

**TAKING UP CHALLENGES
MOVING FORWARD**



Pakistan National Shipping Corporation

**HALF YEARLY REPORT
DECEMBER 31, 2018**



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CORPORATE INFORMATION

Board of Directors

- | | |
|--|----------|
| 1. Mr. Rizwan Ahmed | Chairman |
| 2. Additional Finance Secretary (Exp.)
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

Mr. Khowaja Obaid Imran Ilyas

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

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

Mr. Ali Syed

Capt. Anwar Shah

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

EY Ford Rhodes, Chartered Accountants

KPMG Taseer Hadi & Co., 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 Alfalah Limited, Bahrain

Bank Al Habib Limited

Bank Al Habib Limited, Bahrain

Bank Islami Pakistan Limited

Dubai Islamic Bank (Pakistan) Limited

Faysal Bank Limited

Habib Bank Limited

MCB Bank Limited

Meezan Bank Limited

National Bank of Pakistan

National Bank of Pakistan, Hong Kong

National Bank of Pakistan, Tokyo

Silk Bank Limited

Soneri Bank Limited

Standard Chartered Bank (Pakistan) Limited

UniCredit Bank, Italy

United Bank Limited

United Bank Limited, London



PNSC Managed Fleet

BULK CARRIERS

M.V CHITRAL



M.V MALAKAND



M.V HYDERABAD



M.V SIBI



M.V MULTAN



TANKERS

M.T QUETTA



M.T LAHORE



M.T KARACHI



M.T SHALAMAR





**PAKISTAN NATIONAL SHIPPING CORPORATION
DIRECTORS' REPORT
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018**

We, the Directors of Pakistan National Shipping Corporation (PNSC) are delighted to present the consolidated and unconsolidated condensed interim financial statements of PNSC and Group for the six months period ended December 31, 2018. In accordance with the statutory requirements, the external auditors have carried out a limited scope review of financial statements of PNSC.

OVERVIEW

PNSC Group has positively moved towards a considerable growth in bulk carrier segment as well as liquid cargo segment through their managed vessels. Growth of 33% (from Rs 863 million to Rs 1,152 million) and 12% (from Rs 2,062 to Rs 2,307) in revenue has been achieved, by efficiently utilizing the favourable market mix in PNSC's managed bulk carriers and tankers respectively. Government of Pakistan encouraged the use of alternative energy which is cost effective and environment friendly as compared to furnace oil. Restrictions were imposed on import of furnace oil resulting in energy shift towards inexpensive Liquefied Natural Gas (LNG), which hampered the operations of PNSC through Foreign Flag tankers with a decline of 80% (from Rs 1,430 million to Rs 282 million). Likewise, there is a decline of 19% (from Rs 1,031 million to Rs 839 million) in slot charter segment, which is also primarily due to the reduction of public sector cargoes.

Cumulatively, Group achieved a turnover of Rs 4,658 million (including Rs 1,198 million from PNSC) as compared to Rs 5,486 million (including Rs 2,561 million from PNSC) for the corresponding period last year.

Fleet Direct operating expenses decreased to Rs 3,444 million (including Rs 664 million from PNSC) from Rs 4,052 million (including Rs 1,333 million from PNSC), thereby resulting in Gross Profit of Rs 1,126 million as against Rs 1,347 million for the same period last year.

Despite of some adverse factors, Group maintained its profitability with a slight decrease of 1% in Profit after Tax of Rs 726 million during this period against Rs 735 million in the same period last year, ensuring the best utilization of resources. Hence, maintaining earnings per share for the group steady at Rs 5.50 against Rs 5.57 in previous period.

FUTURE PROSPECTS

The global shipping industry is near to entering the recovery phase with a steady increase in freight rates in the dry bulk segment and a slight increase in World Scale and AFRA in liquid segment internationally; resulting in the expectancies of further recovery in the upcoming months. However, PNSC was adversely affected with the reduction in import of fuel and furnace oil due to an economy driven and energy mix shift of the power sector towards inexpensive LNG consumption. However, in order to keep the economy abreast with the seasonal demand variations for power sector of the country, PNSC is committed towards maintaining its fixtures in servicing its country.



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, PNSC developed the strategic fleet development plan for the addition of two LR-1 vessels in its managed fleet, which will cater the increasing oil transportation. The process for acquisition of two LR-1 tankers is in its finalization phase and it will be completed by the end of FY 2018-19.

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

A handwritten signature in black ink, appearing to read 'Rizwan Ahmed', is positioned above the printed name.

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

A handwritten signature in black ink, appearing to read 'Obaid Ilyas', is positioned above the printed name.

KHOWAJA OBAID IMRAN ILYAS
Director


Karachi: February 25, 2019.

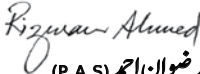
مستقبل کے امکانات

بین الاقوامی طور پر، خشک بلک شعبے میں کرایوں میں مستحکم اضافے، اور مائع شعبے میں عالمی پیمانے اور ایفرا (AFRA) میں ہلکے پھلکے اضافے کے ساتھ عالمی شپنگ کی صنعت بحالی کے مرحلے میں داخل ہونے کے قریب ہے؛ جس کے نتیجے میں آئندہ مہینوں میں مزید بحالی کی توقع کی جا رہی ہے۔ تاہم، بجلی کے شعبے کے معاشی اور مخلوط توانائی کی بنیاد پر سستی ایل این جی کی کھپت پر منتقل ہونے کے باعث ایندھن اور فرنس آئل کی درآمد میں کمی سے پی این ایس سی شدید متاثر ہوئی۔ تاہم، معیشت کو ملک کے بجلی کے شعبے کی موسمیاتی طلب کے تغیر سے ہم آہنگ رکھنے کے لیے، پی این ایس سی اپنے ملک کی خدمت کے لیے اپنے افعال برقرار رکھنے کے لیے کوشاں ہے۔

شپنگ کی عالمی منڈی کے امکانات کو مد نظر رکھتے ہوئے، پی این ایس سی نے اپنی موجودہ کاروباری اساس کو متنوع بنانے اور اپنے زیر انتظام 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 نے اپنے زیر انتظام بیڑے میں دو LR-1 جہازوں کو شامل کرنے کے لیے اسٹریٹجک فلیٹ ڈوبل پمپٹ منصوبہ مرتب کیا ہے جو تیل کی بڑھتی نقل و حمل کو پورا کرے گا۔ دو LR-1 ٹینکروں کی حصولیابی کا عمل اپنے حتمی مرحلے میں ہے اور یہ مالی سال 2018-19 کے آخر تک مکمل ہو جائے گا۔

تمام اسٹیک ہولڈرز کے مسلسل تعاون اور اعتماد کے لیے بورڈان کا مشکور ہے۔


خواجہ عبید عمران الیاس
ڈائریکٹر


رضوان احمد (P.A.S)
چیئرمین اور چیف ایگزیکٹو

کراچی: 25 فروری، 2019



پاکستان نیشنل شپنگ کارپوریشن ڈائریکٹرز رپورٹ

برائے ششماہی اختتام از 31 دسمبر، 2018

ہم، پاکستان نیشنل شپنگ کارپوریشن (پی این ایس سی) کے ڈائریکٹرز حضرات، پی این ایس سی اور گروپ کے منظم اور متفرق عبوری مالیاتی گوشوارے برائے ششماہی، اختتام از 31 دسمبر، 2018، بخوشی پیش کر رہے ہیں۔ قانونی تقاضوں کے مطابق، بیرونی آڈیٹرز نے پی این ایس سی کے مالیاتی گوشواروں کا محدود جائزہ لیا ہے۔

