



Pakistan National Shipping Corporation

Un-Audited Report for the quarter ended September 30, 2020





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CORPORATE INFORMATION

Board of Directors

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

Audit & Finance Committee

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

HR and Nomination Committee

1. Mr. Muhammad Ali	Chairman
2. Mr. Ali Syed	Member
3. Mr. Khowaja Obaid Imran Ilyas	Member
4. Capt. Muhammad Shakil	Secretary

Strategy and Risk Management Committee

1. Mr. Muhammad Ali	Chairman
2. Mr. Shakeel Ahmed Mangnejo	Member
3. Mr. Ali Syed	Member
4. Capt. Anwar Shah	Member
5. Mr. S. Jarar Haider Kazmi	Secretary

Chief Financial Officer

Mr. S. Jarar Haider Kazmi

Corporation & Board Secretary

Mr. Muhammad Javid

Chief Internal Auditor

Mr. Baber Jamal Zubairi

Head Office

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

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

Fax: (92-21) 99203974, 35636658

www.pnsc.com.pk

Auditors

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

Shares Registrar

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

Bankers

Bank Alfalah Limited, Bahrain
Bank Al Habib Limited
Bank Al Habib Limited, Bahrain
Faysal Bank Limited
Habib Bank Limited
JS Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
National Bank of Pakistan, Hong Kong
National Bank of Pakistan, Tokyo
Soneri Bank Limited
UniCredit Bank, Italy
United Bank Limited, London



PAKISTAN NATIONAL SHIPPING CORPORATION DIRECTORS' REPORT FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2020

The Board of Directors of Pakistan National Shipping Corporation Group (the Group/PNSC) are pleased to submit the consolidated and unconsolidated condensed interim financial statements of PNSC and Group respectively for the first quarter ended September 30, 2020.

OVERVIEW

Despite the challenges posed by COVID-19 pandemic, Pakistan's economy has started showing signs of recovery. Positive current account balance and improvement in LSM growth are some of the early signs of economic revival and stability.

The PNSC Group managed to achieve 74% increase in profit after tax to Rs 859 million as against Rs 495 million in the corresponding period last year. Group earnings per share increased to Rs 6.50 as against Rs 3.75 in the corresponding period last year.

Cumulatively, the Group achieved a turnover of Rs 3,971 million (including Rs 885 million from PNSC-standalone) as compared to Rs 3,274 million (including Rs 569 million from PNSC-standalone) for the corresponding period last year. This includes substantial growth in revenue of 73% from Rs 410 million to Rs 709 million in foreign tankers segment and growth in revenue of 19% from Rs 2,079 million to Rs 2,467 million in managed tankers segment. There is a decline in bulk carrier segment from Rs 586 million to Rs 468 million during the current period due to decline in average Baltic Dry Index from 2,037 to 1,521 in the current period as compared to corresponding period last year.

The fleet direct expenses during the period under review increased to Rs 2,630 million (including Rs 438 million from PNSC standalone) from Rs 2,256 million (including Rs 298 million from PNSC-standalone). The Gross Profit stood at Rs 1,308 million as against Rs 977 million for the same period last year an increase of 34%.

The PNSC standalone results reflect a loss after tax of Rs 24 million as compared to loss after tax of Rs 260 million in the corresponding period last year, mainly due to reduction in volume of slot chartering activities. PNSC loss per share decreased to Rs 0.18 as against Rs 1.97 in the corresponding period last year.

The finance cost on long-term financing decreased by 39% to Rs 154 million in the current period as against Rs 303 million in the same period last year. Coupled with decrease in quantum of long term financing due to repayments made during the period, a major reason for decline in finance cost is reduction in discount rate by State Bank of Pakistan (SBP).

FUTURE PROSPECTS

The newly approved shipping policy with extended exemption from sales tax and customs duty upto FY 2030, coupled with the availability of cheaper financing in the form of Long Term Finance Facility creates opportunity for PNSC to expand its fleet portfolio.

PNSC is working on plans for maintenance and up gradation of PNSC's existing fleet. This should lead to decrease in operating costs. PNSC also has a business expansion plan and intends to induct more vessels in the fleet of its managed vessels during FY 2020-2021.

ACKNOWLEDGMENT

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

Mr. Shakeel Ahmed Mangnejo
Chairman & Chief Executive Officer
Karachi
October 28, 2020

Khowaja Obaid Imran Ilyas
Director


مستقبل کے امکانات


نئی منظور شدہ شپنگ پالیسی، جس میں سیلز ٹیکس اور کسٹم ڈیوٹی میں مالی سال 2030 تک توسیع کی گئی ہے، نیز طویل مدتی مالی سہولت کی صورت میں کم نرخوں پر سرمایہ کاری کی دستیابی نے پی این ایس سی کو اپنے فلیٹ کے پورٹ فولیو میں توسیع کا شاندار موقع فراہم کیا ہے۔

پی این ایس سی اپنے موجودہ فلیٹ کی مرمت اور اپ گریڈیشن کے منصوبوں پر کام کر رہی ہے۔ یہ آپریٹنگ اخراجات میں کمی کا باعث بنے گا۔ پی این ایس سی کاروباری توسیع کا منصوبہ رکھتی ہے اور مالی سال 2020-2021 میں اپنے زیر انتظام جہازوں کے فلیٹ میں مزید جہاز شامل کرنے کا ارادہ رکھتی ہے۔

اظہار تشکر

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


خواجہ عبید عمران الیاس
ڈائریکٹر


تھکیل احمد منگنیو
چیزمین اور چیف ایگزیکٹو آفیسر

کراچی

28 اکتوبر، 2020



پاکستان نیشنل شپنگ کارپوریشن

ڈائریکٹر رپورٹ

برائے پہلی سہ ماہی اختتام از 30 ستمبر، 2020

پاکستان نیشنل شپنگ کارپوریشن گروپ (گروپ / پی این ایس سی) کا بورڈ آف ڈائریکٹرز پی این ایس سی اور گروپ کے پہلی سہ ماہی اختتام از 30 ستمبر، 2020 کے لیے بالترتیب منظم اور منفرد عبوری مالیاتی گوشوارے بخوشی پیش کر رہا ہے۔

مجموعی جائزہ

COVID-19 کی وبا سے درپیش مشکلات کے باوجود، پاکستانی معیشت نے بحالی کے آثار دکھانے شروع کر دیے ہیں۔ مثبت کرنٹ اکاؤنٹ۔ سیلنس اور LSM کی ترقی میں بہتری معاشی بحالی اور استحکام کی چند ابتدائی علامات ہیں۔

پی این ایس سی گروپ گزشتہ سال اسی دورانیے کے 495 ملین روپے کے مقابلے میں 74٪ اضافے کے ساتھ 859 ملین روپے بعد از ٹیکس منافع حاصل کرنے میں کامیاب رہا۔ گروپ کی فی حصص آمدن میں گزشتہ سال اسی دورانیے کے 3.75 روپے فی حصص کے مقابلے میں 6.50 روپے فی حصص تک اضافہ ہوا۔

