

MARCH
31, 2020

QUARTERLY
REPORT

Ensuring **SUSTAINABILITY**
through
“Ease of Doing Business”



Pakistan International Container Terminal Limited



An ICTSI Group Company

CONTENTS

■ Vision & Mission Statements	2
■ Company Information	3
■ Directors' Report	4
■ بیانِ نظاماء	6
■ Condensed Interim Financial Statements	8

Vision

Be the container terminal of choice for trade at Karachi port

Mission

To be most reliable Port gateway of international trade with the commitment to provide customer centric services

COMPANY INFORMATION

Board of Directors

Chairman

Mr. Andrew James Dawes
(Non-Executive Director)

Directors

Mr. Aasim Azim Siddiqui
(Non-Executive Director)

Ms. Gigi Iluminada Miguel
(Non-Executive Director)

Mr. Gordon Alan P. Joseph
(Independent Director)

Mr. Hans-Ole Madsen
(Resigned on February 11, 2020)
(Non-Executive Director)

Mr. Jacob Christian Gulmann
(Appointed on February 14, 2020)
(Non-Executive Director)

Mr. Roman Felipe S. Reyes
(Independent Director)

Mr. Sharique Azim Siddiqui
(Non-Executive Director)

Company Secretary

Mr. Adil Siddique

Audit Committee

Chairman

Mr. Roman Felipe S. Reyes

Members

Mr. Sharique Azim Siddiqui
Ms. Gigi Iluminada Miguel

Chief Internal Auditor

Mr. Moammar Raza

Human Resource &

Remuneration Committee

Chairman

Mr. Gordon Alan P. Joseph

Members

Mr. Aasim Azim Siddiqui
Mr. Andrew James Dawes

Risk Management Committee

Chairman

Mr. Gordon Alan P. Joseph

Members

Mr. Andrew James Dawes
Mr. Sharique Azim Siddiqui

Key Management

Chief Executive Officer

Mr. Khurram Aziz Khan

Chief Financial Officer

Mr. Muhammad Hunain

External Auditors

EY Ford Rhodes

Chartered Accountants, 6th Floor, Progressive Plaza
Beaumont Road, P.O. Box 15541, Karachi-75530

Legal Advisor

Usmani & Iqbal, F-73/11, Swiss Cottages
Block-4, Clifton, Karachi

Bankers

Al Baraka Bank (Pakistan) Limited

Faysal Bank Limited

Habib Bank Limited

JS Bank Limited

National Bank of Pakistan

Samba Bank Limited

Standard Chartered Bank (Pakistan) Limited

Registered & Terminal Office

Berths 6-9, East Wharf, Karachi Port, Karachi

UAN: +92-21-111 11 7428 (PICT)

Fax : +92-21-3285-4815

Email: investor-relations@pict.com.pk

Website: www.pict.com.pk

Share Registrar / Transfer Agent

CDC Share Registrar Services Limited,

CDC House, 99-B, Block B, S.M.C.H.S.,

Main Shakra-e-Faisal, Karachi - 74400

Tel: +92-21-111-111-500 Fax: +92-21-34326053

**DIRECTORS' REPORT
FOR THE QUARTER ENDED MARCH 31, 2020**

We the undersigned for and on behalf of the Board of Directors hereby present un-audited condensed interim financial statements of the Company for the quarter ended March 31, 2020.

BUSINESS PERFORMANCE REVIEW

First quarter of 2020 continued with the challenges of rupee devaluation, rise in policy rate, high inflation rate and trade deficit supplemented with social and economic impacts of an outbreak of pandemic Corona Virus (Covid-19) globally as well as in Pakistan.

Due to the imperative partial lockdowns to contain the spread of Covid-19 pandemic, Karachi Port has witnessed decline in overall trade activity, drop in deliveries of containers and resulting congestion at container terminals at Karachi Port. Despite intense competition and contracting market conditions, your Company has managed to retain sustainable market share and handled 101,688 containers as compared to 92,809 containers handled in corresponding quarter last year.

