

Quarterly Report

September 30,
2020



An ICTSI Group Company

Pakistan International Container Terminal Limited

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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. Hans-Ole Madsen
 (Non-Executive Director)
 (Appointed on May 18, 2020)
 Mr. Andrew James Dawes
 (Non-Executive Director)
 (Resigned on May 18, 2020)

Directors

Mr. Aasim Azim Siddiqui
 (Non-Executive Director)
 Ms. Gigi Iluminada Miguel
 (Non-Executive Director)
 Mr. Gordon Alan P. Joseph
 (Independent Director)
 Mr. Jacob Christian Gulmann
 (Non-Executive Director)
 Mr. Roman Felipe S. Reyes
 (Independent Director)
 Mr. Sharique Azim Siddiqui
 (Non-Executive Director)

Company Secretary

Mr. Adil Siddiqui

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. Hans-Ole Madsen

Risk Management Committee

Chairman
 Mr. Gordon Alan P. Joseph

Members

Mr. Hans-Ole Madsen
 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 Shahra-e-Faisal, Karachi - 74400
 Tel: +92-21-111-111-500 Fax: +92-21-34326053



DIRECTORS' REPORT FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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 nine months ended September 30, 2020.

BUSINESS PERFORMANCE REVIEW

Challenges at the macro-economic level continued due to the Covid-19 pandemic which has triggered an economic recession globally including a slowdown in global trade, production and supply chain along-with lockdowns, travel restrictions and social distancing measures to contain the spread of the pandemic. The Government of Pakistan (GOP) also took measures to contain the spread of Covid-19 which included smart lockdowns, suspension of flight operations, restrictions of inter-city movements and public gatherings & events.

BUSINESS CONTINUITY DURING COVID-19

Your Company stood with GOP during the intense Covid-19 period through continuation of 24/7 operations at the terminal and incentivisation of import of Covid-19 related consignments through waiver of its applicable service charges.

Your Company also took multiple steps to ensure uninterrupted operations during the Covid-19 pandemic and to ensure safety and well-being of employees and Customers. These steps included effective implementation of social distancing practices including work from home, presence of essential staff only in terminal premises, effective use of personal protective equipment and regular disinfection sprays. Your Company also took various initiatives to manage the morale of employees during the Covid-19 pandemic including special recognition for front line staff, arranging counseling sessions for emotional well-being and provision of online platforms for social interaction.

PAKISTAN CONTAINER TERMINAL MARKET

The Covid-19 outbreak has undoubtedly resulted in one of the most challenging periods in the history of Pakistan Container Terminal Market. Lockdown measures to tame the spread of Covid-19 resulted in lower Import and export, impacting container volumes in the first half of the year. Subsequently due to ease of lockdown there has been a steady increase in volumes from July 2020.

Year to date Pakistan's Container market volume has declined by 4%. However, your Company managed to retain a sustainable market share of 269,870 containers as compared to 271,730 containers handled in corresponding period last year due to its "Beyond the Gates" strategy coupled with continued quality services to its customers. This outperformance once again demonstrates that our strategy is well founded with a focus on origin and destination cargo that will deliver the sustainability required in these turbulent times.

FUTURE OUTLOOK

Global container market is expected to drop by 9% during 2020 amid relative easing in restrictions due to Covid-19 globally as suggested per World Trade Organisation. Your Company foresees slight improvement in global trade during the latter part of the year and resultant impacts on overall trade activity at Pakistan Container Market. Further, your company is continuously pursuing Karachi Port Trust [KPT] for extension and expansion of our "build, operate and transfer" contract with KPT.



OPERATING AND FINANCIAL RESULTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

(Rupees in million)

Revenue	6,408.22
Gross Profit	2,918.34
Profit before taxation	2,665.84
Profit after taxation	1,892.51
Un appropriated profit brought forward	1,572.19
Unappropriated profit carried forward	1,146.30
Earnings per Ordinary Share – Basic and Diluted	Rs. 17.34

During the nine months ended September 30, 2020 despite a decrease in container volumes, the Company has achieved Revenue of Rs 6,408.22 million as compared to Rs 5,826.58 million in corresponding period last year mainly due to a favourable exchange rate development. Further, your Company through operational excellence and cost optimizations concluded the nine months with a Gross Profit of Rs 2,918.34 million. The nine months ended with net profit of Rs 1,892.51 million which is 22% higher as compared to corresponding period last year. The Company is making concerted efforts to mitigate the effects of Covid-19 pandemic and competition through minimisation of costs, maximization of efficiencies, increased productivity through innovation while continuing the provision of improved 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. The Board 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 wish 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. Hans-Ole Madsen
Chairman