مجموعی طور پر، گروپ نے گزشتہ سال کے اسی دورانیے میں 3,274 ملین روپے (بشمول صرف پی این ایس سی کے 569 ملین روپے) کے مقابلے میں 3,971 ملین روپے (بشمول صرف پی این ایس سی کے 885 ملین روپے) کا کاروبار حاصل کیا۔ اس میں غیر ملکی ٹینکرز کے شعبے کی آمدن میں 73٪ اضافہ کے ساتھ 410 ملین روپے سے 709 ملین روپے اور زیر انتظام ٹینکرز کے شعبے میں 19٪ اضافہ کے ساتھ 2,079 ملین روپے سے 2,467 ملین روپے کی نمایاں ترقی دیکھی گئی۔ اس دورانیے میں اوسط بالنگ ڈرائی انڈیکس میں گزشتہ سال اسی دورانیے کے 2,037 کے مقابلے میں 1,521 تک کمی واقع ہوئی ہے۔ جس کے باعث موجودہ دورانیے میں بلک کیوریئر کے شعبے میں 586 ملین روپے سے 468 ملین روپے تک کمی ہوئی۔

زیر جائزہ دورانیے میں فلیٹ کے براہ راست اخراجات میں 2,256 ملین روپے (صرف پی این ایس سی کے 298 ملین روپے سمیت) سے 2,630 ملین روپے (صرف پی این ایس سی کے 438 ملین روپے سمیت) تک اضافہ ہوا۔ مجموعی منافع گزشتہ سال اسی دورانیے کے 977 ملین روپے کے مقابلے میں 34٪ اضافے کے ساتھ 1,308 تک بڑھا۔

صرف پی این ایس سی کے نتائج گزشتہ سال اسی دورانیے کے 260 ملین روپے بعد از ٹیکس نقصان کے مقابلے میں 24 ملین روپے بعد از ٹیکس نقصان ظاہر کرتے ہیں جس کی بنیادی وجہ سلاٹ چارٹرنگ سرگرمیوں میں کمی ہے۔ پی این ایس سی کے فی حصص نقصان میں گزشتہ سال اسی دورانیے کے 1.97 روپے فی حصص کے مقابلے میں 0.18 روپے فی حصص تک کمی ہوئی۔

طویل مدتی سرمایہ کاری کی مالی لاگت گزشتہ سال اسی دورانیے کے 303 ملین روپے کے مقابلے میں 39٪ کمی کے ساتھ موجودہ دورانیے میں 154 ملین روپے رہی۔ اس دورانیے میں کمی گئی ادائیگیوں کے باعث طویل مدتی سرمایہ کاری کے حجم میں کمی کے علاوہ مالی لاگت میں کمی کی ایک بنیادی وجہ اسٹیٹ بینک آف پاکستان (SBP) کی جانب سے ڈسکاؤنٹ ریٹ میں کمی ہے۔



PNSC Managed Fleet

TANKERS

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



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

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



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

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



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

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



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

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



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

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



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

BULK CARRIERS

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



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

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



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

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



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

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



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

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



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

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

**for the quarter ended
September 30, 2020**



**PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES
CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2020**

	Note	(Unaudited) September 30, 2020	(Audited) June 30, 2020
(Rupees in '000)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	28,309,647	28,674,222
Intangible assets	6	12,891	12,891
Right of use asset		118,145	118,145
Investment properties		3,426,191	3,426,191
Long-term investments in:			
- Related party (associate)		-	-
- Listed companies and an other entity		44,060	35,521
Long-term loans	7	19,122	11,827
Long-term deposits		90	90
Deferred taxation - net		119,405	119,405
		32,049,551	32,398,292
CURRENT ASSETS			
Stores and spares		1,417,784	1,345,749
Trade debts - unsecured	8	3,108,721	3,141,103
Agents' and owners' balances - unsecured		16,816	9,628
Loans and advances		47,019	74,833
Trade deposits and short-term prepayments		64,337	28,179
Interest accrued on bank deposits and short-term investments		30,760	39,939
Other receivables	9	768,350	620,356
Incomplete voyages		65,345	94,929
Insurance claims		32,861	89,219
Taxation - net		1,501,159	1,514,604
Short-term investments	10	5,544,899	3,999,025
Cash and bank balances		1,811,965	2,471,831
		14,410,016	13,429,395
		46,459,567	45,827,687
TOTAL ASSETS			
EQUITY AND LIABILITIES			
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE HOLDING COMPANY			
Authorised capital		2,000,000	2,000,000
Issued, subscribed and paid-up share capital		1,320,634	1,320,634
Capital reserve		131,344	131,344
Revenue reserves		33,152,191	32,293,867
Remeasurement of post retirement benefits obligation - net of tax		(291,117)	(291,117)
Surplus on revaluation of property, plant and equipment - net of tax		1,234,018	1,234,018
		35,547,070	34,688,746
		5,450	5,221
		35,552,520	34,693,967
NON-CONTROLLING INTEREST			
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP			
NON-CURRENT LIABILITIES			
Long term financing - secured	11	5,678,136	6,010,153
Employee benefits		802,434	763,520
Lease liability		109,204	109,204
		6,589,774	6,882,877
CURRENT LIABILITIES			
Trade and other payables	12	2,548,011	2,563,914
Contract liabilities		315,353	228,576
Provision against damage claims		23,936	24,261
Current portion of long-term financing	11	1,334,965	1,334,964
Current portion lease liabilities		6,323	6,323
Unclaimed dividend		68,908	68,987
Accrued mark-up on long-term financing		19,777	23,818
		4,317,273	4,250,843
		10,907,047	11,133,720
		46,459,567	45,827,687
TOTAL LIABILITIES			
TOTAL EQUITY AND LIABILITIES			
CONTINGENCIES AND COMMITMENTS			

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

Syed Jarar Haider Kazmi
Chief Financial Officer

Shakeel Ahmed Mangnejo
Chairman & Chief Executive

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 ENDED SEPTEMBER 30, 2020 (UNAUDITED)**

	Note	Quarter ended September 30, 2020	Quarter ended September 30, 2019
------(Rupees in '000)-----			
REVENUE			
Income from shipping business		3,914,315	3,221,010
Rental income		56,733	53,018
		3,971,048	3,274,028
EXPENDITURE			
Fleet expenses - direct		(2,629,826)	(2,256,415)
Fleet expenses - indirect		(1,963)	(4,520)
Real estate expenses		(31,607)	(36,396)
		(2,663,396)	(2,297,331)
GROSS PROFIT		1,307,652	976,697
Administrative expenses		(262,148)	(259,223)
Impairment loss	3.1	(3,079)	(17,380)
Other expenses		(87,077)	(69,800)
Other income		131,011	214,827
		(221,293)	(131,576)
OPERATING PROFIT		1,086,359	845,121
Finance costs	14	(153,614)	(302,863)
PROFIT BEFORE TAXATION		932,745	542,258
Taxation	15	(74,192)	(46,977)
PROFIT AFTER TAXATION		858,553	495,281
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		858,553	495,281
Attributable to:			
Equity holders of the Holding Company		858,324	495,070
Non-controlling interest		229	211
		858,553	495,281
------(Rupees)-----			
EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE HOLDING COMPANY - basic and diluted		6.50	3.75