During this outbreak, your Company has stood with the Government of Pakistan and country fellow-men, and continues to operate 24/7 with all possible precautionary measures and essential staff only to ensure the sustainability of Pakistan trade and its duty towards the society

Being a responsible corporate citizen, your company waived its charges on import consignments of necessary materials to combat Covid-19 which include hand sanitizers, protective masks, surgical gloves and COVID testing kits. Through this initiative, importers have the opportunity to reduce prices of such items for general public and hospitals to fight this pandemic.

Due to Covid-19 pandemic, global trade is expected to drop by 13% to 32% during 2020 as suggested by World Trade Organisation. Your company foresees the impacts of reduction of global trade on overall trade activity at Karachi Port during remaining quarters of the Year 2020.

OPERATING AND FINANCIAL RESULTS FOR THE QUARTER ENDED MARCH 31, 2020

	(Rupees in million)
Revenue	2,225.8
Gross Profit	1,007.3
Profit before taxation	906.6
Profit after taxation	643.6
Un appropriated profit brought forward	1,572.2
Unappropriated profit carried forward	2,215.8
Earnings per Ordinary Share – Basic and Diluted	<u>Rs. 5.90</u>

During the quarter, the Company has earned Revenue of Rs 2,225.8 million as compared to Rs 1,885.9 million in corresponding quarter last year which is mainly attributable to increase in container volumes by 9.6%. Despite higher inflation, your Company through operational excellence and cost optimizations concluded the quarter with Gross Profit of Rs 1,007.3 million. The quarter ended with net profit of Rs 643.6 million which is 28% higher as compared to corresponding quarter last year.

The Company continues to mitigate the effect of the competition through maximization of efficiencies, increased productivity through innovation and provision of improved quality services to the customers.

ACKNOWLEDGEMENT

The Board acknowledges the contribution of each and every employee of the Company. The Board also places on record its sincere gratitude to extremely valued shareholders, customers, suppliers, employees and financial institutions for their support, confidence and cooperation which enables the Company to sustain the competitive environment. We would also like to thank all concerned regulatory authorities for their prompt guidance and support. This continued support gives us confidence and courage and we remain committed to achieve excellence in all areas of operations.

The Board and management wishes general public to stay safe from the Covid-19 pandemic and reboot for a prosperous and healthy Pakistan.

Thanking you all
On behalf of the Board of Directors



Mr. Aasim Azim Siddiqui
Director



Mr. Khurram Aziz Khan
Chief Executive Officer

Karachi,
Dated: April 30, 2020

بیانِ نظماً

بمجلسِ نظام کی جانب سے 31 مارچ 2020 کو ختم ہونے والی سہ ماہی مدت کے لئے آپ کی کمپنی کے غیر محاسب شدہ ملخص عبوری مالیاتی گوشوارے پیش کرنے پر سرور ہیں۔

کاروباری کارکردگی کا جائزہ

2020 کا پہلے سہ ماہی روپے کی قدر میں کمی، پالیسی ریٹ میں اضافہ، مہنگائی کی اعلیٰ شرح اور تجارتی خسارے کے چیلنجز کے ساتھ ساتھ کرونا وائرس کی وبا کا عالمی اور پاکستان کی سطح پر پھیلنے کے معاشرتی اور معاشی اثرات کے ساتھ جاری رہا۔

وبائی مرض کو وید 19 کے پھیلاؤ پر قابو پانے کے لئے لازمی جزوی لاک ڈاؤن کی وجہ سے، کراچی بندرگاہ میں، کنٹینرز کی فراہمی میں کمی اور کنٹینر ٹرمینل پر بھیڑ کے نتیجے میں تجارتی سرگرمیاں مجموعی طور پر کمی واقع ہوئی ہے۔ شدید مسابقت اور نا تو امارکیٹ کی صورتحال کے باوجود، آپ کی کمپنی پائیدار مارکیٹ شیئرز برقرار رکھنے میں کامیاب رہی اور 101,688 کنٹینرز سنبھالے جو کہ گزشتہ سال کی اسی سہ ماہی مدت کے دوران 92,809 رہے۔

اس وباء کے دوران، آپ کی کمپنی حکومت پاکستان اور ملک کی عوام کے ساتھ ہے، اور کام کو مستقل بنیادوں پر ہر ممکن احتیاطی تدابیر اور مخصوص عملے کے ساتھ جاری رکھے ہوئے ہیں، تاکہ پاکستان کی تجارت کے استحکام اور اپنے معاشرتی فرائض کو یقینی بنایا جاسکے۔