Mr. Khurram Aziz Khan
Chief Executive Officer

Karachi,

Dated: October 29, 2020



بیان نظماً

ہم مجلس نظام کی جانب سے 30 ستمبر 2020 کو ختم ہونے والی نو ماہی مدت کے لئے آپ کی کمپنی کے غیر محاسب شدہ مختصر عبوری مالیاتی گوشوارے پیش کرنے پر مسرور ہیں۔

کاروباری کارکردگی کا جائزہ

کوویڈ 19 عالمی وباء کی وجہ سے معاشی سطح پر چیلنجز کا سلسلہ جاری رہا جس نے معاشی دباؤ کو متحرک کیا اسکے ساتھ ساتھ وباء کے روک تھام کیلئے لاک ڈاؤن، سفری پابندیاں اور سماجی دوری کے اقدامات کیے گئے۔ حکومت پاکستان نے بھی اس وباء کی روک تھام کے لیے اقدامات کیے جس میں ساڑھ لاک ڈاؤن، فلائٹ آپریشن کی معطلی، اندرون شہر سفر اور سماجی تقریبات پر پابندی شامل ہے۔

کوویڈ 19 کے دوران کاروباری تسلسل

آپ کی کمپنی کوویڈ 19 کے شدید دورانیہ میں حکومت پاکستان کے ساتھ شانہ بشانہ رہی اور کام کو جاری و ساری رکھا اور کوویڈ 19 کی وباء سے مقابلے کرنے کے لیے ضروری درآمدی سامان پر اپنے قابل اطلاق سروس چارجز معاف کیے۔

آپ کی کمپنی نے بلا تامل آپریشنز اور سٹورز اور ملازمین کی صحت اور حفاظت کو یقینی بنانے کے لیے متعدد اقدامات کیے۔ سماجی دوری کے طریقوں کی موثر عمل درآمد، گھر سے کام، ذاتی حفاظتی ساز و سامان کے استعمال میں اضافہ اور ٹرینل میں صرف ضروری عملے کی موجودگی اور جراثیم کش ادویات کے چھڑکاؤ ان اقدامات میں شامل ہے۔ آپ کی کمپنی نے ملازمین کی حوصلہ افزائی کے لیے بھی متعدد اقدامات کیے بشمول فرنٹ لائن عملے کی خصوصی پیمانہ، رہنمائی کے اجلاس کی ترتیب، اور سماجی رابطے کے لیے آن لائن پلیٹ فارم کی فراہمی۔

پاکستان کنٹینر ٹرمینل مارکیٹ

بلاشبہ کوویڈ 19 کا پھیلاؤ پاکستان کنٹینر مارکیٹ کی تاریخ کا مشکل ترین دور ہے۔ کوویڈ 19 کے روک تھام کے لئے لاک ڈاؤن کے اقدامات کے نتیجے میں کنٹینرز کا حجم بشمول درآمدات اور برآمدات اثر انداز ہوا۔ بعد ازاں جولائی 2020 سے لاک ڈاؤن میں نرمی کی وجہ سے کنٹینرز کے حجم میں مستحکم اضافہ ہوا۔

2020 کے پہلے نو ماہی مدت کے دوران کنٹینرز کے حجم کے نمونوں میں 4% کمی واقع ہوئی۔ تاہم آپ کی کمپنی "بیونڈ ڈاگٹس" حکمت عملی اور معیاری خدمات کے ذریعے پائیدار مارکیٹ شیئر برقرار رکھنے میں کامیاب رہی اور 269,870 کنٹینرز سنبھالے جو کہ گزشتہ سال کی اسی مدت کے دوران 271,730 رہے۔ اس مشکل دور میں یہ بہتر کارکردگی اس بات کا ثبوت ہے کہ ہماری حکمت عملی درست ہے اور سامان کی ترسیل پر توجہ سے ہم مستحکم راہ پر گامزن ہیں۔