مجموعی جائزہ

پی این ایس سی گروپ نے اپنے زیر انتظام جہازوں کے ذریعے بلک کیریئر اور مائع کارگو کے شعبے میں نمایاں ترقی کی جانب خاطر خواہ پیش رفت کی ہے۔ پی این ایس سی کے زیر انتظام بلک کیریئر اور ٹینکروں کے موثر کاروباری استعمال کے ذریعے آمدنی میں بالترتیب 33% (863 ملین روپے سے 1,152 ملین روپے) اور 12% (2,062 سے 2,307 ملین روپے) کا اضافہ حاصل کیا گیا ہے۔ حکومت پاکستان نے متبادل توانائی کے استعمال کی حوصلہ افزائی کی ہے جو فرانس آئل کے مقابلے میں سستی اور ماحول دوست ہے۔ فرانس آئل کی درآمد پر پابندیوں کے باعث توانائی کا استعمال سستی مائع قدرتی گیس (LNG) کی طرف منتقل ہو گیا، اور اس کے نتیجے میں 80% (1,430 ملین روپے سے 282 ملین روپے) کمی کے باعث پی این ایس سی کے غیر ملکی فلیگ ٹینکروں کے ذریعے کاروبار میں مشکلات پیش آئیں۔ اسی طرح سلاٹ چارٹر کے شعبے میں 19% (1,031 ملین روپے سے 839 ملین روپے) کمی ہوئی، جو بنیادی طور پر پبلک سیکٹر کارگو میں کمی کے باعث ہے۔

مجموعی طور پر، گروپ نے گزشتہ سال کے اسی دورے کے 5,486 ملین روپے (بشمول پی این ایس سی کے 2,561 ملین روپے) کے مقابلے میں 4,658 ملین روپے (بشمول پی این ایس سی کے 1,198 ملین روپے) کا کاروبار حاصل کیا۔

بیڑے کے براہ راست آپریٹنگ اخراجات 4,052 ملین روپے (بشمول پی این ایس سی کے 1,333 ملین روپے) سے کم ہو کر 3,444 ملین روپے (بشمول پی این ایس سی کے 664 ملین روپے) ہو گئے، جس سے گزشتہ سال کے اسی دورے کے 1,347 ملین روپے کے مقابلے میں 1,126 ملین روپے مجموعی منافع حاصل ہوا۔

بعض منفی عوامل کے باوجود، گروپ نے وسائل کا بہترین استعمال یقینی بناتے ہوئے، گزشتہ سال کے 735 ملین روپے کے مقابلے میں موجودہ دورے میں 726 ملین روپے منافع بعد از ٹیکس میں 1% کمی کے ساتھ اپنی منافع کی صلاحیت برقرار رکھی۔ اس طرح، گروپ کے لیے فی حصص آمدنی گزشتہ دورے کے 5.57 روپے کے مقابلے میں 5.50 روپے برقرار رہی۔



EY Ford Rhodes
Chartered Accountants
Progressive plaza
Beaumont Road
Karachi 75330
Pakistan

KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2
Beaumont Road
Karachi 75530
Pakistan

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Pakistan National Shipping Corporation

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of **Pakistan National Shipping Corporation** (the Corporation) as at **31 December 2018** and the related unconsolidated condensed interim statement of profit or loss and other comprehensive income, unconsolidated condensed interim statement of changes in equity, and unconsolidated condensed interim statement of cash flows, and notes to the financial statements for the half year then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

Other Matters

The figures of the unconsolidated condensed interim statement of profit or loss and other comprehensive income and the notes forming part thereof for the quarters ended 31 December 2018 and 2017 have not been reviewed, as we are required to review only the cumulative figures for the half year ended 31 December 2018.

The financial statements of the Corporation for the half year ended 31 December 2017 and for the year ended 30 June 2018 were reviewed and audited respectively by A.F.Ferguson and Co., Chartered Accountants and EY Ford Rhodes, Chartered Accountants who had expressed an unqualified conclusion and opinion thereon dated 23 February 2018 and 27 September 2018, respectively.

The engagement partners on the audit resulting in this independent auditor's report are **Tariq Feroz Khan (EY Ford Rhodes)** and **Mazhar Saleem (KPMG Taseer Hadi & Co.)**.

EY Ford Rhodes

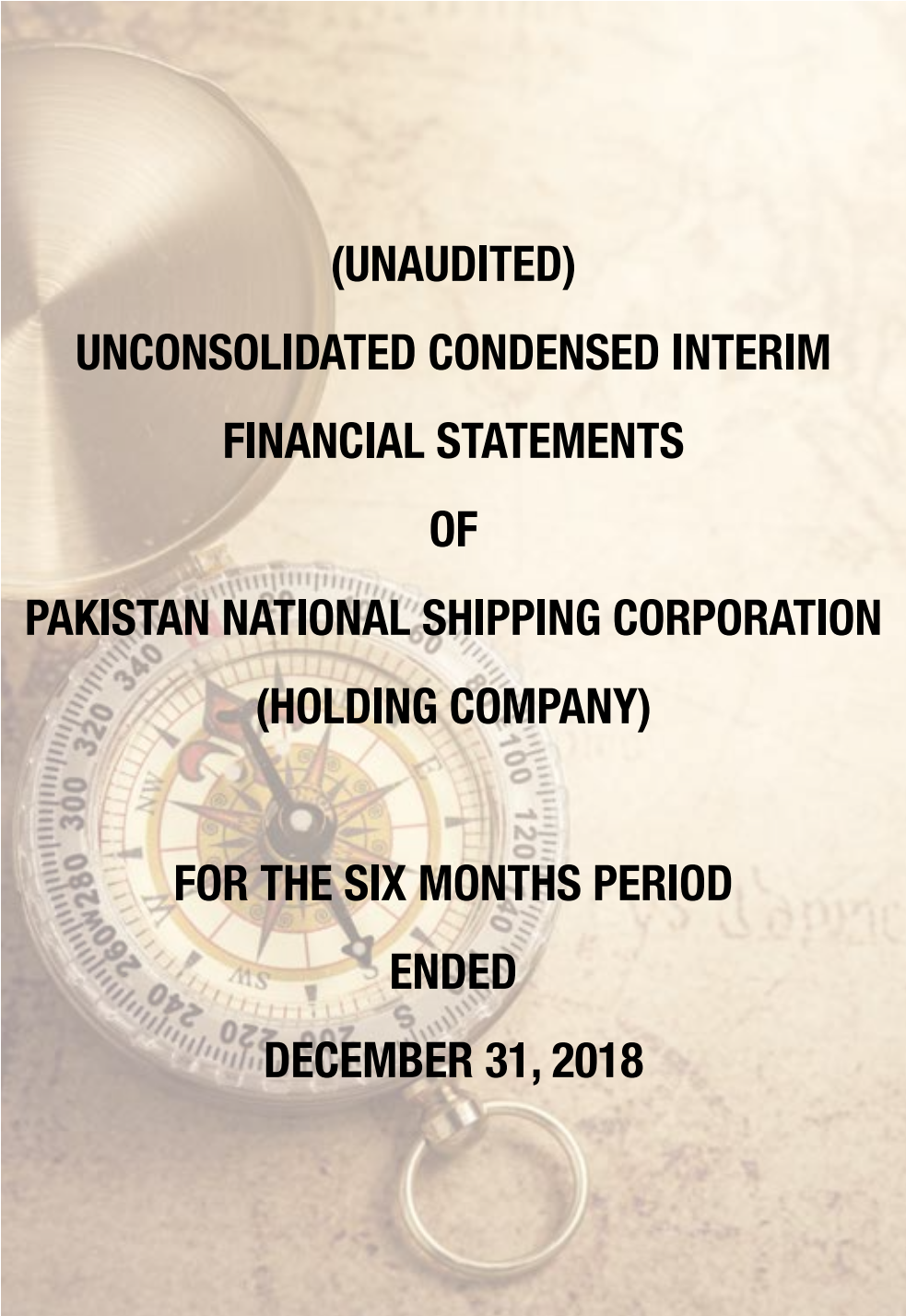
EY Ford Rhodes
Chartered Accountants
Karachi

Date: 25 February 2019

KPMG Taseer Hadi & Co.