ایک ذمہ دار کارپوریٹ شہری ہونے کے ناطے، آپ کی کمپنی نے کو وید 19 کی وباء سے مقابلے کرنے کے لیے ضروری درآمدی سامان پر لگنے والے چارجز بھی معاف کر دیئے ہیں جس میں ہینڈ سینیٹائزرز، حفاظتی ماسک، سرجیکل دستانے اور کو وید ٹیسٹنگ کٹس شامل ہیں۔ اس اقدام کے ذریعے، درآمد کنندگان کو موقع ملا ہے کہ وہ اس وبائی بیماری سے لڑنے کے لیے عام عوام اور ہسپتالوں کے لیے ان اشیاء کی قیمتوں میں کمی کریں۔

عالمی تجارتی تنظیم کی تجویز کے مطابق سال 2020 کے دوران کو وید 19 کی عالمی بیماری کی وجہ سے، عالمی تجارت میں 13% سے 32% تک کمی متوقع ہے۔ آپ کی کمپنی سال 2020 کے باقی سہ ماہی مدت کے دوران عالمی تجارت میں کمی کے پیش نظر کراچی پورٹ پر مجموعی تجارتی سرگرمیوں میں کمی کے اثرات کی توقع کر رہی ہے۔

31 مارچ 2020 کو ختم ہونے والی سہ ماہی مدت کے کاروباری اور مالیاتی نتائج

(روپے ملینز میں)

2,225.8

1,007.3

906.6

643.6

1,572.2

2,215.8

5.90

محاصل

مجموعی منافع

محصولات سے قبل منافع

بعد از محصولات منافع

آگے لایا گیا غیر منقسمہ منافع

غیر منقسم منافع فرسٹاڈ

بنیادی اور خفیف آمدنی فی عمومی حصص

کمپنی نے گزشتہ سال کے اسی سہ ماہی میں 1,885.9 ملین روپے کے مقابلے میں اس سہ ماہی کے دوران 2,225.8 ملین روپے کی آمدنی حاصل کی جس کا بنیادی سبب کنٹینرز کے حجم میں 9.6% اضافہ ہے۔ مہنگائی میں اضافے کے باوجود، آپ کی کمپنی نے آپریشنل برتری اور لاگت کی اصلاح کے ذریعے 1,007.3 ملین روپے کا مجموعی منافع حاصل کیا۔ سہ ماہی کا اختتام 643.6 ملین روپے خالص منافع کے ساتھ ہوا جو کہ گزشتہ سال سہ ماہی کے مقابلے میں 28% زیادہ ہے۔

آپ کی کمپنی استعداد کو بڑھانے، جدت کے ذریعے پیداواری صلاحیت میں اضافے اور اپنے گاہکوں کو بہتر معیاری خدمات کی فراہمی کے ذریعے مسابقت کے اثرات کو کم کرنا جاری رکھے ہوئے ہے۔

اظہار تشکر

مجلسِ نظماء ہر ایک ملازم کی شکرگزار ہے۔ مجلسِ نظماء اپنے انتہائی قابلِ قدر حصص یافتگان، گاہکوں، سپلائرز، ملازمین اور مالیاتی اداروں کی حمایت، اعتماد اور تعاون کا تہہ دل سے شکریہ ادا کرتی ہے جو کمپنی کو مسابقتی ماحول میں برقرار رکھنے کا باعث بنتے ہیں۔ ہم تمام انضباطی اداروں کی فوری طور پر رہنمائی اور تعاون کے بھی مشکور ہیں۔ یہ مسلسل حمایت ہمارے اعتماد اور حوصلہ افزائی کا باعث بنتا ہے جس کی وجہ سے ہم اپنی تمام عمل کاری میں عمدگی حاصل کرنے کے لیے پرعزم رہتے ہیں۔

بورڈ اور انتظامیہ اس بات کی خواہش مند ہے کہ عام عوام کو وڈ 19 کی عالمی وباء سے محفوظ رہیں اور خوشحال اور صحت مند پاکستان کے لیے دوبارہ آغاز کریں۔