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

Syed Jarar Haider Kazmi
Chief Financial Officer

Shakeel Ahmed Mangnejo
Chairman & Chief Executive

Khowaja Obaid Imran Ilyas
Director



**PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED SEPTEMBER 30, 2020 (UNAUDITED)**

	Attributable to the shareholders of the Holding Company									
	Issued, subscribed and paid-up share capital	Capital reserve*	Revenue reserves			Remeas- urement of post retirement benefits obligation - net of tax	Surplus on revaluation of property, plant and equipment - net of tax	Total reserves	Non- controlling interest	Total
			General reserve	Unap- propriated profit	Sub-total revenue reserves					
	(Rupees in '000)									
Balance as at July 01, 2019	1,320,634	131,344	129,307	30,091,336	30,220,643	(306,621)	1,237,726	31,283,092	4,610	32,608,336
Profit after taxation	-	-	-	495,070	495,070	-	-	495,070	211	495,281
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the first quarter ended September 30, 2019	-	-	-	495,070	495,070	-	-	495,070	211	495,281
Balance as at September, 2019	<u>1,320,634</u>	<u>131,344</u>	<u>129,307</u>	<u>30,586,406</u>	<u>30,715,713</u>	<u>(306,621)</u>	<u>1,237,726</u>	<u>31,778,162</u>	<u>4,821</u>	<u>33,103,617</u>
Balance as at July 01, 2020	1,320,634	131,344	129,307	32,164,560	32,293,867	(291,117)	1,234,018	33,368,112	5,221	34,693,967
Profit after taxation	-	-	-	858,324	858,324	-	-	858,324	229	858,553
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the first quarter ended September 30, 2020	-	-	-	858,324	858,324	-	-	858,324	229	858,553
Balance as at September 30, 2020	<u>1,320,634</u>	<u>131,344</u>	<u>129,307</u>	<u>33,022,884</u>	<u>33,152,191</u>	<u>(291,117)</u>	<u>1,234,018</u>	<u>34,226,436</u>	<u>5,450</u>	<u>35,552,520</u>

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

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

Syed Jarar Haider Kazmi
Chief Financial Officer

Shakeel Ahmed Mangnejo
Chairman & Chief Executive

Khowaja Obaid Imran Ilyas
Director



PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED SEPTEMBER 30, 2020 (UNAUDITED)

	Note	Quarter ended September 30, 2020	Quarter ended September 30, 2019
------(Rupees in '000)-----			
Cash flows from operating activities			
Cash generated from operations	16	1,488,228	475,606
Employees' gratuity paid		(4,099)	(6,654)
Employees' compensated absences paid		(15,806)	(38,068)
Post-retirement medical benefits paid		(3,073)	(6,344)
Long term loans		(7,295)	(753)
Finance costs paid		(152,841)	(298,078)
Taxes paid		(60,747)	(68,608)
Net cash generated from operating activities		1,244,367	57,101
Cash flows from investing activities			
Purchase of property, plant and equipment		(122,126)	(54,838)
Initial deposit for the acquisition of intangible asset		-	(10,751)
Additions to investment properties		-	(117)
Proceeds from disposal of property, plant and equipment		520	4,900
Short-term investments redeemed		356,242	20,310
Dividend received on long-term investment in listed companies		-	-
Interest received on short-term investments		97,067	130,724
Net cash generated from investing activities		331,703	90,228
Cash flows from financing activities			
Long-term financing repaid		(333,741)	(539,990)
Dividends paid		(79)	(79)
Net cash used in financing activities		(333,820)	(540,069)
Net increase / (decrease) in cash and cash equivalents		1,242,250	(392,740)
Cash and cash equivalents at the beginning of the period		4,512,021	5,578,137
Cash and cash equivalents at the end of the period	17	5,754,271	5,185,397

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

Syed Jarar Haider Kazmi
Chief Financial Officer

Shakeel Ahmed Mangnejo
Chairman & Chief Executive

Khowaja Obaid Imran Ilyas
Director



PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES

NOTES TO AND FORMING PART OF THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2020 (UNAUDITED)

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

The Group consists of:

Holding company

Pakistan National Shipping Corporation

Subsidiary companies

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

Associate

- Muhammadi Engineering Works (Private) Limited

The Holding Company owns 73% (June 30, 2020: 73%) of the share capital of Pakistan Co-operative Ship Stores (Private) Limited and 100% (June 30, 2020: 100%) of the share capital of the remaining eighteen subsidiary companies. Each of wholly owned subsidiaries operate one vessel / tanker with the exception of Islamabad Shipping (Private) Limited, Johar Shipping (Private) Limited, Kaghan Shipping (Private) Limited, Lalazar Shipping (Private) Limited, Makran Shipping (Private) Limited, Sargodha Shipping (Private) Limited and Swat Shipping (Private) Limited which currently do not own any vessel / tanker.

- 1.1 Since previous year, the World Health Organization declared COVID-19 a pandemic. To reduce the impact on businesses and economies in general, regulators / governments across the globe introduced a host of measures on both the fiscal and economic fronts.

Shipping operations, which is the basic business of the Group has been permitted by the Government to operate with strict compliance of SOPs issued. Consequently, the Group's offices and vessels have continued to operate. However, COVID-19 has primarily impacted the Group on account of depression in the charter out business in its bulk carriers and reduced activities under slot charter segment. The Group remained up to date in all its financial commitments. The management believes that the going concern assumption of the Group remains valid.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

2.1 Statement of compliance

These consolidated condensed interim financial statements of the Group for the first quarter ended September 30, 2020 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

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



Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed. These consolidated condensed interim financial statements do not include all the information and disclosures required in an annual audited financial statements, and should be read in conjunction with the financial statements for the year ended June 30, 2020 as they provide an update of previously reported information.

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

2.5 **Basis of measurement**

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

2.6 **Functional and presentation currency**

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

3. **SIGNIFICANT ACCOUNTING POLICIES**

- 3.1 The accounting policies and the methods of computation adopted in the preparation of these consolidated condensed interim financial statements are consistent with those applied in the preparation of the consolidated financial statements for the year ended June 30, 2020.
- 3.2 **Standards, interpretations and amendments to published approved accounting standards that are not yet**

(a) Amendments to published approved accounting standards which are effective during the quarter ended September 30, 2020

There are certain amendments to approved accounting standards which are mandatory for the Group's annual accounting period which began on July 1, 2020. However, these do not have any significant impact on the Group's financial reporting and, therefore, have not been detailed in this consolidated condensed interim financial statements.

(b) Standards and amendments to published approved accounting standards that are not yet effective

Certain other new standards and amendments to the approved accounting standards will be also mandatory for the Group's annual accounting periods beginning on or after July 01, 2020. However, these amendments will not have any significant impact on the financial reporting of the Group and, therefore, have not been disclosed in these consolidated condensed interim financial statements.

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

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



Judgements and estimates made by the management in the preparation of these consolidated condensed interim financial statements are the same as those applied in the Group's consolidated annual financial statements for the year ended June 30, 2020.

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, 2020.

