments and various new disclosures prepared and presented in the consolidated financial statements, we considered this as a key audit matter.	Our key audit procedures included the following: • Considered the management's process to identify the necessary amendments and additional disclosures required in the Group's consolidated financial statements. • Reviewed the underlying supports for the amendments and additional disclosures made in the consolidated financial statements. • Assessed the accounting implications, presentation and disclosure requirements of the financial reporting framework relating to change in accounting policy for surplus on revaluation of property, plant and equipment. • Assessed the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures made in the consolidated financial statements in accordance with the requirements of the Act.

S. No.	Key Audit Matters	How the matter was addressed in our audit
(ii)	**Contingencies** The Group has contingent liabilities in respect of income tax matters, sales tax matters and claims from employees and customers which are pending adjudication before the taxation authorities and the courts of law, details of which are disclosed in notes 28.3 to 28.15 to the annexed consolidated financial statements. Contingencies require management to make judgments and estimates in relation to the interpretation of laws, statutory rules, regulations and the probability of outcome and financial impact, if any, on the Group for disclosure and recognition and measurement of any provision that may be required against such contingencies. Due to significance of amounts involved, inherent uncertainties with respect to the outcome of the matters and use of significant management judgments and estimates to assess the same including related financial impacts, we considered contingencies as a key audit matter.	Our key audit procedures included the following: • Obtained an understanding of the Group's processes and controls over litigations through meetings with the management, in-house legal department and review of the minutes of the Board of Directors and Board Audit Committee. • Reviewed correspondence of the Group with regulatory departments, tax authorities (including judgments and orders passed by competent authorities from time to time, where applicable) and the Group's external counsel. Where relevant, also assessed external legal / tax advices obtained by the Group. • Discussed open matters and developments with the in-house legal department of the Group. • Involved internal tax professionals to assess management's conclusion on contingent tax matters and to evaluate the consistency of such conclusions with the views of the management and external tax advisors engaged by the Group. • Circularised confirmations to the Group's external legal and tax advisors for their views on the pending cases. • Whilst noting the inherent uncertainties involved in the legal / tax and regulatory matters, reassessed the related disclosures made in the consolidated financial statements.

S. No.	Key Audit Matters	How the matter was addressed in our audit
(iii)	**Valuation of the Group's owned vessels** As at June 30, 2018, the carrying value of the Group's owned vessels amounted to Rs 20,438.676 million. In accordance with IAS 36 "Impairment of Assets", the Group assessed whether there is any indication that a Cash Generating Unit (CGU) i.e. owned vessel may be impaired as at June 30, 2018. The fair value of vessels owned by the Group is lower than its carrying amount. This factor, together with the challenging market conditions, are considered as indicators of impairment. Management has therefore performed impairment assessment of the vessels owned by the Group. For such assessment, the management has determined the recoverable value of each vessel which is supported by value-in-use calculation of vessels. The value-in-use of each vessel that has impairment indicators is estimated by discounting future cash flow forecasts which involved making of significant estimates and judgments relating to charter hire rates, inflation rates and discount rates. Management compared the carrying amount and the recoverable amount of its owned vessels and concluded that no provision is required as of the reporting date. We considered this as a key audit matter due to the significant carrying value of the owned vessels at reporting date and significance of judgments / estimates used by management in determining their value-in-use.	Our key audit procedures included the following: • Obtained an understanding of the methodology and assumptions used by management to estimate the value-in-use of the carrying value of the Group's owned vessels. • Reviewed computations of value-in-use for accuracy and evaluated technical ability and competence of the management's expert. • Involved our experts to assess the appropriateness of the methodology and assumptions used by the management to determine the value-in-use of the Group's vessels. As part of these audit procedures, our experts: – compared the assumptions used with the historical results, and published market and industry data and forecasts; and – reviewed the accuracy of key inputs used in the valuation such as the charter hire rates, inflation rates and discount rates. • Reviewed the sensitivity analysis performed by the management in consideration of the potential impact of the reasonably possible change in the assumptions used and considered management's process for approving such estimates. • Assessed the adequacy and appropriateness of the related disclosures made in the consolidated financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and unconsolidated financial statements and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditor's report are Khurshid Hasan (A.F. Ferguson & Co.) and Shabbir Yunus (EY Ford Rhodes).

AFFerguson & Co.

A. F. FERGUSON & CO.
Chartered Accountants
Karachi

EY Ford Rhodes

EY FORD RHODES
Chartered Accountants
Karachi

September 27, 2018

Consolidated Statement of Financial Position

As at June 30, 2018

	Note	June 30, 2018	June 30, 2017 (Restated)	July 1, 2016 (Restated)
		(Rupees in '000)		
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	5	22,158,254	23,195,568	24,215,418
Intangible asset	6	-	-	-
Investment properties	7	3,061,632	2,671,043	2,191,683
Long-term investments in:				
- Related party (associate)	8	-	-	-
- Listed companies and an other entity	9	51,199	49,566	50,304
Long-term loans	10	19,050	-	58
Long-term deposits		90	90	90
Deferred taxation - net	11	63,813	46,561	84,651
		25,354,038	25,962,828	26,542,204
CURRENT ASSETS				
Stores and spares	12	655,424	670,079	619,960
Trade debts - unsecured	13	562,923	756,750	564,157
Agents' and owners' balances - unsecured	14	19,041	8,423	11,371
Loans and advances	15	110,290	91,348	91,004
Trade deposits and short-term prepayments	16	21,692	60,951	38,915
Interest accrued on bank deposits and short-term investments		27,303	48,193	35,652
Other receivables	17	2,588,272	2,002,156	1,389,237
Incomplete voyages	18	-	83,954	88,678
Insurance claims		87,642	34,248	38,574
Taxation-net		1,365,330	1,094,632	1,196,720
Short-term investments	19	4,094,860	4,127,045	3,921,504
Cash and bank balances	20	2,642,749	2,711,772	2,000,069
		12,175,526	11,689,551	9,995,841
TOTAL ASSETS		37,529,564	37,652,379	36,538,045
EQUITY AND LIABILITIES				
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE HOLDING COMPANY				
Share capital	21	1,320,634	1,320,634	1,320,634
Revenue reserves		28,639,812	27,245,681	24,964,477
Capital reserve		131,344	131,344	131,344
Surplus on revaluation of property, plant and equipment - net of tax		1,244,986	1,143,350	1,161,826
		31,336,776	29,841,009	27,578,281
NON-CONTROLLING INTEREST	22	4,164	3,714	3,316
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP		31,340,940	29,844,723	27,581,597
NON-CURRENT LIABILITIES				
Long-term financing - secured	23	1,744,186	2,944,191	4,141,525
Deferred liabilities	24	600,933	592,356	612,767
		2,345,119	3,536,547	4,754,292
CURRENT LIABILITIES				
Trade and other payables	25	2,507,245	2,966,176	2,886,798
Provision against damage claims	26	23,193	20,032	23,078
Incomplete voyages	27	23,985	-	-
Current portion of long-term financing	23	1,210,172	1,210,172	1,210,172
Unclaimed dividend		52,869	39,147	35,516
Accrued mark-up on long-term financing		26,041	35,582	46,592
		3,843,505	4,271,109	4,202,156
TOTAL LIABILITIES		6,188,624	7,807,656	8,956,448
TOTAL EQUITY AND LIABILITIES		37,529,564	37,652,379	36,538,045
CONTINGENCIES AND COMMITMENTS	28			

The annexed notes 1 to 52 form an integral part of these consolidated financial statements.

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

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended June 30, 2018

	Note	June 30, 2018	June 30, 2017 (Restated)
		------------(Rupees in '000)--------	
REVENUE			
Income from shipping business	29	9,877,953	12,286,236
Rental income		192,344	191,449
		10,070,297	12,477,685
EXPENDITURE			
Fleet expenses - direct	30	(7,791,803)	(8,808,921)
Fleet expenses - indirect	31	(28,979)	(22,786)
Real estate expenses	32	(149,940)	(132,083)
		(7,970,722)	(8,963,790)
GROSS PROFIT		2,099,575	3,513,895
Administrative expenses	33	(1,063,571)	(1,007,062)
Other expenses	34	(674,740)	(1,353,745)
Other income	35	1,743,175	2,279,086
		4,864	(81,721)
OPERATING PROFIT		2,104,439	3,432,174
Finance costs	36	(250,402)	(330,411)
PROFIT BEFORE TAXATION		1,854,037	3,101,763
Taxation	37	(212,916)	(624,948)
NET PROFIT FOR THE YEAR		1,641,121	2,476,815
Attributable to:			
Equity holders of the Holding Company		1,640,671	2,476,417
Non-controlling interest	22	450	398
		1,641,121	2,476,815
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss			
- Remeasurement of post-retirement benefits obligation	24	631	53,235
- Impact of deferred tax		(93)	915
		538	54,150
- Revaluation of property, plant and equipment		54,276	-
- Impact of deferred tax		64,409	(3,712)
		118,685	(3,712)
OTHER COMPREHENSIVE INCOME FOR THE YEAR		119,223	50,438
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,760,344	2,527,253
		---------------(Rupees)---------------	
EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE HOLDING COMPANY - basic and diluted	38	12.42	18.75

The annexed notes 1 to 52 form an integral part of these consolidated financial statements.

Syed Jarar Haider Kazmi
Chief Financial Officer

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

Khowaja Obaid Imran Ilyas
Director

Consolidated Statement of Changes in Equity

For the year ended June 30, 2018

	Attributable to the owners of the Holding Company									
				Revenue reserves						
	Issued, subscribed and paid-up share capital	Surplus on revaluation of property, plant and equipment - net of tax	*Capital reserve	General reserve	Remeasurement of post retirement benefits obligation - net of tax	Unappropriated profit	Sub-total revenue reserves	Total reserves	Non-controlling interest	Total
	(Rupees in '000)									
Balance as at July 1, 2016	1,320,634	-	131,344	129,307	(309,809)	25,144,979	24,964,477	25,095,821	3,316	26,419,771
Impact of re-statement - Note 4	-	1,161,826	-	-	-	-	-	1,161,826	-	1,161,826
Balance as at July 1, 2016 - restated	1,320,634	1,161,826	131,344	129,307	(309,809)	25,144,979	24,964,477	26,257,647	3,316	27,581,597
Transactions with owners										
Final cash dividend for the year ended June 30, 2016 paid to shareholders of the Holding Company @ Rs 2 per ordinary share	-	-	-	-	-	(264,127)	(264,127)	(264,127)	-	(264,127)
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation	-	(14,764)	-	-	-	14,764	14,764	-	-	-
Comprehensive income for the year										
Net Profit for the year	-	-	-	-	-	2,476,417	2,476,417	2,476,417	398	2,476,815
Other comprehensive (loss) / income for the year	-	(3,712)	-	-	54,150	-	54,150	50,438	-	50,438
Total comprehensive income for the year	-	(3,712)	-	-	54,150	2,476,417	2,530,567	2,526,855	398	2,527,253
Balance as at June 30, 2017 - Restated	1,320,634	1,143,350	131,344	129,307	(255,659)	27,372,033	27,245,681	28,520,375	3,714	29,844,723
Transactions with owners										
Final cash dividend for the year ended June 30, 2017 paid to shareholders of the Holding Company @ Rs 2 per ordinary share	-	-	-	-	-	(264,127)	(264,127)	(264,127)	-	(264,127)
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation	-	(17,049)	-	-	-	17,049	17,049	-	-	-
Comprehensive income for the year										
Net Profit for the year	-	-	-	-	-	1,640,671	1,640,671	1,640,671	450	1,641,121
Other comprehensive income for the year	-	118,685	-	-	538	-	538	119,223	-	119,223
Total comprehensive income for the year	-	118,685	-	-	538	1,640,671	1,641,209	1,759,894	450	1,760,344
Balance as at June 30, 2018	1,320,634	1,244,986	131,344	129,307	(255,121)	28,765,626	28,639,812	30,016,142	4,164	31,340,940

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

The annexed notes 1 to 52 form an integral part of these consolidated financial statements.

Syed Jarar Haider Kazmi
Chief Financial Officer

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

Khowaja Obaid Imran Ilyas
Director

Consolidated Statement of Cash Flows

For the year ended June 30, 2018

	Note	June 30, 2018	June 30, 2017
		------------(Rupees in '000)--------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	39	2,067,949	3,472,205
Employees' gratuity paid		(8,794)	(41,775)
Employees' compensated absences paid		(70,064)	(92,948)
Post-retirement medical benefits paid		(36,506)	(25,160)
Finance costs paid		(245,091)	(324,932)
Taxes paid		(436,550)	(487,567)
Net cash generated from operating activities		1,270,944	2,499,823
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(302,836)	(430,949)
Additions made to investment properties		(349)	-
Short-term investments (made) / redeemed		(2,296,385)	2,101,150
Interest received on short-term investments		389,026	317,641
Dividends received on long-term investments in listed securities		2,884	1,697
Net cash (used in) / generated from investing activities		(2,207,660)	1,989,539
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term financing repaid		(1,210,472)	(1,210,472)
Dividends paid		(250,405)	(260,496)
Net cash used in financing activities		(1,460,877)	(1,470,968)
Net (decrease) / increase in cash and cash equivalents		(2,397,593)	3,018,394
Cash and cash equivalents at the beginning of year		5,161,772	2,143,378
Cash and cash equivalents at the end of year	40	2,764,179	5,161,772

The annexed notes 1 to 52 form an integral part of these consolidated financial statements.

Syed Jarar Haider Kazmi
Chief Financial Officer

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

Khowaja Obaid Imran Ilyas
Director

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2018

1. THE GROUP AND ITS OPERATIONS

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

The Group consists of:

Holding company

- Pakistan National Shipping Corporation

Subsidiary companies

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

Associate

- Muhammadi Engineering Works (Private) Limited

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

1.2 Significant Transactions and Events affecting the Group's Financial Position and Performance

1.2.1 Due to first time application of financial reporting requirements under Companies Act, 2017, including presentation and disclosure requirements of the fourth schedule to the Companies Act, 2017, some additional disclosures have been added and some amounts reported for the previous periods have been reclassified. Further, due to such application, the Group accounted for a change in accounting policy relating to surplus on revaluation of fixed assets as disclosed in note 4 to these consolidated financial statements.

1.2.2 During the year, in accordance with its policy, the Group has revalued its leasehold land, buildings on leasehold land and beach huts . This has resulted in a surplus of Rs 311.648 million, a deficit of Rs 263.889 million and a surplus of 6.517 million on leasehold land, buildings on leasehold land and beach huts respectively, as disclosed in note 5.1 to these consolidated financial statements.

1.2.3 All other significant events and transactions that have affected the Group's financial position and performance, if any, have been adequately disclosed in the notes to these consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING INFORMATION AND POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

These consolidated financial statements have been prepared under the historical cost convention except as otherwise stated.

2.2 Functional and presentation currency

These consolidated financial statements are presented in Pakistan Rupees, which is the functional currency of the Group.

2.3 Statement of compliance

These consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRSs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.4 New standards, amendments to published approved accounting and reporting standards and new interpretations

2.4.1 Amendments to published approved accounting and reporting standards which were effective during the year ended June 30, 2018

The fourth schedule to the Companies Act, 2017 became applicable to the Group for the first time for the preparation of these consolidated financial statements. The Companies Act, 2017 (including its fourth schedule) forms an integral part of the statutory financial reporting framework applicable to the Group and amongst others, prescribes the nature and content of disclosures in relation to various elements of the consolidated financial statements. Additional disclosures include but are not limited to, particulars of immovable assets of the Group (refer note 5.2 and 7.1), management assessment of sufficiency of tax provision in the consolidated financial statements (refer note 37.2), change in threshold for identification of executives (refer note 41), additional disclosure requirements for related parties (refer note 46.2) etc.

Amendment to IAS 7 'Statement of cash flows': This amendment requires disclosure to explain changes in liabilities for which cash flows have been classified as financing activities in the statement of cash flows. In case other items are included within the reconciliation, the changes in liabilities arising from financing activities will be identified separately. In the first year of adoption, comparative information need not be provided. This amendment has resulted in additional disclosure (note 23.4) in these consolidated financial statements.

The other amendments to published standards and interpretations that were applicable for the Group's financial year ended June 30, 2018 are considered not to be relevant or to have any material impact on the Group's financial reporting and therefore not disclosed in these consolidated financial statements.

2.4.2 Standards and amendments to published approved accounting and reporting standards that are not yet effective

There are certain new standards, amendments to the approved accounting and reporting standards and interpretations that will be applicable for the Group's annual accounting periods beginning on or after July 1, 2018. However, these amendments and interpretations will not have any significant impact on the financial reporting of the Group and, therefore, have not been disclosed in these consolidated financial statements. Further during the current year the Securities and Exchange Commission of Pakistan (the SECP) has adopted IFRS 9 'Financial Instruments', IFRS 15 'Revenue from Contracts with Customers' and IFRS 16 'Leases'. IFRS 9 and IFRS 15 are applicable for the Group's financial reporting period beginning on July 1, 2018 while IFRS 16 is applicable for the reporting period beginning on July 1, 2019. At present, the impacts of application of these IFRSs on the Group's future consolidated financial statements are being assessed. Further, IFRS 17 'Insurance contracts' is yet to be adopted by the SECP.

2.5 Basis of consolidation

2.5.1 Subsidiaries

These consolidated financial statements include the financial statements of the Holding Company and all of its subsidiaries.

A company is a subsidiary, if the Holding Company directly or indirectly controls, beneficially owns or holds more than fifty percent of its voting securities or otherwise has power to elect and appoint more than fifty percent of its directors.

The assets, liabilities, income and expenses of subsidiary companies are consolidated on a line by line basis and carrying value of investments held by the Holding Company is eliminated against the subsidiary companies' shareholders' equity in these consolidated financial statements.

The financial statements of the subsidiaries are prepared for the same reporting year as the Holding Company, using consistent accounting policies.

All intra-group balances, transactions and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date when such control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

Transactions with non-controlling interests

The Group treats transactions with non-controlling interest that do not result in loss of control as transactions with equity owners of the Group. For purchase of interest from non-controlling interests, the difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the equity is remeasured to its fair value, with the change in carrying amount recognised in the profit or loss. The fair value is the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate, joint venture or financial assets. In addition, any amount previously recognised in other comprehensive income in respect to that entity are accounted for as if the Group had directly disposed off the related assets and liabilities.

2.5.2 Associates

Associates are the entities over which the Group has significant influence but no control. Investments in associate is accounted for using the equity method of accounting and are initially recognised at cost.

2.6 Property, plant and equipment

These are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses, if any, except for leasehold land, buildings on leasehold land, beach huts and workshop machinery and equipment which are carried at revalued amounts less subsequent accumulated depreciation and any subsequent accumulated impairment losses, if any. The revaluation of related assets is carried out regularly to ensure that the carrying amounts do not differ materially from those which would have been determined using fair values at the date of statement of financial position.

The value assigned to leasehold land is not depreciated as the leases are expected to be renewed for further periods on payment of relevant rentals. Annual lease rentals are charged to profit or loss and premium paid at the time of renewal, if any, is amortised over the remaining period of the lease.

Depreciation is charged to profit or loss applying the straight line method whereby the depreciable amount of an asset is depreciated over its estimated useful life.

No depreciation is charged if the asset's residual value exceeds its carrying amount.

Full month's depreciation is charged from the month the asset is available for intended use and no depreciation is charged in the month of disposal. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Gains and losses on disposals determined by comparing proceeds with carrying amount of the relevant assets are included in profit or loss.

Residual values, useful lives and methods of depreciation are reviewed at each date of statement of financial position and adjusted if expectations differ significantly from previous estimates.

Increase in the carrying amounts arising on revaluation of leasehold land, buildings on leasehold land, beach huts and workshop machinery and equipment is recognised, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss.

Decrease in the carrying amounts arising as a result of revaluation, that reverses previous increase of the same asset is first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decrease are charged to profit or loss.

Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the Revaluation surplus on Property, Plant and Equipment to unappropriated profit. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the assets and the net amount is restated to the revalued amount of the assets. Upon disposal, any revaluation reserve relating to the particular assets being sold is transferred to unappropriated profit.

Major spare parts and stand-by equipment qualify for recognition as property, plant and equipment when the Group expects to use them for more than one year.

Maintenance and normal repairs are charged to profit or loss as and when incurred. Major renewals, replacements and improvements are capitalised and assets so replaced, if any, are retired.

2.7 Capital work-in-progress

These are stated at cost less accumulated impairment losses, if any. All expenditure connected with specific assets incurred during installation and construction period are carried under this head. These are transferred to specific assets as and when these assets are available for intended use.

2.8 Intangible assets

These are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Amortisation is charged to profit or loss by applying straight-line method whereby the cost less residual value, if not insignificant, of an asset is written off over its estimated useful life to the Group. Full month's amortisation is charged from the month asset is available for intended use and no amortisation is charged in the month of disposal. Gains and losses on disposals determined by comparing proceeds with carrying amount of the relevant assets are included in profit or loss.

2.9 Investment properties

Properties held for long-term rental yields which are significantly rented out by the Group are classified as investment properties.

Investment properties are measured initially at cost, including related transaction costs. After initial recognition at cost, investment properties are carried at their fair values based on market value determined by professional independent valuers with sufficient regularity. Fair values are based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. Gain or loss arising as a result of fair valuation is charged to profit or loss.

Additions to investment properties consist of costs of a capital nature. The profit on disposal is determined as the difference between the sales proceeds and the carrying amount of the asset at the commencement of the accounting period plus capital expenditure in the period.

2.10 Impairment of non-financial assets

The Group assesses at each date of statement of financial position whether there is any indication that the assets may be impaired. If such indications exist, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment charge is recognised in profit or loss except for impairment loss on revalued assets, which is recognised directly against revaluation surplus of the same asset to the extent that the impairment loss does not exceed the amount held in the revaluation surplus.

2.11 Financial instruments

2.11.1 Financial assets

The Group classifies its financial assets in the following categories:

a) Financial assets at fair value through profit or loss

These are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss.

b) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

c) Held to maturity

These are financial assets with fixed or determinable payments and fixed maturity, where management has the intention and ability to hold till maturity and are carried at amortised cost.

d) Available-for-sale financial assets

These are non-derivatives that are either designated in this category or not classified in any of the other categories.

All financial assets are recognised at the time when the Group becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognised at trade-date i.e. the date on which the Group commits to purchase or sell the asset.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit or loss.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using effective interest rate method.

Financial assets are derecognised when the right to receive cash flows from the assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' are recognised in the profit or loss for the year. Changes in the fair value of instruments classified as 'available for sale' are recognised in 'Other comprehensive income' until derecognised or impaired, when the accumulated fair value adjustments recognised in unrealised surplus on revaluation of investments are included in the profit or loss for the year.

2.11.2 Impairment of financial assets

The Group assesses at each date of statement of financial position whether there is objective evidence that a financial asset or group of financial assets is impaired.

2.11.3 Financial liabilities

All financial liabilities are recognised at the time when the Group becomes a party to the contractual provisions of the instrument.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

2.11.4 Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives with positive market values (unrealised gains) are included in 'other receivables' and derivatives with negative market values (unrealised losses) are included in 'trade and other payables' in the statement of financial position. Any gains or losses arising from changes in fair value of derivatives are recognised directly to the profit or loss.

2.11.5 Off-setting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the consolidated financial statements if the Group has a legally enforceable right to set-off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.12 Stores and spares

Stores are valued at weighted average cost while spares are valued at cost determined on first-in first-out basis. Stores and spares in transit are valued at cost incurred upto the date of statement of financial position.

Certain spares having low value and high consumption levels are charged to profit or loss at the time of purchase.

The Group reviews the carrying amount of stores and spares on a regular basis and provision is made for obsolescence, if there is any change in the usage pattern and physical form.

2.13 Trade debts and other receivables

Trade debts and other receivables are recognised at the fair value of consideration to be received against goods and services. Provision is made in respect of doubtful debts and other receivables, if any. Debts, considered irrecoverable, are written off, as and when identified.

2.14 Taxation

2.14.1 Current

The charge for current taxation is based on taxable income at the current prevailing rates of taxation in accordance with the Income Tax Ordinance, 2001.

For the Holding Company, the charge for current taxation in respect of voyage charter is taxable under Final Tax Regime (FTR) under section 7A of the Income Tax Ordinance, 2001 (ITO, 2001). Further, for certain subsidiaries owning vessels, the charge for current taxation is based on Final Tax Regime (FTR) under section 7A of the ITO, 2001.

2.14.2 Deferred

Deferred tax is provided using the liability method for all temporary differences arising at the date of statement of financial position, between tax bases of assets and liabilities and their carrying amounts. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which these can be utilised.

2.15 **Insurance claims**

Insurance expenses relating to hull are charged to profit or loss and claims filed there against are taken to income when such claims are accepted by the underwriters.

Afloat medical expenses, cargo claims and other relevant amounts recoverable from underwriters are recognised to insurance claims receivable.

2.16 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services, whether billed or not billed to the Group.

2.17 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are reviewed at each date of statement of financial position and adjusted to reflect the current best estimate.

2.18 Dividend and appropriations

Dividends declared and transfers between reserves made subsequent to the date of statement of financial position are considered as non-adjusting events and are recognised in the consolidated financial statements in the period in which such dividends are declared / transfers are made.

2.19 Staff retirement benefits

2.19.1 Defined contribution plan - Provident fund

The Group operates an approved provident fund scheme for all its permanent employees. Equal monthly contributions are made, both by the Group and its employees, to the fund at the rate of 10 percent of the basic salaries of employees. Contributions by the Holding Company are charged to the profit or loss for the year.

2.19.2 Defined benefit plans - Gratuity fund

The Group operates a funded retirement gratuity scheme for its permanent employees other than those who joined the Group on or after October 16, 1984. Further, the Group also operates an unfunded retirement gratuity scheme for contractual employees. Provisions are made in the consolidated financial statements to cover obligations on the basis of actuarial valuation carried out annually under the projected unit credit method. The latest valuation was carried out as at June 30, 2018. The remeasurement of defined benefit contribution is recognised directly to equity through other comprehensive income.

The benefit is payable on completion of prescribed qualifying period of service under these schemes.

The Group's crew members are also entitled to gratuity in accordance with the Pakistan Maritime Board Regulations. However, these employee benefits are recognised upon payment as the amounts involved are not material.

2.19.3 Defined benefit plan - Post-retirement medical benefits

The Group provides lump sum medical allowance and free medical facilities to its retired employees in accordance with the service regulations.

Provisions are made in the consolidated financial statements to cover obligations on the basis of actuarial valuation carried out annually using the projected unit credit method. The latest valuation was carried out as at June 30, 2018. The remeasurement of post-retirement benefit obligation is recognised directly to equity through other comprehensive income.

The benefit is payable on completion of prescribed qualifying period of service under these schemes.

2.20 Employees' compensated absences

The Group accounts for the liability in respect of employees' compensated absences in the year in which these are earned.

Provisions are made in the consolidated financial statements to cover obligations on the basis of actuarial valuation carried out annually using the projected unit credit method. The latest valuation was carried out as at June 30, 2018. The remeasurement of employees' compensated absences are charged to profit or loss for the year.

2.21 Cash and cash equivalents

Cash and cash equivalents include cash in hand, cheques in hand, bank balances and other short-term highly liquid investments with maturities of three months or less.

2.22 Foreign currency translation

Foreign currency transactions are recorded using the exchange rates ruling at the dates of the transactions. Monetary assets and liabilities in foreign currencies are translated into Pakistan Rupee using the exchange rate ruling at the reporting date. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and on translation of monetary assets and liabilities denominated in foreign currencies at reporting date are recognised in the profit or loss.

2.23 Revenue recognition

- Earnings in respect of voyages other than time charter voyages are accounted for on the basis of completed voyages. Voyages are taken as complete when a vessel arrives at the last port of discharge and completes discharge of entire cargo on or before the date of statement of financial position. Freight revenue, direct and indirect operating expenses associated with the incomplete voyages are deferred until completion of voyage and are classified in the statement of financial position as 'Incomplete voyages'. With respect to time charter voyages, chartering revenue is accounted for on the basis of number of days completed till the date of statement of financial position.

- Rental income is recognised as revenue on a straight line basis over the term of the respective lease arrangements.

- Dividend income is recognised when the Group's right to receive the dividend is established.

- Mark-up on bank accounts and return on short-term investments is recognised on accrual basis.

- Demurrage income due as per contractual terms is recognised on estimated basis, based on past experience of settlements and recent recovery trends.

2.24 Contingent liabilities

Contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

2.25 Benazir Employees' Stock Option Scheme

In June 2011, the SECP on receiving representations from some of entities covered under Benazir Employees' Stock Option Scheme (the Scheme) and after having consulted the ICAP, granted exemption to such entities from the application of IFRS - 2 "Share-based Payment" to the Scheme. There has been no change in the status of the Scheme as stated in note 2.23 to the consolidated financial statements for the year ended June 30, 2017. The management has been informed that the Scheme is being revamped by the GoP and all claims and disbursements to the unit holders are kept in abeyance by the Privatisation Commission.

Had the exemption not been granted, the retained earnings would have been lower by Rs 631.142 million (2017: Rs 631.142 million) and reserves would have been higher by Rs 631.142 million (2017: Rs 631.142 million) based on independent actuarial valuations conducted as on June 30, 2014.

2.26 Transactions with related parties

The Group enters into transactions with related parties for providing services on mutually agreed terms.

3. SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

The preparation of these consolidated financial statements in conformity with the accounting and reporting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Estimates and judgements are continually evaluated and are based on historic experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. In the process of applying the Group's accounting policies, the management has made the following estimates and judgements which are significant to the consolidated financial statements:

(a) Valuation of certain property, plant and equipment (Note 5) and investment properties (Note 7);

(b) Determination of the residual values and useful lives of property, plant and equipment (Note 5) and intangible assets (Note 6);

(c) Accounting for provision against doubtful loans and advances (Note 15), trade debts (Note 13), agents' and owners' balances (Note 14), trade deposits (Note 16) and other receivables (Note 17);

(d) Recognition of taxation (Note 37) and deferred taxation (Note 11);

(e) Accounting for provision against damage claims (Note 26);

(f) Accounting for defined benefit plans (Note 24);

(g) Determination of contingent assets and liabilities (Note 28); and

(h) Recognition of demurrage income, income from heating and miscellaneous claims (Note 35).

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.

4. CHANGE IN ACCOUNTING POLICY

The specific provision / section in the repealed Companies Ordinance, 1984 relating to the surplus on revaluation of fixed assets has not been carried forward in the Companies Act, 2017. Previously, section 235 of the repealed Companies Ordinance, 1984 specified the accounting treatment and presentation of the surplus on revaluation of fixed assets, which was not in accordance with the IFRS requirements. Therefore, in accordance with the requirements of IAS 16, "Property, Plant and Equipment" surplus on revaluation of fixed assets would now be presented under shareholders' equity.

Following the application of IAS 16, the Group's policy for surplus on revaluation of property, plant and equipment stands amended as follows:

Increase in the carrying amounts arising on revaluation of leasehold land, buildings on leasehold land, beach huts and workshop machinery and equipment is recognised, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss.

Decrease in the carrying amounts arising as a result of revaluation, that reverses previous increase of the same asset is first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decrease are charged to profit or loss.

Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the Revaluation surplus on Property, Plant and Equipment to unappropriated profit. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the assets and the net amount is restated to the revalued amount of the assets. Upon disposal, any revaluation reserve relating to the particular assets being sold is transferred to unappropriated profit.

The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative figures have been restated.