KPMG Taseer Hadi & Co.
Chartered Accountants
Karachi

Date: 25 February 2019



(UNAUDITED)
UNCONSOLIDATED CONDENSED INTERIM
FINANCIAL STATEMENTS
OF
PAKISTAN NATIONAL SHIPPING CORPORATION
(HOLDING COMPANY)
FOR THE SIX MONTHS PERIOD
ENDED
DECEMBER 31, 2018



PAKISTAN NATIONAL SHIPPING CORPORATION
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018

	Note	(Unaudited) December 31, 2018	(Audited) June 30, 2018
------(Rupees in '000)-----			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	1,956,404	2,001,907
Intangible asset	7	-	-
Investment properties	8	3,088,460	3,061,632
Long-term investments in:			
- Related parties (subsidiaries and an associate)		28,591,761	28,591,761
- Listed companies and an other entity		43,888	51,199
		28,635,649	28,642,960
Long-term loans		17,536	19,050
Deferred taxation - net		93,097	63,813
		33,791,146	33,789,362
CURRENT ASSETS			
Stores and spares		11,288	12,845
Trade debts - unsecured	9	393,197	344,864
Agents' and owners' balances - unsecured		9,789	19,041
Loans and advances - secured		77,471	110,290
Trade deposits and short-term prepayments		76,094	20,863
Interest accrued on bank deposits and short-term investments		13,558	26,462
Other receivables	10	1,854,292	1,782,911
Incomplete voyages		9,285	-
Taxation - net		1,356,460	1,350,896
Short-term investments	11	4,102,070	4,082,860
Cash and bank balances		1,784,121	2,639,415
		9,687,625	10,390,447
TOTAL ASSETS		43,478,771	44,179,809
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital			
Authorised 200,000,000 (June 30, 2018: 200,000,000) ordinary shares of Rs 10 each		2,000,000	2,000,000
Issued, subscribed and paid-up share capital		1,320,634	1,320,634
Capital reserve		126,843	126,843
Revenue reserves		9,612,344	9,640,897
Surplus on revaluation of property, plant and equipment - net of tax		1,240,847	1,242,161
		12,300,668	12,330,535
NON-CURRENT LIABILITIES			
Long-term financing - secured	12	1,148,872	1,751,686
Deferred liabilities		640,672	600,933
		1,789,544	2,352,619
CURRENT LIABILITIES			
Trade and other payables	13	28,068,136	28,177,812
Provision against damage claims		25,338	23,193
Incomplete voyages		-	14,068
Current portion of long-term financing	12	1,204,002	1,202,672
Unclaimed dividend		61,125	52,869
Accrued mark-up on long-term financing		29,958	26,041
		29,388,559	29,496,655
TOTAL LIABILITIES		31,178,103	31,849,274
TOTAL EQUITY AND LIABILITIES		43,478,771	44,179,809
CONTINGENCIES AND COMMITMENTS			

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The annexed notes from 1 to 20 form an integral part of these unconsolidated condensed interim financial statements.



Rizwan Ahmed P.A.S
Chairman & Chief Executive



Syed Jarar Haider Kazmi
Chief Financial Officer



Khowaja Obaid Imran Ilyas
Director



PAKISTAN NATIONAL SHIPPING CORPORATION
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FORTHE QUARTER AND SIX MONTHS PERIOD ENDED DECEMBER 31, 2018 (UNAUDITED)

	Quarter ended December 31, 2018	Quarter ended December 31, 2017	Six months period ended December 31, 2018	Six months period ended December 31, 2017
------(Rupees in '000)-----				
REVENUE				
Freight Income - foreign flag vessel	655,118	847,557	1,121,501	2,461,135
Services fees	73,355	56,809	138,380	116,990
Rental income	39,124	52,079	76,626	99,574
	767,597	956,445	1,336,507	2,677,699
EXPENDITURE				
Fleet expenses - direct	(396,409)	(506,798)	(663,852)	(1,333,256)
Fleet expenses - indirect	(6,081)	(4,183)	(8,078)	(11,751)
Vessel management expenses	(179,595)	(180,888)	(345,829)	(327,045)
Real estate expenses	(42,859)	(34,873)	(75,042)	(70,092)
	(624,944)	(726,742)	(1,092,801)	(1,742,144)
GROSS PROFIT	142,653	229,703	243,706	935,555
Administrative expenses	(66,284)	(91,568)	(123,723)	(170,791)
Other expenses	(151,793)	(296,662)	(223,419)	(484,468)
Other income	293,955	321,726	482,728	593,280
	75,878	(66,504)	135,586	(61,979)
OPERATING PROFIT	218,531	163,199	379,292	873,576
Finance costs	(57,972)	(64,402)	(114,175)	(134,020)
PROFIT BEFORE TAXATION	160,559	98,797	265,117	739,556
Taxation	(48,072)	(64,039)	(96,889)	(146,763)
PROFIT AFTER TAXATION	112,487	34,758	168,228	592,793
Other comprehensive income	-	-	-	-
TOTAL COMPREHENSIVE INCOME	112,487	34,758	168,228	592,793
------(Rupees)-----				
EARNINGS PER SHARE - basic and diluted	0.85	0.26	1.27	4.49

The annexed notes from 1 to 20 form an integral part of these unconsolidated condensed interim financial statements.

Rizwan Ahmed P.A.S
Chairman & Chief Executive

Syed Jarar Haider Kazmi
Chief Financial Officer

Khowaja Obaid Imran Ilyas
Director



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

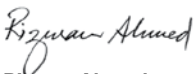
Issued, subscribed and paid-up share capital	Capital reserve*	Revenue reserves			Surplus on revaluation of property, plant and equipment - net of tax	Total reserves	Total equity
		Remeasurement of post-retirement benefits obligation - net of tax	Unappropriated profit	Sub-total			

(Rupees in '000)

Balance as at July 1, 2017 - restated	1,320,634	126,843	(255,659)	8,839,457	8,583,798	1,140,525	9,851,166	11,171,800
Final cash dividend for the year ended June 30, 2017 (Rs 2 per ordinary share of Rs 10 each)	-	-	-	(264,127)	(264,127)	-	(264,127)	(264,127)
Total comprehensive income for the six months period ended December 31, 2017	-	-	-	592,793	592,793	-	592,793	592,793
Surplus on revaluation of property, plant and equipment realised during the period on account of incremental depreciation charged thereon - net of tax	-	-	-	6,341	6,341	(6,341)	-	-
Effect of allocation of revenue between presumptive tax regime and normal tax regime	-	-	-	-	-	18,172	18,172	18,172
Balance as at December 31, 2017 - restated	<u>1,320,634</u>	<u>126,843</u>	<u>(255,659)</u>	<u>9,174,464</u>	<u>8,918,805</u>	<u>1,152,356</u>	<u>10,198,004</u>	<u>11,518,638</u>
Balance as at July 1, 2018	1,320,634	126,843	(255,121)	9,896,018	9,640,897	1,242,161	11,009,901	12,330,535
Final cash dividend for the year ended June 30, 2018 (Rs 1.5 per ordinary share of Rs 10 each)	-	-	-	(198,095)	(198,095)	-	(198,095)	(198,095)
Total comprehensive income for the six months period ended December 31, 2018	-	-	-	168,228	168,228	-	168,228	168,228
Surplus on revaluation of property, plant and equipment realised during the period on account of incremental depreciation charged thereon - net of tax	-	-	-	1,314	1,314	(1,314)	-	-
Balance as at December 31, 2018	<u>1,320,634</u>	<u>126,843</u>	<u>(255,121)</u>	<u>9,867,465</u>	<u>9,612,344</u>	<u>1,240,847</u>	<u>10,980,034</u>	<u>12,300,668</u>

* 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 from 1 to 20 form an integral part of these unconsolidated condensed interim financial statements.



Rizwan Ahmed P.A.S
Chairman & Chief Executive



Syed Jarar Haider Kazmi
Chief Financial Officer



Khowaja Obaid Imran Ilyas
Director



PAKISTAN NATIONAL SHIPPING CORPORATION
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018 (UNAUDITED)

	Note	Six months period ended December 31, 2018	Six months period ended December 31, 2017
------(Rupees in '000)-----			
Cash flows from operating activities			
Cash generated from operations	15	70,472	1,268,430
Employees' gratuity paid		(2,893)	(2,432)
Employees' compensated absences paid		(35,278)	(28,985)
Post-retirement medical benefits paid		(12,429)	(13,401)
Long-term loans to employees - net		1,514	(29,382)
Finance costs paid		(104,661)	(134,600)
Taxes paid		(131,737)	(194,203)
Net cash (used in) / generated from operating activities		(215,012)	865,427
Cash flows from investing activities			
Purchase of property, plant and equipment	6.1	(8,307)	(10,122)
Dividends received on long term investments in listed securities		-	2,523
Short-term investments redeemed / (made)		3,475,700	(79,485)
Interest received on short-term investments		184,155	182,538
Net cash generated from investing activities		3,651,548	95,454
Cash flows from financing activities			
Long-term financing repaid		(607,081)	(605,086)
Dividend paid		(189,839)	(246,623)
Net cash used in financing activities		(796,920)	(851,709)
Net increase in cash and cash equivalents		2,639,616	109,172
Cash and cash equivalents at the beginning of the period		2,760,845	5,158,281
Cash and cash equivalents at the end of the period	16	5,400,461	5,267,453

The annexed notes from 1 to 20 form an integral part of these unconsolidated condensed interim financial statements.