	Note	(Unaudited) September 30, 2020	(Audited) June 30, 2020
		------(Rupees in '000)-----	
5. PROPERTY, PLANT AND EQUIPMENT			
- Operating fixed assets	5.1 & 5.2	27,678,926	28,067,862
- Major spare parts and stand-by equipment		573,840	549,479
- Capital work-in-progress (CWIP)		56,881	56,881
		<u>28,309,647</u>	<u>28,674,222</u>

		(Unaudited) Quarter ended September 30, 2020	Quarter ended September 30, 2019
		------(Rupees in '000)-----	
5.1 Additions to operating fixed assets (including transfers from CWIP during the period:			
Buildings on lease hold land		148	-
Office equipments		96	-
Workshop machinery and equipment		-	1,007
Computer equipment		114	269
Spares capitalised		23,851	11,228
Class renewal and dry docking		96,996	41,604
Equipment on board		921	730
		<u>122,126</u>	<u>54,838</u>
5.2 Depreciation charge for the period		<u>486,701</u>	<u>360,751</u>

	(Unaudited) September 30, 2020	(Audited) June 30, 2020
	------(Rupees in '000)-----	

6. INTANGIBLE ASSETS

Capital work in progress (CWIP)

Computer software	<u>12,891</u>	<u>12,891</u>
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- 6.1 Intangible assets also includes cost of Rs 16.503 million of software "Ship Management Expert System" (SES). SES was being amortised over the useful life of five years and was fully amortised as on June 30, 2009, however, it is still in active use.

	(Unaudited) September 30, 2020	(Audited) June 30, 2020
	------(Rupees in '000)-----	

7. LONG-TERM LOANS - considered good

Loans-Executives & other employees	<u>19,122</u>	<u>11,827</u>
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8. TRADE DEBTS - unsecured

Considered good

Note	(Unaudited) September 30, 2020	(Audited) June 30, 2020
	------(Rupees in '000)-----	
- Due from related parties	2,264,409	2,373,099
- Due from others	844,312	768,004
	3,108,721	3,141,103

Considered doubtful

- Due from related parties	1,415,896	1,415,896
- Due from others	210,694	207,615
	1,626,590	1,623,511
	4,735,311	4,764,614
Less: Allowance for ECL on trade debts	1,626,590	1,623,511
	3,108,721	3,141,103

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

	Upto 1 month	1 to 6 months	More than 6 months	(Unaudited) As at September 30, 2020	(Audited) As at June 30, 2020
	------(Rupees in '000)-----				
District Controller of Stores	2,036	-	2,768	4,804	2,846
National Refinery Limited	64,013	2,416	93,333	159,762	120,953
Pak Arab Refinery Limited	234,555	39,776	271,841	546,172	677,707
Pakistan Refinery Limited	-	29,361	136,124	165,485	190,346
Pakistan State Oil Company Limited	-	-	2,436,165	2,436,165	2,436,165
Sui Northern Gas Pipelines Limited	9,940	247	-	10,187	22,680
Sui Southern Gas Company Limited	-	-	-	-	61
Trading Corporation of Pakistan (Private) Limited	-	-	4,866	4,866	4,867
Oil & Gas Development Company Limited	115	-	-	115	-
Others	48,504	146,383	157,862	352,749	333,368
	359,163	218,183	3,102,959	3,680,305	3,788,993

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

	(Unaudited) September 30, 2020	(Audited) June 30, 2020
	------(Rupees in '000)-----	
Upto 1 month	242,137	114,334
1 to 6 months	541,017	607,104
More than 6 months	61,158	46,566
	844,312	768,004

8.3 Allowance for ECL on trade debts

Opening balance	1,623,511	1,358,390
Increase during the period / year	3,079	265,121
Closing balance	1,626,590	1,623,511



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

	Note	(Unaudited) September 30, 2020	(Audited) June 30, 2020
		------(Rupees in '000)-----	

9. OTHER RECEIVABLES

Considered good

- Due from related parties
- Due from others

	207,759	197,710
	560,591	422,646
9.1	768,350	620,356

Considered doubtful

- Due from related parties
- Due from others

	12,197	12,197
	75,903	75,903
	88,100	88,100

Less: Allowance for ECL on other receivables

9.2	856,450	708,456
	88,100	88,100
	768,350	620,356

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

9.2 Allowance for ECL on other receivables

Opening balance

88,100	13,828
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Increase during the period / year

-	74,272
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Closing balance

88,100	88,100
--------	--------

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

	Note	(Unaudited) September 30, 2020	(Audited) June 30, 2020
		------(Rupees in '000)-----	

10. SHORT-TERM INVESTMENTS

Amortized Cost

Term deposits with banks having maturity of:

- More than six months
- three to six months
- three months or less

	15,000	-
	1,587,593	1,958,835
	3,942,306	2,040,190
10.1	5,544,899	3,999,025

- 10.1 Short term investments includes investment in treasury bills having market value of Rs.1,394.484 million (June 2020: Rs.510.190 million).

- 10.2 Mark-up on these term deposits denominated in local currency ranges from 6.35% to 8.00% (June 30, 2020: 7.20% to 13.25%) per annum, whereas mark-up on term deposits denominated in foreign currency ranges from 2.00% to 2.40% (June 30, 2020: 2.30%) per annum.

	Note	(Unaudited) September 30, 2020	(Audited) June 30, 2020
		------(Rupees in '000)-----	

11. LONG TERM FINANCING - secured

Financing under syndicate term finance agreement

11.1	4,382,534	4,592,617
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Financing under musharika agreement

11.2	2,630,567	2,752,500
------	-----------	-----------

	7,013,101	7,345,117
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Less: Current portion of long-term financing

	1,334,965	1,334,964
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	5,678,136	6,010,153
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11.1 Financing under syndicate term finance agreement includes:

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

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

11.2 Financing under musharika agreement includes:

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

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

Note	(Unaudited) September 30, 2020	(Audited) June 30, 2020
	------(Rupees in '000)-----	

12. TRADE AND OTHER PAYABLES

Creditors		243,295	448,792
Accrued liabilities		1,770,660	1,640,940
Agents' and owners' balances		295,483	268,861
Deposits	12.1	49,524	54,979
Bills payable		35,071	4,090
Withholding Tax Payable		-	49,197
Advance rent		4,372	26,333
Other liabilities:			
- amounts retained from contractors		8,054	3,822
- others		141,552	66,900
		149,606	70,722
		2,548,011	2,563,914

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



13. CONTINGENCIES AND COMMITMENTS

Contingencies

- 13.1 There are no major changes in the status of contingencies as reported in the annual audited consolidated financial statements for the year ended June 30, 2020.

Commitments

- 13.2 Commitments for capital expenditure
- 13.3 Outstanding letters of guarantee
- 13.4 The Group has provided an undertaking amounting to USD 11.6 million (Rs 1,927.11 million) to one of the vendor / supplier of another state owned entity. This undertaking has been provided due to arrest of two of its managed vessels operated by its subsidiaries which have been released subsequently. However, the Government of Pakistan has provided a counter guarantee to the Holding Company in relation to the aforesaid undertaking.
- 13.5 Commitments in respect of Enterprise Resource Planning (ERP) implementation and maintenance amounting to USD 0.417 million (Rs 69.241 million) and USD 0.192 million (Rs 31.854 million) respectively.