The effect of change in accounting policy is summarised below:

	As at June 30, 2017			As at July 1, 2016		
	As previously reported	**As re-stated**	**Re-statement**	**As previously reported**	**As re-stated**	**Re-statement**
	(Rupees in '000)					
Effect on statement of financial position						
Surplus on revaluation of property, plant and equipment - net of tax	1,143,350	-	(1,143,350)	1,161,826	-	(1,161,826)
Share capital and reserves						
Surplus on revaluation of property, plant and equipment - net of tax	-	1,143,350	1,143,350	-	1,161,826	1,161,826

	For the year ended June 30, 2017		
	As previously reported	**As re-stated**	**Re-statement**
	(Rupees in '000)		
Effect on statement of changes in equity			
Surplus on revaluation of property, plant and equipment - net of tax	-	1,143,350	1,143,350
Effect on statement of other comprehensive income			
Revaluation of property, plant and equipment - impact of deferred tax	-	(3,712)	(3,712)

There was no cash flow impact as a result of the retrospective application of change in accounting policy.

	Note	**June 30, 2018**	June 30, 2017
		(Rupees in '000)	
5. PROPERTY, PLANT AND EQUIPMENT			
- Operating fixed assets	5.1	21,755,187	22,558,121
- Major spare parts and stand-by equipment	5.7	346,186	308,925
- Capital work-in-progress - buildings on leasehold land	5.9	56,881	328,522
		22,158,254	23,195,568

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For the year ended June 30, 2018

5.1 Operating fixed assets:

	Leasehold land	Buildings on leasehold land	Vessel fleet Cost	Vessel fleet Dry docking	Vessel fleet Total	Vehicles	Office equipment	Furniture and fittings	Equipment on board	Beach huts	Workshop machinery and equipment	Computer equipment	Total
	(note 5.2 - 5.5)	(note 5.2 - 5.5)	(note 5.6)							(note 5.2 - 5.5)	(note 5.4 & 5.5)		
	-----(Rupees in '000)-----												
As at July 1, 2016													
Cost or revalued amount	775,312	727,746	27,106,393	1,272,523	28,378,916	84,257	55,838	32,050	25,078	13,913	15,629	57,787	30,166,526
Less: Accumulated depreciation	-	34,702	5,575,174	880,722	6,455,896	59,982	41,676	27,195	13,177	1,393	11,875	46,541	6,692,437
Net book value	775,312	693,044	21,531,219	391,801	21,923,020	24,275	14,162	4,855	11,901	12,520	3,754	11,246	23,474,089
Year ended June 30, 2017													
Opening net book value	775,312	693,044	21,531,219	391,801	21,923,020	24,275	14,162	4,855	11,901	12,520	3,754	11,246	23,474,089
Additions	-	21,329	-	332,424	332,424	3,667	7,663	1,342	10,167	-	2,043	10,114	388,749
Transfers from CWIP - note 5.9	-	129,460	-	-	-	-	-	-	-	-	-	-	129,460
Depreciation charge for the year - note 5.8	-	(37,108)	(1,056,171)	(275,269)	(1,331,440)	(6,162)	(6,880)	(3,068)	(4,519)	(1,393)	(482)	(6,753)	(1,397,805)
Impairment - note 5.10	-	-	(36,372)	-	(36,372)	-	-	-	-	-	-	-	(36,372)
Closing net book value	775,312	806,725	20,438,676	448,956	20,887,632	21,780	14,945	3,129	17,549	11,127	5,315	14,607	22,558,121
As at June 30, 2017													
Cost or revalued amount	775,312	878,535	27,106,393	1,604,947	28,711,340	87,924	63,501	33,392	35,245	13,913	17,672	67,901	30,684,735
Less: Accumulated depreciation	-	71,810	6,631,345	1,155,991	7,787,336	66,144	48,556	30,263	17,696	2,786	12,357	53,294	8,090,242
Accumulated impairment loss	-	-	36,372	-	36,372	-	-	-	-	-	-	-	36,372
Net book value	775,312	806,725	20,438,676	448,956	20,887,632	21,780	14,945	3,129	17,549	11,127	5,315	14,607	22,558,121
Year ended June 30, 2018													
Opening net book value	775,312	806,725	20,438,676	448,956	20,887,632	21,780	14,945	3,129	17,549	11,127	5,315	14,607	22,558,121
Revaluation	311,648	(263,889)	-	-	-	-	-	-	-	6,517	-	-	54,276
Additions	-	14,109	-	191,305	191,305	7,905	5,307	2,080	6,621	-	428	4,520	232,275
Transfer from CWIP - note 5.9	-	284,314	-	-	-	-	-	-	-	-	-	-	284,314
Depreciation charge for the year - note 5.8	-	(45,346)	(993,438)	(333,891)	(1,327,329)	(7,743)	(4,815)	(583)	(5,352)	(1,393)	(587)	(7,370)	(1,400,518)
Impairment - note 5.10	-	(9,653)	36,372	-	36,372	-	-	-	-	-	-	-	26,719
Closing net book value	1,086,960	786,260	19,481,610	306,370	19,787,980	21,942	15,437	4,626	18,818	16,251	5,156	11,757	21,755,187
As at June 30, 2018													
Cost or revalued amount	1,086,960	796,682	27,106,393	1,796,252	28,902,645	95,829	68,808	35,472	41,866	16,251	18,100	72,421	31,135,034
Less: Accumulated depreciation	-	(769)	(7,624,783)	(1,489,882)	(9,114,665)	(73,887)	(53,371)	(30,846)	(23,048)	-	(12,944)	(60,664)	(9,370,194)
Accumulated impairment loss	-	(9,653)	-	-	-	-	-	-	-	-	-	-	(9,653)
Net book value	1,086,960	786,260	19,481,610	306,370	19,787,980	21,942	15,437	4,626	18,818	16,251	5,156	11,757	21,755,187
Annual rate of depreciation (%)													
2018	-	**3 to 20**	**3.33 to 4**	**20 to 40**		**20**	**15**	**10 to 15**	**10 to 15**	**10**	**5 to 10**	**33**	
2017	-	**3 to 20**	**3.33 to 4**	**20 to 40**		**20**	**15**	**10 to 15**	**10 to 15**	**10**	**5 to 10**	**33**	

5.2 Particulars of immovable property (i.e. Leasehold land and Buildings on leasehold land) are as follows:

S No.	Location	Usage of immovable property	Total area (Sq. yards)	Covered area (Sq. feet)
1	PNSC Building, Plot No. 30-A, Off. M.T.Khan Road, Karachi	Registered office	7,833	257,093
2	Plot bearing No. 31-A, situated at M.T. Khan Road, Karachi	Leasehold land	1,834	9,000
3	Plot No. 17/1, West Wharf, Karachi	Storage facility	705	19,035
4	Plot No. 30, Township, Kemari, Karachi	Workshop	7,925	28,963
5	Plot No. 6 & 6-A, Block H, Gulberg-II, Lahore	Management office	268	2,410
6	Plot No. D-51, Block - 5, Clifton, Karachi	Residential Bungalow	1,000	5,360
7	PNSC Beach Hut-I, No. 12-S, Sandspit, Karachi	Beach hut	417	1,990
8	PNSC Beach Hut-II, No. 37-N, Sandspit, Karachi	Beach hut	448	1,990
9	Plot No. 70/4, Timber hard, Keamari, Karachi	Storage facility	974	15,680

5.3 Forced sales value of the aforementioned immovable properties are as follows:

S No.	Class of asset	(Rupees in '000')
1	Leasehold land	923,916
2	Buildings on leasehold land	665,417
3	Beach huts	13,828

5.4 The revaluation of the 'leasehold land', 'buildings on leasehold land', 'beach huts' and 'workshop machinery and equipment' was carried out as of June 30, 2018 by Fair Water Property Valuers & Surveyors (Private) Limited. The revaluation resulted in a surplus of Rs 54.276 million on the written down values of Rs 1,835.380 million and impairment of Rs 9.653 million on written down values of 14.624 million, which were incorporated in the books of the Group as at June 30, 2018. Out of the total revaluation surplus, Rs 1,256.697 million (2017: Rs 1,222.141 million) remains undepreciated as at June 30, 2018.

5.5 Had there been no revaluation, the carrying amount of revalued assets would have been as follows:

	June 30, 2018	June 30, 2017
	-----------(Rupees in '000)---------	
Leasehold land, buildings on leasehold land and beach huts	690,700	419,309
Workshop machinery and equipment	4,862	4,976
	695,562	424,285

5.6 Cost and accumulated depreciation of vessel amounting to Rs 1.440 million relates to M.V Ilyas Bux. This vessel was seized by the Indian Authorities during the 1965 war and the Group does not have physical possession or control over the vessel.

		Note	June 30, 2018	June 30, 2017
			-----------(Rupees in '000)---------	
5.7	Major spare parts and standby equipment			
	Opening net book value		308,925	285,282
	Additions during the year		57,888	40,076
			366,813	325,358
	Depreciation (rate 5% - 7%)	5.8	(20,627)	(16,433)
	Closing net book value		346,186	308,925
5.8	The depreciation charge for the year has been allocated as follows:			
	Fleet expenses - direct	30	1,337,707	1,299,961
	Fleet expenses - indirect	31	585	482
	Real estate expenses	32	36,276	29,915
	Administrative expenses	33	31,068	31,620
	Incomplete voyages	27 & 18	15,509	52,260
			1,421,145	1,414,238
5.9	Capital work-in-progress - buildings on leasehold land			
	Balance at beginning of the year		328,522	456,047
	Additions during the year		12,673	1,935
	Transferred to operating fixed assets during the year	5.1	(284,314)	(129,460)
	Balance at end of the year		56,881	328,522

5.10 Vessels are carried at cost in the Group's statement of financial position as at June 30, 2018. The Group carries out periodic assessment to determine the value in use of its investment in subsidiaries. The Group considers international charter rates and carrying value of investments, amongst other factors, while reviewing for indicators of impairment. As a result, an impairment assessment was undertaken in respect of all its vessels as at June 30, 2018 and recoverable amount has been computed using 'value in use' method. In assessing the value in use, estimated future cash flows have been discounted to their present value using a discount rate (WACC) that reflects the current market assessments of the time value of money and the risks specific to the asset. The discount rate applied to the future cashflow projections in case of bulk carriers is 13.57% and in case of oil tankers is 14.09%. The cashflow projections have been made upto the remaining useful life of the vessel. As a result of the value-in-use exercise, the recoverable amount was higher than the carrying value and accordingly, no impairment loss has been recognised.

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

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

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

Discount rate:

Discount rate takes into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances and is derived from its weighted average cost of capital (WACC). Increase of 1% in the discount rate will decrease the recoverable amount by Rs 1,478.320 million, whereas a similar decrease in the discount rate will have a positive effect of Rs 1,625.213 million on the recoverable amount.

Projected charter rates:

Based on the external sources of information obtained from the shipping experts and the recent trends in the shipping industry, in case of dry cargo vessels, the estimated cashflows are based on current spot rates, which have been inflated using the inflation rates, over the remaining useful life of the vessels. For liquid cargo vessels, the management expects that for the foreseeable future, the tankers will generate revenue based on the Contract of Affreightment (CoA) with the customers. Decrease of 1% in the average charter rate assumed will decrease the recoverable amount by Rs 750.064 million whereas a similar increase will have a positive effect of Rs 760.805 million on the recoverable amount.

6. INTANGIBLE ASSET

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

7. INVESTMENT PROPERTIES

	Note	Leasehold land	Buildings on leasehold land	Total
		----------(Rupees in '000)----------		
Balance as at July 1, 2017		2,620,597	50,446	2,671,043
Additions during the year		-	349	349
Gain / (loss) on revaluation	7.2 & 35	393,087	(2,847)	390,240
Balance as at June 30, 2018		3,013,684	47,948	3,061,632
Balance as at July 1, 2016		2,138,744	52,939	2,191,683
Additions during the year		-	189	189
Gain / (loss) on revaluation	7.2 & 35	481,853	(2,682)	479,171
Balance as at June 30, 2017		2,620,597	50,446	2,671,043

7.1 Particulars of immovable investment properties are as follows:

S No.	Location	Usage of immovable property	Total area (Sq. yards)	Covered area (Sq. feet)
1	Plot bearing Survey No. 4/1-A, Main I. I. Chundrigar Road, Karachi	Investment property	2,786	230,555
2	Plot No. 35-B, North Circular Avenue, DHA, Phase I, Karachi	Investment property	1,088	5,675
3	Plot bearing Survey No. 15, Main Talpur Road, off I.I. Chundrigar Road, Karachi	Investment property	9,856	111,200

7.2 The revaluation of the Group's investment properties was carried out by Fair Water Property Valuers and Surveyors (Private) Limited, an independent valuer as of June 30, 2018. As a result, a revaluation gain of Rs 393.087 million (2017: Rs 481.853 million) was determined in respect of leasehold land and a revaluation loss was determined on buildings on leasehold land amounting to Rs 2.847 million (2017: Rs 2.682 million).

7.3 Forced sales value of the aforementioned investment properties are as follows:

S No.	Class of asset	(Rupees in '000')
1	Leasehold land	2,561,630
2	Buildings on leasehold land	40,351

8. LONG-TERM INVESTMENT IN RELATED PARTY (ASSOCIATE)

Equity method

No. of shares - ordinary		Name of the company	Country of incorporation	Share of net assets		Latest available audited financial statements for the year ended	Percentage holding	Face value per share		
June 30, 2018	June 30, 2017			**June 30, 2018**	June 30, 2017				**June 30, 2018**	June 30, 2017
				(Rupees in '000)			%	(Rupees)	----(Rupees '000)----	
Associate - unlisted										
12,250	12,250	Muhammadi Engineering Works Limited Pakistan	Pakistan	1,600	1,600	December 31, 1982 (unaudited)	49	100	1,600	1,600
		Less: Accumulated impairment losses							1,600	1,600
									-	-

	Note	June 30, 2018	June 30, 2017
		-----------(Rupees in '000)---------	
9. LONG-TERM INVESTMENTS IN LISTED COMPANIES AND AN OTHER ENTITY			
Financial assets			
Fair value through profit or loss			
Listed companies			
Siemens (Pakistan) Engineering Company Limited 6,930 (2017: 6,930) fully paid ordinary shares of Rs 10 each. Market value per share as at June 30, 2018 Rs 1,015.25 (2017: Rs 690)	9.1	7,036	4,782
Pakistan State Oil Company Limited 138,430 (2017: 115,358) fully paid ordinary shares of Rs 10 each. Market value per share as at June 30, 2018 Rs 318.31 (2017: Rs 387.35)	9.2	44,063	44,684
		51,099	49,466
Available-for-sale			
Other entity - carried at cost			
Pakistan Tourism Development Corporation Limited 10,000 (2017: 10,000) fully paid ordinary shares of Rs 10 each		100	100
		51,199	49,566

9.1 The Group holds 0.084% (2017: 0.084%) of the investee's share capital

	Note	June 30, 2018	June 30, 2017
Opening balance		4,782	6,892
Change in fair value	34 & 35	2,254	(2,110)
Closing balance		7,036	4,782

9.2 The Group holds 0.04246% (2017: 0.04246%) of the investee's share capital

	Note	June 30, 2018	June 30, 2017
Opening balance		44,684	43,312
Change in fair value	34 & 35	(621)	1,372
Closing balance		44,063	44,684

		Note	June 30, 2018	June 30, 2017
			------------Rupees in '000)---------	
10.	**LONG-TERM LOANS AND ADVANCES**			
	Considered good			
	- due from executives	10.1 & 10.2	14,665	-
	- due from other employees	10.2	14,492	-
			29,157	-
	Less: Recoverable within one year		10,107	-
			19,050	-
10.1	Reconciliation of carrying amount of loans to executives:			
	Opening balance as at July 1		-	-
	Disbursements		18,560	-
	Repayments		(3,895)	-
	Closing balance as at June 30		14,665	-

10.2 These loans have been given to executives and other employees of the Holding Company for personal use in accordance with their terms of employment. These loans are to be repaid over a period of one to five years in equal monthly installments. Any outstanding loan due from an employee at the time of leaving the service of the Company is adjustable against final settlement.

10.3 The maximum aggregate amount of loans and advances due from executives at the end of any month during the year was Rs 18.560 million (2017: Nil).

		Note	June 30, 2018	June 30, 2017
			-----------(Rupees in '000)---------	
11.	**DEFERRED TAXATION - net**			
	Deductible temporary differences arising in respect of Provisions and deferred liabilities		80,603	130,101
	Taxable temporary differences arising in respect of:			
	- surplus on revaluation of property, plant and equipment		(11,712)	(78,791)
	- accelerated tax depreciation		(5,078)	(4,749)
			(16,790)	(83,540)
		11.1	63,813	46,561

11.1 The movement in temporary differences is as follows:

	Balance as at July 1, 2016	Recognised in profit or loss	Recognised in other comprehen-sive income	Balance as at June 30, 2017	Recognised in profit or loss	Recognised in other comprehen-sive income	Balance as at June 30, 2018
	----------(Rupees in '000)----------						
Deductible temporary difference:							
- Provisions and deferred liabilities	167,932	(38,746)	915	130,101	(49,405)	(93)	80,603
Taxable temporary difference:							
- surplus on revaluation of property, plant and equipment	(79,106)	4,027	(3,712)	(78,791)	2,670	64,409	(11,712)
- accelerated tax depreciation	(4,175)	(574)	-	(4,749)	(329)	-	(5,078)
	(83,281)	3,453	(3,712)	(83,540)	2,341	64,409	(16,790)
	84,651	(35,293)	(2,797)	46,561	(47,064)	64,316	63,813

11.2 A change in the corporation income tax rate from 30% to 29% was enacted on July 01, 2018, effective from the same date. Deferred tax assets and liabilities on temporary differences are measured at 25%.

	June 30, 2018	June 30, 2017
	-----(Rupees in '000)-----	
12. STORES AND SPARES		
Stores		
- at depot	11,577	9,110
- at buildings	472	516
- on board	24,767	25,450
	36,816	35,076
Spares		
- at buildings	796	937
- in transit	12,349	4,110
- on board	285,691	301,319
	298,836	306,366
Bunker on board	319,772	328,637
	655,424	670,079

	Note	June 30, 2018	June 30, 2017
		-----------(Rupees in '000)---------	
13. TRADE DEBTS - unsecured			
Considered good			
- Due from related parties	13.1	540,823	732,674
- Due from others	13.2	22,100	24,076
		562,923	756,750
Considered doubtful			
- Due from related parties	13.1	6,758	31,158
- Due from others		180,455	182,826
		187,213	213,984
		750,136	970,734
Less: Provision for doubtful debts	13.4	187,213	213,984
		562,923	756,750

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

	Upto 1 month	1 to 6 months	More than 6 months	As at June 30, 2018	As at June 30, 2017
	-----------------------------(Rupees in '000)---------------------------				
Pakistan State Oil Company Limited (PSO)	234,597	-	10,020	244,617	280,364
Pak Arab Refinery Limited	126,641	43,440	-	170,081	140,470
Pakistan Security Printing Corporation	219	-	-	219	-
Sui Northern Gas Pipelines Limited	1,150	-	-	1,150	2,475
Sui Southern Gas Company Limited	-	-	-	-	681
Water and Power Development Authority	506	-	-	506	1,139
National Refinery Limited	45,047	182	1,559	46,788	68,024
Pakistan Refinery Limited	-	49	-	49	36,451
Trading Corporation of Pakistan (Private) Limited	-	-	4,866	4,866	4,866
Others	19,130	44,593	15,582	79,305	229,362
	427,290	88,264	32,027	547,581	763,832

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

	June 30, 2018	June 30, 2017
	------------Rupees in '000)---------	
Upto 1 month	4,693	3,890
1 to 6 months	4,316	2,269
More than 6 months	13,091	17,917
	22,100	24,076

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13.3 The maximum aggregate amount of receivable due from related parties at the end of any month during the year was Rs 783.557 million (2017: Rs 819.539 million).

	Note	June 30, 2018	June 30, 2017
		-----------(Rupees in '000)---------	
13.4 Provision for doubtful debts			
Balance at beginning of the year		213,984	188,488
Provision made during the year	34	4,689	32,493
Provision reversed during the year	13.6 & 35	(2,217)	(285)
Amount written off during the year		(29,243)	(6,712)
Balance at end of the year	13.5	187,213	213,984

13.5 This balance represents trade debts outstanding for more than three years.

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

	Note	June 30, 2018	June 30, 2017
		-----------(Rupees in '000)---------	
14. AGENTS' AND OWNERS' BALANCES - unsecured			
Considered good	14.1	19,041	8,423
Considered doubtful		6,307	5,444
		25,348	13,867
Less: Provision for doubtful balances	14.2	6,307	5,444
		19,041	8,423

14.1 The ageing analysis of agents' and owners' balances that are past due but not impaired is as follows:

	June 30, 2018	June 30, 2017
	-----------(Rupees in '000)---------	
Upto 1 month	11,990	1,046
1 to 6 months	426	1,434
More than 6 months	6,625	5,943
	19,041	8,423
14.2 Provision for doubtful balances		
Balance at beginning of the year	5,444	4,453
Provision made during the year	863	991
Balance at end of the year	6,307	5,444

		Note	June 30, 2018	June 30, 2017
			-----------(Rupees in '000)---------	
15.	**LOANS AND ADVANCES - unsecured, considered good**			
	Current portion of long-term loans			
	- due from executives		5,507	-
	- due from other employees		4,600	-
			10,107	-
	Advances			
	- employees		40,817	33,646
	- contractors and suppliers		31,895	13,164
	- others	15.1	27,471	44,538
			100,183	91,348
			110,290	91,348

15.1 This represents advances made to Port Qasim Authority. Ageing of these balances is not relevant due to the current account nature of the transactions with Port Qasim Authority.

15.2 The maximum amount of advance to Port Qasim Authority at the end of any month during the year was Rs 44.948 million (2017: Rs 82.137 million).

		Note	June 30, 2018	June 30, 2017
			-----------(Rupees in '000)---------	
16.	**TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS**			
	Trade deposits			
	- Considered good		15,516	16,825
	- Considered doubtful		369	369
			15,885	17,194
	Less: Provision for doubtful deposits		369	369
			15,516	16,825
	Short-term prepayments		6,176	44,126
			21,692	60,951
17.	**OTHER RECEIVABLES**			
	Amount held by lawyer in respect of a guarantee provided to the court		4,953	4,953
	Others			
	Considered good			
	- Due from related parties		2,293,793	1,758,934
	- Due from others		255,322	200,418
		17.1	2,549,115	1,959,352
	Considered doubtful			
	- Due from related parties		439,338	391,089
	- Due from others		12,661	13,070
			451,999	404,159
		17.2	3,001,114	2,363,511
	Less: Provision for doubtful receivables	17.4	451,999	404,159
	Employees' gratuity scheme - funded	24.1.3	34,204	37,851
			2,588,272	2,002,156

17.1 As at June 30, 2018, amounts aggregating Rs 2,549.115 million (2017: Rs 1,959.352 million) are past due but not impaired.

	Note	June 30, 2018	June 30, 2017
		-----------(Rupees in '000)---------	
17.2 This includes the following:			
Demurrage receivable	17.3	2,645,748	2,069,527
Receivable from sundry debtors		228,985	164,197
Heating and miscellaneous claim receivable	17.3	81,588	81,588
Sales tax refund claims		26,204	26,205
Additional war risk receivable	17.3	17,539	21,029
Others		1,050	965
		3,001,114	2,363,511

17.3 Other receivables include the following amounts due from related parties:

	Note	June 30, 2018	June 30, 2017
		-----------(Rupees in '000)---------	
National Refinery Limited		68,939	60,359
Pak Arab Refinery Limited		159,701	151,878
Pakistan Refinery Limited		106,360	81,001
Pakistan State Oil Company Limited		2,398,131	1,856,785
	17.6	2,733,131	2,150,023
17.4 Provision for doubtful receivables			
Balance at beginning of the year		404,159	260,331
Provision made during the year	34	50,245	299,255
Provision reversed during the year	35 & 17.5	(1,173)	(91,829)
Provision written off during the year		(1,232)	(63,598)
Balance at end of the year		451,999	404,159

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

17.6 The ageing analysis of receivable from related parties, included in other receivables, is as follows:

	June 30, 2018	June 30, 2017
	-----------(Rupees in '000)---------	
Upto 1 month	57,832	94,249
1 to 6 months	86,661	376,668
More than 6 months	2,588,638	1,679,106
	2,733,131	2,150,023

17.7 The maximum aggregate amount of receivable due from related parties at the end of any month during the year was Rs 2,733.131 million (2017: Rs 2,150.023 million).

	Note	June 30, 2018	June 30, 2017
		-----------(Rupees in '000)---------	
18. INCOMPLETE VOYAGES			
Net freight		-	(146,840)
Salaries and allowances		-	29,688
Diesel, fuel and lubricants		-	52,245
Stores and spares consumed		-	9,829
Communication expenses		-	418
Insurance		-	9,672
Port charges		-	8,835
Charter hire and related expenses		-	64,989
Depreciation	5.8	-	52,260
Victualling		-	2,858
		-	230,794
		-	83,954
19. SHORT-TERM INVESTMENTS			
Term deposits with banks having maturity of:			
- more than six months but upto twelve months	19.1	12,000	10,000
- three to six months	19.2	3,961,430	1,667,045
- three months or less	19.2	121,430	2,450,000
		4,094,860	4,127,045

19.1 Mark-up on these term deposits denominated in local currency was 6.60% (2017: 6.60% to 7.25%) per annum.

19.2 Mark-up on these term deposits denominated in local currency ranges from 6.05% to 6.90% (2017: 6.10% to 6.60%) per annum, whereas mark-up on term deposits denominated in foreign currency was 2.40% (2017: 2.20% to 2.35%) per annum.

	Note	June 30, 2018	June 30, 2017
		-----------(Rupees in '000)---------	
20. CASH AND BANK BALANCES			
Cash in hand			
- foreign currency		3,345	2,198
Cash at bank			
- in current accounts			
- local currency		209,307	186,278
- foreign currency		888,085	230,448
		1,097,392	416,726
- in saving accounts			
- local currency	20.1 & 20.2	1,534,746	2,286,645
- foreign currency	20.3	7,266	6,203
		1,542,012	2,292,848
		2,642,749	2,711,772

20.1 Mark-up on these savings accounts ranges from 3.90% to 6.35% (2017: 3.92% to 6.05%) per annum.

20.2 This includes Rs 2.126 million (2017: Rs 2.126 million) and Rs 3 million (2017: Rs 3 million) held as security by Habib Bank Limited, PNSC branch and Soneri Bank, AKU branch respectively against guarantees issued on behalf of the Corporation.

20.3 Mark-up on these savings accounts ranges from 0.15% to 0.50% (2017: 0.15% to 0.50%) per annum.

	June 30, 2018	June 30, 2017
	-----------(Rupees in '000)---------	
21. SHARE CAPITAL		
21.1 Authorised capital		
200,000,000 (2017: 200,000,000) ordinary shares of Rs 10 each	2,000,000	2,000,000

21.2 Issued, subscribed and paid-up share capital

June 30, 2018	June 30, 2017		June 30, 2018	June 30, 2017
------------(No. of shares)----------			-----------(Rupees in '000)---------	
24,130,789	24,130,789	Ordinary shares of Rs 10 each issued as paid to shareholders of former National Shipping Corporation (NSC) and Pakistan Shipping Corporation (PSC) in consideration of their shareholdings in those companies	241,308	241,308
25,900,000	25,900,000	Ordinary shares of Rs 10 each issued as paid to the GoP for cash received in 1985	259,000	259,000
64,309,800	64,309,800	Ordinary shares of Rs 10 each issued as paid to the GoP on the financial restructuring of the Holding Company in the year 1989-90	643,098	643,098
17,722,791	17,722,791	Ordinary shares of Rs 10 each issued as paid bonus shares	177,228	177,228
132,063,380	132,063,380		1,320,634	1,320,634

21.3 As at June 30, 2018, GoP held 114,578,625 (2017: 113,693,715) ordinary shares representing 86.76% (2017: 86.09%) shareholding of the Holding Company.

	Note	June 30, 2018	June 30, 2017
		-----------(Rupees in '000)---------	
22. NON-CONTROLLING INTEREST			
Share of non-controlling interest in:			
- share capital		59	59
- general reserve		10	10
- opening unappropriated profit		3,645	3,247
- profit for the year		450	398
		4,164	3,714
23. LONG-TERM FINANCING - secured			
Financing under syndicate term finance agreement	23.1 & 23.2	1,145,588	1,397,686
Financing under musharika agreement	23.1 & 23.3	1,808,770	2,756,677
		2,954,358	4,154,363
Less: Current portion		1,210,172	1,210,172
		1,744,186	2,944,191

23.1 Represents financing obtained in November 2014 in the form of syndicated term finance loan of Rs 3,000 million, with the remaining amount of Rs 1,500 million through a musharika agreement. Till date, the Holding Company has drawn Rs 2,054.250 million and Rs 1,027.125 million from syndicated term finance and musharika respectively.

23.2 The financing carries mark-up at the rate of KIBOR + 1.60% which has been renegotiated to KIBOR + 0.50% during the year ended June 30, 2016 and further renegotiated to KIBOR + 0.20% during the current year. The loan along with the mark-up is repayable on a quarterly basis with the last repayment date on November 6, 2022. The facility is secured by way of first mortgage charge over one of the vessels and hypothecation charge over two of the vessels owned by subsidiary companies of the Holding Company.

23.3 Represents Musharika facility obtained from Faysal Bank limited (FBL) amounting to Rs 3,300 million bearing mark-up of 3 month KIBOR + 0.40% which has been renegotiated to 3 month KIBOR + 0.15% during the current year. The loan along with the mark-up is repayable on a quarterly basis with the first installment paid on February 23, 2016 while last repayment date is November 23, 2019. The facility is secured by first mortgage charge over two vessels owned by the subsidiary companies. The Holding Company has also paid loan arrangement fee amounting to Rs 12.540 million which was included in the amortised cost of the long term financing, whereas an amount of Rs 3.300 million was expensed out at the time of agreement.

23.4 Following is the movement in long-term financing:

	June 30, 2018
	(Rupees in 000)
Opening balance as at July 1, 2017	4,154,363
Disbursements	-
Repayments	(1,210,472)
Amortisation of arrangement fee	10,467
Closing balance as at June 30	2,954,358

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2018

	Note	June 30, 2018	June 30, 2017
		-----------(Rupees in '000)---------	
24. DEFERRED LIABILITIES			
Employees' gratuity			
- funded	24.1.3 & 17	-	-
- unfunded	24.1.3	224,946	198,335
		224,946	198,335
Post-retirement medical benefits	24.1.3	165,706	168,237
Employees' compensated absences	24.2.3	210,281	225,784
		600,933	592,356

24.1 Retirement benefit schemes

24.1.1 The disclosures made in notes 24.1.2 to 24.1.15 of these consolidated financial statements are based on the information included in the actuarial valuation report as of June 30, 2018.

24.1.2 As stated in notes 2.19.2 and 2.19.3 of these consolidated financial statements, the Group operates a funded retirement gratuity scheme for those permanent employees who joined the Group before October 16, 1984, an unfunded retirement gratuity scheme for contractual employees and an unfunded post-retirement medical benefit scheme for permanent and contractual employees. Liability is maintained against these schemes based on the actuarial recommendations. The following significant assumptions were used for the actuarial valuation of the defined benefit obligation schemes:

	June 30, 2018			June 30, 2017		
	Employees' gratuity		Post retirement medical benefits	Employees' gratuity		Post retirement medical benefits
	Funded	Unfunded		Funded	Unfunded	
Discount rate	10.00%	10.00%	10.00%	7.75%	7.75%	7.75%
Future salary increases						
- for permanent employees						
For the year 2017-18	N/A	-	-	2.00%	-	-
For the year 2018-19	5.60%	-	-	40.00%	-	-
For the year 2019-20	20.00%	-	-	2.00%	-	-
For the year 2020-21	5.60%	-	-	40.00%	-	-
For the year 2021-22	20.00%	-	-	2.00%	-	-
For the year 2022-23	5.60%	-	-	40.00%	-	-
For the year 2023-24 and onwards	10.00%	-	-	7.75%	-	-
Future salary increases						
- for contractual employees						
For the year 2017-18	-	N/A	-	-	8.75%	-
For the year 2018-19	-	10.00%	-	-	8.75%	-
For the year 2019-20	-	10.00%	-	-	8.75%	-
For the year 2020-21	-	10.00%	-	-	7.75%	-
For the year 2022-23	-	10.00%	-	-	7.75%	-
For the year 2023-24 and onwards	-	10.00%	-	-	7.75%	-
Medical escalation rate	-	-	10.00%	-	-	7.75%
Death rate	based on SLIC (2001-05) Ultimate mortality tables.					