Rizwan Ahmed P.A.S
Chairman & Chief Executive

Syed Jarar Haider Kazmi
Chief Financial Officer

Khowaja Obaid Imran Ilyas
Director



**PAKISTAN NATIONAL SHIPPING CORPORATION
NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018 (UNAUDITED)**

1. THE COMPANY AND ITS OPERATIONS

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

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

- 2.1 These unconsolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting which comprise of International Accounting Standard (IAS) 34 - 'Interim Financial Reporting', issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirement of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.
- 2.2 These unconsolidated condensed interim financial statements comprise of the unconsolidated condensed interim statement of financial position as at December 31, 2018, the unconsolidated condensed interim statement of profit or loss and other comprehensive income, the unconsolidated condensed interim statement of changes in equity, the unconsolidated condensed interim statement of cash flows and notes to and forming part of the unconsolidated condensed interim financial statements for the six months period then ended which have been subjected to a limited scope review in accordance with section 237 of the Companies Act, 2017 but not audited. These unconsolidated condensed interim financial statements also include the unconsolidated condensed interim statement of profit or loss and other comprehensive income for the quarter ended December 31, 2018 which has neither been reviewed nor audited.
- 2.3 The comparative statement of financial position presented in these unconsolidated condensed interim financial statements as at June 30, 2018 has been extracted from the annual audited financial statements of the Corporation for the year ended June 30, 2018 whereas the comparative unconsolidated condensed interim statement of profit or loss and other comprehensive income, unconsolidated condensed interim statement of changes in equity and unconsolidated condensed interim statement of cash flows for the six months period ended December 31, 2017 have been extracted from the unconsolidated condensed interim financial statements of the Corporation for the six months period then ended, which were subjected to a limited scope review but not audited. The comparative unconsolidated condensed interim statement of profit or loss and other comprehensive income for the quarter ended December 31, 2017 included in this unconsolidated condensed interim financial statements was neither subjected to a review nor audited.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these unconsolidated condensed interim financial statements are consistent with those followed in the preparation of the Corporation's annual unconsolidated financial statements for the year ended June 30, 2018 except for the adoption of new standards, amendments and interpretation of International Financial Reporting Standards (IFRSs) as disclosed in note 4.



4. NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS OF IFRSs

IFRS 15 "Revenue from Contracts with Customers" (replacing IAS 18 "Revenue"; IAS 11 "Construction Contracts" and related interpretations) and IFRS 9 "Financial Instruments" (replacing IAS 39 "Financial Instruments: Recognition and Measurement") became effective during the current period with initial application date of July 01, 2018.

However, the Securities and Exchange Commission of Pakistan vide S.R.O 229 (1) / 2019 dated February 14, 2019 has modified the effective date for application of IFRS 9 to 'Reporting period / year ending on or after June 30, 2019'.

IFRS 15 Revenue from Contracts with Customers

According to IFRS 15, revenue is recognised to depict the transfer of promised goods or services to a customer in an amount that reflects the consideration to which the Corporation expects to be entitled in exchange for those goods or services. Revenue is recognized when, or as, the customer obtains control of the goods or services. IFRS 15 also includes guidance on the presentation of contract balances, that is, assets and liabilities arising from contracts with customers, depending on the relationship between the entity's performance and the customer's payment.

The Corporation has applied IFRS 15 with initial application date of July 01, 2018 as notified by the Securities and Exchange Commission of Pakistan (SECP). The first-time application of IFRS 15 by the Corporation has not had any significant effect with regard to the amount of revenue recognised and when it is recognised. Hence, no cumulative adjustment amount has been recognised to adjust the opening equity as at July 01, 2018. Accordingly, the information presented for previous years has not been restated, as previously reported, under IAS 18 and related interpretations.

The management of the Corporation has assessed and concluded that the Corporation is in compliance with the requirements of IFRS 15.

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

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

Judgements and estimates made by the management in the preparation of this unconsolidated condensed interim financial statements are the same as those applied in the Corporation's annual financial statements for the year ended June 30, 2018.

The Corporation's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2018.

Note	(Unaudited) December 31, 2018	(Audited) June 30, 2018
	------(Rupees in '000)-----	

6. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	6.1, 6.2 & 8	1,899,523	1,945,026
Capital work-in-progress (CWIP) - buildings on leasehold land		56,881	56,881
		1,956,404	2,001,907



(Unaudited)	
Six months period ended December 31, 2018	Six months period ended December 31, 2017
------(Rupees in '000)-----	

6.1 Additions to operating fixed assets (including transfers from CWIP) during the period

Buildings on leasehold land	2,270	1,884
Vehicles	-	3,134
Furniture and fixtures	823	1,411
Office equipment	2,888	2,770
Workshop machinery and equipment	132	301
Computer equipment	2,194	1,329
	8,307	10,829
	26,982	29,722

6.2 Depreciation charge for the period

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

During the period, building of regional office Lahore having net book value of Rs. 26.828 million was transferred from Property, plant and equipment to Investment properties.

Note	(Unaudited) December 31, 2018	(Audited) June 30, 2018
------(Rupees in '000)-----		

9. TRADE DEBTS - unsecured

Considered good

- Due from related parties	375,874	322,764
- Due from others	17,323	22,100
	393,197	344,864

Considered doubtful

- Due from related parties	6,230	6,758
- Due from others	6,062	653
	12,292	7,411

Less: Provision for doubtful debts	9.1 12,292	7,411
	393,197	344,864

9.1 Provision for doubtful debts

Balance at the beginning	7,411	34,182
Provision made during the period / year	5,409	4,689
Provision reversed during the period / year	(528)	(2,217)
Provision written off during the period / year	-	(29,243)
Balance at the end	12,292	7,411

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



	Note	(Unaudited) December 31, 2018	(Audited) June 30, 2018 ------(Rupees in '000)-----
10. OTHER RECEIVABLES			
Considered good			
- Due from related parties		1,667,717	1,630,354
- Due from others		152,370	118,352
		1,820,087	1,748,706
Considered doubtful			
- Due from related parties		289,853	295,512
- Due from others		12,659	12,659
		302,512	308,171
		2,122,599	2,056,877
Less: Provision for doubtful receivables	10.1	302,512	308,171
		1,820,087	1,748,706
Employees' gratuity scheme - funded		34,205	34,205
		1,854,292	1,782,911
10.1 Provision for doubtful debts			
Balance at the beginning		308,171	282,791
Provision made during the period / year		8,596	25,380
Provision reversed during the period / year	10.2	(14,255)	-
Balance at the end		302,512	308,171
10.2 This reversal has been made because of subsequent receipt and acknowledgement of the respective amount.			
11. SHORT-TERM INVESTMENTS			
Term deposits with banks having maturity of:			
- three to six months		485,730	3,961,430
- three months or less		3,616,340	121,430
	11.1	4,102,070	4,082,860
11.1 Mark-up on these term deposits denominated in local currency ranges from 10.70% to 11% (June 30, 2018: 6.05% to 6.90%) per annum, whereas mark-up on term deposits denominated in foreign currency was 2.40% to 2.75% (June 30, 2018: 2.40%) per annum.			
12. LONG-TERM FINANCING - secured			
Financing under syndicate term finance agreement			
	12.1 & 12.2	1,019,126	1,145,588
Financing under musharika agreement			
	12.1 & 12.3	1,333,748	1,808,770
		2,352,874	2,954,358
Less: Current portion		1,204,002	1,202,672
		1,148,872	1,751,686



- 12.1 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.
- 12.2 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 year ended June 30, 2018. The loan along with the mark-up is repayable on a quarterly basis with the last repayment date on November 6, 2022. The facility is secured by a first mortgage charge over one of the vessels and hypothecation charge over another vessel owned by the subsidiary companies managed by the Corporation.
- 12.3 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 year ended June 30, 2018. 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 managed by 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.