مستقبل کا منظر نامہ

عالمی تجارتی تنظیم کی تجویز کے مطابق سال 2020 کے دوران عالمی سطح پر پابندیوں میں آسانی کے ساتھ عالمی کنٹینر مارکیٹ میں 9% کی کمی متوقع ہے۔ آپ کی کمپنی اس مدت کے دوران عالمی تجارت میں کچھ بہتری کی کرتی ہے جس کے اثرات کراچی پورٹ کے مجموعی تجارتی سرگرمیوں پر بھی پڑیں گے۔ مزید یہ کہ، آپ کی کمپنی کراچی پورٹ ٹرسٹ (کے پی ٹی) کے ساتھ "بلڈ، آپریٹ، اور ٹرانسفر" کے معاہدے میں توسیع اور پھیلاؤ کیلئے کے پی ٹی کے ساتھ مسلسل عمل پیرا ہے۔



30 ستمبر 2020 کو ختم ہونے والی نو ماہی مدت کے کاروباری اور مالیاتی نتائج

(روپے ملین میں)

6,408.22
2,918.34
2,665.84
1,892.51
1,572.19
1,146.30
Rs. 17.34

محاصل
مجموعی منافع
محصولات سے قبل منافع
بعد از محصولات منافع
آگے لایا گیا غیر منقسمہ منافع
غیر مختص منافع فرسٹاڈ
بنیادی اور خفیف آمدنی فی عمومی حصص

30 ستمبر 2020 کی اس نو ماہی مدت کے دوران حجم کے نمونے میں کی ہوئی اسکے باوجود آپ کی کمپنی 6,408.22 ملین روپے کی آمدنی حاصل کی جو کہ گزشتہ سال کے اسی مدت کے دوران 5,826.58 ملین روپے تھی جس کی اہم وجہ سازگار زر مبادلہ کی شرح ہے۔ مزید یہ کہ آپ کی کمپنی آپریشنل برتری اور لاگت کی اصلاح کے ذریعے نو ماہی مدت میں 2,918.34 ملین روپے کا مجموعی منافع حاصل کیا جو کہ گزشتہ سال کے اسی نو ماہی مدت کے مقابلے میں 22% زیادہ ہے۔ آپ کی کمپنی ٹھوس کوششوں کے ساتھ استعداد کو بڑھانے، جدت کے ذریعے پیداواری صلاحیت میں اضافے اور اپنے گاہکوں کو بہتر معیاری خدمات کی فراہمی کے ذریعے کوویڈ 19 کی وبا اور مسابقت کے اثرات کو کم کرنا جاری رکھے ہوئے ہے۔

اظہار تشکر

مجلس نظاماء ہر ایک ملازم کی شکر گزار ہے۔ مجلس نظاماء اپنے انتہائی قابل قدر حصص یافتگان، گاہکوں، سپلائرز، ملازمین اور مالیاتی اداروں کی حمایت، اعتماد اور تعاون کا تہ دل سے شکر 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 کوویڈ 19 کی عالمی وبا سے محفوظ رہیں اور خوشحال اور صحت مند پاکستان کے لیے دوبارہ آغاز کریں۔

آپ سب کا شکریہ۔

مجلس نظاماء کی جانب سے

جناب خرم عزیز خان
کمپنی کے سربراہ

جناب ہانس اول میڈسن
چیئرمین

کراچی

تاریخ 29 اکتوبر 2020



**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
 AS AT SEPTEMBER 30, 2020**

	Note	September 30, 2020 (Un-audited) ----- (Rupees in `000) -----	December 31, 2019 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	5	1,669,341	2,108,450
Intangibles		51,882	70,632
Long-term deposits		10,424	10,424
Deferred taxation - net	6	11,846	-
		<u>1,743,493</u>	<u>2,189,506</u>
CURRENT ASSETS			
Stores, spare parts and loose tools - net		444,831	427,508
Trade debts - net	7	496,507	438,165
Advances		14,114	6,389
Deposits, prepayments and other receivables		218,324	219,117
Short-term investments - net	8	-	-
Cash and bank balances		1,584,689	1,315,635
		<u>2,758,465</u>	<u>2,406,814</u>
TOTAL ASSETS		<u>4,501,958</u>	<u>4,596,320</u>
SHARE CAPITAL AND RESERVES			
Issued, subscribed and paid-up capital		1,091,532	1,091,532
Reserves		1,326,301	1,752,198
		<u>2,417,833</u>	<u>2,843,730</u>
NON-CURRENT LIABILITIES			
Deferred taxation - net	6	-	87,328
Long-term employee benefits		59,265	57,871
		<u>59,265</u>	<u>145,199</u>
CURRENT LIABILITIES			
Trade and other payables	9	1,935,132	1,518,866
Unclaimed dividends		61,335	55,885
Taxation - net		28,393	32,640
		<u>2,024,860</u>	<u>1,607,391</u>
TOTAL EQUITY AND LIABILITIES		<u>4,501,958</u>	<u>4,596,320</u>
CONTINGENCIES AND COMMITMENTS	10		