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2018

		June 30, 2018			June 30, 2017		
		Employees' gratuity		Post retirement medical benefits	Employees' gratuity		Post retirement medical benefits
		Funded	Unfunded		Funded	Unfunded	
		-----------------	-----------------	---(Rupees in '000)---	-----------------	-----------------	-----------------
24.1.3	Reconciliation of statement of financial position						
	Present value of defined benefit obligation	151,778	224,946	165,706	226,245	198,335	168,237
	Fair value of plan assets	(185,982)	-	-	(264,096)	-	-
	Net (asset) / liability	(34,204)	224,946	165,706	(37,851)	198,335	168,237
24.1.4	Movement in present value of defined benefit obligation						
	Balance at beginning of the year	226,245	198,335	168,237	333,295	156,610	165,223
	Current service cost	5,488	32,552	10,147	8,291	30,092	10,546
	Interest cost	15,214	16,103	12,194	21,267	15,245	11,573
	Benefits paid	(92,035)	(8,794)	(36,506)	(75,526)	(1,775)	(25,160)
	Remeasurements on obligation	(3,134)	(13,250)	11,634	(61,082)	(1,837)	6,055
	Balance at end of the year	151,778	224,946	165,706	226,245	198,335	168,237
24.1.5	Movement in fair value of plan assets						
	Balance at beginning of the year	264,096	-	-	285,524	-	-
	Expected return on plan assets	18,040	-	-	17,727	-	-
	Contribution	-	-	-	40,000	-	-
	Benefits paid	(92,035)	-	-	(75,526)	-	-
	Remeasurement on plan asset	(4,119)	-	-	(3,629)	-	-
	Balance at end of the year	185,982	-	-	264,096	-	-
24.1.6	Movement in net liability in the statement of financial position						
	Balance at beginning of the year	(37,851)	198,335	168,237	47,771	156,610	165,223
	Expense recognised for the year	2,662	48,655	22,341	11,831	45,337	22,119
	Contributions made by the Holding Company / benefits paid	-	(8,794)	(36,506)	(40,000)	(1,775)	(25,160)
	Remeasurements recognised in other comprehensive income	985	(13,250)	11,634	(57,453)	(1,837)	6,055
	Balance at end of the year	(34,204)	224,946	165,706	(37,851)	198,335	168,237
24.1.7	The amounts recognised in profit or loss						
	Current service cost	5,488	32,552	10,147	8,291	30,092	10,546
	Net interest amount	(2,826)	16,103	12,194	3,540	15,245	11,573
	Expense	2,662	48,655	22,341	11,831	45,337	22,119
24.1.8	Remeasurements recognised in other comprehensive income						
	Gains / (losses) from changes in financial assumptions	(53,955)	(20,682)	689	(2,714)	959	153
	Experience gains / (losses)	50,821	7,432	10,945	(58,368)	(2,796)	5,902
	Remeasurement of fair value of plan assets	4,119	-	-	3,629	-	-
		985	(13,250)	11,634	(57,453)	(1,837)	6,055

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2018

	June 30, 2018		June 30, 2017	
	Rupees in '000	**%**	Rupees in '000	%
24.1.9 Categories / composition of plan assets				
Cash and cash equivalents	70,348	37.83%	109,008	41.28%
Investment in mutual funds - quoted	115,634	62.17%	104,480	39.56%
Term deposit receipts	-	0.00%	50,608	19.16%
	185,982	100%	264,096	100%

24.1.10 Actual gain on plan assets during the year ended June 30, 2018 was 17.001 million (2017: Rs 13.285 million).

24.1.11 Assumed future salary increase rate and discount rate have a significant effect on the employees' gratuity. A one percentage point change in assumed future salary increase rate and discount rate would have the following effects:

		Increase / (decrease) in defined benefit obligation of`			
		Funded Gratuity Scheme		Unfunded Gratuity Scheme	
	Change in assumption	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
		-------(Rupees in '000)-------			
Discount rate	1%	(148,463)	155,250	(199,838)	255,155
Salary increase rate	1%	152,189	(151,372)	251,615	(202,201)

24.1.12 The weighted average duration of the defined benefit obligations funded and unfunded gratuity scheme is 2.18 and 11.16 years.

24.1.13 Assumed medical cost escalation rate and discount rate have a significant effect on the post-retirement medical benefit. A one percentage point change in assumed medical cost escalation rate and discount rate would have the following effects:

		Increase / (decrease) in defined benefit obligation of`			
		Post Retirement Medical Benefits			
		Permanent Employees		Contractual Employees	
	Change in assumption	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
		-------(Rupees in '000)-------			
Discount rate	1%	(115,292)	120,187	(41,619)	55,844
Medical cost escalation rate	1%	120,328	(115,117)	55,893	(41,471)

24.1.14 The weighted average duration of the defined benefit obligations post retirement medical benefit scheme for permanent and contractual employees is 6.28 years.

Notes to and Forming Part of the Consolidated Financial Statements
For the year ended June 30, 2018

24.1.15 The employee gratuity funded and unfunded scheme and post retirement medical benefit plans exposes the Group to the following risks:

Investment risk: The risk of the investment underperforming and not being sufficient to meet the liabilities.

Mortality risk: The risk that the actual mortality rate is different. The effect depends on the beneficiaries service / age distribution and the benefit.

Medical cost escalation risks: The risk that the hospitalisation cost could be higher than what we assumed.

Final salary risk: The risk that the final salary at the time of cessation of service is greater than what is assumed. Since the benefit is calculated on the final salary, the benefit amount increases similarly.

Withdrawal risk: The risk of higher or lower withdrawal experienced than assumed. The final effect could go either way depending on the beneficiaries' service / age distribution and the benefit.

24.2 Employees' compensated absences

24.2.1 The disclosures made in notes 24.2.2 to 24.2.8 of these consolidated financial statements are based on the information included in the actuarial valuation as of June 30, 2018.

24.2.2 As stated in note 2.20 of these consolidated financial statements, the Group operates an employees' compensated absences scheme. Provision is maintained against this scheme based on the actuarial recommendations. The following significant assumptions were used for the actuarial valuation of the scheme:

	June 30, 2018	June 30, 2017
Discount rate	7.75%	7.75%
Future salary increases - for permanent employees		
For the year 2017-18	N/A	2.00%
For the year 2018-19	5.60%	40.00%
For the year 2019-20	20.00%	2.00%
For the year 2020-21	5.60%	40.00%
For the year 2021-22	20.00%	2.00%
For the year 2022-23	5.60%	40.00%
For the year 2023-24 and onwards	10.00%	7.75%
Future salary increases - for contractual employees		
For the year 2017-18	N/A	8.75%
For the year 2018-19	0.00%	8.75%
For the year 2019-20	10.00%	7.75%
For the year 2020-21	10.00%	7.75%
For the year 2022-23	10.00%	7.75%
For the year 2023-24 and onwards	10.00%	7.75%

		June 30, 2018	June 30, 2017
		-----------(Rupees in '000)---------	
24.2.3	Reconciliation of statement of financial position		
	Present value of defined benefit obligation (recognised)	210,281	225,784
24.2.4	Movement in present value of defined benefit obligation		
	Balance at beginning of the year	225,784	243,163
	Current service cost	84,497	86,001
	Interest cost	19,559	19,456
	Remeasurements of obligation	(49,495)	(29,888)
	Benefits paid	(70,064)	(92,948)
	Balance at end of the year	210,281	225,784
24.2.5	Expense		
	Current service cost	84,497	86,001
	Interest cost	19,559	19,456
	Remeasurements of obligation	(49,495)	(29,888)
	Expense	54,561	75,569

24.2.6 Amounts for the current period and prior period of the present value of defined benefit obligation are as follows:

	June 30, 2018	June 30, 2017
	-----------(Rupees in '000)---------	
Present value of defined benefit obligation	210,281	225,784
Experience gain on defined benefit obligation	(49,495)	(29,888)

24.2.7 Assumed future salary increase rate and discount rate have a significant effect on the employees' compensated absences. A one percentage point change in assumed future salary increase rate and discount rate would have the following effects:

		Increase / (decrease) in defined benefit obligation of` Employees' Compensated Absences			
		Permanent Employees		Contractual Employees	
	Change in assumption	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
		------------------------------(Rupees in '000)----------------------------			
Discount rate	1%	(101,392)	108,212	(93,291)	120,468
Salary growth rate	1%	105,417	(104,002)	118,771	(94,401)

24.2.8 The risks to which the scheme exposes the Group are disclosed in note 24.1.15.

24.3 Expected retirement benefits costs for the year ending June 30, 2019 are as follows:

	(Rupees in '000)
Gratuity	
- funded	486
- unfunded	57,634
Post-retirement medical benefits	26,346
Compensated absences	98,170

24.4 During the year, the Group contributed Rs 9.160 million (2017: Rs 8.423 million) to the provident fund.

25. TRADE AND OTHER PAYABLES

	Note	June 30, 2018	June 30, 2017
		(Rupees in '000)	
Creditors		183,486	145,650
Agents' and owners' balances		394,564	404,591
Accrued liabilities	35	1,574,295	1,783,186
Deposits	25.1	62,705	53,899
Bills payable		62,305	65,092
Withholding tax payable		17,583	793
Advance rent		22,420	21,052
Advance from customers	25.2	82,997	391,639
Other liabilities			
- amounts retained from contractors		27,827	24,496
- others		79,063	75,778
		106,890	100,274
		2,507,245	2,966,176

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

25.2 These represent advances from related parties. The break up is as follows:

	June 30, 2018	June 30, 2017
	(Rupees in '000)	
Sui Northern Gas Pipelines Limited	800	800
Sui Southern Gas Company Limited	3,923	1,691
Other state owned / controlled entities	78,274	389,148
	82,997	391,639

	Note	June 30, 2018	June 30, 2017
		-----------(Rupees in '000)---------	
26. PROVISION AGAINST DAMAGE CLAIMS			
Balance at beginning of the year		20,032	23,078
Charged during the year	34	7,742	1,261
Reversed during the year	35	(4,581)	(4,307)
Balance at end of the year		23,193	20,032
27. INCOMPLETE VOYAGES			
Net freight		110,290	-
Salaries and allowances		11,235	-
Diesel, fuel and lubricants		29,161	-
Stores and spares consumed		5,248	-
Insurance		1,554	-
Charter hire and related expenses		22,939	-
Depreciation	5.8	15,509	-
Victualling		659	-
		86,305	-
		23,985	-

28. CONTINGENCIES AND COMMITMENTS

Contingencies

28.1 The contingent liability in respect of claims not acknowledged by the Holding Company, which as at June 30, 2018 aggregated to Rs 739.743 million (2017: Rs 188.062 million). These claims mainly relate to deficiencies in shipping documentation, delay in delivery of cargo and damages to cargo. These include Rs 2.049 million (2017: Rs 2.083 million) approximately in respect of insurance claims which, if accepted, will be borne by the Holding Company as the P&I Club, Oceanus Mutual Underwriting Association (Bermuda) Limited has gone into liquidation. Out of the remaining claims, a sum of Rs 716.550 million (2017: Rs 168.030 million) approximately would be recoverable from the P&I Club, Steamship Mutual Underwriting Association (Bermuda) Limited, in the event these claims are accepted by the Holding Company. As a matter of prudence, the management has made a total provision of Rs 23.193 million (2017: Rs 20.032 million) against the aforementioned claims in these consolidated financial statements.

28.2 The former owners of East & West Steamship Company, Chittagong Steamship Corporation Limited and Trans Oceanic Steamship Company Limited had initiated litigation that involved the Government of Pakistan and the Holding Company.

Following the Supreme Court's adjudication of the East & West Steamship Company's matter in favour of the former owners, the Government provisionally assessed additional compensation due to the former owners at approximately Rs 97.012 million (2017: Rs 97.012 million). Although a major portion of this amount has been settled by the Government, the Government holds the Holding Company liable for this amount by virtue of the net assets of the East & West Steamship Company having become vested in the Holding Company.

In case of Chittagong Steamship Corporation Limited and Trans Oceanic Steamship Company Limited, the litigations relating to compensation to the former owners and the legal suits are pending in the Honourable High Court of Sindh. The amounts claimed are approximately Rs 1.300 million (2017: Rs 1.300 million) and Rs 66.800 million (2017: Rs 66.800 million) respectively.

The Holding Company disclaims any liability in respect of the above mentioned amounts and any accretions to it upto final determination and settlement of the matters.

28.3 Certain other claims have been filed against the Holding Company in respect of employees' matters for an aggregate amount of approximately Rs 95.910 million (2017: Rs 95.910 million). These cases are pending and the management is confident that the outcome of these cases will be in the Holding Company's favour and accordingly no provision for above claims has been made in these consolidated financial statements.

28.4 While framing the tax assessment for the income year ended June 30, 1990, the assessing officer had made an addition to income of Rs 3,974.455 million, being the remission of liabilities due to the Federal Government under the scheme of financial restructuring of the Holding Company. The resultant tax liability including additional taxes for late payment of tax amounted to Rs 1,293.694 million, part of which was paid by the Holding Company and the remaining amount of Rs 1,233.694 million was directly discharged at source by the Federal Government. The assessing officer while framing the order of income year ended June 30, 1996 had treated the aforementioned payment of tax liability by the Government as the income of the Holding Company. Appellate Tribunal Inland Revenue (ATIR) has given the decision in favour of the Holding Company on the appeals filed against the above orders. However, the department has filed an appeal with the Honourable High Court of Sindh against the aforementioned orders of ATIR. The Honourable High Court of Sindh has decided the appeal against the Holding Company. The leave to appeal filed by the Holding Company has been accepted by the Honourable Supreme Court of Pakistan and the decision of the Honourable High Court of Sindh has been suspended. Uptil June 30, 2017, hearing of the appeal was pending in the Honourable Supreme Court of Pakistan. However during the current year, the hearing has been remanded to the Honourable High Court of Sindh. The management, in consultation with its legal advisor is confident that the matter will eventually be decided in favour of the Holding Company.

28.5 During the year ended June 30, 2011, the Officer Inland Revenue (OIR) issued assessment orders under section 122 (5A) of the Income Tax Ordinance, 2001 (ITO, 2001) in respect of tax years 2008, 2009 and 2010. According to the orders, the OIR had made certain additions and determined additional tax demand of Rs 363.421 million. OIR had disallowed a portion of administrative expenses by attributing the same to the subsidiary companies and further disallowed a portion of contribution made to the approved gratuity fund (only in respect of tax year 2008) on the contention that the same is attributable to the subsidiary companies. The Holding Company paid Rs 170 million under protest and filed an appeal with the Commissioner of Inland Revenue (Appeals). The Commissioner of Inland Revenue (Appeals) in his order upheld certain additions and had given decision in favour of the Holding Company on certain matters resulting in refund of Rs 90.579 million, out of which Rs 3.581 million has been adjusted in tax year 2013 and remaining Rs 86.918 million in tax year 2014. The management had provided for all the matters that were decided against the Holding Company, with the exception of disallowance of allocation of common expenses to profit on debt for tax years 2008 and 2009 which might have resulted in increase of tax liability by Rs 17.848 million.

The Holding Company had filed an appeal with the ATIR in respect of aforementioned disallowances. The aforementioned appeals have been decided by the ATIR through the combined appellate order whereby certain disallowances have been deleted interalia including disallowances of common expenses allocated to profit on debt. During the current year, Additional Commissioner Inland Revenue (ACIR) gave effect to the directions of the ATIR. However, on the grounds that ACIR has not correctly given effect to the directions of ATIR on the issue of disallowance of administrative expenses and allocating the same to the subsidiary companies, the Holding Company has filed an appeal before the Commissioner (Appeals) on July 20, 2018. The Holding Company has filed a reference to Honorable High Court of Sindh in respect of certain disallowances maintained in the aforesaid order of ATIR. The management, in consultation with its legal advisor is confident that the matter in the Honorable High Court of Sindh will eventually be decided in favour of the Holding Company.

28.6 During the year ended June 30, 2012, the OIR issued assessment orders under section 122 (5A) of the ITO, 2001 in respect of tax year 2011. According to the orders, the OIR has made certain additions and determined additional tax demand of Rs 251.092 million. OIR has disallowed a portion of administrative expenses by attributing the same to the subsidiary companies and further disallowed financial expenses incurred by the Holding Company on the contention that the same is equity specific and hence being capital in nature. The Holding Company had paid Rs 160.513 million (2017: Rs 160.513 million) and adjusted Rs 90.579 million against refunds relating to tax year 2008, 2009 and 2010 under protest. During the year ended June 30, 2015, Commissioner of Inland Revenue (Appeals) in his order has upheld certain additions and has given decisions in favour of the Holding Company on certain matters, and has worked out refund of Rs 15.068 million. The Holding Company and the department have filed appeals with the ATIR in respect of aforementioned disallowances, which have been decided by the ATIR. The ATIR, in its order has interalia deleted certain additions made by the OIR which were upheld by the Commissioner (Appeals). However, while giving effect to the order of the ATIR, the taxation officer has disallowed the expenses allocated to dividend income.

Accordingly, the Holding Company has filed an appeal before the Commissioner (Appeals) on July 20, 2018. Further, being aggrieved by the decision of the appellate tribunal, the department has filed a reference application which is pending before the Honourable High Court of Sindh. The management, in consultation with its legal advisor, is confident that the matter will eventually be decided in favour of the Holding Company.

28.7 During the year ended June 30, 2013, the OIR issued assessment orders under section 122 (5A) of the ITO, 2001 in respect of tax year 2012. According to the orders, the OIR has made certain additions and determined additional tax demand of Rs 107.499 million. OIR has disallowed a portion of administrative expenses by attributing the same to the subsidiary companies and further disallowed financial expenses incurred by the Holding Company on the contention that the same is equity specific and hence being capital in nature. The Holding Company has paid Rs 65 million under protest and filed an appeal with the Commissioner of Inland Revenue (Appeals). During the year ended June 30, 2015, Commissioner of Inland Revenue (Appeals) in his order has upheld certain additions and has given decisions in favour of the Holding Company on certain matters, and has worked out refund of Rs 24.022 million. The Holding Company and the department have filed appeals with the ATIR in respect of aforementioned disallowances. The ATIR vide appellate order dated August 7, 2018 has interalia deleted certain additions made by the taxation officer. However, the appeal effect order is still pending. The management, in consultation with its tax advisor, is confident that the matter will eventually be decided in favour of the Holding Company.

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28.8 During the year ended June 30, 2014, the OIR has issued assessment orders under section 122 (5A) of the ITO, 2001 in respect of tax year 2013. According to the orders, the OIR has made certain additions and determined additional tax demand of Rs 303.333 million. OIR has disallowed a portion of retirement benefit expenses by attributing the same to the subsidiary companies and further disallowed financial expenses incurred by the Holding Company on the contention that the same is equity specific and hence being capital in nature. Moreover, OIR also disallowed the basis of apportionment of expenses. The Holding Company has paid Rs 288.265 million under protest and adjusted refund of Rs 3.581 million and Rs 15.068 million available for the tax year 2008 and 2011 respectively. Further the management has filed an appeal with the Commissioner of Inland Revenue (Appeals) who in his order has upheld certain additions and has given decisions in favour of the Holding Company on certain matters, and worked out a Nil demand. The Holding Company and the department have filed appeals with the ATIR in respect of aforementioned disallowances. The management, in consultation with its tax advisor, is confident that the subject matters in respect of tax year 2013 will eventually be decided in favour of the Holding Company.

28.9 During the year ended June 30, 2015, ACIR issued assessment order under section 122 (5A) of the ITO, 2001 in respect of tax year 2014. According to the order the ACIR made certain additions and determined additional tax demand of Rs 170.436 million in respect of certain disallowances regarding financial expenses, administrative costs and post-retirement benefits. The Holding Company paid Rs 83.438 million under protest and adjusted Rs 86.998 million against refunds available for tax year 2008, 2009 and 2010. The Holding Company had filed an appeal before the Commissioner of Inland Revenue (Appeals) who passed his order and maintained the decision of the ACIR. The Holding Company had filed an appeal with the ATIR in respect of aforementioned order of the Commissioner Inland Revenue (Appeals) in respect of aforementioned disallowances. The management, in consultation with its tax advisor, is confident that the subject matters in respect of tax year 2014 will eventually be decided in favour of the Holding Company.

28.10 During the year ended June 30, 2014, the Holding Company received assessment orders from the taxation authorities in respect of tax years 2008-2013. The taxation officer has held that the Holding Company is liable to deduct withholding tax under section 152(2) of the ITO, 2001, while making payments to the non-resident shipping companies and in the event of default to do so the Holding Company becomes personally liable to pay tax under section 161 along with default surcharge under section 205 of the Ordinance. By virtue of above orders a cumulative tax demand was raised by the taxation authorities amounting to Rs 2,695.496 million. The Holding Company filed an appeal with the Commissioner of Inland Revenue (Appeals) who maintained the orders passed by the Deputy Commissioner Inland Revenue (DCIR) and consequently an appeal was filed before the ATIR. The ATIR, in the appellate order, has held that the payments made by the Holding Company to the non-resident shipping companies are in the nature of "Royalty" and the rate of tax withholding applicable on such payments would be 15 percent. Accordingly, the tax demand originally raised was reduced to Rs 1,659.485 million. The Holding Company lodged rectification applications in respect of the orders passed by ATIR. However, during the year ended June 30, 2016, the said rectification applications have been rejected. Without prejudice to the rectification applications, the Holding Company has also filed a petition before the Honourable Sindh High Court in respect of the aforesaid orders passed by ATIR seeking protection from any adverse action. The Honourable Sindh High Court has granted an interim order restraining FBR from taking any coercive action, the said interim order is still operative. Further, the aforementioned cases are still pending with the Honourable Sindh High Court.

Further, during the year ended June 30, 2015, the DCIR had issued show cause notice under section 161 of the ITO, 2001 in respect of tax year 2014 proposing to raise tax demand of Rs 1,324.077 million on the same matter. The Holding Company took up the matter to the Honourable High Court and the Court has granted an interim order which is still operating and suspended the show cause notice. The management of the Holding Company is confident that the subject matter in respect of tax years 2008 to 2014 will eventually be decided in favour of the Holding Company.

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28.11 During the current year, the DCIR vide order dated June 29, 2018 proceeded to amend the assessment under the provisions of section 122(5A) of the Ordinance in respect of tax year 2016. The taxable income has been recomputed by allocating expenses against dividend income, and disallowances made on account of interest on long term finances and payments claimed against staff retirement benefits. Brought forward business losses and unabsorbed depreciation for tax year 2016 have also been adjusted in the computation of taxable income. By virtue of the aforementioned order passed by the ACIR a tax demand amounting to Rs 91.592 million was raised, which is amply covered by the refunds available for prior tax years. Furthermore, the Holding Company has filed an appeal with the Commissioner Inland Revenue (Appeals) on July 23, 2018 which is still pending for hearing. The management, in consultation with its tax advisor, is confident that the subject matters in respect of tax year 2016 will eventually be decided in favour of the Holding Company.

28.12 During the current year, the ACIR vide order dated June 29, 2018 proceeded to amend the assessment under the provisions of section 122(5A) of the Ordinance in respect of tax year 2017. The taxable income has been recomputed by allocating expenses against dividend income, and disallowances made on account of interest on long term finances and payments claimed against staff retirement benefits. By virtue of the aforementioned order passed by the ACIR a tax demand amounting to Rs 318.212 million was raised, out of which the Holding Company has made a payment of Rs 75 million under protest. Furthermore, the Holding Company has filed an appeal with the Commissioner Inland Revenue (Appeals) on July 23, 2018 which is still pending for hearing. The management, in consultation with its tax advisor is confident that the subject matters in respect of tax year 2017 will eventually be decided in favour of the Holding Company.

28.13 The Taxation Officer (TO) issued an amended assessment order under section 122(5A) of the ITO, 2001 in respect of tax year 2003 against Karachi Shipping (Private) Limited (KSPL). According to the amended order, TO made additions to taxable income of KSPL aggregating to Rs 163.523 million mainly on account of interest income and gain on sale of fixed assets, which have been taxed separately. KSPL made payment of Rs 70.315 million under protest, being the additional tax demand raised by the TO in his order and filed an appeal against the subject order with Commissioner Income Tax (Appeals). Consequently, KSPL also filed a petition to Alternate Dispute Resolution Committee (ADRC) with respect to the said matter. During the year ended June 30, 2009, the ADRC upheld the decision of TO and decided the matter against KSPL. As KSPL was not satisfied with the order, KSPL continued to pursue its remedy against Commissioner Income Tax (Appeals) which is, at present, pending for hearing.

The management of KSPL is confident that the matter in the appeal shall eventually be decided in its favour. Without prejudice to the contentions of the management, the management has as a matter of prudence provided for amount aggregating Rs 70.315 million as payment under protest during the year ended June 30, 2008.

28.14 While framing tax assessment for income of the year ended June 30, 2005, the TO issued an order under section 122(5A) of the ITO, 2001 whereby demand of Rs 139.118 million was raised by the tax department against Lalazar Shipping (Private) Limited (LSPL). According to the order, the TO is of the view that the income appearing under the head 'other income' in the annual audited financial statements for the said year is taxable under Normal Tax Regime with reference to section 39 of the ITO, 2001. LSPL had filed appeals with the Commissioner Income Tax (Appeals) and Income Tax Appellate Tribunal, however, the appeals were decided in favour of the tax department.

During the year ended June 30, 2011, the Honourable High Court had heard the appeal filed by LSPL and reduced the tax demand raised by TO to Rs 68.284 million. LSPL had paid the reduced tax demand under protest and filed an appeal with the Honourable Supreme Court for which leave to appeal was granted to the LSPL. Further, the tax department had also filed an appeal with the Honourable Supreme Court against the order and the matter is at present pending for hearing. The management of LSPL, based on the advise of its tax advisor, is confident that the matter shall eventually be decided in favour of LSPL.

28.15 The DCIR passed an order dated April 20, 2017 under section 161 and 205 as against a show cause notice relating to non deduction of tax on deemed dividend raising a tax demand of Rs. 26.325 million against Chitral Shipping (Private) Limited in respect of tax year 2015. CSPL obtained stay order from High Court against the said demand and also filed an appeal before Commissioner (Appeals). The Commissioner (Appeals) in its order dated June 30, 2017 maintained the decision of tax officer. CSPL filed an appeal with the ATIR.

Subsequent to the year end, the appeal before the ATIR has been decided vide order dated August 3, 2018. The ATIR has vacated the orders passed by the Commissioner (Appeals) and the DCIR. The Tribunal has held that the department has not correctly appreciated the facts of the case and has remanded back the same to the TO for re-adjudication. The management, in consultation with its tax advisor, is confident that the subject matters will eventually be decided in favour of the Holding Company.

Commitments

28.16 Commitments in respect of capital expenditure amounted to Rs 32.571 million (2017: 32.571 million).

28.17 Outstanding letters of guarantee amounted to Rs 5.126 million (2017: Rs 5.126 million).

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

	June 30, 2018	June 30, 2017
	-----------(Rupees in '000)---------	
29. INCOME FROM SHIPPING BUSINESS		
Owned vessels		
- bulk carriers	1,750,086	1,155,020
- oil tankers	3,988,096	3,955,479
	5,738,182	5,110,499
Chartered vessels - Foreign flag vessels		
- voyage charter revenue	2,163,072	3,380,736
- slot charter revenue	1,976,699	3,795,001
	4,139,771	7,175,737
	9,877,953	12,286,236

	Note	June 30, 2018	June 30, 2017
		-----------(Rupees in '000)---------	
30. FLEET EXPENSES - direct			
Diesel, fuel and lubricants consumed		1,476,748	1,246,076
Stevedoring and transhipment expenses		4,256	9,227
Ocean loss		69,670	12,639
Port, light, canal and customs dues		800,801	774,375
Salaries, benefits and allowances		709,419	675,080
Charter hire and related expenses	30.1	2,255,675	3,922,621
Fleet communication expenses		18,583	16,601
Agency commission and brokerage		98,373	71,775
Victualling expenses		81,985	72,726
Insurance		241,722	236,131
Claim charges		20,907	27,196
Stores and spares consumed		254,326	199,164
Repairs, maintenance and special surveys		111,504	135,402
Depreciation on opening incomplete voyage	18	52,260	23,483
Depreciation	5.8	1,337,707	1,299,961
		1,389,967	1,323,444
Exchange losses		127,325	7,436
Services sales tax expense		3,380	3,272
Additional war risk		32,932	-
Travelling and conveyance		49,010	39,189
Sundry expenses		45,220	36,567
		7,791,803	8,808,921

30.1 Charter hire and related expenses

Foreign flag vessels		
- voyage charter expenses	1,379,054	2,234,897
- slot charter expenses	876,621	1,687,724
	2,255,675	3,922,621

31. FLEET EXPENSES - indirect

	Note	June 30, 2018	June 30, 2017
Salaries, benefits and allowances	31.1	7,414	9,592
Agents' and other general expenses	31.2	20,128	7,936
Legal and professional charges		-	4,091
Depreciation	5.8	585	482
General establishment expenses		852	685
		28,979	22,786

31.1 This includes Rs 0.202 million (2017: Rs 0.404 million) in respect of provident fund contribution. The investments out of provident fund have been made in accordance with the provisions of Section 218 of the Act and conditions specified thereunder.

		Note	June 30, 2018	June 30, 2017
			-----------(Rupees in '000)---------	
31.2	Agents' and other general expenses			
	Legal and professional charges		14,527	3,081
	Printing and stationery		80	44
	Advertisement and publicity		1,355	916
	Telephone, telex and postage		2,744	2,432
	Air freight		1,126	854
	Bank charges and commission		296	237
	Sundry expenses		-	372
			20,128	7,936

32. REAL ESTATE EXPENSES

	Note	June 30, 2018	June 30, 2017
Salaries, benefits and allowances	32.1	57,355	46,905
General establishment expenses	32.2	39,820	38,368
Rent, rates and taxes		11,937	12,290
Insurance		4,049	4,320
Depreciation	5.8	36,276	29,915
Legal and professional charges		503	285
		149,940	132,083

32.1 This includes Rs 0.737 million (2017: Rs 0.545 million) in respect of provident fund contribution. The investments out of provident fund have been made in accordance with the provisions of Section 218 of the Act and conditions specified thereunder.

		June 30, 2018	June 30, 2017
		-----------(Rupees in '000)---------	
32.2	General establishment expenses		
	Repairs and maintenance	18,101	17,233
	Security charges	12,081	10,260
	Light, power and water	9,429	10,687
	Vehicle running, repairs and maintenance expenses	209	188
		39,820	38,368

	Note	June 30, 2018	June 30, 2017
		-----------(Rupees in '000)---------	
33. ADMINISTRATIVE EXPENSES			
Workshop management expense		86,179	67,156
Salaries, benefits and allowances	33.1	639,724	643,683
General establishment expenses	33.2	218,257	195,822
Rent, rates and taxes		17,215	12,999
Scholarship and training expenses		1,861	3,771
Insurance		4,790	5,451
Depreciation	5.8	31,068	31,620
Directors' fee	41.1	2,044	1,775
Legal and professional charges		41,647	13,424
Sales tax expenses		20,456	27,648
Computer expenses		-	26
Sundry expenses		330	3,687
		1,063,571	1,007,062

33.1 This includes Rs 8.221 million (2017: Rs 7.474 million) in respect of provident fund contribution. The investments out of provident fund have been made in accordance with the provisions of Section 218 of the Act and conditions specified thereunder.