	Note	(Unaudited) December 31, 2018	(Audited) June 30, 2018
------(Rupees in '000)-----			
13. TRADE AND OTHER PAYABLES			
Creditors		131,767	103,685
Current account balances with subsidiary companies		26,802,060	26,296,280
Agents' and owners' balances		245,038	394,564
Accrued liabilities		637,679	1,108,271
Deposits	13.1	59,656	62,705
Advance rent		40,411	22,420
Advance from customers		83,053	82,997
Amounts retained from contractors		3,952	27,827
Others		64,520	79,063
		28,068,136	28,177,812

- 13.1 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 utilized for the purpose of business and are kept in separate bank accounts.

14. CONTINGENCIES AND COMMITMENTS

Contingencies

- 14.1 There are no major changes in the status of contingencies as disclosed in note 26 to the unconsolidated financial statements for the year ended June 30, 2018 except as explained below:
- 14.2 The contingent liability in respect of claims not acknowledged by the Corporation, which as at December 31, 2018 aggregated to Rs 749.499 million (June 30, 2018: Rs 739.743 million). These claims mainly relate to deficiencies in shipping documentation, delay in delivery of cargo and damages to cargo. These include Rs 2.345 million (June 30, 2018: Rs 2.049 million) approximately in respect of insurance claims, which if accepted, will be borne by the Corporation as the P&I Club, Oceanous Mutual Underwriting Association (Bermuda) Limited has gone into liquidation. Out of the total claims, a sum of Rs 724.161 million (June 30, 2018: Rs 716.550 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 25.338 million (June 30, 2018: Rs 23.193 million) against the aforementioned claims in these unconsolidated condensed interim financial statements.



(Unaudited) December 31, 2018	(Audited) June 30, 2018
------(Rupees in '000)-----	

Commitments

14.3	Commitments for capital expenditure	32,571	32,571
14.4	Outstanding letters of guarantee	5,126	5,126
14.5	The Corporation has provided an undertaking amounting to USD 11.6 million to one of the vendor / supplier of another state owned entity. This undertaking has been provided due to arrest of two of its 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.		

(Unaudited) Six months period ended December 31, 2018	Six months period ended December 31, 2017
------(Rupees in '000)-----	

15. CASH GENERATED FROM OPERATIONS

	Profit before taxation	265,117	739,556
	Adjustments for non-cash charges and other items:		
	Depreciation	26,982	29,722
	Impairment loss	-	87,713
	Provision for employees' gratuity	28,785	25,321
	Provision for employees' compensated absences	48,551	51,194
	Provision for post-retirement medical benefits	13,003	10,997
	Provision reversed against damage claims	(1,167)	(2,243)
	Provision made against damage claims	3,312	3,095
	Provision for doubtful debts and other receivables	14,005	3,614
	Provision reversed against doubtful debts and other receivables	(14,783)	(2,217)
	Income from saving accounts and term deposits	(171,251)	(193,772)
	Finance costs	114,175	134,020
	Dividend income	(2,596)	(2,884)
	Loss on revaluation of long-term investments	7,311	2,724
	Working capital changes	(260,972)	381,590
		70,472	1,268,430

15.1 Working capital changes

Decrease / (increase) in current assets:			
	Stores and spares	1,557	(1,785)
	Trade debts - unsecured	(53,214)	268,744
	Agents' and owners' balances - unsecured	9,252	(9,393)
	Loans and advances	32,819	20,767
	Trade deposits and short-term prepayments	(55,231)	19,038
	Other receivables	(63,126)	(294,206)
	Incomplete voyages	(9,285)	38,295
		(137,228)	41,460
(Decrease) / increase in current liabilities:			
	Trade and other payables	(109,676)	340,130
	Incomplete voyages	(14,068)	-
		(260,972)	381,590



Note	(Unaudited)	
	December 31, 2018	December 31, 2017
	------(Rupees in '000)-----	

16. CASH AND CASH EQUIVALENTS

Short-term investments having maturity of three months or less	11	3,616,340	2,550,000
Cash and bank balances		1,784,121	2,717,453
		5,400,461	5,267,453

17. FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES

17.1 Financial risk factors

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

These unconsolidated condensed interim financial statements do not include all financial risk management information and disclosures which are required in the annual financial statements and should be read in conjunction with the Corporation's annual financial statements as at June 30, 2018. There have been no changes in risk management policies since the year end.

17.2 Fair value estimation

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

Fair value hierarchy

As at December 31, 2018, the Corporation's all assets and liabilities are carried at cost less accumulated depreciation / impairment, if any or at amortised cost except for those mentioned below:

The Corporation's leasehold land, buildings on leasehold land, beach huts and workshop machinery and equipment are stated at revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses, if any. The fair value measurements of the Corporation's leasehold land, buildings on leasehold land, beach huts and workshop machinery and equipment as at June 30, 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 period.



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

(Unaudited)			
December 31, 2018			
Level 1	Level 2	Level 3	Total
------(Rupees in '000)-----			
Assets carried at fair value			
Long-term investments - Fair value through profit or loss	43,788	-	43,788
Leasehold land	-	1,086,960	1,086,960
Buildings on leasehold land	-	741,225	741,225
Beach huts	-	15,431	15,431
Workshop machinery and equipment	-	4,986	4,986
Investment properties	-	3,088,460	3,088,460
	-	-	4,937,062

(Audited)			
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	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

18. TRANSACTIONS WITH RELATED PARTIES

The Corporation has related party relationships with its subsidiaries, associate, GoP and its related parties, associated companies, employees benefit plan 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 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. Significant transactions with related parties during the period were as follows:

(Unaudited)			
Nature of transactions	Relationship with the Corporation	Six months period ended December 31, 2018	Six months period ended December 31, 2017
		------(Rupees in '000)-----	
Freight income - foreign flag vessel	State owned / controlled entities	1,121,457	2,457,435
Service fee	Subsidiaries	138,380	116,990



(Unaudited)

Six months period ended December 31, 2018	Six months period ended December 31, 2017
----- (Rupees in '000) -----	

Nature of transactions	Relationship with the Corporation		
Rental income	State owned / controlled entities	2,064	1,869
Rental expense	Subsidiary	475	471
Demurrage income	State owned / controlled entities	56,262	255,468
Transfer of stores	Subsidiaries	13,841	12,779
Retirement benefit costs charged	Subsidiaries	978	1,346
Contribution to provident fund	Employees benefit plan	3,955	5,886
Dividend to Government of Pakistan	Government holding	172,940	229,157
Remuneration and other benefits	Key management personnel	36,437	30,434*
Directors' Fees	Key management personnel	2,263	564

18.1 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.

* The amount has been restated to include the remuneration and other benefits of Company Secretary in compliance of S.R.O. 1194(1)/2018, dated October 02, 2018.

19. GENERAL

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

19.2 Certain comparative figures have been reclassified for better presentation. However, there are no material reclassifications to report.

20. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorised for issue on February 25, 2019 by the Board of Directors of the Corporation.