آپ سب کا شکریہ۔

مجلسِ نظماء کی جانب سے



خرم عزیز خان
کمپنی کے سربراہ



حاصم عظیم صدیقی
ڈائریکٹر

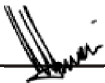
کراچی

بتاریخ 30 اپریل 2020

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2020**

		March 31, 2020 (Un-audited)	December 31, 2019 (Audited)
	Note	----- (Rupees in `000) -----	
NON-CURRENT ASSETS			
Property, plant and equipment	5	1,973,763	2,108,450
Intangibles		64,382	70,632
Long-term deposits		10,424	10,424
		<u>2,048,569</u>	<u>2,189,506</u>
CURRENT ASSETS			
Stores, spare parts and loose tools - net		424,241	427,508
Trade debts - net	6	565,565	438,165
Advances		18,791	6,389
Deposits, prepayments and other receivables		226,845	219,117
Short-term investments – net	7	-	-
Cash and bank balances		1,910,945	1,315,635
		<u>3,146,387</u>	<u>2,406,814</u>
TOTAL ASSETS		<u>5,194,956</u>	<u>4,596,320</u>
SHARE CAPITAL AND RESERVES			
Issued, subscribed and paid-up capital		1,091,532	1,091,532
Reserves		2,395,777	1,752,198
		<u>3,487,309</u>	<u>2,843,730</u>
NON-CURRENT LIABILITIES			
Deferred taxation - net	8	50,161	87,328
Long-term employee benefits		57,526	57,871
		<u>107,687</u>	<u>145,199</u>
CURRENT LIABILITIES			
Trade and other payables	9	1,524,155	1,518,866
Unclaimed dividends		55,330	55,885
Taxation – net		20,475	32,640
		<u>1,599,960</u>	<u>1,607,391</u>
TOTAL EQUITY AND LIABILITIES		<u>5,194,956</u>	<u>4,596,320</u>
CONTINGENCIES AND COMMITMENTS	10		

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer

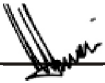


Director

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE QUARTER ENDED MARCH 31, 2020
(UN-AUDITED)

	Quarter Ended	
	March 31, 2020	March 31, 2019
	----- (Rupees in `000) -----	
Revenue – net	2,225,820	1,885,975
Cost of services	(1,218,516)	(1,064,733)
Gross profit	1,007,304	821,242
Administrative expenses	(148,480)	(124,688)
Other income / (expenses) – net	48,044	12,428
Finance cost	(262)	(99)
Profit before taxation	906,606	708,883
Taxation	(263,027)	(205,966)
Profit after taxation	643,579	502,917
Earnings per ordinary share - basic and diluted (Rupees)	5.90	4.61

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer

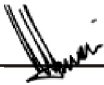


Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED MARCH 31, 2020
(UN-AUDITED)**

	Quarter Ended	
	March 31, 2020	March 31, 2019
	----- (Rupees in '000) -----	
Profit after taxation	643,579	502,917
Other comprehensive income for the period	-	-
Total comprehensive income for the period	<u>643,579</u>	<u>502,917</u>

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer

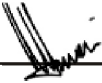


Director

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED MARCH 31, 2020
(UN-AUDITED)**

	Issued, subscribed and paid-up capital	Capital reserve	Revenue reserve	Total reserves	Total
		Capital redemption reserve fund	Unappropriated profits		
(Rupees in `000)					
Balance as at January 01, 2019	1,091,532	180,000	1,028,427	1,208,427	2,299,959
Profit after taxation	-	-	502,917	502,917	502,917
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	502,917	502,917	502,917
Balance as at March 31, 2019	1,091,532	180,000	1,531,344	1,711,344	2,802,876
Balance as at January 01, 2020	1,091,532	180,000	1,572,198	1,752,198	2,843,730
Profit after taxation	-	-	643,579	643,579	643,579
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	643,579	643,579	643,579
Balance as at March 31, 2020	1,091,532	180,000	2,215,777	2,395,777	3,487,309