	June 30, 2018	June 30, 2017
	-----------(Rupees in '000)---------	
33.2 General establishment expenses		
Repairs and maintenance	18,209	16,028
Medical expenses	54,483	51,118
Contribution to employees' welfare fund	4	5
Contribution to group term insurance	996	1,456
Security charges	4,290	3,849
Travelling and conveyance	16,704	11,619
Entertainment and canteen subsidy	5,207	11,483
Books, periodicals and subscription	7,439	6,700
Uniform and liveries	2,020	1,999
Hajj expenses	58	2,110
Printing and stationery	4,446	5,145
Telephone, telex and postage	13,527	9,954
Light, power and water	13,311	14,291
Computer expenses	12,629	9,729
Advertisement and publicity	23,930	19,401
Vehicle running, repairs and maintenance expenses	21,722	18,461
Ship inspection expenses	1,849	2,963
Sundry expenses	17,433	9,511
	218,257	195,822

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	Note	June 30, 2018	June 30, 2017
		-----------(Rupees in '000)---------	
34. OTHER EXPENSES			
Donations	34.1	120	50
Auditors' remuneration	34.2	12,289	16,675
Demurrage expenses		337,410	760,941
Employees' gratuity			
- funded	24.1.7	2,662	11,831
- unfunded	24.1.7	48,655	45,337
		51,317	57,168
Post-retirement medical benefits	24.1.7	22,341	22,119
Employees' compensated absences	24.2.5	54,561	75,569
Loss on revaluation of long-term investments in listed companies	9.1 & 9.2	-	738
Impairment loss	5.1	9,653	36,372
Provision for doubtful trade debts and other receivables	13.4 & 17.4	54,934	331,748
Long term loans and advances written off		-	58
Trade debts written off		1,419	375
Demurrage receivable written off		-	42,806
Loss on disposal of stores		2,041	7,265
Provision in respect of damage claims	26	7,742	1,261
Sundries		-	327
Sindh sales tax		292	273
Exchange loss on demurrage		120,621	-
		674,740	1,353,745

34.1 No director or his spouse had any interest in the donee.

	June 30, 2018			June 30, 2017		
	A. F. Ferguson & Co.	EY Ford Rhodes	Total	A. F. Ferguson & Co.	EY Ford Rhodes	Total
	---------------------------------(Rupees in '000)---------------------------------					
34.2 Auditors' remuneration						
Statutory audit fee - the Holding Company	1,310	1,310	2,620	1,234	1,234	2,468
Audit fee - subsidiaries	1,860	1,860	3,720	1,748	1,749	3,497
Fee for review of half yearly financial statements	459	459	918	431	431	862
Fee for review of compliance with the best practices of the code of corporate governance	140	140	280	132	132	264
Fee for audit of the consolidated financial statements	166	166	332	156	156	312
Tax advisory / Advisory fee	3,544	-	3,544	8,611	46	8,657
Statutory certifications	150	75	225	15	-	15
Out of pocket expenses	325	325	650	300	300	600
	7,954	4,335	12,289	12,627	4,048	16,675

	Note	June 30, 2018	June 30, 2017
		-----------(Rupees in '000)---------	
35. OTHER INCOME			
Income from financial assets			
Income from saving account and term deposits		368,136	330,182
Dividend income from investment in listed companies		2,884	1,697
Agency fee		17,709	15,827
Gain on revaluation of investment properties	7	390,240	479,171
Cargo claim		1,577	1,930
Gain on revaluation of long-term investments in listed companies	9.1 & 9.2	1,633	-
Income from advances to employees		1,635	-
Demurrage income		585,453	1,211,129
Income from heating claims		1,446	60,724
Insurance claims	35.1	55,702	15,543
Additional war risk income		-	1,073
Miscellaneous claims		21,585	17,987
Exchange gain		143,088	3,625
		1,591,088	2,138,888
Income from non-financial assets			
Provisions no longer required written back	25 & 26	4,817	4,329
Reversal of provision for doubtful receivable	13.4 & 17.4	3,390	12,919
Reversal of impairment	5.1	36,372	-
Liabilities no longer payable written back		54,124	39,885
Sundry income	35.2	53,384	83,065
		152,087	140,198
		1,743,175	2,279,086

35.1 This represents recoveries from hull, cargo and other claims according to the insurance policies.

	June 30, 2018	June 30, 2017
	-----------(Rupees in '000)---------	
35.2 This includes the following:		
Documentation charges	-	1,241
Income earned by the Holding Company Work Shop	13,234	24,986
Cost of tender document	551	167
Recovery of HV AC charges	4,998	7,737
Others	34,601	48,934
	53,384	83,065
36. FINANCE COSTS		
Mark-up on long-term financing	246,017	327,060
Bank charges	4,385	3,351
	250,402	330,411

	Note	June 30, 2018	June 30, 2017
37. TAXATION		-----------(Rupees in '000)---------	
Tax charge for:			
- current year		360,954	664,695
- prior years		(195,102)	(75,040)
		165,852	589,655
- deferred		47,064	35,293
	37.1	212,916	624,948

37.1 Relationship between tax expense and accounting profit

	June 30, 2018	June 30, 2017
Accounting profit before tax	1,854,037	3,101,763
Tax rate	30%	31%
Tax on accounting profit	556,211	961,547
Tax effect in respect of income / expenses not admissible for calculation of taxable profit	(70,637)	(108,985)
Tax effect of lower tax rates on certain incomes:		
- Tax saving due to lower income tax rates	(82,891)	(212,041)
- Tax saving due to lower income tax rates - subsidiaries profit	(73,391)	(35,075)
- Tax on dividend income	(433)	(314)
	(156,715)	(247,430)
Effect of charging deferred tax on different rate than current tax	15,070	(191)
Effect of prior year	(195,102)	(75,040)
Effect of super tax	27,566	54,172
Others (including the impact arising as a consequence of change in allocation ratio of revenue chargeable under FTR and NTR tax regime)	36,523	40,875
	(343,295)	(336,599)
Tax expense for the year	212,916	624,948

37.2 As per the management's assessment, sufficient tax provision has been made in the Group's financial statements. The comparison of tax provision as per the financial statements viz-a-viz tax assessment for last three years is as follows:

	June 30, 2017	June 30, 2016	June 30, 2015
	----------------------(Rupees in '000)--------------------		
Provision as per financial consolidated statements	664,695	290,681	212,272
Tax assessment	805,427	411,670	165,871

38. EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE HOLDING COMPANY - basic and diluted

	June 30, 2018	June 30, 2017
	---------(Rupees in '000)------------	
Net profit for the year	1,640,671	2,476,417
	-----------(No. of Shares)-----------	
Weighted average ordinary shares in issue during the year	132,063,380	132,063,380
	--------------(Rupees)----------------	
Earnings per share - basic and diluted	12.42	18.75

38.1 There were no dilutive potential ordinary shares outstanding as at June 30, 2018 and 2017.

		Note	June 30, 2018	June 30, 2017
			-----------(Rupees in '000)---------	
39.	**CASH GENERATED FROM OPERATIONS**			
	Profit before taxation		1,854,037	3,101,763
	Adjustments for non-cash charges and other items:			
	Depreciation	5.8	1,457,896	1,385,461
	Loss on disposal of stores	34	2,041	7,265
	Provision in respect of damage claims	34	7,742	1,261
	Provision for employees' gratuity	24.1.7	51,317	57,168
	Provision for employees' compensated absences	24.2.5	54,561	75,569
	Provision for post retirement medical benefits	24.1.7	22,341	22,119
	Dividend income	35	(2,884)	(1,697)
	Provision for doubtful debts	13.4	4,689	32,493
	Provision for doubtful receivables	17.4	50,245	299,255
	Demurrage receivable written off	34	-	42,806
	Reversal of provision against damage claims	26	(4,581)	(4,307)
	Reversal of impairment	35	(36,372)	-
	Liabilities no longer required written back	35	(54,124)	(39,885)
	Provision no longer required written back	35	(236)	(22)
	Reversal of provision for doubtful receivable	13.4 & 17.4	(3,390)	(92,114)
	Impairment loss	34	9,653	36,372
	Interest income	35	(368,136)	(330,182)
	Interest expense	36	246,017	327,060
	(Gain) /Loss on revaluation of long-term investments	35 & 34	(1,633)	738
	Long term loans and advances written off	34	-	58
	Gain on revaluation of investment properties	35	(390,240)	(479,171)
	Working capital changes	39.1	(830,994)	(969,805)
			2,067,949	3,472,205

39.1	Working capital changes		
	(Increase) / decrease in current assets:		
	Stores and spares	12,614	(57,384)
	Trade debts - unsecured	191,355	(224,801)
	Agents' and owners' balances - unsecured	(10,618)	2,948
	Loans and advances	(37,992)	(344)
	Trade deposits and short-term prepayments	39,259	(22,036)
	Other receivables	(638,835)	(825,300)
	Incomplete voyages	-	33,501
	Insurance claims	(53,394)	4,326
		(497,611)	(1,089,090)
	Increase / (decrease) in current liabilities:		
	Trade and other payables	(404,571)	119,285
	Incomplete voyages	71,188	-
		(830,994)	(969,805)

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2018

	Note	June 30, 2018	June 30, 2017
		-----------(Rupees in '000)---------	
40. CASH AND CASH EQUIVALENTS			
Short-term investments having maturity of three months or less	19	121,430	2,450,000
Cash and bank balances	20	2,642,749	2,711,772
		2,764,179	5,161,772

41. REMUNERATION OF CHAIRMAN & CHIEF EXECUTIVE, DIRECTORS AND OTHER EXECUTIVES

The aggregate amount of remuneration including all benefits payable to the Chairman and Chief Executive, Executive Directors and Executives of the Group were as follows:

	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017*
	Chairman & Chief Executive		Executive Directors		Other Executives	
	----------------------------------(Rupees in '000)---------------------------------					
Managerial remuneration and allowances	1,756	1,173	25,159	19,373	219,787	130,603
Retirement benefits	-	-	-	-	6,621	1,137
House rent	2,992	3,000	8,297	2,621	90,684	42,880
Conveyance	801	649	1,987	1,296	4,935	240
Entertainment	8	8	-	-	3,864	2,091
Medical	192	1,208	1,971	1,839	10,232	3,828
Utilities	811	1,321	2,030	1,780	21,277	15,122
Personal staff subsidy	-	-	-	-	320	263
Club membership fee and expenses	271	299	306	267	-	-
Bonus	1,413	1,380	5,670	4,237	46,788	31,224
Other allowances	854	677	1,826	575	141,004	98,483
	9,098	9,715	47,246	31,988	545,512	325,871
Number of persons	1	1	5	5	121	70

**Comparatives have been restated to reflect changes in the definition of executive as per the Companies Act, 2017*

41.1 The aggregate amount charged in the consolidated financial statements for fee to 7 (2017: 6) non-executive directors was Rs 2.044 million (2017: Rs 1.775 million).

41.2 Retirement benefits represent amount contributed towards various retirement benefit plans. The executives of the Group are entitled to retirement benefits as outlined in note 2.19 and 2.20 to these consolidated financial statements. The Chairman & Chief Executive, Directors and other Executives are provided with the Group owned and maintained cars.

42. FINANCIAL INSTRUMENTS BY CATEGORY

	June 30, 2018	June 30, 2017
	-----------(Rupees in '000)---------	
FINANCIAL ASSETS		
Fair value through profit or loss		
Long-term investments - listed companies	51,099	49,466
Loans and receivables		
Loans - employees	29,157	-
Trade debts - unsecured	562,923	756,750
Agents' and owners' balances - unsecured	19,041	8,423
Trade deposits	15,516	16,825
Interest accrued on bank deposits and short-term investments	27,303	48,193
Other receivables	2,554,068	1,964,305
Insurance claims	87,642	34,248
Short-term investments	4,094,860	4,127,045
Cash and bank balances	2,642,749	2,711,772
	10,033,259	9,667,561
Available-for-sale financial assets		
Long-term investments - other entity	100	100
	10,084,458	9,717,127
FINANCIAL LIABILITIES		
Amortised cost		
Long-term financing - unsecured	2,954,358	4,154,363
Unclaimed dividend	52,869	39,147
Trade and other payables	2,384,245	2,552,692
Accrued mark-up on long-term financing	26,041	35,582
	5,417,513	6,781,784

43. FINANCIAL RISK MANAGEMENT

43.1 Financial risk factors

The Group finances its operations through equity and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimise risk. Taken as a whole, the Group is exposed to market risk (including interest rate risk, currency risk and other price risk), credit risk and liquidity risk. The Group's principal financial liabilities comprise of trade and other payables. The Group also has various financial assets such as trade debts, other receivables, bank balances and short-term investments which are directly related to its operations. No changes were made in the objectives, policies or processes and assumptions during the year ended June 30, 2018. The policies for managing each of these risk are summarised below:

43.1.1 Concentration of credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including trade receivables and committed transactions. Credit risk represents the accounting loss that would be recognised at the date of statement of financial position if counter parties fail completely to perform as contracted.

As at June 30, 2018, out of the total financial assets of Rs 10,084.458 million (2017: Rs 9,717.127 million), the financial assets which are subject to credit risk amounted to Rs 10,081.113 million (2017: Rs 9,714.929 million). The management continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery.

Moreover, a significant component of the receivable balances of the Group relates to amounts due from the Public Sector organisations. Due to the Group's long standing business relationships with these counterparties and after giving due consideration to their related credit standing, management does not expect non–performance by those counter parties on their obligations to the Group.

For banks and financial institutions, only independently rated parties with a minimum credit rating of A are accepted.

43.1.2 Market Risk

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group faces foreign currency risk on receivable and payable transactions at foreign ports.

As at June 30, 2018, if the currency had weakened / strengthened by 5% against the US dollar and Japanese Yen with all other variables held constant, profit before taxation for the year would have been higher / lower by Rs 74.409 million (2017: Rs 45.010 million), mainly as a result of foreign exchange gains / losses on translation of US dollar and Japanese Yen denominated assets and liabilities.

As at June 30, 2018, the effect of fluctuations in other foreign currency denominated assets or liabilities balances would not be material, therefore, not disclosed.

Cash flow and fair value interest rate risk

The Group has interest bearing liabilities that have floating interest rates. At June 30, 2018, if interest rates on borrowings had been 100 basis points higher / lower with all other variables held constant, profit after taxation for the year would have been lower / higher by Rs 20.681 million (2017: Rs 28.665 million).

Price risk

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The effects of changes in fair value of investments made by the Group, on the future profits are not considered to be material in the overall context of these consolidated financial statements.

43.1.3 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in raising funds to meet commitments associated with financial instruments. The Group believes that it is not exposed to any significant level of liquidity risk.

The management forecasts the liquidity of the Group on basis of expected cash flow considering the level of liquid assets necessary to meet such risk. This involves monitoring statement of financial position liquidity ratios and maintaining debt financing plans.

Financial liabilities in accordance with their contractual maturities are presented below:

	Total Contractual cash flows	Less than 1 year	Between 1 to 2 years	Between 2 to 5 years	More than 5 years
June 30, 2018	----------(Rupees in '000)----------				
Long term financing	3,313,910	1,375,839	887,560	1,050,511	-
Unclaimed dividend	52,869	52,869	-	-	-
Trade and other payables	2,384,245	2,384,245	-	-	-
Accrued mark-up on long-term financing	26,041	26,041	-	-	-
	5,777,065	3,838,994	887,560	1,050,511	-
June 30, 2017					
Long term financing	4,771,300	1,455,794	1,376,429	1,741,657	197,420
Unclaimed dividend	39,147	39,147			
Trade and other payables	2,552,692	2,552,692	-	-	-
Accrued mark-up on long-term financing	35,582	35,582	-	-	-
	7,398,721	4,083,215	1,376,429	1,741,657	197,420

43.1.4 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 June 30, 2018, the Group's all assets and liabilities are carried at amortised cost except for those mentioned below:

The Group's leasehold land, buildings on leasehold land, beach huts and workshop machinery and equipment are stated at revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses, if any. The fair value measurements of the Group's leasehold land, buildings on leasehold land, beach huts and workshop machinery and equipment as at June 30, 2018 was performed by Fair Water 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 date (unobservable inputs).

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

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:

	Note	June 30, 2018			
		Level 1	Level 2	Level 3	Total
		----------(Rupees in '000)----------			
Assets carried at fair value					
Long-term investments - fair value through profit or loss	9	51,099	-	-	51,099
Leasehold land		-	1,086,960	-	1,086,960
Buildings on leasehold land		-	786,260	-	786,260
Beach huts		-	16,251	-	16,251
Workshop machinery and equipment		-	5,156	-	5,156
Investment properties		-	3,061,632	-	3,061,632
		-	4,956,259	-	4,956,259

		June 30, 2017			
		Level 1	Level 2	Level 3	Total
		----------(Rupees in '000)----------			
Assets carried at fair value					
Long-term investments - fair value through profit or loss	9	49,466	-	-	49,466
Leasehold land		-	775,312	-	775,312
Buildings on leasehold land		-	806,725	-	806,725
Beach huts		-	11,127	-	11,127
Workshop machinery and equipment		-	5,315	-	5,315
Investment properties		-	2,671,043	-	2,671,043
		-	4,269,522	-	4,269,522

44. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages its capital structure by monitoring return on net assets and makes adjustment to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares.

The Group is subject to externally imposed capital requirements, which are applicable at consolidated financial statements level.

During the year, the Group's strategy was to maintain the debt equity ratio below 60:40. The debt equity ratios as at June 30, 2018 and 2017 were as follows:

	June 30, 2018	June 30, 2017 (Restated)
	---------(Rupees in '000)-----------	
Long-term financing (note 23)	2,954,358	4,154,363
Total equity	31,336,776	29,841,009
Total	34,291,134	33,995,372
Debt-to-equity ratio	9:91	14:86

45. ENTITY WIDE INFORMATION

45.1 The Group constitutes a single reportable segment, the principal classes of services provided are transportation of dry cargo, liquid cargo and rental income.

45.2 Information about services

The Group's principal classes of services accounted for the following amount of revenue:

	June 30, 2018	June 30, 2017
	---------(Rupees in '000)-----------	
Transportation of dry cargo	3,726,785	4,950,021
Transportation of liquid cargo	6,151,168	7,336,215
Rental income	192,344	191,449
	10,070,297	12,477,685

45.3 Information about geographical areas

The Group does not hold non-current assets in any foreign country.

45.4 Information about major customers

The Group has the following exposure to concentration of credit risk with clients representing greater than 10% of the total revenue balances:

	June 30, 2018		June 30, 2017	
	Revenue		Revenue	
	(Rupees in '000)	% of Total	(Rupees in '000)	% of Total
Client 1	2,276,197	23	3,686,216	30
Client 2	2,107,060	21	2,025,720	16
Client 3	1,067,378	11	1,986,080	16
	5,450,635	55	7,698,016	62

46. RELATED PARTY DISCLOSURES

Related parties comprise of companies affiliated to the Holding Company and the directors, chief executives of the Holding Company and employee funds maintained by the Holding Company. Particulars of remuneration to key personnel are disclosed in note 41 to these consolidated financial statements.

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

Nature of transactions	Relationship with the Group	June 30, 2018	June 30, 2017
		(Rupees in '000)	
Chartering Revenue	State owned / controlled entities	8,126,094	11,131,216
Rental income	State owned / controlled entities	3,647	3,315
Demurrage income (Note 35)	State owned / controlled entities	585,453	1,211,129
Contributions to Provident Fund	Employees fund	9,160	8,423
Compensation to key management personnel (Note 41)	Key management personnel	56,344	41,703

46.1 Outstanding balances due from / due to related parties have been disclosed in notes 8, 9, 10, 13, 15, 17 and 25 to these consolidated financial statements.

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2018

46.2 Following are the related parties with whom the Group had entered into transactions or have arrangements / agreements in place.

S.No.	Name	Basis of relationship	Aggregate % of shareholding in the Company
1	Muhammadi Engineering Works (Private) Limited	Associate	N/A
2	Pakistan National Shipping Corporation - Employees' Gratuity Fund	Employees fund	N/A
3	Pakistan National Shipping Corporation - Employees' Contributory Provident Fund	Employees fund	N/A
4	Civil Aviation Authority	State owned/controlled entity	N/A
5	Heavy Electric Complex (Private) Limited	State owned/controlled entity	N/A
6	Heavy Industries Taxila	State owned/controlled entity	N/A
7	Heavy Machinery Complex Private Limited	State owned/controlled entity	N/A
8	Institute Of Industrial Control System	State owned/controlled entity	N/A
9	Karachi Port Trust	State owned/controlled entity	N/A
10	Karachi Shipyard & Engineering Works Ltd	State owned/controlled entity	N/A
11	National Bank of Pakistan	State owned/controlled entity	N/A
12	National Engineering & Scientific Commission	State owned/controlled entity	N/A
13	National Engineering Services Pakistan (Private) Limited	State owned/controlled entity	N/A
14	National Refinery Limited	State owned/controlled entity	N/A
15	Pak Arab Refinery Limited	State owned/controlled entity	N/A
16	Pakistan Agricultural Storage & Services	State owned/controlled entity	N/A
17	Pakistan International Airlines	State owned/controlled entity	N/A
18	Pakistan Machine Tool Factory	State owned/controlled entity	N/A
19	Pakistan Refinery Limited	State owned/controlled entity	N/A
20	Pakistan Security Printing Corporation	State owned/controlled entity	N/A
21	Pakistan State Oil	State owned/controlled entity	N/A
22	Pakistan Telecommunication Limited	State owned/controlled entity	N/A
23	Pakistan Television Corporation	State owned/controlled entity	N/A
24	Port Qasim Authority	State owned/controlled entity	N/A
25	Sui Northern Gas Pipelines Limited	State owned/controlled entity	N/A
26	Sui Southern Gas Company Limited	State owned/controlled entity	N/A
27	Trading Corporation of Pakistan (Private) Limited	State owned/controlled entity	N/A
28	Water and Power Development Authority	State owned/controlled entity	N/A
29	Directors / Executives	Key management personnel	0.002

47. LISTING OF SUBSIDIARY COMPANIES AND AN ASSOCIATE

Name of Subsidiaries	Financial year end
- Bolan Shipping (Private) Limited	June 30
- Chitral Shipping (Private) Limited	June 30
- Hyderabad Shipping (Private) Limited	June 30
- Islamabad Shipping (Private) Limited	June 30
- Johar Shipping (Private) Limited	June 30
- Kaghan Shipping (Private) Limited	June 30
- Karachi Shipping (Private) Limited	June 30
- Khairpur Shipping (Private) Limited	June 30
- Lahore Shipping (Private) Limited	June 30
- Lalazar Shipping (Private) Limited	June 30
- Makran Shipping (Private) Limited	June 30
- Malakand Shipping (Private) Limited	June 30
- Multan Shipping (Private) Limited	June 30
- Quetta Shipping (Private) Limited	June 30
- Sargodha Shipping (Private) Limited	June 30
- Shalamar Shipping (Private) Limited	June 30
- Sibi Shipping (Private) Limited	June 30
- Swat Shipping (Private) Limited	June 30
- Pakistan Co-operative Ship Stores (Private) Limited	June 30
Name of Associate	
- Muhammadi Engineering Works (Private) Limited	December 31

47.1 Set out below is summarised financial information of Pakistan Co-operative Ship Stores (Private) Limited that has Non-Controlling Interest (NCI). The following amounts are disclosed before inter-company eliminations.

	(Rupees in '000)
Total Assets	16,503
Total Liabilities	1,370
Profit for the year	1,666
Profit for the year allocated to NCI	450
Accumulated NCI	4,164
Cash and cash equivalent	1,834
Cash (utilised in) / generated from	
- operating activities	1,198
- investing activities	(1,342)
- financing activities	-

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended June 30, 2018

48. CORRESPONDING FIGURES

Corresponding figures have been reclassified wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison in accordance with the accounting and reporting standards as applicable in Pakistan.

49. NUMBER OF EMPLOYEES

The average and total number of employees during the year and as at June 30, 2018 and 2017 respectively are as follows:

	June 30, 2018	June 30, 2017
	----------(No of employees)--------	
Average number of employees during the year	680	729
Number of employees as at end of the year	670	691

50. SUBSEQUENT EVENTS

The Board of Directors at their meeting held on September 26, 2018 have proposed for the year ended June 30, 2018 cash dividend of Rs 1.50 per share (2017: Rs 2.00 per share), amounting to Rs 198.095 million (2017: Rs 264.127 million) subject to the approval of the members at the annual general meeting to be held on October 24, 2018. The consolidated financial statements for the year ended June 30, 2018 do not include the effect of this appropriation which will be accounted for subsequent to the year end.

51. GENERAL

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

52. DATE OF AUTHORISATION

These consolidated financial statements were authorised for issue on September 26, 2018 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

Auditor's Report and Unconsolidated Financial Statements of Pakistan National Shipping Corporation (Holding Company)

for the year ended June 30, 2018

A. F. FERGUSON & CO.
CHARTERED ACCOUNTANTS
a member firm of the PwC network
STATE LIFEBUILDING 1-C
I. I. CHUNDRIGAR ROAD
KARACHI

EY FORD RHODES
CHARTERED ACCOUNTANTS
a member firm of Ernst & Young Global Limited
PROGRESSIVE PLAZA
BEAUMONT ROAD
KARACHI

INDEPENDENT AUDITOR'S REPORT

To the members of Pakistan National Shipping Corporation

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of Pakistan National Shipping Corporation(the Corporation), which comprise the unconsolidated statement of financial position as at June 30, 2018, and the unconsolidated statement of profit or loss and other comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated statement of profit or loss and other comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Corporation's affairs as at June 30, 2018 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements* section of our report. We are independent of the Corporation in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key Audit Matters:

S. No.	Key Audit Matters	How the matter was addressed in our audit
(i)	**Companies Act, 2017** As referred to in note 3.3.1 to the annexed unconsolidated financial statements, the unconsolidated financial statements of the Corporation for the year ended June 30, 2018 are the first set of the unconsolidated financial statements prepared in accordance with the requirements of the Companies Act, 2017 (the Act). The Act (including the Fourth Schedule) forms an integral part of the statutory financial reporting framework as applicable to the Corporation and amongst others, prescribes the nature and content of disclosures in relation to the various elements of the unconsolidated financial statements. As part of the transition requirements, the management performed an analysis to identify differences between the previous and the current Fourth Schedule and as a result, certain amendments relating to presentation and disclosures were made in the unconsolidated financial statements. These amendments include recognition of surplus on revaluation of property, plant and equipment in equity. This change in the framework relating to surplus on revaluation of property, plant and equipment is accounted for as a change in accounting policy that also required retrospective restatement of the unconsolidated financial statements and inclusion of an additional unconsolidated statement of financial position at the beginning of the earliest period presented in accordance with International Accounting Standard (IAS) 8 "Accounting Policies, Changes in Accounting Estimates and Errors" as disclosed in note 5 to the annexed unconsolidated financial statements. In view of the amendments and various new disclosures prepared and presented in the unconsolidated financial statements, we considered this as a key audit matter.	Our key audit procedures included the following: • Considered the management's process to identify the necessary amendments and additional disclosures required in the Corporation's unconsolidated financial statements. • Reviewed the underlying supports for the amendments and additional disclosures made in the unconsolidated financial statements. • Assessed the accounting implications, presentation and disclosure requirements of the financial reporting framework relating to change in accounting policy for surplus on revaluation of property, plant and equipment. • Assessed the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures made in the unconsolidated financial statements in accordance with the requirements of the Act.

S. No.	Key Audit Matters	How the matter was addressed in our audit
(ii)	**Contingencies** The Corporation has contingent liabilities in respect of income tax matters, sales tax matters and claims from employees and customers which are pending adjudication before the taxation authorities and the courts of law, details of which are disclosed in notes 26.3 to 26.12 to the annexed unconsolidated financial statements. Contingencies require management to make judgments and estimates in relation to the interpretation of laws, statutory rules, regulations and the probability of outcome and financial impact, if any, on the Corporation for disclosure and recognition and measurement of any provision that may be required against such contingencies. Due to significance of amounts involved, inherent uncertainties with respect to the outcome of the matters and use of significant management judgments and estimates to assess the same including related financial impacts, we considered contingencies as a key audit matter.	Our key audit procedures included the following: • Obtained an understanding of the Corporation's processes and controls over litigations through meetings with the management, in-house legal department and review of the minutes of the Board of Directors and Board Audit Committee. • Reviewed correspondence of the Corporation with regulatory departments, tax authorities (including judgments and orders passed by competent authorities from time to time, where applicable) and the Corporation's external counsel. Where relevant, also assessed external legal / tax advices obtained by the Corporation. • Discussed open matters and developments with the in-house legal department of the Corporation. • Involved internal tax professionals to assess management's conclusion on contingent tax matters and to evaluate the consistency of such conclusions with the views of the management and external tax advisors engaged by the Corporation. • Circularised confirmations to the Corporation's external legal and tax advisors for their views on the pending cases. • Whilst noting the inherent uncertainties involved in the legal / tax and regulatory matters, reassessed the related disclosures made in the unconsolidated financial statements.

S. No.	Key Audit Matters	How the matter was addressed in our audit
(iii)	**Valuation of the Corporation's investment in vessel owned subsidiaries** As at June 30, 2018, the Corporation's investment in vessel owned subsidiaries amounted to Rs 27,650.013 million. In accordance with IAS 36 "Impairment of Assets", the Corporation assessed whether there is any indication that a Cash Generating Unit (CGU) i.e. vessel owned subsidiaries may be impaired as at June 30, 2018. The fair value of vessels owned by subsidiaries of the Corporation is lower than its carrying amount. This factor, together with the challenging market conditions, are considered as indicators of impairment. Management has therefore performed impairment assessment of its investment in vessel owned subsidiaries. For such assessment, the management has determined the recoverable value of each vessel (owned by its subsidiaries) which is supported by value-in-use calculation of vessels. The value-in-use of each vessel that has impairment indicators is estimated by discounting future cash flow forecasts which involved making of significant estimates and judgments relating to charter hire rates, inflation rates and discount rates. Management compared the carrying amount and the recoverable amount of its investment in owned vessel subsidiaries and concluded that no impairment is required as of the reporting date. We considered this as a key audit matter due to the significant value of investment in the owned vessel subsidiaries at reporting date and significance of judgments / estimates used by management in determining their value-in-use.	Our key audit procedures included the following: • Obtained an understanding of the methodology and assumptions used by management to estimate the value-in-use of the Corporation's investment in vessel owned subsidiaries. • Reviewed computations of value-in-use for accuracy and evaluated technical ability and competence of the management's expert. • Involved our experts to assess the appropriateness of the methodology and assumptions used by the management to determine the value-in-use of the Corporation's investment in vessel owned subsidiaries. As part of these audit procedures, our experts: – compared the assumptions used with the historical results, and published market and industry data and forecasts; and – reviewed the accuracy of key inputs used in the valuation such as the charter hire rates, inflation rates and discount rates. • Reviewed the sensitivity analysis performed by the management in consideration of the potential impact of the reasonably possible change in the assumptions used and considered management's process for approving such estimates. • Assessed the adequacy and appropriateness of the related disclosures made in the unconsolidated financial statements.

Information Other than the Unconsolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and unconsolidated financial statements and our auditor's reports thereon.