Rizwan Ahmed P.A.S
Chairman & Chief Executive

Syed Jarar Haider Kazmi
Chief Financial Officer

Khowaja Obaid Imran Ilyas
Director



(UNAUDITED)

CONSOLIDATED CONDENSED INTERIM

FINANCIAL STATEMENTS

OF

PAKISTAN NATIONAL SHIPPING CORPORATION

(GROUP)

FOR THE SIX MONTHS PERIOD

ENDED

DECEMBER 31, 2018



**PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES
CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018**

Note	(Unaudited) December 31, 2018	(Audited) June 30, 2018
----- (Rupees in '000) -----		
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	6 21,867,804	22,158,254
Intangible asset	7 -	-
Investment properties	8 3,088,460	3,061,632
Long-term investments in:		
- Related party (associate)	-	-
- Listed companies and an other entity	43,888	51,199
Long-term loans	17,536	19,050
Long-term deposits	90	90
Deferred taxation - net	93,097	63,813
	25,110,875	25,354,038
CURRENT ASSETS		
Stores and spares	788,241	655,424
Trade debts - unsecured	9 682,498	562,923
Agents' and owners' balances - unsecured	9,789	19,041
Loans and advances - secured	77,471	110,290
Trade deposits and short-term prepayments	76,990	21,692
Interest accrued on bank deposits and short-term investments	14,798	27,303
Other receivables	10 2,673,363	2,588,272
Incomplete voyages	125,041	-
Insurance claims	72,641	87,642
Taxation - net	1,370,367	1,365,330
Short-term investments	11 4,114,070	4,094,860
Cash and bank balances	1,787,264	2,642,749
	11,792,533	12,175,526
TOTAL ASSETS	36,903,408	37,529,564
EQUITY AND LIABILITIES		
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE HOLDING COMPANY		
Share capital	1,320,634	1,320,634
Capital reserve	131,344	131,344
Revenue reserves	29,168,582	28,639,812
Surplus on revaluation of property, plant and equipment - net of tax	1,243,672	1,244,986
	31,864,232	31,336,776
NON-CONTROLLING INTEREST	4,471	4,164
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP	31,868,703	31,340,940
NON-CURRENT LIABILITIES		
Long term financing - secured	12 1,148,872	1,751,686
Deferred liabilities	640,672	600,933
	1,789,544	2,352,619
CURRENT LIABILITIES		
Trade and other payables	13 1,924,738	2,507,245
Provision against damage claims	25,338	23,193
Incomplete voyages	-	23,985
Current portion of long-term financing	12 1,204,002	1,202,672
Unclaimed dividend	61,125	52,869
Accrued mark-up on long-term financing	29,958	26,041
	3,245,161	3,836,005
TOTAL LIABILITIES	5,034,705	6,188,624
TOTAL EQUITY AND LIABILITIES	36,903,408	37,529,564

CONTINGENCIES AND COMMITMENTS

14

The annexed notes 1 to 21 form an integral part of these consolidated condensed interim financial statements.

Rizwan Ahmed P.A.S
Chairman & Chief Executive

Syed Jarar Haider Kazmi
Chief Financial Officer

Khowaja Obaid Imran Ilyas
Director



**PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES
CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE QUARTER AND SIX MONTHS PERIOD ENDED DECEMBER 31, 2018 (UNAUDITED)**

	Quarter ended December 31, 2018	Quarter ended December 31, 2017	Six months period ended December 31, 2018	Six months period ended December 31, 2017
	(Rupees in '000)			
REVENUE				
Income from shipping business	2,489,010	2,267,784	4,581,016	5,385,894
Rental income	39,391	52,305	77,114	100,021
	2,528,401	2,320,089	4,658,130	5,485,915
EXPENDITURE				
Fleet expenses - direct	(1,786,781)	(1,827,615)	(3,444,123)	(4,051,774)
Fleet expenses - indirect	(7,378)	(7,020)	(13,032)	(17,139)
Real estate expenses	(42,859)	(34,873)	(75,042)	(70,092)
	(1,837,018)	(1,869,508)	(3,532,197)	(4,139,005)
GROSS PROFIT	691,383	450,581	1,125,933	1,346,910
Administrative expenses	(246,839)	(276,418)	(477,399)	(505,441)
Other expenses	(163,139)	(331,658)	(265,904)	(522,791)
Other income	350,485	380,023	581,987	719,330
	(59,493)	(228,053)	(161,316)	(308,902)
OPERATING PROFIT	631,890	222,528	964,617	1,038,008
Finance costs	(59,200)	(64,964)	(116,308)	(135,229)
PROFIT BEFORE TAXATION	572,690	157,564	848,309	902,779
Taxation	(62,350)	(74,757)	(122,451)	(167,274)
PROFIT AFTER TAXATION	510,340	82,807	725,858	735,505
Other comprehensive income	-	-	-	-
TOTAL COMPREHENSIVE INCOME	510,340	82,807	725,858	735,505
Attributable to:				
Equity holders of the Holding Company	510,154	82,649	725,551	735,216
Non-controlling interest	186	158	307	289
	510,340	82,807	725,858	735,505

	-----Rupees-----			
EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE HOLDING COMPANY - basic and diluted	3.86	0.63	5.50	5.57

The annexed notes 1 to 21 form an integral part of these consolidated condensed interim financial statements.

Rizwan Ahmed

Rizwan Ahmed P.A.S
Chairman & Chief Executive

Syed Jarar Haider Kazmi

Syed Jarar Haider Kazmi
Chief Financial Officer

Obaid Imran Ilyas

Khowaja Obaid Imran Ilyas
Director

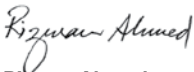


**PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018 (UNAUDITED)**


-----Attributable to the shareholders of the Holding Company-----										
Issued, subscribed and paid-up share capital	Capital reserve*	Revenue reserves				Surplus on revaluation of property, plant and equipment - net of tax	Total reserves	Non-controlling interest	Total equity	
		General reserve	Remeasurement of post retirement benefits obligation - net of tax	Unappropriated profit	Sub-total revenue reserves					
(Rupees in '000) -----										
Balance as at July 01, 2017 - restated	1,320,634	131,344	129,307	(255,659)	27,372,033	27,245,681	1,143,350	28,520,375	3,714	29,844,723
Final cash dividend for the year ended June 30, 2017 (Rs 2 per ordinary share of Rs 10 each)	-	-	-	-	(264,127)	(264,127)	-	(264,127)	-	(264,127)
Total comprehensive income for the six months period ended December 31, 2017	-	-	-	-	735,216	735,216	-	735,216	289	735,505
Surplus on revaluation of property, plant and equipment realised during the period on account of incremental depreciation charged thereon - net of tax	-	-	-	-	6,341	6,341	(6,341)	-	-	-
Effect of allocation of revenue between presumptive tax regime and normal tax regime	-	-	-	-	-	-	18,172	18,172	-	18,172
Balance as at December 31, 2017 - restated	<u>1,320,634</u>	<u>131,344</u>	<u>129,307</u>	<u>(255,659)</u>	<u>27,849,463</u>	<u>27,723,111</u>	<u>1,155,181</u>	<u>29,009,636</u>	<u>4,003</u>	<u>30,334,273</u>
Balance as at July 01, 2018	1,320,634	131,344	129,307	(255,121)	28,765,626	28,639,812	1,244,986	30,016,142	4,164	31,340,940
Final cash dividend for the year ended June 30, 2018 (Rs 1.5 per ordinary share of Rs 10 each)	-	-	-	-	(198,095)	(198,095)	-	(198,095)	-	(198,095)
Total comprehensive income for the six months period ended December 31, 2018	-	-	-	-	725,551	725,551	-	725,551	307	725,858
Surplus on revaluation of property, plant and equipment realised during the period on account of incremental depreciation charged thereon - net of tax	-	-	-	-	1,314	1,314	(1,314)	-	-	-
Balance as at December 31, 2018	<u>1,320,634</u>	<u>131,344</u>	<u>129,307</u>	<u>(255,121)</u>	<u>29,294,396</u>	<u>29,168,582</u>	<u>1,243,672</u>	<u>30,543,598</u>	<u>4,471</u>	<u>31,868,703</u>

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

The annexed notes 1 to 21 form an integral part of these consolidated condensed interim financial statements.



Rizwan Ahmed P.A.S
Chairman & Chief Executive



Syed Jarar Haider Kazmi
Chief Financial Officer



Khowaja Obaid Imran Ilyas
Director



**PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018 (UNAUDITED)**

	Note	Six months period ended December 31, 2018	Six months period ended December 31, 2017
------(Rupees in '000)-----			
Cash flows from operating activities			
Cash generated from operations	15	465,059	1,426,046
Employees' gratuity paid		(3,170)	(2,432)
Employees' compensated absences paid		(35,811)	(28,985)
Post-retirement medical benefits paid		(12,599)	(13,401)
Long-term loans to employees - net		1,514	(29,382)
Finance costs paid		(106,795)	(135,809)
Taxes paid		(156,772)	(216,314)
Net cash generated from operating activities		151,426	999,723
Cash flows from investing activities			
Purchase of property, plant and equipment		(374,937)	(143,783)
Dividends received on long-term investments in listed securities		-	2,523
Short-term investments redeemed / (made)		3,475,700	(79,485)
Interest received on short-term investments		184,155	182,538
Net cash generated from / (used in) investing activities		3,284,918	(38,207)
Cash flows from financing activities			
Long-term financing repaid		(607,081)	(605,085)
Dividend paid		(189,838)	(246,623)
Net cash used in financing activities		(796,919)	(851,708)
Net increase in cash and cash equivalents		2,639,425	109,808
Cash and cash equivalents at the beginning of the period		2,764,179	5,161,772
Cash and cash equivalents at the end of the period	16	5,403,604	5,271,580

The annexed notes 1 to 21 form an integral part of these consolidated condensed interim financial statements.