(Unaudited) September 30, 2020	(Audited) June 30, 2020
------(Rupees in '000)-----	

32,571	32,571
18,919	18,919

(Unaudited) Quarter ended September 30, 2020	Quarter ended September 30, 2019
------(Rupees in '000)-----	

14. FINANCE COSTS

Mark-up on long term financing	151,306	300,591
Bank charges	2,308	2,272
	153,614	302,863

15. TAXATION

Current tax	74,192	46,977
Deferred tax income	-	-
	74,192	46,977

16. CASH GENERATED FROM OPERATIONS

Profit before taxation	932,745	542,258
Adjustments for non-cash charges and other items:		
Depreciation	486,701	360,751
Profit on disposal of property, plant and equipment	(520)	(4,900)
Provision for employees' gratuity	20,924	21,287
Provision for employees' compensated absences	33,133	33,987
Provision for post-retirement medical benefits	7,834	8,244
Income from saving accounts and term deposits	(87,868)	(132,875)
Finance costs	150,525	300,590
Loss on disposal of stores	1,199	2,105
Impairment loss	3,079	17,380
Loss on revaluation of long-term investments in listed securities	(8,539)	1,744
Net decrease in damage claims	(325)	(2,913)
Working capital changes	(50,660)	(672,052)
	1,488,228	475,606



16.1 Working capital changes

(Increase) / decrease in current assets:

Stores and spares
Trade debts - unsecured
Agents' and owners' balances - unsecured
Loans and advances
Trade deposits and short-term prepayments
Other receivables
Incomplete voyages
Insurance claims

(Decrease) / increase in current liabilities:

Trade and other payables
Contract liabilities

(Unaudited)	
Quarter ended September 30, 2020	Quarter ended September 30, 2019
------(Rupees in '000)-----	
(73,234)	71,310
29,303	(218,457)
(7,188)	2,741
27,814	(115,020)
(36,158)	(19,860)
(147,994)	(157,714)
29,584	40,026
56,358	9,416
(121,515)	(387,558)
(15,922)	(276,289)
86,777	(8,205)
(50,660)	(672,052)

17. CASH AND CASH EQUIVALENTS

Short-term investments having maturity of three months or less
Cash and bank balances

(Unaudited)	
September 30, 2020	September 30, 2019
------(Rupees in '000)-----	
3,942,306	2,565,000
1,811,965	2,620,397
5,754,271	5,185,397

18. FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES

18.1 Financial risk factors

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

These consolidated condensed interim financial statements do not include all financial risk management information and disclosures which are required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at June 30, 2020. There have been no changes in risk management policies since the year end.

18.2 Fair value estimation

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

Fair value hierarchy

As at September 30, 2020, the Group's all assets and liabilities are carried at cost less accumulated depreciation / impairment, if any, or at amortised cost except for those mentioned below:

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



The Group classifies investment properties and long-term investments in listed companies measured at fair value in the statement of financial position. The latest fair valuation of the Corporation's investment properties was performed by Fairwater Property Valuers & Surveyors (Private) Limited (an independent valuer) as at June 30, 2020.

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) September 30, 2020			
Level 1	Level 2	Level 3	Total
(Rupees in '000)			

Assets carried at fair value

Long-term investments - Fair value through profit or loss

43,960	-	-	43,960
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Leasehold land

-	1,086,960	-	1,086,960
---	-----------	---	-----------

Buildings on leasehold land

-	688,403	-	688,403
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Beach huts

-	12,589	-	12,589
---	--------	---	--------

Workshop machinery and equipment

-	7,058	-	7,058
---	-------	---	-------

Investment properties

-	3,426,191	-	3,426,191
---	-----------	---	-----------

-	5,221,201	-	5,221,201
---	-----------	---	-----------

(Audited) June 30, 2020			
Level 1	Level 2	Level 3	Total
(Rupees in '000)			

Assets carried at fair value

Long-term investments - Fair value through profit or loss

35,421	-	-	35,421
--------	---	---	--------

Leasehold land

-	1,086,960	-	1,086,960
---	-----------	---	-----------

Buildings on leasehold land

-	699,435	-	699,435
---	---------	---	---------

Beach huts

-	12,997	-	12,997
---	--------	---	--------

Workshop machinery and equipment

-	7,103	-	7,103
---	-------	---	-------

Investment properties

-	3,426,191	-	3,426,191
---	-----------	---	-----------

-	5,232,686	-	5,232,686
---	-----------	---	-----------

19. TRANSACTIONS WITH RELATED PARTIES

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



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

Name and particulars	Relationship with the Group	(Unaudited)	
		Quarter ended September 30, 2020	Quarter ended September 30, 2019
		------(Rupees in '000)-----	
Transactions with State owned / controlled entities			
Freight income		2,268,159	1,449,556
Income from other operating activities		5,941	6,919
Rental income		3,095	1,083
Rental expense		2,952	180
Transactions with other related parties			
Contribution to provident fund	Employees benefit plan	1,704	2,100
Directors' fee	Key management personnel	915	1,410
Key management personnel compensation	Key management personnel	10,360	10,296

20. CORRESPONDING FIGURES

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

		(Unaudited) Quarter ended September 30, 2019 -(Rupees in '000)-
From	To	
Other income	Income from shipping business (Revenue)	161,249
Other income	Fleet expenses - direct	(409)
Other expenses	Impairment loss	17,380
Other expenses	Fleet expenses - direct	58,569

21. GENERAL

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

22. DATE OF AUTHORISATION FOR ISSUE

These consolidated condensed interim financial statements were authorised for issue on October 28, 2020 by the Board of Directors of the Holding Company.

Syed Jarar Haider Kazmi
Chief Financial Officer

Shakeel Ahmed Mangnejo
Chairman & Chief Executive

Khawaja Obaid Imran Ilyas
Director

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



**for the quarter ended
September 30, 2020**



PAKISTAN NATIONAL SHIPPING CORPORATION
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2020

	Note	(Unaudited) September 30, 2020	(Audited) June 30, 2020
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	1,908,088	1,920,562
Intangible asset	6	12,891	12,891
Right of use asset		118,145	118,145
Investment properties		3,426,191	3,426,191
Long-term investments in:			
- Related parties (subsidiaries and an associate)		37,011,425	37,011,425
- Listed companies and an other entity		44,060	35,521
		37,055,485	37,046,946
Long-term loans and advances	7	19,122	11,827
Deferred taxation - net		119,405	119,405
		42,659,327	42,655,967
CURRENT ASSETS			
Stores and spares		10,447	10,447
Trade debts - unsecured	8	1,425,361	1,359,755
Agents' and owners' balances - unsecured		16,816	9,628
Loans and advances		47,019	74,833
Trade deposits and short-term prepayments		61,832	25,795
Interest accrued on bank deposits and short-term investments		29,909	39,030
Other receivables	9	335,747	219,219
Incomplete voyages		8,647	6,651
Taxation - net		1,487,660	1,495,485
Short-term investments	10	5,529,899	3,984,025
Cash and bank balances		1,807,412	2,468,190
		10,760,749	9,693,058
		53,420,076	52,349,025
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital			
Authorised capital		2,000,000	2,000,000
Issued, subscribed and paid-up share capital		1,320,634	1,320,634
Capital reserve		126,843	126,843
Revenue reserve		8,416,670	8,440,569
Remeasurement of post retirement benefits obligation - net of tax		(291,117)	(291,117)
Surplus on revaluation of property, plant and equipment - net of tax		1,231,193	1,231,193
		10,804,223	10,828,122
NON-CURRENT LIABILITIES			
Long-term financing - secured	11	5,678,136	6,010,152
Lease liability		109,204	109,204
Employee benefits		802,434	763,520
		6,589,774	6,882,876
CURRENT LIABILITIES			
Trade and other payables	12	34,426,038	33,033,542
Contract liabilities		146,132	146,132
Provision against damage claims		23,936	24,261
Current portion of long-term financing		1,334,965	1,334,965
Current portion of lease liabilities	11	6,323	6,323
Unclaimed dividend		68,908	68,987
Accrued mark-up on long-term financing		19,777	23,817
		36,026,079	34,638,027
		42,615,853	41,520,903
		53,420,076	52,349,025
CONTINGENCIES AND COMMITMENTS			