Our opinion on the unconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of the Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

(a) proper books of account have been kept by the Corporation as required by the Companies Act, 2017 (XIX of 2017);

(b) the unconsolidated statement of financial position, the unconsolidated statement of profit or loss and other comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

(c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Corporation's business; and

(d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Corporation and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partners on the audit resulting in this independent auditor's report are Khurshid Hasan (A.F. Ferguson & Co.) and Shabbir Yunus (EY Ford Rhodes).

A. F. FERGUSON & CO.
Chartered Accountants
Karachi

EY FORD RHODES
Chartered Accountants
Karachi

September 27, 2018

Unconsolidated Statement of Financial Position

As at June 30, 2018

	Note	June 30, 2018	June 30, 2017 (Restated)	July 1, 2016 (Restated)
ASSETS		---------------------(Rupees in '000)		----------------------
NON-CURRENT ASSETS				
Property, plant and equipment	6	2,001,907	1,978,161	1,992,053
Intangible asset	7	-	-	-
Investment properties	8	3,061,632	2,671,043	2,191,683
Long-term investments in:				
- Related parties (subsidiaries and an associate)	9	28,591,761	28,591,761	28,591,761
- Listed companies and an other entity	10	51,199	49,566	50,304
		28,642,960	28,641,327	28,642,065
Long-term loans	11	19,050	-	58
Deferred taxation - net	12	63,813	46,561	84,651
		33,789,362	33,337,092	32,910,510
CURRENT ASSETS				
Stores and spares	13	12,845	10,563	11,834
Trade debts - unsecured	14	344,864	490,228	439,976
Agents' and owners' balances - unsecured	15	19,041	8,423	11,371
Loans and advances	16	110,290	91,348	91,004
Trade deposits and short-term prepayments	17	20,863	57,177	27,230
Interest accrued on bank deposits and short-term investments		26,462	47,404	34,924
Other receivables	18	1,782,911	1,387,755	895,037
Incomplete voyages		-	59,276	16,412
Taxation-net		1,350,896	1,082,678	1,185,051
Short-term investments	19	4,082,860	4,117,045	3,914,504
Cash and bank balances	20	2,639,415	2,708,281	1,994,632
		10,390,447	10,060,178	8,621,975
TOTAL ASSETS		44,179,809	43,397,270	41,532,485
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Share capital				
Authorised 200,000,000 (2017: 200,000,000) ordinary shares of Rs 10 each		2,000,000	2,000,000	2,000,000
Issued, subscribed and paid-up share capital	21	1,320,634	1,320,634	1,320,634
Revenue reserves		9,640,897	8,583,798	6,503,600
Capital reserve		126,843	126,843	126,843
Surplus on revaluation of property, plant and equipment - net of tax		1,242,161	1,140,525	1,159,001
		12,330,535	11,171,800	9,110,078
NON-CURRENT LIABILITIES				
Long-term financing - secured	22	1,744,186	2,944,191	4,141,525
Deferred liabilities	23	600,933	592,356	612,767
		2,345,119	3,536,547	4,754,292
CURRENT LIABILITIES				
Trade and other payables	24	28,177,812	27,383,990	26,352,757
Provision against damage claims	25	23,193	20,032	23,078
Incomplete voyages		14,068	-	-
Current portion of long-term financing	22	1,210,172	1,210,172	1,210,172
Unclaimed dividend		52,869	39,147	35,516
Accrued markup on long-term financing		26,041	35,582	46,592
		29,504,155	28,688,923	27,668,115
TOTAL LIABILITIES		31,849,274	32,225,470	32,422,407
TOTAL EQUITY AND LIABILITIES		44,179,809	43,397,270	41,532,485
CONTINGENCIES AND COMMITMENTS	26			

The annexed notes 1 to 51 form an integral part of these unconsolidated financial statements.

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

Unconsolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended June 30, 2018

	Note	June 30, 2018	June 30, 2017 (Restated)
		--------------(Rupees in '000)--------------	
REVENUE			
Chartering revenue	27	4,139,771	7,175,737
Service fees - net	28	229,528	204,419
Rental income		191,457	190,643
		4,560,756	7,570,799
EXPENDITURE			
Fleet expenses - direct	29	(2,338,334)	(3,925,746)
Fleet expenses - indirect	30	(19,617)	(16,784)
Vessel management expenses	31	(703,890)	(560,948)
Real estate expenses	32	(149,940)	(132,083)
		(3,211,781)	(4,635,561)
GROSS PROFIT		1,348,975	2,935,238
Administrative expenses	33	(344,481)	(431,586)
Other expenses	34	(641,627)	(1,174,959)
Other income	35	1,361,101	1,860,251
		374,993	253,706
OPERATING PROFIT		1,723,968	3,188,944
Finance costs	36	(247,210)	(328,107)
PROFIT BEFORE TAXATION		1,476,758	2,860,837
Taxation	37	(173,119)	(585,426)
NET PROFIT FOR THE YEAR		1,303,639	2,275,411
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss			
- Remeasurement of post-retirement benefits obligation	23	631	53,235
- Impact of deferred tax		(93)	915
		538	54,150
- Revaluation of property, plant and equipment		54,276	-
- Impact of deferred tax		64,409	(3,712)
		118,685	(3,712)
OTHER COMPREHENSIVE INCOME FOR THE YEAR		119,223	50,438
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,422,862	2,325,849
		-----------------(Rupees)-----------------	
EARNINGS PER SHARE - basic and diluted	38	9.87	17.23

The annexed notes 1 to 51 form an integral part of these unconsolidated financial statements.

Syed Jarar Haider Kazmi
Chief Financial Officer

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

Khowaja Obaid Imran Ilyas
Director

Unconsolidated Statement of Changes in Equity

For the year ended June 30, 2018

	Issued, subscribed and paid-up share capital	Surplus on revaluation of property, plant and equipment - net of tax	Capital reserve*	Revenue reserves: Unappro-priated profit	Revenue reserves: Remeasure-ment of post-retirement benefits obligation - net of tax	Revenue reserves: Sub-total	Total reserves	Total
	-----------	-----------	-----------	-----------	(Rupees in '000)	-----------	-----------	-----------
Balance as at July 1, 2016	1,320,634	–	126,843	6,813,409	(309,809)	6,503,600	6,630,443	7,951,077
Impact of re-statement (note 5)	–	1,159,001	–	–	–	–	1,159,001	1,159,001
Balance as at July 1, 2016 - restated	1,320,634	1,159,001	126,843	6,813,409	(309,809)	6,503,600	7,789,444	9,110,078
Transaction with owners								
Final cash dividend for the year ended June 30, 2016 @ Rs 2 per ordinary share	–	–	–	(264,127)	–	(264,127)	(264,127)	(264,127)
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax	–	(14,764)	–	14,764	–	14,764	–	–
Comprehensive income for the year:								
Net profit for the year	–	–	–	2,275,411	–	2,275,411	2,275,411	2,275,411
Other comprehensive income / (loss) for the year	–	(3,712)	–	–	54,150	54,150	50,438	50,438
Total comprehensive income for the year	–	(3,712)	–	2,275,411	54,150	2,329,561	2,325,849	2,325,849
Balance as at June 30, 2017 - restated	1,320,634	1,140,525	126,843	8,839,457	(255,659)	8,583,798	9,851,166	11,171,800
Transaction with owners								
Final cash dividend for the year ended June 30, 2017 @ Rs 2 per ordinary share	–	–	–	(264,127)	–	(264,127)	(264,127)	(264,127)
Transferred from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax	–	(17,049)	–	17,049	–	17,049	–	–
Comprehensive income for the year:								
Net profit for the year	–	–	–	1,303,639	–	1,303,639	1,303,639	1,303,639
Other comprehensive income for the year	–	118,685	–	–	538	538	119,223	119,223
Total comprehensive income for the year	–	118,685	–	1,303,639	538	1,304,177	1,422,862	1,422,862
Balance as at June 30, 2018	1,320,634	1,242,161	126,843	9,896,018	(255,121)	9,640,897	11,009,901	12,330,535

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

The annexed notes 1 to 51 form an integral part of these unconsolidated financial statements.

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

Unconsolidated Statement of Cash Flows
For the year ended June 30, 2018

	Note	June 30, 2018	June 30, 2017
		---------------(Rupees in '000)------------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	39	1,778,069	3,049,150
Employees' gratuity paid		(8,794)	(41,775)
Employees' compensated absences paid		(70,064)	(92,948)
Post-retirement medical benefits paid		(36,506)	(25,160)
Long term loans		(19,050)	-
Finance costs paid		(245,091)	(325,232)
Taxes paid		(394,273)	(447,760)
Net cash generated from operating activities		1,004,291	2,116,275
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(37,369)	(48,093)
Additions made to investment properties		(349)	(189)
Short-term investments (made) / redeemed		(2,294,385)	2,104,150
Interest received on short-term investments		388,369	317,168
Dividends received on long-term investments in listed securities		2,884	1,697
Net cash (used in) / generated from investing activities		(1,940,850)	2,374,733
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term financing repaid		(1,210,472)	(1,210,172)
Dividends paid		(250,405)	(260,496)
Net cash used in financing activities		(1,460,877)	(1,470,668)
Net (decrease) / increase in cash and cash equivalents		(2,397,436)	3,020,340
Cash and cash equivalents at the beginning of year		5,158,281	2,137,941
Cash and cash equivalents at the end of year	40	2,760,845	5,158,281

The annexed notes 1 to 51 form an integral part of these unconsolidated financial statements.

Syed Jarar Haider Kazmi
Chief Financial Officer

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

Khowaja Obaid Imran Ilyas
Director

Notes to and Forming Part of the Unconsolidated Financial Statements

For the year ended June 30, 2018

1. THE COMPANY AND ITS OPERATIONS

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.

2. SIGNIFICANT TRANSACTIONS AND EVENTS AFFECTING THE CORPORATION'S FINANCIAL POSITION AND PERFORMANCE

2.1 Due to first time application of financial reporting requirements under Companies Act, 2017, including presentation and disclosure requirements of the fourth schedule to the Companies Act, 2017, some additional disclosures have been added and some amounts reported for the previous periods have been reclassified. Further, due to such application, the Corporation accounted for a change in accounting policy relating to surplus on revaluation of property, plant and equipment, as disclosed in note 5 to these unconsolidated financial statements.

2.2 During the year, in accordance with its policy, the Corporation has revalued its leasehold land, buildings on leasehold land and beach huts. This has resulted in a surplus of Rs 311.648 million, a deficit of Rs 263.889 million and a surplus of 6.517 million on leasehold land, buildings on leasehold land and beach huts respectively, as disclosed in note 6.1 to these unconsolidated financial statements.

2.3 All other significant events and transactions that have affected the Corporation's financial position and performance, if any, have been adequately disclosed in the notes to these unconsolidated financial statements

3. SUMMARY OF SIGNIFICANT ACCOUNTING INFORMATION AND POLICIES

The principal accounting policies applied in the preparation of these unconsolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Basis of preparation

These unconsolidated financial statements have been prepared under the historical cost convention except as otherwise stated.

3.2 Statement of compliance

These unconsolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRSs) 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 provisions of and directives issued under the Companies Act, 2017 differ from the IFRSs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3.3 New standards, amendments to published approved accounting standards and new interpretations

3.3.1 Amendments to published approved accounting and reporting standards which were effective during the year ended June 30, 2018

The fourth schedule to the Companies Act, 2017 became applicable to the Corporation for the first time for the preparation of these financial statements. The Companies Act, 2017 (including its fourth schedule) forms an integral part of the statutory financial reporting framework applicable to the Corporation and amongst others, prescribes the nature and content of disclosures in relation to various elements of the unconsolidated financial statements. Additional disclosures include but are not limited to, particulars of immovable assets of the Corporation (refer note 6.2 and 8.1), management assessment of sufficiency of tax provision in the unconsolidated financial statements (refer note 37.2), change in threshold for identification of executives (refer note 41), additional disclosure requirements for related parties (refer note 46) etc.

Amendment to IAS 7 'Statement of cash flows': This amendment requires disclosure to explain changes in liabilities for which cash flows have been classified as financing activities in the statement of cash flows. In case other items are included within the reconciliation, the changes in liabilities arising from financing activities will be identified separately. In the first year of adoption, comparative information need not be provided. This amendment has resulted in additional disclosures (i.e. note 22.4) in these unconsolidated financial statements.

The other amendments to published standards and interpretations that were applicable for the Corporation's financial year ended June 30, 2018 are considered not to be relevant or does not have any material impact on the Corporation's financial reporting and therefore not disclosed in these unconsolidated financial statements.

3.3.2 New standards and amendments to approved accounting standards that are not yet effective and have not been early adopted by the Corporation

There are certain new standards, amendments to the approved accounting and reporting standards and interpretations that will be applicable for the Corporation's annual accounting periods beginning on or after July 1, 2018. However, these amendments and interpretations will not have any significant impact on the financial reporting of the Corporation and, therefore, have not been disclosed in these unconsolidated financial statements. Further during the current year the Securities and Exchange Commission of Pakistan (the SECP) has adopted IFRS 9 'Financial Instruments', IFRS 15 'Revenue from Contracts with Customers' and IFRS 16 'Leases'. IFRS 9 and IFRS 15 are applicable for the Corporation's financial reporting period beginning on July 1, 2018 while IFRS 16 is applicable for the reporting period beginning on July 1, 2019. At present, the impacts of application of these IFRSs on the Corporation's future unconsolidated financial statements are being assessed. Further, IFRS 17 'Insurance contracts' is yet to be adopted by the SECP.

3.4 Property, plant and equipment

These are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses, if any, except for leasehold land, buildings on leasehold land, beach huts and workshop machinery and equipment which are carried at revalued amounts less subsequent accumulated depreciation and any subsequent accumulated impairment losses, if any. The revaluation of related assets is carried out regularly to ensure that the carrying amounts do not differ materially from those which would have been determined using fair values at the date of statement of financial position.

The value assigned to leasehold land is not depreciated as the leases are expected to be renewed for further periods on payment of relevant rentals. Annual lease rentals are charged to profit or loss and premium paid at the time of renewal, if any, is amortised over the remaining period of the lease.

Depreciation is charged to profit or loss applying the straight line method whereby the depreciable amount of an asset is depreciated over its estimated useful life.

No depreciation is charged if the asset's residual value exceeds its carrying amount.

Full month's depreciation is charged from the month the asset is available for intended use and no depreciation is charged in the month of disposal. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Gains and losses on disposals determined by comparing proceeds with carrying amount of the relevant assets are included in profit or loss.

Residual values, useful lives and methods of depreciation are reviewed at each date of statement of financial position and adjusted, if expectations differ significantly from previous estimates.

Increase in the carrying amounts arising on revaluation of leasehold land, buildings on leasehold land, beach huts and workshop machinery and equipment is recognised, net of tax, in other comprehensive income and accumulated in reserves in shareholders equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss.

Decrease in the carrying amounts arising as a result of revaluation, that reverses previous increase of the same asset is first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decrease are charged to profit or loss.

Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the Revaluation surplus on Property, Plant and Equipment to unappropriated profit. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the assets and the net amount is restated to the revalued amount of the assets. Upon disposal, any revaluation reserve relating to the particular assets being sold is transferred to unappropriated profit.

Major spare parts and stand-by equipment qualify for recognition as property, plant and equipment when the Corporation expects to use them for more than one year.

Maintenance and normal repairs are charged to profit or loss as and when incurred. Major renewals, replacements and improvements are capitalised and assets so replaced, if any, are retired.

3.5 Capital work-in-progress

These are stated at cost less accumulated impairment losses, if any. All expenditure connected with specific assets incurred during installation and construction period are carried under this head. These are transferred to specific assets as and when these assets are available for intended use.

3.6 Intangible assets

These are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Amortisation is charged to profit or loss by applying straight-line method whereby the cost less residual value, if not insignificant, of an asset is written off over its estimated useful life to the Corporation. Full month's amortisation is charged from the month the asset is available for intended use and no amortisation is charged in the month of disposal. Gains and losses on disposals determined by comparing proceeds with carrying amount of the relevant assets are included in profit or loss.

3.7 Investment properties

Properties held for long-term rental yields which are significantly rented out by the Corporation are classified as investment properties.

Investment properties are measured initially at cost, including related transaction costs. After initial recognition at cost, investment properties are carried at their fair values based on market value determined by professional independent valuers with sufficient regularity. Fair values are based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. Gain or loss arising as a result of fair valuation is charged to profit or loss.

Additions to investment properties consist of costs of a capital nature. The profit on disposal is determined as the difference between the sales proceeds and the carrying amount of the asset at the commencement of the accounting period plus capital expenditure in the period.

3.8 Impairment of non-financial assets

The Corporation assesses at each date of statement of financial position whether there is any indication that the assets may be impaired. If such indications exist, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment charge is recognised in profit or loss except for impairment loss on revalued assets, which is recognised directly against revaluation surplus of the same asset to the extent that the impairment loss does not exceed the amount held in the revaluation surplus.

3.9 Investments in subsidiaries and associate

Investments in subsidiaries and associate are stated at cost less provision for impairment, if any.

3.10 Financial instruments

3.10.1 Financial assets

The Corporation classifies its financial assets in the following categories:

a) Financial assets at fair value through profit or loss

These are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss.

b) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

c) Held to maturity

These are financial assets with fixed or determinable payments and fixed maturity, where management has the intention and ability to hold till maturity and are carried at amortised cost.

d) Available-for-sale financial assets

These are non-derivatives that are either designated in this category or not classified in any of the other categories.

All financial assets are recognised at the time when the Corporation becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognised at trade-date i.e. the date on which the Corporation commits to purchase or sell the asset.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transactions costs are expensed in the profit or loss.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using effective interest rate method.

Financial assets are derecognised when the right to receive cash flows from the assets have expired or have been transferred and the Corporation has transferred substantially all the risks and rewards of ownership.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' are recognised in profit or loss for the year. Changes in the fair value of instruments classified as 'available for sale' are recognised in 'Other comprehensive income' until derecognised or impaired, when the accumulated fair value adjustments recognised in unrealised surplus on revaluation of investments are included in profit or loss for the year.

3.10.2 Impairment of financial assets

The Corporation assesses at each date of statement of financial position whether there is objective evidence that a financial asset or group of financial assets is impaired.

3.10.3 Financial liabilities

All financial liabilities are recognised at the time when the Corporation becomes a party to the contractual provisions of the instrument.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

3.10.4 Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives with positive market values (unrealised gains) are included in 'other receivable' and derivatives with negative market values (unrealised losses) are included in 'trade and other payables' in the statement of financial position. Any gains or losses arising from changes in fair value of derivatives are recognised directly to profit or loss.

3.10.5 Off-setting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the unconsolidated financial statements if the Corporation has a legally enforceable right to set-off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.11 Stores and spares

Stores are valued at weighted average cost while spares are valued at cost determined on first-in first-out basis. Stores and spares in transit are valued at cost incurred upto the date of statement of financial position.

Certain spares having low value and high consumption levels are charged to profit or loss at the time of purchase.

The Corporation reviews the carrying amount of stores and spares on a regular basis and provision is made for obsolescence, if there is any change in the usage pattern and physical form.

3.12 Trade debts and other receivables

Trade debts and other receivables are recognised at the fair value of consideration to be received against goods and services. Provision is made in respect of doubtful debts and other receivables, if any. Debts, considered irrecoverable, are written off, as and when identified.

3.13 Taxation

3.13.1 Current

The charge for current taxation is based on taxable income at the current prevailing rates of taxation in accordance with the Income Tax Ordinance, 2001.

Current tax in respect of voyage charter is taxable under Final Tax Regime (FTR) under section 7A of the Income Tax Ordinance, 2001.

3.13.2 Deferred

Deferred tax is provided using the liability method for all temporary differences arising at the date of statement of financial position, between tax bases of assets and liabilities and their carrying amounts. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which these can be utilised.

3.14 Insurance claims

Insurance expenses relating to hull are charged to profit or loss and claims filed there against are taken to income when such claims are accepted by the underwriters.

Afloat medical expenses, cargo claims and other relevant amounts recoverable from underwriters are taken to insurance claims receivable.

3.15 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services, whether or not billed to the Corporation.

3.16 Provisions

Provisions are recognised when the Corporation has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are reviewed at each date of statement of financial position and adjusted to reflect the current best estimate.

3.17 Dividend and appropriations

Dividends declared and transfers between reserves made subsequent to the date of statement of financial position are considered as non-adjusting events and are recognised in the unconsolidated financial statements in the period in which such dividends are declared / transfers are made.

3.18 Staff retirement benefits

3.18.1 Defined contribution plan - Provident fund

The Corporation operates an approved provident fund scheme for all its permanent employees. Equal monthly contributions are made, both by the Corporation and its employees, to the fund at the rate of 10 percent of the basic salaries of employees. Contributions by the Corporation are charged to profit or loss for the year.

3.18.2 Defined benefit plans - Gratuity fund

The Corporation operates a funded retirement gratuity scheme for its permanent employees other than those who joined the Corporation on or after October 16, 1984. Further, the Corporation also operates an unfunded retirement gratuity scheme for contractual employees. Provisions are made in the unconsolidated financial statements to cover obligations on the basis of actuarial valuation carried out annually under the projected unit credit method. The latest valuation was carried out as at June 30, 2018. The remeasurement of defined benefit contribution is recognised directly to equity through other comprehensive income.

The benefit is payable on completion of prescribed qualifying period of service under these schemes.

3.18.3 Defined benefit plan - Post-retirement medical benefits

The Corporation provides lump sum medical allowance and free medical facilities to its retired employees in accordance with the service regulations.

Provisions are made in the unconsolidated financial statements to cover obligations on the basis of actuarial valuation carried out annually using the projected unit credit method. The latest valuation was carried out as at June 30, 2018. The remeasurement of post-retirement benefit obligation is recognised directly to equity through other comprehensive income.

The benefit is payable on completion of prescribed qualifying period of service under these schemes.

3.19 Employees' compensated absences

The Corporation accounts for the liability in respect of employees' compensated absences in the year in which these are earned.

Provisions are made in the unconsolidated financial statements to cover obligations on the basis of actuarial valuation carried out annually using the projected unit credit method. The latest valuation was carried out as at June 30, 2018. The remeasurement of employees' compensated absences are charged to profit or loss for the year.

3.20 Cash and cash equivalents

Cash and cash equivalents include cash in hand, cheques in hand, bank balances and other short-term highly liquid investments with maturities of three months or less.

3.21 Foreign currency translation

These unconsolidated financial statements are presented in Pakistani Rupee, which is the Corporation's functional and presentation currency.

Foreign currency transactions are recorded using the exchange rates ruling at the dates of the transactions. Monetary assets and liabilities in foreign currencies are translated into Pakistan Rupee using the exchange rate ruling at the reporting date. Foreign exchange gain or losses resulting from the settlement of foreign currency transactions and translation of monetary assets and liabilities denominated in foreign currencies at the date of statement of financial position are recognised in profit or loss.

3.22 Revenue recognition

- Earnings in respect of voyages other than time charter voyages are accounted for on the basis of completed voyages. Voyages are taken as complete when a vessel arrives at the last port of discharge and completes discharge of entire cargo on or before the date of statement of financial position. Freight revenue, direct and indirect operating expenses associated with the incomplete voyages are deferred until completion of voyage and are classified in the statement of financial position as 'Incomplete voyages'.

- Fee for technical, commercial, administrative and financial services are recognised as revenue as and when the services are rendered.

- Rental income is recognised as revenue on a straight line basis over the term of the respective lease arrangements.

- Dividend income is recognised when the Corporation's right to receive the dividend is established.

- Markup on bank accounts and return on short term investments is recognised on accrual basis.

- Demurrage income due as per contractual terms is recognised on estimated basis, based on past experience of settlements and recent recovery trends.

3.23 Contingent liabilities

Contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Corporation; or

- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

3.24 Benazir Employees' Stock Option Scheme

In June 2011, the SECP on receiving representations from some of entities covered under Benazir Employees' Stock Option Scheme (the Scheme) and after having consulted the ICAP, granted exemption, vide SRO 587(I)/2011 dated June 7, 2011, to such entities from the application of IFRS - 2 "Share-based Payment" to the Scheme. There has been no change in the status of the Scheme as stated in note 2.23 to the unconsolidated financial statements for the year ended June 30, 2017. The management has been informed that the Scheme is being revamped by the GoP and all claims and disbursements to the unit holders are kept in abeyance by the Privatisation Commission.

Had the exemption not been granted, the retained earnings would have been lower by Rs 631.142 million (2017: Rs 631.142 million) and reserves would have been higher by Rs 631.142 million (2017: Rs 631.142 million) based on independent actuarial valuations conducted as on June 30, 2014.

3.25 Transactions with related parties

The Corporation enters into transactions with related parties for providing services on mutually agreed terms.

4. SIGNIFICANT ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS

The preparation of the Corporation's unconsolidated financial statements requires management to make estimates, judgments and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

In the process of applying the accounting policies, management has made the following estimates and judgments which are significant to these unconsolidated financial statements:

(a) Valuation of certain property, plant and equipment and investment properties (notes 6 and 8);

(b) Determination of the residual values and useful lives of property, plant and equipment and intangible assets (notes 6 and 7);

(c) Recoverable amount of long term investment in related parties (note 9);

(d) Accounting for provision for doubtful loans and advances, trade debts, agents' and owners' balances, deposits and other receivables (notes 14 - 18);

(e) Recognition of taxation and deferred taxation (notes 12 and 37);

(f) Accounting for provision against damage claims (note 25);

(g) Accounting for defined benefit plans (note 23);

(h) Recognition of demurrage income, income from heating and miscellaneous claims (note 35).

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

5. CHANGE IN ACCOUNTING POLICY

The specific provision / section in the repealed Companies Ordinance, 1984 relating to the surplus on revaluation of fixed assets has not been carried forward in the Companies Act, 2017. Previously, section 235 of the repealed Companies Ordinance, 1984 specified the accounting treatment and presentation of the surplus on revaluation of fixed assets, which was not in accordance with the IFRS requirements. Therefore, in accordance with the requirements of IAS 16, "Property, Plant and Equipment" surplus on revaluation of fixed assets would now be presented under shareholders' equity.

Following the application of IAS 16, the Corporation's policy for surplus on revaluation of property, plant and equipment stands amended as follows:

Increase in the carrying amounts arising on revaluation of leasehold land, buildings on leasehold land, beach huts and workshop machinery and equipment is recognised, net of tax, in other comprehensive income and accumulated in reserves in shareholders equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss.

Decrease in the carrying amounts arising as a result of revaluation, that reverses previous increase of the same asset is first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decrease are charged to profit or loss.

Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the Revaluation surplus on Property, Plant and Equipment to unappropriated profit. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the assets and the net amount is restated to the revalued amount of the assets. Upon disposal, any revaluation reserve relating to the particular assets being sold is transferred to unappropriated profit.

The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative figures have been restated.

The effect of change in accounting policy is summarised below:

	As at June 30, 2017			As at July 1, 2016		
	As previously reported	As re-stated	Re-statement	As previously reported	As re-stated	Re-statement
	(Rupees in '000)					
Effect on statement of financial position						
Surplus on revaluation of property, plant and equipment - net of tax	1,140,525	-	(1,140,525)	1,159,001	-	(1,159,001)
Share capital and reserves						
- Surplus on revaluation of property, plant and equipment - net of tax	-	1,140,525	1,140,525	-	1,159,001	1,159,001

	For the year ended June 30, 2017		
	As previously reported	As re-stated	Re-statement
	(Rupees in '000)		
Effect on statement of profit or loss and other comprehensive income			
Revaluation of property, plant and equipment - Impact of deferred tax	-	(3,712)	(3,712)
Effect on statement of changes in equity			
- Surplus on revaluation of property, plant and equipment - net of tax	-	1,140,525	1,140,525

There was no cash flow impact as a result of the retrospective application of change in accounting policy.

	Note	June 30, 2018	June 30, 2017
		(Rupees in '000)	
6. PROPERTY, PLANT AND EQUIPMENT			
- Operating fixed assets	6.1	1,945,026	1,649,639
- Capital work-in-progress (CWIP) - buildings on leasehold land	6.8	56,881	328,522
		2,001,907	1,978,161

Notes to and Forming Part of the Unconsolidated Financial Statements

For the year ended June 30, 2018

6.1 Operating fixed assets:

	Leasehold land (note 6.2 - 6.5)	Buildings on leasehold land (note 6.2 - 6.5)	Vessel (note 6.6)	Vehicles	Office equipment	Furniture and fittings	Equipment on board	Beach huts (note 6.2 - 6.5)	Workshop machinery and equipment (note 6.4 - 6.5)	Computer equipment	Total
	---(Rupees in '000)---										
As at July 1, 2016											
Cost or revalued amount	775,312	723,560	1,440	83,989	55,805	32,038	1,736	13,913	15,631	57,787	1,761,211
Less: Accumulated depreciation	-	33,995	1,440	59,714	41,598	27,174	1,473	1,393	11,877	46,541	225,205
Net book value	775,312	689,565	-	24,275	14,207	4,864	263	12,520	3,754	11,246	1,536,006
Year ended June 30, 2017											
Opening net book value	775,312	689,565	-	24,275	14,207	4,864	263	12,520	3,754	11,246	1,536,006
Additions	-	21,329	-	3,667	7,663	1,342	-	-	2,043	10,114	46,158
Transfers from CWIP - note 6.8	-	129,460	-	-	-	-	-	-	-	-	129,460
Depreciation charge for the year - note 6.7	-	(37,076)	-	(6,162)	(6,880)	(3,068)	(171)	(1,393)	(482)	(6,753)	(61,985)
Closing net book value	775,312	803,278	-	21,780	14,990	3,138	92	11,127	5,315	14,607	1,649,639
As at June 30, 2017											
Cost or revalued amount	775,312	874,349	1,440	87,656	63,468	33,380	1,736	13,913	17,674	67,901	1,936,829
Less: Accumulated depreciation	-	71,071	1,440	65,876	48,478	30,242	1,644	2,786	12,359	53,294	287,190
Net book value	775,312	803,278	-	21,780	14,990	3,138	92	11,127	5,315	14,607	1,649,639
Year ended June 30, 2018											
Opening net book value	775,312	803,278	-	21,780	14,990	3,138	92	11,127	5,315	14,607	1,649,639
Revaluation	311,648	(263,889)	-	-	-	-	-	6,517	-	-	54,276
Additions	-	14,109	-	7,905	5,307	2,080	-	-	428	4,520	34,349
Transfers from CWIP - note 6.8	-	284,314	-	-	-	-	-	-	-	-	284,314
Depreciation charge for the year - note 6.7	-	(45,316)	-	(7,743)	(4,815)	(583)	(92)	(1,393)	(587)	(7,370)	(67,899)
Impairment	-	(9,653)	-	-	-	-	-	-	-	-	(9,653)
Closing net book value	1,086,960	782,843	-	21,942	15,482	4,635	-	16,251	5,156	11,757	1,945,026
As at June 30, 2018											
Cost or revalued amount	1,086,960	792,496	1,440	95,561	68,775	35,460	1,736	16,251	18,102	72,421	2,189,202
Less: Accumulated depreciation	-	-	1,440	73,619	53,293	30,825	1,736	-	12,946	60,664	234,523
Less: Accumulated Impairment	-	9,653	-	-	-	-	-	-	-	-	9,653
Net book value	1,086,960	782,843	-	21,942	15,482	4,635	-	16,251	5,156	11,757	1,945,026
Annual rate of depreciation (%)											
2018		**3 to 20**	**4**	**20**	**15**	**10 to 15**	**10 to 15**	**10**	**5 to 10**	**33**	
2017		3 to 20	4	20	15	10 to 15	10 to 15	10	5 to 10	33	

6.2 Particulars of immovable property (i.e. leasehold land and buildings on lease hold land) are as follows:

S.No.	Location	Usage of immovable property	Total area (Sq. yards)	Covered area (Sq. feet)
1	PNSC Building, Plot No. 30-A, Off. M.T. Khan Road, Karachi	Registered office	7,833	257,093
2	Plot bearing No. 31-A, situated at M.T. Khan Road, Karachi	Leasehold land	1,834	9,000
3	Plot No. 17/1, West Wharf, Karachi	Storage facility	705	19,035
4	Plot No. 30, Township, Kemari, Karachi	Workshop	7,925	28,963
5	Plot No. 6 & 6-A, Block H, Gulberg-II, Lahore	Management office	268	2,410
6	Plot No. D-51, Block - 5, Clifton, Karachi	Residential Bungalow	1,000	5,360
7	PNSC Beach Hut-I, No. 12-S, Sandspit, Karachi	Beach hut	417	1,990
8	PNSC Beach Hut-II, No. 37-N, Sandspit, Karachi	Beach hut	448	1,990

6.3 Forced sales value of the aforementioned immovable properties are as follows:

S.No.	Class of asset	(Rupees in '000)
1	Leasehold land	923,916
2	Buildings on leasehold land	665,417
3	Beach huts	13,828

6.4 The revaluation of the 'leasehold land', 'buildings on leasehold land', 'beach huts' and 'workshop machinery and equipment' was carried out as of June 30, 2018 by Fair Water Property Valuers & Surveyors (Private) Limited. The revaluation resulted in a surplus of Rs 54.276 million on the written down values of Rs 1,826.807 million and impairment of Rs 9.653 million on written down values of 14.624 million, which were incorporated in the books of the Corporation as at June 30, 2018. Out of the total revaluation surplus, Rs 1,253.872 million (2017: Rs 1,219.316 million) remains undepreciated as at June 30, 2018.