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Director



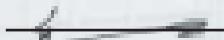
**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE NINE MONTHS AND QUARTER ENDED SEPTEMBER 30, 2020
(UN-AUDITED)**

	Nine Months Ended		Quarter Ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
----- (Rupees in `000) -----				
Revenue - net	6,408,220	5,826,585	2,292,237	2,021,100
Cost of services	(3,489,878)	(3,308,762)	(1,207,040)	(1,133,101)
Gross profit	<u>2,918,342</u>	2,517,823	<u>1,085,197</u>	887,999
Administrative expenses	(398,753)	(378,110)	(130,836)	(133,106)
Other expenses	(10,466)	(10,340)	(5,904)	(45)
Finance cost	(420)	(396)	(92)	(142)
Other income	157,141	59,408	67,115	23,538
Profit before taxation	<u>2,665,844</u>	2,188,385	<u>1,015,480</u>	778,244
Taxation	(773,328)	(634,874)	(294,760)	(225,534)
Profit after taxation	<u>1,892,516</u>	1,553,511	<u>720,720</u>	552,710
Earnings per ordinary share - basic and diluted (Rupees)	<u>17.34</u>	14.23	<u>6.61</u>	5.06

The annexed notes from 1 to 17 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 NINE MONTHS AND QUARTER ENDED SEPTEMBER 30, 2020
(UN-AUDITED)**

	Nine Months Ended		Quarter Ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
	----- (Rupees in `000) -----			
Profit after taxation	1,892,516	1,553,511	720,720	552,710
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	1,892,516	1,553,511	720,720	552,710

The annexed notes from 1 to 17 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 NINE MONTHS ENDED SEPTEMBER 30, 2020
(UN-AUDITED)**

	Note	Nine Months Ended	
		September 30, 2020	September 30, 2019
----- (Rupees in `000) -----			
CASH FLOWS FROM OPERATING ACTIVITIES	13	3,413,170	2,528,267
Taxes paid		(876,749)	(748,657)
Long-term employee benefits paid		(4,519)	(3,400)
Finance cost paid		(420)	(396)
Net cash generated from operating activities		2,531,482	1,775,814
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(72,183)	(86,711)
Proceeds from disposal of operating fixed assets		349	3,058
Markup on savings accounts received		122,369	50,138
Net cash generated from / (used in) investing activities		50,535	(33,515)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(2,312,963)	(1,387,958)
Net cash used in financing activities		(2,312,963)	(1,387,958)
Net increase in cash and cash equivalents		269,054	354,341
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		1,584,689	779,680

The annexed notes from 1 to 17 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 NINE MONTHS ENDED SEPTEMBER 30, 2020
(UN-AUDITED)**

	Issued, subscribed and paid-up capital	Capital reserve Capital redemption reserve fund	Revenue reserve Unappropriated profit	Total reserves	Total
(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	-	-	1,553,511	1,553,511	1,553,511
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	1,553,511	1,553,511	1,553,511
Final cash dividend for the year ended December 31, 2018 @ Rs 4.10/- per ordinary share	-	-	(447,528)	(447,528)	(447,528)
Interim cash dividends for the year ended December 31, 2019 @ Rs 8.00/- per ordinary share	-	-	(873,225)	(873,225)	(873,225)
Balance as at September 30, 2019	1,091,532	180,000	1,261,185	1,441,185	2,532,717
Balance as at January 01, 2020	1,091,532	180,000	1,572,198	1,752,198	2,843,730
Profit after taxation	-	-	1,892,516	1,892,516	1,892,516
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	1,892,516	1,892,516	1,892,516
Final cash dividend for the year ended December 31, 2019 @ Re 7.50/- per ordinary share	-	-	(818,649)	(818,649)	(818,649)
Interim cash dividends for the year ending December 31, 2020 @ Rs 13.74/- per ordinary share	-	-	(1,499,764)	(1,499,764)	(1,499,764)
Balance as at September 30, 2020	1,091,532	180,000	1,146,301	1,326,301	2,417,833