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

Syed Jarar Haider Kazmi
Chief Financial Officer

Shakeel Ahmed Mangnejo
Chairman & Chief Executive

Khowaja Obaid Imran Ilyas
Director



PAKISTAN NATIONAL SHIPPING CORPORATION
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE QUARTER ENDED SEPTEMBER 30, 2020 (UNAUDITED)

	Note	Quarter ended September 30, 2020	Quarter ended September 30, 2019
------(Rupees in '000)-----			
REVENUE			
Freight income - foreign flag vessels		709,383	409,603
Service fees		117,376	106,600
Rental income		56,554	52,774
Other operating activities		1,548	-
		884,861	568,977
EXPENDITURE			
Fleet expenses - direct		(438,000)	(297,962)
Fleet expenses - indirect		(1,640)	(2,423)
Vessel management expenses		(194,412)	(209,019)
Real estate expenses		(31,607)	(36,396)
		(665,659)	(545,800)
		219,202	23,177
GROSS PROFIT			
Administrative expenses		(59,061)	(43,275)
Impairment loss on financial assets		(3,079)	(14,129)
Other expenses		(84,626)	(66,223)
Other income		110,229	170,498
		(36,537)	46,871
OPERATING PROFIT		182,665	70,048
Finance costs	14	(151,306)	(301,142)
PROFIT / (LOSS) BEFORE TAXATION		31,359	(231,094)
Taxation	15	(55,258)	(29,131)
LOSS AFTER TAXATION		(23,899)	(260,225)
Other comprehensive income		-	-
TOTAL COMPREHENSIVE LOSS		(23,899)	(260,225)
------(Rupees)-----			
LOSS PER SHARE - basic and diluted		(0.18)	(1.97)

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

Syed Jarar Haider Kazmi
Chief Financial Officer

Shakeel Ahmed Mangnejo
Chairman & Chief Executive

Khowaja Obaid Imran Ilyas
Director



PAKISTAN NATIONAL SHIPPING CORPORATION
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED SEPTEMBER 30, 2020 (UNAUDITED)

	Issued, subscribed and paid-up share capital	Capital Reserve*	Revenue reserve - unappropriated profit	Remeasur- ment of post retirement benefits obligation - net of tax	Surplus on revaluation of property, plant and equipment - net of tax	Total equity
	(Rupees in '000)					
Balance as at July 01, 2019	1,320,634	126,843	9,543,389	(306,621)	1,234,901	11,919,146
Loss after taxation	-	-	(260,225)	-	-	(260,225)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the first quarter ended September 30, 2019	-	-	(260,225)	-	-	(260,225)
Balance as at September 30, 2019	<u>1,320,634</u>	<u>126,843</u>	<u>9,283,164</u>	<u>(306,621)</u>	<u>1,234,901</u>	<u>11,658,921</u>
Balance as at July 01, 2020	1,320,634	126,843	8,440,569	(291,117)	1,231,193	10,828,122
Loss after taxation	-	-	(23,899)	-	-	(23,899)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the first quarter ended September 30, 2020	-	-	(23,899)	-	-	(23,899)
Balance as at September 30, 2020	<u>1,320,634</u>	<u>126,843</u>	<u>8,416,670</u>	<u>(291,117)</u>	<u>1,231,193</u>	<u>10,804,223</u>

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

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

Syed Jarar Haider Kazmi
Chief Financial Officer

Shakeel Ahmed Mangnejo
Chairman & Chief Executive

Khowaja Obaid Imran Ilyas
Director



PAKISTAN NATIONAL SHIPPING CORPORATION
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED SEPTEMBER 30, 2020 (UNAUDITED)

	Note	Quarter ended September 30, 2020	Quarter ended September 30, 2019
------(Rupees in '000)-----			
Cash flows from operating activities			
Cash generated from operations	16	1,353,223	401,820
Employees' gratuity paid		(4,099)	(6,654)
Employees' compensated absences paid		(15,806)	(38,068)
Post-retirement medical benefits paid		(3,073)	(6,344)
Long term loans and advances		(7,295)	(754)
Finance costs paid		(154,565)	(298,078)
Taxes paid		(47,432)	(48,092)
Net cash generated from operating activities		1,120,953	3,830
Cash flows from investing activities			
Purchase of property, plant and equipment		(245)	(1,276)
Initial deposit for the acquisition of intangible asset		-	(10,751)
Additions to investment properties		-	(117)
Proceeds from disposal of property, plant and equipment		-	4,900
Short-term investments redeemed		356,242	20,310
Interest received on short term investments		96,483	130,288
Net cash generated from investing activities		452,480	143,354
Cash flows from financing activities			
Long-term financing repaid		(332,016)	(539,990)
Dividends paid		(79)	(79)
Net cash used in financing activities		(332,095)	(540,069)
Net increase / (decrease) in cash and cash equivalents		1,241,338	(392,885)
Cash and cash equivalents at the beginning of the period		4,508,380	5,560,729
Cash and cash equivalents at the end of the period	17	5,749,718	5,167,844

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

Syed Jarar Haider Kazmi
Chief Financial Officer

Shakeel Ahmed Mangnejo
Chairman & Chief Executive

Khowaja Obaid Imran Ilyas
Director



PAKISTAN NATIONAL SHIPPING CORPORATION

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2020 (UNAUDITED)

1. THE CORPORATION AND ITS OPERATIONS

- 1.1 Pakistan National Shipping Corporation (the Corporation) was established under the provisions of the Pakistan National Shipping Corporation Ordinance, 1979 and is principally engaged in the business of shipping, including charter of vessels, transportation of cargo and other related services and providing commercial, technical, administrative, financial and other services to its subsidiaries and third parties in relation to the business of shipping. The Corporation is also engaged in renting out its properties to tenants under lease arrangements. The Corporation is listed on the Pakistan Stock Exchange. The Corporation's registered office is situated at PNSC Building, Mouli 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.

Since previous year, the World Health Organization declared COVID-19 a pandemic. To reduce the impact on businesses and economies in general, regulators / governments across the globe introduced a host of measures on both the fiscal and economic fronts.

Shipping operations, which is the basic business of the Corporation has been permitted by the Government to operate with strict compliance of SOPs issued. Consequently, the Corporation's offices and vessels have continued to operate. However, COVID-19 has primarily impacted the Corporation on account of depression in the charter out business in its bulk carriers and reduced activities under slot charter segment. The Corporation remained up to date in all its financial commitments. The management believes that the going concern assumption of the Corporation remains valid.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

2.1 Statement of compliance

These unconsolidated condensed interim financial statements of the Corporation for the quarter ended September 30, 2020 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

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

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed. These unconsolidated condensed interim financial statements do not include all the information and disclosures required in an annual audited financial statements, and should be read in conjunction with the financial statements for the year ended June 30, 2020 as they provide an update of previously reported information.

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



2.5 Basis of measurement

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

2.6 Functional and presentation currency

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

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies and the methods of computation adopted in the preparation of these unconsolidated condensed interim financial statements are consistent with those applied in the preparation of the unconsolidated financial statements for the year ended June 30, 2020.