6.5 Had there been no revaluation, the carrying amount of revalued assets would have been as follows:

	June 30, 2018	June 30, 2017
	----------(Rupees in '000)----------	
Leasehold land, buildings on leasehold land and beach huts	690,700	419,309
Workshop machinery and equipment	4,862	4,976
	695,562	424,285

6.6 Cost and accumulated depreciation of vessel amounting to Rs 1.440 million relates to M.V Ilyas Bux. This vessel was seized by the Indian Authorities during the 1965 war and the Corporation does not have physical possession or control over the vessel.

6.7 The depreciation charge for the year has been allocated as follows:

	Note	June 30, 2018	June 30, 2017
		----------(Rupees in '000)---------	
Fleet expenses - indirect	30	585	482
Vessel management expenses	31	27,934	28,429
Real estate expenses	32	36,276	29,915
Administrative expenses	33	3,104	3,159
		67,899	61,985

	Note	June 30, 2018	June 30, 2017
		---------(Rupees in '000)----------	
6.8 Capital work-in-progress - buildings on leasehold land			
Balance at beginning of the year		328,522	456,047
Additions during the year		12,673	1,935
Transferred to operating fixed assets during the year	6.1	(284,314)	(129,460)
Balance at end of the year		56,881	328,522

7. INTANGIBLE ASSET

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

8. INVESTMENT PROPERTIES

	Note	Leasehold land	Buildings on leasehold land	Total
		---------------------(Rupees in '000)--------------------		
Balance as at July 1, 2017		2,620,597	50,446	2,671,043
Additions during the year		-	349	349
Gain / (loss) on revaluation	8.3 & 35	393,087	(2,847)	390,240
Balance as at June 30, 2018		3,013,684	47,948	3,061,632
Balance as at July 1, 2016		2,138,744	52,939	2,191,683
Additions during the year		-	189	189
Gain / (loss) on revaluation	8.3 & 35	481,853	(2,682)	479,171
Balance as at June 30, 2017		2,620,597	50,446	2,671,043

8.1 Particulars of immovable investment properties are as follows:

S.No.	Location	Usage of immovable property	Total area (Sq. yards)	Covered area (Sq. feet)
1	Plot bearing Survey No. 4/1-A, Main I. I. Chundrigar Road, Karachi	Investment property	2,786	230,555
2	Plot No. 35-B, North circular avenue, DHA, Phase I, Karachi	Investment property	1,088	5,675
3	Plot bearing Survey No. 15, Main Talpur Road, off I.I. Chundrigar Road, Karachi	Investment property	9,856	111,200

8.2 Forced sales value of the aforementioned investment properties are as follows:

S.No.	Class of asset	(Rupees in '000)
1	Leasehold land	2,561,630
2	Buildings on leasehold land	40,351

8.3 The revaluation of the Corporation's investment properties was carried out by Fair Water Property Valuers and Surveyors (Private) Limited, an independent valuer as of June 30, 2018. As a result, a revaluation gain of Rs 393.087 million (2017: Rs 481.853 million) was determined in respect of leasehold land and a revaluation loss was determined on buildings on leasehold land amounting to Rs 2.847 million (2017: Rs 2.682 million).

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

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

9.1 All investments in associated companies and undertakings have been made in accordance with the requirements under the Companies Act, 2017.

9.2 Investments in subsidiaries are carried at cost in the Corporation's statement of financial position as at June 30, 2018. The Corporation carries out periodic assessment to determine the value in use of its investment in subsidiaries. The Corporation considers international charter rates and carrying value of investments, amongst other factors, while reviewing for indicators of impairment. As a result, an impairment assessment was undertaken in respect of its investments in subsidiaries as at June 30, 2018 and recoverable amount has been computed using 'value in use' method. In assessing the value in use, estimated future cash flows have been discounted to their present value using a discount rate (WACC) that reflects the current market assessments of the time value of money and the risks specific to the asset. The discount rate applied to the future cashflow projections in case where subsidiaries own and operate a bulk carrier is 13.57% and in case where subsidiaries own and operate an oil tanker is 14.09%. The cashflow projections have been made upto the remaining useful life of the vessel. As a result of the value-in-use exercise, the recoverable amount was higher than the carrying value and accordingly, no impairment loss has been recognised.

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

Key assumptions used in value in use calculations:

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

Discount rate:

Discount rate takes into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances and is derived from its weighted average cost of capital (WACC). Increase of 1% in the discount rate will decrease the recoverable amount by Rs 1,478.320 million, whereas a similar decrease in the discount rate will have a positive effect of Rs 1,625.213 million on the recoverable amount.

Projected revenue rates:

Based on the external sources of information obtained from the shipping experts and the recent trends in the shipping industry, in case of dry cargo vessels, the estimated cashflows are based on current spot rates, which have been inflated using the inflation rates, over the remaining useful life of the vessels. For liquid cargo vessels, the management expects that for the foreseeable future, the tankers will generate revenue based on the Contract of Affreightment (CoA) with the customers. Decrease of 1% in the average charter rate assumed will decrease the recoverable amount by Rs 750.064 million whereas a similar increase will have a positive effect of Rs 760.805 million on the recoverable amount.

Notes to and Forming Part of the Unconsolidated Financial Statements

For the year ended June 30, 2018

	Note	June 30, 2018	June 30, 2017
		-----------(Rupees in '000)----------	
10. LONG-TERM INVESTMENTS IN LISTED COMPANIES AND AN OTHER ENTITY			
Financial assets			
Fair value through profit or loss			
Listed companies			
Siemens (Pakistan) Engineering Company Limited 6,930 (2017: 6,930) fully paid ordinary shares of Rs 10 each. Market value per share as at June 30, 2018 Rs 1,015.25 (2017: Rs 690)	10.1	7,036	4,782
Pakistan State Oil Company Limited 138,430 (2017: 115,358) fully paid ordinary shares of Rs 10 each. Market value per share as at June 30, 2018 Rs 318.31 (2017: Rs 387.35)	10.2	44,063	44,684
		51,099	49,466
Available-for-sale			
Other entity - carried at cost			
Pakistan Tourism Development Corporation Limited 10,000 (2017: 10,000) fully paid ordinary shares of Rs 10 each.		100	100
		51,199	49,566

10.1 The Corporation holds 0.084% (2017: 0.084%) of the investee's share capital.

	Note	June 30, 2018	June 30, 2017
Opening balance		4,782	6,892
Change in fair value	34 & 35	2,254	(2,110)
Closing balance		7,036	4,782

10.2 The Corporation holds 0.04246% (2017: 0.04246%) of the investee's share capital.

	Note	June 30, 2018	June 30, 2017
Opening balance		44,684	43,312
Change in fair value	34 & 35	(621)	1,372
Closing balance		44,063	44,684

11. LONG-TERM LOANS

	Note	June 30, 2018	June 30, 2017
Considered good			
- due from executives	11.1 & 11.2	14,665	-
- due from other employees	11.2	14,492	-
		29,157	-
Less: Recoverable within one year	16	10,107	-
		19,050	-

	June 30, 2018	June 30, 2017
	-----------(Rupees in '000)----------	
11.1 Reconciliation of carrying amount of loans to executives:		
Opening balance as at July 1	-	-
Disbursements	18,560	-
Repayments	(3,895)	-
Closing balance as at June 30	14,665	-

11.2 These loans have been given to executives and other employees of the Corporation for personal use in accordance with their terms of employment. These loans are to be repaid over a period of one to five years in equal monthly installments. Any outstanding loan due from an employee at the time of leaving the service of the Corporation is adjustable against final settlement.

11.3 The maximum aggregate amount of loans due from executives at the end of any month during the year was Rs 18.560 million (2017: Nil).

12. DEFERRED TAXATION - net

	June 30, 2018	June 30, 2017
	-----------(Rupees in '000)----------	
Deductible temporary differences arising in respect of:		
- provisions and deferred liabilities	80,603	130,101
Taxable temporary differences arising in respect of:		
- surplus on revaluation of property, plant and equipment	(11,712)	(78,791)
- accelerated tax depreciation	(5,078)	(4,749)
	(16,790)	(83,540)
	63,813	46,561

12.1 The movement in temporary differences is as follows:

	Balance as at July 1, 2016	Recognised in profit or loss	Recognised in other comprehensive income	Balance as at June 30, 2017	Recognised in profit or loss	Recognised in other comprehensive income	Balance as at June 30, 2018
	-----	-----	-----	(Rupees in '000)	-----	-----	-----
Deductible temporary difference:							
-provisions and deferred liabilities	167,932	(38,746)	915	130,101	(49,405)	(93)	80,603
Taxable temporary difference:							
- surplus on revaluation of property, plant and equipment	(79,106)	4,027	(3,712)	(78,791)	2,670	64,409	(11,712)
- accelerated tax depreciation	(4,175)	(574)	-	(4,749)	(329)	-	(5,078)
	(83,281)	3,453	(3,712)	(83,540)	2,341	64,409	(16,790)
	84,651	(35,293)	(2,797)	46,561	(47,064)	64,316	63,813

12.2 A change in the Corporation income tax rate from 30% to 29% was enacted on July 01, 2018, effective from the same date. Deferred tax assets and liabilities on temporary differences are measured at 25%.

	Note	June 30, 2018	June 30, 2017
		-----------(Rupees in '000)----------	
13. STORES AND SPARES			
Stores			
- at depot		11,577	9,110
- at buildings		472	516
		12,049	9,626
Spares			
- at buildings		796	937
		12,845	10,563
14. TRADE DEBTS - unsecured			
Considered good			
- Due from related parties	14.1	322,764	472,523
- Due from others	14.2	22,100	17,705
		344,864	490,228
Considered doubtful			
- Due from related parties	14.1	6,758	31,160
- Due from others		653	3,022
		7,411	34,182
		352,275	524,410
Less: Provision for doubtful debts	14.4	7,411	34,182
		344,864	490,228

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

	Upto 1 month	1 to 6 months	More than 6 months	As at June 30, 2018	As at June 30, 2017
	-----------------------------(Rupees in '000)----------------------------				
Pakistan State Oil Company Limited	234,597	-	8,449	243,046	228,132
Pakistan Refinery Limited	-	49	-	49	36,451
Pakistan Security Printing Corporation	219	-	-	219	-
Sui Northern Gas Pipelines Limited	1,150	-	-	1,150	2,475
Sui Southern Gas Company Limited	-	-	-	-	681
Water and Power Development Authority	506	-	-	506	1,139
National Refinery Limited	-	34	576	610	576
Trading Corporation of Pakistan (Private) Limited	-	-	4,866	4,866	4,866
Others	19,051	44,443	15,582	79,076	229,363
	255,523	44,526	29,473	329,522	503,683

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

	June 30, 2018	June 30, 2017
	-----------(Rupees in '000)---------	
Upto 1 month	4,693	3,824
1 to 6 months	4,316	1,942
More than 6 months	13,091	11,939
	22,100	17,705

14.3 The maximum aggregate amount of receivable due from related parties at the end of any month during the year was Rs 573.294 million (2017: Rs 579.080 million).

	Note	June 30, 2018	June 30, 2017
		-----------(Rupees in '000)---------	
14.4 Provision for doubtful debts			
Balance at beginning of the year		34,182	8,686
Provision made during the year	34	4,689	32,493
Provision reversed during the year	14.6 & 35	(2,217)	(285)
Provision written off during the year		(29,243)	(6,712)
Balance at end of the year	14.5	7,411	34,182

14.5 This balance represents trade debts outstanding for more than three years.

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

	Note	June 30, 2018	June 30, 2017
		-----------(Rupees in '000)---------	
15. AGENTS' AND OWNERS' BALANCES - unsecured			
- Considered good	15.1	19,041	8,423
- Considered doubtful		6,307	5,444
		25,348	13,867
Less: Provision for doubtful balances	15.2	6,307	5,444
		19,041	8,423

15.1 The ageing analysis of agents' and owners' balances that are past due but not impaired is as follows:

	June 30, 2018	June 30, 2017
	-----------(Rupees in '000)---------	
Upto 1 month	11,990	1,046
1 to 6 months	426	1,434
More than 6 months	6,625	5,943
	19,041	8,423

		Note	June 30, 2018	June 30, 2017
			-----------(Rupees in '000)---------	
15.2	Provision for doubtful balances			
	Balance at beginning of the year		5,444	4,453
	Provision made during the year		863	991
	Balance at end of the year		6,307	5,444
16.	**LOANS AND ADVANCES - unsecured, considered good**			
	Current portion of long term loans			
	- due from executives		5,507	-
	- due from other employees		4,600	-
			10,107	-
	Advances to			
	- employees		40,817	33,646
	- contractors and suppliers		31,895	13,164
	- others	16.1	27,471	44,538
			100,183	91,348
			110,290	91,348

16.1 This represents advances made to Port Qasim Authority. Ageing of these balances is not relevant due to the current account nature of the transactions with Port Qasim Authority.

16.2 The maximum amount of advance to Port Qasim Authority at the end of any month during the year was Rs 44.948 million (2017: Rs 82.137 million).

		June 30, 2018	June 30, 2017
		-----------(Rupees in '000)---------	
17.	**TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS**		
	Trade deposits		
	- Considered good	15,263	16,675
	- Considered doubtful	369	369
		15,632	17,044
	Less: Provision for doubtful deposits	369	369
		15,263	16,675
	Short-term prepayments	5,600	40,502
		20,863	57,177

	Note	June 30, 2018	June 30, 2017
		-----------(Rupees in '000)---------	
18. OTHER RECEIVABLES			
Considered good			
- Due from related parties	18.3	1,630,354	1,281,797
- Due from others		118,352	68,107
	18.1	1,748,706	1,349,904
Considered doubtful			
- Due from related parties	18.3	295,512	266,014
- Due from others		12,659	16,777
		308,171	282,791
	18.2	2,056,877	1,632,695
Less: Provision for doubtful receivables	18.4	308,171	282,791
		1,748,706	1,349,904
Employees' gratuity scheme - funded	23.1.3	34,205	37,851
		1,782,911	1,387,755

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

18.2 This includes the following:

	Note	June 30, 2018	June 30, 2017
Demurrage receivable	18.3	1,883,956	1,505,901
Heating and miscellaneous claims receivable	18.3	38,670	38,670
Additional war risk receivable	18.3	3,240	3,240
Receivable from sundry debtors		104,102	58,056
Sales tax refund claims		25,865	25,865
Others		1,044	963
		2,056,877	1,632,695

18.3 Ageing analysis of amounts due from related parties, included in other receivables, are as follows:

	Upto 1 month	1 to 6 months	More than 6 months	As at June 30, 2018	As at June 30, 2017
	--------------------------------(Rupees in '000)				
National Refinery Limited	-	2,964	33,966	36,930	33,966
Pak Arab Refinery Limited	-	-	49,350	49,350	49,350
Pakistan Refinery Limited	-	2,123	24,094	26,217	22,939
Pakistan State Oil Company Limited	56,107	46,907	1,710,355	1,813,369	1,441,556
	56,107	51,994	1,817,765	1,925,866	1,547,811

	Note	June 30, 2018	June 30, 2017
		-----------(Rupees in '000)---------	
18.4 Provision for doubtful receivables			
Balance at beginning of the year		282,791	245,952
Provision made during the year	34	25,380	180,735
Provision reversed during the year	35	-	(80,298)
Provision written off during the year		-	(63,598)
Balance at end of the year		308,171	282,791

18.5 The maximum aggregate amount of receivable due from related parties at the end of any month during the year was Rs 1,925.865 million (2017: Rs 1,547.811 million).

	Note	June 30, 2018	June 30, 2017
		-----------(Rupees in '000)---------	
19. SHORT-TERM INVESTMENTS			
Term deposits with banks having maturity of:			
- three to six months		3,961,430	1,667,045
- three months or less		121,430	2,450,000
	19.1	4,082,860	4,117,045

19.1 Mark-up on these term deposits denominated in local currency ranges from 6.05% to 6.90% (2017: 6.10% to 6.60%) per annum, whereas mark-up on term deposits denominated in foreign currency was 2.4% (2017: 2.20% to 2.35%) per annum.

	Note	June 30, 2018	June 30, 2017
		-----------(Rupees in '000)---------	
20. CASH AND BANK BALANCES			
Cash in hand			
- foreign currency		3,345	2,198
Cash at bank			
- in current accounts			
- local currency		205,973	182,787
- foreign currency		888,086	230,448
		1,094,059	413,235
- in savings accounts			
- local currency	20.1 & 20.2	1,534,746	2,286,645
- foreign currency	20.3	7,265	6,203
		1,542,011	2,292,848
		2,639,415	2,708,281

20.1 Mark-up on these savings accounts ranges from 3.90% to 6.35% (2017: 3.92% to 6.05%) per annum.

20.2 This includes Rs 5.126 million (2017: Rs 5.126 million) held by banks as security against guarantees issued on behalf of the Corporation.

20.3 Mark-up on these savings accounts ranges from 0.15% to 0.50% (2017: 0.15% to 0.50%) per annum.

21. SHARE CAPITAL

21.1 Issued, subscribed and paid-up share capital

June 30, 2018	June 30, 2017		June 30, 2018	June 30, 2017
(No. of shares)			(Rupees in '000)	
24,130,789	24,130,789	Ordinary shares of Rs 10 each issued as fully paid to shareholders of former National Shipping Corporation (NSC) and Pakistan Shipping Corporation (PSC) in consideration of their shareholdings in those companies	241,308	241,308
25,900,000	25,900,000	Ordinary shares of Rs 10 each issued as fully paid to GoP for cash received in 1985	259,000	259,000
64,309,800	64,309,800	Ordinary shares of Rs 10 each issued as fully paid to the GoP on the financial restructuring of the Corporation in the year 1989-90	643,098	643,098
17,722,791	17,722,791	Ordinary shares of Rs 10 each issued as fully paid bonus shares	177,228	177,228
132,063,380	132,063,380		1,320,634	1,320,634

21.2 As at June 30, 2018, GoP held 114,578,625 (2017: 113,693,715) ordinary shares, representing 86.76% (2017: 86.09%) shareholding, of the Corporation.

22. LONG-TERM FINANCING - secured

	Note	June 30, 2018	June 30, 2017
		(Rupees in '000)	
Financing under syndicate term finance agreement	22.1 & 22.2	1,145,588	1,397,686
Financing under musharika agreement	22.1 & 22.3	1,808,770	2,756,677
		2,954,358	4,154,363
Less: Current portion		1,210,172	1,210,172
		1,744,186	2,944,191

22.1 Represents financing obtained in November 2014 in the form of syndicated term finance loan of Rs 3,000 million, with the remaining amount of Rs 1,500 million through a musharika agreement. Till date, the Corporation has drawn Rs 2,054.250 million and Rs 1,027.125 million from syndicated term finance and musharika respectively.

22.2 The financing carries mark-up at the rate of KIBOR + 1.60% which has been renegotiated to KIBOR + 0.50% during the year ended June 30, 2016 and further renegotiated to KIBOR + 0.20% during the current year. The loan along with the mark-up is repayable on a quarterly basis with the last repayment date on November 6, 2022. The facility is secured by a first mortgage charge over one of the vessels and hypothecation charge over two of the vessels owned by the subsidiary companies of the Corporation.

22.3 Represents Musharika facility obtained from Faysal Bank Limited (FBL) amounting to Rs 3,300 million bearing mark-up of 3 month KIBOR + 0.40%, which has been renegotiated to 3 month KIBOR + 0.15% during the current year. The loan along with the mark-up is repayable on a quarterly basis with the first installment paid on February 23, 2016 while last repayment date is November 23, 2019. The facility is secured by first mortgage charge over two vessels owned by the subsidiary companies of the Corporation. The Corporation has also paid loan arrangement fee amounting to Rs 12.540 million which was included in the amortised cost of the long term financing, whereas an amount of Rs 3.300 million was expensed out at the time of agreement.

22.4 Following is the movement in long term financing:

	June 30, 2018
	(Rupees in '000)
Opening balance as at July 1	4,154,363
Disbursements	-
Repayments	(1,210,472)
Amortisation of arrangement fee	10,467
Closing balance as at June 30	2,954,358

	Note	June 30, 2018	June 30, 2017
		----------(Rupees in '000)----------	
23. DEFERRED LIABILITIES			
Employees' gratuity			
- funded	23.1.3 & 18	-	-
- unfunded	23.1.3	224,946	198,335
		224,946	198,335
Post-retirement medical benefits	23.1.3	165,706	168,237
Employees' compensated absences	23.2.3	210,281	225,784
		600,933	592,356

23.1 Retirement benefit schemes

23.1.1 The disclosures made in notes 23.1.2 to 23.1.16 of these unconsolidated financial statements are based on the information included in the actuarial valuation report as of June 30, 2018.

Notes to and Forming Part of the Unconsolidated Financial Statements

For the year ended June 30, 2018

23.1.2 As stated in notes 3.18.2 and 3.18.3 of these unconsolidated financial statements, the Corporation operates a funded retirement gratuity scheme for those permanent employees who joined the Corporation before October 16, 1984, an unfunded retirement gratuity scheme for contractual employees and an unfunded post-retirement medical benefit scheme for permanent and contractual employees. Liability is maintained against these schemes based on the actuarial recommendations. The following significant assumptions were used for the actuarial valuation of the defined benefit obligation schemes:

	June 30, 2018			June 30, 2017		
	Employees' gratuity		Post retirement medical benefits	Employees' gratuity		Post retirement medical benefits
	Funded	Unfunded		Funded	Unfunded	
Discount rate	10.00%	10.00%	10.00%	7.75%	7.75%	7.75%
Future salary increases - for permanent employees						
For the year 2017-18	N/A	-	-	2.00%	-	-
For the year 2018-19	5.60%	-	-	40.00%	-	-
For the year 2019-20	20.00%	-	-	2.00%	-	-
For the year 2020-21	5.60%	-	-	40.00%	-	-
For the year 2021-22	20.00%	-	-	2.00%	-	-
For the year 2022-23	5.60%	-	-	40.00%	-	-
For the year 2023-24 and onwards	10.00%	-	-	7.75%	-	-
Future salary increases - for contractual employees						
For the year 2017-18	-	N/A	-	-	8.75%	-
For the year 2018-19	-	10.00%	-	-	8.75%	-
For the year 2019-20	-	10.00%	-	-	8.75%	-
For the year 2020-21	-	10.00%	-	-	7.75%	-
For the year 2021-22	-	10.00%	-	-	7.75%	-
For the year 2022-23	-	10.00%	-	-	7.75%	-
For the year 2023-24 and onwards	-	10.00%	-	-	7.75%	-
Medical escalation rate	-	-	10.00%	-	-	7.75%
Death rate	based on SLIC (2001-05) Ultimate mortality tables.					

	June 30, 2018			June 30, 2017		
	Employees' gratuity		Post-retirement medical benefits	Employees' gratuity		Post-retirement medical benefits
	Funded	Unfunded		Funded	Unfunded	
	(Rupees in '000)					
23.1.3 Reconciliation of statement of financial position						
Present value of defined benefit obligation	151,778	224,946	165,706	226,245	198,335	168,237
Fair value of plan assets	(185,983)	-	-	(264,096)	-	-
Net liability in the statement of financial position	(34,205)	224,946	165,706	(37,851)	198,335	168,237
23.1.4 Movement in present value of defined benefit obligation						
Balance at beginning of the year	226,245	198,335	168,237	333,295	156,610	165,223
Current service cost	5,488	32,552	10,147	8,291	30,092	10,546
Interest cost	15,214	16,103	12,194	21,267	15,245	11,573
Benefits paid	(92,035)	(8,794)	(36,506)	(75,526)	(1,775)	(25,160)
Remeasurement on obligation	(3,134)	(13,250)	11,634	(61,082)	(1,837)	6,055
Balance at end of the year	151,778	224,946	165,706	226,245	198,335	168,237
23.1.5 Movement in fair value of plan assets						
Balance at beginning of the year	264,096	-	-	285,524	-	-
Expected return on plan assets	18,041	-	-	17,727	-	-
Contribution	-	-	-	40,000	-	-
Benefits paid	(92,035)	-	-	(75,526)	-	-
Remeasurement on plan assets	(4,119)	-	-	(3,629)	-	-
Balance at end of the year	185,983	-	-	264,096	-	-
23.1.6 Movement in net liability in the statement of financial position						
Balance at beginning of the year	(37,851)	198,335	168,237	47,771	156,610	165,223
Expense recognised for the year	2,661	48,655	22,341	11,831	45,337	22,119
Contributions made by the Corporation / benefits paid	-	(8,794)	(36,506)	(40,000)	(1,775)	(25,160)
Remeasurements recognised in other comprehensive income	985	(13,250)	11,634	(57,453)	(1,837)	6,055
	(34,205)	224,946	165,706	(37,851)	198,335	168,237
23.1.7 The amounts recognised in profit or loss						
Current service cost	5,488	32,552	10,147	8,291	30,092	10,546
Net interest amount	(2,827)	16,103	12,194	3,540	15,245	11,573
	2,661	48,655	22,341	11,831	45,337	22,119
Less: Charged to subsidiaries	89	587	347	564	921	391
Expense	2,572	48,068	21,994	11,267	44,416	21,728
23.1.8 Remeasurements recognised in other comprehensive income						
Gains / (losses) from changes in financial assumptions	(53,955)	(20,682)	689	(2,714)	959	153
Experience gains / (losses)	50,821	7,432	10,945	(58,368)	(2,796)	5,902
Remeasurement of fair value of plan assets	4,119	-	-	3,629	-	-
	985	(13,250)	11,634	(57,453)	(1,837)	6,055

		June 30, 2018		June 30, 2017	
		Rupees in '000	%	Rupees in '000	%
23.1.9	Categories / composition of plan assets				
	Cash and cash equivalents	70,348	37.82%	109,008	41.28%
	Investment in mutual funds	115,635	62.18%	104,480	39.56%
	Term deposit receipts	-	0.00%	50,608	19.16%
		185,983	100%	264,096	100%

23.1.10 The expenses in respect of employees' gratuity and post-retirement medical benefits have been charged on the basis of actuarial recommendations and are in accordance with the Administrative and Financial Services Agreement with the subsidiary companies.

23.1.11 Actual gain on plan assets during the year ended June 30, 2018 was Rs 17.001 million (2017: Rs 13.285 million).

23.1.12 Assumed future salary increase rate and discount rate have a significant effect on the employee's gratuity. A one percentage point change in assumed future salary increase rate and discount rate would have the following effects:

		Increase / (decrease) in defined benefit obligation of`			
		Funded Gratuity Scheme		Unfunded Gratuity Scheme	
	Change in assumption	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
		(Rupees in '000)			
Discount rate	1%	(148,463)	155,250	(199,838)	255,155
Salary increase rate	1%	152,189	(151,372)	251,615	(202,201)

23.1.13 The weighted average duration of the defined benefit obligations funded and unfunded gratuity scheme is 2.18 and 11.16 years.

23.1.14 Assumed medical cost escalation rate and discount rate have a significant effect on the post-retirement medical benefit. A one percentage point change in assumed medical cost escalation rate and discount rate would have the following effects:

		Increase / (decrease) in defined benefit obligation of`			
		Post Retirement Medical Benefits			
		Permanent Employees		Contractual Employees	
	Change in assumption	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
		(Rupees in '000)			
Discount rate	1%	(115,292)	120,187	(41,619)	55,844
Medical cost escalation rate	1%	120,328	(115,117)	55,893	(41,471)

23.1.15 The weighted average duration of the defined benefit obligations post retirement medical benefit scheme for permanent and contractual employees is 6.28 years.

23.1.16 The employee gratuity funded and unfunded scheme and post retirement medical benefit plans exposes the Corporation to the following risks:

Investment risk: The risk of the investment underperforming and not being sufficient to meet the liabilities.

Mortality risk: The risk that the actual mortality rate is different. The effect depends on the beneficiaries service / age distribution and the benefit.

Medical cost escalation risks: The risk that the hospitalisation cost could be higher than what we assumed.

Final salary risk: The risk that the final salary at the time of cessation of service is greater than what is assumed. Since the benefit is calculated on the final salary, the benefit amount increases similarly.

Withdrawal risk: The risk of higher or lower withdrawal experienced than assumed. The final effect could go either way depending on the beneficiaries' service / age distribution and the benefit.

23.2 Employees' compensated absences

23.2.1 The disclosures made in notes 23.2.2 to 23.2.9 of these unconsolidated financial statements are based on the information included in the actuarial valuation as of June 30, 2018.

23.2.2 As stated in note 3.19, of these unconsolidated financial statements the Corporation operates an employees' compensated absences scheme. Provision is maintained against this scheme based on the actuarial recommendations. The following significant assumptions were used for the actuarial valuation of the scheme:

	June 30, 2018	June 30, 2017
Discount rate	10.00%	7.75%
Future salary increases - for permanent employees		
For the year 2017-18	N/A	2.00%
For the year 2018-19	5.60%	40.00%
For the year 2019-20	20.00%	2.00%
For the year 2020-21	5.60%	40.00%
For the year 2021-22	20.00%	2.00%
For the year 2022-23	5.60%	40.00%
For the year 2023-24 and onwards	10.00%	7.75%
Future salary increases - for contractual employees		
For the year 2017-18	N/A	8.75%
For the year 2018-19	0.00%	8.75%
For the year 2019-20	10.00%	7.75%
For the year 2020-21	10.00%	7.75%
For the year 2021-22	10.00%	7.75%
For the year 2022-23	10.00%	7.75%
For the year 2023-24 and onwards	10.00%	7.75%

		June 30, 2018	June 30, 2017
		-----------(Rupees in '000)----------	
23.2.3	Reconciliation of statement of financial position		
	Present value of defined benefit obligation (recognised)	210,281	225,784
23.2.4	Movement in present value of defined benefit obligation		
	Balance at beginning of the year	225,784	243,163
	Current service cost	84,497	86,001
	Interest cost	19,559	19,456
	Remeasurements of obligation	(49,495)	(29,888)
	Benefits paid	(70,064)	(92,948)
	Balance at end of the year	210,281	225,784
23.2.5	Expense		
	Current service cost	84,497	86,001
	Interest cost	19,559	19,456
	Remeasurements of obligation	(49,495)	(29,888)
		54,561	75,569
	Less: Charged to subsidiaries	549	1,275
	Expense	54,012	74,294

23.2.6 Amounts for the current period and prior period of the present value of defined benefit obligation are as follows:

	June 30, 2018	June 30, 2017
	-----------(Rupees in '000)----------	
Present value of defined benefit obligation	210,281	225,784
Experience gain on defined benefit obligation	(49,495)	(29,888)

23.2.7 Assumed future salary increase rate and discount rate have a significant effect on the employees' compensated absences. A one percentage point change in assumed future salary increase rate and discount rate would have the following effects:

		Increase / (decrease) in defined benefit obligation of` Employees Compensated Absences			
		Permanent Employees		Contractual Employees	
	Change in assumption	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
		-----------------------------(Rupees in '000)		-----------------------------	
Discount rate	1%	(101,392)	108,212	(93,291)	120,468
Salary growth rate	1%	105,417	(104,002)	118,771	(94,401)

23.2.8 The risks to which the scheme exposes the Corporation are disclosed in note 23.1.16 of these unconsolidated financial statements.