The annexed notes from 1 to 17 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 NINE MONTHS ENDED SEPTEMBER 30, 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. For any subsequent term in light with concession agreement, the Company has first right of refusal subject to certain condition.
- 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 of the Company for the nine months ended September 30, 2020 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 is 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 as required in the annual audited financial statements and therefore should be read in conjunction with the annual audited financial statements of the Company for the year ended December 31, 2019.

The comparative condensed interim 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 cash flows and condensed interim statement of changes in equity have been extracted from the un-audited condensed interim financial statements of the Company for the period ended September 30, 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 except for the adoption of the following new amendments to International Financial Reporting Standards (IFRSs) by the Company, which became effective for the current period:

IFRS 3	Definition of a Business (Amendments)
IFRS 9 / IAS 39 / IFRS 7	Interest Rate Benchmark Reform (Amendments)
IFRS 16	COVID 19 Related Rent Concessions (Amendments)
IAS 1 / IAS 8	Definition of Material (Amendments)

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 01 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The adoption of the above amendments to accounting standards and revised Conceptual Framework did not have any material effect on the Company's condensed interim financial statements.

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.

	September 30, 2020 (Un-audited)	December 31, 2019 (Audited)
Note	----- (Rupees in '000) -----	

5. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	5.1	1,580,032	1,901,008
Capital work-in-progress (CWIP)		<u>89,309</u>	<u>207,442</u>
		<u>1,669,341</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>190,316</u>	<u>218,332</u>
		<u>2,091,324</u>	<u>2,554,187</u>
Less:			
Disposals during the period / year at written down value	5.1.2	<u>(811)</u>	<u>(1,139)</u>
Depreciation charged during the period / year		<u>(510,481)</u>	<u>(652,040)</u>
		<u>(511,292)</u>	<u>(653,179)</u>
		<u>1,580,032</u>	<u>1,901,008</u>



September 30, 2020 (Un-audited) December 31, 2019 (Audited)
----- (Rupees in `000) -----

5.1.1. Additions / transfers from CWIP during the period / year

Leasehold improvements	22,290	28,128
Container / terminal handling / workshop equipment	161,537	157,205
Port power generation	-	9,536
Computers and other equipment	6,272	20,063
Furniture and fixtures	217	3,400
	190,316	218,332

5.1.2. Disposals during the period / year at written down value

Computers and other equipment	811	886
Furniture and fixtures	-	253
	811	1,139

6. DEFERRED TAXATION - net

Credit / (debit) balances arising in respect of timing differences relating to:

Accelerated tax depreciation and amortisation	107,831	204,345
Provisions	(119,677)	(117,017)
	(11,846)	87,328

7. TRADE DEBTS - net

Includes Rs 0.2 million (December 31, 2019: Rs. 2.42 million) receivable from related parties.

	September 30, 2020 (Un-audited)	December 31, 2019 (Audited)
Note	----- (Rupees in `000) -----	

8. SHORT-TERM INVESTMENTS - net

At amortised cost

Certificate of investments (COIs)	43,000	43,000
Provision for impairment	(43,000)	(43,000)
	8.1 -	-

8.1 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 the investment amount.

9. TRADE AND OTHER PAYABLES

Include Rs 158.19 million (December 31, 2019: Rs. 146.99 million) payable to related parties.



10. CONTINGENCIES AND COMMITMENTS

10.1. Contingencies

Except for the contingencies mentioned below, as at September 30, 2020, there is no material change in the status of matters reported in note 16.1 as contingencies in audited financial statements of the Company for the year ended December 31, 2019.

- 10.1.1.** In 2019, Additional Commissioner Inland Revenue (ACIR) amended the deemed assessments of the Company for the tax years 2018 and 2014 by passing the orders 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 the income tax demands of Rs. 537.247 million and Rs. 451.828 million respectively. The Company filed the appeals before Commissioner Inland Revenue – Appeals (CIR-A) who accepted the Company's contention in almost all respects except for couple of matters, for which CIR-A directed the ACIR for re-examination. Being aggrieved by the decision of CIR-A, the Company and ACIR filed the appeals before Appellate Tribunal Inland Revenue (ATIR) which are now pending for adjudication.