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

(a) Amendments to published approved accounting standards which are effective during the quarter ended September 30, 2020

There are certain amendments to approved accounting standards which are mandatory for the Corporation's annual accounting period which began on July 1, 2020. However, these do not have any significant impact on the Corporation's financial reporting and, therefore, have not been detailed in this unconsolidated condensed interim financial statements.

(b) Standards and amendments to published approved accounting standards that are not yet effective

Certain new standards and amendments to the approved accounting standards will be mandatory for the Corporation's annual accounting periods beginning on or after July 01, 2020. However, these amendments will not have any significant impact on the financial reporting of the Corporation and, therefore, have not been disclosed in these unconsolidated condensed interim financial statements.

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

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

Judgements and estimates made by the management in the preparation of these unconsolidated condensed interim financial statements are the same as those applied in the Corporation's unconsolidated annual financial statements for the year ended June 30, 2020.

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, 2020.

5. PROPERTY, PLANT AND EQUIPMENT

Note	(Unaudited) September 30, 2020	(Audited) June 30, 2020
	------(Rupees in '000)-----	
Operating fixed assets	1,851,207	1,863,681
Capital work-in-progress (CWIP)	56,881	56,881
	<u>1,908,088</u>	<u>1,920,562</u>



		(Unaudited)	
		Quarter ended September 30, 2020	Quarter ended September 30, 2019
		------(Rupees in '000)-----	
5.1	Additions to operating fixed assets (including transfers during the period:		
	Buildings on leasehold land	149	-
	Office equipments	96	-
	Workshop machinery and equipment	-	1,007
	Computer equipment	-	269
		<u>245</u>	<u>1,276</u>
5.2	Depreciation charge for the period	<u>12,719</u>	<u>12,061</u>
		(Unaudited) September 30, 2020	(Audited) June 30, 2020
		------(Rupees in '000)-----	
6.	INTANGIBLE ASSETS		
	Capital work in progress (CWIP)		
	Computer software	<u>12,891</u>	<u>12,891</u>
6.1	Intangible also include cost of Rs 16.503 million of software "Ship Management Expert System" (SES). SES was being amortised over the useful life of five years and was fully amortised as on June 30, 2009, however, it is still in active use.		
		Note	(Unaudited) September 30, 2020
			(Audited) June 30, 2020
			------(Rupees in '000)-----
7.	LONG-TERM LOANS AND ADVANCES - considered good		
	Loans-executives & other employees	<u>19,122</u>	<u>11,827</u>
8.	TRADE DEBTS - unsecured		
	Considered good		
	- Due from related parties	8.1 1,414,042	1,348,921
	- Due from others	8.2 11,319	10,834
		<u>1,425,361</u>	<u>1,359,755</u>
	Considered doubtful		
	- Due from related parties	8.1 977,956	977,956
	- Due from others	30,892	27,813
		<u>1,008,848</u>	<u>1,005,769</u>
		<u>2,434,209</u>	<u>2,365,524</u>
	Less: Allowance for ECL on trade debts	8.3 1,008,848	1,005,769
		8.4 <u>1,425,361</u>	<u>1,359,755</u>



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

	Upto 1 month	1 to 6 months	More than 6 months	(Unaudited) As at September 30, 2020	(Audited) As at June 30, 2020
(Rupees in '000)					
Pak Arab Refinery Limited	55,035	1,205	56,282	112,522	56,282
Pakistan State Oil Company Limited	-	-	1,849,834	1,849,834	1,849,834
Pakistan Refinery Limited	-	343	31,300	31,643	31,300
Sui Northern Gas Pipelines Limited	9,940	247	-	10,187	22,680
Sui Southern Gas Company Limited	-	-	-	-	61
National Refinery Limited	-	-	25,642	25,642	25,642
Trading Corporation of Pakistan (Private) Limited	-	-	4,866	4,866	4,866
District Controller of Stores	2,036	-	2,768	4,804	2,846
Oil & Gas Development Company Limited	115	-	-	115	-
Others	48,319	146,204	157,862	352,385	333,366
	115,445	147,999	2,128,554	2,391,998	2,326,877

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

	(Unaudited) September 30, 2020	(Audited) June 30, 2020
(Rupees in '000)		
Upto 1 month	5,341	5,290
1 to 6 months	5,897	5,506
More than 6 months	81	38
	11,319	10,834

8.3 Allowance for ECL on trade debts

Opening balance	1,005,769	853,591
Increase during the period / year	3,079	152,178
Closing balance	1,008,848	1,005,769

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

	Note	(Unaudited) September 30, 2020	(Audited) June 30, 2020
(Rupees in '000)			
9. OTHER RECEIVABLES			
Considered good			
- Due from related parties	9.1	207,759	197,710
- Due from others		127,988	21,509
		335,747	219,219
Considered doubtful			
- Due from related parties		12,197	12,197
- Due from others		21,948	21,948
		34,145	34,145
		369,892	253,364
Less: Allowance for ECL on other receivables	9.2	34,145	34,145
		335,747	219,219

9.1 This includes an amount of Rs. 173.866 million (June 2020: Rs 125.139 million) due from the Government of Pakistan.



9.2 Allowance for ECL on other receivables

	(Unaudited) September 30, 2020	(Audited) June 30, 2020
Opening balance	34,145	12,659
Increase during the period / year	-	21,486
Closing balance	34,145	34,145

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

10. SHORT-TERM INVESTMENTS

Amortised cost

Term deposits with banks having maturity of:

- three to six months	1,587,593	1,943,835
- three months or less	3,942,306	2,040,190
10.1	5,529,899	3,984,025

10.1 Short term investments includes investment in treasury bills having market value of Rs.1,394.484 million (June 2020: 510.190 million).

10.2 Mark-up on these term deposits denominated in local currency ranges from 6.35% to 8.00% (June 30, 2020: 7.20% to 13.25%) per annum, whereas mark-up on term deposits denominated in foreign currency ranges from 2.00% to 2.40% (June 30, 2020: 2.30%) per annum.

11. LONG-TERM FINANCING - secured

Financing under syndicate term finance agreement	11.1	4,382,534	4,592,617
Financing under musharika agreement	11.2	2,630,567	2,752,500
		7,013,101	7,345,117
Less: Current portion of long-term financing		1,334,965	1,334,965
		5,678,136	6,010,152

11.1 Financing under syndicate term finance agreement includes;

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

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



11.2 Financing under musharika agreement includes;

- 11.2.1 Financing obtained in November 2014 amounting to Rs 1,500 million from MCB Bank Limited carrying mark-up at the rate of 3 month KIBOR + 1.60% which has been renegotiated to 3 month KIBOR + 0.5% during the year ended June 30, 2016 and further renegotiated to 3 month KIBOR + 0.20% during the year ended June 30, 2018. The loan along with the mark-up is repayable on a quarterly basis with the last repayment date on November 6, 2022. The facility is secured by way of first mortgage charge over a vessel owned by the subsidiary company. The Corporation has drawn Rs 1,027.125 million to date.
- 11.2.2 Financing obtained during the year amounting to Rs 4,000 million with a consortium led by Faysal bank limited carrying mark up at the rate of 3 month KIBOR + 0.35%. The loan, along with mark-up, is repayable on a quarterly basis with the last repayment date on March 22, 2027. As of the reporting date, the Corporation has drawn Rs 1,440 million and Rs 1,454.606 million to finance its subsidiary companies namely Bolan Shipping (Private) Limited and Khairpur Shipping (Private) Limited respectively for purchase of vessels. The facility is secured by way of first mortgage charge over procured vessels owned by respective subsidiary company.