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Director

**CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED MARCH 31, 2020
(UN-AUDITED)**

	Note	Quarter Ended	
		March 31, 2020	March 31, 2019
----- (Rupees in `000) -----			
CASH FLOWS FROM OPERATING ACTIVITIES	13	891,066	642,621
Taxes paid		(312,358)	(181,418)
Long-term employee benefits paid		(774)	(1,771)
Finance cost paid		(262)	(99)
Net cash generated from operating activities		577,672	459,333
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(32,284)	(4,593)
Proceeds from disposal of operating fixed assets		26	-
Markup on savings accounts received		50,451	11,559
Net cash generated from investing activities		18,193	6,966
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(555)	(75,004)
Net cash used in financing activities		(555)	(75,004)
Net increase in cash and cash equivalents		595,310	391,295
Cash and cash equivalents at the beginning of the period		1,315,635	425,339
Cash and cash equivalents at the end of the period		1,910,945	816,634

The annexed notes from 1 to 16 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Director

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED MARCH 31, 2020
(UN-AUDITED)**

1. CORPORATE INFORMATION AND OPERATIONS

- 1.1. Pakistan International Container Terminal Limited (the Company) was incorporated in Pakistan as a private limited company in June 2002. Subsequently, it was converted to an unquoted public limited company and later on listed on the Pakistan Stock Exchange Limited on October 15, 2003. The registered office of the Company is situated at Berths 6-9, East Wharf, Karachi Port, Karachi.
- 1.2. The Company has a Build, Operate and Transfer (BOT) contract with Karachi Port Trust (KPT) for the exclusive construction, development, operations and management of a common user container terminal at Karachi Port for a period of twenty-one years commencing June 18, 2002. After the expiry date, the Company will transfer all the concession assets to KPT.
- 1.3. The Company is a subsidiary of ICTSI Mauritius Limited whereas its ultimate parent company is International Container Terminal Services Inc., a company incorporated in Philippines.

2. BASIS OF PREPARATION

2.1. Statement of compliance

These condensed interim financial statements have been prepared in accordance with the requirements of the International Accounting Standard (IAS 34) "Interim Financial Reporting", issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act) and the provisions of and directives issued under the Act. Where the provisions of and directives issued under the Act differ with the requirements of IAS 34, the provisions of and directives issued under the Act have been followed.

These condensed interim financial statements are un-audited and are being submitted to the shareholders as required under section 237 of the Act. These condensed interim financial statements do not include all the information and disclosures required in the annual audited financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended December 31, 2019.

The comparative statement of financial position presented in these condensed interim financial statements has been extracted from the annual audited financial statements of the Company for the year ended December 31, 2019, whereas the comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows have been extracted from the un-audited condensed interim financial statements of the Company for the quarter ended March 31, 2019.

2.2. Functional and presentation currency

These condensed interim financial statements are presented in Pakistani Rupees which is the functional and presentation currency of the Company and figures are rounded off to the nearest thousand rupees unless otherwise specified.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the annual audited financial statements for the year ended December 31, 2019.

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

The preparation of these condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and areas where assumptions and estimates are significant are same as those applied to the annual audited financial statements as at and for the year ended December 31, 2019. The Company's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements as at and for the year ended December 31, 2019.

		March 31, 2020 (Un-audited)	December 31, 2019 (Audited)
	Note	----- (Rupees in '000) -----	-----
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	1,756,716	1,901,008
Capital work-in-progress (CWIP)		<u>217,047</u>	<u>207,442</u>
		<u>1,973,763</u>	<u>2,108,450</u>
5.1. Operating fixed assets			
Written down value at the beginning of the period / year		1,901,008	2,335,855
Additions / transfers from CWIP during the period / year	5.1.1	<u>22,679</u>	<u>218,332</u>
		1,923,687	2,554,187
Less:			
Disposals during the period / year at written down value	5.1.2	<u>(208)</u>	<u>(1,139)</u>
Depreciation charged during the period / year		<u>(166,763)</u>	<u>(652,040)</u>
		<u>(166,971)</u>	<u>(653,179)</u>
		<u>1,756,716</u>	<u>1,901,008</u>
5.1.1. Additions / transfers from CWIP during the period / year			
Leasehold improvements		17,546	28,128
Container / terminal handling / workshop equipment		4,510	157,205
Port power generation		-	9,536
Computers and other equipment		539	20,063
Furniture and fixtures		84	3,400
		<u>22,679</u>	<u>218,332</u>
5.1.2. Disposals during the period / year at written down value			
Container / terminal handling / workshop equipment		208	-
Computers and other equipment		-	886
Furniture and fixtures		-	253
		<u>208</u>	<u>1,139</u>
6. TRADE DEBTS - net			

Includes Rs 1.09 million (December 31, 2019: Rs 2.42 million) receivable from related parties.