Rizwan Ahmed P.A.S
Chairman & Chief Executive

Syed Jarar Haider Kazmi
Chief Financial Officer

Khowaja Obaid Imran Ilyas
Director



PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES NOTES TO AND FORMING PART OF THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED DECEMBER 31, 2018 (UNAUDITED)

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
- Pakistan Co-operative Ship Stores (Private) Limited
- Quetta Shipping (Private) Limited
- Sargodha Shipping (Private) Limited
- Shalamar Shipping (Private) Limited
- Sibi Shipping (Private) Limited
- Swat Shipping (Private) Limited

Associate

- Muhammadi Engineering Works (Private) Limited

The Holding Company owns 73% (June 30, 2018: 73%) of the share capital of Pakistan Co-operative Ship Stores (Private) Limited and 100% (June 30, 2018: 100%) of the share capital of the remaining eighteen subsidiary companies. Each of wholly owned subsidiaries operate one vessel / tanker each with the exception of Bolan Shipping (Private) Limited, Swat Shipping (Private) Limited, Lalazar Shipping (Private) Limited, Johar Shipping (Private) Limited, Kaghan Shipping (Private) Limited, Khairpur Shipping (Private) Limited, Islamabad Shipping (Private) Limited, Sargodha Shipping (Private) Limited and Makran Shipping (Private) Limited which currently do not own any vessel / tanker.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

2.1 These consolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting which comprise of International Accounting Standard (IAS) 34 - 'Interim Financial Reporting', issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirement of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.



- 2.2 These consolidated condensed interim financial statements comprise of the consolidated condensed interim statement of financial position as at December 31, 2018, the consolidated condensed interim statement of profit or loss and other comprehensive income, the consolidated condensed interim statement of changes in equity, the consolidated condensed interim statement of cash flows and notes to and forming part of the consolidated condensed interim financial statements thereto for the six months period ended December 31, 2018. These consolidated condensed interim financial statements also includes the consolidated condensed interim statement of profit or loss account and other comprehensive income for the quarter ended December 31, 2018.
- 2.3 The comparative statement of financial position presented in these consolidated condensed interim financial statements as at June 30, 2018 has been extracted from the annual audited financial statements of the Group for the year ended June 30, 2018 whereas the comparative consolidated condensed interim statement of profit or loss and other comprehensive income, consolidated condensed interim statement of changes in equity and consolidated condensed interim statement of cash flows for the six months period ended December 31, 2017 have been extracted from the consolidated condensed interim financial statements of the Group for the six months period then ended.
- 2.4 These consolidated condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended June 30, 2018.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these consolidated condensed interim financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended June 30, 2018 except for the adoption of new standards, amendments and interpretation of International Financial Reporting Standards (IFRSs) as disclosed in note 4.

4. NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS OF IFRSs

IFRS 15 "Revenue from Contracts with Customers" (replacing IAS 18 "Revenue", IAS 11 "Construction Contracts" and related interpretations) and IFRS 9 "Financial Instruments" (replacing IAS 39 "Financial Instruments: Recognition and Measurement") became effective during the current period with initial application date of July 01, 2018.

However, the Securities and Exchange Commission of Pakistan vide S.R.O 229 (1) / 2019 dated February 14, 2019 has modified the effective date for applicability for IFRS 9 to 'Reporting period / year ending on or after June 30, 2019'.

IFRS 15 Revenue from Contracts with Customers

According to IFRS 15, revenue is recognized to depict the transfer of promised goods or services to a customer in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Revenue is recognized when, or as, the customer obtains control of the goods or services. IFRS 15 also includes guidance on the presentation of contract balances, that is, assets and liabilities arising from contracts with customers, depending on the relationship between the entity's performance and the customer's payment.

The Group has applied IFRS 15 with initial application date of July 01, 2018 as notified by the Securities and Exchange Commission of Pakistan (SECP). The first-time application of IFRS 15 by the Group has not had any significant effect with regard to the amount of revenue recognised and when it is recognised. Hence, no cumulative adjustment amount has been recognised to adjust the opening equity as at July 01, 2018. Accordingly, the information presented for previous years has not been restated, as previously reported, under IAS 18 and related interpretations.

The management of the Group has assessed and concluded that the Group is in compliance with the requirements of IFRS 15.



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

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

Judgements and estimates made by the management in the preparation of these consolidated condensed interim financial statements are the same as those applied in the Group's consolidated annual financial statements for the year ended June 30, 2018.

The Group's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2018.

Note	(Unaudited) December 31, 2018	(Audited) June 30, 2018
	------(Rupees in '000)-----	

6. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	6.1, 6.2 & 8	21,395,084	21,755,187
Major spare parts and stand-by equipment		415,839	346,186
Capital work-in-progress (CWIP)		56,881	56,881
		21,867,804	<u>22,158,254</u>

(Unaudited)	
Six months period ended December 31, 2018	Six months period ended December 31, 2017
------(Rupees in '000)-----	

6.1 Additions to operating fixed assets (including transfers from CWIP) during the period

Buildings on lease hold land	2,270	1,884
Vehicles	-	3,134
Office equipment	2,888	2,770
Furniture and fixtures	823	1,411
Workshop machinery and equipment	132	301
Computer equipment	2,476	1,329
Spares capitalised	73,546	7,143
Class renewal and dry docking	291,649	75,511
Equipment on board	1,153	6,023
	374,937	<u>99,506</u>
6.2 Depreciation charge for the period	613,480	<u>758,216</u>

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

During the period, building of regional office Lahore having net book value of Rs. 26.828 million was transferred from Property, plant and equipment to Investment properties.



	Note	(Unaudited) December 31, 2018	(Audited) June 30, 2018
------(Rupees in '000)-----			
9. TRADE DEBTS - unsecured			
Considered good			
- Due from related parties		664,225	540,823
- Due from others		18,273	22,100
		682,498	562,923
Considered doubtful			
- Due from related parties		6,230	6,758
- Due from others		185,864	180,455
		192,094	187,213
		874,592	750,136
Less: Provision for doubtful debts	9.1	192,094	187,213
		682,498	562,923

9.1 Provision for doubtful debts

Balance at the beginning		187,213	213,984
Provision made during the period / year		5,409	4,689
Provision reversed during the period / year	9.2	(528)	(2,217)
Provision written off during the period / year		-	(29,243)
Balance at the end		192,094	187,213

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

	Note	(Unaudited) December 31, 2018	(Audited) June 30, 2018
------(Rupees in '000)-----			
10. OTHER RECEIVABLES			
Amount held by lawyer in respect of a guarantee provided to the court		4,953	4,953
Considered good			
- Due from related parties		2,334,186	2,293,793
- Due from others		300,020	255,322
		2,634,206	2,549,115
Considered doubtful			
- Due from related parties		453,197	439,338
- Due from others		17,913	12,661
		471,110	451,999
		3,105,316	3,001,114
Less: Provision for doubtful receivables	10.1	471,110	451,999
Employees' gratuity scheme - funded		34,204	34,204
		2,673,363	2,588,272

10.1 Provision for doubtful receivables

Balance at the beginning		451,999	404,159
Provision made during the period / year		46,890	50,245
Provision reversed during the period / year	10.2	(27,779)	(1,173)
Provision written off during the period / year		-	(1,232)
Balance at the end		471,110	451,999

10.2 This reversal has been made because of subsequent receipt and acknowledgement of the respective amount.



	Note	(Unaudited) December 31, 2018	(Audited) June 30, 2018
------(Rupees in '000)-----			
11. SHORT-TERM INVESTMENTS			
Term deposits with banks having maturity of:			
- more than six months but upto twelve months		12,000	12,000
- three to six months		485,730	3,961,430
- three months or less		3,616,340	121,430
	11.1	4,114,070	4,094,860

11.1 Mark-up on these term deposits denominated in local currency ranges from 6.60% to 11% (June 2018: 6.05% to 6.90%) per annum, whereas mark-up on term deposits denominated in foreign currency ranges from 2.40% to 2.75% (June 2018: 2.40%) per annum.