23.2.9 The expenses in respect of employees' compensated absences have been charged on the basis of actuarial recommendations and are in accordance with the Administrative and Financial Services Agreement with the subsidiary companies.

23.3 Expected retirement benefits costs for the year ending June 30, 2019 are as follows:

	(Rupees in '000)
Gratuity	
-funded	486
-unfunded	57,634
Post-retirement medical benefits	26,346
Compensated absences	98,170

23.4 During the year, the Corporation contributed Rs 9.160 million (2017: Rs 8.423 million) to the provident fund.

24. TRADE AND OTHER PAYABLES

	Note	June 30, 2018	June 30, 2017
		----------(Rupees in '000)---------	
Creditors		103,685	45,042
Current account balances with subsidiary companies	24.1	26,296,280	24,970,600
Agents' and owners' balances		394,564	404,591
Accrued liabilities		1,108,271	1,396,893
Deposits	24.2	62,705	53,899
Advance rent		22,420	21,052
Advances from customers	24.3	82,997	391,639
Other liabilities			
- amounts retained from contractors		27,827	24,496
- others		79,063	75,778
		106,890	100,274
		28,177,812	27,383,990

Notes to and Forming Part of the Unconsolidated Financial Statements

For the year ended June 30, 2018

24.1 The break-up of current account balances with subsidiary companies is as follows:

	June 30, 2018	June 30, 2017
	----------(Rupees in '000)---------	
Bolan Shipping (Private) Limited	859,003	859,361
Chitral Shipping (Private) Limited	1,473,299	1,306,838
Hyderabad Shipping (Private) Limited	1,153,878	1,052,536
Islamabad Shipping (Private) Limited	648,816	649,115
Kaghan Shipping (Private) Limited	1,325,028	1,325,327
Khairpur Shipping (Private) Limited	447,528	447,826
Makran Shipping (Private) Limited	314,881	315,244
Malakand Shipping (Private) Limited	895,645	750,408
Multan Shipping (Private) Limited	713,388	610,881
Sargodha Shipping (Private) Limited	196,722	197,057
Sibi Shipping (Private) Limited	717,715	619,086
Shalamar Shipping (Private) Limited	2,854,277	2,604,710
Swat Shipping (Private) Limited	1,171,275	1,171,572
Lalazar Shipping (Private) Limited	744,660	744,959
Johar Shipping (Private) Limited	1,227,345	1,227,707
Lahore Shipping (Private) Limited	3,615,624	3,312,419
Karachi Shipping (Private) Limited	3,300,671	3,279,104
Quetta Shipping (Private) Limited	4,636,525	4,496,450
	26,296,280	24,970,600

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

24.3 These represent advances from related parties. The break up is as follows:

	Note	June 30, 2018	June 30, 2017
		----------(Rupees in '000)---------	
Sui Northern Gas Pipelines Limited		800	800
Sui Southern Gas Company Limited		3,923	1,691
Other state owned / controlled entities		78,274	389,148
		82,997	391,639

25. PROVISION AGAINST DAMAGE CLAIMS

	Note	June 30, 2018	June 30, 2017
Balance at beginning of the year		20,032	23,078
Charged during the year	34	7,742	1,261
Reversed during the year	35	(4,581)	(4,307)
Balance at end of the year		23,193	20,032

26. CONTINGENCIES AND COMMITMENTS

Contingencies

26.1 The contingent liability in respect of claims not acknowledged by the Corporation, which as at June 30, 2018 aggregated to Rs 739.743 million (2017: Rs 188.062 million). These claims mainly relate to deficiencies in shipping documentation, delay in delivery of cargo and damages to cargo. These include Rs 2.049 million (2017: Rs 2.083 million) approximately in respect of insurance claims which, if accepted, will be borne by the Corporation as the P&I Club, Oceanus Mutual Underwriting Association (Bermuda) Limited has gone into liquidation. Out of the remaining claims, a sum of Rs 716.550 million (2017: Rs 168.030 million) approximately would be recoverable from the P&I Club, Steamship Mutual Underwriting Association (Bermuda) Limited, in the event these claims are accepted by the Corporation. As a matter of prudence, the management has made a total provision of Rs 23.193 million (2017: Rs 20.032 million) against the aforementioned claims in these unconsolidated financial statements.

26.2 The former owners of East & West Steamship Company, Chittagong Steamship Corporation Limited and Trans Oceanic Steamship Company Limited had initiated litigation that involved the Government of Pakistan and the Corporation.

Following the Supreme Court's adjudication of the East & West Steamship Company's matter in favour of the former owners, the Government provisionally assessed additional compensation due to the former owners at approximately Rs 97.012 million (2017: Rs 97.012 million). Although a major portion of this amount has been settled by the Government, the Government holds the Corporation liable for this amount by virtue of the net assets of the East & West Steamship Company having become vested in the Corporation.

In case of Chittagong Steamship Corporation Limited and Trans Oceanic Steamship Company Limited, the litigations relating to compensation to the former owners and the legal suits are pending in the Honourable High Court of Sindh. The amounts claimed are approximately Rs 1.300 million (2017: Rs 1.300 million) and Rs 66.800 million (2017: Rs 66.800 million) respectively.

The Corporation disclaims any liability in respect of the above mentioned amounts and any accretions to it upto final determination and settlement of the matters.

26.3 Certain other claims have been filed against the Corporation in respect of employees matters for an aggregate amount of approximately Rs 95.910 million (2017: Rs 95.910 million). These cases are pending and the management is confident that the outcome of these cases will be in the Corporations favour and accordingly no provision for above claims has been made in these unconsolidated financial statements.

26.4 While framing the tax assessment for the income year ended June 30, 1990, the assessing officer had made an addition to income of Rs 3,974.455 million, being the remission of liabilities due to the Federal Government under the scheme of financial restructuring of the Corporation. The resultant tax liability including additional taxes for late payment of tax amounted to Rs 1,293.694 million, part of which was paid by the Corporation and the remaining amount of Rs 1,233.694 million was directly discharged at source by the Federal Government. The assessing officer while framing the order of income year ended June 30, 1996 had treated the aforementioned payment of tax liability by the Government as the income of the Corporation. Appellate Tribunal Inland Revenue (ATIR) has given the decision in favour of the Corporation on the appeals filed against the above orders. However, the department has filed an appeal with the Honourable High Court of Sindh against the aforementioned orders of ATIR. The Honourable High Court of Sindh has decided the appeal against the Corporation. The leave to appeal filed by the Corporation has been accepted by the Honourable Supreme Court of Pakistan and the decision of the Honourable High Court of Sindh has been suspended. Hearing of the appeal was pending in the Honourable Supreme Court of Pakistan. However during the current year, this hearing has been remanded to the Honourable High Court of Sindh. The management, in consultation with its legal advisor is confident that the matter will eventually be decided in favour of the Corporation.

26.5 During the year ended June 30, 2011, the Officer Inland Revenue (OIR) issued assessment orders under section 122 (5A) of the Income Tax Ordinance, 2001 (ITO, 2001) in respect of tax years 2008, 2009 and 2010. According to the orders, the OIR had made certain additions and determined additional tax demand of Rs 363.421 million. OIR had disallowed a portion of administrative expenses by attributing the same to the subsidiary companies and further disallowed a portion of contribution made to the approved gratuity fund (only in respect of tax year 2008) on the contention that the same is attributable to the subsidiary companies. The Corporation paid Rs 170 million under protest and filed an appeal with the Commissioner of Inland Revenue (Appeals). The Commissioner of Inland Revenue (Appeals) in his order upheld certain additions and had given decision in favour of the Corporation on certain matters resulting in refund of Rs 90.579 million, out of which Rs 3.581 million has been adjusted in tax year 2013 and remaining Rs 86.918 million in tax year 2014. The management had provided for all the matters that were decided against the Corporation, with the exception of disallowance of allocation of common expenses to profit on debt for tax years 2008 and 2009 which might have resulted in increase of tax liability by Rs 17.848 million.

The Corporation had filed an appeal with the ATIR in respect of aforementioned disallowances. The aforementioned appeals have been decided by the ATIR through the combined appellate order whereby certain disallowances have been deleted interalia including disallowances of common expenses allocated to profit on debt. During the current year, Additional Commissioner Inland Revenue (ACIR) gave effect to the directions of the ATIR. However, on the grounds that ACIR has not correctly given effect to the directions of ATIR on the issue of disallowance of administrative expenses and allocating the same to the subsidiary companies, the Corporation has filed an appeal before the Commissioner (Appeals) on July 20, 2018. The Corporation has filed a reference to Honorable High Court of Sindh in respect of certain disallowances maintained in the aforesaid order of ATIR. The management, in consultation with its legal advisor is confident that the matter in the Honorable High Court of Sindh will eventually be decided in favour of the Corporation.

26.6 During the year ended June 30, 2012, the OIR issued assessment orders under section 122 (5A) of the ITO, 2001 in respect of tax year 2011. According to the orders, the OIR has made certain additions and determined additional tax demand of Rs 251.092 million. OIR has disallowed a portion of administrative expenses by attributing the same to the subsidiary companies and further disallowed financial expenses incurred by the Corporation on the contention that the same is equity specific and hence being capital in nature. The Corporation had paid Rs 160.513 million (2017: Rs 160.513 million) and adjusted Rs 90.579 million against refunds relating to tax year 2008, 2009 and 2010 under protest. During the year ended June 30, 2015, Commissioner of Inland Revenue (Appeals) in his order has upheld certain additions and has given decisions in favour of the Corporation on certain matters, and has worked out refund of Rs 15.068 million. The Corporation and the department have filed appeals with the ATIR in respect of aforementioned disallowances, which have been decided by the ATIR. The ATIR, in its order has interalia deleted certain additions made by the OIR which were upheld by the Commissioner (Appeals). However, while giving effect to the order of the ATIR, the taxation officer has disallowed the expenses allocated to dividend income. Accordingly, the Corporation has filed an appeal before the Commissioner (Appeals) on July 20, 2018. Further, being aggrieved by the decision of the appellate tribunal, the department has filed a reference application which is pending before the Honourable High Court of Sindh. The management, in consultation with its legal advisor, is confident that the matter will eventually be decided in favour of the Corporation.

26.7 During the year ended June 30, 2013, the OIR issued assessment orders under section 122 (5A) of the ITO, 2001 in respect of tax year 2012. According to the orders, the OIR has made certain additions and determined additional tax demand of Rs 107.499 million. OIR has disallowed a portion of administrative expenses by attributing the same to the subsidiary companies and further disallowed financial expenses incurred by the Corporation on the contention that the same is equity specific and hence being capital in nature. The Corporation has paid Rs 65 million under protest and filed an appeal with the Commissioner of Inland Revenue (Appeals). During the year ended June 30, 2015, Commissioner of Inland Revenue (Appeals) in his order has upheld certain additions and has given decisions in favour of the Corporation on certain matters, and has worked out refund of Rs 24.022 million. The Corporation and the department have filed appeals with the ATIR in respect of aforementioned disallowances. The ATIR vide appellate order dated August 7, 2018 has interalia deleted certain additions made by the taxation officer. However, the appeal effect order is still pending. The management, in consultation with its tax advisor, is confident that the matter will eventually be decided in favour of the Corporation.

26.8 During the year ended June 30, 2014, the OIR has issued assessment orders under section 122 (5A) of the ITO, 2001 in respect of tax year 2013. According to the orders, the OIR has made certain additions and determined additional tax demand of Rs 303.333 million. OIR has disallowed a portion of retirement benefit expenses by attributing the same to the subsidiary companies and further disallowed financial expenses incurred by the Corporation on the contention that the same is equity specific and hence being capital in nature. Moreover, OIR also disallowed the basis of apportionment of expenses. The Corporation has paid Rs 288.265 million under protest and adjusted refund of Rs 3.581 million and Rs 15.068 million available for the tax year 2008 and 2011 respectively. Further the management has filed an appeal with the Commissioner of Inland Revenue (Appeals) who in his order has upheld certain additions and has given decisions in favour of the Corporation on certain matters, and worked out a Nil demand. The Corporation and the department have filed appeals with the ATIR in respect of aforementioned disallowances. The management, in consultation with its tax advisor, is confident that the subject matters in respect of tax year 2013 will eventually be decided in favour of the Corporation.

26.9 During the year ended June 30, 2015, ACIR issued assessment order under section 122 (5A) of the ITO, 2001 in respect of tax year 2014. According to the order the ACIR made certain additions and determined additional tax demand of Rs 170.436 million in respect of certain disallowances regarding financial expenses, administrative costs and post-retirement benefits. The Corporation paid Rs 83.438 million under protest and adjusted Rs 86.998 million against refunds available for tax year 2008, 2009 and 2010. The Corporation had filed an appeal before the Commissioner of Inland Revenue (Appeals) who passed his order and maintained the decision of the ACIR. The Corporation had filed an appeal with the ATIR in respect of aforementioned order of the Commissioner Inland Revenue (Appeals) in respect of aforementioned disallowances. The management, in consultation with its tax advisor, is confident that the subject matters in respect of tax year 2014 will eventually be decided in favour of the Corporation.

26.10 During the year ended June 30, 2014, the Corporation received assessment orders from the taxation authorities in respect of tax years 2008-2013. The taxation officer has held that the Corporation is liable to deduct withholding tax under section 152(2) of the ITO, 2001, while making payments to the non-resident shipping companies and in the event of default to do so the Corporation becomes personally liable to pay tax under section 161 along with default surcharge under section 205 of the Ordinance. By virtue of above orders a cumulative tax demand was raised by the taxation authorities amounting to Rs 2,695.496 million. The Corporation filed an appeal with the Commissioner of Inland Revenue (Appeals) who maintained the orders passed by the Deputy Commissioner Inland Revenue (DCIR) and consequently an appeal was filed before the ATIR. The ATIR, in the appellate order, has held that the payments made by the Corporation to the non-resident shipping companies are in the nature of "Royalty" and the rate of tax withholding applicable on such payments would be 15 percent. Accordingly, the tax demand originally raised was reduced to Rs 1,659.485 million. The Corporation lodged rectification applications in respect of the orders passed by ATIR. However, during the year ended June 30, 2016, the said rectification applications have been rejected. Without prejudice to the rectification applications, the Corporation has also filed a petition before the Honourable Sindh High Court in respect of the aforesaid orders passed by ATIR seeking protection from any adverse action. The Honourable Sindh High Court has granted an interim order restraining FBR from taking any coercive action, the said interim order is still operative. Further, the aforementioned cases are still pending with the Honourable Sindh High Court.

Further, during the year ended June 30, 2015, the DCIR had issued show cause notice under section 161 of the ITO, 2001 in respect of tax year 2014 proposing to raise tax demand of Rs 1,324.077 million on the same matter. The Corporation took up the matter to the Honourable High Court and the Court has granted an interim order which is still operating and suspended the show cause notice. The management, in consultation with its legal advisor, is confident that the subject matter in respect of tax years 2008 to 2014 will eventually be decided in favour of the Corporation.

26.11 During the current year, the DCIR vide order dated June 29, 2018 proceeded to amend the assessment under the provisions of section 122(5A) of the Ordinance in respect of tax year 2016. The taxable income has been recomputed by allocating expenses against dividend income, and disallowances made on account of interest on long term finances and payments claimed against staff retirement benefits. Brought forward business losses and unabsorbed depreciation for tax year 2016 have also been adjusted in the computation of taxable income. By virtue of the aforementioned order passed by the ACIR a tax demand amounting to Rs 91.592 million was raised, which is amply covered by the refunds available for prior tax years. Furthermore, the Corporation has filed an appeal with the Commissioner Inland Revenue (Appeals) on July 23, 2018 which is still pending for hearing. The management, in consultation with its tax advisor, is confident that the subject matters in respect of tax year 2016 will eventually be decided in favour of the Corporation.

26.12 During the current year, the ACIR vide order dated June 29, 2018 proceeded to amend the asessment under the provisions of section 122(5A) of the Ordinance in respect of tax year 2017. The taxable income has been recomputed by allocating expenses against dividend income, and disallowances made on account of interest on long term finances and payments claimed against staff retirement benefits. By virtue of the aforementioned order passed by the ACIR a tax demand amounting to Rs 318.212 million was raised, out of which the Corporation has made a payment of Rs 75 million under protest. Furthermore, the Corporation has filed an appeal with the Commisioner Inland Revenue (Appeals) on July 23, 2018 which is still pending for hearing. The management, in consultation with its tax advisor is confident that the subject matters in respect of tax year 2017 will eventually be decided in favour of the Corporation.

Commitments

26.13 Commitments in respect of capital expenditure amounted to Rs 32.571 million (2017: Rs 32.571 million).

26.14 Outstanding letters of guarantee amounted to Rs 5.126 million (2017: Rs 5.126 million).

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

	June 30, 2018	June 30, 2017
	-----------(Rupees in '000)----------	
27. CHARTERING REVENUE - foreign flag vessels		
Voyage charter revenue	2,163,072	3,380,736
Slot charter revenue	1,976,699	3,795,001
	4,139,771	7,175,737
28. SERVICE FEES - net		
Technical and commercial services fee	174,682	155,764
Administrative and financial services fee	58,227	51,922
Sales tax	(3,381)	(3,267)
	229,528	204,419

		Note	June 30, 2018	June 30, 2017
			-----------(Rupees in '000)----------	
29.	**FLEET EXPENSES - direct**			
	Charter, hire and related expenses	29.1	2,255,675	3,922,621
	Exchange loss		82,659	3,125
			2,338,334	3,925,746
29.1	Charter, hire and related expenses - foreign flag vessels			
	- voyage charter expenses		1,379,054	2,234,897
	- slot charter expenses		876,621	1,687,724
			2,255,675	3,922,621
30.	**FLEET EXPENSES - indirect**			
	Salaries, benefits and allowances	30.1	7,414	9,592
	Agents' and other general expenses	30.2	10,766	6,025
	Depreciation	6.7	585	482
	General establishment expenses		852	685
			19,617	16,784

30.1 This includes Rs 0.202 million (2017: Rs 0.404 million) in respect of provident fund contribution. The investments out of provident fund have been made in accordance with the provisions of Section 218 of the Act and conditions specified thereunder.

		Note	June 30, 2018	June 30, 2017
			-----------(Rupees in '000)----------	
30.2	**Agents' and other general expenses**			
	Printing and stationery		80	44
	Advertisement and publicity		1,355	916
	Telephone, telex and postage		2,744	2,432
	Commission charges		259	147
	Legal and professional charges		5,202	1,632
	Air freight		1,126	854
			10,766	6,025
31.	**VESSEL MANAGEMENT EXPENSES**			
	Workshop management expenses		86,179	67,156
	Salaries, benefits and allowances	31.1	451,789	361,730
	General establishment expenses	31.2	117,459	86,349
	Rent, rates and taxes		16,218	12,378
	Insurance		4,311	4,906
	Depreciation	6.7	27,934	28,429
			703,890	560,948

31.1 This includes Rs 5.808 million (2017: Rs 4.200 million) in respect of provident fund contribution. The investments out of provident fund have been made in accordance with the provisions of Section 218 of the Act and conditions specified thereunder.

	Note	June 30, 2018	June 30, 2017
		-----------(Rupees in '000)----------	
31.2 General establishment expenses			
Repairs and maintenance		12,860	9,007
Medical expenses		38,477	28,612
Security charges		3,030	2,163
Travelling and conveyance		11,793	6,530
Entertainment and canteen subsidy		3,677	6,453
Uniform and liveries		1,818	1,799
Printing and stationery		3,115	2,805
Telephone, telex and postage		9,218	5,558
Light, power and water		9,377	8,015
Computer expenses		8,753	5,033
Vehicle running, repairs and maintenance expenses		15,341	10,374
		117,459	86,349

32. REAL ESTATE EXPENSES

	Note	June 30, 2018	June 30, 2017
Salaries, benefits and allowances	32.1	57,355	46,905
General establishment expenses	32.2	39,820	38,368
Rent, rates and taxes		11,937	12,290
Insurance		4,049	4,320
Depreciation	6.7	36,276	29,915
Legal and professional charges		503	285
		149,940	132,083

32.1 This includes Rs 0.737 million (2017: Rs 0.545 million) in respect of provident fund contribution. The investments out of provident fund have been made in accordance with the provisions of Section 218 of the Act and conditions specified thereunder.

	June 30, 2018	June 30, 2017
	-----------(Rupees in '000)----------	
32.2 General establishment expenses		
Repairs and maintenance	18,101	17,233
Security charges	12,081	10,260
Light, power and water	9,429	10,687
Vehicle running, repairs and maintenance	209	188
	39,820	38,368

Notes to and Forming Part of the Unconsolidated Financial Statements

For the year ended June 30, 2018

	Note	June 30, 2018	June 30, 2017
		----------(Rupees in '000)----------	
33. ADMINISTRATIVE EXPENSES			
Salaries, benefits and allowances	33.1	187,935	281,953
General establishment expenses	33.2	89,894	104,464
Rent, rates and taxes		1,802	1,375
Scholarship and training expenses		1,861	3,771
Insurance		479	545
Depreciation	6.7	3,104	3,159
Directors' fee		2,044	1,775
Legal and professional charges		36,906	6,896
Sales tax expenses		20,456	27,648
		344,481	431,586

33.1 This includes Rs 2.413 million (2017: Rs 3.274 million) in respect of provident fund contribution. The investments out of provident fund have been made in accordance with the provisions of Section 218 of the Act and conditions specified thereunder.

	June 30, 2018	June 30, 2017
	----------(Rupees in '000)----------	
33.2 General establishment expenses		
Repairs and maintenance	5,349	7,021
Medical expenses	16,006	22,302
Contribution to employees' welfare fund	4	5
Contribution to group term insurance	996	1,456
Hajj expenses	58	2,110
Security charges	1,260	1,686
Travelling and conveyance	4,906	5,089
Entertainment and canteen subsidy	1,530	5,030
Books, periodicals and subscription	6,843	6,619
Uniform and liveries	202	200
Printing and stationery	1,296	2,187
Telephone, telex and postage	3,835	4,330
Light, power and water	3,901	6,247
Computer expenses	3,641	3,924
Advertisement and publicity	20,814	18,676
Vehicle running, repairs and maintenance expenses	6,381	8,087
Sundry expenses	12,872	9,495
	89,894	104,464

		Note	June 30, 2018	June 30, 2017
			----------(Rupees in '000)----------	
34.	**OTHER EXPENSES**			
	Donations	34.1	120	50
	Auditors' remuneration	34.2	7,946	8,743
	Demurrage expenses		337,410	760,941
	Impairment loss on revaluation of building	6.1	9,653	-
	Exchange loss on demurrage		120,622	-
	Employees' gratuity			
	- funded	23.1.7	2,572	11,267
	- unfunded	23.1.7	48,068	44,416
			50,640	55,683
	Post-retirement medical benefits	23.1.7	21,994	21,728
	Employees' compensated absences	23.2.5	54,012	74,294
	Loss on revaluation of long-term investments classified 'at fair value through profit or loss'	10	-	738
	Provision for doubtful debts and other receivables	14.4 & 18.4	30,069	213,228
	Long-term loans and advances written off		-	58
	Trade debts written off		1,419	375
	Demurrage receivable written off		-	37,860
	Provision in respect of damage claims	25	7,742	1,261
			641,627	1,174,959

34.1 No director or his spouse had any interest in the donee.

		June 30, 2018			June 30, 2017		
		A. F. Ferguson & Co.	EY Ford Rhodes	Total	A. F. Ferguson & Co.	EY Ford Rhodes	Total
		----------(Rupees in '000)----------					
34.2	Auditors' remuneration						
	Statutory audit fee	1,310	1,310	2,620	1,234	1,234	2,468
	Fee for review of half yearly financial statements	459	459	918	431	431	862
	Fee for review report on the code of corporate governance	140	140	280	132	132	264
	Fee for audit of consolidated financial statements	166	166	332	156	156	312
	Tax advisory	2,921	-	2,921	4,176	46	4,222
	Statutory certifications	150	75	225	15	-	15
	Out of pocket expenses	325	325	650	300	300	600
		5,471	2,475	7,946	6,444	2,299	8,743

		Note	June 30, 2018	June 30, 2017
			----------(Rupees in '000)----------	
35.	**OTHER INCOME**			
	Income from financial assets			
	Income from saving accounts and term deposits		367,427	329,648
	Agency fee		17,709	15,827
	Dividend income		2,884	1,697
	Exchange gain		138,564	3,597
	Gain on revaluation of long-term investments in listed companies	10	1,633	-
	Gain on revaluation of investment properties	8	390,240	479,171
	Insurance claim income		-	5,002
	Demurrage income	18.4	378,056	921,752
	Income from heating claims		-	14,355
	Income from loans to employees		1,635	-
	Income from miscellaneous claims		-	10,908
			1,298,148	1,781,957
	Income from non - financial assets			
	Provisions no longer required written back	24 & 25	4,581	4,329
	Liabilities no longer required written back		24,918	21,595
	Reversal of provision for doubtful debts	14.4 & 18.4	2,217	10,821
	Sundry income	35.1	31,237	41,549
			62,953	78,294
			1,361,101	1,860,251
35.1	This includes the following:			
	Documentation charges		-	1,241
	Income earned by PNSC Work Shop		13,234	24,986
	Cost of tender document		551	167
	Recovery of HV AC charges		4,998	7,737
	Others		12,454	7,418
			31,237	41,549
36.	**FINANCE COSTS**			
	Mark-up on long-term financing		246,017	327,060
	Bank charges		1,193	1,047
			247,210	328,107

	June 30, 2018	June 30, 2017
	----------(Rupees in '000)----------	

37. TAXATION

Tax charge for:		
- current year	321,157	625,173
- prior years	(195,102)	(75,040)
	126,055	550,133
- deferred	47,064	35,293
	173,119	585,426

37.1 Relationship between tax expense and accounting profit

Accounting profit before tax	1,476,758	2,860,837
Tax rate	30%	31%
Tax on accounting profit	443,027	886,860
Tax effect in respect of income / expenses not admissible for calculation of taxable profit	(70,637)	(108,895)
Tax saving due to lower tax rates		
- Income under Section 7A	(82,891)	(212,041)
- Dividend income	(433)	(314)
Effect of charging deferred tax on different rate than current tax	15,070	(191)
Effect of prior year	(195,102)	(75,040)
Effect of super tax	27,566	54,172
Others (including the impact arising as a consequence of change in allocation ratio of revenue chargeable under FTR and NTR tax regime)	36,519	40,875
	(269,908)	(301,434)
Tax expense for the year	173,119	585,426

37.2 As per the management's assessment, sufficient tax provision has been made in the Corporation's financial statements. The comparison of tax provision as per the financial statements viz-a-viz tax assessment for last three years is as follows:

	2017	2016	2015
	--------------------(Rupees in '000)--------------------		
Provision as per unconsolidated financial statements	625,173	251,271	175,707
Tax assessment	765,989	372,116	130,584

	June 30, 2018	June 30, 2017
	---------(Rupees in '000)----------	
38. EARNINGS PER SHARE - basic and diluted		
Net profit for the year attributable to ordinary shareholders	1,303,639	2,275,411
	-----------(No. of shares)-----------	
Weighted average ordinary shares in issue during the year	132,063,380	132,063,380
	--------------(Rupees)---------------	
Earnings per share - basic and diluted	9.87	17.23

38.1 There are no dilutive potential ordinary shares outstanding as at June 30, 2018 and 2017.

	Note	June 30, 2018	June 30, 2017
		---------(Rupees in '000)----------	
39. CASH GENERATED FROM OPERATIONS			
Profit before taxation		1,476,758	2,860,837
Adjustments for non-cash charges and other items:			
Depreciation	6.7	67,899	61,985
Provision in respect of damage claims	25	7,742	1,261
Provision for employees' gratuity	23.1.7	50,640	55,683
Provision for post-retirement medical benefits	23.1.7	21,994	21,728
Provision for employees' compensated absences	23.2.5	54,012	74,294
Dividend income	10 & 35	(2,884)	(1,697)
Provision for doubtful debts and other receivables	34	30,069	213,228
Trade debts written off		1,419	-
Reversal of provision for doubtful debts and other receivables	14.4 & 18.4	(2,217)	(80,583)
Provision for doubtful debts and other receivables written off	14.4 & 18.4	(29,243)	(70,310)
Provisions no longer required written back	35	(4,581)	(4,329)
Liabilities no longer required written back	35	(24,918)	(21,595)
Long term loans and advances written off	34	-	58
Income from saving accounts and term deposits	35	(367,427)	(329,648)
Finance cost	36	246,017	327,060
Gain on revaluation of investment properties	35	(390,240)	(479,171)
Loss on revaluation of long-term investments	34	-	738
Gain on revaluation of long-term investments in listed companies	35	(1,633)	-
Working capital changes	39.1	644,662	419,611
		1,778,069	3,049,150

Notes to and Forming Part of the Unconsolidated Financial Statements

For the year ended June 30, 2018

		Note	June 30, 2018	June 30, 2017
			---------(Rupees in '000)----------	
39.1	Working capital changes			
	(Increase) / decrease in current assets			
	Stores and spares		(2,282)	1,271
	Trade debts - unsecured		170,716	(75,748)
	Agents' and owners' balances - unsecured		(10,618)	2,948
	Loans and advances		(18,942)	(344)
	Trade deposits and short-term prepayments		36,314	(29,947)
	Other receivables		(424,182)	(491,706)
	Incomplete voyages		-	(42,864)
			(248,994)	(636,390)
	Increase in current liabilities			
	Trade and other payables		820,312	1,056,001
	Incomplete voyages		73,344	-
			893,656	1,056,001
			644,662	419,611

40. CASH AND CASH EQUIVALENTS

	Note	June 30, 2018	June 30, 2017
Short-term investments having maturity of three months or less	19	121,430	2,450,000
Cash and bank balances	20	2,639,415	2,708,281
		2,760,845	5,158,281

41. REMUNERATION OF CHAIRMAN & CHIEF EXECUTIVE, DIRECTORS AND OTHER EXECUTIVES

The aggregate amount of remuneration including all benefits to the Chairman and Chief Executive, Executive Directors and other Executives of the Corporation were as follows:

	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017*
	Chairman & Chief Executive		Executive Directors		Other Executives	
	---------------------------------(Rupees in '000)---------------------------------					
Managerial remuneration and allowances	1,756	1,173	25,159	19,373	219,787	130,603
Retirement benefits	-	-	-	-	6,621	1,137
House rent	2,992	3,000	8,297	2,621	90,684	42,880
Conveyance	801	649	1,987	1,296	4,935	240
Entertainment	8	8	-	-	3,864	2,091
Medical	192	1,208	1,971	1,839	10,232	3,828
Utilities	811	1,321	2,030	1,780	21,277	15,122
Personal staff subsidy	-	-	-	-	320	263
Club membership fee and expenses	271	299	306	267	-	-
Bonus	1,413	1,380	5,670	4,237	46,788	31,224
Other allowances	854	677	1,826	575	141,004	98,483
	9,098	9,715	47,246	31,988	545,512	325,871
Number of persons	1	1	5	5	121	70

*Comparatives have been restated to reflect changes in the definition of executive as per the Companies Act, 2017

41.1 The aggregate amount charged in the unconsolidated financial statements for fee to 7 (2017: 6) non-executive directors was Rs 2.044 million (2017: Rs 1.775 million).