	March 31, 2020 (Un-audited)	December 31, 2019 (Audited)
Note	----- (Rupees in '000) -----	
7. SHORT-TERM INVESTMENTS - net		
Amortised cost		
Certificate of investments (COIs)	43,000	43,000
Allowance for expected credit losses	<u>(43,000)</u>	<u>(43,000)</u>
7.1	<u>-</u>	<u>-</u>

- 7.1 Represents investment in COIs of Saudi Pak Leasing Company (the Investee Company). The Investee Company made default in repayment against COIs in August 2009 due to serious financial and liquidity crunch reportedly being faced by it. Due to uncertainties involved, the Company has carried impairment provision in these condensed interim financial statements as a matter of prudence. However, the Company is continuously pursuing for the recovery of investment amount.

	March 31, 2020 (Un-audited)	December 31, 2019 (Audited)
Note	----- (Rupees in '000) -----	
8. DEFERRED TAXATION - net		
Credit / (debit) balances arising in respect of timing differences relating to:		
Accelerated tax depreciation and amortisation Provisions	168,524 <u>(118,363)</u> <u>50,161</u>	204,345 <u>(117,017)</u> <u>87,328</u>

9. TRADE AND OTHER PAYABLES

Include Rs 155.46 million (December 31, 2019: Rs 146.99 million) payable to related parties.

10. CONTINGENCIES AND COMMITMENTS

10.1. Contingencies

- 10.1.1. The Trustees of the Port of Karachi (KPT) filed a civil suit 1201/2006 against the Company on September 13, 2006, in the Honorable High Court of Sindh (HCS) claiming a sum of Rs 304.5 million along with the interest, as default payment of wharfage and penalty thereon, for the alleged mis-declaration of the category of goods on the import of Ship to Shore Cranes and Rubber Tyre Gantry Cranes in 2004.

On April 24, 2017, HCS passed the judgment and decree in favor of the Company and ordered that KPT is not entitled to the amount of wharfage charges claimed by it. On June 3, 2017, KPT filed an appeal 287/2017 against the aforesaid HCS' judgment before the Divisional Bench of HCS.

Upon advice of the Company's legal advisor, management believes that there is no merit in this claim and accordingly no provision in respect of above has been made in these condensed interim financial statements.

- 10.1.2. The Company has filed an interpleader civil suit 827/2007 on June 29, 2007 before HCS against the Deputy District Officer, Excise and Taxation (DDO) and the Trustees of KPT in respect of demand raised by the DDO on the Company to pay property tax out of the Handling, Marshalling and Storage (HMS) charges payable to KPT amounting to Rs. 34.6 million for the period from 2003 to 2007. In compliance with the Order of HCS, the Company deposited the amount with Nazir of HCS, out of amount withheld by the Company from HMS charges billed by KPT.

In 2014, another demand was made by the DDO amounting to Rs 96.1 million for the period 2008 to 2014. On an application filed by the Company for directions, HCS ordered for deposit of the aforementioned amount out of HMS charges billed by KPT. The Company complied with the order of HCS. In 2015, HCS issued further orders directing the Company to deposit the remaining HMS charges due and payable with Nazir of HCS in quarterly installments. Accordingly, the Company

complied with the order of HCS. The amount deposited with Nazir of HCS is netted off with the HMS payable to KPT.

The decision of the suit is still pending and the Company's legal advisor believes that there may be no adverse implication for depositing the payments due to KPT with Nazir of HCS in view of complying with the HCS's order. Accordingly, no provision has been made in this respect in these condensed interim financial statements.