12. TRADE AND OTHER PAYABLES

	Note	(Unaudited) September 30, 2020	(Audited) June 30, 2020
------(Rupees in '000)-----			
Creditors		34,419	183,093
Current account balances with subsidiary companies		33,201,827	31,711,022
Agents' and owners' balances		295,483	268,861
Accrued liabilities		690,826	669,335
Deposits	12.1	49,524	54,979
Advance rent		48,116	26,333
Other liabilities:			
- amounts retained from contractors		8,054	8,054
- others		97,789	111,865
		105,843	119,919
		34,426,038	33,033,542

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

13. CONTINGENCIES AND COMMITMENTS

Contingencies

- 13.1 There are no major changes in the status of contingencies as reported in the annual audited unconsolidated financial statements for the year ended June 30, 2020.

	(Unaudited) September 30, 2020	(Audited) June 30, 2020
------(Rupees in '000)-----		

Commitments

- | | | | |
|------|-------------------------------------|--------|--------|
| 13.2 | Commitments for capital expenditure | 32,571 | 32,571 |
| 13.3 | Outstanding letters of guarantee | 18,919 | 18,919 |
- 13.4 The Corporation has provided an undertaking amounting to USD 11.6 million (Rs 1,927.11 million) to one of the vendor / supplier of another state owned entity. This undertaking has been provided due to arrest of two of its managed vessels operated by its subsidiaries which have been released subsequently. However, the Government of Pakistan has provided a counter guarantee to the Corporation in relation to the aforesaid undertaking.
- 13.5 Commitments in respect of Enterprise Resource Planning (ERP) implementation and maintenance amounting to USD 0.417 million (Rs 69.241 million) and USD 0.192 million (Rs 31.854 million) respectively.



		(Unaudited)	
	Note	Quarter ended September 30, 2020	Quarter ended September 30, 2019
------(Rupees in '000)-----			
14. FINANCE COSTS			
Mark-up on long term financing		150,525	300,590
Bank charges		781	552
		<u>151,306</u>	<u>301,142</u>
15. TAXATION			
Current tax		55,258	29,131
Deferred tax income		-	-
		<u>55,258</u>	<u>29,131</u>
16. CASH GENERATED FROM OPERATIONS			
Profit / (loss) before taxation		31,359	(231,094)
Adjustments for non-cash charges and other items:			
Depreciation		12,719	12,061
Profit on disposal of fixed assets		-	(4,900)
Provision for employees' gratuity		20,676	21,001
Provision for employees' compensated absences		33,133	33,925
Provision for post-retirement medical benefits		7,834	8,123
Income from saving accounts and term deposits		(87,362)	(132,529)
Finance cost		150,525	300,590
Impairment loss on financial assets	3.1	3,079	14,129
Provision no longer required written back		(2,427)	-
(Loss) / gain on revaluation of long-term investments in listed securities		(8,539)	1,744
Net increase in damage claims		(325)	(2,913)
Working capital changes	16.1	1,192,551	381,683
		<u>1,353,223</u>	<u>401,820</u>
16.1 Working capital changes			
(Increase) / decrease in current assets:			
Stores and spares		-	(3,093)
Trade debts - unsecured		(68,685)	(56,206)
Agents' and owners' balances - unsecured		(7,188)	2,741
Loans and advances		27,814	(115,020)
Trade deposits and short-term prepayments		(36,037)	(16,521)
Other receivables		(116,528)	(47,880)
Incomplete voyages		(1,996)	1,044
		<u>(202,620)</u>	<u>(234,935)</u>
Increase / (decrease) in current liabilities:			
Trade and other payables		1,395,171	674,083
Contract liabilities		-	(57,465)
		<u>1,395,171</u>	<u>616,618</u>
		<u>1,192,551</u>	<u>381,683</u>
17. CASH AND CASH EQUIVALENTS			
Short-term investments having maturity of three months or less		3,942,306	2,550,000
Cash and bank balances		1,807,412	2,617,844
		<u>5,749,718</u>	<u>5,167,844</u>



18. FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES

18.1 Financial risk factors

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

These unconsolidated condensed interim financial statements do not include all financial risk management information and disclosures which are required in the annual financial statements and should be read in conjunction with the Corporation's annual financial statements as at June 30, 2020. There have been no changes in risk management policies since the year end.

18.2 Fair value estimation

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

Fair value hierarchy

As at September 30, 2020, the Corporation's all assets and liabilities are carried at cost less accumulated depreciation / impairment, if any, or at amortised cost except for those mentioned below:

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

The Corporation classifies investment properties and long-term investments in listed companies measured at fair value in the statement of financial position. The latest fair valuation of the Corporation's investment properties was performed by Fairwater Property Valuers & Surveyors (Private) Limited (an independent valuer) as at June 30, 2020.

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) September 30, 2020			
Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----			

Assets carried at fair value

Long-term investments - Fair value through profit or loss

43,960	-	-	43,960
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Leasehold land

-	1,086,960	-	1,086,960
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Buildings on leasehold land

-	688,403	-	688,403
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Beach huts

-	12,589	-	12,589
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Workshop machinery and equipment

-	7,058	-	7,058
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Investment properties

-	3,426,191	-	3,426,191
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-	5,221,201	-	5,221,201
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	(Audited)			
	June 30, 2020			
	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
Assets carried at fair value				
Long-term investments - Fair value through profit or loss	35,521	-	-	35,521
Leasehold land	-	1,086,960	-	1,086,960
Buildings on leasehold land	-	696,018	-	696,018
Beach huts	-	12,997	-	12,997
Workshop machinery and equipment	-	7,103	-	7,103
Investment properties	-	3,426,191	-	3,426,191
	-	5,229,269	-	5,229,269

19. TRANSACTIONS WITH RELATED PARTIES

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

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

Name and particulars	Relationship with the Corporation	(Unaudited)	
		Quarter ended September 30, 2020	Quarter ended September 30, 2019
		------(Rupees in '000)-----	
Transactions with State owned / controlled entities			
Freight income - foreign flag vessels		709,383	410,256
Income from operating activities		1,548	-
Rental income		3,095	1,083
Rental expense		2,952	180
Transactions with subsidiary companies			
Service fee charged to subsidiary companies		117,376	106,600
Rental expense of Pakistan Co-operative Ship Stores (Private) Limited		244	261
Delivery of stores and spares to subsidiary companies		-	10,702
Retirement benefit costs charged to subsidiary companies		248	468
Transactions with other related parties			
Contribution to provident fund	Employees benefit plan	1,704	2,100
Directors' fee and traveling allowance	Key management personnel	915	1,410
Remuneration and other benefits	Key management personnel	10,360	10,296

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

**20. CORRESPONDING FIGURES**

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

		(Unaudited) Quarter ended September 30, 2019 -(Rupees in '000)-
From	To	
Other income	Fleet expenses - direct	(409)
Other expenses	Impairment loss on financial assets	14,129
Other expenses	Fleet expenses - direct	58,569

21. GENERAL

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

22. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorised for issue on October 28, 2020 by the Board of Directors of the Corporation.

Syed Jarar Haider Kazmi
Chief Financial Officer

Shakeel Ahmed Mangnejo
Chairman & Chief Executive

Khowaja Obaid Imran Ilyas
Director



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