41.2 Retirement benefits represent amount contributed towards various retirement benefit plans. The Executives of the Corporation are entitled to retirement benefits as outlined in note 3.18 and 3.19 to these unconsolidated financial statements. The Chairman & Chief Executive, Directors and other Executives are provided with the Corporation owned and maintained cars.

42. FINANCIAL INSTRUMENTS BY CATEGORY

	June 30, 2018	June 30, 2017
	---------(Rupees in '000)----------	
FINANCIAL ASSETS		
Fair value through profit or loss		
Long term investments - listed companies	51,099	49,466
Loans and receivables		
Loans - employees	29,157	-
Trade debts - unsecured	344,864	490,228
Agents' and owners' balances - unsecured	19,041	8,423
Trade deposits	15,263	16,675
Mark-up accrued on bank deposits and short-term investments	26,462	47,404
Other receivables	1,782,911	1,387,755
Short-term investments	4,082,860	4,117,045
Cash and bank balances	2,639,415	2,708,281
	8,939,973	8,775,811
Available-for-sale financial assets		
Long-term investments - other entity	100	100
	8,991,172	8,825,377
FINANCIAL LIABILITIES		
Amortised cost		
Trade and other payables	28,072,395	26,971,299
Unclaimed dividend	52,869	39,147
Long-term financing	2,954,358	4,154,363
Accrued mark-up on long-term financing	26,041	35,582
	31,105,663	31,200,391

43. FINANCIAL RISK MANAGEMENT

43.1 Financial risk factors

The Corporation finances its operations through equity and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimise risk. Taken as a whole, the Corporation is exposed to market risk (including interest rate risk, currency risk and other price risk), credit risk and liquidity risk. The Corporation's principal financial liabilities comprise trade and other payables and long term financing. The Corporation also has various financial assets such as trade debts, other receivables, bank balances and short-term investments which are directly related to its operations. No changes were made in the objectives, policies or processes and assumptions during the year ended June 30, 2018. The policies for managing each of these risk are summarised below:

43.1.1 Concentration of credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers, including trade receivables and committed transactions. Credit risk represents the accounting loss that would be recognised at the date of statement of financial position if counter parties fail completely to perform as contracted.

As at June 30, 2018, out of the total financial assets of Rs 8,991.172 million (2017: Rs 8,825.377 million) the financial assets which are subject to credit risk amounted to Rs 8,987.827 million (2017: Rs 8,823.180 million). The management continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery.

Moreover, a significant component of the receivable balances of the Corporation relates to amounts due from the Public Sector organisations. Due to the Corporation's long standing business relationships with these counterparties and after giving due consideration to their related credit standing, management does not expect non–performance by those counter parties on their obligations to the Corporation.

For banks and financial institutions, only independently rated parties with a minimum credit rating of A are accepted.

The sector wise analysis of receivables, comprising trade debts, agents' and owners' balances and deposits is given below:

	June 30, 2018	June 30, 2017
	----------(Rupees in '000)---------	
Public Sector	329,522	503,683
Private Sector	63,733	51,638
	393,255	555,321

Out of Rs 393.255 million (2017: Rs 555.321 million), the Corporation has provided Rs 14.087 million (2017: Rs 39.995 million) as the amounts being doubtful to be recovered from them.

43.1.2 Market risk

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. The Corporation faces foreign currency risk on receivable and payable transactions at foreign ports.

As at June 30, 2018, if the currency had weakened / strengthened by 5% against the US dollar with all other variables held constant, profit before taxation for the year would have been higher / lower by Rs 53.248 million (2017: Rs 30.728 million), mainly as a result of foreign exchange gains / losses on translation of US dollar denominated assets and liabilities.

As at June 30, 2018, the affect of fluctuations in other foreign currency denominated assets or liabilities balances would not be material, therefore, not disclosed.

Cash flow and fair value interest rate risk

The Corporation has interest bearing liabilities that have floating interest rates. At June 30, 2018, if interest rates on borrowings had been 100 basis points higher / lower with all other variables held constant, profit after taxation for the year would have been lower / higher by Rs 20.681 million (2017: Rs 28.665 million).

Price risk

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The effects of changes in fair value of investments made by the Corporation, on the future profits are not considered to be material in the overall context of these unconsolidated financial statements.

43.1.3 Liquidity risk

Liquidity risk is the risk that the Corporation will encounter difficulties in raising funds to meet commitments associated with financial instruments. The Corporation believes that it is not exposed to any significant level of liquidity risk.

The management forecasts the liquidity of the Corporation on basis of expected cash flow considering the level of liquid assets necessary to meet such risk. This involves monitoring statement of financial position liquidity ratios and maintaining debt financing plans.

Financial liabilities in accordance with their contractual maturities are presented below:

	Total contractual cash flows	Less than 1 year	Between 1 to 2 years	Between 2 to 5 years	More than 5 years
	---(Rupees in '000)---				
June 30, 2018					
Long-term financing	3,313,910	1,375,839	887,560	1,050,511	-
Unclaimed dividend	52,869	52,869	-	-	-
Trade and other payables	28,072,395	28,072,395	-	-	-
Accrued mark-up on long-term financing	26,041	26,041	-	-	-
	31,465,215	29,527,144	887,560	1,050,511	-
June 30, 2017					
Long-term financing	4,771,300	1,455,794	1,376,429	1,741,657	197,420
Unclaimed dividend	39,147	39,147	-	-	-
Trade and other payables	26,992,351	26,992,351	-	-	-
Accrued mark-up on long-term financing	35,582	35,582	-	-	-
	31,838,380	28,522,874	1,376,429	1,741,657	197,420

43.1.4 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 June 30, 2018, the Corporation's all assets and liabilities are carried at amortised cost except for those mentioned below:

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

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

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

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

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

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

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

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

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:

	Note	June 30, 2018			
		Level 1	Level 2	Level 3	Total
		--------(Rupees in '000)--------			
Assets carried at fair value					
Long-term investments - Fair value through profit or loss	10	51,099	-	-	51,099
Leasehold land		-	1,086,960	-	1,086,960
Buildings on leasehold land		-	782,843	-	782,843
Beach huts		-	16,251	-	16,251
Workshop machinery and equipment		-	5,156	-	5,156
Investment properties		-	3,061,632	-	3,061,632
		-	4,952,842	-	4,952,842

	Note	June 30, 2017			
		Level 1	Level 2	Level 3	Total
		--------(Rupees in '000)--------			
Assets carried at fair value					
Long-term investments - Fair value through profit or loss	10	49,466	-	-	49,466
Leasehold land		-	775,312	-	775,312
Buildings on leasehold land		-	803,278	-	803,278
Beach huts		-	11,127	-	11,127
Workshop machinery and equipment		-	5,407	-	5,407
Investment properties		-	2,671,043	-	2,671,043
		-	4,266,167	-	4,266,167

44. CAPITAL RISK MANAGEMENT

The Corporation's objectives when managing capital are to safeguard the Corporation's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Corporation manages its capital structure by monitoring return on net assets and makes adjustment to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Corporation may adjust the amount of dividends paid to shareholders or issue new shares.

The Corporation is subject to externally imposed capital requirements, which are applicable at consolidated financial statements level.

During the year, the Corporation's strategy was to maintain the debt equity ratio below 60:40. The debt equity ratios as at June 30, 2018 and 2017 were as follows:

	June 30, 2018	June 30, 2017 (Restated)
	--------(Rupees in '000)--------	
Long-term financing - secured (note 22)	2,954,358	4,154,363
Total equity	12,330,535	11,171,800
Total	15,284,893	15,326,163
Debt-to-equity ratio	24:76	37:63

45. ENTITY WIDE INFORMATION

45.1 The Corporation constitutes as a single reportable segment, the principal classes of services provided are transportation of dry cargo, liquid cargo, rental income and service fees through chartered vessels.

45.2 Information about services

The Corporation's principal classes of services accounted for the following amount of revenue:

	June 30, 2018	June 30, 2017
	----------(Rupees in '000)----------	
Transportation of dry cargo	1,976,699	3,795,001
Transportation of liquid cargo	2,163,072	3,380,736
Rental income	191,457	190,643
Services fee - net	229,528	204,419
	4,560,756	7,570,799

45.3 Information about geographical areas

The Corporation does not hold non-current assets in any foreign country.

45.4 Information about major customers

The Corporation has the following exposure to concentration of credit risk with clients representing greater than 10 % of the total revenue balances:

	June 30, 2018		June 30, 2017	
	Revenue		Revenue	
	(Rupees in '000)	% of Total	(Rupees in '000)	% of Total
Client 1	1,837,670	40	2,529,069	33
Client 2	696,394	15	2,025,720	27
	2,534,064	55	4,554,789	60

46. RELATED PARTY DISCLOSURES

The Corporation has related party relationships with its subsidiaries, associate, GoP and its related parties, associated companies, 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, service fees charged on account of rendering of technical, commercial, administrative and financial services, expenses charged to subsidiary companies on actual cost basis etc. Service fees charges on account of rendering of technical, commercial, administrative and financial services is charged to subsidiary companies and related parties on the basis of mutually agreed terms. Investment in and balances with related parties have been disclosed in notes 9, 11, 14, 16, 18 and 24, of these unconsolidated financial statements. Significant transactions with related parties durirng the year are as follows:

Nature of transactions	Relationship with the Corporation	June 30, 2018	June 30, 2017
		----------(Rupees in '000)----------	
Chartering Revenue	State owned / controlled entities	4,137,998	7,175,737
Service fee - note 28	Subsidiaries	229,528	204,419
Rental income	State owned / controlled entities	3,647	3,315
Rental expense	Subsidiary	940	786
Demurrage income - note 35	State owned / controlled entities	378,056	921,752
Transfer of stores	Subsidiaries	24,808	22,199
Retirement benefit costs charged	Subsidiaries	1,572	3,151
Contribution to provident fund	Employees benefit plan	9,160	8,423
Compensation to key management personnel - note 41	Key management personnel	56,344	41,703

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

46.2 Following are the details of related parties with whom the Company had entered into transactions or have arrangements / agreements in place, except subsidiaries, which have been disclosed in note 9 to these unconsolidated financial statements:

S.No.	Name	Basis of relationship	Aggregate % of shareholding in the Company
1	Muhammadi Engineering Works (Private) Limited	Associate	N/A
2	Pakistan National Shipping Corporation - Employees' Gratuity Fund	Employees benefit plan	N/A
3	Pakistan National Shipping Corporation - Employees' Contributory Provident Fund	Employees benefit plan	N/A
4	Civil Aviation Authority	State owned/controlled entity	N/A
5	Heavy Electric Complex (Private) Limited	State owned/controlled entity	N/A
6	Heavy Industries Taxila	State owned/controlled entity	N/A
7	Heavy Machinery Complex (Private) Limited	State owned/controlled entity	N/A
8	Institute of Industrial Control System	State owned/controlled entity	N/A
9	Karachi Port Trust	State owned/controlled entity	N/A
10	Karachi Shipyard & Engineering Works Ltd	State owned/controlled entity	N/A
11	National Bank of Pakistan	State owned/controlled entity	N/A
12	National Engineering & Scientific Commission	State owned/controlled entity	N/A
13	National Engineering Services Pakistan (Private) Limited	State owned/controlled entity	N/A
14	National Refinery Limited	State owned/controlled entity	N/A
15	Pak Arab Refinery Limited	State owned/controlled entity	N/A
16	Pakistan Agricultural Storage & Services	State owned/controlled entity	N/A
17	Pakistan International Airlines	State owned/controlled entity	N/A
18	Pakistan Machine Tool Factory	State owned/controlled entity	N/A
19	Pakistan Refinery Limited	State owned/controlled entity	N/A
20	Pakistan Security Printing Corporation	State owned/controlled entity	N/A
21	Pakistan State Oil	State owned/controlled entity	N/A
22	Pakistan Telecommunication Limited	State owned/controlled entity	N/A
23	Pakistan Television Corporation	State owned/controlled entity	N/A
24	Port Qasim Authority	State owned/controlled entity	N/A
25	Sui Northern Gas Pipelines Limited	State owned/controlled entity	N/A
26	Sui Southern Gas Company Limited	State owned/controlled entity	N/A
27	Trading Corporation of Pakistan (Private) Limited	State owned/controlled entity	N/A
28	Water and Power Development Authority	State owned/controlled entity	N/A
29	Directors / Executives	Key management personnel	0.002

47. CORRESPONDING FIGURES

Corresponding figures have been reclassified wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison in accordance with the accounting and reporting standards as applicable in Pakistan.

Notes to and Forming Part of the Unconsolidated Financial Statements

For the year ended June 30, 2018

48. NUMBER OF EMPLOYEES

The average and total number of employees during the year and as at June 30, 2018 and 2017 respectively are as follows:

	June 30, 2018	June 30, 2017
	--------(No of employees)--------	
Average number of employees during the year	680	729
Number of employees as at the end of the year	670	691

49. SUBSEQUENT EVENTS

The Board of Directors in their meeting held on September 26, 2018 have proposed for the year ended June 30, 2018 cash dividend of Rs 1.50 per share (2017: Rs 2.00 per share), amounting to Rs 198.095 million (2017: Rs 264.127 million) subject to the approval of the members at the annual general meeting to be held on October 24, 2018. These unconsolidated financial statements for the year ended June 30, 2018 do not include the effect of this appropriation which will be accounted for subsequent to the year end.

50. GENERAL

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

51. DATE OF AUTHORISATION

These unconsolidated financial statements were authorised for issue on September 26, 2018 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

Pattern of Shareholding

As at June 30, 2018

# Of Shareholders	Shareholdings'Slab			Total Shares Held
11322	1	to	100	378,353
3419	101	to	500	842,177
1000	501	to	1000	760,316
901	1001	to	5000	2,053,967
111	5001	to	10000	806,443
32	10001	to	15000	411,596
18	15001	to	20000	323,942
10	20001	to	25000	228,303
11	25001	to	30000	309,862
5	30001	to	35000	163,400
5	35001	to	40000	194,075
2	40001	to	45000	90,000
2	45001	to	50000	100,000
3	55001	to	60000	178,865
2	60001	to	65000	122,900
2	70001	to	75000	150,000
1	90001	to	95000	93,000
1	95001	to	100000	100,000
1	105001	to	110000	105,900
1	110001	to	115000	111,300
1	115001	to	120000	117,500
2	130001	to	135000	263,500
1	140001	to	145000	145,000
1	155001	to	160000	158,812
2	165001	to	170000	337,400
2	195001	to	200000	400,000
1	225001	to	230000	227,500
1	320001	to	325000	322,400
1	325001	to	330000	328,100
1	360001	to	365000	360,600
1	430001	to	435000	432,564
1	605001	to	610000	608,707
1	1230001	to	1235000	1,230,173
1	1895001	to	1900000	1,900,000
1	3125001	to	3130000	3,128,099
1	114575001	to	114580000	114,578,625
16868				**132,063,379**

Categories of Shareholders

As of June 30, 2018

Categories of Shareholders	Shareholders	Shares Held	Percentage
Government Holding			
DIRECTOR GENERAL MARITIME AFFAIRS	1	114,578,625	86.76
Directors and their spouse(s) and minor children			
KHOWAJA OBAID IMRAN ILYAS	2	2,414	0.00
MR. ANWAR SHAH	1	100	0.00
Associated Companies, undertakings and related parties			
M/S PNSC EMPLOYEES EMPOWERMENT TRUST	1	3,128,099	2.37
MOHAMMADI ENGG. WORKS LTD	1	4,766	0.00
Executives		-	-
Public Sector Companies and Corporations	14	1,906,328	1.44
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds	89	385,137	0.29
Mutual Funds			
CDC - TRUSTEE JS ISLAMIC FUND	1	132,800	0.10
CDC - TRUSTEE UNIT TRUST OF PAKISTAN	1	168,200	0.13
CDC - TRUSTEE NAFA STOCK FUND	1	328,100	0.25
CDC - TRUSTEE NAFA MULTI ASSET FUND	1	7,000	0.01
CDC - TRUSTEE NAFA ISLAMIC ASSET ALLOCATION FUND	1	169,200	0.13
MCBFSL - TRUSTEE JS GROWTH FUND	1	322,400	0.24
CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND	1	130,700	0.10
CDC-TRUSTEE NAFA ASSET ALLOCATION FUND	1	59,000	0.04
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	432,564	0.33
CDC - TRUSTEE NAFA ISLAMIC STOCK FUND	1	117,500	0.09
CDC - TRUSTEE NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND	1	1,500	0.00
General Public			
a. Local*	16619	8,761,109	6.63
b. Foreign	2	5,200	0.00
Foreign Companies	9	397,986	0.30
Others	118	1,024,651	0.78
Totals	**16868**	**132,063,379**	**100.00**

Share holders holding 5% or more	Shares Held	Percentage
DIRECTOR GENERAL MARITIME AFFAIRS	114,578,625	86.76

*Including 3656 shareholders whose current domicile is not known

Notice of Annual General Meeting

Notice is hereby given that the 40th Annual General Meeting of the shareholders of Pakistan National Shipping Corporation will be held at the Navy Welfare Centre (Pakistan Navy Fleet Club), near Lucky Star Hotel, Saddar, Karachi on Wednesday, the October 24, 2018 at 1100 hours to transact the following business.

ORDINARY BUSINESS:

1. To confirm minutes of the 39th Annual General Meeting of the Shareholders of the Corporation held on November 20, 2017.

2. To consider and adopt the audited accounts of the Corporation and the consolidated accounts of the PNSC Group together with the reports of Auditors and Directors for the year ended June 30, 2018.

3. To consider and approve Board's recommendation to pay 15% Cash Dividend (i.e.) Rs. 1.50 per share to the shareholders.

4. To consider reappointment/appointment of joint auditors of the Corporation for the year 2018-2019 and to fix their remuneration.

5. To transact any other business that may be placed before the meeting with the permission of the chair.

By Order of the Board

Zainab Suleman
Corporation Secretary

Karachi
Dated: September 26, 2018

Notes:

i) The Share Transfer Books of the Corporation will remain closed from October 17, 2018 to October 24, 2018 (both days inclusive).

ii) A shareholder entitled to attend and vote at this meeting is also entitled to appoint his/her proxy to attend the meeting. Proxies must be received at the Head Office of the Corporation not less than 48 hours before the time of holding the meeting. **CDC Accounts Holders** will further have to follow the guidelines as laid down in Circular 1, dated January 26, 2000 issued by the Securities & Exchange Commission of Pakistan. The shareholders are requested to promptly notify Share Registrar of the Corporation of any change in their addresses.

A) For Attending Meeting:

a) In case of individuals. the account holder or sub-account holder and/or the person whose securities are in group account and their registration detail is uploaded as per the Regulation, shall authenticate their identity by showing his/her original Identify Card **("CNIC") /** original passport at the time of attending the meeting.

b) In case of corporate entity, Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless provided earlier) at the time of the meeting.

B) For Appointing Proxies:

a) In case of individuals, the account holder or sub-account holder is and / or the person whose securities are in group account and their registration detail is uploaded as per the CDC Regulations, shall submit the proxy form as per the above requirement.

b) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

c) Attested copies of the CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.

d) The proxy shall produce his / her original CNIC or original passport at the time of the meeting.

e) In case of corporate entities board of directors' resolution / power of attorney with specimen signature of the nominee shall be submitted (unless provided earlier) along with the proxy form to Corporation.

C) CNIC / NTN Number on Dividend Warrant (Mandatory)

As has already been notified from time to time, the Securities and Exchange Commission of Pakistan (SECP) vide Notification SRO 275(1)/2016 dated March 31, 2016 read with Notification SRO 19(1)/2014 dated January 10, 2014 and Notification SRO 831(1)/2012 dated July 05, 2012 required that the Dividend Warrant (s) should also bear the Computerized National Identity Card (CNIC) Number of the registered shareholder or the authorized person, except in case of minor(s) and corporate shareholder(s). Henceforth, issuance of dividend warrant(s) will be subject to submission of CNIC (individuals) NTN (corporate entitles) by shareholders.

D) Withholding Tax on Dividend (Mandatory)

Pursuant to the provision of the Finance Act 2017 the rates of deduction of Income tax from dividend payments under the Income Tax Ordinance, 2001 are as as follows:

a)	For filers of income tax returns	15%
b)	For non-filers of income tax returns	20%

Shareholders who are filers, are advised to make sure that their names are entered into latest Active Tax Payers List (ATL) provided on the website of FBR at the time of dividend payment, otherwise they shall be treated as non-filers and tax on their cash dividend will be deducted at the rate of 20% instead of 15%.

E) Withholding Tax on Dividend in case of Joint Account Holders

a) According to clarification received from Federal Board of Revenue (FBR), withholding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as joint-holder(s) based on their shareholding proportions in case of joint accounts.

b) In this regard all shareholders who hold shares jointly are requested to provide shareholding proportions of Principal shareholder and Joint-holder(s) in respect of shares held by them to our Share Registrar, in writing as follows:

Corporation Name	Folio/CDS Account No.	Total Status	Principal Shareholder		Joint Shareholder(s)	
			Name & CNIC No	Shareholding proportion (No. Shares)	Name & CNIC No	Shareholding Proportion. (No.of Shares)

c) The required information must reach our Share Registrar within 10 days of this notice; otherwise it will be assumed that the shares are equally held by Principal Shareholder and Joint Holder(s).

d) As per FBR Circulars C. No.1 (29) WHT/2006 dated June 30, 2010 and C. No.1 **(43)** DG (WHT) 2008- Vol. 11-664174-R dated May 12, 2015, the valid exemption certificate is mandatory to claim exemption of withholding tax U/S 150 of the Income Tax Ordinance, 2001 (tax on dividend amount) where the statutory exemption under clause 47B of Part-IV of Second Schedule is available. The shareholders who fall in the category mentioned in above clause and want to avail exemption U/S 150 of the Ordinance, must provide valid Tax Exemption Certificate to our Share Registrar M/s. Central Depository Company of Pakistan Limited before book closure otherwise tax will be deducted on dividend as per applicable rates.

e) The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participant, whereas corporate physical shareholders should send a copy of their NTN certificate to our Share Registrar M/s. Central Depository Company of Pakistan Limited. The shareholders while sending NTN or NTN certificate, as the case may be, must quote Corporation name and their respective folio numbers.

F) Dividend Mandate

The provision of Section 242 of the Companies Act, 2017 (the "Act") provides that any dividend declared by a listed company shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders.

Further SECP through Circular No.18/2017 dated August 01, 2017 has required the listed companies to approach their shareholders for obtaining electronic dividend mandate. In this connection please refer to the Corporation's announcement published in Daily Dawn & Daily Jang previously. Therefore, all shareholders are hereby advised once again to provide, if not already provided, details of their bank mandates at their earliest in the format also available on PNSC website: www.pnsc.com.pk.

G) Distribution of Annual Report through emails

Pursuant to S.R.O. 787(1)/2014 dated September 08, 2014 SECP has permitted companies to circulate Annual Audited Financial Statements along with Notice of Annual General Meeting to its members through e-mail. A Standard **Consent Form** is available at the Corporation's website: www.pnsc.com.pk. Members, who wish to avail this facility, should send duly filled-in Consent Form along with a copy of CNIC or valid passport (in case of foreign shareholder) to Corporation's Secretary at Registered Office of the Corporation. It will be the responsibility of members to intimate any change in their valid registered email address to the Corporation in timely manner.

H) Unclaimed Dividends & Bonus Shares

Shareholders, who by any reason, could not claim their dividend or bonus shares or did not collect their physical shares, are advised to contact our Share Registrar M/s. Central Depository Company of Pakistan to collect / enquire about their unclaimed dividend or pending shares, if any.

Please note that in compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated procedure, all dividends unclaimed for a period of three years from the date due and payable shall be deposited to the credit of the Federal Government and in case of shares, shall be delivered to the Securities & Exchange Commission of Pakistan.

I) Consent for Video Conference Facility

Members may participate in the meeting via video-link facility, if the Corporation receives a demand from members holding an aggregate 10% or more shareholding residing at a geographical location outside Karachi, to participate in the meeting through video link must intimate at least 10 days prior to the date of meeting, the Corporation will arrange video link facility in that city subject to availably of such facility in that city.

In this regard, Members who wish to participate through video-link facility should send a duly signed request as per the following format to the registered address of the Corporation.

The Company will intimate members regarding venue of video conference facility at least 5 days before the date of the Annual General Meeting along with complete information necessary to enable them to access such facility.

I / We, _______________________of____________________, being a member of Pakistan National Shipping Corporation holder of ordinary share(s) as per Registered Folio/CDC Account No. _________________hereby opt for video link facility at _____________________. _______________________ **Signature of member**

For any query/information, shareholders may contact the Corporation's Shares Registrar M/s. Central Depository Company of Pakistan Limited, Share Registrar Department, CDC House, 99-B, Block B, SMCHS, Main Shahra-e-Faisal, Karachi 74400. Phone: (92-21) 111-111-500, Fax no. (92-21) 34326031, email: info@cdcpak.com

J) Availability of Audited Financial Statements on Corporation's website

The audited financial statements of the Corporation for the year ended June 30, 2018 are available on the Corporation's website https://pnsc.com.pk/financial-statements.html

Pakistan National Shipping Corporation

40th Annual General Meeting – 2018

Form of Proxy

I/We ____

of ____ (full address)

being a member of Pakistan National Shipping Corporation and holder of ______________ ordinary shares

as per Registered Folio No. ____________ and / or CDC Participant I.D no. ______________

and Sub Account no. ____________ here by appoint ______________________

of ____ (full address)

or falling him ____

of ____ (full address)

as my/our proxy to vote for me/us and on my/our behalf at the 40th Annual General Meeting of the Corporation to be held on Wednesday, October 24, 2018 at 11:00 am and at any adjournment thereof.

Please affix Revenue Stamp of Rs. 5

Signed by me/us this ____________ day of ____________ 2018.

Witnesses:

1. Signature ____________

   Name: ____________

   CNIC No: ____________

   Address: ____________

   ____

2. Signature ____________

   Name: ____________

   CNIC No: ____________

   Address: ____________

   ____

____

Signature of Member
(Signature should agree with the specimen signature registered with the corporation)

Important:

1. A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote instead of him/her such proxy must be a member of the Corporation.

2. The instrument appointing a proxy and the power of attorney or other authority under which it is signed or a notarially attested copy of power of attorney must be deposited at the Registered Office of the Corporation situated at PNSC Building, Moulvi Tamizuddin Khan Road, P.O.Box No.5350,Karachi-74000, Pakistan at least 48 hours before the time of the meeting.

3. CDC Shareholders or their Proxies are each requested to attach an attested photocopy of their National Identity Card or Passport with this Proxy Form before submission to the Corporation.

پاکستان نیشنل شپنگ کارپوریشن
چالیسواں سالانہ اجلاسِ عام-2018

پراکسی فارم

میں / ہم ______________________________

ساکن ______________________________ (مکمل پتہ)

پاکستان نیشنل شپنگ کارپوریشن کے ممبر کی حیثیت سے ______________ عمومی شیئرز کی تحویل رکھتے ہیں۔

رجسٹرڈ فولیو نمبر ______________ کے مطابق اور / یا سی ڈی سی شریک آئی ڈی نمبر ______________ اور ذیلی اکاؤنٹ نمبر ______________ ہے

میں / ہم بذریعہ ہذا جناب/محترمہ ______________________________

ساکن ______________________________ (مکمل پتہ)

یا ان کی جگہ جناب / محترمہ ______________________________

ساکن ______________________________ (مکمل پتہ)

کا تقرر کرتا / کرتی ہوں کہ وہ بروز بدھ 24 اکتوبر 2018 کو صبح 11:00 بجے یا التوا کی صورت میں کسی بھی دیگر وقت مقررہ پر منعقد ہونے والے کمپنی کے 40 ویں سالانہ اجلاس عام میں میرے / ہمارے پراکسی کی حیثیت سے شرکت کریں اور ووٹ دیں۔

اس پر میری/ ہماری طرف سے ______________ 2018 کو دستخط کئے گئے۔

5 روپے کا رسیدی ٹکٹ چسپاں کریں

____

ممبر کا دستخط (یہ دستخط کمپنی کے پاس رجسٹرڈ کردہ نمونہ دستخط کے مطابق ہو)

گواہان:-

1 دستخط ______________________________

نام ______________________________

CNIC نمبر: ______________________________

پتہ: ______________________________

____

2 دستخط ______________________________

نام ______________________________

CNIC نمبر: ______________________________

پتہ: ______________________________

____

اہم نوٹ:

1) اجلاس ہذا میں شرکت کرنے اور ووٹ دینے کا اہل ممبر اپنی جانب سے شرکت اور ووٹ دینے کے لیے کسی دوسرے فرد کو اپنا پراکسی مقرر کر سکتا ہے۔ پراکسی کا کمپنی کا ممبر ہونا لازمی ہے۔

2) پراکسی دستاویز اور پاور آف اٹارنی جس کے تحت اس پراکسی پر دستخط کیے گئے ہوں یا اس پاور آف اٹارنی کی نوٹری سے تصدیق شدہ نقل، اجلاس کے مقررہ وقت سے کم از کم 48 گھنٹے قبل کمپنی کے رجسٹرڈ دفتر بمقام مولوی تمیز الدین خان روڈ، پی او بکس نمبر۔5350، کراچی 74000 میں جمع کروائی جائیں۔

3) CDC شیئرز ہولڈرز یا ان کے پراکسیز اپنے اصل قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقل اس پراکسی فارم کو کمپنی میں جمع کروانے سے قبل ساتھ منسلک کریں۔

Electronic Payment of Cash Dividends

To | Date: ____________________

SUBJECT: Bank account details for payment of Dividend through electronic mode

Dear Sir / Madam,

I/We/Messers.,____, being a / the shareholder(s) of **Pakistan National Shipping Corporation** (the "Corporation"), hereby, authorize the Corporation, to directly credit cash dividends declared by it, if any, in my/ our bank account as detailed below:

(i) Shareholder's details:	
Name of Shareholder	
CDC Participant ID & Sub-Account No./CDC IAS/Folio No.	
CNIC/NICOP/Passport/NTN No. (please attach copy)	
Contact Number (Landline & Cell Nos.)	
Shareholder's Address	
(ii) Shareholder's Bank Account details:	
Title of Bank Account	
IBAN (See Note 1 below)	
Bank's Name	
Branch Name & Code No.	
Branch Address	

It is stated that the above particulars given by me / us are correct and I/we shall keep the Corporation informed in case of any change(s) in the said particulars in future.

Yours truly,

____

Signature of Shareholder
(Please affix company stamp in case of a corporate entity)

Note:
1. Please provide complete IBAN, after checking with your concerned bank/branch to enable electronic credit directly into your bank account.
2. In case of shares held in electronic form, this letter must be sent to shareholder's participants/CDC Investor Account Services which maintains his/her CDC account for incorporation of bank account details for direct credit of cash dividend declared by PNSC from time to time.
3. In case of shares held in paper certificate form, this letter must be sent to the Corporation's Share Registrar, Central Depository Company of Pakistan Limited, CDC House, 99-B, Block 'B', S.M.C.H.S. Main Shahra-e-Faisal, Karachi.

The **Times Press** (Private) Limited *timespresspk.com*

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