10.1.3. While completing the audit proceedings for the tax year 2013, the Deputy Commissioner Inland Revenue (DCIR) amended the deemed assessment of the Company by passing an order under section 122(1) of the Income Tax Ordinance, 2001 and made certain disallowances / additions in the taxable income and raised an income tax demand of Rs 130.4 million. The Company filed an appeal before the Commissioner Inland Revenue – Appeals (CIR-A) who partly decided the appeal in favour of the Company. Consequently, the Company made the payment of Rs 100 million and filed a second appeal before the Appellate Tribunal Inland Revenue (ATIR), in respect of issues confirmed by the CIR (A), which is now pending for adjudication. The tax advisor of the Company is of the view that the issues involved in the appeal will be decided in favour of the Company and accordingly, no provision in respect of excess demand raised by the DCIR has been made in these condensed interim financial statements.

10.1.4. In 2017, the Assistant Commissioner Sindh Revenue Board (AC-SRB) under Sindh Sales Tax on Services Act, 2011 raised a demand of Rs 514.4 million along with penalty and default surcharge, for tax periods January 2013 to December 2014 on exempt services provided by the Company. The Company filed an appeal with Commissioner Appeals - SRB which is pending for hearing.

The tax advisor of the Company is of the view that the Company has a strong defence and appeal will be decided in favour of the Company. Accordingly, the Company has not made any provision in respect of the above demand in these condensed interim financial statements.

10.1.5. In 2017, the Additional Commissioner Inland Revenue (ACIR) amended the deemed assessment of the Company for the tax year 2016 by passing an order under section 122(5A) of the Income Tax Ordinance, 2001 and made certain additions / disallowances to the taxable income and tax credits claimed by the Company and raised an income tax demand of Rs 222.2 million. The Company filed an appeal before the Commissioner Inland Revenue - Appeals (CIR-A) who had decided the appeal partly in favor of the Company. Being aggrieved by the decision of CIR-A, the Company as well as the tax department filed the appeals before Appellate Tribunal Inland Revenue (ATIR) which are pending for adjudication. The Company has also sought stay from HCS against the demand created by ACIR after appeal effect proceedings. HCS vide its final order directed the ACIR not to take any coercive recovery measures till the finalization of appeal before the ATIR which is pending for adjudication.

The tax advisor of the Company is of the view that the issues involved in the appeal will be decided in favor of the Company. Accordingly, no provision in respect of excess demand raised by the ACIR has been made in these condensed interim financial statements.

10.1.6. In 2019, ACIR amended the deemed assessment of the Company for the tax year 2018 by passing an order under section 122(5A) of the Income Tax Ordinance, 2001 and made certain additions/disallowance to the taxable income and tax credits claimed by the Company and raised an income tax demand of Rs. 537.247 million. The Company filed an appeal before CIR-A who accepted the Company's contention in almost all respects except for couple of issues, for which CIR-A directed the ACIR for re-examination. Being aggrieved by the decision of CIR-A, the Company intends to file an appeal before ATIR within due stipulated time.

The tax advisor of the Company is of the view that the issues involved in the appeal will be decided in favor of the Company. Accordingly, no provision in respect of the aforementioned demand raised by ACIR has been made in these condensed interim financial statements.

10.1.7. In 2019, ACIR amended the deemed assessment of the Company for the tax year 2014 by passing an order under section 122(5A) of the Income Tax Ordinance, 2001 and made certain additions/disallowance to the taxable income and tax credits claimed by the Company and raised an income tax demand of Rs. 451.828 million. The Company filed an appeal before CIR-A who accepted the Company's contention in almost all respects except for couple of issues, for which CIR-A directed the ACIR for re-examination. Being aggrieved by the decision of CIR-A, the Company filed the appeal before ATIR which is now pending for adjudication.

The tax advisor of the Company is of the view that the issues involved in the appeal will be decided in favor of the Company. Accordingly, no provision in respect of the aforementioned demand raised by ACIR has been made in these condensed interim financial statements.

- 10.1.8.** Section 14A of Customs Act, 1969 was amended through Finance Act 2013 effective from July 01, 2013, according to which port authorities shall provide at its own cost adequate security and accommodation to customs staff for residential purposes, offices, examination charges, detention and storage of goods and for other departmental requirements to be determined by the Collector of Customs and shall pay utility bills, rent and taxes in respect of such accommodation.