	Note	(Unaudited) December 31, 2018	(Audited) June 30, 2018
------(Rupees in '000)-----			
12. LONG-TERM FINANCING - secured			
Financing under syndicate term finance agreement	12.1 & 12.2	1,019,126	1,145,588
Financing under musharika agreement	12.1 & 12.3	1,333,748	1,808,770
		2,352,874	2,954,358
Less: Current portion		1,204,002	1,202,672
		1,148,872	1,751,686

12.1 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.

12.2 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 year ended June 30, 2018. The loan along with the mark-up is repayable on a quarterly basis with the last repayment date on November 6, 2022. The facility is secured by way of first mortgage charge over one of the vessels and hypothecation charge over an other vessel owned by subsidiary companies.

12.3 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 year ended June 30, 2018. 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.

	Note	(Unaudited) December 31, 2018	(Audited) June 30, 2018
------(Rupees in '000)-----			
13. TRADE AND OTHER PAYABLES			

Creditors		282,470	183,486
Agents' and owners' balances		245,038	394,564
Accrued liabilities		1,145,174	1,574,295
Deposits	13.1	59,656	62,705
Bills payable		460	62,305
Withholding Tax Payable		-	17,583
Advance rent		40,411	22,420
Advance from customers		83,053	82,997
Other liabilities			
- amounts retained from contractors		3,952	27,827
- others		64,524	79,063
		68,476	106,890
		1,924,738	2,507,245



13.1 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 kept in separate bank accounts.

14. CONTINGENCIES AND COMMITMENTS

Contingencies

14.1 There are no major changes in the status of contingencies as disclosed in note 28 to the consolidated financial statements for the year ended June 30, 2018 except as explained below:

14.2 The contingent liability in respect of claims not acknowledged by the Holding Company, which as at December 31, 2018 aggregated to Rs 749.499 million (June 30, 2018: Rs 739.743 million). These claims mainly relate to deficiencies in shipping documentation, delay in delivery of cargo and damages to cargo. These include Rs 2.345 million (June 30, 2018: Rs 2.049 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 Associations (Bermuda) Limited has gone into liquidation. Out of the total claims, a sum of Rs 724.161 million (June 30, 2018: Rs 716.550 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 25.338 million (June 30, 2018: Rs 23.193 million) against the aforementioned claims in these consolidated condensed interim financial statements.

(Unaudited) December 31, 2018	(Audited) June 30, 2018
------(Rupees in '000)-----	

Commitments

14.3	Commitments for capital expenditure	32,571	32,571
14.4	Outstanding letters of guarantee	5,126	5,126
14.5	The Holding Company has provided an undertaking amounting to USD 11.6 million to one of the vendor / supplier of another state owned entity. This undertaking has been provided due to arrest of two 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.		

		(Unaudited)	
Note	Six months period ended December 31, 2018	Six months period ended December 31, 2017	
------(Rupees in '000)-----			

15. CASH GENERATED FROM OPERATIONS

	Profit before taxation	848,309	902,779
	Adjustments for non-cash charges and other items:		
	Depreciation	613,480	758,216
	Impairment loss	-	120,060
	Provision for employees' gratuity	29,060	25,659
	Provision for employees' compensated absences	49,085	52,028
	Provision for post-retirement medical benefits	13,173	11,170
	Dividend income	(2,596)	(2,884)
	Income from saving accounts and term deposits	(171,650)	(194,106)
	Finance costs	116,308	135,229
	Provision no longer required written back	(179)	(236)
	Provision for doubtful debts and other receivables	52,299	3,614
	Provision reversed against doubtful debts and receivables	(28,307)	(4,624)
	Trade debts written off	-	(29,244)
	Loss on revaluation of long-term investments	7,311	2,724
	Provision reversed against damage claims	(1,167)	(2,243)
	Provision made against damage claims	3,312	3,095
	Working capital changes	(1,063,379)	(355,191)
		465,059	1,426,046



		(Unaudited)	
		Six months period ended December 31, 2018	Six months period ended December 31, 2017
		------(Rupees in '000)-----	
15.1 Working capital changes			
(Increase) / decrease in current assets:			
Stores and spares		(132,817)	61,274
Trade debts - unsecured		(124,456)	215,731
Agents' and owners' balances - unsecured		9,252	(9,394)
Loans and advances		32,819	20,660
Trade deposits and short-term prepayments		(55,298)	19,445
Other receivables		(101,606)	(400,341)
Incomplete voyages		(123,946)	80,537
Insurance claims		15,001	(49,932)
		(481,051)	(62,020)
Increase / (decrease) in current liabilities:			
Trade and other payables		(582,328)	(293,171)
		(1,063,379)	(355,191)

		(Unaudited)	
		December 31, 2018	December 31, 2017
		------(Rupees in '000)-----	
16. CASH AND CASH EQUIVALENTS			
Short-term investments having maturity of three months or less	11	3,616,340	2,550,000
Cash and bank balances		1,787,264	2,721,580
		5,403,604	5,271,580

17. FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES

17.1 Financial risk factors

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

These consolidated condensed interim financial statements do not include all financial risk management information and disclosures which are required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at June 30, 2018. There have been no changes in risk management policies since the year end.

17.2 Fair value estimation

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

Fair value hierarchy

As at December 31, 2018, the Group's all assets and liabilities are carried at cost less accumulated depreciation / impairment, if any, or at amortised cost except for those mentioned below:

The Group's leasehold land, buildings on leasehold land, beach huts and workshop machinery and equipment are stated at revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses, if any. The fair value measurements of the Group's leasehold land, buildings on leasehold land, beach huts and workshop machinery and equipment as at June 30, 2018 was performed by Fairwater Property Valuers & Surveyors (Private) Limited (an independent valuer).

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



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

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

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

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

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

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

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

	(Unaudited)			
	December 31, 2018			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
Assets carried at fair value				
Long-term investments - Fair value through profit or loss	43,788	-	-	43,788
Leasehold land	-	1,086,960	-	1,086,960
Buildings on leasehold land	-	744,642	-	744,642
Beach huts	-	15,431	-	15,431
Workshop machinery and equipment	-	4,986	-	4,986
Investment properties	-	3,088,460	-	3,088,460
	-	4,940,479	-	4,940,479

	(Audited)			
	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	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

18. TRANSACTIONS WITH RELATED PARTIES

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



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

Nature of transactions	Relationship with the Group	Note	(Unaudited)	
			Six months period ended December 31, 2018	Six months period ended December 31, 2017
------(Rupees in '000)-----				
Freight income	State owned / controlled entities		3,333,121	4,519,325
Demurrage income	State owned / controlled entities		97,284	353,531
Rental income	State owned / controlled entities		2,064	1,869
Contribution to provident fund	Employees benefit plan		3,955	5,886
Directors' fee	Key management personnel		2,263	564
Remuneration and other benefits	Key management personnel	18.1	36,437	30,434
Dividend to Government of Pakistan	Government holding		172,940	229,157

18.1 Comparative figure has been restated to include the remuneration and other benefits of Company Secretary in compliance of S.R.O. 1194(1)/2018, dated October 02, 2018.

19. NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

19.1 The Group has entered in an agreement for procurement of vessels at a cost of USD 60.7 million and have paid 10% initial deposit for the same. The Group is committed towards payment of the balance amount on delivery of the vessels as per terms of the agreement.

20. GENERAL

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

20.2 Certain comparative figures have been reclassified for better presentation. However, there are no material reclassifications to report.

21. DATE OF AUTHORISATION FOR ISSUE

These consolidated condensed interim financial statements were authorised for issue on February 25, 2019 by the Board of Directors of the Holding Company.

Rizwan Ahmed P.A.S
Chairman & Chief Executive

Syed Jarar Haider Kazmi
Chief Financial Officer

Khowaja Obaid Imran Ilyas
Director





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