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

- 10.1.2.** 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 High Court of Sindh (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 (SCP).

The Company has filed a joint Civil Appeal with other terminal operators challenging the impugned HCS Judgement before SCP. On March 03, 2020, SCP has suspended the operation of the impugned judgment and granted leave to appeal. The legal advisor of the Company is 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.

September 30, 2020 (Un-audited)	December 31, 2019 (Audited)
----- (Rupees in '000) -----	

10.2. Commitments

10.2.1. Commitments for capital expenditure	<u>26,099</u>	<u>30,198</u>
10.2.2. Outstanding letters of guarantee	<u>159,354</u>	<u>144,354</u>
10.2.3. Outstanding letters of credit		
Utilised	7,059	41,572
Unutilised	<u>292,941</u>	<u>258,428</u>



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, with related parties are mentioned below:

	Nine Months Ended		Quarter Ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
	----- (Un-audited) -----			
	----- (Rupees in '000) -----			
Parent Company				
Technical services fee	376,954	342,740	134,838	118,888
Dividends	1,115,441	635,444	669,054	210,064
Associated companies / other related parties				
Terminal handling services and other charges	290,804	259,540	113,947	82,190
Revenue from container handling	21,101	32,725	6,881	5,863
Dividends	871,815	497,381	522,415	164,423
Key management personnel				
Remuneration	168,036	177,377	62,212	36,784
Company's contribution to provident fund	5,886	5,362	1,948	1,810
Staff retirement contribution plan				
Provident fund contribution	18,462	17,824	6,034	6,156
Directors				
Fee for attending meetings	6,250	5,622	2,104	1,771



Nine Months Ended
September 30, 2020 **September 30, 2019**
 -----(Un-audited)-----

13. CASH FLOWS FROM OPERATING ACTIVITIES

	2020	2019
Profit before taxation	2,665,844	2,188,385
Adjustments for non-cash items:		
Depreciation and amortization	529,230	506,119
Finance cost	420	396
Accrual for long-term employee benefits	5,913	6,603
Exchange loss - net	10,466	9,741
Mark-up on saving accounts	(122,442)	(50,131)
Loss / (gain) on disposal of operating fixed assets - net	462	(1,919)
	424,049	470,809
Operating profit before working capital changes	3,089,893	2,659,194
Decrease / (increase) in current assets		
Stores, spare parts and loose tools – net	(17,323)	33,012
Trade debts – net	(58,342)	(13,446)
Advances, deposits, prepayments and other receivables	(6,858)	(8,946)
	(82,523)	10,620
	3,007,370	2,669,814
Increase / (decrease) in current liabilities		
Trade and other payables	405,800	(141,547)
	3,413,170	2,528,267

14. DIVIDEND AND APPROPRIATION

The Board of Directors in their board meeting held on October 29, 2020 have recommended an interim cash dividend of Rs. 6.8 (December 31, 2019: Rs 18.00) per ordinary share for the year ending December 31, 2020.

15. SIGNIFICANT EVENT

The World Health Organization declared Corona Virus (COVID-19) as a global pandemic on January 30, 2020. COVID – 19 has spread throughout the country and measures taken by the Government of Pakistan to reduce the spread of the COVID-19 include lockdown of businesses, suspension of flight operations, intercity movements, cancellation of major events etc. Port and Container Terminal Operations, being essential services have been permitted by the Government. Consequently, the operation of the Company has continued to operate. Company has started to observe declines in general business, including container throughput and revenues. With the growing number of cases in Pakistan and overall uncertain situation about the impacts and duration for which such a situation will continue, the overall impact on the entity's financial position and financial performance cannot be predicted with reasonable certainty. However, the Company has already incurred and will continue to incur costs as the Company continues to mitigate the adverse impact of the outbreak on its operations. The outbreak could have a material impact on the Company's financial results for the rest of 2020 and even periods thereafter. The management continues to monitor the developing situation and would proactively manage any risk arising thereof.

16. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements have been authorised for issue by the Board of Directors of the Company on October 29, 2020.

17. 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



Registered and Terminal Office:

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