The Company through its legal advisor filed a joint petition with other terminal operators and challenged the applicability of the aforementioned amendment in law before HCS which granted an interim order in favor of the terminals in November 2013. In January 2020, HCS dismissed the joint petition, however, suspended the judgment for filing an appeal before the Supreme Court of Pakistan.

The Company has filed a joint Civil Appeal with other terminal operators challenging the impugned HCS Judgement before the Supreme Court of Pakistan (SCP). On March 03, 2020, SCP has suspended the operation of the impugned judgment and granted leave to appeal. The Company and its legal advisors are of the opinion that the Company has a reasonable chance of success in this case. Accordingly, no provision has been made in this respect in these condensed interim financial statements.

- 10.1.9.** The Company is defending various suits, other than those disclosed above, filed against it in various courts in Pakistan. The Company's management is confident, based on the advice of its legal advisors, that these suits will be decided in the Company's favor.

	March 31, 2020 (Un-audited)	December 31, 2019 (Audited)
----- (Rupees in '000) -----		

10.2. Commitments

10.2.1. Commitments for capital expenditure	20,476	30,198
10.2.2. Outstanding letters of guarantee	159,354	144,354
10.2.3. Outstanding letters of credit		
Utilised	8,722	41,572
Unutilised	291,278	258,428

11. FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities. Financial assets consist of bank balances, advances, trade deposits, other receivables and short-term investments. Financial liabilities consist of trade and other payables and unclaimed dividends. The fair values of financial instruments are not materially different from their carrying values.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique.

- Level 1:** Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2:** Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3:** Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As of the reporting date, the Company does not have any financial assets carried at fair value that required categorisation in Level 1, Level 2 and Level 3.

12. RELATED PARTY TRANSACTIONS

The related parties include the Parent Company, associated companies, entities having directors in common with the Company, Staff Provident Fund, directors and other key management personnel. All the transactions with related parties are entered into at agreed terms duly approved by the Board of Directors of the Company. Details of transactions / balances with related parties, other than those which have been specifically disclosed elsewhere in these condensed interim financial statements, are mentioned below:

	Quarter Ended	
	March 31, 2020	March 31, 2019
	----- (Un-audited) -----	
	----- (Rupees in '000) -----	
Parent Company		
Technical services fee	130,931	110,940
Associated companies / other related parties		
Terminal handling services and rent	90,715	90,916
Revenue from container handling	6,347	20,899
Key management personnel		
Remuneration	66,771	61,708
Staff retirement contribution plan		
Provident fund contribution	6,218	5,803
Directors		
Fee for attending meetings	2,321	2,080

Quarter Ended	
March 31, 2020	March 31, 2019
----- (Un-audited) -----	
----- (Rupees in '000) -----	

13. CASH FLOWS FROM OPERATING ACTIVITIES

Profit before taxation	906,606	708,883
Adjustments for non-cash items:		
Depreciation and amortisation	173,012	170,008
Finance cost	262	99
Accrual for long-term employee benefits	429	2,290
Exchange loss - net	4,140	2,194
Mark-up on saving accounts	(50,559)	(11,309)
	127,284	163,282
Operating profit before working capital changes	1,033,890	872,165
(Increase) / decrease in current assets		
Stores, spare parts and loose tools - net	3,267	10,679
Trade debts - net	(127,400)	16,154
Advances, deposits, prepayments and other receivables	(20,022)	(6,788)
	(144,155)	20,045
Increase / (decrease) in current liabilities		
Trade and other payables	1,331	(249,589)
Cash generated from operations	891,066	642,621

14. DIVIDEND AND APPROPRIATION

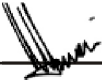
The Board of Directors in their board meeting held on April 30, 2020 have recommended an interim cash dividend of Rs 1.00 (December 31, 2019: Rs 18.00) per ordinary share for the year ending December 31, 2020.

15. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements have been authorised for issue by the Board of Directors of the Company on April 30, 2020.

16. GENERAL

Certain figures in these condensed interim financial statements have been rearranged / reclassified for better presentation, the effect of which is immaterial. Figures have been rounded off to the nearest thousand rupees.



Chief Financial Officer



Chief Executive Officer



Director

MARCH | **QUARTERLY**
31, 2020 | **REPORT**

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